

The Ontario Securities Commission

OSC Bulletin

May 28, 2004

Volume 27, Issue 22

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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)

The Ontario Securities Commission

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

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

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Carswell
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Chapter 1

Notices / News Releases

1.1 Notices

SCHEDULED OSC HEARINGS

1.1.1 Current Proceedings Before The Ontario Securities Commission

MAY 28, 2004

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
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Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar	—	ST
Wendell S. Wigle, Q. C.	—	WSW

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, **ATI Technologies Inc., Kwok Yuen
2004 Ho, Betty Ho, JoAnne Chang, David
October 27 to 29, Stone, Mary de La Torre, Alan Rae
2004 and Sally Daub**

November 2, 3, 5,
8, 10-12, 15, 17, s. 127
19, 2004

M. Britton in attendance for Staff

10:00 a.m.

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 Quarterly Summary of OSC Bulletin Publications

SUMMARY OF PUBLICATIONS

PUBLICATION BY DATE PUBLISHED

January 2, 2004

- (2004), 27 OSCB 249 TSX **Request for Comments** – Amendments to Parts V, VI and VII of the Toronto Stock Exchange Company Manual in Respect of Non-Exempt Issuers, Changes in Structure of Issuers' Capital and Delisting Procedure
- (2004), 27 OSCB (Supp) CSA Notice and Request for Comment **11-404** Consultation Drafts of the Uniform Securities Act and the Model Administration Act/**Request for Comment**
- (2004), 27 OSCB (Supp) OSC Notice **11-732** Proposal for the Ontario *Securities Administration Act*

January 9, 2004

- (2004), 27 OSCB 342 Short Notice of Request for Comments – Proposed National Instrument **81-107** Independent Review Committee for Mutual Funds/**Request for Comments**
- (2004), 27 OSCB 343 Short Notice of Request for Comments – Proposed Amendments to Rule **61-501** and Companion Policy **61-501CP** Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions/**Request for Comments**
- (2004), 27 OSCB 343 Short Notice of Request for Comments – Proposed National Instrument **31-101** Requirements under the National Registration System and National Policy **31-201** National Registration System/**Request for Comments**
- (2004), 27 OSCB 344 OSC Staff Notice **31-711** Ontario Securities Commission Rule **31-502** Proficiency Requirements for Registrants and Ontario Securities Commission Rule **31-505** Conditions of Registration
- (2004), 27 OSCB 345 Short Notice of Minister Approval of Amendments to National Instrument **21-101** Marketplace Operation, National Instrument **23-101** Trading Rules and Forms **21-101F1**, **21-101F2**, **21-101F3**, **21-101F4**, **21-101F5** and **21-101F6**
- (2004), 27 OSCB 345 Short Notice of Commission Approval – Proposed Amendments to IDA Regulation **1300** Regarding Managed Accounts
- (2004), 27 OSCB 346 Short Notice of Commission Approval – Proposed Amendments to MFDA Rule **1.1.1(a)** Regarding Business Structure
- (2004), 27 OSCB 346 Short Notice of Ministerial Approval – Amendment and Restatement of Rule **45-501** Exempt Distributions, Companion Policy **45-501CP** Exempt Distributions, Form **45-501F1**, Form **45-501F2** and Form **45-501F3** and Rescission of Existing Rule **45-501** Exempt Distributions, Companion Policy **45-501CP** Exempt Distributions, Form **45-501F1**, Form **45-501F2** and Form **45-501F3**
- (2004), 27 OSCB 433 OSC Rule **45-501** Exempt Distributions
- (2004), 27 OSCB 456 Amendments to National Instrument **21-101** Marketplace Operation and National Instrument **23-101** Trading Rules
- (2004), 27 OSCB 465 Request for Comment – Proposed National Instrument **81-107** Independent Review Committee for Mutual Funds/**Request for Comment**
- (2004), 27 OSCB 526 Proposed National Instrument **81-107** Independent Review Committee for Mutual Funds/**Request for Comment**
- (2004), 27 OSCB 550 Notice of Proposed Amendments to Rule **61-501** Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions and Companion Policy **61-501CP**/**Request for Comment**
- (2004), 27 OSCB 573 OSC Rule **61-501** Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions/**Request for Comment**
- (2004), 27 OSCB 618 Request for Comment – Proposed National Instrument **31-101** Requirements under the National Registration System and Proposed National Policy **31-201** National Registration System/**Request for Comment**
- (2004), 27 OSCB 622 Proposed National Instrument **31-101** Requirements under the National Registration System/**Request for Comment**
- (2004), 27 OSCB 627 Proposed National Policy **31-201** National Registration System/**Request for Comment**
- (2004), 27 OSCB 689 Proposed Amendments to IDA Regulation **1300** Managed Accounts
- (2004), 27 OSCB 693 Summary of Public Comments Respecting Proposed Amendment to MFDA Rule **1.1.1(a)** Business Structures and Response of the MFDA

January 16, 2004

- (2004), 27 OSCB 710 Short Notice of Minister of Finance Approval of Amendments to National Instrument **81-102** Mutual Funds and National Instrument **81-101** Mutual Fund Prospectus Disclosure
- (2004), 27 OSCB 711 CSA Staff Notice **11-305** Withdrawal of CSA Staff Notice **42-301** and **52-302**

(2004), 27 OSCB 712	Short Notice of Request for Comment – Proposed Multilateral Policy 58-201 Effective Corporate Governance and Proposed Multilateral Instrument 58-101 Disclosure of Corporate Governance Practices, Form 58-101F1 and Form 58-101F2/Request for Comment
(2004), 27 OSCB 713	Short Notice of Commission Approval – National Instrument 52-108 Auditor Oversight, Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and Multilateral Instrument 52-110 Audit Committees
(2004), 27 OSCB 714	Notice of Republication of OSC Staff Notice 31-711
(2004), 27 OSCB 714	Short Notice of Commission Approval – Amendment to IDA By-law 1 Definition of “Approved Person” Added
(2004), 27 OSCB 715	OSC Staff Notice 51-713 Report on Staff's Review of MD&A
(2004), 27 OSCB 724	OSC Staff Notice 31-711 Ontario Securities Commission Rule 31-502 Proficiency Requirements for Registrants and Ontario Securities Commission 31-505 Conditions of Registration
(2004), 27 OSCB 725	Short Notice of Commission Approval – Amendments to IDA By-law 3 Entrance, Annual, and Other Fees
(2004), 27 OSCB 725	Short Notice of Commission Approval – Amendment to IDA Policy 6 , Part III Continuing Education Program
(2004), 27 OSCB 745	National Instrument 81-102 Mutual Funds Amendment Instrument
(2004), 27 OSCB 752	National Instrument 81-101 Mutual Fund Prospectus Disclosure, Form 81-101F1 Contents of Simplified Prospectus and Form 81-101F2 Contents of Annual Information Form – Amendment Instrument
(2004), 27 OSCB 755	Notice of Rule – National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency, Amendments to National Policy 27 Canadian Generally Accepted Accounting Principles and Amendments of National Policy No. 50 Reservations in an Auditor's Report
(2004), 27 OSCB 764	National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency
(2004), 27 OSCB 786	National Policy Statement No. 27 Canadian Generally Accepted Accounting Principles for Investment Funds
(2004), 27 OSCB 788	National Policy Statement No. 50 Reservations in an Auditor's Report Filed by an Investment Fund
(2004), 27 OSCB 792	Notice of Multilateral Instrument 52-110 Audit Committees
(2004), 27 OSCB 837	Multilateral Instrument 52-110 Audit Committees
(2004), 27 OSCB 853	Notice of National Instrument 52-108 Auditor Oversight
(2004), 27 OSCB 874	National Instrument 52-108 Auditor Oversight
(2004), 27 OSCB 877	Notice of Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings
(2004), 27 OSCB 935	Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings
(2004), 27 OSCB 957	Summary of Comments and Responses Regarding the Cost-Benefit Analysis for Proposed Multilateral Instrument 52-110
(2004), 27 OSCB 961	Request for Comment – Notice of Proposed Multilateral Policy 58-201 Effective Corporate Governance and Proposed Multilateral Instrument 58-101 Disclosure of Corporate Governance Practices, Form 58-101F1 and Form 58-101F2/Request for Comment
(2004), 27 OSCB 967	Proposed Multilateral Policy 58-201 Effective Corporate Governance/ Request for Comment
(2004), 27 OSCB 971	Multilateral Instrument 58-101 Disclosure of Corporate Governance Practices/ Request for Comment

January 23, 2004

(2004), 27 OSCB 1126	IDA Debt Market Regulation Project – Review of IDA Member Firms – Final Summary Report
(2004), 27 OSCB 1127	Short Notice of Commission Approval – Amendments to MFDA Policy No. 3 Handling Client Complaints
(2004), 27 OSCB 1127	Short Notice of Commission Approval – Amendments to MFDA Rule 5.3.1 Delivery of Account Statement
(2004), 27 OSCB 1128	CSA Staff Notice 51-309 Acceptance of Certain Foreign Professional Boards as a “Professional Organization” - National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities
(2004), 27 OSCB 1309	IDA Debt Market Regulation Project – Review of IDA Member Firms – Final Summary Report
(2004), 27 OSCB 1315	Notice of Commission Approval – Amendments to MFDA Policy No. 3 Handling Client Complaints
(2004), 27 OSCB 1316	Notice of Commission Approval – Amendments to MFDA Rule 5.3.1 Delivery of Account Statement

January 30, 2004

(2004), 27 OSCB (Supp)	Ontario Securities Commission Request for Comment Notice 33-901 The Fair Dealing Model: Concept Paper of the Ontario Securities Commission – January 2004/ Request for Comment
(2004), 27 OSCB (Supp)	The Fair Dealing Model: Concept Paper of the Ontario Securities Commission – January 2004

- (2004), 27 OSCB 1332 Short Notice of Request for Comment – Proposed Amendments to National Instrument **44-101** Short Form Prospectus Distribution, Form **44-101F3** Short Form Prospectus and Companion Policy **44-101CP/Request for Comment**
- (2004), 27 OSCB 1333 Short Notice of Commission Approval – Repeal of CNQ Policy **10** Fees
- (2004), 27 OSCB 1333 Short Notice of Commission Approval - RS Amendment to the Universal Market Integrity Rules **7.4**, **10.3** and **10.7**
- (2004), 27 OSCB 1334 OSC Request for Comment Notice **33-901** The Fair Dealing Model: Concept Paper of the Ontario Securities Commission – January 2004
- (2004), 27 OSCB 1383 Notice of Request for Comment – Proposed Amendments to National Instrument **44-101** Short Form Prospectus Distribution, Form **44-101F3** Short Form Prospectus and Companion Policy **44-101CP/Request for Comment**
- (2004), 27 OSCB 1386 Proposed Amendments to National Instrument **44-101** Short Form Prospectus Distribution, Form **44-101F3** Short Form Prospectus and Companion Policy **44-101CP/Request for Comment**
- (2004), 27 OSCB 1493 RS Request for Comments – Amendments to the Rules and Policies Related to Manipulative and Deceptive Activities/**Request for Comments**
- (2004), 27 OSCB 1521 RS Notice of Amendment Approval – Administrative and Editorial Amendments

February 6, 2004

- (2004), 27 OSCB 1526 Correction to Date for Comment Period for Request for Comment on Proposed National Instrument **31-101** Requirements under the National Registration System and Proposed National Policy **31-201** National Registration System
- (2004), 27 OSCB 1527 Short Notice of Commission Approval - RS Amendment to the Policies made under Universal Market Integrity Rules – Public Access to Hearings
- (2004), 27 OSCB 1527 Short Notice of Commission Approval – RS Amendment to the Universal Market Integrity Rules – Definition of “Regulated Person”
- (2004), 27 OSCB 1737 RS Amendment to the Universal Market Integrity Rules Policy **10.8**, Section **9.7** Public Access to Hearings
- (2004), 27 OSCB 1742 RS Amendment to the Universal Market Integrity Rules – Definition of “Regulated Person”

February 13, 2004

- (2004), 27 OSCB 1753 Quarterly Summary of OSC Bulletin Publications
- (2004), 27 OSCB 1794 OSC Staff Notice **11-733** Policy Reformulation Table of Concordance and List of New Instruments
- (2004), 27 OSCB 1832 CSA Notice **33-310** Joint Forum Releases Summary of Comments and Responses on Principles and Practices for the Sale of Products and Services in the Financial Sector
- (2004), 27 OSCB 1847 Short Notice of Commission Approval – MFDA Rule **1.2.6** Notification of Termination of Approved Persons
- (2004), 27 OSCB 1847 CSA Multilateral Staff Notice **51-310** Report on Staff’s Continuous Disclosure Review of Income Trust Issuers
- (2004), 27 OSCB 2037 Summary of Public Comments Respecting Proposed MFDA Rule **1.2.6** (Notification of Termination of Approved Persons) and Response of the MFDA
- (2004), 27 OSCB 2038 Investment Dealers Association of Canada – Broker-To-Broker Trade Matching Utility
- (2004), 27 OSCB 2041 Amendments to IDA **By-law 4.6** and Regulation **1300.2** Regarding the Supervision of Branch Offices and Housekeeping Amendments to Regulation **1300.2**

February 20, 2004

- (2004), 27 OSCB 2054 CSA Notice **11-306** Extension of Comment Period for Consultation Drafts of the Uniform Securities Act and the Model Administration Act
- (2004), 27 OSCB 2056 CSA Staff Notice **13-313** Securities Regulatory Authority Closed Door Dates 2004
- (2004), 27 OSCB 2217 Proposed Amendments to IDA Regulation **100.5** and Schedule **2A** of Form **1** and Revisions to the Acceptable Form of New Issue Letter
- (2004), 27 OSCB 2268 Amendments to IDA Regulation **100.10** Use of Risk Based Margining Approach for Margining Derivative Positions of Member Firms
- (2004), 27 OSCB 2272 IDA District Association Auditors and Alternate District Association Auditors
- (2004), 27 OSCB 2294 Amendments to IDA General Notes and Definitions to Form 1 Relating to Foreign Pension Funds as Acceptable Institutions and Acceptable Counterparts

February 27, 2004

- (2004), 27 OSCB 2306 CSA Multilateral Staff Notice **57-302** Failure to File Certificates Under Multilateral Instrument **52-109** Certification of Disclosure in Issuers’ Annual and Interim Filings
- (2004), 27 OSCB 2308 Assignment of Certain Powers and Duties of the OSC – Amendment of Assignment
- (2004), 27 OSCB 2308 Short Notice of Ministerial Approval – Multilateral Instrument **55-103** Insider Reporting for Certain Derivative Transactions (Equity Monetization)

(2004), 27 OSCB 2309 CSA Staff Notice **55-312** Insider Reporting Guidelines for Certain Derivative Transactions (Equity Monetization)
(2004), 27 OSCB 2321 Notice of the Registration Advisory Committee
(2004), 27 OSCB 2322 Short Notice of Commission Approval – Amendments to IDA **By-law No. 7** Regarding Partners, Directors and Officers
(2004), 27 OSCB 2361 Multilateral Instrument **55-103** Insider Reporting for Certain Derivative Transactions (Equity Monetization)
(2004), 27 OSCB 2489 IDA Quarterly Statements
(2004), 27 OSCB 2494 Notice of Commission Approval – Amendments to IDA **By-law No. 7** Regarding Partners, Directors and Officers

March 5, 2004

(2004), 27 OSCB 2506 Short Notice of Commission Approval – Amendments to CNQ Rules and Policies – Registration Requirements for CNQ Dealers and Approved Traders and Appeals of CNQ Decisions
(2004), 27 OSCB 2507 Short Notice of Commission Approval – Proposed Amendments to IDA Regulation **200.1(h)** Regarding Confirmations for Managed Account Transactions
(2004), 27 OSCB 2507 Short Notice of Commission Approval – Proposed Extension of the Suspension Period for MFDA Rule **2.4.1** Regarding Payments of Commissions
(2004), 27 OSCB 2674 Proposed Amendments to IDA Regulation **200.1(h)** Regarding Confirmations for Managed Account Transactions

March 12, 2004

(2004), 27 OSCB 2680 CSA Staff Notice **42-303** Prospectus Requirements
(2004), 27 OSCB 2682 CSA Notice **58-301** Extension of Comment Period for Proposed Multilateral Policy **58-201** Effective Corporate Governance and Proposed Multilateral Instrument **58-101** Disclosure of Corporate Governance Practices

March 26, 2004

(2004), 27 OSCB 3137 Short Notice of Ministerial Approval – Multilateral Instrument **45-102** Resale of Securities, Form **45-102F1** and Other Consequential Amendments
(2004), 27 OSCB 3137 CSA Staff Notice **51-311** Frequently Asked Questions Regarding National Instrument **51-102** Continuous Disclosure Obligations
(2004), 27 OSCB 3142 Short Notice of Ministerial Approval – National Instrument **52-108** Auditor Oversight, Multilateral Instrument **52-109** Certification of Disclosure in Issuers' Annual and Interim Filings and Multilateral Instrument **52-110** Audit Committees
(2004), 27 OSCB 3143 Short Notice of Ministerial Approval – National Instrument **51-102** Continuous Disclosure, Forms **51-102F1**, **51-102F2**, **51-102F3**, **51-102F4**, **51-102F5** and **51-102F6** and OSC Rule **51-801** Implementing National Instrument **51-102** Continuous Disclosure Obligations and National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and OSC Rule **71-802** Implementing National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and Related Amendments to and Revocation of Instruments and Ontario Regulations Amending Reg. **1015** of R.R.O. 1990

April 2, 2004

(2004), 27 OSCB 3392 Short Notice of Ministerial Approval of National Instrument **51-102** Continuous Disclosure Obligations, Forms **51-102F1**, **51-102F2**, **51-103F3**, **51-102F4**, **51-102F5** and **51-102F6** and OSC Rule **51-801** Implementing National Instrument **51-102** Continuous Disclosure Obligations and Related Amendments to and Revocation of Instruments and Ontario Regulation Amending Reg. **1015** of R.R.O. 1990
(2004), 27 OSCB 3394 Short Notice of Ministerial Approval of National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and OSC Rule **71-802** Implementing National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and Ontario Regulation Amending Reg. **1015** of R.R.O. 1990
(2004), 27 OSCB 3394 Short Notice of Commission Approval: Amendments to IDA Policy **No. 2** and Revisions to Make Policy **No. 2** Consistent with Newly Revised Regulation **1300**
(2004), 27 OSCB 3395 CSA Staff Notice **45-302** Frequently Asked Questions Regarding the Resale Rules
(2004), 27 OSCB 3397 Short Notice of Ministerial Approval – Multilateral Instrument **45-102** Resale of Securities, Form **45-102F1** and Other Consequential Amendments
(2004), 27 OSCB 3397 Short Notice of Commission Approval – Proposed Amendments to IDA **By-law 29.7** Advertisements, Sales Literature and Correspondence
(2004), 27 OSCB 3439 National Instrument **51-102** Continuous Disclosure Obligations
(2004), 27 OSCB 3555 OSC Rule **51-801** Implementing National Instrument **51-102** Continuous Disclosure Obligations

(2004), 27 OSCB 3560 National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers
(2004), 27 OSCB 3577 OSC Rule **71-802** Implementing National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers
(2004), 27 OSCB 3580 Multilateral Instrument **45-102** Resale of Securities
(2004), 27 OSCB 3602 Consequential Amendments to National Instrument **13-101** System for Electronic Document Analysis and Retrieval (SEDAR) and National Instrument **62-101** Control Block Distribution Issues
(2004), 27 OSCB 3603 Consequential Amendments to OSC Rule **45-501** Exempt Distributions
(2004), 27 OSCB 3739 Proposed Amendment to IDA Regulation **1300** – Discretionary Accounts – Withdrawal of Proposal
(2004), 27 OSCB 3739 Amendments to IDA Policy **No. 2**, Part VII.E
(2004), 27 OSCB 3742 Proposed Amendments to IDA **By-law 29.7** – Advertisements, Sales Literature and Correspondence

April 16, 2004

(2004), 27 OSCB 3908 Short Notice of Ministerial Approval: National Instrument **52-107** Accounting Principles, Auditing Standards and Reporting Currency and Related Amendments to Ontario Regulation **1015**
(2004), 27 OSCB 3909 Short Notice of Request for Comment – Discussion Paper **24-401** on Straight-Through Processing and Proposed National Instrument **24-101** Post-Trade Matching and Settlement and Proposed Companion Policy **24-101CP** to National Instrument **24-101** Post-Trade Matching and Settlement/**Request for Comment**
(2004), 27 OSCB 3909 CSA Staff Notice **51-313** Frequently Asked Questions – National Instrument **51-101** Standards of Disclosure for Oil and Gas Activities
(2004), 27 OSCB 3917 Short Notice of Commission Approval – Amendments to IDA Policy **No. 1** Regarding Relationships between Members and Financial Services Entities – Sharing of Office Premises
(2004), 27 OSCB 3917 Short Notice of Commission Approval – Amendments to Regulation **100.5**, Schedule **2A** of Form **1**, and Revisions to the Acceptable Form of New Issue Letter Regarding Capital Rules for Underwriting Commitments
(2004), 27 OSCB 3949 National Instrument **52-107** Acceptable Accounting Principles, Auditing Standards and Reporting Currency
(2004), 27 OSCB 3971 CSA Request for Comment on Discussion Paper **24-401** on Straight-Through Processing and Proposed National Instrument **24-101** Post-Trade Matching and Settlement and Proposed Companion Policy **24-101CP** to National Instrument **24-101** Post-Trade Matching and Settlement/**Request for Comment**
(2004), 27 OSCB 3977 CSA Request for Comment – Discussion Paper **24-401** on Straight-Through Processing/**Request for Comment**
(2004), 27 OSCB 4010 CSA Request for Comment – Proposed National Instrument **24-101** Post-Trade Matching and Settlement/**Request for Comment**
(2004), 27 OSCB 4032 Request for Comments Regarding Statement of Priorities for Fiscal Year Ending March 31, 2005/**Request for Comments**
(2004), 27 OSCB 4033 OSC Statement of Priorities for Fiscal Year 2004/2005 – Draft for Comment
(2004), 27 OSCB 4137 RS Market Integrity Notice – Request for Comments – Order Entry During a Regulatory Halt/**Request for Comments**

April 23, 2004

(2004), 27 OSCB 4148 CSA Staff Notice **51-311** REVISED Frequently Asked Questions Regarding National Instrument **51-102** Continuous Disclosure Obligations
(2004), 27 OSCB 4154 CSA Staff Notice **81-301** Frequently Asked Questions Fund of Fund Amendments
(2004), 27 OSCB 4272 RS Market Integrity Notice – Request for Comments – Provisions Respecting Short Sales/**Request for Comments**

April 30, 2004

(2004), 27 OSCB 4293 CSA Notice **81-311** Report on Consultation Paper **81-403** Rethinking Point of Sale Disclosure for Mutual Funds and Segregated Funds
(2004), 27 OSCB 4332 CPSS-IOSCO – Recent Publication Recommendations for Central Counterparties
(2004), 27 OSCB 4441 Amendments to the Definition of “Floating Margin Rate” Set out in IDA Regulation **100.9(a)(x)**
(2004), 27 OSCB 4445 RS Market Integrity Notice – Request for Comments – Practice and Procedure/**Request for Comments**

Local Notices

January 2, 2004

(2004), 27 OSCB (Supp) OSC Notice **11-732** Proposal for the Ontario *Securities Administration Act*

January 9, 2004
(2004), 27 OSCB 344 OSC Staff Notice **31-711** Ontario Securities Commission Rule **31-502** Proficiency Requirements for Registrants and Ontario Securities Commission Rule **31-505** Conditions of Registration

January 16, 2004
(2004), 27 OSCB 714 Notice of Republication of OSC Staff Notice **31-711**
(2004), 27 OSCB 715 OSC Staff Notice **51-713** Report on Staff's Review of MD&A
(2004), 27 OSCB 724 OSC Staff Notice **31-711** Ontario Securities Commission Rule **31-502** Proficiency Requirements for Registrants and Ontario Securities Commission Rule **31-505** Conditions of Registration

February 13, 2004
(2004), 27 OSCB 1794 OSC Staff Notice **11-733** Policy Reformulation Table of Concordance and List of New Instruments

Canadian Securities Administrators' Notices

January 16, 2004
(2004), 27 OSCB 711 CSA Staff Notice **11-305** Withdrawal of CSA Staff Notice **42-301** and **52-302**

January 23, 2004
(2004), 27 OSCB 1128 CSA Staff Notice **51-309** Acceptance of Certain Foreign Professional Boards as a "Professional Organization" – National Instrument **51-101** Standards of Disclosure for Oil and Gas Activities

February 13, 2004
(2004), 27 OSCB 1832 CSA Notice **33-310** Joint Forum Releases Summary of Comments and responses on Principles and Practices for the Sale of Products and Services in the Financial Sector
(2004), 27 OSCB 1847 CSA Multilateral Staff Notice **51-310** Report on Staff's Continuous Disclosure Review of Income Trust Issuers

February 20, 2004
(2004), 27 OSCB 2054 CSA Notice **11-306** Extension of Comment Period for Consultation Drafts of the Uniform Securities Act and the Model Administration Act
(2004), 27 OSCB 2056 CSA Staff Notice **13-313** Securities Regulatory Authority Closed Door Dates 2004

February 27, 2004
(2004), 27 OSCB 2306 CSA Multilateral Staff Notice **57-302** Failure to File Certificates Under Multilateral Instrument **52-109** Certification of Disclosure in Issuers' Annual and Interim Filings
(2004), 27 OSCB 2309 CSA Staff Notice **55-312** Insider Reporting Guidelines for Certain Derivative Transactions (Equity Monetization)

March 12, 2004
(2004), 27 OSCB 2680 CSA Staff Notice **42-303** Prospectus Requirements
(2004), 27 OSCB 2682 CSA Notice **58-301** Extension of Comment Period for Proposed Multilateral Policy **58-201** Effective Corporate Governance and Proposed Multilateral Instrument **58-101** Disclosure of Corporate Governance Practices

March 26, 2004
(2004), 27 OSCB 3137 CSA Staff Notice **51-311** Frequently Asked Questions Regarding National Instrument **51-102** Continuous Disclosure Obligations

April 2, 2004
(2004), 27 OSCB 3395 CSA Staff Notice **45-302** Frequently Asked Questions Regarding the Resale Rules

April 16, 2004
(2004), 27 OSCB 3909 CSA Staff Notice **51-313** Frequently Asked Questions – National Instrument **51-101** Standards of Disclosure for Oil and Gas Activities

April 23, 2004
(2004), 27 OSCB 4148 CSA Staff Notice **51-311** REVISED Frequently Asked Questions Regarding National Instrument **51-102** Continuous Disclosure Obligations
(2004), 27 OSCB 4154 CSA Staff Notice **81-301** Frequently Asked Questions Fund of Fund Amendments

April 30, 2004

(2004), 27 OSCB 4293

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

B. MEMORANDA OF UNDERSTANDING

C. RESCISSION OF POLICY STATEMENTS

D. PROCEDURE AND RELATED MATTERS

11-404 Uniform Securities Act and the Model Administration Act

January 2, 2004

(2004), 27 OSCB (Supp)

CSA Notice and Request for Comment **11-404** Consultation Drafts of the Uniform Securities Act and the Model Administration Act/**Request for Comment**

13-101 System for Electronic Document Analysis and Retrieval

April 2, 2004

(2004), 27 OSCB 3602

Consequential Amendments to National Instrument **13-101** System for Electronic Document Analysis and Retrieval (SEDAR) and National Instrument **62-101** Control Block Distribution Issues

E. CERTAIN CAPITAL MARKET PARTICIPANTS

21-101 21-101F1 21-101F2 21-101F3 21-101F4 21-101F5 21-101F6 Marketplace Operation

January 9, 2004

(2004), 27 OSCB 345

Short Notice of Minister Approval of Amendments to National Instrument **21-101** Marketplace Operation, National Instrument **23-101** Trading Rules and Forms **21-101F1**, **21-101F2**, **21-101F3**, **21-101F4**, **21-101F5** and **21-101F6**

(2004), 27 OSCB 456

Amendments to National Instrument **21-101** Marketplace Operation and National Instrument **23-101** Trading Rules

23-101 Trading Rules

January 9, 2004

(2004), 27 OSCB 345

Short Notice of Minister Approval of Amendments to National Instrument **21-101** Marketplace Operation, National Instrument **23-101** Trading Rules and Forms **21-101F1**, **21-101F2**, **21-101F3**, **21-101F4**, **21-101F5** and **21-101F6**

(2004), 27 OSCB 456

Amendments to National Instrument **21-101** Marketplace Operation and National Instrument **23-101** Trading Rules

24-101 24-101CP Post-Trade Matching and Settlement

April 16, 2004

(2004), 27 OSCB 3909

Short Notice of Request for Comment – Discussion Paper **24-401** on Straight-Through Processing and Proposed National Instrument **24-101** Post-Trade Matching and Settlement and Proposed Companion Policy **24-101CP** to National Instrument **24-101** Post-Trade Matching and Settlement/**Request for Comment**

(2004), 27 OSCB 3971

CSA Request for Comment on Discussion Paper **24-401** on Straight-Through Processing and Proposed National Instrument **24-101** Post-Trade Matching and Settlement and Proposed Companion Policy **24-101CP** to National Instrument **24-101** Post-Trade Matching and Settlement/**Request for Comment**

(2004), 27 OSCB 3977

CSA Request for Comment – Discussion Paper **24-401** on Straight-Through Processing/**Request for Comment**

(2004), 27 OSCB 4010

CSA Request for Comment – Proposed National Instrument **24-101** Post-Trade Matching and Settlement/**Request for Comment**

F. REGISTRATION REQUIREMENTS AND RELATED MATTERS

31-101 Requirements under the National Registration System

January 9, 2004
(2004), 27 OSCB 343 Short Notice of Request for Comments – Proposed National Instrument **31-101** Requirements under the National Registration System and National Policy **31-201** National Registration System/**Request for Comments**

(2004), 27 OSCB 618 Request for Comment – Proposed National Instrument **31-101** Requirements under the National Registration System and Proposed National Policy **31-201** National Registration System/**Request for Comment**

(2004), 27 OSCB 622 Proposed National Instrument **31-101** Requirements under the National Registration System/**Request for Comment**

February 6, 2004
(2004), 27 OSCB 1526 Correction to Date for Comment Period for Request for Comment on Proposed National Instrument **31-101** Requirements under the National Registration System and Proposed National Policy **31-201** National Registration System

31-201 National Registration System

January 9, 2004
(2004), 27 OSCB 343 Short Notice of Request for Comments – Proposed National Instrument **31-101** Requirements under the National Registration System and National Policy **31-201** National Registration System/**Request for Comments**

(2004), 27 OSCB 618 Request for Comment – Proposed National Instrument **31-101** Requirements under the National Registration System and Proposed National Policy **31-201** National Registration System/**Request for Comment**

(2004), 27 OSCB 627 Proposed National Policy **31-201** National Registration System/**Request for Comment**

February 6, 2004
(2004), 27 OSCB 1526 Correction to Date for Comment Period for Request for Comment on Proposed National Instrument **31-101** Requirements under the National Registration System and Proposed National Policy **31-201** National Registration System

33-901 The Fair Dealing Model

January 30, 2004
(2004), 27 OSCB (Supp) Ontario Securities Commission Request for Comment Notice **33-901** The Fair Dealing Model: Concept Paper of the Ontario Securities Commission – January 2004/**Request for Comment**

(2004), 27 OSCB (Supp) The Fair Dealing Model: Concept Paper of the Ontario Securities Commission – January 2004

(2004), 27 OSCB 1334 OSC Request for Comment Notice **33-901** The Fair Dealing Model: Concept Paper of the Ontario Securities Commission – January 2004/**Request for Comment**

G. DISTRIBUTION REQUIREMENTS

44-101 44-101CP 44-101F3 Short Form Prospectus Distribution

January 30, 2004
(2004), 27 OSCB 1332 Short Notice of Request for Comment – Proposed Amendments to National Instrument **44-101** Short Form Prospectus Distribution, Form **44-101F3** Short Form Prospectus and Companion Policy **44-101CP/Request for Comment**

(2004), 27 OSCB 1383 Notice of Request for Comment – Proposed Amendments to National Instrument **44-101** Short Form Prospectus Distribution, Form **44-101F3** Short Form Prospectus and Companion Policy **44-101CP/Request for Comment**

(2004), 27 OSCB 1386 Proposed Amendments to National Instrument **44-101** Short Form Prospectus Distribution, Form **44-101F3** Short Form Prospectus and Companion Policy **44-101CP/Request for Comment**

45-102 45-102F1 Resale of Securities

March 26, 2004
(2004), 27 OSCB 3137 Short Notice of Ministerial Approval – Multilateral Instrument **45-102** Resale of Securities, Form **45-102F1** and Other Consequential Amendments

April 2, 2004

(2004), 27 OSCB 3397

Short Notice of Ministerial Approval – Multilateral Instrument **45-102** Resale of Securities, Form **45-102F1** and Other Consequential Amendments

(2004), 27 OSCB 3580

Multilateral Instrument **45-102** Resale of Securities

45-501 45-501CP 45-501F1 45-501F2 45-501F3 Exempt Distributions

January 9, 2004

(2004), 27 OSCB 346

Short Notice of Ministerial Approval – Amendment and Restatement of Rule **45-501** Exempt Distributions, Companion Policy **45-501CP** Exempt Distributions, Form **45-501F1**, Form **45-501F2** and Form **45-501F3** and Rescission of Existing Rule **45-501** Exempt Distributions, Companion Policy **45-501CP** Exempt Distributions, Form **45-501F1**, Form **45-501F2** and Form **45-501F3**
OSC Rule **45-501** Exempt Distributions

(2004), 27 OSCB 433

April 2, 2004

(2004), 27 OSCB 3603

Consequential Amendments to OSC Rule **45-501** Exempt Distributions

H.

ONGOING REQUIREMENTS FOR ISSUERS AND INSIDERS

51-102 51-102CP 51-102F1 51-102F2 51-102F3 51-102F4 51-102F5 51-102F6 Continuous Disclosure Obligations

March 26, 2004

(2004), 27 OSCB 3143

Short Notice of Ministerial Approval – National Instrument **51-102** Continuous Disclosure, Forms **51-102F1**, **51-102F2**, **51-102F3**, **51-102F4**, **51-102F5** and **51-102F6** and OSC Rule **51-801** Implementing National Instrument **51-102** Continuous Disclosure Obligations and National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and OSC Rule **71-802** Implementing National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and Related Amendments to and Revocation of Instruments and Ontario Regulations Amending Reg. **1015** of R.R.O. 1990

April 2, 2004

(2004), 27 OSCB 3392

Short Notice of Ministerial Approval of National Instrument **51-102** Continuous Disclosure Obligations, Forms **51-102F1**, **51-102F2**, **51-103F3**, **51-102F4**, **51-102F5** and **51-102F6** and OSC Rule **51-801** Implementing National Instrument **51-102** Continuous Disclosure Obligations and Related Amendments to and Revocation of Instruments and Ontario Regulation Amending Reg. **1015** of R.R.O. 1990

(2004), 27 OSCB 3439

National Instrument **51-102** Continuous Disclosure Obligations

(2004), 27 OSCB 3555

OSC Rule **51-801** Implementing National Instrument **51-102** Continuous Disclosure Obligations

51-801 Implementing National Instrument 51-102 Continuous Disclosure Obligations

March 26, 2004

(2004), 27 OSCB 3143

Short Notice of Ministerial Approval – National Instrument **51-102** Continuous Disclosure, Forms **51-102F1**, **51-102F2**, **51-102F3**, **51-102F4**, **51-102F5** and **51-102F6** and OSC Rule **51-801** Implementing National Instrument **51-102** Continuous Disclosure Obligations and National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and OSC Rule **71-802** Implementing National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and Related Amendments to and Revocation of Instruments and Ontario Regulations Amending Reg. **1015** of R.R.O. 1990

April 2, 2004

(2004), 27 OSCB 3392

Short Notice of Ministerial Approval of National Instrument **51-102** Continuous Disclosure Obligations, Forms **51-102F1**, **51-102F2**, **51-103F3**, **51-102F4**, **51-102F5** and **51-102F6** and OSC Rule **51-801** Implementing National Instrument **51-102** Continuous Disclosure Obligations and Related Amendments to and Revocation of Instruments and Ontario Regulation Amending Reg. **1015** of R.R.O. 1990

(2004), 27 OSCB 3555

OSC Rule **51-801** Implementing National Instrument **51-102** Continuous Disclosure Obligations

52-107 52-107CP Acceptable Accounting Principles, Auditing Standards and Reporting Currency

January 16, 2004

(2004), 27 OSCB 755

Notice of Rule – National Instrument **52-107** Acceptable Accounting Principles, Auditing Standards and Reporting Currency, Amendments to National Policy **27** Canadian Generally Accepted Accounting Principles and Amendments of National Policy No. **50** Reservations in an Auditor's Report

(2004), 27 OSCB 764

National Instrument **52-107** Acceptable Accounting Principles, Auditing Standards and Reporting Currency

April 16, 2004

(2004), 27 OSCB 3908

Short Notice of Ministerial Approval: National Instrument **52-107** Accounting Principles, Auditing Standards and Reporting Currency and Related Amendments to Ontario Regulation **1015**

(2004), 27 OSCB 3949

National Instrument **52-107** Accounting Principles, Auditing Standards and Reporting Currency

52-108 Auditor Oversight

January 16, 2004

(2004), 27 OSCB 713

Short Notice of Commission Approval – National Instrument **52-108** Auditor Oversight, Multilateral Instrument **52-109** Certification of Disclosure in Issuers' Annual and Interim Filings and Multilateral Instrument **52-110** Audit Committees

(2004), 27 OSCB 853

Notice of National Instrument **52-108** Auditor Oversight

(2004), 27 OSCB 874

National Instrument **52-108** Auditor Oversight

March 26, 2004

(2004), 27 OSCB 3142

Short Notice of Ministerial Approval – National Instrument **52-108** Auditor Oversight, Multilateral Instrument **52-109** Certification of Disclosure in Issuers' Annual and Interim Filings and Multilateral Instrument **52-110** Audit Committees

52-109 52-109CP 52-109F1 52-109F2 Certification of Disclosure in Issuers' Annual and Interim Filings

January 16, 2004

(2004), 27 OSCB 713

Short Notice of Commission Approval – National Instrument **52-108** Auditor Oversight, Multilateral Instrument **52-109** Certification of Disclosure in Issuers' Annual and Interim Filings and Multilateral Instrument **52-110** Audit Committees

(2004), 27 OSCB 877

Notice of Multilateral Instrument **52-109** Certification of Disclosure in Issuers' Annual and Interim Filings

(2004), 27 OSCB 935

Multilateral Instrument **52-109** Certification of Disclosure in Issuers' Annual and Interim Filings

March 26, 2004

(2004), 27 OSCB 3142

Short Notice of Ministerial Approval – National Instrument **52-108** Auditor Oversight, Multilateral Instrument **52-109** Certification of Disclosure in Issuers' Annual and Interim Filings and Multilateral Instrument **52-110** Audit Committees

52-110 52-110CP 52-110F1 52-110F2 Audit Committees

January 16, 2004

(2004), 27 OSCB 713

Short Notice of Commission Approval – National Instrument **52-108** Auditor Oversight, Multilateral Instrument **52-109** Certification of Disclosure in Issuers' Annual and Interim Filings and Multilateral Instrument **52-110** Audit Committees

(2004), 27 OSCB 792

Notice of Multilateral Instrument **52-110** Audit Committees

(2004), 27 OSCB 837

Multilateral Instrument **52-110** Audit Committees

(2004), 27 OSCB 957

Summary of Comments and Responses Regarding the Cost-Benefit Analysis for Proposed Multilateral Instrument **52-110**

March 26, 2004

(2004), 27 OSCB 3142

Short Notice of Ministerial Approval – National Instrument **52-108** Auditor Oversight, Multilateral Instrument **52-109** Certification of Disclosure in Issuers' Annual and Interim Filings and Multilateral Instrument **52-110** Audit Committees

55-103 Insider Reporting for Certain Derivative Transactions (Equity Monetization)

February 27, 2004

(2004), 27 OSCB 2308

Short Notice of Ministerial Approval – Multilateral Instrument **55-103** Insider Reporting for Certain Derivative Transactions (Equity Monetization)

(2004), 27 OSCB 2361

Multilateral Instrument **55-103** Insider Reporting for Certain Derivative Transactions (Equity Monetization)

58-101 58-101F1 58-101F2 Disclosure of Corporate Governance

January 16, 2004

(2004), 27 OSCB 712

Short Notice of Request for Comment – Proposed Multilateral Policy **58-201** Effective Corporate Governance and Proposed Multilateral Instrument **58-101** Disclosure of Corporate Governance Practices, Form **58-101F1** and Form **58-101F2/Request for Comment**

(2004), 27 OSCB 961

Request for Comment – Notice of Proposed Multilateral Policy **58-201** Effective Corporate Governance and Proposed Multilateral Instrument **58-101** Disclosure of Corporate Governance Practices, Form **58-101F1** and Form **58-101F2/Request for Comment**

(2004), 27 OSCB 971

Multilateral Instrument **58-101** Disclosure of Corporate Governance Practices/**Request for Comment**

58-201 Effective Corporate Governance

January 16, 2004

(2004), 27 OSCB 712

Short Notice of Request for Comment – Proposed Multilateral Policy **58-201** Effective Corporate Governance and Proposed Multilateral Instrument **58-101** Disclosure of Corporate Governance Practices, Form **58-101F1** and Form **58-101F2/Request for Comment**

(2004), 27 OSCB 961

Request for Comment – Notice of Proposed Multilateral Policy **58-201** Effective Corporate Governance and Proposed Multilateral Instrument **58-101** Disclosure of Corporate Governance Practices, Form **58-101F1** and Form **58-101F2/Request for Comment**

(2004), 27 OSCB 967

Proposed Multilateral Policy **58-201** Effective Corporate Governance/**Request for Comment**

I. TAKE-OVER BIDS AND SPECIAL TRANSACTIONS

61-501 61-501CP Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions

January 9, 2004

(2004), 27 OSCB 343

Short Notice of Request for Comments – Proposed Amendments to Rule **61-501** and Companion Policy **61-501CP** Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions/**Request for Comments**

(2004), 27 OSCB 550

Notice of Proposed Amendments to Rule **61-501** Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions and Companion Policy **61-501CP/Request for Comment**

(2004), 27 OSCB 573

OSC Rule **61-501** Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions/**Request for Comment**

62-101 Control Block Distribution Issues

April 2, 2004

(2004), 27 OSCB 3602

Consequential Amendments to National Instrument **13-101** System for Electronic Document Analysis and Retrieval (SEDAR) and National Instrument **62-101** Control Block Distribution Issues

J. SECURITY TRANSACTIONS OUTSIDE THE JURISDICTION

71-102 71-102CP Continuous Disclosure and Other Exemptions Relating to Foreign Issuers

March 26, 2004

(2004), 27 OSCB 3143

Short Notice of Ministerial Approval – National Instrument **51-102** Continuous Disclosure, Forms **51-102F1**, **51-102F2**, **51-102F3**, **51-102F4**, **51-102F5** and **51-102F6** and OSC Rule **51-801** Implementing National Instrument **51-102** Continuous Disclosure Obligations and National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and OSC Rule **71-802** Implementing National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and Related Amendments to and Revocation of Instruments and Ontario Regulations Amending Reg. **1015** of R.R.O. 1990

April 2, 2004

(2004), 27 OSCB 3394

Short Notice of Ministerial Approval of National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and OSC Rule **71-802** Implementing National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and Ontario Regulation Amending Reg. **1015** of R.R.O. **1990**

(2004), 27 OSCB 3560

National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers

(2004), 27 OSCB 3577

OSC Rule **71-802** Implementing National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers

71-802 Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers

March 26, 2004

(2004), 27 OSCB 3143

Short Notice of Ministerial Approval – National Instrument **51-102** Continuous Disclosure, Forms **51-102F1**, **51-102F2**, **51-102F3**, **51-102F4**, **51-102F5** and **51-102F6** and OSC Rule **51-801** Implementing National Instrument **51-102** Continuous Disclosure Obligations and National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and OSC Rule **71-802** Implementing National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and Related Amendments to and Revocation of Instruments and Ontario Regulations Amending Reg. **1015** of R.R.O. **1990**

April 2, 2004

(2004), 27 OSCB 3394

Short Notice of Ministerial Approval of National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and OSC Rule **71-802** Implementing National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and Ontario Regulation Amending Reg. **1015** of R.R.O. **1990**

(2004), 27 OSCB 3577

OSC Rule **71-802** Implementing National Instrument **71-102** Continuous Disclosure and Other Exemptions Relating to Foreign Issuers

K.

MUTUAL FUNDS

81-101 81-101F1 81-101F2 Mutual Fund Prospectus Disclosure

January 16, 2004

(2004), 27 OSCB 710

Short Notice of Minister of Finance Approval of Amendments to National Instrument **81-102** Mutual Funds and National Instrument **81-101** Mutual Fund Prospectus Disclosure

(2004), 27 OSCB 752

National Instrument **81-101** Mutual Fund Prospectus Disclosure, Form **81-101F1** Contents of Simplified Prospectus and Form **81-101F2** Contents of Annual Information Form – Amendment Instrument

81-102 81-102CP Mutual Funds

January 16, 2004

(2004), 27 OSCB 710

Short Notice of Minister of Finance Approval of Amendments to National Instrument **81-102** Mutual Funds and National Instrument **81-101** Mutual Fund Prospectus Disclosure

(2004), 27 OSCB 745

National Instrument **81-102** Mutual Funds Amendment Instrument

81-107 Independent Review Committee for Mutual Funds

January 9, 2004

(2004), 27 OSCB 342

Short Notice of Request for Comments – Proposed National Instrument **81-107** Independent Review Committee for Mutual Funds/**Request for Comments**

(2004), 27 OSCB 465

Request for Comment – Proposed National Instrument **81-107** Independent Review Committee for Mutual Funds/**Request for Comments**

(2004), 27 OSCB 526

Proposed National Instrument **81-107** Independent Review Committee for Mutual Funds/**Request for Comments**

L.

DERIVATIVES

M.

MISCELLANEOUS

February 13, 2004
(2004), 27 OSCB 1753

Quarterly Summary of OSC Bulletin Publications

February 27, 2004
(2004), 27 OSCB 2308
(2004), 27 OSCB 2321

Assignment of Certain Powers and Duties of the OSC – Amendment of Assignment Notice of the Registration Advisory Committee

April 16, 2004
(2004), 27 OSCB 4032

(2004), 27 OSCB 4033

Request for Comments Regarding Statement of Priorities for Fiscal Year Ending March 31, 2005/
Request for Comments
OSC Statement of Priorities for Fiscal Year 2004/2005 – Draft for Comment

April 30, 2004
(2004), 27 OSCB 4332

CPSS-IOSCO – Recent Publication Recommendations for Central Counterparties

N.

RULES AND POLICIES OF SROs AND RECOGNIZED EXCHANGES

January 2, 2004
(2004), 27 OSCB 249

TSX **Request for Comments** – Amendments to Parts V, VI and VII of the Toronto Stock Exchange Company Manual in Respect of Non-Exempt Issuers, Changes in Structure of Issuers' Capital and Delisting Procedure

January 9, 2004
(2004), 27 OSCB 345

Short Notice of Commission Approval – Proposed Amendments to IDA Regulation **1300** Regarding Managed Accounts

(2004), 27 OSCB 346

Short Notice of Commission Approval – Proposed Amendments to MFDA Rule **1.1.1(a)** Regarding Business Structure

(2004), 27 OSCB 689

Proposed Amendments to IDA Regulation **1300** Managed Accounts

(2004), 27 OSCB 693

Summary of Public Comments Respecting Proposed Amendment to MFDA Rule **1.1.1(a)** Business Structures and Response of the MFDA

January 16, 2004
(2004), 27 OSCB 714

Short Notice of Commission Approval – Amendment to IDA **By-law 1** Definition of “Approved Person” Added

(2004), 27 OSCB 725

Short Notice of Commission Approval – Amendments to IDA **By-law 3** Entrance, Annual, and Other Fees

(2004), 27 OSCB 725

Short Notice of Commission Approval – Amendment to IDA Policy **6**, Part III Continuing Education Program

January 23, 2004
(2004), 27 OSCB 1126

IDA Debt Market Regulation Project – Review of IDA Member Firms – Final Summary Report

(2004), 27 OSCB 1127

Short Notice of Commission Approval – Amendments to MFDA Policy **No. 3** Handling Client Complaints

(2004), 27 OSCB 1127

Short Notice of Commission Approval – Amendments to MFDA Rule **5.3.1** Delivery of Account Statement

(2004), 27 OSCB 1309

IDA Debt Market Regulation Project – Review of IDA Member Firms – Final Summary Report

(2004), 27 OSCB 1315

Notice of Commission Approval – Amendments to MFDA Policy **No. 3** Handling Client Complaints

(2004), 27 OSCB 1316

Notice of Commission Approval – Amendments to MFDA Rule **5.3.1** Delivery of Account Statement

January 30, 2004
(2004), 27 OSCB 1333

Short Notice of Commission Approval – Repeal of CNQ Policy **10** Fees

(2004), 27 OSCB 1333

Short Notice of Commission Approval – RS Amendment to the Universal Market Integrity Rules **7.4**, **10.3** and **10.7**

(2004), 27 OSCB 1493

RS Request for Comments – Amendments to the Rules and Policies Related to Manipulative and Deceptive Activities/**Request for Comments**

(2004), 27 OSCB 1521

RS Notice of Amendment Approval – Administrative and Editorial Amendments

February 6, 2004
(2004), 27 OSCB 1527

Short Notice of Commission Approval – RS Amendment to the Policies made under Universal Market Integrity Rules – Public Access to Hearings

(2004), 27 OSCB 1527	Short Notice of Commission Approval – RS Amendment to the Universal Market Integrity Rules – Definition of “Regulated Person”
(2004), 27 OSCB 1737	RS Amendment to the Universal Market Integrity Rules Policy 10.8 , Section 9.7 Public Access to Hearings
(2004), 27 OSCB 1742	RS Amendment to the Universal Market Integrity Rules – Definition of “Regulated Person”
<u>February 13, 2004</u>	
(2004), 27 OSCB 1847	Short Notice of Commission Approval – MFDA Rule 1.2.6 Notification of Termination of Approved Persons
(2004), 27 OSCB 2037	Summary of Public Comments Respecting Proposed MFDA Rule 1.2.6 (Notification of Termination of Approved Persons) and Response of the MFDA
(2004), 27 OSCB 2038	Investment Dealers Association of Canada – Broker-To-Broker Trade Matching Utility
(2004), 27 OSCB 2041	Amendments to IDA By-law 4.6 and Regulation 1300.2 Regarding the Supervision of Branch Offices and Housekeeping Amendments to Regulation 1300.2
<u>February 20, 2004</u>	
(2004), 27 OSCB 2217	Proposed Amendments to IDA Regulation 100.5 and Schedule 2A of Form 1 and Revisions to the Acceptable Form of New Issue Letter
(2004), 27 OSCB 2268	Amendments to IDA Regulation 100.10 Use of Risk Based Margining Approach for Margining Derivative Positions of Member Firms
(2004), 27 OSCB 2272	IDA District Association Auditors and Alternate District Association Auditors
(2004), 27 OSCB 2294	Amendments to IDA General Notes and Definitions to Form 1 Relating to Foreign Pension Funds as Acceptable Institutions and Acceptable Counterparts
<u>February 27, 2004</u>	
(2004), 27 OSCB 2322	Short Notice of Commission Approval – Amendments to IDA By-law No. 7 Regarding Partners, Directors and Officers
(2004), 27 OSCB 2489	IDA Quarterly Statements
(2004), 27 OSCB 2494	Notice of Commission Approval – Amendments to IDA By-law No. 7 Regarding Partners, Directors and Officers
<u>March 5, 2004</u>	
(2004), 27 OSCB 2506	Short Notice of Commission Approval – Amendments to CNQ Rules and Policies – Registration Requirements for CNQ Dealers and Approved Traders and Appeals of CNQ Decisions
(2004), 27 OSCB 2507	Short Notice of Commission Approval – Proposed Amendments to IDA Regulation 200.1(h) Regarding Confirmations for Managed Account Transactions
(2004), 27 OSCB 2507	Short Notice of Commission Approval – Proposed Extension of the Suspension Period for MFDA Rule 2.4.1 Regarding Payments of Commissions
(2004), 27 OSCB 2674	Proposed Amendments to IDA Regulation 200.1(h) Regarding Confirmations for Managed Account Transactions
<u>April 2, 2004</u>	
(2004), 27 OSCB 3394	Short Notice of Commission Approval: Amendments to IDA Policy No. 2 and Revisions to Make Policy No. 2 Consistent with Newly Revised Regulation 1300
(2004), 27 OSCB 3397	Short Notice of Commission Approval – Proposed Amendments to IDA By-law 29.7 Advertisements, Sales Literature and Correspondence
(2004), 27 OSCB 3739	Proposed Amendment to IDA Regulation 1300 – Discretionary Accounts – Withdrawal of Proposal
(2004), 27 OSCB 3739	Amendments to IDA Policy No. 2 , Part VII.E
(2004), 27 OSCB 3742	Proposed Amendments to IDA By-law 29.7 – Advertisements, Sales Literature and Correspondence
<u>April 16, 2004</u>	
(2004), 27 OSCB 3917	Short Notice of Commission Approval – Amendments to IDA Policy No. 1 Regarding Relationships between Members and Financial Services Entities – Sharing of Office Premises
(2004), 27 OSCB 3917	Short Notice of Commission Approval – Amendments to Regulation 100.5 , Schedule 2A of Form 1 , and Revisions to the Acceptable Form of New Issue Letter Regarding Capital Rules for Underwriting Commitments
(2004), 27 OSCB 4137	RS Market Integrity Notice – Request for Comments – Order Entry During a Regulatory Halt/ Request for Comments
<u>April 23, 2004</u>	
(2004), 27 OSCB 4272	RS Market Integrity Notice – Request for Comments – Provisions Respecting Short Sales/ Request for Comments

April 30, 2004

(2004), 27 OSCB 4441

(2004), 27 OSCB 4445

Amendments to the Definition of "Floating Margin Rate" Set out in IDA Regulation **100.9(a)(x)**
RS Market Integrity Notice – Request for Comments – Practice and Procedure/**Request for
Comments**

1.1.3 OSC Staff Notice 11-734 Policy Reformulation Table of Concordance and List of New Instruments

OSC STAFF NOTICE 11-734

POLICY REFORMULATION TABLE OF CONCORDANCE AND LIST OF NEW INSTRUMENTS

Policy Reformulation Table of Concordance

To assist market participants in identifying the status of instruments that existed before the Policy Reformulation Project, we, the staff of the OSC, have prepared a Table of Concordance. The Table shows the treatment of each National Policy, Uniform Act Policy, OSC Policy, Blanket Ruling, CSA Notice, OSC Notice, Principles of Regulation, Staff Accounting Communiqué, Registration Section Clarification Note, and Interpretation Note in existence prior to Reformulation. The Table indicates whether the relevant instrument has been published for comment as a new instrument (under Reformulation), finalized, or is under consideration, or whether the instrument has been or is proposed to be repealed, rescinded or withdrawn. The Table only denotes the primary instrument and does not indicate the corresponding companion policy or forms where applicable.

The Table has been revised to reflect the status of all instruments, as of April 30, 2004 and replaces all previously published Tables.

List of New Instruments

The second part of this notice contains a list of new initiatives that were developed separately from the Policy Reformulation Project. The List of New Instruments represents staff's views at this time. All instruments are subject to the Commission's approval and may be subject to change. This list of New Instruments replaces all previously published Lists.

A detailed explanation of the numbering system developed in conjunction with the Policy Reformulation Project can be found at (1996) 19 OSCB 4258.

Item Key

BR - Blanket Ruling	OSCN - Notice of OSC or OSC Staff	SAC - Staff Accounting Communiqué
CSAN - Notice of CSA	OSC - OSC Policy	UAP - Uniform Act Policy
IN - Interpretation Note	PR - Principles of Regulation	
NP - National Policy	REG - Registration Section Clarification Note	

NOTE: The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

Pre-Reformulation		Reformulation		Status as at April 30, 2004
Instrument	Title	Number	Title	
National Policy				
NP 1	Clearance of National Issues RESCINDED JANUARY 1, 2000	43-201	Mutual Reliance Review System for Prospectus and Initial AIFs (1999), 22 OSCB 7308	<i>Adopted Jan 1/00</i>
NP 2-A	Guide for Engineers, Geologists and Prospectors Submitting Reports on Mining Properties to Canadian Provincial Securities Administrators RESCINDED FEBRUARY 1, 2001	43-101	Standards of Disclosure for Mineral Exploration and Development and Mining Properties (2001), 24 OSCB 303	<i>Came into Force Feb 1/01</i>
NP 2-B	Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators RESCISSION OF NP 2-B TO COME INTO FORCE JUN 30/05	51-101	Oil and Gas Disclosure Standards (2002), 25 OSCB 505 (previously 43-102)	<i>Came into Force Sept 30/03</i>
NP 3	Unacceptable Auditors			<i>To be rescinded</i>
NP 4	Conditions for Dealer Sub-Underwriting			<i>Repealed Apr 1/99</i>
NP 12	Disclosure of "Market Out" Clauses in Underwriting Agreements in Prospectuses RESCINDED DECEMBER 31, 2000	41-101	Prospectus Disclosure Requirements (2000), 23 OSCB (SUPP) 759	<i>Came into Force Dec 31/00</i>
NP 13	Disclaimer Clause on Prospectus RESCINDED DECEMBER 31, 2000	41-101	Prospectus Disclosure Requirements (2000), 23 OSCB (SUPP) 759	<i>Came into Force Dec 31/00</i>
NP 14	Acceptability of Currencies in Material Filed with Securities Regulatory Authority			<i>Under Consideration</i>
NP 15	Conditions Precedent to Acceptance of Scholarship or Educational Plan Prospectuses	46-102	Scholarship Plans	<i>Currently being reformulated</i>
NP 16	Maintenance of Provincial Trading Records			<i>Repealed Apr 1/99</i>
NP 17	Violations of Securities Laws of Other Jurisdictions - Conduct Affecting Fitness for Continued Registration RESCINDED OCTOBER 16, 1998	34-201	Breach of Requirements of Other Jurisdictions (1998), 21 OSCB 6607	<i>Adopted Oct 16/98</i>
NP 18	Conflict of Interest - Registrants Acting as Corporate Directors RESCINDED SEPTEMBER 25, 1998	34-202	Registrants Acting as Corporate Directors (1998), 21 OSCB 6608	<i>Adopted Oct 16/98</i>
NP 20	Trading in Unqualified Securities - Securities in Primary Distribution in Other Jurisdictions			<i>Repealed Apr 1/99</i>
NP 21	National Advertising - Warnings			<i>To be retained</i>

Pre-Reformulation		Reformulation		Status as at April 30, 2004
Instrument	Title	Number	Title	
NP 22	Use of Information and Opinion Re Mining and Oil Properties by Registrants and Others	43-101	Standards of Disclosure for Mineral Exploration and Development and Mining Properties (2001), 24 OSCB 303	<i>Came into Force Feb 1/01</i>
NP 25	Registrants: Advertising: Disclosure of Interest			<i>Rescinded Sep 12/03</i>
NP 27	Canadian Generally Accepted Accounting Principles (December 31, 1992) AMENDED MARCH 30, 2004	51-102	Continuous Disclosure Obligations (2002), 25 OSCB 3718 (previously 52-104)	<i>Came into Force Mar 30/04</i>
		51-801	Implementing NI 51-102 Continuous Disclosure Obligations (2002), 25 OSCB 3820	<i>Came into Force Mar 30/04</i>
NP 29	Mutual Funds Investing in Mortgages	81-103	Mutual Funds Investing in Mortgages	<i>Currently being reformulated</i>
NP 30	Processing of "Seasoned Prospectuses" RESCINDED APRIL 30, 2001	43-201	Mutual Reliance Review System for Prospectus and Initial AIFs (1999), 22 OSCB 7308	<i>Adopted Jan 1/00</i>
NP 31	Change of Auditor of a Reporting Issuer AMENDED MARCH 30, 2004	51-102	Continuous Disclosure Obligations (2002), 25 OSCB 3718 (previously 52-103)	<i>Came into Force Mar 30/04</i>
		51-801	Implementing NI 51-102 Continuous Disclosure Obligations (2002), 25 OSCB 3820	<i>Came into Force Mar 30/04</i>
NP 32	Prospectus Warning Re: Scope of Distribution RESCINDED DECEMBER 31, 2000	41-101	Prospectus Disclosure Requirements (2000), 23 OSCB (SUPP) 759	<i>Came into Force Dec 31/00</i>
NP 33	Financing of Film Productions			<i>Repealed Apr 11/97</i>
NP 34	Unincorporated Issuers: Requirement to Maintain a Register of Security Holders RESCINDED FEBRUARY 1, 2000	81-102	Mutual Funds (2000), 23 OSCB 584	<i>Came into Force Feb 1/00</i>
NP 35	Purchaser's Statutory Rights RESCINDED DECEMBER 31, 2000	41-101	Prospectus Disclosure Requirements (2000), 23 OSCB (SUPP) 759	<i>Came into Force Dec 31/00</i>
NP 36	Mutual Funds - Simplified Prospectus Qualification System REPEALED FEBRUARY 1, 2000	81-101	Mutual Fund Prospectus Disclosure (2000), 23 OSCB 584	<i>Came into Force Feb 1/00</i>
NP 37	Take-Over Bids: Reciprocal Cease Trading Orders RESCINDED AUGUST 4, 1997	62-201	Bids Made Only in Certain Jurisdictions (1997), 20 OSCB 3523	<i>Adopted Aug 4/97</i>
NP 38	Take-Over Bids - Defensive Tactics RESCINDED AUGUST 4, 1997	62-202	Take-Over Bids - Defensive Tactics (1997), 20 OSCB 3525	<i>Adopted Aug 4/97</i>
NP 39	Mutual Funds RESCINDED FEBRUARY 1, 2000	81-102	Mutual Funds (2000), 23 OSCB 584	<i>Came into Force Feb 1/00</i>
NP 40	Timely Disclosure RESCINDED JULY 12, 2002	51-201	Disclosure Standards	<i>Adopted Jul 12/02</i>
NP 41	Shareholder Communication EXPIRED JUNE 30, 2002	54-101	Communication with Beneficial Owners of Securities of a Reporting Issuer (2002), 25 OSCB 3361	<i>Came into Force Jul 1/02</i>
		54-102	Interim Financial Statement and Report Exemption (2002), 25 OSCB 3402	<i>Came into Force Jul 1/02</i>
NP 42	Advertising of Securities on Radio or Television (Interim)			<i>Under Consideration</i>

Pre-Reformulation		Reformulation		Status as at April 30, 2004
Instrument	Title	Number	Title	
NP 44	Rules for Shelf Prospectus Offerings and Pricing Offerings After the Final Prospectus is Received EXPIRED DECEMBER 31, 2000	44-102	Shelf Distributions (2000), 23 OSCB (SUPP) 985	<i>Came into Force Dec 31/00</i>
		44-103	Post-Receipt Pricing (2000), 23 OSCB (SUPP) 1015	<i>Came into Force Dec 31/00</i>
NP 45	Multijurisdictional Disclosure System EXPIRED NOVEMBER 1, 1998	71-101	The Multijurisdictional Disclosure System (1998), 21 OSCB 6919	<i>Came into Force Nov 1/98</i>
NP 47	Prompt Offering Qualification System EXPIRED DECEMBER 31, 2000	44-101	Short Form Prospectus Distributions (2000), 23 OSCB (SUPP) 421	<i>Came into Force Dec 31/00</i>
		44-801	Implementing NI 44-101 Short Form Prospectus Distributions (2001), 24 OSCB 2334	<i>Came into Force Apr 21/01</i>
NP 48	Future-Oriented Financial Information			<i>Under Consideration</i>
NP 49	Self-Regulatory Organization Membership RESCINDED SEPTEMBER 12, 2003	31-507	SRO Membership – Securities Dealers and Brokers (2000), 23 OSCB 5628	<i>Came into Force Aug 17/00</i>
NP 50	Reservations in an Auditor's Report (dated December 31, 1992) AMENDED MARCH 30, 2004	51-102	Continuous Disclosure Obligations (2002), 25 OSCB 3718	<i>Came into Force Mar 30/04</i>
		51-801	Implementing NI 51-102 Continuous Disclosure Obligations (2002), 25 OSCB 3820	<i>Came into Force Mar 30/04</i>
NP 51	Changes in the Ending Date of a Financial Year and in Reporting Status AMENDED MARCH 30, 2004	51-102	Continuous Disclosure Obligations (2002), 25 OSCB 3718	<i>Came into Force Mar 30/04</i>
Uniform Act Policy				
UAP 2-01	"Undertakings" - Extra-provincial Companies			<i>Repealed Jan 1/99</i>
UAP 2-02	Prospectuses - Annual Re-Filings			<i>Repealed Jan 1/99</i>
UAP 2-03	Prospectuses and Amendments - Certification (section 52[53]) Supporting Documentation REPEALED JANUARY 1/99	41-501	General Prospectus Requirements (2000), 23 OSCB (SUPP) 765	<i>Came into Force Dec 31/00</i>
UAP 2-04	Consent of Solicitors - Disclosure of Interest REPEALED JANUARY 1/99	41-501	General Prospectus Requirements (2000), 23 OSCB (SUPP) 765	<i>Came into Force Dec 31/00</i>
UAP 2-05	Applications under s. 34(1)14 [35(1)14] and 71(1)(h)[72(1)(h)] of the Securities Act by a Company Wishing to Sell Additional Securities to its Security Holders	45-101	Rights Offerings (2001), 24 OSCB 4397	<i>Came into Force Jul 25/01</i>
UAP 2-06	Use of Shareholders' Lists by Registrants			<i>Repealed Jan 1/99</i>
UAP 2-07	Surrender of Registration - Other than Salesman RESCINDED APRIL 7, 1998	33-501	Surrender of Registration (1998), 21 OSCB 2317	<i>Came into Force Apr 7/98</i>
UAP 2-08	Declaration as to Short Position - Listed and Unlisted Securities			<i>Repealed Jan 1/99</i>
UAP 2-09	Insider Trading Reports - Loan and Trust Companies			<i>Repealed Jan 1/99</i>

Pre-Reformulation		Reformulation		Status as at April 30, 2004
Instrument	Title	Number	Title	
UAP 2-10	Insider Trading Reports - Persons Required to Report in More Than One Capacity			Repealed May 1/98
UAP 2-11	Policy Statement in Connection with Applications to the Commission for an Order Under Section 79(a)[80(a)] of the Securities Act (Ontario)			Repealed Apr 3/98
UAP 2-13	Advertising During Waiting Period Between Preliminary and Final Prospectuses	47-601	Advertising During Waiting Period Between Preliminary and Final Prospectuses (2003), 26 OSCB 2318	Renumbered Mar 21/03
OSC Policy				
OSC 1.1	O.S.C. Policy Statements --- General			Repealed Mar 1/99
OSC 1.3	Restricted Shares RESCINDED OCTOBER 27, 1999	56-501	Restricted Shares (1999), 22 OSCB 6803	Came into Force Oct 25/99
OSC 1.4	Reciprocal Enforcement of Cease Trading Orders TO BE RESCINDED	57-301	Failing to File Management Statements on Time - Management Cease Trade Orders (2002), 25 OSCB 1719	Published Mar 29/02
OSC 1.6	Strip Bonds RESCINDED MAY 1, 1998	91-501	Strip Bonds (1998), 21 OSCB 2746	Came into Force May 1/98
OSC 1.7	The Securities Advisory Committee to the OSC	11-601	The Securities Advisory Committee to the OSC (2002), 25 OSCB 683	Adopted Jan 28/02
OSC 1.9	Use By Dealers of Brokerage Commissions as Payment for Goods or Services Other than Order Execution Services ("Soft Dollar" Deals)			Under Consideration
OSC 2.1	Applications to the Ontario Securities Commission	12-601	Applications to the OSC	Currently being reformulated
OSC 2.2	Public Availability of Material Filed under the Securities Act	13-601	Public Availability of Material Filed under the Securities Act	Renumbered Apr 20/01
OSC 2.3	Joint Hearings with Other Provincial Administrators - Conditions Precedent and Costs REPEALED JULY 1/97		Rules of Practice (1995), 18 OSCB 4041 (1997), 20 OSCB 1947	Came into Force Jul 1/97
OSC 2.4	Conflict of Interest Guidelines for Members of the Ontario Securities Commission and Staff REPEALED APRIL 16/98	By-law No. 2	A By-law relating to conflicts of interest in connection with the conduct of the affairs of the Securities Commission (1998), 21 OSCB 568	Came into Force Jan 18/98
OSC 2.5	Certificates of No Default under Section 72(8) and List of Defaulting Issuers under Section 72(9) of the Securities Act	51-601	Reporting Issuer Defaults (2001), 24 OSCB 6587	Adopted Oct 30/01
OSC 2.6	Applications for Exemption from Preparation and Mailing of Interim Financial Statements, Annual Financial Statements and Proxy Solicitation Material	52-601	Exemption re: Mailing of Financial Statements and Proxy Solicitation Material (2002), 24 OSCB 2404	Revoked Mar 30/04
OSC 2.7	Appeals to the Ontario Securities Commission By Way of Hearing and Review REPEALED JULY 1/97		Rules of Practice (1995), 18 OSCB 4041 (1997), 20 OSCB 1947	Came into Force Jul 1/97

Pre-Reformulation		Reformulation		Status as at April 30, 2004
Instrument	Title	Number	Title	
OSC 2.8	Applications for Ontario Securities Commission Consent to Obtain Transcripts of Evidence Taken During Investigations or Hearings REPEALED JULY 1/97		Rules of Practice (1995), 18 OSCB 4041 (1997), 20 OSCB 1947	<i>Came into Force Jul 1/97</i>
OSC 2.9	Cease Trading Orders - Applications for Partial Revocation to Permit a Securityholder to Establish a Tax Loss for Income Tax Purposes RESCINDED FEBRUARY 24, 1998	57-602	Cease Trading Orders - Application for Partial Revocation to Permit a Securityholder to Establish a Tax Loss (1998), 21 OSCB 1379	<i>Adopted Feb 24/98</i>
OSC 2.10	Restrictions on Practice Before the Commission and its Staff Upon Termination of the Appointments of Members of the Commission and its Staff REPEALED APR 16/98	By-law No. 2	A By-law relating to conflicts of interest in connection with the conduct of the affairs of the Ontario Securities Commission (1998), 21 OSCB 568	<i>Came into Force Jan 18/98</i>
OSC 2.11	Conflicts of Interest of Members of the Ontario Securities Commission REPEALED APR 16/98	By-law No. 2	A By-law relating to conflicts of interest in connection with the conduct of the affairs of the Ontario Securities Commission (1998), 21 OSCB 568	<i>Came into Force Jan 18/98</i>
OSC 2.12	Televising of Ontario Securities Commission Hearings REPEALED JUL 1/97		Rules of Practice (1995), 18 OSCB 4041 (1997), 20 OSCB 1947	<i>Came into Force Jul 1/97</i>
OSC 3.1	Recognition by the Commission of Stock Exchanges, etc. PORTIONS REPLACED	21-901	Recognition Order - In the Matter of the Recognition of Certain Stock Exchanges (1997), 20 OSCB 1034	<i>Came into Force Mar 1/97</i>
		62-904	Recognition Order - In the Matter of the Recognition of Certain Jurisdictions [ss. 93(1)(e) and ss. 93(3)(h) of the Act] (1997), 20 OSCB 1035	<i>Came into Force Mar 1/97</i>
		45-501	Exempt Distributions [replaces subsection 25(2) of Regulation 1015] (1999), 22 OSCB 127	<i>Came into Force Dec 22/98</i>
		45-502	Dividend or Interest Reinvestment and Stock Dividend Plans (1998), 21 OSCB 3685	<i>Came into Force Jun 10/98</i>
OSC 4.1	Public Ownership of Dealers, Conditions of Registration and Institutional Ownership			<i>Repealed Mar 1/99</i>
OSC 4.2	Suspension of Registration - Criminal Charges Pending	34-602	Suspension of Registration - Criminal Charges Pending	<i>Renumbered Apr 20/01</i>
OSC 4.3	Self-Directed RRSPs and Other Plans Recognized by the Commission for Purposes of this Policy Statement and Administered by Brokers or Investment Dealers on Behalf of Authorized Trustees	33-101	Administration of Self-Directed RRSPs, RESPs and RRIFs by Dealers (1998), 21 OSCB 963	<i>Published for comment Feb 13/98</i>
OSC 4.4	Dual Registration Under the <i>Securities Act</i>	31-501	Registrant Relationships (1997), 20 OSCB 4633	<i>Came into Force Sep 4/97</i>
OSC 4.5	Dual Licensing of Life Insurance Agents (1994), 17 OSCB 6073			<i>Repealed Dec 23/94</i>
OSC 4.6	Registration - Declaration of Personal Bankruptcy	34-601	Registration - Declaration of Personal Bankruptcy (2001), 24 OSCB 2404	<i>Renumbered Apr 20/01</i>

Pre-Reformulation		Reformulation		Status as at April 30, 2004
Instrument	Title	Number	Title	
OSC 4.7	Registration of Non-Resident Salesmen, Partners or Officers of Registered Dealers	35-601	Registration of Non-Resident Salesmen, Partners or Officers of Registered Dealers (2003), 26 OSCB 2318	<i>Renumbered Mar 21/03</i>
OSC 4.8	Non-Resident Advisers EXPIRED NOVEMBER 18, 2000	35-502	Non-Resident Advisers (2000), 23 OSCB 7989	<i>Came into Force Nov 18/00</i>
OSC 5.1	Prospectuses - General Guidelines PORTIONS RESCINDED DECEMBER 31, 2000	41-501	General Prospectus Requirements (2000), 23 OSCB (SUPP) 765	<i>Came into Force Dec 31/00</i>
OSC 5.1 (24)	Prospectus Disclosure in Information Circulars: Amalgamation, Arrangements, Mergers and Reorganizations RESCINDED DECEMBER 31, 2000	54-501	Prospectus Disclosure in Certain Information Circulars (2000), 23 OSCB 8519 TO BE REVOKED JUN 1/04	<i>Came into Force Dec 31/00</i>
OSC 5.1 (26)	Trading by Issuers, Selling Security Holders, Underwriters, Dealers and Their Affiliates and Joint Actors During a Distribution by Prospectus of TSE - listed Securities TO BE RESCINDED	48-501	Market Stabilization During Distributions	<i>Published for comment Aug 29/03</i>
OSC 5.2	Junior Natural Resource Issuers			<i>Lapsed Jul 1/01</i>
OSC 5.3	Mortgage and Real Estate Investment Trusts and Partnerships			<i>To be repealed</i>
OSC 5.4	"Closed-End" Income Investment Trusts and Partnerships			<i>To be repealed</i>
OSC 5.7	Preliminary Prospectuses - Preparation, Filing and Frequently Occurring Deficiencies PORTIONS RESCINDED DECEMBER 31, 2000	41-501	General Prospectus Requirements (2000), 23 OSCB (SUPP) 765	<i>Came into Force Dec 31/00</i>
OSC 5.9	Escrow Guidelines - Industrial Issuers RESCINDED JUNE 30, 2002	46-201	Escrow for Initial Public Offering	<i>Adopted Jun 30/02</i>
OSC 5.10	Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operations RESCINDED MAY 31, 2001	51-501	Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operation (2000), 23 OSCB 8365	<i>To be Revoked May 19/05</i>
OSC 6.1	Private Placements RESCINDED DECEMBER 22, 1998	45-501	Exempt Distributions (1999), 22 OSCB 127	<i>Came into Force Dec 22/98</i>
OSC 6.2	Rights Offerings	45-101	Rights Offerings (2001), 24 OSCB 4397	<i>Came into Force Jul 25/01</i>
		45-502	Dividend or Interest Reinvestment and Stock Dividend Plans (1998), 21 OSCB 3685	<i>Came into Force Jun 10/98</i>
OSC 7.1	Application of Requirements of the Securities Act to Certain Reporting Issuers RESCINDED MARCH 30, 2004	71-102	Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (2002), 25 OSCB 3823 (previously 51-203 and 72-502)	<i>Came into Force Mar 30/04</i>
		71-802	Implementing NI 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (2002), 25 OSCB 3823	<i>Came into Force Mar 30/04</i>
OSC 7.2	Timely Disclosure --- Early Warning			<i>Repealed Mar 1/99</i>

Pre-Reformulation		Reformulation		
Instrument	Title	Number	Title	Status as at April 30, 2004
OSC 7.3	Management's Report Disclosing Contingencies and Going Concern Considerations in Financial Statements			<i>Repealed Mar 1/99</i>
OSC 7.4	Business and Asset Combinations	62-602	Business and Asset Combinations (2001), 24 OSCB 2404	<i>Renumbered Apr 20/01</i>
OSC 7.5	Reciprocal Filings	51-603	Reciprocal Filings (2001), 24 OSCB 2404	<i>Revoked Mar 30/04</i>
OSC 7.6	Enforcement of Timely Filings of Financial Statements			<i>Repealed Mar 1/99</i>
OSC 7.7	The Oil and Gas Industry - Application of the Ceiling Test When the Full Cost Method is Used			<i>Repealed Mar 1/99</i>
OSC 9.1	Disclosure, Valuation, Review and Approval Requirements and Recommendations for Insider Bids, Issuer Bids, Going Private Transactions, and Related Party Transactions	61-501	Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions (2000), 23 OSCB 2719	<i>Came into Force May 1/00</i>
OSC 9.3	Take-Over Bids - Miscellaneous Guidelines	48-501	Market Stabilization During Distributions	<i>Published for comment Aug 29/03</i>
		62-501	Prohibited Stock Market Purchases of the Offeree's Securities by the Offeror During a Take-Over Bid (2002), 25 OSCB 5356	<i>Came into Force Aug 2/02</i>
OSC 10.1	Applications for Exemption from Insider Reporting Obligations for Insiders of Subsidiaries and Affiliated Issuers RESCINDED MAY 15, 2001	55-101	Exemptions from Certain Insider Reporting Requirements (2001), 24 OSCB 3025	<i>Came into Force May 15/01</i>
OSC 10.2	Guidelines for Establishment of Procedures in Relation to Confidential Information RESCINDED JANUARY 27, 1998	33-601	Guidelines for Policies and Procedures Concerning Inside Information (1998), 21 OSCB 617	<i>Adopted Jan 27/98</i>
OSC 11.1	Mutual Fund Trusts: Interim OSC Approval of Mutual Fund Trustees Pursuant to Clause 213(3)(b) of the <i>Loan and Trust Corporations Act, 1987</i> RESCINDED JANUARY 14, 1997	81-901	Approval of Mutual Fund Trustees Under Clause 213(3)(b) of the Loan and Trust Corporations Act (1997), 20 OSCB 243	<i>Came into Force Jan 14/97</i>
OSC 11.2	Bond Ratings Services - Statements of Investment Portfolio and Statements of Portfolio Transactions of Mutual Funds	81-902	Recognition Order - In the Matter of the Recognition of Certain Rating Agencies (1997), 20 OSCB 1034	<i>Came into Force Mar 1/97</i>
OSC 11.4	Commodity Pool Programs	81-104	Commodity Pools	<i>Came into Force Nov 1/02</i>
OSC 11.5	Real Estate Mutual Funds - General Prospectus Guidelines			<i>Repealed Dec 20/96</i>
Blanket Ruling				
BR	Certain Reporting Issuers (1980), 3 OSCB 54	71-102	Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (2002), 25 OSCB 3823 (previously 51-103 and 72-502)	<i>Came into Force Mar 30/04</i>
		71-802	Implementing NI 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (2002), 25 OSCB 3823	<i>Came into Force Mar 30/04</i>

Pre-Reformulation		Reformulation		
Instrument	Title	Number	Title	Status as at April 30, 2004
BR 1	Certain Reporting Issuers (1980), 3 OSCB 166 EXPIRED DECEMBER 31, 2003	71-102	Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (2002), 25 OSCB 3823 (previously 51-103 and 72-502)	<i>Came into Force Mar 30/04</i>
		71-802	Implementing NI 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (2002), 25 OSCB 3823	<i>Came into Force Mar 30/04</i>
BR 2	The Automatic Investment of Dividends or Distributions in Shares or Units of Mutual Funds (1983), 6 OSCB 1078 RESCINDED OCTOBER 10, 1997	81-501	Mutual Fund Reinvestment Plans (1997), 20 OSCB 5163	<i>Came into Force Oct 10/97</i>
BR 3	Certain Proposed Amendments (1983), 6 OSCB 3508 EXPIRED DECEMBER 22, 1998	45-501	Exempt Distributions (1999), 22 OSCB 127	<i>Came into Force Dec 22/98</i>
BR 4	Discount Brokerage and The Role of Financial Institutions (1984), 7 OSCB 458			<i>Expired Mar 1/97</i>
BR	Trading in Commodity Futures Contracts and Commodity Futures Options Entered Into On Commodity Futures Exchanges Situate Outside Canada Other than Commodity Futures Exchanges in the United States of America (1980), 15 OSCB 7, as varied by (1984), 7 OSCB 995*	91-503	Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchange Situate Outside of Ontario (1997), 20 OSCB 1739	<i>Came into Force Mar 28/97</i>
BR 5	Order Execution Access Dealers (1984), 7 OSCB 1520			<i>Expired Mar 1/97</i>
BR	Certain Reporting Issuers (1984), 7 OSCB 1913 EXPIRED DECEMBER 31, 2003	71-102	Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (2002), 25 OSCB 3823 (previously 51-103 and 72-502)	<i>Came into Force Mar 30/04</i>
		71-802	Implementing NI 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (2002), 25 OSCB 3823	<i>Came into Force Mar 30/04</i>
BR	Certain Reporting Issuers (1984), 7 OSCB 3247 EXPIRED DECEMBER 31, 2003	71-102	Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (2002), 25 OSCB 3823 (previously 51-103 and 72-502)	<i>Came into Force Mar 30/04</i>
		71-802	Implementing NI 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (2002), 25 OSCB 3823	<i>Came into Force Mar 30/04</i>

Pre-Reformulation		Reformulation		Status as at April 30, 2004
Instrument	Title	Number	Title	
BR 8	Zero Coupon Strip Bonds (1984), 7 OSCB 4085 RESCINDED MAY 1, 1998	91-501	Strip Bonds (1998), 21 OSCB 2746	<i>Came into Force May 1/98</i>
BR	Trading in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges in the United States of America (1984), 7 OSCB 4578 ¹	91-503	Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario (1997), 20 OSCB 1739	<i>Came into Force Mar 28/97</i>
BR	Eurosecurity Financing (1984), 7 OSCB 4897			<i>Expired Mar 1/97</i>
BR 51	Simplified Prospectus Qualification System for Mutual Funds (1984), 7 OSCB 5333 EXPIRED FEBRUARY 1, 2000	81-101	Mutual Fund Prospectus Disclosure (2000), 23 OSCB 584	<i>Came into Force Feb 1/00</i>
BR 10	Trades In Securities of a Private Company Under The Execution Act (1985), 8 OSCB 127 EXPIRED DECEMBER 22, 1998	45-501	Exempt Distributions (1999), 22 OSCB 127	<i>Came into Force Dec 22/98</i>
BR 11	Certain Reporting Issuers (1985), 8 OSCB 2915 EXPIRED DECEMBER 31, 2000	44-101	Short Form Prospectus Distributions (2000), 23 OSCB (SUPP) 421	<i>Came into Force Dec 31/00</i>
		44-801	Implementing NI 44-101 Short Form Prospectus Distributions (2001), 24 OSCB 2334	<i>Came into Force Apr 21/01</i>
BR 12	The Mandatory Investment of Dividends or Distributions In Shares or Units of Mutual Funds (1985), 8 OSCB 4308 EXPIRED OCTOBER 10, 1997	81-501	Mutual Fund Reinvestment Plans (1997), 20 OSCB 5163	<i>Came into Force Oct 10/97</i>
BR 13	TSE Policy on Small Shareholder Selling/Purchase Arrangements (1987), 10 OSCB 1455 EXPIRED OCTOBER 22, 1997	32-101	Small Securityholder Selling and Purchase Arrangements (1997), 20 OSCB 5435	<i>Came into Force Oct 22/97</i>
BR 14	A Policy of the Montreal Exchange on Small Shareholder Selling and Purchase Arrangements (1987), 10 OSCB 4938 EXPIRED OCTOBER 22, 1997	32-101	Small Securityholder Selling and Purchase Arrangements (1997), 20 OSCB 5435	<i>Came into Force Oct 22/97</i>
BR 15	Certain Proposed Amendments (1987), 10 OSCB 5936 EXPIRED DECEMBER 22, 1998	45-501	Exempt Distributions (1999), 22 OSCB 127	<i>Came into Force Dec 22/98</i>
BR 16	The Business Corporations Act and In the Matter of CDS (1988), 11 OSCB 542	22-901	Recognition Order - In the Matter of the Recognition of the Canadian Depository for Securities Limited (1997), 20 OSCB 1033	<i>Came into Force Mar 1/97</i>
BR 52	Certain Reporting Issuers (1987) 10 OSCB 6306, amended by (1988), 11 OSCB 1029 EXPIRED JUNE 30, 2002	54-101	Communication with Beneficial Owners of Securities of a Reporting Issuer (2002), 25 OSCB 3361	<i>Came into Force Jul 1/02</i>
		54-102	Interim Financial Statement and Report Exemption (2002), 25 OSCB 3402	<i>Came into Force Jul 1/02</i>

¹ This ruling remains in force for purposes of the *Commodity Futures Act*

Pre-Reformulation		Reformulation		Status as at April 30, 2004
Instrument	Title	Number	Title	
BR	Certain Trades in Securities of Junior Resource Issuers (1988), 11 OSCB 1522			<i>Lapsed Jul 1/01</i>
BR 17	Trading in Recognized Options Cleared Through Recognized Clearing Organizations (1988), 11 OSCB 4895 EXPIRED MARCH 28, 1997	91-502	Trades in Recognized Options (1997), 20 OSCB 1731	<i>Came into Force Mar 28/97</i>
BR 18	The Securities Act (1989), 12 OSCB 2735			<i>Expired Mar 1/97</i>
BR	Trading in Commodity Futures Contracts Entered into on the Montreal Stock Exchange (August 25, 1980) OSCWS 15A, as varied by In the Matter of Trading in Commodity Futures Contracts and Commodity Futures Options Entered into on The Montreal Stock Exchange (1989), 12 OSCB 3392*	91-503	Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario (1997), 20 OSCB 1739	<i>Came into Force Mar 28/97</i>
BR 19	The TSE (1990), 13 OSCB 3007			<i>Expired Mar 1/97</i>
BR 20	Self-Directed RESPs (1990), 13 OSCB 4793			<i>Expired Mar 1/97</i>
BR 21	The TSE (1991), 14 OSCB 881	21-901	Recognition Order - In the Matter of the Recognition of Certain Stock Exchanges (1997), 20 OSCB 1034	<i>Came into Force Mar 1/97</i>
BR 53	Rules of Shelf Prospectus Offerings and for Pricing Offerings after the Prospectus Is Received (1991), 14 OSCB 1824 EXPIRED DECEMBER 31, 2000	44-102	Shelf Distributions (2000), 23 OSCB 8561	<i>Came into Force Dec 31/00</i>
		44-103	Post-Receipt Pricing (2000), 23 OSCB 8561	<i>Came into Force Dec 31/00</i>
BR 22	The Recognized Options Rationalization Order (1991), 14 OSCB 2157 EXPIRED MARCH 28, 1997	91-502	Trades in Recognized Options (1997), 20 OSCB 1731	<i>Came into Force Mar 28/97</i>
BR 54	Multijurisdictional Disclosure System (1991), 14 OSCB 2863 EXPIRED NOVEMBER 1, 1998	71-101	The Multijurisdictional Disclosure System (1998), 21 OSCB 6919	<i>Came into Force Nov 1/98</i>
		71-801	Implementing The Multijurisdictional Disclosure System (1998), 21 OSCB 6898	<i>Came into Force Nov 1/98</i>
BR 23	An Assignment to the Director Pursuant to Section 6 of The Securities Act (1991), 14 OSCB 3439			<i>Expired Mar 1/97</i>
BR 25	Mutual Fund Securities (1991), 14 OSCB 3763 EXPIRED SEPTEMBER 30, 1998	33-502	Exceptions to Conflict Rules in the Sale of Mutual Fund Securities (1998), 21 OSCB 6429	<i>Came into Force Sep 30/98</i>
		33-105	Underwriting Conflicts (2001), 24 OSCB 7687	<i>Came into Force Jan 3/02</i>

Pre-Reformulation		Reformulation		Status as at April 30, 2004
Instrument	Title	Number	Title	
BR	First Prospectuses Filed by NP 36 Mutual Funds and Universal Money Market Fund (1991), 14 OSCB 3475			<i>Expired Jul 1/99 Now covered by subsection 23(10) of the Red Tape Reduction Act</i>
BR 26	The Recognized Options Rationalization Order (1991), 14 OSCB 4234 EXPIRED MARCH 28, 1997	91-502	Trades in Recognized Options (1997), 20 OSCB 1731	<i>Came into Force Mar 28/97</i>
BR 27	Self-Directed Registered Education Plans (1992), 15 OSCB 613 EXPIRED JUNE 17, 1997	46-501	Self-Directed Registered Education Savings Plans (1997), 20 OSCB 3353	<i>Came into Force Jun 17/97</i>
BR 28	Certain Advisers (1992), 15 OSCB 1955 EXPIRED NOVEMBER 18, 2000	35-502	Non-Resident Advisers (2000), 23 OSCB 7989	<i>Came into Force Nov 17/00</i>
BR 29	Certain Members of the TSE (1992), 15 OSCB 3354 EXPIRED SEPTEMBER 4, 1997	35-503	Trades By Certain Members of the TSE (1997), 20 OSCB 4636	<i>Came into Force Sep 4/97</i>
BR 30	Limitations on a Registrant Underwriting Securities of a Related or Connected Issuer (1992), 15 OSCB 3645 LAPSED DECEMBER 31, 2000	33-105	Underwriting Conflicts (2001), 24 OSCB 7687	<i>Came into Force Jan 3/02</i>
BR 55B	The Prompt Offering Qualification System (1993), 16 OSCB 731, 732, 949 EXPIRED DECEMBER 31, 2000	44-101	Short Form Prospectus Distributions (2000), 23 OSCB (SUPP) 421	<i>Came into Force Dec 31/00</i>
		44-801	Implementing NI 44-101 Short Form Prospectus Distributions (2000), 23 OSCB 2334	<i>Came into Force Apr 21/01</i>
BR	NP 47 and The Solicitation of Expressions of Interests (1993), 16 OSCB 2832 EXPIRED DECEMBER 31, 2000	44-101	Short Form Prospectus Distributions (2000), 23 OSCB (SUPP) 421	<i>Came into Force Dec 31/00</i>
		44-801	Implementing NI 44-101 Short Form Prospectus Distributions (2000), 23 OSCB 2334	<i>Came into Force Apr 21/01</i>
BR 31	Going Private Transactions (1993), 16 OSCB 3428 EXPIRED MAY 1, 2000	61-501	Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions (2000), 23 OSCB 2679	<i>Came into Force May 1/00</i>
BR 32	Insider, Issuer and Take-Over Bids in Anticipation of Going Private Transactions (1993), 16 OSCB 3429 EXPIRED MAY 1, 2000	61-501	Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions (2000), 23 OSCB 2679	<i>Came into Force May 1/00</i>
BR 35	Ontario Regulation 638/93 and The Disclosure of Executive Compensation and of Indebtedness of Directors, Executive Officers and Senior Officers (1993), 16 OSCB 5913			<i>Expired Mar 1/97</i>
BR 36	Blanket Permission Under S.81 of the Regulation Under The Securities Act (Ontario) (1993), 16 OSCB 5914			<i>Expired Mar 1/97</i>

Pre-Reformulation		Reformulation		Status as at April 30, 2004
Instrument	Title	Number	Title	
BR 34	Dividend Reinvestment and Stock Dividend Plans (1993), 16 OSCB 5928 EXPIRED JUNE 10, 1998	45-502	Dividend or Interest Reinvestment and Stock Dividend Plans (1998), 21 OSCB 3685	<i>Came into Force Jun 10/98</i>
BR 38	Certain International Offerings by Private Placement in Ontario (1993), 16 OSCB 5931 EXPIRED JULY 2, 2002	45-501	Exempt Distributions (1999), 22 OSCB 127	<i>Came into Force Dec 22/98</i>
BR 37	Blanket Permission - International Offerings made by way of Private Placement (1993), 16 OSCB 5938			<i>Lapsed Jul 1/01</i>
BR 39	Networking Arrangements Governed by the Principles of Regulation (1993), 16 OSCB 6168 LAPSED DECEMBER 31, 1998	33-102	Regulation of Certain Registrant Activities (2001), 24 OSCB 4409	<i>Came into Force Aug 1/01</i>
BR	Networking Arrangements Governed by the Principles of Regulation (1993), 16 OSCB 6168 LAPSED DECEMBER 31, 1998	33-102	Regulation of Certain Registrant Activities (2001), 24 OSCB 4409	<i>Came into Force Aug 1/01</i>
BR 40	A Proposal of The TSE to Foster Capital Formation for Junior Resource and Industrial Enterprises (1994), 17 OSCB 347			<i>Expired Mar 1/97</i>
BR 42	The Disclosure of Executive Compensation and of Indebtedness of Directors, Executive and Senior Officers (1994), 17 OSCB 1176			<i>Expired Mar 1/97</i>
BR 41	Dividend Reinvestment Plans (1994), 17 OSCB 1178 EXPIRED DECEMBER 22, 1998	45-501	Exempt Distributions (1999), 22 OSCB 127	<i>Came into Force Dec 22/98</i>
BR 43	Blanket Permission Under S.81 of The Regulation (1994), 17 OSCB 1187			<i>Expired Mar 1/97</i>
BR 44	Trades by Issuers In Connection With Securities Exchange Issuer Bids and an Amalgamation, Arrangement or Specified Statutory Procedure (1994), 17 OSCB 1975 EXPIRED DECEMBER 22, 1998	45-501	Exempt Distributions (1999), 22 OSCB 127	<i>Came into Force Dec 22/98</i>
BR 33	Real Return Bond Strip Bonds (1994), 17 OSCB 2875			<i>Expired Mar 1/97</i>
BR 45	Trades by Issuers Upon Exercise of Certain Conversion or Exchange Rights and The First Trade In Securities Acquired Upon Exercise of Such Conversion or Exchange Rights (1994), 17 OSCB 2877 EXPIRED DECEMBER 22, 1998	45-501	Exempt Distributions (1999), 22 OSCB 127	<i>Came into Force Dec 22/98</i>
BR 50	Trading in Securities of Labour Sponsored Investment Fund Corporations (1994), 17 OSCB 5505 LAPSED DECEMBER 31, 1998	31-502	Proficiency Requirements for Registrants (2000), 23 OSCB 5658	<i>Came into Force Aug 17/00</i>

Pre-Reformulation		Reformulation		
Instrument	Title	Number	Title	Status as at April 30, 2004
		31-702	Ontario Securities Commission Designation of Courses Under Rule 31-502 (2000), 23 OSCB 5658	Published Aug 17/00
BR 49A	The First Trade in Securities Acquired Pursuant to Certain Exemptions, (1994), 17 OSCB 1978, as amended by (1994), 17 OSCB 5506 EXPIRED JUNE 10, 1998	72-501	Prospectus Exemption for First Trade Over a Market Outside Ontario (1998), 21 OSCB 3688	Rescinded Dec 1/02
BR 46	Certain Amendments to Regulation 1015 (1994), 17 OSCB 5516	32-502	Registration Exemption for Certain Trades by Financial Intermediaries (1996), 19 OSCB 6861	Came into Force Jan 1/97
BR 47	Certain Amendments to Regulation 1015 (1994), 17 OSCB 5517	32-503	Registration and Prospectus Exemption for Trades by Financial Intermediaries in Mutual Fund Securities to Corporate Sponsored Plans (1996) 19 OSCB 6923	Came into Force Jan 1/97
BR 48	Trades by an Issuer in Securities of its own issue to Senior Officers, Directors, etc. and a Controlling Shareholder in Securities of an Issuer to Employees, Senior Officers, etc. (1994), 17 OSCB 5518 EXPIRED DECEMBER 22, 1998	45-503	Trades to Employees, Executives and Consultants (1998), 21 OSCB 7708	Revoked Aug 15/03
Notices of CSA				
CSAN	Audit Committees (1990), 13 OSCB 4247	52-301	Audit Committees	To be retained
CSAN	Rates of Return on Money Market Mutual Funds (1990), 13 OSCB 4329	81-102	Mutual Funds (2000), 23 OSCB 584	Came into Force Feb 1/00
CSAN	Advertising by Money Market Mutual Funds That Have Not Offered Their Securities to the Public For a Full Year (1991), 14 OSCB 541	81-102	Mutual Funds (2000), 23 OSCB 584	Came into Force Feb 1/00
CSAN	Soft Dollar Transactions (1992), 15 OSCB 2714			To be retained
CSAN	Applications for Discretionary Orders (1992), 15 O.S.C.B 3046			Withdrawn Apr 20/01
CSAN	Bought Deal Financing (1992), 15 OSCB 3657			To be retained
CSAN	Review of National Policy Statement No. 41 (1992), 15 OSCB 5289			Withdrawn Apr 20/01
CSAN	Mutual Funds: Sales Incentives (1993), 16 OSCB 359			Repealed May 1/98
CSAN	Bought Deals (1993), 16 OSCB 2820			To be retained
CSAN	Pre-Marketing Activities in the Context of Bought Deals (1993), 16 OSCB 2822			To be retained
CSAN	Bought Deals (1993), 16 OSCB 4811			To be retained
CSAN	NP 39 - Mutual Funds: Section 16 Sales Communications (1993), 16 OSCB 5881 REVOKED	81-102	Mutual Funds (2000), 23 OSCB 584	Came into Force Feb 1/00

Pre-Reformulation		Reformulation		
Instrument	Title	Number	Title	Status as at April 30, 2004
CSAN	An Electronic System for Securities Filings (1994), 17 OSCB 2857			<i>Withdrawn Apr 20/01</i>
CSAN	Conflicts of Interest (1995), 18 OSCB 130			<i>Withdrawn Apr 20/01</i>
CSAN	Mutual Fund Sales Incentives - Point-of-Sale Disclosure Statement (1995), 18 O.S.C.B 229			<i>Repealed May 1/98</i>
CSAN	SEDAR (1995), 18 OSCB 1892			<i>Withdrawn Apr 20/01</i>
CSAN	Proposed Foreign Issuer Prospectus and Continuous Disclosure System (Draft National Policy Statement No. 53) (1995), 18 OSCB 1893			<i>To be withdrawn</i>
Notices of OSC or OSC Staff				
OSCN	Premature Announcements of Takeover Bids, Mergers, Amalgamations or Other Corporate Restructuring (1980), OSCB 2A			<i>Withdrawn Oct 6/00</i>
OSCN	Taxable Equivalent Adjustments (1983), 6 OSCB 1578			<i>Withdrawn Oct 6/00</i>
OSCN	Canadian Oil & Gas Lands Administration (1984), 7 OSCB 2675			<i>Withdrawn Oct 6/00</i>
OSCN	Auditors' Consent and Comfort Letters (1984), 7 OSCB 2993			<i>Withdrawn Oct 6/00</i>
OSCN	Color Your World - Take-over Bid Consideration (1984), 7 OSCB 3777			<i>Withdrawn Oct 6/00</i>
OSCN	Prospectus Disclosure of Ratings (1984), 7 OSCB 4362			<i>Withdrawn Oct 6/00</i>
OSCN	Application of Ceiling Test in Financial Statements of Oil and Gas Industry Issuers (1984), 7 OSCB 5114			<i>Withdrawn Oct 6/00</i>
OSCN	Bill 34 - Freedom of Information and Privacy Act (1984), 7 OSCB 6143			<i>Withdrawn Oct 6/00</i>
OSCN	Application of OSC Policy 11.4 on Commodity Pools Program (1985), 8 OSCB 2557	81-104	Commodity Pools	<i>Came into Force Nov 1/02</i>
OSCN	Prompt Offering Qualification System - "Wrap Around" AIFs (1985), 8 OSCB 2911			<i>Withdrawn Oct 6/00</i>
OSCN	Prohibition Against Principal Trading by Investment Dealers in Securities of Target Company During Take-Over Bid (1985), 8 OSCB 3293			<i>Withdrawn Oct 6/00</i>
OSCN	Second Notice Concerning Application of Ceiling Test in Financial Statements of Oil and Gas Industry Issuers (1985), 8 OSCB 4719			<i>Withdrawn Oct 6/00</i>

Pre-Reformulation		Reformulation		
Instrument	Title	Number	Title	Status as at April 30, 2004
OSCN	Disclosure of Executive Compensation - Proxy Circulars (1986), 9 OSCB 1997			<i>Withdrawn Oct 6/00</i>
OSCN	Enforcement of Timely Filings of Financial Statements: Application of OSC 7.6 (1986), 9 OSCB 4216			<i>Withdrawn Oct 6/00</i>
OSCN	Leveraged Mutual Fund Purchases (1986), 9 OSCB 4375			<i>Withdrawn Oct 6/00</i>
OSCN	Fees for Prospectus Offerings Outside of Ontario (1987), 10 O.S.C.B 1452			<i>Withdrawn Oct 6/00</i>
OSCN	Filing of Prospectuses with the Commission (1987), 10 OSCB 1730			<i>Withdrawn Oct 6/00</i>
OSCN	Advertising and Use of Marketing Material During the Waiting Period (1987), 10 OSCB 2831	47-701	Advertising and Use of Marketing Material During the Waiting Period	<i>Renumbered Apr 20/01</i>
OSCN	Procedures and Requirements for Implementing Amendments to the Regulation Regarding Entry Into and Ownership of the Ontario Securities Industry (1987), 10 OSCB 2969	31-503	Limited Market Dealers (1998), 21 OSCB 2316	<i>Came into Force Apr 7/98</i>
OSCN	Conditional Registration of Limited Market Dealers (1987), 10 OSCB 4791			<i>Withdrawn Oct 6/00</i>
OSCN	Regulation of Mortgage Syndications - Proposed Structural Changes (1987), 10 OSCB 5145			<i>Withdrawn Oct 6/00</i>
OSCN	Pre-Filing Consultation on Innovative or Unusual Financial Reporting (1987), 10 OSCB 5687	52-703	Pre-Filing Consultation on Innovative or Unusual Financial Reporting	<i>Withdrawn Mar 21/03</i>
OSCN	"Blank Cheque" Preferred Shares (1987), 10 OSCB 5690	56-501	Restricted Shares (1999), 22 OSCB 6803	<i>Came into Force Oct 25/99</i>
OSCN	Soft Dollars - Exemptions by the Director (1987), 10 OSCB 6422			<i>Withdrawn Mar 21/03</i>
OSCN	Outline of NP 39 (1987), 10 OSCB 6423			<i>Withdrawn Oct 6/00</i>
OSCN	NP 41 - Shareholder Communication Exemption from Interim Financial Statements (1988), 11 OSCB 1029	54-101	Communication with Beneficial Owners of Securities of a Reporting Issuer	<i>Came into Force Jul 1/02</i>
		54-102	Interim Financial Statement and Report Exemption	<i>Came into Force Jul 1/02</i>
OSCN	Media Articles Appearing During the Waiting Period (1988), 11 OSCB 1098	47-703	Media Articles Appearing During the Waiting Period	<i>Renumbered Apr 20/01</i>
OSCN	NP 41 - Shareholder Communication/The Canadian Depository for Securities Limited (1988), 11 OSCB 1242			<i>Withdrawn Oct 6/00</i>
OSCN	Compliance with Section 41 of the Securities Act (1988), 11 OSCB 2217	33-504	Compliance with Section 42 (1998), 21 OSCB 2318	<i>Came into Force Apr 7/98</i>

Pre-Reformulation		Reformulation		Status as at April 30, 2004
Instrument	Title	Number	Title	
OSCN	Mutual Fund Dealer Registration as Limited Market Dealer (1988), 11 OSCB 2311			<i>Withdrawn Oct 6/00</i>
OSCN	Applications to the OSC (1988), 11 OSCB 3107			<i>Withdrawn Oct 6/00</i>
OSCN	NP 41 - Industry Implementation and Monitoring Report (1988), 11 OSCB 3325			<i>Withdrawn Oct 6/00</i>
OSCN	OSC 5.8 - Dissemination of Future-Oriented Financial Information (1988), 11 OSCB 3726			<i>Withdrawn Oct 6/00</i>
OSCN	Conditions of Registration - Capital Requirements (1988), 11 OSCB 3726	33-701	Calculation of Regulatory Capital (1997), 20 OSCB 3363	<i>Published Jun 27/97</i>
OSCN	Residential Real Estate Syndications (1988), 11 OSCB 4171			<i>Withdrawn Mar 21/03</i>
OSCN	Report of Filings (1988), 11 OSCB 4277			<i>Withdrawn Mar 21/03</i>
OSCN	Office of the Chief Accountant: Report on the Review Program (1988), 11 OSCB 4277			<i>Withdrawn Mar 21/03</i>
OSCN	Noranda Inc./Falconbridge Limited - Proposed Stock Exchange Take-over Bid/Pre-Bid Integration Rules (1988), 11 OSCB 4367	62-702	Noranda Inc./Falconbridge Limited - Proposed Stock Exchange Take-over Bid/Pre-Bid Integration Rules	<i>Renumbered Apr 20/01</i>
OSCN	Further Extension of System of Conditional Registration and other Exemptions of Financial Intermediaries (1988), 11 OSCB 5137			<i>Withdrawn Oct 6/00</i>
OSCN	OSC 5.2 - Junior Natural Resource Issuers - Standing Liaison Committee (1989), 12 OSCB 953			<i>Lapsed Jul 1/01</i>
OSCN	OSC 1.3 - Restricted Shares Notice Regarding Compliance with Restricted Share Disclosure Requirements and Disclosure Regarding Take-Over Bids (1989), 12 OSCB 1227	56-501	Restricted Shares (1999), 22 OSCB 6803	<i>Came into Force Oct 25/99</i>
OSCN	Rights Offerings Under a Prospectus (1989), 12 OSCB 1463	45-101	Rights Offerings (2001), 24 OSCB 4397	<i>Came into Force Jul 25/01</i>
OSCN	Use of "Special Warrants" in Connection with Distribution of Securities By Prospectus (1989), 12 OSCB 2168	46-701	Use of "Special Warrants" in Connection with Distribution of Securities By Prospectus	<i>Renumbered Apr 20/01</i>
OSCN	Use of "Green Sheets" and other Marketing Material During the Waiting Period (1989), 12 OSCB 2641			<i>Withdrawn Oct 6/00</i>
OSCN	Supplementary Notice - Application of the Securities Act to Certain Residential Real Estate Offerings (1989) 12 OSCB 2732			<i>Withdrawn Mar 21/03</i>
OSCN	Collection of Personal Information - Freedom of Information and Protection of Privacy Act, 1987 (1989), 12 OSCB 3083	31-504	Applications for Registration (1997), 20 OSCB 4634	<i>Came into Force Sept 4/97</i>

Pre-Reformulation		Reformulation		
Instrument	Title	Number	Title	Status as at April 30, 2004
OSCN	Final Report on Capital, Financial Reporting and Audit Requirements (1990), 13 OSCB 493			<i>Withdrawn Oct 6/00</i>
OSCN	Review of Short Form Prospectuses Qualifying Derivative Securities (1990), 13 OSCB 1559			<i>Withdrawn Oct 6/00</i>
OSCN	Revised Notice of Amendment or Change of Information Form of Dealers and Advisers (1990), 13 OSCB 2971	33-109	Registration Information Requirements (under the Securities Act) (2002), 25 OSCB 3475	<i>Came into Force Feb 21/03</i>
OSCN	Insider Reporting System (1991), 14 OSCB 260			<i>Withdrawn Oct 6/00</i>
OSCN	Staff Investigation in Respect of Loan by Stelco Inc. to controlling shareholder of Clarus Corporation (1991), 14 OSCB 1807	62-701	Staff Investigation in Respect of Loan by Stelco Inc. to controlling shareholder of Clarus Corporation	<i>Renumbered Apr 20/01</i>
OSCN	Debt-like Derivative Securities (1991), 14 OSCB 3316	91-701	Debt-Like Derivative Securities (1996), 19 OSCB 3427	<i>Published Jun 21/96</i>
OSCN	Disruption of Mail Service (1991), 14 OSCB 4113			<i>Withdrawn Oct 6/00</i>
OSCN	Market Balancing for a Proposed Multinational Offering (1991), 14 OSCB 5845			<i>Withdrawn Oct 6/00</i>
OSCN	Deficiency Letters in Respect of Salesperson Registration Applications (1992), 15 OSCB 6			<i>Withdrawn Oct 6/00</i>
OSCN	Report on Financial Statement Issues (1992), 15 OSCB 6	52-704	Report on Financial Statement Issues	<i>Withdrawn Mar 21/03</i>
OSCN	Inter-Dealer Bond Broker Systems (1992), 15 OSCB 1081			<i>Withdrawn Oct 6/00</i>
OSCN	Confidential Material Change Reports (1992), 15 OSCB 4555	51-201	Disclosure Standards	<i>Adopted Jul 12/02</i>
OSCN	Report on Capital Adequacy Formula for SRO Members (1992), 15 OSCB 4750			<i>Withdrawn Oct 6/00</i>
OSCN	Annual Information Form and MD&A of Financial Condition and Results of Operation Re: Small Issuer Exemption (1992), 15 OSCB 4772	51-501	Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operation (2000), 23 OSCB 8365	<i>Amendment Came into Force Mar 30/04 To be Revoked May 19/05</i>
OSCN	Office of the Chief Accountant MD&A Guide (1993), 16 OSCB 360	51-704	Office of the Chief Accountant - MD&A Guide	<i>Renumbered Apr 20/01</i>
OSCN	Universal Registration - Extension of Date for Registration of Financial Intermediaries (1993), 16 OSCB 2818			<i>Withdrawn Oct 6/00</i>
OSCN	Pre-Marketing Activities in the Context of Bought Deals (1993), 16 OSCB 4812	47-704	Pre-Marketing Activities in the Context of Bought Deals (2003), 26 OSCB 2319	<i>Renumbered Mar 21/03</i>
OSCN	The GAAP Report (1993), 16 OSCB 5117			<i>Withdrawn Mar 21/03</i>
OSCN	Labour Sponsored Investment Funds (1993), 16 OSCB 5283	31-502	Proficiency Requirements for Registrants (2000), 23 OSCB 5658	<i>Came into Force Aug 17/00</i>

Pre-Reformulation		Reformulation		
Instrument	Title	Number	Title	Status as at April 30, 2004
		31-702	Ontario Securities Commission Designation of Courses Under Rule 31-502 (2000), 23 OSCB 5658	<i>Published Aug 17/00</i>
OSCN	Contemporaneous Private Placements and Public Offerings and Media Coverage Prior to the Commencement of the Waiting Period (1993), 16 OSCB 5776	47-702	Contemporaneous Private Placements and Public Offerings and Media Coverage Prior to the Commencement of the Waiting Period	<i>Renumbered Apr 20/01</i>
OSCN	Misleading Disclosure (1994), 17 OSCB 5			<i>Withdrawn Oct 6/00</i>
OSCN	Cash Equivalents (1994), 17 OSCB 489			<i>Withdrawn Oct 6/00</i>
OSCN	Disclosure of Investigations (1990), 13 OSCB 598	41-501	General Prospectus Requirements (2000), 23 OSCB (SUPP) 765	<i>Came into Force Dec 31/00</i>
OSCN	Issuance of Receipts for Preliminary Prospectuses and (Final) Prospectuses (1994), 17 OSCB 1058	41-701	Issuance of Receipts for Preliminary Prospectus and Prospectus (1997), 20 OSCB 2275	<i>Came into Force May 2/97</i>
OSCN	Executive Compensation Disclosure for Debt Only Issuers (1994), 17 OSCB 1059	51-702	Executive Compensation Disclosure for Debt-Only Issuers	<i>Renumbered Apr 20/01</i>
OSCN	Securities Exchange Take-Over Bid Circulars - Reporting Issuer Status (1994), 17 OSCB 1402	45-501	Exempt Distributions (1999), 22 OSCB 127	<i>Came into Force Dec 22/98</i>
OSCN	Meetings with a Commissioner Regarding a Prospectus or an Application for Exemption or Registration (1994), 17 OSCB 3529	15-701	Meetings with a Commissioner Regarding a Prospectus or an Application for Exemption or Registration	<i>Renumbered Apr 20/01</i>
OSCN	Electronic Registration Application Forms (1994), 17 OSCB 3529			<i>Withdrawn Mar 21/03</i>
OSCN	Residency Requirements for Advisers and Their Partners and Officers (1994), 17 OSCB 4206	35-701	Residency Requirements for Advisers and Their Partners and Officers (2003), 26 OSCB 2319	<i>Renumbered Mar 21/03</i>
OSCN	Selective Review of Prospectuses and Other Documents (1994), 17 OSCB 4385	43-703	Selective Review of Prospectuses and Other Documents	<i>Currently being reformulated</i>
OSCN	Solicitation Fee Claims (1994), 17 OSCB 4629			<i>Withdrawn Oct 6/00</i>
OSCN	Expedited Review of Short Form Prospectuses and Renewal AIFs (1994), 17 OSCB 5210	43-201	Mutual Reliance Review System for Prospectus and Initial AIFs (1999), 22 OSCB 7293	<i>Adopted Jan 1/00</i>
OSCN	Electronic Registration Forms (1994), 17 OSCB 6073			<i>Withdrawn Mar 21/03</i>
OSCN	Revocation of Cease Trade Orders (1995), 18 OSCB 5	57-701	Revocation of Cease Trade Orders (2003), 26 OSCB 2319	<i>Renumbered Mar 21/03</i>
OSCN	Labour Sponsored Investment Funds Course (1995), 18 OSCB 36	31-707	Labour Sponsored Investment Funds Course (2003), 26 OSCB 2319	<i>Renumbered Mar 21/03</i>
OSCN	The Use of Securities Exchange Take-over Bid Circulars to Obtain Reporting Issuer Status (1995), 18 OSCB 1768	45-501	Exempt Distributions (1999), 22 OSCB 127	<i>Came into Force Dec 22/98</i>
OSCN	Courier/By Hand Deliveries (1995), 18 OSCB 2204			<i>Withdrawn Oct 6/00</i>

Pre-Reformulation		Reformulation		Status as at April 30, 2004
Instrument	Title	Number	Title	
OSCN	Recommendations of the Committee on Staff Communications (1995), 18 OSCB 3617	11-722	Recommendations of the Committee on Staff Communications (2003), 26 OSCB 2319	<i>Renumbered Mar 21/03</i>
OSCN	Residency Requirements for Certain Non-Resident Salespersons and Supervisors (1995), 18 OSCB 3905	35-702	Residency Requirements for Certain Non-Resident Salespersons and Supervisors (2003), 26 OSCB 2319	<i>Renumbered Mar 21/03</i>
OSCN	Registration Residency Requirements for Certain Canadian Dealers (1995), 18 OSCB 3908	35-703	Registration Residency Requirements for Certain Canadian Dealers (2003), 26 OSCB 2319	<i>Renumbered Mar 21/03</i>
OSCN	Electronic Registration Forms (1995), 18 OSCB 5922			<i>Withdrawn Mar 21/03</i>
OSCN	Early Warning Information Publication (1996), 19 OSCB 1128			<i>Withdrawn Oct 6/00</i>
OSCN	Policy Reformulation Project (1996), 19 OSCB 2310	11-723	Policy Reformulation Project (2003), 26 OSCB 2319	<i>Renumbered Mar 21/03</i>
OSCN	Numbering System for Policy Reformulation Project (1996), 19 OSCB 4258	11-724	Numbering System for Policy Reformulation Project (2003), 26 OSCB 2319	<i>Renumbered Mar 21/03</i>
OSCN	Multijurisdictional Disclosure System (1999), 22 OSCB 5701	71-701	Multijurisdictional Disclosure System (2003), 26 OSCB 2319	<i>Renumbered Mar 21/03</i>
OSCN	CICA Assurance Standards Board Exposure (1999), 22 OSCB 6560)	52-715	CICA Assurance Standards Board Exposure (2003), 26 OSCB 2319	<i>Renumbered Mar 21/03</i>
OSCN	Viatical Settlements (1996) 19 OSCB 4680			<i>To be retained</i>
Principles of Regulation				
PR	Distribution of Mutual Funds by Financial Institutions (1988), 11 OSCB 4436	33-102	Regulation of Certain Registrant Activities (2001), 24 OSCB 4409	<i>Came into Force Aug 1/01</i>
PR	Full Service and Discount Brokerage Activities in Branches of Related FIs (1988), 11 OSCB 4640	33-102	Regulation of Certain Registrant Activities (2001), 24 OSCB 4409	<i>Came into Force Aug 1/01</i>
PR	Activities of Registrants Related to Financial Institutions (1990), 13 OSCB 1779	33-102	Regulation of Certain Registrant Activities (2001), 24 OSCB 4409	<i>Came into Force Aug 1/01</i>
Staff Accounting Communiqués				
SAC No. 01	Staff Accounting Communiqués (1989), 12 OSCB 2457			<i>Withdrawn Mar 21/03</i>
SAC No. 1	Financial Statements to be Filed According to GAAP (1989), 12 OSCB 2458	52-702	Financial Statements to be Filed According to GAAP (2003), 26 OSCB 2319	<i>Renumbered Mar 21/03</i>
SAC No. 1.1	No Requirement to Provide Management Report Under CICA (1993), 16 OSCB 1080	52-706	No Requirement to Provide Management Report Under CICA (2003), 26 OSCB 2319	<i>Renumbered Mar 21/03</i>
SAC No. 2	Financial Statement Presentation of Corporate Financing Activities			<i>Withdrawn Mar 21/03</i>
SAC No. 3	Auditors Report on Comparative Financial Statements			<i>Withdrawn Mar 21/03</i>
SAC No. 4	Interest Accrual on Delinquent Loans			<i>Withdrawn Apr 20/01</i>

Pre-Reformulation		Reformulation		Status as at April 30, 2004
Instrument	Title	Number	Title	
SAC No. 5	Filing Extensions for Continuous Disclosure Financial Statements	52-716	Filing Extensions for Continuous Disclosure Financial Statements (2003), 26 OSCB 2319	Renumbered Mar 21/03
SAC No. 6	Income Statement Presentation	52-711	Income Statement Presentation (2003), 26 OSCB 2319	Renumbered Mar 21/03
SAC No. 7	Financial Disclosure in Information Circulars			Withdrawn Mar 21/03
SAC No. 8	Accounting Basis in an Initial Public Offering (I.P.O.)	52-712	Accounting Basis in an Initial Public Offering (I.P.O.) (2003), 26 OSCB 2319	Renumbered Mar 21/03
SAC No. 9	Pro Forma Financial Statements (1994), 17 OSCB 5207			Withdrawn Apr 20/01
SAC No. 10	Restructuring and Similar Charges (Including Write Downs of Goodwill) (1994), 17 OSCB 6074	52-714	Restructuring and Similar Charges (Including Write Downs of Goodwill) (2003), 26 OSCB 2319	Renumbered Mar 21/03
Registration Section Clarification Note				
REG Note 1	Supplement to Principles of Regulation Regarding Distribution of Mutual Funds Through Branches of Financial Institutions			Withdrawn Mar 21/03
REG Note 2	Registration as an Investment Counsel or Portfolio Manager (IC/PM): Senior and Junior IC/PM Registration	31-502	Proficiency Requirements for Registrants (2000), 23 OSCB 5658	Came into Force Aug 17/00
		31-702	Ontario Securities Commission Designation of Courses Under Rule 31-502 (2000), 23 OSCB 5658	Published Aug 17/00
REG Note 3	Registration of Certain Employees or Independent Agents of Registered Dealers: Recommendations for Supervision of Qualifiers	31-706	Registration of Certain Employees or Independent Agents of Registered Dealers: Recommendations for Supervision of Qualifiers (2003), 26 OSCB 2319	Renumbered Mar 21/03
REG Note 4	New Procedures for Approving and Recording Amendments to Registration of Dealers and Advisers A portion of Reg. Note 4 still exists and will be retained, revised and published	33-109	Registration Information Requirements (under the Securities Act) (2002), 25 OSCB 3475	Came into Force Feb 21/03
Interpretation Note				
Interpretation Note 1	Distribution of Securities Outside Ontario (1983), 6 OSCB 228	72-101	Distributions Outside of the Local Jurisdiction (2000), 23 OSCB 6140	Published for comment Sep 8/00
Interpretation Note 2	Prospectus Disclosure of Principal Holders (1983) OSCB 4536	41-501	General Prospectus Requirements (2000), 23 OSCB (SUPP) 765	Came into Force Dec 31/00

Item Key

The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

NEW INSTRUMENTS

Number	Title	Status as of April 30, 2004
11-201	Delivery of Documents by Electronic Means (2000), 23 OSCB 8156 (2002), 25 OSCB 5364 (2003), 26 OSCB 1268	Adopted <i>Jan 1/00</i> Amendments adopted <i>Feb 14/03</i>
11-301	Canadian Securities Administrators Strategic Plan 1999 - 2001	Withdrawn <i>Dec 21/01</i>
11-302	Withdrawal of CSA Notices (2001), 24 OSCB 7629	Published <i>Dec 21/01</i>
11-303	Uniform Securities Legislation Project	Published <i>Mar 8/02</i>
11-304	Responses to Comments Received on Concept Proposal – Blueprint for Uniform Securities Laws for Canada (2003), 26 OSCB 5887	Published <i>Aug 8/03</i>
11-305	Withdrawal of CSA Staff Notice 42-301 and 52-302 (2004), 27 OSCB 711	Published <i>Jan 16/04</i>
11-306	Extension of Comment Period for Consultation Drafts of the Uniform Securities Act and the Model Securities Administration Act (2004), 27 OSCB 2054	Published <i>Feb. 20/04</i>
11-401	Delivery of Documents by Issuers Using Electronic Media Concept Proposal (1997), 20 OSCB 3075	Published for comment <i>Jun 13/97</i>
11-402	Concept Proposal for Uniform Securities Legislation – Request for Comment (2003), 26 OSCB 941	Published for comment <i>Jan 31/03</i>
11-403	Uniform Securities Transfer Act (USTA) – Request for Comment (2003), 26 OSCB 5819	Published for comment <i>Aug 1/03</i>
11-403	Consultation Drafts of the Uniform Securities Act and the Model Administration Act (2004), 27 OSCB (SUPP)	Published for comment <i>Jan 2/04</i>
11-702	Notice re Table of Concordance (1998), 21 OSCB 31	Withdrawn <i>Mar 21/03</i>
11-703	Table of Concordance for the Reformulation Project (1999), 22 OSCB 3	Withdrawn <i>Mar 21/03</i>
11-704	Table of Concordance for the Reformulation Project (2000), 23 OSCB 193	Withdrawn <i>Mar 21/03</i>
11-705	Table of Concordance for the Reformulation Project (2000), 23 OSCB 4668	Withdrawn <i>Mar 21/03</i>
11-706	Rescission of Staff Notices (2000), 23 OSCB 6861	Published <i>Oct 6/00</i>
11-707	Table of Concordance for the Reformulation Project (2000), 23 OSCB 6836	Withdrawn <i>Mar 21/03</i>
11-708	Table of Concordance for the Reformulation Project (2001), 24 OSCB 28	Withdrawn <i>Mar 21/03</i>
11-709	Assignment of Notice Numbers (2001), 24 OSCB 2405	Published <i>Apr 20/01</i>
11-710	Withdrawal of Staff Accounting Communiqués (2001), 24 OSCB 2406	Published <i>Apr 20/01</i>

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NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
11-711	Table of Concordance for the Reformulation Project (2001), 24 OSCB 2078	<i>Withdrawn Mar 21/03</i>
11-712	Withdrawal of CSA Notices (2001), 24 OSCB 2406	<i>Published Apr 20/01</i>
11-713	Table of Concordance for the Reformulation Project (2001), 24 OSCB 4177	<i>Withdrawn Mar 21/03</i>
11-714	Table of Concordance for the Reformulation Project (2001), 24 OSCB 5978	<i>Withdrawn Mar 21/03</i>
11-715	Table of Concordance for the Reformulation Project (2002), 25 OSCB 267	<i>Published Jan 18/02</i>
11-716	Table of Concordance for the Reformulation Project (2002), 25 OSCB 2001	<i>Withdrawn Mar 21/03</i>
11-717	Securities Advisory Committee -OSC Policy 11-601 (2002), 25 OSCB 2791	<i>Published May 17/02</i>
11-718	Table of Concordance for the Reformulation Project (2002), 25 OSCB 4637	<i>Withdrawn Mar 21/03</i>
11-719	A Risk-based Approach for More Effective Regulation	<i>Published Dec 20/02</i>
11-720	Policy Reformulation Table of Concordance and List of New Instruments	<i>Withdrawn Mar 21/03</i>
11-721	Policy Reformulation Table of Concordance and List of New Instruments (2003), 26 OSCB 474	<i>Published Jan 24/03</i>
11-725	Policy Reformulation Table of Concordance and List of New Instruments (2003), 26 OSCB 3678	<i>Published May 16/03</i>
11-726	Assignment of Policy Numbers (2003), 26 OSCB 2318	<i>Published Mar 21/03</i>
11-727	Assignment of Notice Numbers (2003), 26 OSCB 2319	<i>Published Mar 21/03</i>
11-728	Withdrawal of Staff Notices (2003), 26 OSCB 2321	<i>Published Mar 21/03</i>
11-729	Withdrawal of Staff Notice (2003), 26 OSCB 4137	<i>Published Jun 6/03</i>
11-730	Policy Reformulation Table of Concordance and List of New Instruments (2003), 26 OSCB 5691	<i>Published Jul 25/03</i>
11-731	Policy Reformulation Table of Concordance and List of New Instruments (2003), 26 OSCB 6971	<i>Published Oct 31/03</i>
11-732	Proposed for the Ontario <i>Securities Administration Act</i> (2004), 27 OSCB SUPP	<i>Published for comment Jan 2/04</i>
11-733	Policy Reformulation Table of Concordance and List of New Instruments (2004), 27 OSCB 1794	<i>Published Feb 13/04</i>
11-901	Concept Proposal to Revise Schedule I (Fees) to be Regulation to the Securities Act (Ontario) (2001), 24 OSCB 1971	<i>Expired Nov 31/01</i>
12-201	Mutual Reliance Review System for Exemptive Relief Applications (2000), 23 OSCB 5508 (2002), 25 OSCB 4375	<i>Adopted Jan 1/00</i> <i>Amendments adopted Jul 15/02</i>

Item Key		
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NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
12-302	National Policy 12-201 Mutual Reliance Review System ("MRRS") for Exemptive Relief Applications ("ERA") ERA and Applications for Approval or Exemptions under National Policy No. 39 "Mutual Funds" ("NP 39") (1999), 23 OSCB 7238	<i>Published Nov 19/99</i>
12-303	Exemptive Relief Applications and Year End (1999), 23 OSCB 5877	<i>Published Sep 17/99</i>
12-304	Mutual Reliance Review System for Exemptive Relief Applications - Frequently Occurring Issues (2000), 23 OSCB 5508	<i>Published Aug 11/00</i>
12-305	Exemptive Relief Application and Year End	<i>Withdrawn Dec 21/01</i>
12-306	Exemptive Relief Application and Year End (2001), 24 OSCB 5763	<i>Expired Dec 31/01</i>
12-307	Ceasing to be a Reporting Issuer under the Mutual Reliance Review System for Exemptive Relief Applications (2003), 26 OSCB 6348	<i>Published Sep 12/03</i>
12-401	National Application System Concept Proposal (1998), 21 OSCB 621	<i>Published for comment Jan 30/98 (extended Jul 3/98)</i>
12-602	Deeming an Issuer from Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario (2001), 24 OSCB 3913	<i>Came into Force Jun 27/01</i>
12-702	Applications to be Deemed a Reporting Issuer in Ontario Orders Required by Year End (2001), 24 OSCB 6260	<i>Expired Dec 31/01</i>
12-703	Format of Applications to the Director under Section 83 of the Act (2003), 26 OSCB 3107	<i>Published Apr 25/03</i>

Item Key

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NEW INSTRUMENTS

Number	Title	Status as of April 30, 2004
13-101	SEDAR (Electronic Filing) Rule (1996), 19 OSCB 6858 (1999), 22 OSCB 5276 (2002), 25 OSCB 6326 (2003), 26 OSCB 804	<i>Came into Force Dec 17/96</i> <i>Amendments Came into Force Aug 27/99</i> <i>Amendment published for comment Sep 20/02 (tied to NI 81-106)</i> <i>Amendment Came into Force Mar 30/04 (tied to MI 45-102)</i> <i>Amendment Came into Force Sep 30/03 (tied to NI 51-101)</i>
13-301	SEDAR - Use of Incorrect Document Formats	<i>Withdrawn Apr 20/01</i>
13-302	Notice of Changes to SEDAR Filer Software	<i>Withdrawn Apr 20/01</i>
13-303	SEDAR Operational Changes	<i>Withdrawn Apr 20/01</i>
13-304	Changes to SEDAR Filing Service Charges (2001), 24 OSCB 2777	<i>Withdrawn Apr 20/01</i>
13-305	SEDAR Changes for Mutual Reliance Review Systems for Prospectuses and AIFs	<i>Withdrawn Apr 20/01</i>
13-306	Guidance for SEDAR Users (2001), 24 OSCB 2777	<i>Published May 4/01</i>
13-307	Notice of Amendments to the SEDAR Filer Manual (2001), 24 OSCB 5112	<i>Published Aug 24/01</i>
13-308	Increases to SEDAR Annual Filing Service Charges (2001), 24 OSCB 7112	<i>Published Nov 30/01</i>
13-310	Securities Regulatory Authority Closed Dates 2002/03 (2002), 25 OSCB 2626	<i>Published May 10/02</i>
13-311	Changes to SEDAR Annual Filing Service Charges (2003), 26 OSCB 2797	<i>Published Apr 11/03</i>
13-312	Securities Regulatory Authority Closed Dates 2003 (2003), 26 OSCB 2165 under number 13-302	<i>Published Mar 14/03</i>
13-313	Securities Regulatory Authority Closed Dates 2004 (2004), 27 OSCB 2056	<i>Published Feb 20/04</i>
13-401	Request for Changes, Additions or Improvements for a Revised SEDAR System	<i>Withdrawn Dec 21/01</i>
13-501	Payment of Fees (1998), 21 OSCB 2925	<i>Came into Force May 5/98</i>

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NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
13-502	Fees (2002), 25 OSCB 4067 (2003), 26 OSCB 3712	<i>Came into Force Mar 31/03</i> <i>Amendments Came into Force Dec 1/03</i>
13-503	Fees (under the Commodity Futures Act) (2003), 26 OSCB 3712	<i>Came into Force Dec 1/03</i>
13-601	Public Availability of Filed Material Under the Securities Act – Amendments	<i>Adopted Dec 10/02</i>
13-701	SEDAR Filings and Year 2000 Contingency Plans (1999), 22 OSCB 8281	<i>Published Dec 24/99</i>
13-702	Processing Prospectuses Before Year-End (2001), 24 OSCB 5764	<i>Expired Dec 31/01</i>
13-703	Implementation of Final Rule 13-502 Fees – FAQs (2003), 26 OSCB 2166	<i>Published Mar 14/03</i>
14-101	Definitions (1997), 20 OSCB 1727 (1999), 22 OSCB 4069 (2001), 24 OSCB 5825	<i>Came into Force Apr 1/97</i> <i>Amendments Came into Force Jul 1/99</i> <i>Amendments Came into Force Dec 31/02</i>
14-501	Definitions (1997), 20 OSCB 4054 (1999), 22 OSCB 1173	<i>Came into Force Jul 29/97</i> <i>Amendments Came into Force Feb 13/99</i>
15-702	Credit for Cooperation (2002), 25 OSCB 3949	<i>Published Jun 28/02</i>
21-101	Marketplace Operation (2001), 24 OSCB 6591 (2003), 26 OSCB 4283	<i>Came into Force Dec 1/01</i> <i>Amendments Came into Force Jan 3/04</i>
21-301	Canadian Venture Exchange	<i>Published Nov 26/99</i>
21-302	Confidentiality of Forms Filed Under NI 21-101 Marketplace Operation (2003), 26 OSCB 523	<i>Published Jan 24/03</i>
21-702	Regulatory Approach for Foreign-Based Stock Exchanges (2003), 26 OSCB 7096	<i>Published Oct 31/03</i>
21-901	Recognition Order - In the Matter of the Recognition of Certain Stock Exchanges (1997), 20 OSCB 1034 - Amendment (2000), 23 OSCB 6984	<i>Came into Force Aug 29/00</i>

Item Key		
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NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
23-101	Trading Rules (2001), 24 OSCB 6591 (2003), 26 OSCB 4283	<i>Came into Force Dec 1/01</i> <i>Amendments Came into Force Jan 3/04</i>
23-301	Electronic Audit Trails – Joint Notice of the Staff of the Canadian Securities Administrators, Market Regulation Services Inc., Bourse de Montréal Inc., and the Investment Dealers Association (2003), 26 OSCB 2461	<i>Published Mar 28/03</i>
23-401	Proposed Universal Market Integrity Rules of TSE RS and CDNX – Request for Comment	<i>Published for comment Apr 20/01</i>
23-501	Designation as Market Participant (2001), 24 OSCB 6591	<i>Came into Force Dec 1/01</i>
23-502	Reported Market (2000), 23 OSCB (SUPP) 411	<i>Published for comment Jul 28/00</i>
24-101	Post-Trade Matching and Settlement (2004), 27 OSCB 3909	<i>Published for comment Apr 16/04</i>
24-401	Discussion Paper on Straight-Through Processing and Proposed National Instrument 24-101 Post-Trade Matching and Settlement (2004), 27 OSCB 3909	<i>Published for comment Apr 16/04</i>
31-101	Requirements under the National Registration System (2004), 27 OSCB 343	<i>Published for comment Jan 9/04</i>
31-102	National Registration Database (under the Securities Act) (2002), 25 OSCB 3405	<i>Came into Force Feb 3/03</i>
31-201	National Registration System (2004), 27 OSCB 343	<i>Published for comment Jan 9/04</i>
31-301	The Year 2000 Challenge	<i>Withdrawn Apr 20/01</i>
31-302	Securities Industry Contingency Planning	<i>Withdrawn Apr 20/01</i>
31-303	System Changes for Market Participants After Completion of Year 2000 Testing	<i>Withdrawn Apr 20/01</i>
31-304	Year 2000: Backup of Records	<i>Withdrawn Apr 20/01</i>
31-305	Registration Streamlining System (2002), 25 OSCB 6198	<i>Published Sept 20/02</i>
31-306	National Registration Database (NRD) - NRD to Launch March 31, 2003	<i>Published Oct 11/02</i>
31-307	National Registration Database (NRD) Enrolment and User Fees (2003), 26 OSCB 1109	<i>Published Feb 7/03</i>
31-401	Registration Forms Relating to the National Registration Database	<i>Withdrawn Dec 21/01</i>
31-402	Registration Forms Relating to the National Registration Database (2001), 24 OSCB 4039	<i>Expired Jan 6/02</i>

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NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
31-501	Registrant Relationships - Amendments (1998), 21 OSCB 3902	<i>Came into Force Mar 31/03</i>
31-502	Proficiency Requirements for Registrants – Amendments	<i>Came into Force Nov 5/03</i>
31-504	Applications for Registration - Amendments (1998), 21 OSCB 3902	<i>Came into Force Feb 21/03</i>
31-505	Conditions of Registration (1999) 22 OSCB 731	<i>Came into Force Dec 23/98</i> <i>Amendments Came into Force Nov 5/03</i>
31-506	SRO Membership - Mutual Fund Dealers (2001), 24 OSCB 2333	<i>Came into Force Apr 23/01</i>
31-507	SRO Membership Securities Dealers (2000), 23 OSCB 5657	<i>Came into Force Aug 17/00</i>
31-508	Permanent Registration System (1998), 21 OSCB 4067	<i>Published for comment Jun 26/98 (replaced by 33-108)</i>
31-509	National Registration Database (under the Commodity Futures act) (2002), 25 OSCB 3443	<i>Came into Force Feb 3/03</i>
31-703	Year 2000	<i>Withdrawn Oct 6/00</i>
31-704	Application for Registration and Year 2000	<i>Withdrawn Oct 6/00</i>
31-705	Common Renewal Date (2002), 25 OSCB 2627	<i>Published May 10/02</i>
31-708	National Registration Database (NRD) Filing Deadlines Extended (2003), 26 OSCB 3495	<i>Published May 9/03</i>
31-709	National Registration Database (NRD) – Filing Deadlines Extended to November 15, 2003 (2003), 26 OSCB 4527	<i>Published Jun 20/03</i>
31-710	National Registration Database (NRD) Extension of Certain Filing Deadlines (2003), 26 OSCB 7571	<i>Published Nov 21/03</i>
31-711	Ontario Securities Commission Rule 31-502 Proficiency Requirements for Registrants and Ontario Securities Commission rule 31-505 Conditions of Registration (2004), 27 OSCB 344 (2004), 27 OSCB 724	<i>Published Jan 9/04 Republished Jan 16/04</i>
32-501	Direct Purchase Plans (2001), 25 OSCB 5919	<i>Came into Force Oct 4/01</i>
32-502	Registration Exemption for Certain Trades by Financial Intermediaries - Amendment (1998), 21 OSCB 2315	<i>Came into Force Apr 9/98</i>
32-503	Registration and Prospectus Exemption for Trades by Financial Intermediaries in Mutual Fund Securities to Corporate Sponsored Plans - Amendment (1998), 21 OSCB 2315	<i>Came into Force Apr 9/98</i>
32-701	Processing of Equity and Fixed Income Trades by Financial Institutions and Mutual Fund Dealers (1999), 23 OSCB 7091	<i>Published Nov 12/99</i>

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NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
32-702	Applications for Exemption from the Time Limits on Completion of Courses and Previous Registrations (2001), 24 OSCB 5762	<i>Published Sep 28/01</i>
33-106	Year 2000 Preparation Reporting	<i>Revoked Jul 18/99</i>
33-107	Proficiency Requirements for Registrants Holding Themselves Out as Providing Financial Planning Advice (1999), 22 OSCB 7647 (2001), 24 OSCB 1005	<i>Published for comment Dec 3/99</i> <i>Republished for comment Feb 16/01</i>
33-108	Permanent Registration (2001), 24 OSCB 1671	<i>Published for comment Mar 16/01</i>
33-301	National Instrument 33-106 - Year 2000 Preparation Reporting	<i>Withdrawn Apr 20/01</i>
33-302	National Instrument 33-106 Non-Compliant Registered Firms and Possible Terms and Conditions	<i>Withdrawn Apr 20/01</i>
33-303	Trust Accounts for Mutual Fund Securities	<i>Withdrawn Dec 21/01</i>
33-304	CSA Distributions Structures Committee Position Paper (1999), 22 OSCB 5257	<i>Published Aug 27/99</i>
33-305	Sale of Insurance Products by Dually Employed Salespersons (2000), 23 OSCB 8	<i>Published Jan 7/00</i>
33-306	Date of National Registration Database (NRD) Freeze Period (2003), 26 OSCB 1112	<i>Published Feb 7/03</i>
33-307	List of Canadian Registrant and Non-Registrant Firms that Completed the CSA STP Readiness Assessment Survey (2003), 26 OSCB 5473	<i>Published Jul 18/03</i>
33-308	The CSA STP Readiness Assessment Survey Report (Survey Report) is now available on the OSC Website (2003), 26 OSCB 6429	<i>Published Sep 19/03</i>
33-309	The CSA STP Infrastructure Survey Report is Now Available on the OSC Website (2003), 26 OSCB 8149	<i>Published Dec 12/03</i>
33-310	Joint Forum Releases Summary of Comments and Responses on Principles and Practices for the Sale of Products and Services in the Financial Sector (2004), 27 OSCB 1832	<i>Published Feb 13/04</i>
33-401	Canadian Capital Markets Association - T+1 White Paper (2001), 24 OSCB 2069	<i>Expired Nov 8/01</i>
33-402	Joint Forum Requests Comments on Principles and Practices for the Sale of Products and Services in the Financial Sector (2003), 26 OSCB 2035	<i>Published for comment Mar 7/03</i>
33-505	Permanent Registration (Commodity Futures Act) (2001), 24 OSCB 1675	<i>Published for comment Mar 16/01</i>
33-506	Registration Information Requirements (under the Commodity Futures Act) (2002), 25 OSCB 3515	<i>Came into Force Feb 21/03</i>
33-704	List of Non-Complying Ontario Registered Firms Under National Instrument 33-106	<i>To be withdrawn</i>
33-705	List of Non-Complying Ontario Registered Firms Under National Instrument 33-106	<i>Withdrawn Oct 6/00</i>

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NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
33-706	List of Non-Complying Ontario Registered Firms Under National Instrument 33-106	<i>Withdrawn Oct 6/00</i>
33-707	List of Non-Complying Ontario Registered Firms Under National Instrument 33-106	<i>Withdrawn Oct 6/00</i>
33-708	List of Non-Complying Ontario Registered Firms Under National Instrument 33-106	<i>Withdrawn Oct 6/00</i>
33-709	List of Non-Complying Ontario Registered Firms Under National Instrument 33-106	<i>Withdrawn Oct 6/00</i>
33-710	List of Non-Compliant Ontario Registered Firms Under National Instrument 33-106	<i>Withdrawn Oct 6/00</i>
33-711	List of Non-Compliant Ontario Registered Firms Under National Instrument 33-106	<i>Withdrawn Oct 6/00</i>
33-712	Processing of Equity and Fixed Income Trades by Financial Institutions and Mutual Fund Dealers (1999), 22 OSCB 7091	<i>Published Nov 12/99</i>
33-713	Registrant Regulatory Filings (2000), 23 OSCB 3512	<i>Published May 19/00</i>
33-718	Networking Applications (2000), 23 OSCB 245	<i>Published Jan 14/00</i>
33-719	Registration Renewal and Permanent Registration (2001), 24 OSCB 4514	<i>Published Jul 27/01</i>
33-720	2001 National Compliance Review (NCR) (2002), 25 OSCB 5063	<i>Published Aug 2/02</i>
33-721	CSA/OSC STP Readiness Assessment Survey (2003), 26 OSCB 1568	<i>Published Feb 21/03</i>
33-722	Registration Renewal Procedure and Payment of Annual Participation Fees (2003), 26 OSCB 6893	<i>Published Oct 17/03</i>
33-901	The Fair Dealing Model Concept Paper of the Ontario Securities Commission – January 2004 (2004), 27 OSCB 1334	<i>Published for comment Jan 30/04</i>
35-101	Conditional Exemption from Registration for United States Broker - Dealers and Agents (2000), 23 OSCB 8511	<i>Came into Force Jan 1/01</i>
35-301	Conditional Exemption from Registration for United States Broker-Dealers and Agents (1999), 22 OSCB 4319	<i>Rescinded Jan 1/00</i>
35-502	Non-resident Advisers – Amendments	<i>Came into Force Feb 21/03</i> <i>Came into Force Nov 5/03</i>
41-201	Income Trusts and Other Indirect Offerings (2003), 26 OSCB 6947	<i>Published for comment Oct 24/03</i>
41-301	The Year 2000 Challenge - Disclosure Issues	<i>Withdrawn Apr 20/01</i>
41-303	Harmonization of Prospectus Requirements Across the CSA (2002), 25 OSCB 2203	<i>Published Apr 19/02</i>
41-501	General Prospectus Requirements – Amendments (2003), 26 OSCB 696	<i>Came into Force Sep 30/03</i>

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NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
41-502	Prospectus Requirements for Mutual Funds (2001), 24 OSCB 2474	<i>Came into Force Apr 5/01</i> <i>Amendment published for comment Sept 20/02 (tied to NP 81-106)</i>
41-601	Capital Pool Companies (2002), 25 OSCB 3315	<i>Came into Force June 15/02</i>
42-301	Dual Reporting of Financial Information (2000), 23 OSCB 905	<i>Withdrawn March 30/04</i>
42-303	Prospectus Requirements (2004), 27 OSCB 2680	<i>Published Mar 12/04</i>
43-201	Mutual Reliance Review System for Prospectus and Initial AIFs - Amendments (2002), 25 OSCB 487	<i>Adopted Jan 25/02</i>
43-301	CSA Mining Technical Advisory and Monitoring Committee	<i>Withdrawn Dec 21/01</i>
43-302	Frequently Asked Questions re National Instrument 43-101 Standards of Disclosure for Mineral Projects (2001), 24 OSCB 6250 (2003), 26 OSCB 506	<i>Revised and published Jan 24/03</i>
43-303	Frequently Asked Questions re National Instrument 43-101 Standards of Disclosure for Mineral Projects (Revised February 8, 2002) (2002), 25 OSCB 811	<i>Published Feb 8/02</i>
43-304	Prospectus Filing Matters - Arthur Andersen LLP Consent (2002), 25 OSCB 3955	<i>Published Jun 28/02</i>
43-701	OSC Staff Notice Regarding National Instrument 43-101 (2001), 24 OSCB 708	<i>Published Feb 2/01</i>
43-702	Review Time Frames for "Equity Line" Short Form Prospectuses (2001), 23 OSCB 4514	<i>Published Jul 27/01</i>
44-101	Short Form Prospectus Distributions – Amendments (2003), 26 OSCB 505 (2004), 27 OSCB 1332	<i>Came into Force Sep 30/03 (tied to NI 51-101)</i> <i>Amendment Came into Force Mar 30/04 (tied to NI 51-102)</i> <i>Amendment published for comment Jan 30/04</i>
44-301	Frequently Asked Questions Regarding the New Prospectus Rules (2002), 35 OSCB 1465	<i>Published Mar 15/02</i>
44-401	CSA Notice and Request for Comment: Concept Proposal for an Integrated Disclosure System (2000), 23 OSCB 633	<i>Published for comment Jan 28/00</i>

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NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
45-101	Rights Offerings – Amendments (2003), 26 OSCB 505	<i>Came into Force Sep 30/03 (tied to NI 51-101)</i>
45-102	Resale of Securities (2001), 24 OSCB 7029 (2003), 26 OSCB 505 (2003), 26 OSCB 804	<i>Came into Force Nov 30/01</i> <i>Amendments Came into Force Sep 30/03</i> <i>Rescinded and replaced by same numbered rule Mar 30/04</i>
45-105	Trades to Employees, Executives, Senior Officers, Directors, and Consultants	<i>Came into Force Aug 15/03</i>
45-301	Implementation of Multilateral Instrument 45-102 Resale of Securities (2001), 24 OSCB 7110	<i>Published Nov 30/01</i>
45-302	Frequently Asked Questions Regarding the New Resale Rules (2002), 25 OSCB 3951	<i>Published Jun 28/02</i>
45-302	Frequently Asked Questions Regarding the New Resale Rules (2004), 27 OSCB 3395	<i>Published Apr 2/04</i>
45-501	Exempt Distributions - Amendments (2001), 24 OSCB 7011 (2003), 26 OSCB 804 (2003), 26 OSCB 2941	<i>Came into Force Nov 30/01</i> <i>Came into Force Jan 12/04</i> <i>Came into Force Mar 30/04</i>
45-502	Dividend or Interest Reinvestment and Stock Dividend Plans - Amendments (2001), 24 OSCB 5567	<i>Came into Force Dec 1/02</i>
45-503	Trades to Employees, Executives and Consultants - Amendments (2001), 24 OSCB 5567	<i>Revoked Aug 15/03</i>
45-504	Prospectus Exemption for Distributions of Securities to Portfolio Advisers on Behalf of Fully Managed Accounts	<i>Repealed Nov 30/01</i>
45-701	Paragraph 35(2)14 of the Securities Act (Ontario) (2000), 23 OSCB 7589	<i>Published Nov 10/00</i>
45-702	Frequently Asked Questions regarding OSC Rule 45-501 Exempt Distributions (2002), 25 OSCB 1716	<i>Published Mar 29/02</i>
45-704	Small Business Advisory Committee (2002), 25 OSCB 4207	<i>Published Jul 5/02</i>
45-705	Interpretation of Section 130.1 of the Securities Act (2003), 26 OSCB 6270	<i>Published Sep 5/03</i>
45-801	Implementing MI 45-105 Trades to Employees, Senior Officers, Directors, and Consultants	<i>Came into Force Aug 15/03</i>
46-201	Escrow for Initial Public Offerings (2002), 25 OSCB 4035	<i>Adopted Jun 30/02</i>
46-301	Escrows - Proposal for Uniform Terms of Escrow Applicable to Initial Public Distributions	<i>Withdrawn Jun 30/02</i>

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NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
46-302	Consent to Amend Existing Escrow Agreements	<i>Withdrawn Jun 30/02</i>
47-201	The Use of the Internet and Other Electronic Means of Communication to Facilitate Trading in Securities (2000), 23 OSCB 8062	<i>Adopted Jan 1/00</i>
48-701	Notice of Lapse of SEC No-Action Letter regarding US Trading Rules and MJDS Transactions (1997), 20 OSCB 3307	<i>Published Jun 27/97</i>
51-201	Disclosure Standards (2002), 25 OSCB 4459	<i>Adopted Jul 12/02</i>
51-301	Conversion of Corporate Issuers to Trusts (1997), 20 OSCB 5134	<i>Published Oct 10/97</i>
51-302	The Year 2000 Challenge - Disclosure Issues	<i>Withdrawn Apr 20/01</i>
51-303	CSA Follow-up of Inadequate Year 2000 Disclosure	<i>Withdrawn Apr 20/01</i>
51-304	Report on Staff's Review of Executive Compensation Disclosure	<i>Published Nov 8/02</i>
51-305	Canadian Capital Markets Association – Corporate Actions and Other Entitlements White Paper – October 2002	<i>Published Nov 29/02</i>
51-306	Status of Proposed Continuous Disclosure (2003), 26 OSCB 524	<i>Published Jan 24/03</i>
51-307	Status of Proposed Continuous Disclosure Rule (2003), 26 OSCB 7241	<i>Published Nov 7/03</i>
51-308	Filing of Management's Discussion and Analysis and National Instrument 51-102 Continuous Disclosure Obligations (2003), 26 OSCB 8151	<i>Published Dec 12/03</i>
51-309	Acceptance of Certain Foreign Professional Boards as a "Professional Organization" – National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (2004), 27 OSCB 1128	<i>Published Jan 23/04</i>
51-310	Report on Staff's Continuous Disclosure Review of Income Trust Issuers (2004), 27 OSCB 1847	<i>Published Feb 13/04</i>
51-311	Frequently Asked Questions Regarding National Instrument 51-102 Continuous Disclosure Obligations	<i>Published Mar 26/04</i>
51-311	REVISED Frequently Asked Questions Regarding National Instrument 51-102 Continuous Disclosure Obligations (2004), 27 OSCB 4148	<i>Published Apr 23/04</i>
51-313	Frequently Asked Questions – National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (2004), 27 OSCB 3909	<i>Published Apr 16/04</i>
51-401	CSA Notice and Request for Comment: Concept Proposal for an Integrated Disclosure System (2000), 23 OSCB 633	<i>Published for comment Jan 28/00</i>
51-402	CSA Notice and Request for Comment: Illegal Insider Trading in Canada: Recommendations on Prevention, Detection and Deterrence Report (2003), 26 OSCB 7849	<i>Published Dec 5/03</i>
51-501	Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operation - Amendments (2001), 24 OSCB 7417 (2003), 26 OSCB 4735	<i>Came into Force Dec 31/01 Came into Force Mar 30/04</i>

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NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
51-503	Supplementary SEC Filings (2001), 24 OSCB 6083	<i>Published for comment Oct 12/01</i>
51-603	Reciprocal Filings (2001), 24 OSCB 6083 (2003), 26 OSCB 4735 (2004), 27 OSCB 3392	<i>Rescinded Mar 30/04)</i>
51-703	Implementation of Reporting Issuer Continuous Disclosure Review Program (2000), 23 OSCB 4123	<i>Published Jun 16/00</i>
51-705	Notice of Commission Intention to Allow Rule to Lapse: In the Matter of Certain Trades in Securities of Junior Resource Issuers (2001), 24 OSCB 3584	<i>Published Jun 15/01</i>
51-706	Continuous Disclosure Review Program Report - November 2001 (2001), 24 OSCB 6842	<i>Published Nov 16/01</i>
51-707	OSC Continuous Disclosure Advisory Committee (2002), 25 OSCB 2489	<i>Published May 3/02</i>
51-708	Continuous Disclosure Program Report (2002), 25 OSCB 5555	<i>Published Aug 16/02</i>
51-709	Refiling Documents as a Result of Regulatory Reviews	<i>To be withdrawn</i>
51-711	Refiling Documents as a Result of Regulatory Reviews (2003), 26 OSCB 4	<i>Published Jan 3/03</i>
51-712	Corporate Finance Review Program Report – August 2003 (2003), 26 OSCB 6123	<i>Published Aug 29/03</i>
51-713	Report on Staff's Review of MD&A (2004), 27 OSCB 715	<i>Published Jan 16/04</i>
51-901	Report of the Toronto Stock Exchange Committee on Corporate Disclosure and Proposed Changes to the Definitions of "Material Fact" and "Material Change" (1997), 20 OSCB 5751	<i>Published Nov 7/97</i>
51-902	Proposal for a Statutory Civil Remedy for Investors in the Secondary Market (1998), 21 OSCB 3335	<i>Published for comment May 29/98</i>
52-107	Acceptable Accounting Principles, Auditing Standards and Reporting Currency (2003), 26 OSCB 3711	<i>Came into Force Mar 30/04</i>
52-108	Auditor Qualifications (2003), 26 OSCB 4884	<i>Came into Force Mar 30/04</i>
52-109	Certification of Disclosure in Companies' Annual and Interim Filings (2003), 26 OSCB 4884	<i>Came into Force Mar 30/04</i>
52-110	Audit Committees (2003), 26 OSCB 4884	<i>Came into Force Mar 30/04</i>
52-302	Dual Reporting of Financial Information (2000), 23 OSCB 905	<i>Withdrawn March 30/04</i>
52-303	Non-GAAP Earnings Measures (2002), 25 OSCB 112	<i>To be withdrawn</i>
52-304	Application of National Policy statement 31 - <i>Change of Auditor of a Reporting Issuer</i> and National Instrument 81-102 <i>Mutual Funds</i> for Reporting Issuers with Arthur Andersen LLP - Canada as their former auditor (2002), 25 OSCB 5552	<i>Published Aug 16/02</i>
52-305	Optional Use of US GAAP and US GAAS by SEC Issuers (2003), 26 OSCB 3347	<i>Published May 2/03</i>
52-306	Non-GAAP Financial Measures	<i>Withdrawn Nov 21/03</i>

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NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
52-306	Non-GAAP Financial Measures (Revised) (2003), 26 OSCB 7572	<i>Published Nov 21/03</i>
52-307	Auditor Oversight and Financial Statements Accompanied by an Audit Report Dated on or after March 30, 2004 (2003), 26 OSCB 7850	<i>Published Dec 5/03</i>
52-401	Financial Reporting in Canada's Capital Markets (2001), 24 OSCB 1678	<i>Expired Dec 30/01</i>
52-501	Financial Statements (2000), 23 OSCB 8372 (2001), 24 OSCB 6088 (2003), 26 OSCB 4735 (2004), 27 OSCB 3392	<i>Came into Force Dec 12/00 (replaces s. 7 to 11 of the Regulation) Amendments Came into Force Mar 30/04 (tied to NI 51-102) To be Revoked May 19/05 (tied to NI 51-102)</i>
52-701	Initial Report on Staff's Review of Revenue Recognition	<i>Published March 9/01</i>
52-708	Staff Accounting Communiqué - Initial Offering Costs of Closed-End Investment Funds (1997) 20 OSCB 6414	<i>To be withdrawn upon NI 81-106 coming into force</i>
52-709	Income Statement Presentation of Goodwill Charges (2000), 23 OSCB 1130	<i>Published Feb 18/00</i>
52-713	Report on Staff's Review of Interim Financial Statements and Interim Management's Discussion and Analysis - February 2002 (2002), 25 OSCB 1201	<i>Published Mar 1/02</i>
53-301	CSA Notice - Task Force on Civil Remedies	<i>Withdrawn Dec 21/01</i>
53-302	Proposal for a Statutory Civil Remedy for Investors in the Secondary Market and Response to the Proposed Change to the Definitions of "Material Fact" and "Material Change" (2000), 23 OSCB 7383	<i>Published Nov 10/00</i>
53-701	Staff Report on Corporate Disclosure Survey (2000), 23 OSCB 5098	<i>Published July 28/00</i>
54-101	Communication with Beneficial Owners of Securities of a Reporting Issuer – Amendments (2003), 26 OSCB 6706	<i>Published for comment Oct 3/03</i>
54-301	Shareholder Communication – FAQs (2003), 26 OSCB 2641	<i>Published Apr 4/03</i>

Item Key		
The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous		
NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
55-102	System for Electronic Data on Insiders (2001), 24 OSCB 6325	<i>Came into Force Oct 29/01, except for s. 2.1, 2.2, 2.4, 3.1 and 3.2, which came into force Nov 13/01</i> <i>Amendments Came Into Force Apr 29/03</i>
55-103	Insider Reporting for Certain Derivative Transactions (Equity Monetization) (2003), 26 OSCB 1759	<i>Published for comment Feb 28/03</i>
55-301	Filing Insider Reports By Facsimile and Exemption Where Minimal Connection to Jurisdiction	<i>Rescinded Nov 13/01</i>
55-302	National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI) Implementation Date Postponed	<i>Withdrawn Dec 21/01</i>
55-303	Extension of Electronic Filing and Reporting Deadlines - Issuer Profile Supplement Filing Deadline Extended to November 19, 2001 and Insider and Issuer Event Reporting Starting December 17, 2001 (2001), 24 OSCB 6535	<i>Published Nov 2/01</i>
55-304	System for Electronic Disclosure by Insiders (SEDI) - Electronic Reporting Deadlines Shifted - Insider and Issuer Event Reporting Start January 21, 2002 (2001), 24 OSCB 7628	<i>Published Dec 21/01</i>
55-305	System for Electronic Disclosure by Insiders (SEDI) - Interim Requirements for Insiders and Issuers Affected by Suspension of SEDI Operation (2002), 25 OSCB 890	<i>Published Feb 15/02</i>
55-306	Applications for Relief from the Insider Reporting Requirements by certain Vice-Presidents (2002), 25 OSCB 1577	<i>Published Mar 22/02</i>
55-307	Reminder to file paper insider reports using the correct codes (2002), 25 OSCB 1579	<i>Published Mar 22/02</i>
55-308	Questions on Insider Reporting	<i>Published Nov 15/02</i>
55-309	Re-Launch of the System for Electronic Disclosure by Insiders (SEDI) and Other Matters Relating to Insider Reporting (2003), 26 OSCB 2792	<i>Published Apr 11/03</i>
55-310	Questions and Answers on the System for Electronic Disclosure by Insiders (SEDI) (2003), 26 OSCB 3074	<i>Published Apr 25/03</i>
55-311	System for Electronic Disclosure by Insiders (SEDI) – Issuer Profile Supplement Filing Requirement (2003), 26 OSCB 3498	<i>Published May 9/03</i>
55-501	Insider Report Form (1996), 19 OSCB 821	<i>Revoked Nov 13/01</i>
55-502	Facsimile Filing or Delivery of Insider Reports (1998), 21 OSCB 2925	<i>Came into Force May 5/98</i>
56-501	Restricted Shares – Amendment (2003), 26 OSCB 4735	<i>Came into Force Mar 30/04</i>
57-301	Failing to File Financial Statements on Time - Management Cease Trade Orders (2002), 25 OSCB 1719	<i>Published Mar 29/02</i>
57-603	Defaults by Reporting Issuers in Complying with Financial Statement Filing Requirements (2001), 24 OSCB 2700	<i>Came into Force April 27/01</i>

Item Key		
<p>The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous</p>		
NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
57-701	Revocation of Cease Trade Orders	<i>Withdrawn Jun 6/03</i>
58-101	Disclosure of Corporate Governance Practices (2004), 27 OSCB 712	<i>Published for comment Jan 16/04</i>
58-201	Effective Corporate Governance (2004), 27 OSCB 712	<i>Published for comment Jan 16/04</i>
58-301	Extension of Comment Period for Proposed Multilateral Policy 58-201 Effective Corporate Governance and Proposed Multilateral Instrument 58-101 Disclosure of Corporate Governance Practices (2004), 27 OSCB 2682	<i>Published Mar 12/04</i>
61-301	Staff Guidance on the Practice of "Mini-Tenders" (1999), 22 OSCB 7797	<i>Published Dec 10/99</i>
61-501	Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions – Amendments (2002), 25 OSCB 943 (2003), 26 OSCB 1757 (2004), 27 OSCB 343	<i>Came into Force Mar 1/02</i> <i>Published for comment Feb 28/03</i> <i>Published for comment Jan 9/04</i>
61-701	Applications for Exemptive Relief under Rule 61-501 (2000), 23 OSCB 4498	<i>Published Jun 30/00</i>
62-101	Control Block Distribution Issues (2000), 23 OSCB 1367 (2003), 26 OSCB 804	<i>Came into Force Mar 15/00</i> <i>Amendment Came into Force Mar 30/04</i>
62-102	Disclosure of Outstanding Share Data (2000), 23 OSCB 1370 (2003), 26 OSCB 4577	<i>Came into Force Mar 15/00</i> <i>Amendments Came into Force Mar 30/04 (tied to NI 51-102)</i> <i>To be revoked</i>
62-103	The Early Warning System and Related Take-over Bid and Insider Reporting Issues (2000), 23 OSCB 1372 (2003), 26 OSCB 4577	<i>Came into Force Mar 15/00</i> <i>Amendment Came into Force Mar 30/04 (tied to NI 51-102)</i>
62-301	Implementation of the Zimmerman Amendments Governing the Conduct of Take-over and Issuer Bids (2001), 24 OSCB 1368	<i>Published Mar 2/01</i>

Item Key		
<p>The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous</p>		
NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
62-302	Prospectus Filing Matters - Arthur Andersen LLP Consent (2002), 25 OSCB 3955	<i>Published Jun 28/02</i>
62-303	Identifying the Offeror in a Take-Over Bid (2003), 26 OSCB 5972	<i>Published Aug 8/03</i>
62-601	Securities Exchange Take-Over Bids - Trades in the Offeror's Securities - Amendment (2002), 25 OSCB 5357 (2003), 26 OSCB 6157	<i>Proposed rescission published for comment Aug 29/03</i>
71-301	SEC Proposed Rule: Mandated Edgar Filing for Foreign Issuers (2001), 24 OSCB 6261	<i>Published Oct 19/01</i>
72-301	Distributions Outside the Local Jurisdictions Proposed MI 72-101 (2002), 25 OSCB 1580	<i>Published Mar 22/02</i>
72-501	Prospectus Exemption for First Trade over a Market Outside Ontario (2001), 25 OSCB 5567	<i>Rescinded Dec 1/02</i>
81-101	Mutual Fund Prospectus Disclosure (2001), 24 OSCB 2680 (2002), 25 OSCB 4720	<i>Came into Force May 2/01</i> <i>Amendments Came into Force Dec 31/03</i>
81-102	Mutual Funds (2001), 24 OSCB 2680 (2002), 25 OSCB 4713	<i>Came into Force May 2/01</i> <i>Amendments Came into Force Dec 31/03</i>
81-105	Mutual Fund Sales Practices (1998), 21 OSCB 2727	<i>Came into Force May 1/98</i>
81-106	Investment Fund Continuous Disclosure	<i>Published for comment Sep 20/02</i>
81-107	Independent Review Committee for Mutual Funds (2004), 27 OSCB 342	<i>Published for comment Jan 9/04</i>
81-301	Mutual Fund Prospectus Disclosure System Concept Proposal	<i>Revoked</i>
81-302	Sales of Mutual Funds in Current RRSP Season (1997), 20 OSCB 6732	<i>Published Dec 12/97</i>
81-303	Year 2000 Disclosure for Mutual Funds	<i>Withdrawn Apr 20/01</i>
81-304	Trust Accounts for Mutual Fund Securities	<i>Withdrawn Dec 21/01</i>
81-305	National Policy 12-201 Mutual Reliance Review System ("MRRS") for Exemptive Relief Applications ("ERA") ERA and Applications for Approval or Exemptions under National Policy No. 39 "Mutual Funds" ("NP 39") (1999), 22 OSCB 7238	<i>Published Nov 19/99</i>
81-306	Disclosure by Mutual Funds of Changes in Calculation of Management Expense Ratio (2000), 23 OSCB 2486	<i>To be withdrawn</i>

Item Key		
<p>The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous</p>		
NEW INSTRUMENTS		
Number	Title	Status as of April 30, 2004
81-308	Prospectus Filing Matters - Arthur Andersen LLP Consent (2002), 25 OSCB 3955	<i>Published Jun 28/02</i>
81-309	Application of National Policy statement 31 - <i>Change of Auditor of a Reporting Issuer</i> and National Instrument 81-102 <i>Mutual Funds</i> for Reporting Issuers with Arthur Andersen LLP - Canada as their former auditor (2002), 25 OSCB 5552	<i>Published Aug 16/02</i>
81-310	Frequently Asked Questions – Fund of Fund Amendments (2004), 27 OSCB 4154	<i>Published Apr 23/04</i>
81-311	Report on Consultation Paper 81-403 Rethinking Point of Sale Disclosure for Mutual Funds and Segregated Funds	<i>Published Apr 30/04</i>
81-401	Joint Forum of Financial Market Regulators Discussion Paper Proposed Regulatory Principles for Capital Accumulation Plans (2001), 24 OSCB 3047	<i>Published for comment May 11/01</i>
81-402	A Framework for Regulating Mutual Funds and their Managers (2002), 25 OSCB 1227	<i>Published for comment Mar 1/02</i>
81-403	Consultation Paper – Rethinking Point of Sale Disclosure for Segregated Funds and Mutual Funds (2003), 26 OSCB 1443	<i>Published for comment Feb 14/03</i>
81-404	Joint Forum Proposed Guidelines for Capital Accumulation Plans (2003), 26 OSCB 3105	<i>Published for comment Apr 25/03</i>
81-704	Limited Powers of Attorney and Letters of Authorization Used in the Sale of Mutual Funds (2000), 23 OSCB 5269	<i>Published Aug 4/00</i>
81-705	Implementation of a Continuous Disclosure Review Program for Investment Funds – Investment Funds Branch (2003), 26 OSCB 1757	<i>Published Feb 28/03</i>
81-706	Treatment of Sales Commissions in the Calculation of Net Asset Value of Labor Sponsored Investment Funds (2003), 26 OSCB 6707	<i>Published Oct 3/03</i>
81-909	Rescission of Ontario Securities Commission Interim Policy Statement No. 11.1 Mutual Fund Trusts, Approval of Mutual Fund Trustees Pursuant to Clause 213(3)(b) of The Loan and Trust Corporations Act, 18987 (formerly Bill 116)	<i>Published Jan 14/97</i>
91-504	Over-the-Counter Derivatives (2000), 23 OSCB 8077	<i>See Notice published Dec 1/00</i>
	Non-SRO Electronic Trading Systems and Market Fragmentation (1997), 20 OSCB 2565	<i>Published for comment May 16/97; replaced by 21-101 and 23-101</i>

1.1.4 Notice of Request for Comments - Proposed National Instrument 81-106 and Companion Policy 81-106CP Investment Fund Continuous Disclosure and Proposed OSC Rule 81-801 and Companion Policy 81-801CP Implementing National Instrument 81-106 Investment Fund Continuous Disclosure

NOTICE OF REQUEST FOR COMMENTS

**PROPOSED NATIONAL INSTRUMENT 81-106
AND COMPANION POLICY 81-106CP
INVESTMENT FUND CONTINUOUS DISCLOSURE
AND
PROPOSED ONTARIO SECURITIES COMMISSION
RULE 81-801
AND COMPANION POLICY 81-801CP
IMPLEMENTING NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE**

The Commission is publishing for comment in today's Bulletin:

- National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106) which contains Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* (the Form);
- Companion Policy 81-106CP to NI 81-106 (the Policy);
- Notice and Request for Comment regarding NI 81-106, the Form, the Policy and related amendments and revocations; and
- Commission Rule 81-801 *Implementing National Instrument 81-106 Investment Fund Continuous Disclosure*, 81-801CP, and Notice and Request for Comments.

The Notice relating to NI 81-106 also requests comments on:

1. proposed amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and to Companion Policy 81-101CP;
2. proposed amendments to National Instrument 81-102 *Mutual Funds* and to Companion Policy 81-102CP;
3. proposed amendments to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*;
4. proposed amendments to National Instrument 51-102 *Continuous Disclosure Obligations*;
5. proposed amendments to National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

6. proposed amendments to Multilateral Instrument 81-104 *Commodity Pools* and to Companion Policy 81-104CP;
7. proposed revocation of National Instrument 54-102 *Interim Financial Statement & Report Exemption*;
8. proposed rescission of National Policy 27 *Canadian Generally Accepted Accounting Principles*, National Policy 31 *Change of Auditor of a Reporting Issuer*, National Policy 50 *Reservations in an Auditor's Report*, and National Policy 51 *Changes in the Ending Date of a Financial Year and in Reporting Status*; and
9. proposed amendments to Commission Rule 41-502 *Prospectus Requirements for Mutual Funds* and to Ont. Reg. 1015 – General Regulation made under the *Securities Act* (Ontario).

The documents are published in Chapter 6 of the Bulletin.

1.1.5 CSA Uniform Securities Transfer Act Task Force Invitation for Comments Notice

CANADIAN SECURITIES ADMINISTRATORS'
UNIFORM SECURITIES TRANSFER ACT TASK FORCE

INVITATION FOR COMMENTS
NOTICE

The Canadian Securities Administrators' (CSA) Uniform Securities Transfer Act Task Force (Task Force) is pleased to release for public comment a revised consultative draft of a proposed provincial *Uniform Securities Transfer Act* (USTA) in both official languages. An earlier English-language consultative draft USTA and related material were released for public comment August 1, 2003.

The USTA project is distinct from the CSA's Uniform Securities Legislation (USL) project. The proposed USTA is not securities regulatory law.

The USTA is commercial property-transfer law, governing the transfer and holding of securities and interests in securities (sometimes called securities settlement rules). The USTA requires conforming amendments to the common-law provincial *Personal Property Security Acts* (PPSAs) that govern the use of securities as loan collateral, commonly referred to as pledges. It also removes securities settlement rules currently contained in provincial *Business Corporations Acts* (BCAs).

Current Canadian law in this area is out of date. It fails to deal adequately with modern securities market practices, particularly the holding and trading of securities through multiple tiers of intermediaries. Implementation of the USTA will provide a sound legal foundation for existing practices and support the continuing evolution of market practices in the future. It is essential that Canadian legislation in this area be uniform within Canada and harmonized with existing similar legislation in the United States.

Securities market participants and Canadian financial services industries as a whole urgently need modern uniform legislation like the USTA to improve the efficiency and legal soundness of the Canadian securities settlement system. The Canadian securities settlement system handles an enormous quantity and value of transactions on a daily basis. Issuers, investors and financial institutions rely heavily on the system. It is vital to the continued growth and evolution of the Canadian capital markets – and to their competitiveness with international markets – that the system be supported by a modern legal foundation that produces predictable results, especially in situations involving cross-border transactions.

The CSA Task Force is leading this project at the request of the CSA Chairs and the Uniform Law Conference of Canada (ULCC). The CSA Task Force's mandate is twofold:

1. To develop a consultative draft USTA, including consequential changes to PPSAs and BCAs, that is as uniform and harmonious as possible with

Revised Article 8 (Rev8) of the Uniform Commercial Code (UCC) in the United States and corresponding provisions of UCC Revised Article 9.

2. To promote the uniform implementation of the USTA in each province and territory. This assumes uniformity in the common law provinces and territories without amendment and as close-to-uniformity as possible in Québec having regard to Québec's unique Civil Code requirements. The Task Force also intends to urge the Government of Canada to amend its legislation in this area to avoid duplication at the federal level and legal uncertainty in Canada.

The material being released with the consultative draft USTA includes proposed conforming amendments to Alberta and Ontario PPSAs and BCAs, detailed Comments on the USTA, tables of concordance, and a Consultation Paper. We highlight the following information:

- a) The revised consultative draft USTA and related material being released with this Notice are not substantially different from the consultative draft USTA and material that were released August 1, 2003. The revisions to the consultative draft USTA and related material are listed and described in detail in the Consultation Paper (under Part 3, B.).
- b) In response to input from certain interested stakeholders on an earlier draft of the USTA, the Task Force prepared Comments accompanying each definition and section of the USTA, based largely on the UCC Official Comment. Material in the Comments and Consultation Paper that is derived from the Rev8 Prefatory Note and UCC Official Comment is copyright by the American Law Institute (ALI) and the National Conference of Commissioners on Uniform State Laws. The material has been reproduced for consultation purposes under a limited license from the Permanent Editorial Board for the UCC (which reserves all rights to the UCC material). For any additional requests to duplicate UCC material, please visit the ALI website at www.ali.org. The ALI has indicated to the Task Force a willingness to consider a further license going beyond the consultation process. The Comments are intended to promote clarity and uniform interpretation of the USTA. **We are particularly interested in receiving comments on the usefulness or content of the Comments.** See the Consultation Paper (under Part 1, A., 5. and B., 6.).

- c) The proposed conforming amendments to Alberta and Ontario PPSAs, which are critical to the policy objectives of the USTA, have been prepared in consultation with the ULCC PPSA Working Group. The Working Group and the Task Force have continued to consult and are now agreed on the proposed amendments. We are very grateful for the significant input and time devoted by members of the PPSA Working Group to this project.
- d) Previous English-language drafts of the USTA were prepared by Alberta government legislative counsel, together with the Task Force, and with some input from British Columbia and Ontario legislative counsel. The Task Force's objective has been to ensure that, from a purely drafting perspective, the consultative draft USTA is not merely a "model Act" but is implementable in its current form. This consultative draft, although largely based on those previous drafts, includes a number of changes made by the Task Force and is not formal draft legislation of government legislative counsel. While the Task Force has had positive discussions with certain government officials about the uniform implementation of the USTA, no formal decision has yet been made by governments to introduce as legislation the USTA and conforming PPSA and BCA amendments. The consultative draft USTA and Comments and some of the related material are being published for comment in the French language for the first time. The Task Force retained a national law firm to oversee the preparation of the French-language version of these materials. The primary task of the law firm was to develop the key terminology, concepts and provisions of the USTA and PPSA conforming amendments in the French language in a way that would facilitate (a) uniformity of the French-language version of the USTA and the PPSA conforming amendments, and (b) harmonization among the French-language version of the USTA and PPSA conforming amendments and, to the extent possible, provisions in Québec civil law governing the same subject matter as the USTA and PPSA conforming amendments. See the Consultation Paper (under Part 1, A., 3.).
- e) The Task Force is posting this Notice, together with the consultative draft USTA and related material in both languages in PDF format on the web-site of the Ontario Securities Commission (OSC) at www.osc.gov.on.ca. The Notice is also being posted on the web-site of the Alberta Securities Commission at www.albertasecurities.com. Other members of the CSA may post on their respective web-sites this Notice, together with the consultative draft USTA and related material or may, alternatively, post only this Notice inviting readers to review this material on the OSC web-site.
- f) Depending on the comments received, the Task Force proposes to present a report on the USTA project and seek approval of the USTA at the Uniform Law Conference of Canada's annual meeting in Regina, Saskatchewan in August 2004. If approved by the ULCC, the Task Force proposes to seek immediate implementation of the USTA by the common law provinces, as requested by industry stakeholders, and encourage the Province of Québec to consider implementation as soon as possible in the context of the Québec civil law regime.

Invitation for comments

We invite you to participate in this project by reviewing the consultative draft USTA and related materials and providing your comments (in both paper and electronic formats) to the CSA Task Force. The comment period will run until July 30, 2004. Confidentiality of submissions received cannot be maintained.

The Task Force welcomes comments on any aspect of the draft USTA and related material. **We specifically seek comments on the issues summarized in the Consultation Paper (under Part 3, B.).**

Kindly address your comments to:

Maxime Paré, Chair, CSA USTA Task Force
Senior Legal Counsel, Market Regulation
Capital Markets
Ontario Securities Commission
20 Queen Street West
Suite 1900,
Toronto, Ontario, M5H 3S8
Phone: (416) 593-3650
Fax: (416) 593-8240
e-mail: mpare@osc.gov.on.ca

May 28, 2004.

The USTA Task Force:

Maxime Paré, Chair, CSA USTA Task Force
Senior Legal Counsel, Market Regulation
Capital Markets
Ontario Securities Commission
Phone: (416) 593-3650
Fax: (416) 593-8240
e-mail: mpare@osc.gov.on.ca

Eric Spink, Consultant,
Ontario Securities Commission
Phone: (780) 435-8711
Fax: (780) 435-2377
e-mail: spinklaw@shaw.ca

Nicolas Roy
Direction des affaires juridiques
Autorité des marchés financiers
Phone: 514-395-0337x 2531
Fax: 514-873-4130
e-mail: nicolas.roy@lautorite.qc.ca

Patricia Leeson, Senior Legal Counsel
Legal and Policy
Alberta Securities Commission
Phone: (403) 297 5222
Fax: (403) 297 6156
e-mail: patricia.leeson@seccom.ab.ca

Other CSA contacts:

Veronica Armstrong
Senior Policy Advisor
Legal and Market Initiatives
British Columbia Securities Commission
Phone: (604) 899-6738
Fax: (604) 899-6814
e-mail: varmstrong@bcsc.bc.ca

Élyse Turgeon,
Direction des affaires juridiques
Autorité des marchés financiers
Phone: (514) 395-0558 extension 2538
Toll free phone: 1-877-525-0337
e-mail: elyse.turgeon@lautorite.qc.ca

1.2 Notices of Hearing

1.2.1 Certain Directors, Officers and Insiders of
Alliance Atlantis Communications Inc. - s. 127

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

AND

IN THE MATTER OF
BRAD ALLES, ATCAN INVESTMENTS (1998) INC.,
SUSAN BERGER, NORM BOLEN, KATHLEEN BROWN,
ANDREW CALLUM, PENNY COLLENETTE, HEATHER
CONWAY, KIERAN CORRIGAN, PIERRE DESROCHES,
JANET EASTWOOD, CHRISTINE ELTON, HAROLD
GORDON, ANTHONY GRIFFITHS, ELLIS JACOB,
JAZWOOD LTD., ALLEN KARP, DAVID KASSIE,
NELSON KUO-LEE, DOUG KNIGHT, PAUL LABERGE,
VICTOR LOEWY, TONY LONG, MICHAEL MACMILLAN,
XAVIER MARCHAND, JUDSON MARTIN, SEATON
MCLEAN, RITA MIDDLETON, MARGOT NORTHEY,
STEVEN ORD, BARRY REITER, EDWARD RILEY,
LEONARD ROSMAN, JOHN ROSS, JAMES SHERRY,
DONALD SOBEY, STAMPCO HOLDINGS INC.,
ANNEMARIE SULATYCKY, PETER SUSSMAN,
PATRICE THEROUX, EDWARD WAITZER, ANDREA
WOOD AND PHYLLIS YAFFE

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on the 4th day of June, 2004, at 10:00 a.m. or as soon thereafter as the hearing can be held:

TO CONSIDER whether, pursuant to section 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, in securities of Alliance Atlantis Communications Inc. by any of the respondents cease permanently or for such period as the Director may determine; and/or
2. such other order as the Director 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 counsel may advise and the Commission may permit;

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

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

May 20, 2004.

"Rose Gomme"

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

AND

**IN THE MATTER OF
BRAD ALLES, ATCAN INVESTMENTS (1998) INC.,
SUSAN BERGER, NORM BOLEN, KATHLEEN BROWN,
ANDREW CALLUM, PENNY COLLENETTE, HEATHER
CONWAY, KIERAN CORRIGAN, PIERRE DESROCHES,
JANET EASTWOOD, CHRISTINE ELTON, HAROLD
GORDON, ANTHONY GRIFFITHS, ELLIS JACOB,
JAZWOOD LTD., ALLEN KARP, DAVID KASSIE,
NELSON KUO-LEE, DOUG KNIGHT, PAUL LABERGE,
VICTOR LOEWY, TONY LONG, MICHAEL MACMILLAN,
XAVIER MARCHAND, JUDSON MARTIN, SEATON
MCLEAN, RITA MIDDLETON, MARGOT NORTHEY,
STEVEN ORD, BARRY REITER, EDWARD RILEY,
LEONARD ROSMAN, JOHN ROSS, JAMES SHERRY,
DONALD SOBEY, STAMPCO HOLDINGS INC.,
ANNEMARIE SULATYCKY, PETER SUSSMAN,
PATRICE THEROUX, EDWARD WAITZER, ANDREA
WOOD AND PHYLLIS YAFFE**

**STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission make the following allegations:

1. Alliance Atlantis Communications Inc. ("Alliance") is a reporting issuer in Ontario.
2. Each of Brad Alles, Atcan Investments (1998) Inc., Susan Berger, Norm Bolen, Kathleen Brown, Andrew Callum, Penny Collette, Heather Conway, Kieran Corrigan, Pierre DesRoches, Janet Eastwood, Christine Elton, Harold Gordon, Anthony Griffiths, Ellis Jacob, Jazwood Ltd., Allen Karp, David Kassie, Nelson Kuo-Lee, Doug Knight, Paul Laberge, Victor Loewy, Tony Long, Michael MacMillan, Xavier Marchand, Judson Martin, Seaton McLean, Rita Middleton, Margot Northey, Steven Ord, Barry Reiter, Edward Riley, Leonard Rosman, John Ross, James Sherry, Donald Sobey, Stampco Holdings Inc., Annemarie Sulatycky, Peter Sussman, Patrice Theroux, Edward Waitzer, Andrea Wood, Phyllis Yaffe (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 Alliance in accordance with the Act, a director, officer or insider of Alliance and during that time had, or may have had, access to material information with respect to Alliance that has not been generally disclosed.
3. Alliance failed to file its audited annual statements for the year ended December 31, 2003 and interim statements for the three-month period ended March 31, 2004 as required under Ontario securities law.

4. It would be prejudicial to the public interest to allow the Respondents to trade in the securities of Alliance until such time as all disclosure required by Ontario securities law has been made by Alliance.
5. It is therefore in the public interest for the Director to order that all trading, whether direct or indirect, in the securities of Alliance by the Respondents cease until two full business days following the receipt by the Commission of all filings Alliance is required to make pursuant to Ontario securities law.

May 20, 2004.

1.2.2 Michael Hersey - s. 127

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

AND

IN THE MATTER OF
ALLAN EIZENGA, RICHARD JULES FANGEAT,
MICHAEL HERSEY, LUKE JOHN MCGEE
and ROBERT LOUIS RIZZUTO

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, Hearing Room, 17th floor, 20 Queen Street West, Toronto, on May 26, 2004, at 11:30 a.m., or as soon thereafter as the hearing can be held;

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

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

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

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

May 21, 2004.

"Rose Gomme"

1.2.3 Allan Eizenga et al. - Amended Statement of Allegations

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

AND

IN THE MATTER OF
ALLAN EIZENGA, RICHARD JULES FANGEAT,
MICHAEL HERSEY, LUKE JOHN MCGEE
and ROBERT LOUIS RIZZUTO

AMENDED STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES
COMMISSION

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

THE RESPONDENTS

1. Allan Eizenga ("Eizenga") is an individual who resides in St. Catharines, Ontario. Eizenga has never been registered with the Commission to trade in securities.
2. Richard Jules Fangeat ("Fangeat") is an individual who resides in Sparta, Ontario. During the material time, Fangeat was registered with the Commission. Fangeat has not been registered with the Commission since December 29, 1998.
3. Michael Hersey ("Hersey") is an individual who resides in London, Ontario. Hersey has never been registered with the Commission to trade in securities.
4. Luke John McGee ("McGee") is an individual who resides in Montreal, Quebec. McGee has never been registered with the Commission to trade in securities.
5. Robert Louis Rizzuto ("Rizzuto") is an individual who resides in Oakville, Ontario. Rizzuto is registered with the Commission to sell mutual fund securities and limited market products (subject to an existing temporary cease trade order).

THE DISTRIBUTION OF THE SAXTON SECURITIES

6. Saxton Investments Ltd. ("Saxton") was incorporated on January 13, 1995. Eizenga was an officer and a director of Saxton. Saxton and Eizenga established numerous other corporations. Eizenga was the president and a director of each of these companies (the "Offering Corporations"). The respondents McGee, Fangeat and Rizzuto also were named officers and/or directors of several of such companies.

7. Between January 1995 and September 1998, the respondents participated in the distribution of, and sold to Ontario investors, securities of one or more of the following Offering Corporations:
- The Saxton Trading Corp.
 - The Saxton Export Corp.
 - The Saxton Export (II) Corp.
 - The Saxton Export (III) Corp.
 - The Saxton Export (IV) Corp.
 - The Saxton Export (V) Corp.
 - The Saxton Export (VI) Corp.
 - The Saxton Export (VII) Corp.
 - The Saxton Export (VIII) Corp.
 - The Saxton Export (IX) Corp.
 - The Saxton Export (X) Corp.
 - The Saxton Export (XI) Corp.
 - The Saxton Export (XII) Corp.
 - The Saxton Export (XIII) Corp.
 - The Saxton Export (XIV) Corp.
 - The Saxton Export (XV) Corp.
 - The Saxton Export (XVI) Corp.
 - The Saxton Export (XVII) Corp.
 - The Saxton Export (XVIII) Corp.
 - The Saxton Export (XIX) Corp.
 - The Saxton Export (XX) Corp.
 - The Saxton Export (XXI) Corp.
 - The Saxton Export (XXII) Corp.
 - The Saxton Export (XXIII) Corp.
 - The Saxton Export (XXIV) Corp.
 - The Saxton Export (XXV) Corp.
 - The Saxton Export (XXVI) Corp.
 - The Saxton Export (XXVII) Corp.
 - The Saxton Export (XXVIII) Corp.
 - The Saxton Export (XXIX) Corp.
 - The Saxton Export (XXX) Corp.
 - The Saxton Export (XXXI) Corp.
 - The Saxton Export (XXXII) Corp.
 - The Saxton Export (XXXIII) Corp.
 - The Saxton Export (XXXIV) Corp.
 - The Saxton Export (XXXV) Corp.
 - The Saxton Export (XXXVI) Corp.
 - The Saxton Export (XXXVII) Corp.
 - The Saxton Export (XXXVIII) Corp.
8. The Offering Corporations were incorporated pursuant to the laws of Ontario. The respondents' sales of shares of the Offering Corporations (the "Saxton Securities") constituted trades in securities of an issuer that had not been previously issued.
9. The distribution of the Saxton Securities contravened Ontario securities law. None of the Offering Corporations filed a preliminary prospectus or a prospectus with the Commission. No Offering Corporation was issued a receipt for a prospectus by the Commission. None of the Offering Corporations filed an Offering Memorandum or a Form 20 with the Commission.
10. The Offering Corporations purported to rely on the "seed capital" prospectus exemption contained in subparagraph 72(1)(p) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"). Neither this exemption, nor any other prospectus exemption, was available to them.
11. None of the exemptions from the registration requirements in Ontario securities law was available for the sale of the Saxton Securities.
12. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations had raised approximately \$37 million from investors. All funds invested in the Offering Corporations had been transferred to Saxton. At that time, KPMG held the view that the value of the Saxton assets, at its highest [as reported by a related company, Sussex Group Ltd. ("Sussex")], was approximately \$5.5 million. Sussex currently is being wound down by a court-appointed manager.

THE SAXTON PRODUCTS AND BUSINESS

13. The Saxton Group was a trade name that encompassed a complex network of related companies including Saxton, the Offering Corporations and Sussex Admiral Group Limited (Barbados), later renamed Sussex.
14. The Saxton Group's core business was the development and manufacture of beverage and food products for the hospitality and tourist industries in Cuba (and elsewhere in the Caribbean). Sussex was the operating company. Among other things, Sussex held the Saxton Group's economic associations, operating contracts and supply agreements.
15. The primary function of every Offering Corporation was to raise investment capital for the operations in Cuba and elsewhere. The Offering Corporations financed Sussex's activities. Funds raised through the Offering Corporations were pooled and transferred to Saxton. Saxton, in turn, transferred the money directly, and indirectly (through 1125956 Ontario Inc.), to the Cuban and other operations. Investors associated their investment with "Saxton" and the Cuban operations, not the Offering Corporations.
16. Although, in fact, investors purchased shares in the Offering Corporations (the Saxton Securities), Saxton marketed the Securities as a "GIC", a "Fixed Dividend Account" product and an "Equity Dividend Account" product.
17. The "GIC" promised investors an annual return of 10.25%. The Fixed Dividend Account offered investors either a 10.25% annual return for a three year term compounded or a 12% annual return for a five year term compounded. Investors in the Equity Dividend Account product were told to

expect 25% to 30% annual growth. Investors were told that their money funded the Saxton Group's operations. The rate of return on, or the growth of, their investment resulted from the profitability and success of the Group's businesses (principally the Cuban operations).

18. The Saxton products were marketed and sold as a no, or low, risk investment notwithstanding that the Saxton Securities were described in the Offering Memoranda as "speculative".

EIZENGA'S CONDUCT

(a) Management of Saxton and the Raising of Funds

19. Eizenga controlled the Saxton Group and the raising of funds from Ontario investors through the sale of the Saxton Securities. He made all key business and management decisions relating to, among other things, the means by, and structure through, which the Saxton Securities were distributed, the use of investor funds and the information disseminated to salespeople, investors and prospective investors. All Saxton officers, and the Sussex president, reported to him.
20. The concept and plan for the, and the resulting, distribution of the Saxton Securities were designed by Eizenga and implemented at his direction. The incorporation, and use, of thirty-nine Offering Corporations was designed or implemented by Eizenga as an attempt to circumvent the "seed capital" prospectus exemption requirement in subparagraph 72(1)(p) of the Act that sales be made to no more than 25 purchasers. Once one Offering Corporation received funds from the maximum allowed 25 investors, Eizenga allocated investors to a new Offering Corporation.
21. Eizenga directed the preparation, and approved the publication and distribution, of an Offering Memorandum for each of the Offering Corporations. These Memoranda were virtually identical and provided little information about the Saxton Group's operations (into which funds invested in the Offering Corporations would flow) other than their geographic location.
22. Further, Eizenga failed to ensure salespeople provided, and often actively discouraged salespeople from providing, an Offering Memorandum to an investor prior to his or her purchase of the Saxton Securities.
23. Eizenga controlled the monies raised through the distributions of the Saxton Securities. He possessed the sole authority to independently sign cheques and effect transfers on Saxton's and the Offering Corporations' bank accounts. He

controlled the flow of funds from the Offering Corporations to Saxton and from Saxton to Sussex, 1125956 Ontario Inc. and elsewhere.

24. Between 1995 and 1998, Eizenga traded the Saxton Securities by executing as each Offering Corporation's authorized signing officer the investor subscription agreements.
25. He also acted as a financial advisor to clients who purchased approximately \$1.1 million of the Saxton Securities. In this regard, he made misrepresentations to his clients as described in subparagraphs 29(d) through (g) below and failed to provide them with access to substantially the same information concerning the Saxton Securities that a prospectus filed under the Act would provide. Eizenga was not registered with the Commission and no registration exemption was available to him. He received commissions of approximately \$55,000 on his direct client sales.

(b) Information Disseminated to Saxton Salespeople and Investors

26. Saxton's head office was located initially in London and then moved to Burlington. The sales force consisted of independent salespeople who earned commissions and trailer fees on their sales of the Saxton Securities. The majority of the Saxton salespeople also purchased the Saxton Securities for themselves and/or their families.
27. As particularized below, McGee (Saxton's vice-president) and Fangeat had regular contact with Saxton salespeople. McGee and Fangeat reported to, and took direction from, Eizenga.
28. Eizenga made various oral and written representations respecting the nature and quality of the Saxton Securities and the mechanics and legality of their distributions to Saxton management and salespeople. Among other things, Eizenga produced or approved promotional and investor relations material, facilitated, organized or approved group meetings and presentations respecting the Saxton Securities and the Sussex operations and participated in promotional/investor relations trips to Cuba.
29. Between January 1995 and the summer of 1998, Eizenga made various misrepresentations to salespeople, investors and prospective investors including the following:
- (a) He obtained a legal opinion that the structure for the Saxton Securities' distributions complied with Ontario securities laws;

- (b) Salespeople did not need to be registered with the Commission to sell the Saxton Securities;
- (c) For salespeople who were registered with the Commission, sales of the Saxton Securities did not need to be approved by, or processed through, their sponsor firms;
- (d) The capital invested in, and the rate of return earned on, the "GIC" or "Fixed Dividend Account" product was guaranteed;
- (e) The capital invested in the "Equity Dividend Account" was guaranteed. Based on the profitability of the operations to date, the product would provide a 30% rate of return for investors;
- (f) In anticipation of becoming a public company, Saxton had surety bonds from Liberty Insurance that guaranteed fully the company's capital base and provided an additional level of security to investors; and
- (g) Saxton had secured a Certificate of Deposit for \$40 million backed by gold that fully collateralized shareholders' investments.

(c) Investor Quarterly Account Statements

- 30. Eizenga failed to ensure that proper internal controls were established, and proper books of accounts were kept, at Saxton. Among other things, Saxton's general ledger was never "closed off" and financial statements were never prepared.
- 31. Saxton distributed quarterly account statements to all investors who purchased the Saxton Securities. These account statements were created and disseminated on the instructions of Eizenga.
- 32. Shareholders who invested in the "GIC/Fixed Dividend Account" product received quarterly account statements that reflected a "market value" increase of between 10.25% or 12% (thus showing the rate of return promised to investors).
- 33. The quarterly account statements provided to shareholders who invested in the "Equity Dividend Account" product reflected a "market value" increase of between 25% and 30% (thus showing the rate of return which investors had been told to expect).
- 34. Eizenga knew that the quarterly account statements could not be substantiated by any accounting or financial data in Saxton's possession. Among other things, there were no

financial statements or record of any revenue generation by the Saxton operations and thus, no means by which Saxton or Eizenga could establish the net results of the operations.

- 35. Along with the historical cost of the Saxton Securities held by the investor, the quarterly account statements purported to disclose an increase in the market value for the quarter and the end of the quarter for such Securities. Eizenga knew that, in addition to lacking the financial information to report any incremental value of the Saxton investments, there was no market for the Saxton Securities and thus, no market value could be, or should have been, attributed to such Securities.
- 36. To Eizenga's knowledge, the quarterly account statements distributed to, and relied upon by, investors misrepresented the value of shareholders' investments and were misleading. They also provided to investors and salespeople misplaced comfort and confidence in the legitimacy of the Saxton Group business and the stability, quality and risk level of their investment.

(d) Eizenga's Failure to Inform the Commission

- 37. In or about 1997, Eizenga embarked on a plan to take Saxton public and listed on a recognized stock exchange by way of a reverse takeover. It was contemplated that Sussex's assets would be vended in to F.S.P.I. Technologies Corp., a company listed on the Alberta Stock Exchange.
- 38. In the course of the going public process, Eizenga and the Saxton Group received legal advice that the distributions of the Saxton Securities did not comply with Ontario securities law and that no further funds should be raised. Further, there became a concern that the existing books and records were insufficient to show where all investor funds had gone.
- 39. Notwithstanding the circumstances described in paragraph 38, Eizenga continued to distribute the Saxton Securities. He failed to inform most salespeople of the advice he received. He did not contact the Commission.
- 40. Moreover, in October 1997, the Commission wrote to Eizenga and asked him to provide certain information respecting the Saxton Group. Eizenga provided misleading information to the Commission in his January 1998 response.

(e) Eizenga's Remuneration

- 41. Eizenga received a generous remuneration package as the president of Saxton including salary and expensive vehicles.

42. In or about early 1998, Eizenga improperly used investor funds for his personal use namely, expenses related to his home residence.
43. Eizenga's conduct described in paragraphs 19 through 42 was contrary to Ontario securities law and the public interest.

HERSEY'S CONDUCT

(a) Sale of the Saxton Securities

44. Hersey participated in the illegal distributions, and engaged in unregistered trading, of the Saxton Securities. Between 1995 and 1996, Hersey sold in excess of \$2 million worth of the Saxton Securities to over 30 Ontario investors. Many of the clients to whom Hersey sold the Saxton Securities had purchased insurance products from him and trusted him implicitly.
45. Hersey did not make the appropriate independent inquiries and conduct the necessary due diligence before he sold the Saxton Securities to his clients.
46. Hersey failed to provide his clients with access to substantially the same information concerning the Saxton Securities that a prospectus filed under the Act would provide. None of his clients received an Offering Memorandum prior to purchasing the Saxton Securities. The only documentation provided to clients by Hersey was vague promotional material prepared by Saxton.
47. Hersey misrepresented to his clients the nature and quality of the Saxton Securities. Further, he never received or reviewed any financial statements or other documentation corroborating the profitability or growth of the company. He also misrepresented the terms under which the investment could be liquidated.
48. Hersey earned a 5% commission on his sales of the Saxton Securities.
49. Hersey recruited others to become Saxton salespeople. In describing the investment products to such salespeople, Hersey made similar misrepresentations to those described in subparagraphs 77 (a), (b), (d) and (e) below.

(b) Sale of SecurCorp Financial Inc. Securities

50. In or about December 1992, Hersey incorporated Professional Insurance Management Inc. ("Professional Insurance"). Hersey and his wife were the officers of Professional Insurance. Hersey was the company's sole director. Through Professional Insurance, Hersey offered his clients the opportunity to purchase investment products, including that of SecurCorp Financial Inc. ("SecurCorp").

51. SecurCorp was incorporated in September 1996. Hersey was SecurCorp's sole officer and director. SecurCorp offered investors high yield guaranteed investment products. Clients could purchase: (a) a term "guaranteed investment account" that offered a 19% to 25% compounding rate of return; or (b) a term interest in SecurCorp's developing beverage or hotel/beer businesses. This promised investors a 25% return on maturity (collectively, the "SecurCorp Securities").

52. The distribution of the SecurCorp Securities contravened Ontario securities law. SecurCorp did not file a preliminary prospectus or a prospectus with the Commission. SecurCorp did not file an Offering Memorandum or a File 20 with the Commission. None of the prospectus exemptions were available to it.

53. Between 1996 and early 1999, Hersey participated in the illegal distribution, and engaged in unregistered trading, of the SecurCorp Securities. Hersey sold in excess of \$700,000 worth of such securities to Ontario investors. He earned commissions on such sales.

54. Some of the clients who purchased the SecurCorp Securities had previously purchased the Saxton Securities from Hersey. Once Hersey's relationship with Saxton terminated in or about mid 1996, Hersey recommended to certain clients that they transfer their money to SecurCorp.

55. Hersey failed to provide his clients with access to substantially the same information concerning the SecurCorp Securities that a prospectus filed under the Act would provide. None of Hersey's clients received an Offering Memorandum in connection with their purchase of such Securities.

56. Hersey misrepresented to his clients the nature and quality of the SecurCorp Securities. He told clients that such investments were guaranteed and fully insured.

57. In certain cases, he misrepresented in which vehicle clients' monies had been invested. He also moved clients' money from SecurCorp to another investment vehicle without their knowledge (see paragraphs 58 through 64 below).

(c) Sale of the Sussex International Ltd. Securities

58. Sussex International Ltd. ("Sussex International") was an Ontario corporation. In 1998, Fangeat was Sussex International's sole officer and director.
59. Sussex International was another Saxton vehicle. Sussex International represented to the public that it was investing in the same businesses as the Offering Corporations.

60. Sussex International offered investors the opportunity to purchase shares in the company (the "Sussex International Securities"). The distribution of the Sussex International Securities contravened Ontario securities law. Sussex International did not file a preliminary prospectus or a prospectus with the Commission. It did not file an Offering Memorandum or File 20 with the Commission. None of the prospectus exemptions were available to it.
61. In 1998, Hersey participated in the illegal distribution, and engaged in unregistered trading, of the Sussex International Securities. Hersey earned commissions on his sales of the Sussex International Securities. Certain of Hersey's clients who purchased the Sussex International Securities also had purchased the Saxton Securities and/or the SecurCorp Securities.
62. Hersey failed to provide his clients with access to substantially the same information concerning the Sussex International Securities that a prospectus filed under the Act would provide. None of Hersey's clients received an Offering Memorandum in connection with their purchase of the Sussex International Securities.
63. Hersey misrepresented to his clients the nature and quality of the Sussex International Securities. Hersey told clients that their investments were guaranteed and RRSP-eligible.
64. In certain cases, Hersey told clients that they had purchased SecurCorp Securities notwithstanding that he had invested their money in Sussex International. In other cases, Hersey transferred clients' money into Sussex International without their knowledge.
- (d) Sale of Securities post September 1998**
65. In February 1999, Hersey sold Securcorp Securities to an Ontario investor. Hersey engaged in such unregistered trading notwithstanding the commencement of this Commission proceeding against him and a cease trade order dated September 24, 1998.
66. The conduct of Hersey, described in paragraphs 44 through 65 was contrary to Ontario securities law and the public interest.
68. By 1996, Fangeat also had been licensed with the Financial Services Commission of Ontario to sell life and other insurance products for many years.
69. Fangeat participated in the illegal distributions of the Saxton Securities. Between 1996 and late spring 1998, Fangeat sold, or acted as the financial advisor in connection with, at least \$10 million worth of the Saxton Securities to Ontario investors. Many investors had been clients of Fangeat for several years and trusted him implicitly.
70. Fangeat failed to provide his clients with access to substantially the same information concerning the Saxton Securities that a prospectus filed under the Act would provide. Further, he did not make the appropriate independent inquiries and conduct the necessary due diligence before he sold the Saxton Securities to his clients.
71. Fangeat misrepresented to his clients the nature and quality of the Saxton Securities. Among other things, Fangeat marketed and endorsed all the Saxton investment products as no, or low, risk notwithstanding that the Offering Memoranda described the Saxton Securities as "speculative".
72. Fangeat represented to clients that Saxton intended to go public and ultimately would be listed on a recognized stock exchange.
73. Moreover, Fangeat provided clients with account statements that, to his knowledge, did not reflect the true value of the Saxton Securities.
74. Fangeat failed to adequately assess the suitability of his clients' investments in the Saxton Securities.
75. Fangeat's sales of the Saxton Securities were never processed through his sponsor firm. In or about the summer of 1997, notwithstanding that Fangeat had been told by his then-sponsor that he was not authorized to sell such Securities, he continued to do so.

(b) Fangeat's Role in Saxton's Management

76. Fangeat held the position of marketing officer at Saxton. Ultimately, Fangeat became a Saxton vice-president. Fangeat was involved in Saxton management discussions and decision-making. His company, Integrated Planning Services Inc. ("Integrated Planning"), processed subscription agreements, RRSP applications and related paperwork respecting investors' purchases of the Saxton Securities. Fangeat participated in various promotional and investor relations activities including meetings and discussions with salespeople, investors and prospective investors and travelling to Cuba with investors.

FANGEAT'S CONDUCT

(a) Sales of the Saxton Securities

67. Fangeat became registered with the Commission to sell mutual fund securities in February 1993. Between December 31, 1996 and May 7, 1997 and July 2, 1997 and December 28, 1998, Fangeat was registered to sell mutual fund securities and limited market products.

77. Fangeat recruited and managed most of the Saxton salespeople and acted as an intermediary between Saxton and its sales representatives. In this role, he made various misrepresentations to Saxton salespeople including:

- (a) that they did not need to be registered with the Commission to sell the Saxton Securities;
- (b) that the sales of the Saxton Securities complied with Ontario securities law;
- (c) that the capital invested in Saxton's Guaranteed Investment Certificate/Fixed Dividend Account product was guaranteed;
- (d) that the Saxton investment products were suitable for conservative investors with low risk investment objectives;
- (e) that, based on the profitability of Saxton to date, the "Equity Dividend Account" product would provide a 30% rate of return for investors; and
- (f) that a sponsor firm had authorized the sale of the Saxton Securities.

78. With reference to paragraph 21 above, as an officer of several of the Offering Corporations, Fangeat failed to scrutinize adequately the accuracy and sufficiency of the Offering Memoranda before they were distributed to salespeople and prospective investors.

79. With reference to paragraphs 31 through 33 above, Fangeat knew that the quarterly statements provided to his clients were unsubstantiated by any accounting or financial data in Saxton's possession. Fangeat also knew that the statements misrepresented the value of the shareholders' investments and thus, were misleading to investors and Saxton salespeople.

(c) Fangeat's Compensation

80. Fangeat received commissions of at least \$500,000 on his sales of the Saxton Securities. He also received a management fee of 2.5% on all Saxton Securities sold. Among other things, Saxton provided Fangeat with a Mercedes Benz as part of his compensation package and paid Integrated Planning's overhead expenses.

(d) Sales of the Sussex International Securities

81. In 1998, Fangeat participated in the illegal distribution of the Sussex International Securities. At that time, Fangeat was the president of Sussex International and the company operated out of the Integrated Planning offices. Sussex International

was another vehicle for financing Sussex and the Cuban operations. Fangeat traded the Sussex International Securities by soliciting investors through discussions and meetings with salespeople and prospective investors and by executing investor subscription agreements and share certificates as the corporation's authorized signing officer.

(e) Failure to Contact the OSC

82. Despite his knowledge of the legal opinion described in paragraph 38 above, and some evidence to suggest that there may be significant investor funds for which Saxton could not account, Fangeat did not contact the Commission or any other law enforcement agency. Moreover, he continued to participate in the raising of funds from the public through the distribution of the Saxton and Sussex International Securities.

83. Fangeat's conduct, described in paragraphs 67 through 82 was contrary to Ontario securities law and the public interest.

MCGEE'S CONDUCT

84. McGee is a lawyer by training. He was called to the Ontario bar in 1993. In or about 1995, McGee became licensed as an insurance agent with the Financial Services Commission of Ontario. McGee has never been registered with the Commission.

(a) McGee's Management Role

85. McGee became actively involved in the business of Saxton in the summer of 1996. By early 1997, McGee was Saxton's vice-president. McGee also was an officer and/or a director of several of the Offering Corporations. Eizenga terminated McGee in December 1997.

86. With reference to paragraph 20 above, McGee was aware of the corporate structure used by Saxton to distribute the Saxton Securities. To McGee's knowledge, once one Offering Corporation solicited 25 investors, investors and their funds were allocated to a new Offering Corporation.

87. With reference to paragraph 21 above, the Offering Memoranda identified McGee as the vice-president whose principal occupation was "Investment Consultant/Lawyer". McGee failed to scrutinize adequately the accuracy and sufficiency of such Memoranda before they were distributed to salespeople and prospective investors.

88. McGee made oral and written representations to salespeople and investors concerning the Saxton Securities, the Saxton Group and its operations. In this regard, McGee made various inaccurate

and misleading statements. McGee failed to take the necessary steps to verify the accuracy and reliability of such information before disseminating it to salespeople and investors.

89. McGee's misrepresentations included the following:

- (a) that salespeople did not need to be registered with the Commission to sell the Saxton Securities;
- (b) that the sales of the Saxton Securities complied with Ontario securities law;
- (c) that based on the profitability of Saxton to date, the "Equity Dividend Account" product would provide a 30% rate of return for investors;
- (d) that the capital invested in Saxton's "GIC/Fixed Dividend Account" product was guaranteed; and
- (e) inaccurate or misleading information relating to the financial state, profitability and growth of Saxton and its operations.

90. Many of the Saxton salespeople relied on McGee's representations given that he was Saxton's vice-president and a lawyer. Salespeople, in turn, relayed inaccurate and misleading information McGee provided them to their clients.

91. With reference to paragraphs 31 through 33 above, McGee knew that the quarterly statements provided to investors were unsubstantiated by any accounting or financial data in Saxton's possession. McGee also knew that the statements misrepresented the value of the shareholders' investments and thus, were misleading to investors and Saxton salespeople.

92. Further, McGee knew that Fangeat was making misrepresentations to certain investors. McGee failed to take the appropriate steps to curtail Fangeat's activity or to correct the information provided to investors.

93. In or about mid to late 1997, McGee became aware that there may be significant investor funds for which Saxton could not account. McGee failed to alert the Commission and/or any other law enforcement agency and did not take appropriate steps to stop the sale of the Saxton Securities.

94. In August 1997, McGee learnt of the legal advice described in paragraph 38 above. Notwithstanding this knowledge, McGee failed to:

- (a) approach the Commission; and

- (b) instruct the Saxton salespeople to stop selling the Saxton Securities.

(b) McGee's Sales of the Saxton Securities

95. Between March and May 1996, McGee sold the Saxton Securities directly to at least 4 Ontario investors for a total amount in excess of \$80,000. McGee earned commissions of 5% on such sales.

96. McGee failed to provide his clients with access to substantially the same information concerning the Saxton Securities that a prospectus filed under the Act would provide. Investors were not provided with an Offering Memorandum prior to their purchase of the Saxton Securities and McGee did not otherwise provide adequate information.

97. Moreover, McGee misrepresented to investors that the Saxton Securities was a guaranteed investment product notwithstanding that the Offering Memoranda described such Securities as "speculative".

98. McGee also was involved with the general promotion, solicitation and sale of the Saxton Securities by, among other things, drafting promotional and investor relations material for distribution to prospective investors and investors, participating in group meetings and presentations and discussing with sales representatives, prospective investors and investors the Saxton business, its profitability and its growth potential.

(c) McGee's Compensation

99. In addition to commissions paid on his own direct sales, between the summer of 1996 and early 1997, McGee was paid 2.5% of all monies raised through the purchase of the Saxton Securities. Commencing in February 1997, McGee received a salary for his work with Saxton. In connection with his involvement in Saxton, McGee earned, in approximately one year, in excess of \$500,000.

100. By virtue of the conduct described above, McGee participated in the illegal distributions of the Saxton Securities and engaged in unregistered trading contrary to section 25 of the Act. No registration exemption was available to him. McGee's conduct was contrary to Ontario securities law and the public interest.

RIZZUTO'S CONDUCT

101. Rizzuto was first registered with the Commission to trade mutual fund securities in September 1992. Commencing in January 1997, Rizzuto could also trade limited market products.

102. Rizzuto participated in the illegal distributions of the Saxton Securities. Between April 1997 and April 1998, Rizzuto sold the Saxton Securities to 7

Ontario investors for a total amount sold of approximately \$750,000. He received commissions of approximately \$24,000 on such sales.

103. Rizzuto failed to provide his clients with access to substantially the same information concerning the Saxton Securities that a prospectus filed under the Act would provide. Among other things, none of his clients received an Offering Memorandum prior to purchasing the Saxton Securities.
104. Rizzuto misrepresented the nature and quality of the Saxton Securities. He told clients that they were purchasing a low risk guaranteed product. In fact, investors were purchasing shares in Saxton, such Securities which were described in the Offering Memoranda as "speculative".
105. Rizzuto failed to adequately assess the suitability of his clients' investments in the Saxton Securities.
106. The sale of the Saxton Securities were not processed through Rizzuto's sponsor firm. Rizzuto failed to inform his sponsor that he was engaged in the selling of such products.
107. In or about mid-1998, Rizzuto participated in the illegal distribution of the Sussex International Securities by facilitating the sale of such Securities to one of his clients. Rizzuto received a commission or referral fee of \$20,000 relating to his client's purchase of the Sussex International Securities.
108. The conduct of Rizzuto, described in paragraphs 101 through 107 above, was contrary to Ontario securities law and the public interest.
109. Such other allegations as Staff may make and the Commission may permit.

May 21, 2004.

1.2.4 Michael Anthony Tibollo - s. 127

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

AND

**IN THE MATTER OF
MICHAEL TIBOLLO**

**AMENDED NOTICE OF HEARING
(Section 127)**

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") on June 23, 2004, 17th Floor, 20 Queen Street West, Toronto, Ontario at 10:00 a.m. or as soon thereafter as the hearing can be held;

TO CONSIDER whether, pursuant to subsection 127(1) and section 127.1 of the Act, it is in the public interest for the Commission to make an Order:

- (a) that trading in any securities by Michael Tibollo ("Tibollo") cease permanently or for such period as is specified by the Commission;
- (b) prohibiting Tibollo from becoming or acting as a director or officer of any issuer permanently or for such period as specified by the Commission;
- (c) that the subsection 34(b) exemption does not apply to Tibollo permanently or for such period as is specified by the Commission;
- (d) reprimanding Tibollo;
- (e) requiring Tibollo to pay the costs of the Commission's investigation and the hearing; and
- (f) such other order as the Commission may deem appropriate.

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

AND TAKE FURTHER NOTICE that the respondent may be represented by counsel if he attends or submits evidence at the hearing;

AND TAKE FURTHER NOTICE that upon failure of the respondent to attend the hearing, the hearing may proceed in his absence and he is not entitled to any further notice of the proceeding.

May 21, 2004.

“Rose Gomme”

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

AND

**IN THE MATTER OF
MICHAEL ANTHONY TIBOLLO**

**AMENDED STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION**

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

THE RESPONDENT

1. The respondent, Michael Anthony Tibollo (“Tibollo”), is a lawyer and businessperson. Tibollo was called to the Ontario Bar in 1985. Tibollo has never been registered with the Ontario Securities Commission (the “Commission”).

THE ILLEGAL DISTRIBUTIONS OF THE SAXTON SECURITIES

2. Saxton Investments Ltd. (“Saxton”) was incorporated on January 13, 1995. Allan Eizenga was Saxton’s registered director and president. Saxton and Eizenga established numerous other corporations. Eizenga was the president and a director or each of these companies (the “Offering Corporations”).
3. Between January 1995 and the summer of 1998, securities of one or more of the following Offering Corporations were sold to Ontario investors:

The Saxton Trading Corp.
The Saxton Export Corp.
The Saxton Export (II) Corp.
The Saxton Export (III) Corp.
The Saxton Export (IV) Corp.
The Saxton Export (V) Corp.
The Saxton Export (VI) Corp.
The Saxton Export (VII) Corp.
The Saxton Export (VIII) Corp.
The Saxton Export (IX) Corp.
The Saxton Export (X) Corp.
The Saxton Export (XI) Corp.
The Saxton Export (XII) Corp.
The Saxton Export (XIII) Corp.
The Saxton Export (XIV) Corp.
The Saxton Export (XV) Corp.
The Saxton Export (XVI) Corp.
The Saxton Export (XVII) Corp.
The Saxton Export (XVIII) Corp.
The Saxton Export (XIX) Corp.
The Saxton Export (XX) Corp.
The Saxton Export (XXI) Corp.
The Saxton Export (XXII) Corp.
The Saxton Export (XXIII) Corp.
The Saxton Export (XXIV) Corp.

- The Saxton Export (XXV) Corp.
 The Saxton Export (XXVI) Corp.
 The Saxton Export (XXVII) Corp.
 The Saxton Export (XXVIII) Corp.
 The Saxton Export (XXIX) Corp.
 The Saxton Export (XXX) Corp.
 The Saxton Export (XXXI) Corp.
 The Saxton Export (XXXII) Corp.
 The Saxton Export (XXXIII) Corp.
 The Saxton Export (XXXIV) Corp.
 The Saxton Export (XXXV) Corp.
 The Saxton Export (XXXVI) Corp.
 The Saxton Export (XXXVII) Corp.
 The Saxton Export (XXXVIII) Corp.
4. The Offering Corporations offered to the Ontario public two investment products:
- (i) a "GIC" which was later renamed a "Fixed Dividend Account"; and
- (ii) an "Equity Dividend Account".
- In either case, an investor purchased shares in the respective private company (the "Saxton Securities").
5. The "GIC" promised investors an annual return of 10.25%. The Fixed Dividend Account offered investors either a 10.25% annual return for a three year term compounded or a 12% annual return for a five year term compounded. Investors in the Equity Dividend Account product were told to expect 25% to 30% annual growth. Investors were told that their money funded the Saxton Group's operations. The rate of return on, or the growth of, their investment resulted from the profitability and growth of the businesses (principally the Cuban operations).
6. The Saxton Securities were marketed as no, or low, risk notwithstanding that the Offering Memoranda described the Securities as "speculative. It was also represented to investors that Saxton intended to go public (by way of a reverse take-over) and be listed on a recognized stock exchange. This never occurred.
7. Although the Offering Corporations prepared Offering Memoranda, such Memoranda provided little information about the Offering Corporations or the Saxton operations other than the geographic locations in which they conducted business
8. The Offering Corporations were incorporated pursuant to the laws of Ontario. The sales of shares of the Saxton Securities constituted trades in securities of an issuer that had not been previously issued.
9. The distribution of the Saxton Securities contravened Ontario securities law. None of the

- Offering Corporations filed a preliminary prospectus or a prospectus with the Commission. No Offering Corporation was issued a receipt for a prospectus by the Commission. None of the Offering Corporations filed an Offering Memorandum or a Form 20 with the Commission.
10. The Offering Corporations purported to rely on the "seed capital" prospectus exemption contained in subparagraph 72(1)(p) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"). Neither this exemption, nor any other prospectus exemption, was available to them.
11. None of the exemptions from the registration requirements in Ontario securities law was available for the sale of the Saxton Securities.
12. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations raised approximately \$37 million from Ontario investors. At that time, KPMG held the view that the value of the Saxton assets, at its highest (as reported by a related company, Sussex Group Ltd.), was approximately \$5.5 million. Sussex Group Ltd. ("Sussex") currently is being wound down by a court-appointed manager.

THE SAXTON BUSINESS

13. Saxton was part of a complicated corporate structure. The "Saxton Group" was a trade name that encompassed a complex network of related companies including Saxton, the Offering Corporations and Sussex.
14. The Saxton Group's core business was the development and manufacture of beverage and food products for the hospitality and tourist industries in Cuba. Sussex Admiral Group Limited (Barbados), later re-named Sussex, was the operating company. Among other things, Sussex held the Saxton Group's economic associations, operating contracts and supply agreements.
15. Each Offering Corporation's primary function was to raise investment capital for the Saxton Group's operations in Cuba, the Caribbean and elsewhere. Investor funds raised through the distributions of the Saxton Securities were pooled and transferred to Saxton. Saxton, in turn, transferred the money directly and indirectly (through 1125956 Ontario Inc.) to Sussex and elsewhere.

TIBOLLO'S CONDUCT

16. During the material time, Tibollo was a trained and practising commercial lawyer, with an emphasis on international transactions. He spoke Spanish fluently. Tibollo had important contacts and relationships with several Cuban government officials.

17. Tibollo initially became involved with Saxton through James Sylvester ("Sylvester"). Sylvester was involved with a number of companies with business interests in Cuba and elsewhere. Sylvester and Export Investors Group Ltd. ("Export") raised funds from Ontario investors. These monies, along with funds raised through the sale of the Saxton Securities, purported to be invested in the same Cuban and other operations. That is, Saxton and the Offering Corporations, and to a much smaller extent Export, funded/financed Sussex's activities.
18. In 1996, Sylvester retained Tibollo as a legal/business consultant. During 1997 and 1998, Tibollo also provided legal and business advice to Saxton.
19. Commencing in or about the fall of 1996, the relationship between Saxton's Eizenga and Export's Sylvester began to deteriorate. As a result, in July 1997, Tibollo also become Sussex's president. In this role, among other things, Tibollo ran the Cuban beverage and printing operations. He reported to Eizenga and Sylvester and was accountable to the Saxton and Export investors.
20. During 1996 through August 1998, Tibollo participated in the illegal distributions, and engaged in unregistered trading, of the Saxton Securities by, among other things,
 - (i) Marketing and promoting the sale of the Saxton Securities to the Ontario public by drafting promotional and investor relations material concerning the Saxton Securities, the Saxton Group and the Cuban operations;
 - (ii) Soliciting the sale of, and encouraging the investment (or continued investment) in, the Saxton Securities through meetings with, and presentations to, Saxton sales representatives, prospective investors and investors; and
 - (iii) Soliciting the sale of, and encouraging the investment (or continued investment) in, the Saxton Securities by participating in trips to Cuba with salespeople and investors.
21. Tibollo knew, or ought to have known, that the investing public and Saxton salespeople relied upon his representations concerning the Saxton Securities and their value and the financial health, profitability, potential growth and development of the Cuban operations. His professional status and strong links with the Cuban government gave credibility to the Saxton Securities and to the misleading claims that such Securities were a no, or low, risk investment with significant growth potential.
22. Tibollo was an active participant in the going-public process. It was contemplated that, by way of a reverse take-over, Sussex's assets would be vended in to F.S.P.I Technologies Corp., an Alberta Stock Exchange listed company. Tibollo knew that investors who had purchased Saxton Securities (and to a much smaller extent Export investors) would become shareholders in the anticipated public company.
23. As Sussex's president, Tibollo was a member of the Saxton Group's management team. As such, he failed to conduct the appropriate due diligence and make the necessary inquiries concerning the financing received by the Sussex operations, including whether or not the corporate structure, the distribution of securities and sales representatives' conduct complied with Ontario securities law.
24. Further, in or about July 1997, concerns regarding the means by which the Saxton Securities were being distributed, the legality of such distributions and other securities law issues were brought to Tibollo's attention. Concerns also were raised respecting the accountability of funds raised through the Saxton Securities' distributions.
25. To Tibollo's knowledge and with his participation, in August 1997, the Saxton Group sought and received a legal opinion enumerating several serious violations of the Act in connection with the Saxton Securities. Notwithstanding the circumstances described in paragraphs 23 and 24, Tibollo failed to:
 - (i) contact the Commission;
 - (ii) take any steps to immediately curtail the securities violations; or
 - (iii) refuse to accept any additional Sussex funding.
26. Rather, notwithstanding the legal opinion and counsel's advice that no further investor funds should be raised and all investor funds raised to date should be accounted for, Tibollo actively encouraged and solicited the continued distribution of the Saxton Securities to fund Sussex's on-going operations. He did so through discussions and meetings with Saxton Group management, salespeople and prospective investors. For example, Tibollo told salespeople that he needed them to raise certain funds in order for Sussex's printing business to get up and running.
27. In late spring 1998, Tibollo became aware that Eizenga might be diverting investor funds away from the Cuban operations. Accordingly, Tibollo solicited funds for Sussex's operations through the sale to Ontario investors of shares in Sussex

International Ltd. (the "Sussex International Securities"). In this regard, he engaged in discussions with certain Saxton Group salespeople including Richard Fangeat and Michael Hersey and met with investors and prospective investors. Again, Tibollo did not approach the Commission or any law enforcement agency.

28. Sussex International Ltd. ("Sussex International") offered investors similar products to those offered by the Offering Corporations. The sale of the Sussex International Securities raised in excess of \$1 million from Ontario investors. Investors did not receive a prospectus or an Offering Memorandum prior to purchasing the Sussex International Securities.
29. The sale of the Sussex International Securities financed Sussex's operations in Cuba as evidenced by, among other things, a June 30, 1998 promissory note in favour of Sussex International executed by Tibollo on behalf of Sussex in the amount of US\$685,175.36. Notwithstanding that this promissory note bore interest at an annual rate of 10.5% (payable commencing March 1, 1999), certain investors in Sussex International were promised a 12% annual interest rate.
30. In 1998, Tibollo participated in the illegal distributions, and engaged in unregistered trading, of the Sussex International Securities. The distribution of such Securities contravened Ontario securities law. Sussex International did not file a prospectus or preliminary prospectus with the Commission and no prospectus exemption was available to it. Sussex International did not file an Offering Memorandum or a Form 20 with the Commission.
31. No registration exemptions were available to Tibollo in connection with the Saxton or Sussex International Securities.
32. Tibollo benefited financially from his misconduct. Between January and October 1997 alone, Saxton paid him in excess of \$400,000 for legal and business services. Tibollo also was remunerated in his capacity as Sussex's President.
33. Tibollo's conduct was contrary to Ontario securities law and the public interest.
34. Such other allegations as Staff may make and the Commission may permit.

May 21, 2004.

1.2.5 Robert Louis Rizzuto - 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
ALLAN EIZENGA, RICHARD JULES FANGEAT,
MICHAEL HERSEY, LUKE JOHN MCGEE
and ROBERT LOUIS RIZZUTO**

**AMENDED NOTICE OF HEARING
(Section 127 and 127.1)**

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in the Main Hearing Room, 17th Floor, 20 Queen Street West, Toronto, Ontario on June 23, 2004 at 10:00 a.m. or as soon thereafter as the hearing can be held;

TO CONSIDER whether, pursuant to section 127(1) and section 127.1 of the Act, it is in the public interest for the Commission to make an Order:

- (a) that the registration of the respondent Robert Louis Rizzuto be terminated or suspended or restricted for such period as specified by the Commission or that terms and conditions be imposed on his registration;
- (b) that trading in any securities by the respondents cease permanently or for such period as is specified by the Commission;
- (c) that any exemptions contained in Ontario securities law do not apply to the respondents permanently or for such period as is specified by the Commission;
- (d) prohibiting the respondents from becoming or acting as a director or officer of any issuer permanently or for such period as specified by the Commission;
- (e) reprimanding the respondents;
- (f) requiring the respondents to pay the costs of the Commission's investigation and the hearing; and
- (g) such other order as the Commission may deem appropriate.

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

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

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

May 21, 2004.

“Rose Gomme”

1.3 News Releases

1.3.1 Notice of the Office of the Secretary in the Matter of Buckingham Securities Corporation, David Bromberg, Norman Frydrych, Lloyd Bruce and Miller Bernstein & Partners LLP

FOR IMMEDIATE RELEASE
May 20, 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

BUCKINGHAM SECURITIES CORPORATION,
DAVID BROMBERG, NORMAN FRYDRYCH,
LLOYD BRUCE AND
MILLER BERNSTEIN & PARTNERS LLP
(formerly known as Miller Bernstein & Partners)

TORONTO – A Hearing in this matter is adjourned to Wednesday, July 21, 2004 at 9:30 a.m. A copy of the Order 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)

1.3.2 OSC Issues Management Cease Trade Order against Alliance Atlantis Communications Inc. Insiders

FOR IMMEDIATE RELEASE
May 20, 2004

OSC ISSUES MANAGEMENT CEASE TRADE ORDER
AGAINST ALLIANCE ATLANTIS COMMUNICATIONS
INC. INSIDERS

TORONTO – Staff of the Ontario Securities Commission 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 Alliance Atlantis Communications Inc. in securities of Alliance Atlantis Communications Inc. cease. A hearing to continue the temporary order will be held at the offices of the Commission on June 4, 2004 commencing at 10:00 a.m.

For further information, please see the Temporary Order, Statement of Allegations and Notice of Hearing at www.osc.gov.on.ca.

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 OSC Issues Management Cease Trade Order
against Certain Insiders of Hollinger Canadian
Newspapers, Limited Partnership**

**FOR IMMEDIATE RELEASE
May 21, 2004**

**OSC ISSUES MANAGEMENT CEASE TRADE ORDER
AGAINST CERTAIN INSIDERS OF
HOLLINGER CANADIAN NEWSPAPERS, LIMITED
PARTNERSHIP**

TORONTO – Staff of the Ontario Securities Commission has today made a temporary order under paragraph 2 of subsection 127(1) and subsection 127(5) of the Ontario Securities Act that all trading by certain directors, officers and insiders of Hollinger Canadian Newspapers, Limited Partnership in securities of the Partnership cease. A hearing to continue the temporary order will be held at the offices of the Commission on June 1, 2004 commencing at 10:00 a.m.

For further information, please see the Temporary Order, Statement of Allegations and Notice of Hearing at www.osc.gov.on.ca.

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

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

1.3.4 OSC Elected to IOSCO Executive Committee

**FOR IMMEDIATE RELEASE
May 25, 2004**

OSC ELECTED TO IOSCO EXECUTIVE COMMITTEE

TORONTO – The Ontario Securities Commission was elected to the Executive Committee of the International Organization of Securities Commissions (IOSCO) at the 29th Annual IOSCO Conference held in Amman, Jordan from May 17-20. The OSC's term is for two years. The OSC will be represented on the Executive Committee by Chair David Brown, who is a Past Chair of IOSCO's Technical Committee.

"The OSC's involvement in IOSCO has long provided us with an incredible opportunity to share resources, intelligence and enforcement assistance with our global colleagues," said David Brown. "Our staff participate actively in a wide range of IOSCO committees and task forces. They have learned a lot from their peers and they have a great deal to offer. The OSC's election to the Executive Committee recognizes the contribution that OSC staff have made to the development of harmonized, internationally recognized best practices in securities regulation. We look forward to continuing the work we began during the OSC's chairmanship of the Technical Committee by making an enhanced contribution to IOSCO and international securities regulation through our membership on the Executive Committee."

At the Annual Conference, IOSCO endorsed a statement of *Principles on Client Identification and Beneficial Ownership for the Securities Industry*, which will complement the work of the Financial Action Task Force to combat money laundering. The Technical Committee published a report on *Transparency of Corporate Bond Markets*, which calls for greater access to corporate bond market trading information and enhanced market surveillance to improve price discovery mechanisms and deter market manipulation.

The Technical Committee provided updates on the work of two special Chairs' Task Forces. One Task Force is organizing IOSCO's response to recent high-profile incidents of securities fraud and market abuse. The other is developing a Code of Conduct for credit rating agencies, and expects to publish a draft Code for public comment later this summer. David Brown is a member of both Task Forces.

The Technical and Emerging Markets Committees also announced that they will initiate shortly a comprehensive Survey on Auditor Oversight as a follow-up to IOSCO's issuance of *Principles for Auditor Oversight and Independence* in 2002.

For more information about the results of the Annual Conference, see the Conference Final Communiqué at <http://www.iosco.org/news/pdf/IOSCONEWS67.pdf> and the IOSCO Technical Committee media release issued May

18, 2004 at <http://www.iosco.org/news/pdf/IOSCONEWS66.pdf>.

Background:

1. IOSCO, based in Madrid, Spain, is the primary forum for international cooperation among securities regulators and is recognized as the international standard-setter for the securities sector. IOSCO currently has 171 members from more than one hundred jurisdictions.
2. The Technical Committee is IOSCO's key policy-making body. It brings together regulators from sixteen of the larger, more developed and internationalized securities markets and operates as a working sub-committee of the Executive Committee. Its counterpart is the Emerging Markets Committee. The OSC has long been a member of, and will continue to participate, in the Technical Committee and its sub-committees. The OSC's Director of Capital Markets, Randee Pavalow, chairs the Technical Committee's Standing Committee on Market Intermediaries.
3. The Executive Committee has nineteen members: the Chairs of the Technical and Emerging Markets Committees, the Chair of each Regional Committee, one ordinary IOSCO member elected by the members each Regional Committee, and nine ordinary members elected by all ordinary members of IOSCO (sitting as the Presidents' Committee). The OSC was elected to the Executive Committee by the ordinary members of IOSCO.

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

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

1.3.5 OSC to Consider a Settlement Reached Between Staff and Michael Hersey in the Saxton Matter

**FOR IMMEDIATE RELEASE
May 25, 2004**

**ONTARIO SECURITIES COMMISSION TO
CONSIDER A SETTLEMENT REACHED BETWEEN
STAFF AND MICHAEL HERSEY
IN THE SAXTON MATTER**

TORONTO – On May 26, 2004, commencing at 11:30 a.m., the Ontario Securities Commission will convene a hearing to consider a settlement reached by Staff of the Commission and the respondent Michael Hersey. Hersey has never been registered with the Commission.

Between 1995 and 1998, various Saxton companies issued securities. The sale of such securities raised approximately \$37 million from investors. Staff allege that the distributions of the Saxton securities did not comply with Ontario securities law. Staff allege that between April 1995 and April 1996, Hersey sold in excess of \$2 million worth of the Saxton Securities to over 30 Ontario investors.

In 1996, Hersey incorporated SecurCorp Financial Inc. SecurCorp purported to be a Canadian company that owned or invested in other, largely off-shore, companies. SecurCorp offered investors high yield guaranteed investment products. Hersey sold in excess of \$700,000 worth of such securities to Ontario investors. Among other things, Staff allege that the distribution of the SecurCorp securities contravened Ontario securities law.

The terms of the settlement agreement between Staff and Hersey are confidential until approved by the Commission. Copies of the Amended Notice of Hearing and Amended Statement of Allegations of Staff of the Commission are available on the Commission's website (www.osc.gov.on.ca).

Staff has filed an Amended Notice of Hearing and Amended Statement of Allegations in the Saxton matter and an Amended Notice of Hearing and Amended Statement of Allegations in a related proceeding against Michael Tibollo, available on the Commission's website (www.osc.gov.on.ca).

For Media Inquiries: Eric Pelletier
Communications
416-595-8913

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 Uruguay Mineral Exploration Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief granted from requirement in NI 43-101 to file a current technical report not later than 30 days after issuance of a press release, provided that technical report is filed not later than 75 days after issuance of the press release and the technical report be accompanied by another news release that reconciles any material differences between the disclosure in the technical report filed and the original press release.

Ontario Statutes

National Instrument 43-101 Standards of Disclosure for Mineral Projects, ss. 4.2(4) and 9.1.

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

AND

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

AND

**IN THE MATTER OF
URUGUAY MINERAL EXPLORATION INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario and Quebec (the "Jurisdictions") has received an application from Uruguay Mineral Exploration Inc. (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Section 4.2(4) of National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") that a current technical report be filed to support information describing mineral projects on a property material to the Filer not later than 30 days after the disclosure shall not apply to the Filer;

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;

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

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

1. The Filer is a corporation governed by the *Business Corporations Act* (Yukon) with its head office in Montevideo, Uruguay.
2. The Filer is a reporting issuer under the Legislation and is not in default of any requirements of the Legislation.
3. The authorized capital of the Filer consists of an unlimited number of common shares without nominal or par value ("Common Shares"), of which 41,754,580 Common Shares are currently issued and outstanding. An aggregate of 6,132,500 Common Shares have been reserved for issuance pursuant to the Filer's incentive stock option plan, outstanding warrants and property options.
4. The Common Shares are listed and posted for trading on the TSX Venture Exchange.
5. The Filer is engaged in the acquisition, exploration and development of mineral properties in Uruguay.
6. On March 8, 2004, the Filer released its first consolidated resource statement for its Minas de Corrales Gold Project (the "March 8 Release"), which comprises the recently acquired San Gregorio mining operation and the Filer's pre-existing exploration interests in the Minas de Corrales area (collectively the "Properties").
7. The March 8 Release included the information required by NI 43-101 except for the details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves and naming the qualified person that produced the mineral reserve estimates (the "Estimate Information").
8. The Properties are material properties to the Filer. Under subsection 4.2(4) of NI 43-101, the Filer is required to file a current technical report in respect of the Properties (the "Technical Report"), to support material information contained in the

March 8 Release which described changes in mineral resources which constituted a material change in respect of the affairs of the Filer, not later than 30 days after such disclosure.

9. The Filer issued a news release on April 7, 2004 which:
 - i. announced the time delay in filing the Technical Report, and provided the Estimate Information; and
 - ii. stated that the Filer had applied for relief from the Decision Maker to extend the time for filing the Technical Report by an additional 45 days.
10. The Filer has retained Bruce Evans P. Geol, an independent qualified person as defined in NI 43-101 ("IQP"), to prepare the Technical Report.
11. The Filer will not be able to file the Technical Report to support the disclosure in the March 8 Release, within the 30 day time period required by NI 43-101.
12. Additional time is required to prepare the Technical Report as:
 - a. the Properties are in Uruguay, a country with limited services when compared to Canada. As such, completing certain activities recommended by the IQP takes much longer.
 - b. the IQP has requested certain validating assay checks to be performed in Laboratories outside Uruguay. This process itself is lengthy as it involves transporting samples across national borders with attendant delays in quarantine, customs etc.
 - c. the assessment by the IQP is complicated by the fact that the Filer purchased an existing operation whose reserves were exhausted, and the Filer has subsequently augmented those reserves by an aggressive drilling campaign, both on its own ground, and on the recently acquired ground. Because the mill is in continuous production, this means that the assessed resources are constantly changing, making the task of the IQP unusually complicated.
 - d. the IQP needs to make a site visit, which with the internal travel required, will take at least one week.

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

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

THE DECISION of the Decision Maker under the Legislation is that, effective April 7, 2004, the requirement contained in NI 43-101 that a technical report be filed to support information in the March 8 Release not later than 30 days after the disclosure shall not apply to the Filer, provided that:

- a. the Filer prepares and files the Technical Report not later than 75 days after the issuance of the March 8 Release; and
- b. the Technical Report be accompanied by another news release that reconciles any material differences between the disclosure in the Technical Report filed and the disclosure in the March 8 Release.

April 16, 2004.

"Agnes Lau"

2.1.2 SynX Pharma Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

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

May 18, 2004

Matthew Dooley
Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Dear Mr. Dooley,

**Re: SynX Pharma Inc. (the “Applicant”) –
Application to Cease to be a Reporting Issuer
under the securities legislation of Ontario and
Alberta (the “Jurisdictions”)**

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

As the Applicant has represented to the Decision Makers that,

- the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
- no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;
- the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
- the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

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

“Cameron McInnis”

2.1.3 ClaringtonFunds Inc. - MRRS Decision

Headnote

Exemption from the requirement to deliver a renewal prospectus annually to mutual fund investors purchasing units pursuant to pre-authorized investment plans, subject to certain conditions.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5., as am, s. 71 and s. 147.

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

AND

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

AND

**IN THE MATTER OF
CLARINGTONFUNDS INC. (THE “MANAGER”)**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut (the "Jurisdictions") has received an application for a decision on behalf of the publicly offered mutual funds that are managed from time to time by the Manager or an affiliate of the Manager (the "Funds") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement in the Legislation to deliver the latest prospectus and any amendment to the prospectus together with the right not to be bound by an agreement of purchase and sale (the "Delivery Requirement") not apply in respect of a purchase and sale of securities of the Funds pursuant to a pre-authorized investment plan, including employee purchase plans, capital accumulation plans, or any other contract or arrangement for the purchase of a specified amount of securities on a regularly scheduled basis (an "Investment Plan");

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

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

AND WHEREAS the Manager has represented to the Decision Makers (with respect to itself and the Funds that it, or one of its affiliates, manages) that:

- (a) The Funds are, or will be, reporting issuers in one or more of the Jurisdictions. Securities of the Funds are, or will be, offered for sale on a continuous basis pursuant to a simplified prospectus.
- (b) Securities of each of the Funds are or will be distributed through broker dealers or mutual fund dealers ("Distributors") that may or may not be affiliated with the Manager of the Fund.
- (c) Each of the Funds may offer investors the opportunity to invest in a Fund on a regular or periodic basis pursuant to an Investment Plan.
- (d) Under the terms of an Investment Plan, an investor instructs a Distributor to accept additional contributions on a pre-determined frequency and/or periodic basis and to apply such contributions on each scheduled investment date to additional investments in specified Funds (which instructions may be amended from time to time). The investor authorizes a Distributor to debit a specified account or otherwise makes funds available in the amount of the additional contributions. An investor may terminate the instructions, at any time.
- (e) An investor who establishes an Investment Plan (a "Participant") receives a copy of the current simplified prospectus relating to the Funds at the time an Investment Plan is established.
- (f) Pursuant to the Legislation, a Distributor not acting as agent of the purchaser, who receives an order or subscription for a security of a Fund offered in a distribution to which the Delivery Requirement applies, must, unless it has previously done so, send by prepaid mail or deliver to the purchaser the latest prospectus and any amendment to the prospectus filed either before entering into an agreement of purchase and sale resulting from the order or subscription or not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays, after entering into such agreement.

- (g) Pursuant to the Legislation, an agreement referred to in paragraph (f) is not binding on the purchaser if a Distributor receives notice of the intention of the purchaser not to be bound by the agreement of purchase and sale within a specified time period.
- (h) The terms of an Investment Plan are such that an investor can terminate the instructions to the Distributor at any time. Therefore, there is no agreement of purchase and sale until a scheduled investment date arrives and the instructions have not been terminated. At this point the securities are purchased.
- (i) A Distributor not acting as agent for the applicable investor is required pursuant to the Legislation to mail or deliver to all Participants who purchase securities of Funds pursuant to an Investment Plan, the current simplified prospectus of the applicable Funds at the time the investor enters into the Investment Plan and thereafter, any new prospectus or amendment thereto (a "Renewal Prospectus") filed pursuant to the Legislation.
- (j) There is significant cost involved in the annual printing and mailing or delivery of the Renewal Prospectus to Participants. The annual cost of production of a Renewal Prospectus is borne by the applicable Fund. In addition, mailing costs are incurred.
- (k) Securityholders of the Funds who are currently Participants would be sent notice (the "Notice") advising them:
 - (i) of the terms of the relief and that Participants will not receive any Renewal Prospectus of the applicable Funds, unless they request it;
 - (ii) that they may request the Renewal Prospectus by calling a toll-free phone number, by email or by fax, and the Manager will send the Renewal Prospectus to any Participant that requests it. Participants will receive with the Notice a request form (the "Request Form") under which the Participant may request, at no cost to the Participant, to receive the Renewal Prospectus;

- (iii) that the Renewal Prospectus and any amendments thereto may be found either on the SEDAR website or on the applicable Fund's website;
 - (iv) that they can subsequently request the current Renewal Prospectus and any amendments thereto by contacting the applicable Distributor and will provide a toll-free telephone number for this purpose;
 - (v) that they will not have a right to withdraw (a "Withdrawal Right") from an agreement of purchase and sale in respect of purchase pursuant to an Investment Plan, but that they will have a right (a "Misrepresentation Right") of action for damages or rescission in the event the Renewal Prospectus contains a misrepresentation, whether or not they request the Renewal Prospectus; and
 - (vi) that they will continue to have the right to terminate the Investment Plan at any time before a scheduled investment date.
- (l) Future investors who choose to become Participants and invest in any Funds in respect of which the relief hereby sought applies will be advised:
- (i) in the documents they receive in respect of their participation in the Investment Plan or in the simplified prospectus of the Funds (in the section of the prospectus that describes the Investment Plan) of the terms of the relief and that Participants will not receive a Renewal Prospectus unless they request it at the time they decide to enrol in the Investment Plan or subsequently request it from the applicable Distributor;
 - (ii) that a Renewal Prospectus and any amendments thereto may be found either on the SEDAR website or on the Fund's website;
 - (iii) that they will not have a Withdrawal Right in respect of purchases pursuant to an Investment Plan, other than in respect of the initial purchase and sale, but they will have a Misrepresentation Right, whether or not they request the Renewal Prospectus; and
- (iv) that they will have the right to terminate the Investment Plan at any time before a scheduled investment date.
 - (m) Participants will also be advised annually in writing (in an account statement sent by the Distributor or otherwise) how they can request the current Renewal Prospectus and any amendments thereto and that they have a Misrepresentation Right.

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 Funds and the Distributors are not required to comply with the Delivery Requirement in respect of purchases and sales of securities of the Funds to Participants who purchase the securities pursuant to an Investment Plan which is in existence on the date of this decision provided that:

- (i) Participants who are current securityholders of the Funds are sent the Notice described in paragraph (k) above containing the information described in paragraph (k) above, together with the Request form referred to in Paragraph (k) above;
- (ii) under the terms of the Investment Plan, a Participant can terminate participation in the Investment Plan at any time;
- (iii) Participants are advised annually in writing (in an account statement sent by the Distributor or otherwise) how they can request the current Renewal Prospectus and any amendments thereto and that they have a Misrepresentation Right; and
- (iv) the Misrepresentation Right in the Legislation of a Jurisdiction is maintained in respect of a Participant whether or not a Renewal Prospectus is requested or received.

AND THE DECISION of the Decision Makers pursuant to the Legislation is that the Funds and the Distributors are not required after the date of the applicable next Renewal Prospectus to comply with the Delivery Requirement in respect of purchases and sales of securities of the Funds to Participants who purchase the securities pursuant to an Investment Plan which is established after the date of this decision provided that:

- (i) Participants are advised, in the simplified prospectus of the applicable Funds or in the documents they receive in respect of their participation in the Investment Plan, of the information described in paragraph (l) above;
- (ii) under the terms of the Investment Plan, a Participant can terminate participation in the Investment Plan at any time;
- (iii) Participants are advised annually in writing (in an account statement sent by the Distributors or otherwise) how they can request the current Renewal Prospectus and any amendments thereto and that they have a Misrepresentation Right; and
- (iv) the Misrepresentation Right in the Legislation of a Jurisdiction is maintained in respect of a Participant whether or not a Renewal Prospectus is requested or received.

THE DECISION, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule dealing with the Delivery Requirement.

May 19, 2004.

“Paul M. Moore”

“Paul K. Bates”

2.1.4 Mansfield Trust/Fiducie Mansfield - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Issuer of asset-backed securities previously granted an exemption from the requirements to file financial statements, MD&A and AIFs – issuer granted an exemption from the requirement under Multilateral Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings to file interim certificates for the 2004 financial year.

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
MANSFIELD TRUST/FIDUCIE MANSFIELD**

MRRS DECISION DOCUMENT

WHEREAS pursuant to an MRRS decision document dated November 28, 2001, as amended by an MRRS decision document dated July 7, 2003 (the “Previous Decision”), Mansfield Trust/Fiducie Mansfield (the “Issuer”) is exempted, on certain terms and conditions, from the requirements of the securities legislation in the jurisdictions of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador (the local securities regulatory authority or regulator in each such jurisdiction, collectively, the “Previous Decision Makers”) concerning, *inter alia*, the preparation, filing and delivery of interim and annual financial statements (“Financial Statements”);

AND WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Newfoundland and Labrador, the Northwest Territories and Nunavut (collectively, the “Jurisdictions”) has received an application from the Issuer for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that the provisions of Multilateral Instrument 52-109 - Certification of Disclosure in Issuers’ Annual and Interim Filings (“MI 52-109”) concerning the filing of interim

certificates (“Interim Certificates”) shall not apply to the Issuer in respect of the 2004 financial year of the Issuer;

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 the Issuer has represented to the Decision Makers that:

1. The Issuer is a special purpose trust which was established by The Trust Company of Bank of Montreal (the “Issuer Trustee”) under the laws of the Province of Ontario pursuant to a declaration of trust dated as of May 24, 2001, the beneficiary of which is a registered charity. The only security holders of the Issuer are and will be the holders (the “Certificateholders”) of its asset-backed securities (“Certificates”).
2. The Issuer Trustee is located in Toronto, Ontario and the head office of Sun Life Assurance Company of Canada, the administrative agent of the Issuer, is located in Toronto, Ontario.
3. The financial year-end of the Issuer is December 31.
4. The Issuer filed a short form prospectus (the “Prospectus”) dated July 17, 2001 with each of the Canadian provincial securities regulatory authorities for the issuance of approximately \$253,300,000 aggregate principal amount of Commercial Mortgage Pass-Through Certificates, Series 2001-1 (the “Issued Certificates”) and received receipts for the Prospectus from each of the Canadian provincial securities regulatory authorities.
5. The Issuer is a reporting issuer, or the equivalent, in each of the provinces and territories of Canada that provides for a reporting issuer regime and to its knowledge is currently not in default of any applicable requirements under the securities legislation thereunder.
6. The Issuer does not carry on any activities other than issuing Certificates and purchasing assets in connection thereto (the “Assets”).
7. The Issuer has no material assets or liabilities other than its rights and obligations arising from acquiring Assets and in respect of the Issued Certificates.
8. The Issuer has no officers.
9. The Issuer will file a notice with the applicable securities regulatory authorities or regulators pursuant to section 13(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.
10. For each offering of Certificates, the Issuer and, among others, the master servicer (the “Master Servicer”) for all of the Assets in a given pool, the special servicer (the “Special Servicer”), the custodian on behalf of all Certificateholders and a reporting agent (the “Reporting Agent”) enter into a pooling and servicing agreement (the “Pooling and Servicing Agreement”) providing for, among other things, the preparation by the Master Servicer, Special Servicer and the Reporting Agent of periodic reports (the “Reports”) to Certificateholders containing financial and other information in respect of the applicable pool of Assets and Certificates.
11. Pursuant to the Pooling and Servicing Agreement and as disclosed in the Prospectus, the Reports are prepared by the Reporting Agent based solely on information provided by the Master Servicer and Special Servicer.
12. Pursuant to the Pooling and Servicing Agreement in respect of the Issued Certificates and as contemplated in the Previous Decision:
 - (a) the Master Servicer shall deliver annually a statement of compliance (the “Compliance Certificate”) signed by a senior officer of each applicable Master Servicer or other party acting in a similar capacity on behalf of the Issuer for the applicable pool of Assets, certifying that the Master Servicer or such other party acting in a similar capacity has fulfilled all of its obligations under the related Pooling and Servicing Agreement during the year or, if there has been a default, specifying each such default and the status thereof; and
 - (b) the Master Servicer shall obtain annually an accountants’ report (the “Accountants’ Reports”) in form and content acceptable to the Previous Decision Makers prepared by a firm of independent public or chartered accountants acceptable to the Previous Decision Makers respecting compliance by the Master Servicer (or such other party acting in a similar capacity) with the Uniform Single Attestation Program (USAP) (except that the Master Servicer does not have to have in effect a fidelity bond and errors and omissions policy required under Article VII of the USAP so long as it

maintains a minimum rating of "A" (or its equivalent) from prescribed rating organizations) or such other servicing standard acceptable to the Previous Decision Makers.

13. Sections 3.1 and 5.2 of MI 52-109 require the Issuer to file, in respect of the interim periods of its 2004 financial year, the Interim Certificates in Form 52-109FT2.
14. Form 52-109FT2 requires the certifying officer to certify as follows:
 - (a) he or she has reviewed the interim filings (as defined in MI 52-109) of the Issuer for the applicable interim period;
 - (b) based on his or her knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings; and
 - (c) based on his or her knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer, as of the date and for the periods presented in the interim filings.
15. "Interim filings" is defined in MI 52-109 to include interim financial statements filed under provincial and territorial securities legislation.
16. The applicable individuals acting in the capacity of officers of the Issuer cannot sign the Interim Certificates, and thus the Issuer cannot file them, because the Issuer does not file Financial Statements pursuant to the relief granted under the Previous Decision.
17. The applicable individuals acting in the capacity of officers of the Issuer are unable to certify in respect of the Reports because, as stated above and pursuant to the Pooling and Servicing Agreement, the Issuer and its officers do not in any way participate in the preparation of the Reports.
18. The Compliance Certificate and Accountants' Report provide assurance to Certificateholders in respect of the accuracy of the Reports.

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 Issuer is exempted from the requirements of MI 52-109 concerning the filing of Interim Certificates in respect of the 2004 financial year of the Issuer, provided that the Issuer is not required to prepare, file and deliver Financial Statements under the securities legislation of the Jurisdictions, whether pursuant to exemptive relief, or otherwise.

May 12, 2004.

"Erez Blumberger"

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

**2.1.5 Royal Bank of Canada and RBC Capital Trust
- MRRS Decision**

with the Decision Makers under section 3.1 of MI 52-109;

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
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
ROYAL BANK OF CANADA AND RBC 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 Royal Bank of Canada (the "Bank") and RBC 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")

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 8, 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 14, 2004.

"Erez Blumberger"

2.1.6 The Bank of Nova Scotia and BNS 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 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
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 BANK OF NOVA SCOTIA AND
BNS 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 Bank of Nova Scotia (the "Bank") and BNS 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 11, 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 14, 2004.

"Erez Blumberger"

2.1.7 Devon Canada Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Application - Exemption from all of the requirements of NI 51-101 granted to a reporting issuer that is a "credit support issuer" as defined in subsection 13.4(1) of NI 51-102 ("Credit Support Issuer") and meets the requirements and conditions set out in the "credit support issuer exemption" under subsection 13.4(2) of NI 51-102 (the "Credit Support Issuer Exemption"). Relief is on the condition that the issuer remains a Credit Support Issuer and is in compliance with the requirements and conditions set out in the Credit Support Issuer Exemption.

Applicable National Instrument

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities – s. 8.1(1).

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

AND

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

AND

**IN THE MATTER OF
DEVON ENERGY CORPORATION AND
DEVON CANADA 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, Nova Scotia, New Brunswick, and Newfoundland and Labrador (the "Jurisdictions") has received an application from Devon Canada Corporation ("Devon Canada") for a decision under the securities legislation of the jurisdictions (the "Legislation") that Devon Canada be exempted from the requirements of National Instrument 51-101 *Standards Of Disclosure For Oil And Gas Activities* ("NI 51-101");
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 Appendix 1 of Companion Policy 51-101CP;

4. AND WHEREAS Devon Canada has represented to the Decision Makers that:
 - 4.1 Devon Canada's head office is in Calgary, Alberta;
 - 4.2 Devon Canada is a reporting issuer or equivalent in each of the Jurisdictions and Québec;
 - 4.3 Devon Energy Corporation ("Devon")
 - 4.3.1 is a corporation organized and subsisting under the laws of the State of Oklahoma;
 - 4.3.2 has securities registered under the 1934 Act; and
 - 4.3.3 is a reporting issuer in Québec;
 - 4.4 as at February 29, 2004, Devon had outstanding
 - 4.4.1 237,953,429 shares of common stock (the "Devon Shares"); and
 - 4.4.2 1,473,409 exchangeable shares (the "Exchangeable Shares") of Devon's subsidiary, Northstar Energy Corporation, which are exchangeable on a one-to-one basis for Devon Shares;
 - 4.5 the Devon Shares are listed on the American Stock Exchange and trade under the symbol "DVN" and the Exchangeable Shares are listed on the Toronto Stock Exchange and trade under the symbol "NSX";
 - 4.6 on September 6, 2001 Devon Acquisition Corporation ("DAC"), an indirect subsidiary of Devon, made a formal take-over bid to acquire all of the common shares of Anderson Exploration Ltd. (now Devon Canada) (the "Acquisition");
 - 4.7 on October 15, 2001, DAC took up and paid for all of the common shares tendered under the Acquisition and on October 17, 2001 acquired the balance of the common shares of Devon Canada pursuant to the compulsory acquisition provisions of the *Canada Business Corporations Act*;
 - 4.8 upon completion of the Acquisition, Devon Canada had outstanding Cdn. \$175,000,000 of 7.250% notes maturing

- July 18, 2005, Cdn. \$200,000,000 of 6.55% notes maturing of August 2, 2006 and U.S. \$400,000,000 of 6.75% notes maturing March 15, 2011 (collectively, the "Notes");
- 4.9 in 2002 Devon Canada terminated its reporting obligations under the 1934 Act and has no further filing obligations under the 1934 Act;
- 4.10 a search of beneficial holders of Notes conducted on May 11, 2004 by CDS, indicated that there were 17 beneficial holders of Notes resident in Canada;
- 4.11 the Notes were not listed on any marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
- 4.12 effective April 14, 2004, Devon unconditionally guaranteed all principal, interest and other amounts owing under the Notes;
- 4.13 Devon prepares disclosure about its oil and gas activities on a consolidated basis in accordance with the requirements of the 1933 Act, the 1934 Act and the rules of the SEC;
- 4.14 Devon Canada is exempt from the requirements of National Instrument 51-102 *Continuous Disclosure Requirements* ("NI-51-102") as
- 4.14.1 it is a "credit support issuer" as set out in subsection 13.4(1) of NI 51-102 (a "Credit Support Issuer"); and
- 4.14.2 it meets the requirements and conditions set out in subsection 13.4(2) of NI 51-102 (the "Credit Support Issuer Exemption");
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 Maker with the jurisdiction to make the Decision has been met;
7. THE DECISION of the Decision Makers pursuant to the Legislation is that NI 51-101 shall not apply to Devon Canada for so long as it is a Credit Support Issuer and is in compliance with the requirements and conditions set out in the Credit Support Issuer Exemption.
- May 21, 2004.
- "Glenda A. Campbell" "Stephen R. Murison"

2.2 Orders

2.2.1 Buckingham Securities Corporation et al.
- s. 127

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

AND

BUCKINGHAM SECURITIES CORPORATION,
DAVID BROMBERG, NORMAN FRYDRYCH, LLOYD
BRUCE AND MILLER BERNSTEIN & PARTNERS LLP
(formerly known as Miller Bernstein & Partners)

ORDER
(Subsection 127)

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

AND WHEREAS on the 20th day of July, 2001 the Commission ordered, among other things, pursuant to subsection 127(7) of the Act that the Temporary Order be extended until the hearing is concluded;

AND WHEREAS a Notice of Hearing and related Statement of Allegations was issued on the 15th day of April 2004 ("Notice of Hearing") in respect of the respondents, Buckingham Securities Corporation ("Buckingham"), David Bromberg ("Bromberg"), Norman Frydrych ("Frydrych"), Lloyd Bruce ("Bruce") and Miller Bernstein & Partners LLP (formerly known as Miller Bernstein & Partners) ("Miller Bernstein");

AND WHEREAS by Order of the Commission dated April 20, 2004 the Commission approved a settlement agreement between Bromberg and Staff of the Commission in respect of the Notice of Hearing;

AND WHEREAS Staff of the Commission and the respondents Buckingham, Bruce, Frydrych and Miller Bernstein have jointly requested that this matter be adjourned to Wednesday July 21, 2004 at 9:30 a.m., or as soon thereafter as a panel may be constituted;

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

IT IS ORDERED THAT this matter be adjourned to Wednesday July 21, 2004 at 9:30 a.m., or as soon thereafter as a panel may be constituted.

May 19, 2004.

"Paul Moore"

2.2.2 Certain Directors, Officers and Insiders of Alliance Atlantis Communications 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
BRAD ALLES, ATCAN INVESTMENTS (1998) INC.,
SUSAN BERGER, NORM BOLEN, KATHLEEN BROWN,
ANDREW CALLUM, PENNY COLLENETTE, HEATHER
CONWAY, KIERAN CORRIGAN, PIERRE DESROCHES,
JANET EASTWOOD, CHRISTINE ELTON, HAROLD
GORDON, ANTHONY GRIFFITHS, ELLIS JACOB,
JAZWOOD LTD., ALLEN KARP, DAVID KASSIE,
NELSON KUO-LEE, DOUG KNIGHT, PAUL LABERGE,
VICTOR LOEWY, TONY LONG, MICHAEL MACMILLAN,
XAVIER MARCHAND, JUDSON MARTIN, SEATON
MCLEAN, RITA MIDDLETON, MARGOT NORTHEY,
STEVEN ORD, BARRY REITER, EDWARD RILEY,
LEONARD ROSMAN, JOHN ROSS, JAMES SHERRY,
DONALD SOBEY, STAMPACO HOLDINGS INC.,
ANNEMARIE SULATYCKY, PETER SUSSMAN,
PATRICE THEROUX, EDWARD WAITZER, ANDREA
WOOD AND PHYLLIS YAFFE**

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

WHEREAS Alliance Atlantis Communications Inc. ("Alliance") is a reporting issuer in the Province of Ontario.

AND WHEREAS each of Brad Alles, Atcan Investments (1998) Inc., Susan Berger, Norm Bolen, Kathleen Brown, Andrew Callum, Penny Collette, Heather Conway, Kieran Corrigan, Pierre DesRoches, Janet Eastwood, Christine Elton, Harold Gordon, Anthony Griffiths, Ellis Jacob, Jazwood Ltd., Allen Karp, David Kassie, Nelson Kuo-Lee, Doug Knight, Paul Laberge, Victor Loewy, Tony Long, Michael MacMillan, Xavier Marchand, Judson Martin, Seaton McLean, Rita Middleton, Margot Northey, Steven Ord, Barry Reiter, Edward Riley, Leonard Rosman, John Ross, James Sherry, Donald Sobey, Stampaco Holdings Inc., Annemarie Sulatycky, Peter Sussman, Patrice Theroux, Edward Waitzer, Andrea Wood, Phyllis Yaffe (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 Alliance, a director, officer or insider of Alliance and during that time had, or may have had, access to material information with respect to Alliance that has not been generally disclosed.

AND WHEREAS Alliance failed to file its audited annual statements for the year ended December 31, 2003 and interim statements for the three-month period ended March 31, 2004 as required under Ontario securities law and has not filed such statements as of the date of the order.

AND WHEREAS the Director is of the opinion that it is in the public interest that the Respondents cease trading in the securities of Alliance;

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 under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act that, effective immediately, all direct or indirect trading by the Respondents in the securities of Alliance cease for a period of 15 days from the date of this order;

May 20, 2004.

"John Hughes"

2.2.3 Wizard Trading, Inc. - s. 80 of the CFA

Headnote

Subsection 80 of the Commodity Futures Act (Ontario) – relief from the requirements of subsection 22(1)(b) of the CFA in respect of advising certain non-Canadian mutual funds related to commodity futures contracts and options traded on commodity futures exchanges outside Canada and cleared through clearing corporations outside Canada subject to certain terms and conditions.

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

AND

**IN THE MATTER OF
WIZARD TRADING, INC.**

**ORDER
(Section 80)**

UPON the application (the “Application”) of Wizard Trading, Inc. (the “Adviser”) to the Ontario Securities Commission (the “Commission”) for an order, pursuant to section 80 of the CFA, that the Adviser and its officers are exempt from the requirements of paragraph 22(1)(b) of the CFA in respect of advising a non-Canadian fund with regard to trades in commodity futures contracts and options traded on commodity futures exchanges primarily outside Canada and cleared through clearing corporations primarily outside Canada (the “Proposed Advisory Business”);

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

AND UPON the Adviser having represented to the Commission that:

1. The Adviser is a corporation organized under the laws of the state of Indiana.
2. The Adviser is not registered under the CFA as either an adviser or dealer.
3. The Adviser is registered as a commodity trading advisor/commodity pool operator with the U.S. Commodity Futures Trading Commission (the “CFTC”) and is a member of the U.S. National Futures Association (the “NFA”).
4. The Adviser serves as managing member of and/or advisor to Wizard Capital, LLC, a non Canadian mutual fund (the “Fund”).
5. 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 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 *Securities Act*, Ontario (the “OSA”) for acting as an adviser (as defined in the OSA) in respect of securities that is provided under section 7.10 (Privately Placed Funds Offered Primarily Abroad) of Rule 35-502 - *Privately Placed Funds Offered Primarily Abroad* (the “Non-Resident Advisor Rule”).

6. As would be required under the Non-Resident Advisor Rule, the Fund is and will be non-Canadian and the securities of the Fund will be:
 - (a) primarily offered outside of Canada;
 - (b) only distributed in Ontario through one or more registrants under the OSA; and
 - (c) distributed in Ontario in reliance upon an exemption from the prospectus requirements under the OSA.
7. Prospective investors who are Ontario residents will receive a notice that includes:
 - (a) a statement that there may be difficulty in enforcing legal rights against the Adviser because it is resident outside of Canada and all or substantially all of its assets are situated outside Canada; and
 - (b) a statement that the Adviser is not registered with or licensed by any securities regulatory authority in Ontario under the CFA and accordingly, the protections available to clients of a registered advisor will not be available to purchasers of the Fund.

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

IT IS ORDERED, pursuant to section 80 of the CFA, that the Adviser is not subject to the requirements of paragraph 22(1)(b) of the CFA, in respect of the Proposed Advisory Business until the date when the Fund ceases to meet the criteria of the Non-Resident Advisor Rule provided that:

- (a) the Adviser continues to be registered with the CFTC as a commodity trading advisor/commodity pool advisor and to be a member of the NFA;
- (b) the Fund invests in futures and options contracts traded on organized exchanges primarily outside of Canada and cleared through clearing corporations located primarily outside of Canada, and in securities primarily outside of Canada;

- (c) prospective investors who are Ontario residents will receive a written notice that includes:
- (i) a statement that there may be difficulty in enforcing legal rights against the Advisor because it is resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and
 - (ii) a statement that the Advisor is not registered with or licensed by any securities regulatory authority in Ontario under the CFA, and, accordingly, the protections available to clients of a registered adviser will not be available to purchasers of units of the Fund.
- (d) this Order shall terminate on the day that is three years after the date of the Order.

May 18, 2004.

“Susan Wolburgh-Jenah”

“Suresh Thakrar”

2.2.4 Mapleridge Management Inc. - s. 147

Headnote

Exemption for pooled funds from the requirement to file with the Commission interim financial statements under section 77(2) of the Act and comparative financial statements under section 78(1) of the Act, subject to conditions.

Statutes Cited

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

Regulations Cited

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

Rules Cited

National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR), s. 2.1(1)1.

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

AND

**IN THE MATTER OF
MAPLERIDGE MANAGEMENT INC.
AND
MAPLERIDGE CM FUND LIMITED PARTNERSHIP
MAPLERIDGE FUND LIMITED PARTNERSHIP
MAPLERIDGE TRADING FUND LIMITED PARTNERSHIP
(the “Existing Funds”)**

**ORDER
(Subsection 147 of the Act)**

UPON the application (the “Application”) of Mapleridge Management Inc. (“MMI”), the manager of the Existing Funds and other limited partnerships that are redeemable on demand or pooled funds managed by MMI or Mapleridge Capital Corporation (“MCC”) from time to time (collectively, the “Funds”), to the Ontario Securities Commission (the “Commission”) for an order pursuant to subsection 147 of the Act exempting the Funds from filing with the Commission the interim and comparative financial statements prescribed by subsections 77(2) and 78(1), respectively, of the Act;

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

AND UPON MMI having represented to the Commission that:

1. MMI is a corporation existing under the laws of Ontario with its head office in Toronto, Ontario. MMI is, or will be, the manager of the Funds.

2. MCC is the investment advisor of the Existing Funds and will be the manager or investment advisor of any future Fund. MCC is registered with the Commission as dealer in the category of limited market dealer, as an adviser in the categories of investment counsel and portfolio manager and as a commodity trading manager.
3. The Funds are, or will be, limited partnerships that are redeemable on demand or open-end mutual fund trusts established under the laws of the Province of Ontario. The Funds will not be reporting issuers in any province or territory of Canada. Units of the Funds are, or will be, distributed in each of the provinces and territories of Canada without a prospectus pursuant to exemptions from the registration and prospectus delivery requirements of applicable securities legislation.
4. The Funds fit within the definition of "mutual fund in Ontario" in section 1(1) of the Act and are thus required to file with the Commission interim financial statements under section 77(2) of the Act and comparative financial statements under section 78(1) of the Act (collectively, the "Financial Statements").
5. Unitholders of the Funds receive the Financial Statements for the Funds they hold. The Financial Statements are prepared and delivered to unitholders in the form and for the periods required under the Act and the regulation or rules made thereunder (the "Regulation"). MMI and the Funds will continue to rely on subsection 94(1) of the Regulation and will omit statements of portfolio transactions from the Financial Statements (such statements from which the statement of portfolio transactions have been omitted, the "Permitted Financial Statements").
6. As required by subsection 94(1) of the Regulation, the Permitted Financial Statements will contain a statement indicating that additional information as to portfolio transactions will be provided to a Unitholder without charge on request to a specified address and,
 - (a) the omitted information shall be sent promptly and without charge to each Unitholder that requests it in compliance with the indication; and
 - (b) where a person or company requests that such omitted information be sent routinely to that Unitholder, the request shall be carried out while the information continues to be omitted from the subsequent Financial Statements until the Unitholder requests, or agrees to, termination of the arrangement or is no longer a Unitholder.

7. Section 2.1(1)1 of National Instrument 13-101 — System for Electronic Document Analysis and Retrieval (SEDAR) ("Rule 13-101") requires that every issuer required to file a document under securities legislation make its filing through SEDAR. The Financial Statements filed with the Commission thus become publicly available.

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

IT IS ORDERED by the Commission pursuant to subsection 147 of the Act that the Funds be exempt from the requirements in subsection 77(2) and 78(1) of the Act to file the Financial Statements with the Commission, provided:

- (a) The Funds will prepare and deliver to the unitholders of the Funds the Permitted Financial Statements, in the form and for the periods required under the Act and the Regulation;
- (b) The Funds will retain the Financial Statements indefinitely;
- (c) The Funds will provide the Financial Statements to the Commission or any member, employee or agent of the Commission immediately upon request of the Commission or any member, employee or agent of the Commission;
- (d) MMI will provide a list of the Funds relying on this Order to the Investment Funds Branch of the Commission on an annual basis;
- (e) Unitholders of the Funds will be notified that the Funds are exempted from the requirements in sections 77(2) and 78(1) of the Act to file the Financial Statements with the Commission;
- (f) In all other aspects, the Funds will comply with the requirements in Ontario securities law for financial statements; and
- (g) This decision, as it relates to the Commission, will terminate after the coming into force of any legislation or rule of the Commission dealing with the matters regulated by subsection 77(2) and 78(1) of the Act.

May 18, 2004.

"Susan Wolburgh Jenah"

"Suresh Thakrar"

2.2.5 Certain Directors, Officers and Insiders of Hollinger Canadian Newspapers, Limited Partnership - 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 CANADIAN NEWSPAPERS,
LIMITED PARTNERSHIP
(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 Canadian Newspapers, Limited Partnership (the "Partnership") is established under the laws of Ontario 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 the Partnership, namely September 30, 2003, a director, officer or insider of the Partnership and during that time had, or may have had, access to material information with respect to the Partnership that has not been generally disclosed.
3. On May 6, 2004, the Partnership 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 Management's Discussion & Analysis) for the year ended December 31, 2003, its interim financial statements (and related Management's Discussion & Analysis) for the three months ended March 31, 2004 or its Annual Information Form on a timely basis as prescribed by Ontario securities law.
4. The Partnership 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. The Partnership further failed to file 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.

6. An indirect wholly-owned subsidiary of Hollinger International Inc. ("HLR") is the general partner of a limited partnership which, through wholly-owned subsidiaries, holds the majority of the units of the Partnership and the general partner interest in the Partnership.
7. 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.

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 the Partnership, with the exception of any trade in securities of the Partnership 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 21, 2004.

"John Hughes"

Schedule "A"

Amiel Black, Barbara
Atkinson, Peter Y.
Babick, Donald
Black, Conrad M. (Lord)
Boulton, J. A.
Calvert, Robert G.
Colson, Daniel W.
Cowan, Charles G.
Creasey, Frederick A.
Creighton, Bruce
Dodd, J. David
Dubin, Charles
Duckworth, Claire F.
Healy, Paul B.
Hollinger Canadian Newspapers (2003) Co.
Hollinger Canadian Newspapers G.P. Inc.
Hollinger Canadian Publishing Holdings Co.
Kipnis, Mark
Lane, Peter K.
Loye, Linda
Paris, Gordon
Radler, F. David
Rohmer, Richard, OC, QC
Ross, Sherrie L.
Samila, Tatiana
Steele, Harry
Stevenson, Mark
Strother, Sarah

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Revoke
American Resource Corporation Limited	26 May 04	07 Jun 04		
Anitech Enterprises Inc.	26 May 04	07 Jun 04		
AVL Ventures Inc.	25 May 04	04 Jun 04		
Goldstake Explorations Inc.	21 May 04	02 Jun 04		
Hedman Resources Limited	25 May 04	04 Jun 04		
Hydromet Environmental Recovery Ltd.	26 May 04	07 Jun 04		
Lydia Diamond Exploration of Canada Ltd.	25 May 04	04 Jun 04		
Marine Mining Corp.	26 May 04	07 Jun 04		
Maxim Atlantic Corporation (formerly IMARK Corporation)	26 May 04	07 Jun 04		
Mississauga Teachers Retirement Village Limited Partnership	26 May 04	07 Jun 04		
Saratoga Capital Corp.	26 May 04	07 Jun 04		
Vindicator Industries Inc.	26 May 04	07 Jun 04		
World Wide Minerals Ltd.	21 May 04	02 Jun 04		25 May 04

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
AFM Hospitality Corporation	25 May 04	07 Jun 04			
Alegro Health Corp.	25 May 04	07 Jun 04			
Alliance Atlantis Communications Inc.	20 May 04	04 Jun 04			
Argus Corporation Limited	25 May 04	07 Jun 04			
Aspen Group Resources Corp.	20 May 04	02 Jun 04			
Atlantis Systems Corp.	25 May 04	07 Jun 04			
Cabletel Communications Corp.	25 May 04	07 Jun 04			
Hollinger Inc.	18 May 04	01 Jun 04			
Hollinger International Inc.	18 May 04	01 Jun 04			
McWatters Mining Inc.	26 May 04	08 Jun 04			
Nortel Networks Corporation	17 May 04	31 May 04			
Nortel Networks Limited	17 May 04	31 May 04			

Chapter 6

Request for Comments

6.1.1 Notice and Request for Comment - Changes to Proposed National Instrument 81-106 Investment Fund Continuous Disclosure, Form 81-106F1 and Companion Policy 81-106CP Investment Fund Continuous Disclosure (Second Publication) and Related Amendments

NOTICE AND REQUEST FOR COMMENT

CHANGES TO PROPOSED NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*, FORM 81-106F1 AND COMPANION POLICY 81-106CP *INVESTMENT FUND CONTINUOUS DISCLOSURE* (SECOND PUBLICATION) AND RELATED AMENDMENTS

Introduction

We, the Canadian Securities Administrators (CSA), are publishing for comment revised versions of proposed National Instrument 81-106 *Investment Fund Continuous Disclosure* (the Rule), Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* (the Form) and the Companion Policy 81-106CP *Investment Fund Continuous Disclosure* (the Policy). The Rule and the Form are together referred to as the Instrument.

We are also publishing for comment:

- changes to proposed amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, Form 81-101F1 *Contents of Simplified Prospectus*, Form 81-101F2 *Contents of Annual Information Form*, and Companion Policy 81-101CP *Mutual Fund Prospectus Disclosure* (second publication);
- changes to Proposed Amendments to National Instrument 81-102 *Mutual Funds* and Companion Policy 81-102CP *Mutual Funds* (second publication);
- changes to proposed amendments to National Instrument 13-101 *System For Electronic Document Analysis and Retrieval (SEDAR)* (second publication);
- proposed amendments to National Instrument 51-102 *Continuous Disclosure Obligations*;
- proposed amendments to National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;
- proposed amendments to Multilateral Instrument 81-104 *Commodity Pools*;
- proposed revocation of National Instrument 54-102 *Interim Financial Statement & Report Exemption*;
- proposed rescission of National Policy 27 *Canadian Generally Accepted Accounting Principles*, National Policy 31 *Change of Auditor of a Reporting Issuer*, National Policy 50 *Reservations in an Auditor's Report*, and National Policy 51 *Changes in the Ending Date of a Financial Year and in Reporting Status*; and
- in some jurisdictions, certain local amendments.

The Instrument is expected to be adopted as a rule in each of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia, as a commission regulation in Saskatchewan and Quebec, and as a policy in all other jurisdictions represented by the CSA.

Background

On September 20, 2002, we published for comment the first version of the Instrument and Policy (the 2002 Proposal). For additional background information on the 2002 Proposal, as well as a detailed summary of its contents, please refer to the notice that was published with those versions.

Substance and Purpose

The Rule will:

- harmonize continuous disclosure (CD) requirements among Canadian jurisdictions;
- replace most existing local CD requirements;

The Instrument sets out the obligations of investment funds with respect to financial statements, annual information forms (AIFs) for investment funds that do not have a current prospectus, management reports of fund performance, material change reporting, information circulars, proxies and proxy solicitation, delivery obligations, proxy voting disclosure and certain other CD-related matters. The Instrument prescribes the form of the management reports.

If all necessary government approvals are obtained, we expect the Instrument to be effective on December 31, 2004. As such, the filing deadlines for financial statements, management reports of fund performance and AIFs in the Instrument will be mandatory for financial years ending on or after December 31, 2004.

In some jurisdictions, including Ontario and Quebec, the Instrument addresses certain non-reporting investment fund obligations such as financial statement requirements. Non-reporting investment funds will not have these requirements in other jurisdictions such as British Columbia, Alberta and Manitoba. The Instrument also does not address CD obligations for reporting issuers that are not investment funds. These reporting issuers are regulated by National Instrument 51-102 *Continuous Disclosure Obligations* which came into force on March 30, 2004.

Purpose and Summary of the Companion Policy

The purpose of the Policy is to assist users in understanding and applying the Instrument and to explain how we will interpret or apply certain provisions of the Instrument. It contains discussion and explanations primarily relating to:

- filing and delivery obligations under the Instrument
- the requirements for financial statements under the Instrument
- presentation of financial information
- application of Canadian GAAP
- auditors and the auditor's reports
- independent valuations
- proxy voting disclosure
- the use of plain language in documents filed under the Instrument.

Summary of Written Comments Received by the CSA

During the comment period, we received 56 submissions on the 2002 Proposal. A summary of the comments received, together with our responses, is contained in Appendix B to this notice. We also conducted a survey of investors about what kind of information they would find useful in investment fund reports. The survey results are also in Appendix B.

After reviewing the comments received and further considering the Instrument and Policy, we are proposing a number of amendments to the 2002 Proposal.

Summary of Changes to the Proposed Instrument and Policy

See Appendix A for a description of the material changes made to the 2002 Proposal.

Anticipated Costs and Benefits

We believe that the considerations set out in the notice accompanying the 2002 Proposal that justify any incremental costs of complying with the Instrument are still valid. We also believe that the revisions to the Instrument should reduce its potential incremental cost, given the decreased reporting and delivery requirements.

Related Amendments

National Amendments

Changes to the proposed amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101) are set out in Appendix C to this Notice.

Changes to the proposed amendments to National Instrument 81-102 *Mutual Funds* (NI 81-102) are set out in Appendix D to this Notice.

Changes to the proposed amendments to National Instrument 13-101 *System For Electronic Document Analysis and Retrieval (SEDAR)* (NI 13-101) are set out in Appendix E to this Notice.

The CSA is separately publishing for comment proposed amendments to Multilateral Instrument 81-104 *Commodity Pools* (MI 81-104) which are set out in Appendix F to this Notice; National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) which are set out in Appendix G to this Notice; and National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107) which are set out in Appendix H to this Notice.

The CSA is proposing to revoke National Instrument 54-102 *Interim Financial Statement & Report Exemption* (NI 54-102) when the Instrument comes into force.

The CSA is proposing to rescind National Policy 27 *Canadian Generally Accepted Accounting Principles* (NP 27), National Policy 31 *Change of Auditor of a Reporting Issuer* (NP 31), National Policy 50 *Reservations in an Auditor's Report* (NP 50), and National Policy 51 *Changes in the Ending Date of a Financial Year and in Reporting Status* (NP 51) when the Instrument comes into force.

Local Amendments

We propose to amend or repeal elements of local securities legislation and securities directions, in conjunction with the implementation of the Instrument. The provincial and territorial securities regulatory authorities may publish, or may have published, these local changes or proposed changes separately in their local jurisdictions. Any proposed consequential amendments to rules or regulations in a particular jurisdiction can be found in the version of Appendix I to this Notice published in that particular jurisdiction.

Some jurisdictions will need to implement the Instrument using a local implementing rule. Jurisdictions that must do so will separately publish the implementing rule.

Unpublished Materials

In proposing the Instrument, we have not relied on any significant unpublished study, report or other written materials.

Request for Comments

We welcome your comments on the changes to, or this version of the Instrument, the Policy and related amendments.

Please submit your comments on the Instrument, the Policy and the related amendments to NI 81-101, NI 81-102 and NI 13-101 in writing on or before July 27, 2004. Comments on the proposed amendments to MI 81-104, NI 51-102 and NI 52-107, the proposed revocation of NI 54-102, and the proposed rescission of NP 27, NP 31, NP 50 and NP 51 must be submitted in writing on or before August 26, 2004. (The comment period for local amendments or rules varies. See Appendix I as applicable.) If you are not sending your comments by email, a diskette containing the submissions (in Windows format, Word) should also be sent.

Address your submission to all of the CSA member commissions, as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission

Request for Comments

Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Registrar of Securities, Nunavut

Deliver your comments **only** to the addresses that follow. Your comments will be forwarded to the remaining CSA member jurisdictions.

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
E-mail: jstevenson@osc.gov.on.ca

Anne-Marie Beaudoin
Directrice du secrétariat
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22^e étage
Montréal, Québec
H4Z 1G3
Fax: (514) 864-6381
e-mail: consultation-en-cours@lautorite.qc.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period.

Questions

Please refer your questions to any of:

Raymond Chan
Accountant, Investment Funds
Ontario Securities Commission
Tel: (416) 593-8128
rchan@osc.gov.on.ca

Vera Nunes
Legal Counsel, Investment Funds
Ontario Securities Commission
Tel: (416) 593-2311
vnunes@osc.gov.on.ca

Irene Tsatsos
Senior Accountant, Investment Funds
Ontario Securities Commission
Tel: (416) 593-8223
itsatsos@osc.gov.on.ca

Noreen Bent
Manager and Senior Legal Counsel
British Columbia Securities Commission
Tel: (604) 899-6741
or 1-800-373-6393 (in B.C. and Alberta)
nbent@bcsc.bc.ca

Request for Comments

Christopher Birchall
Senior Securities Analyst
British Columbia Securities Commission
Tel: (604) 899-6722
or 1-800-373-6393 (in B.C. and Alberta)
cbirchall@bcsc.bc.ca

Melinda Ando
Legal Counsel
Alberta Securities Commission
Tel: (403) 297-2079
melinda.ando@seccom.ab.ca

Bob Bouchard
Director, Corporate Finance and Chief Administrative Officer
Manitoba Securities Commission
Tel: (204) 945-2555
bbouchard@gov.mb.ca

Wayne Bridgeman
Senior Analyst, Corporate Finance
Manitoba Securities Commission
Tel: (204) 945-4905
wbridgeman@gov.mb.ca

Sylvie Anctil-Bavas
Spécialiste – expertise comptable
Service de la réglementation
Autorité des marchés financiers
Tel: (514) 395-0558, poste 2402
sylvie.anctil-bavas@lautorite.qc.ca

Jean Hébert
Analyste – Produits gérés et alternatifs
Direction du marché des capitaux
Autorité des marchés financiers
Tel: (514) 395-0558, poste 4477
jean.hebert@lautorite.qc.ca

The text of the proposed Rule, Form and Policy follows or can be found elsewhere on a CSA member website.

May 28, 2004.

APPENDIX A

SUMMARY OF CHANGES TO THE PROPOSED INSTRUMENT

The Rule

Part 1 Definitions and Applications

Section 1.1

- We have removed the definitions of “fair value” and “market value” from the Instrument. Investment funds are to use the definitions of “fair value” and “market value” as set out in the CICA Handbook.
- We modified the definition of “current value” to indicate that investment funds should always use market value, but when market value is unavailable, fair value can be applied. With respect to the requirement to value restricted securities in accordance with section 13.4 of NI 81-102, we recognize that there are certain problems with this and have therefore deleted this aspect of the definition until further study is completed in the area of valuation. The Instrument also no longer specifically addresses the valuation of derivatives, which will also be included in the proposed further study of valuation issues.
- We have expanded the definition of “interim period” and added the definition of “transition year”. These changes were required as a result of the addition of change in year-end provisions to Part 2 of the Instrument.
- We have replaced the term “significant change” with “material change”, but the concept has not changed. The definition of manager in this context has been clarified to include persons acting in a similar capacity to management. Consequential amendments will be made to NI 81-102, section 1.1 definitions and to sections 5.1(g), 5.6(1)(g), 5.7(d) and 15.9(2), as well as to NI 81-102CP, to reflect these changes.
- We have added a definition of “manager” and “group scholarship plan” as a result of comments received.
- We have deleted the definition of restricted shares as the restricted share disclosure requirements in NI 51-102 no longer apply to investment funds.
- There are two definitions of “non-redeemable investment fund”. The Rule contains the definition proposed in the Uniform Securities Act (and included in NI 51-102) and the definition currently used in Ontario (which is included for consistency with other proposed changes to Ontario legislation). The two definitions are not intended to be substantively different, and we intend them to apply to the same types of issuers. We are interested in your comments on both definitions.
- Subsection 1.1 has also been revised to eliminate certain defined terms used in the Instrument that have been defined in securities legislation elsewhere as set out in subsection 1.3(2) of the Instrument. Also eliminated are certain defined terms that are no longer used in the Instrument, such as “subject securities” and “formal valuation”.

Section 1.2

- The application provisions have been modified to indicate that in some jurisdictions, the Instrument does not apply to investment funds that are non-reporting issuers.

Section 1.3

- We have removed subsections 1.3(3), (4) and (5) as “affiliates”, “subsidiaries” and “control person or company” are no longer used in the Instrument.

Sections 2.6 to 2.8

- We have added sections 2.6 to 2.8 which discuss acceptable accounting principles, acceptable auditing standards and acceptable auditors. These sections correspond to Part 3 of NI 52-107.

Part 2 Annual Financial Statements and Part 3 Interim Financial Statements (Now Part 2 – Financial Statements and Part 5 – Delivery of Financial Statements and Management Reports of Fund Performance)

Sections 2.2(1) and 3.2(1) (*now Part 5*)

- We have maintained the requirement to deliver financial statements only on request. However, we recognize that National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (NI 54-101) is difficult to implement for investment funds, so we have modified the delivery requirements. The Instrument now proposes that an investment fund will send financial statements to investors in accordance with instructions received or deemed to have been received from investors. These instructions may come from standing instructions obtained the first time an investment fund accepts a purchase order from an investor after this Instrument comes into force or from a solicitation of current investors for standing instructions as to the delivery of these documents going forward.

If the investment fund has received standing instructions, it must send an annual reminder to those securityholders indicating their current election and instructions as to how to change that election if they wish. Investment funds unable to follow this regime are required to provide their investors with a request form each year asking them which documents, if any, they wish to receive.

New Section 5.5 Web-sites

- We have also added the requirement that continuous disclosure documents be posted on an investment fund's web-site no later than the date the documents are filed to ensure that there is additional access to the financial information.

Section 2.3(1)(d) and 3.3(d) (*now 2.1 and 2.3*)

- We clarified the contents of the financial statements to require that only the statement of investment portfolio is to be included in the financial statements, not the summary of investment portfolio. The summary of investment portfolio is now part of the management report of fund performance and the requirements have been modified to include only the top 25 investments.

Section 3.3(a) (*now 2.3 (a)*)

- We amended this subsection with respect to the statement of net assets as at the end of an interim period to reflect section 1751 of the CICA Handbook.

Section 3.4 (*now 2.5*)

- The Instrument now requires that the directors of an investment fund or the manager or trustee of an investment fund approve both interim and annual financial statements rather than just reviewing the interim statements. Part 17 of NI 81-102 will be repealed.

New Sections 2.9 Change in Year End and 2.10 Change in Legal Structure

- Part 2 of the Instrument has been amended to include provisions relating to changes in year-end. Section 4.8 of NI 51-102 is now applicable to investment funds with modifications to address the investment fund issues that come out of only having six-month interim financial statements rather than quarterly statements.
- With respect to changes in corporate structure that will impact on an investment fund's continuous disclosure obligations, the Instrument now requires notice to securities authorities of any change that would have the effect of changing the continuous disclosure obligations of the investment fund.

New Section 2.11 Exemption and Requirements for Mutual Funds that are Non-Reporting Issuers

- The Rule has been changed to clarify the filing and delivery requirements of financial statements for "pooled funds" (mutual funds that are non-reporting issuers) in certain jurisdictions. The Rule continues to impose the requirement to prepare and deliver financial statements to investors of non-reporting mutual funds, but the requirement to file the financial statements has been removed.

New Section 2.12 Disclosure of Auditor Review of Interim Financial Statements

- The Rule has been amended to require interim financial statements to be accompanied by a notice if they have not been reviewed by the auditor. This requirement is consistent with subsection 4.3(3) of NI 51-102.

Part 4 Financial Disclosure Requirements and Part 7 Specific Financial Statement Requirements (Now Part 3 – Financial Disclosure Requirements)

- To reflect the fact that the Instrument applies to investment funds that are not mutual funds, disclosure requirements for short positions have been added to the various financial statements.

Subsections 4.4(4) 7 and 9 (*now 3.5(6)*)

- We removed the requirement to disclose the credit rating of the counterparty.

Section 4.4 (*now 3.5*)

- We have moved the former definition of “designation” of a security to the statement of investment portfolio and have clarified the minimum disclosure requirements for individual securities of the investment fund.
- *New* subsection 3.5(2) now establishes that disclosure of a long portfolio should be segregated from the disclosure of the short portfolio.

Section 4.5 (*now 3.3*)

- *New* item 6 clarifies the disclosure of distributions in the statement of changes in net assets. This disclosure should show, separately, distributions from net investment income, realized gains on portfolio securities and return of capital.

Sections 7.2(1) and 7.3 (*now 3.9 and 3.10*)

- We removed the requirement to disclose the counterparty.

Part 5 Annual Management Report of Fund Performance and Part 6 Quarterly Management Report of Fund Performance (Now Part 4 – Management Reports of Fund Performance)

- Investment funds that are reporting issuers are now only required to prepare and file management reports on a semi-annual basis, namely one annual and one interim report each year. This is a significant change from the quarterly reporting originally contemplated by the Instrument.

Sections 5.2 and 6.2 (*now Part 5*)

- We have maintained the requirement to deliver management reports of fund performance only on request. However, we recognize that NI 54-101 is difficult to implement for investment funds, so we have modified the delivery requirements. The delivery requirements for the management reports of fund performance are the same as for financial statements.

New Section 4.3 Filing of Annual Management Reports of Fund Performance for an Investment Fund that is a Group Scholarship Plan.

- We have modified the Instrument so that group scholarship plans will only be required to prepare and file an annual management report of fund performance and not an interim management report of fund performance.

Section 6.4 (*now 4.5*)

- The Instrument now requires that the directors of an investment fund or the manager or trustee of an investment fund approve both interim and annual management reports of fund performance rather than approving the annual reports and just reviewing the interim reports.

New Part 6 – Quarterly Portfolio Disclosure

- This Part introduces the requirement that, on a quarterly basis, investment funds, with the exception of group scholarship plans and non-reporting investment funds, prepare a summary of investment portfolio and calculate the total net asset value of the fund. This information is to be made available to investors on request. Investment funds must also post this information on their web-site within 45 days of the end of the period to which the disclosure applies. This requirement replaces the quarterly management report of fund performance. However, we are of the view that certain information should be available to investors on a more frequent basis than semi-annually. Section 7.5 of 81-101CP will be deleted.

Part 8 General Provisions (Now found in Part 3, Part 7 and Part 8)

Section 8.5 (now 3.12)

- The disclosure has been modified to provide greater detail of the information to be included in the summary of scholarships and units outstanding. The Instrument now requires the reconciliation of the total balances of the principal amounts and the accumulated income to the statement of net assets and a reconciliation of the statement of scholarship awards to the statement of operations. In addition if the plan has matured, it will have to provide a separate statement or schedule describing the educational assistance payments paid per unit to qualified beneficiaries under the plan.

Part 9 Formal Valuations (now found in Part 8 – Independent Valuations for Labour Sponsored or Venture Capital Funds)

- The determination of the independence of the valuator is now dealt with in the Policy rather than in the Instrument.
- The British Columbia Securities Commission is now proposing to participate in this part of the Instrument. After further considering the relevant provincial legislation governing labour sponsored funds in British Columbia, and assessing initiatives being considered by its Ministry of Competition, Science and Enterprise, the BCSC believes that these proposals will enhance labour sponsored fund disclosure and will provide BC investors with relevant information about their investments. The Instrument will also apply to certain venture capital corporations in British Columbia.

Part 10 Annual Information Form (now Part 9)

Section 10.1(2) (now 9.2)

- We have clarified this clause to limit the requirement to file an annual information form (AIF) under this Instrument to those investment funds which are not currently in distribution and which are not required by corporate law to hold an annual meeting of their securityholders.

New Part 10 – Proxy Voting Disclosure for Securities Held

- The Instrument now requires an investment fund to establish policies and procedures it will follow in determining whether and how to vote on any matter for which it has received proxy materials. Investment funds will now be required to disclose, in their AIF, a summary of their proxy voting policies and procedures and indicate how a complete copy of these policies can be obtained. Investment funds will also be required to maintain a proxy voting record on an annual basis and to make it available on request. After consultation with industry, we are now proposing that funds disclose 100% of their proxy votes to securityholders.

Part 13 Restricted Share Disclosure Requirements

- This part has been deleted as the restricted share disclosure requirements in NI 51-102 no longer apply to investment funds.

New Part 14 – Calculation of Net Asset Value

- The Instrument now provides guidance about the calculation of net asset value (NAV), including frequency and reporting currency. This Part clarifies that the accounting principles applied in calculating NAV must be in accordance with generally accepted accounting principles. A limited exemption (applicable in only some jurisdictions) from this requirement is proposed for labour sponsored funds that have a deferred asset relating to past sales commissions that have been paid out of fund assets. This exemption permits a labour sponsored fund to continue to defer and amortize this deferred asset until the end of the remaining amortization period. This Part provides guidance as to when portfolio and capital transactions must be reflected in the calculation of the NAV. NI 81-102, Parts 13 and 17 and 81-102CP, Part 12 will be deleted.

New Part 15 – Calculation of Management Expense Ratio

- This Part establishes the parameters as to how the management expense ratio (MER) must be calculated and what may or may not be included in this calculation for disclosure purposes. The Instrument also clarifies that if the MER is disclosed to the public, it must be calculated in accordance with this Part.

The calculation of MER has been changed (from NI 81-102) so as to *exclude* all non-optional fees, charges and expenses paid directly by investors in connection with the holding of securities of the investment fund.

Consequential amendments were made to section 13.2 of 81-101F1 and section 1.1 of NI 81-102, the definition of management expense ratio, to reflect these new requirements. Part 16 of NI 81-102 and Part 14 of 81-102CP will be deleted.

Part 15 Financial Statements – General (now Part 7 – Financial Disclosure - General)

Section 15.2(2) (now 7.2(2))

- The delivery requirement for documents requested has been changed from within three business days of receipt of request to the later of the filing deadline and 10 days after receipt of the request. This change is consistent with NI 51-102.

Part 16 Additional Filing Requirements and Part 17 Filing of Material Contracts (now Part 16)

- The section on filing of material contracts has been amended to be consistent with NI 51-102.

New Section 16.3

- The Instrument now requires an investment fund to file a report with respect to any matters voted on, following a securityholder meeting.

Part 18 Transition and Part 20 Effective Date (now Part 18 – Effective Date and Transitional)

New Sections 18.3 and 18.4

- With respect to shortening the timelines for filing, we are proposing to have a transitional year where the timelines for the annual and interim financial statements and management reports of fund performance will be 120 days after year end and 60 days after period end respectively. The AIF filing requirement will be set at 120 days after year end.

New section 18.6

- This section establishes a deadline for the revocation of all prior exemptions granted with respect to an investment fund's continuous disclosure obligations that are inconsistent with the Instrument.

The Form

Part A – Instructions and interpretation

Paragraph 5 (now paragraph (c))

- The Form no longer requires that the sections of the management reports be presented in the order outlined in the Form. The only requirement is that the stipulated headings and subheadings be used.

Part B – Content Requirements for Annual Management Report of Fund Performance

Item 1 – First Page Disclosure

- The first page disclosure has been modified to reflect changes in the Instrument. Securityholders will now be informed as to how to obtain the investment fund's proxy voting record or quarterly portfolio disclosure, in addition to the financial statements and management reports.

Item 2 – Management Discussion of Fund Performance

- We have removed the requirement to disclose changes in the results of operations of the investment fund from the previous financial year as this is being provided elsewhere. Also there will no longer be the requirement in the management reports to disclose a fund's proxy voting as this is to be provided for by other means.
- The provision of forward-looking information is now optional.

Item 3 – Financial Highlights

- In the Financial Highlights, we have now clarified that per unit values are to be calculated on the basis of the weighted average units outstanding over the financial year.

- Exchange-traded investment funds must provide their closing market price.
- The number of investments held must now be disclosed.
- Instructions have been added to provide guidance in determining the appropriate portfolio turnover rate when an investment fund acquires the assets of another investment fund in exchange for its own shares.
- We have now provided a modified table of Financial Highlights for group scholarship plans in order to provide information that is more relevant to their investors.

Item 4 – Past Performance

- The Form now requires that where an investment fund holds short portfolio positions, the bar chart should show separately the annual total returns for both long and short positions in addition to the overall total return.
- Investment funds are required to provide their best and worst returns for any six month period. A discussion of the events surrounding these best and worst periods may be included at the option of the investment fund.
- In the annual compound returns table, investment funds are now required to include a broad based securities market index and provide a discussion of the relative performance of the fund to the index. At their discretion, investment funds may also include one or more narrowly based market indices (or a blend of indices) for benchmarking purposes.
- If an investment fund holds short positions, they must show separately the annual compound returns for both the long and the short portfolio positions in addition to the overall annual compound returns.
- With respect to group scholarship plans, year by year returns and annual compound returns must now be calculated based on the group scholarship plan's total portfolio adjusted for cash flows.

Item 5 – Summary of Investment Portfolio

- In response to the comments received, we have amended the Form requirements for the summary of investment portfolio. Investment funds will now be required to disclose the top 25 long positions and the top 25 short positions held by the investment fund, expressed as a percentage of the net assets of the investment fund. We have removed the 5% threshold requirement.

Part C – Content Requirements for Interim Management Report of Fund Performance

Item 1 – First Page Disclosure

- Front page disclosure requirements have been added. Securityholders will now have to be informed of how to obtain the investment fund's proxy voting record or quarterly portfolio disclosure as well as the financial statements and management reports on the front page of the interim reports.

The Policy

- The Policy has been amended to reflect the changes to the Instrument. In particular:
 - the discussion of the interrelationship of the financial statements with Canadian GAAP has been expanded to include a discussion of the impact that the new Handbook section 1100 – Generally Accepted Accounting Principles has on investment funds;
 - guidance has been added relating to the new delivery requirements in the Instrument;
 - guidance has been added, including an appendix, to assist issuers in applying the change in year-end provisions in the Instrument;
 - a discussion of incentive arrangements has been added;
 - a discussion of the proxy voting disclosure for securities held by the investment fund has been added;
 - guidance has been provided for when the net asset value per security of the investment fund is being published;

Request for Comments

- guidance has been added to assist in the calculation of the management expense ratio.
- The Policy clarifies the application of the Instrument to group scholarship plans and pooled funds.

APPENDIX B

SUMMARY OF PUBLIC COMMENTS ON PROPOSED NATIONAL INSTRUMENT 81-106
AND COMPANION POLICY 81-106CP

AND

FINAL REPORT FOR ONTARIO SECURITIES COMMISSION DATED MAY, 2003
PREPARED BY COMPAS INC.SUMMARY OF PUBLIC COMMENTS ON
PROPOSED NATIONAL INSTRUMENT 81-106 AND COMPANION POLICY 81-106CP

Table of Contents

PART	TITLE
Part I	Background
Part II	National Instrument 81-106 <i>Investment Fund Continuous Disclosure</i> Comments in Response to Questions in Original Notice
Part III	Other Comments

Summary of Comments

Background

On September 20, 2002, the CSA published for comment National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106 or the Rule). The comment period expired on December 19, 2002. The CSA received submissions from the 56 commenters listed at the end of this table.

The CSA have considered the comments received and thank all commenters for providing their comments.

The questions contained in the CSA Notice to NI 81-106 (the original notice) and the comments received in response to them are summarized below. The item numbers below correspond to the question numbers in the original Notice. Below the comments that respond to specific questions in the original Notice, we have summarized numerous other comments on proposed NI 81-106.

The section references in this summary are to the sections in NI 81-106 as originally published.

	Comments	Responses
	Comments in response to questions in the original Notice	
	Question: Will the quarterly management reports of fund performance achieve the goals that they are intended to achieve?	
	<p>Eight commentators told us that we needed to determine how many investors would want to receive quarterly Management Reports of Fund Performance and how much detail average investors would want in such reports, bearing in mind the costs involved. Three commenters suggested that investors were currently not interested in receiving semi-annual financial statements and by extrapolation would not be interested in receiving the quarterly Management Reports of Fund Performance.</p> <p>As one commenter observed however, investor disinterest in disclosure material forwarded to them in the past may have stemmed from investors not understanding the nature of the documents that were being sent to them, the reason for the delivery of those documents and what part of those documents</p>	<p>The CSA commissioned Compas to conduct a survey of average mutual fund investors across Canada. The details of that survey follow this summary of public comments as part of Appendix B to the CSA Notice. This survey found that investors on average (68%) wanted to receive or have access to a report containing a written analysis of how their fund as a whole had done, even with due consideration to costs.</p> <p>The survey supported this comment. When investors were asked whether they were satisfied with the mutual fund reports they received, on average the investors expressed a relatively weak level of satisfaction.</p>

	Comments	Responses
	<p>pertained to their particular investment.</p>	
	<p>Two commenters stated that they did not believe that the cost benefit analysis justified the production of quarterly Management Reports of Fund Performance.</p> <p>Seventeen commenters felt that the CSA had greatly underestimated the time and cost of producing such reports. These commenters felt that the added costs of translation, printing and delivery of the management reports, aggregating fund proxy voting information for quarterly reporting outweighed the potential cost savings that would accrue from allowing investors to choose whether they wished to receive a fund's financial statements and management reports.</p> <p>Two commenters indicated that the costs associated with quarterly production of these reports would increase fund expenses and put an upward pressure on MERs.</p>	<p>The CSA believes that the costs and other restrictions on the activities of investment funds that will result from the Rule are proportionate to the goal of timely, accurate and efficient disclosure of information about investment funds. For more discussion of this, see the section entitled Summary of Rule and Anticipated Costs and Benefits in the original Notice. Furthermore, we have made a number changes to the Rule in consideration of the comments we received that we believe will reduce costs. For example, we have moved from a quarterly reporting regime to semi-annual reporting.</p> <p>We also note that larger funds already provide the portfolio holdings and the performance figures on a regular basis.</p>
	<p>Question: Should there be more or less frequent disclosure of fund performance information and why?</p>	
	<p>Five commenters argued that there was no clear evidence that investors would benefit from more frequent disclosure or any justification for requiring the delivery of quarterly reports when the interim financial statements were still filed only on a semi-annual basis. In contrast, one commenter suggested that there should be a minimum of quarterly reporting and the Management Reports of Fund Performance should be filed within 10 business days after the end of the financial quarter.</p>	<p>We recognize that "current" types of information such as financial highlights, the top 10 holdings and performance data don't belong in the prospectus disclosure, which funds update only on an annual basis and so is stale-dated for most of the year. We also believe that current investors and not just new investors should have access to this information on a regular basis.</p> <p>We also agreed with the twelve comments we received, recommending only semi-annual and annual Management Reports of Fund Performance.</p> <p>In addition to these semi-annual and annual reports, we will require funds to prepare a quarterly reporting of their portfolio holdings and their total NAV. We will not require them to file this information, but only to post it on their web site and make it available upon request.</p> <p>The Compas survey also supported a semi-annual reporting regime.</p>
	<p>Two commenters were concerned that 45 days would not be a sufficient amount of time to produce management reports if they were to be based on quarterly financial statements. A number of commenters anticipated difficulties for the publicly offered fund of funds especially where the underlying funds were not subject to the same reporting requirements or had different year-ends.</p>	<p>We believe that the move to semi-annual reporting of management reports in conjunction with the current semi-annual reporting of financial statements should partially address these comments. We are also allowing a transition period for the shortened timelines for filings. We believe that if the funds are given sufficient time by way of a transition period, they will be able to deal with most of the requirements without too much difficulty.</p>
	<p>Commentators expressed the view that quarterly Management Reports of Fund Performance might be disadvantageous to funds for a number of reasons:</p>	

	Comments	Responses
	<ul style="list-style-type: none"> • Six commenters suggested that quarterly Management Reports of Fund Performances would promote and encourage “front-running/ “free-riding” by sophisticated fund outsiders. • Four commenters stated that if the Rule caused foreign sub-advisers to make more frequent or detailed disclosure in Canada than they would in their respective local jurisdiction, they might be reluctant to advise Canadian funds. • Eleven commenters were concerned that the increased frequency of disclosure could promote an inappropriate bias towards short-term performance and market timing, with portfolio advisors’ taking inappropriate risks in order to show good quarterly performances even if those positions would be detrimental to the funds’ medium and long term performance. • Two commenters stated that this requirement for frequent disclosure by the fund manager fails to address the fact that advisors and investors are more concerned with the manager’s strategic approach, than with the short-term adjustments they make to their portfolios. <p>Two commenters felt that a quarter was too short to assess a fund’s track record.</p>	<p>This concern about abusive practices arose largely because of the quarterly disclosure of portfolio holdings proposals. We discuss this later with the comments concerning that specific issue.</p> <p>Because the United States, home jurisdiction of the majority of foreign advisers, currently requires quarterly reporting of portfolio holdings and will be requiring semi-annual shareholder reports with Management Discussion and Analysis disclosure, the CSA does not believe that this will be a material concern.</p> <p>The CSA expects fund advisors and their managers to act in the best interest of investors at all times and not be swayed by inappropriate considerations.</p> <p>The CSA believes that the Management Discussion and Analysis and much of the other disclosure provided in the Management Reports of Fund Performance is a real opportunity for funds to provide investors with greater insight into a manager’s strategic approach, as it translates in practice.</p> <p>We agree, and as stated have moved to semi-annual reporting.</p>
	Question: Should there be quarterly reporting of management reports for all investment funds?	
	<p>Commenters felt that that the CSA should exempt the following funds from the requirement to issue quarterly management reports:</p> <ul style="list-style-type: none"> • Index funds. Two commenters felt that index mutual funds that track broad, widely recognized indices do not need the same mandated level of disclosure for investors to understand their investments as would be required of active funds. The proposed disclosure regime, they state, introduces additional costs without adding any real value. • Issuers of asset-backed securities and split share and other similar products. One commenter thought that the policy rationale behind the disclosure requirements for other investment funds is not necessarily applicable to these passive flow-through vehicles. <p>Investment funds distributed in the exempt market. Four commenters thought that given that investors in these products have different continuous disclosure needs and better access to financial information than retail investors, these investors should be allowed to make investment decisions based on agreed upon, rather than imposed, continuous disclosure.</p>	<p>As one commenter stated, and we agree, many investors who invest in mutual funds also invest in a broader array of investment fund products. As a principle, the CSA believes that all investment funds have a similar reporting regime. In the Compas survey, investors indicated that what they desire is consistency, so they can compare the performance of different investment funds. The Rule only requires disclosure of material facts. This should make this reporting less burdensome.</p> <p>Some CSA members agree that investment funds that are distributed using exemptions should be treated differently than more conventional investment funds. The requirements in the rule will not apply to investment funds in these provinces, including British Columbia, Alberta, Manitoba, and Newfoundland and Labrador.</p>

	Comments	Responses
	One commenter felt that Labour Sponsored or Venture Capital Fund (LSIF) investors would not find the information mandated in the Management Reports of Fund Performance helpful because of the timing of the most investments in LSIFs, and limits on the entitlement to tax benefits associated with these investments.	While investors in LSIFs may find themselves constrained in their investment decisions because of incentives to adhere to a particular investment pattern, we don't believe this means that investors in LSIFs should not have that information available to them.
	Question: Does the proposed type of information allow an investor or an adviser to make informed investment decisions?	
	Four commenters welcomed the introduction of Management Reports Of Fund Performance, provided that the proposed amendment to NI 81-101 removes the financial highlights, top 10 holdings and performance data from the simplified prospectus.	We will make the proposed amendments to NI 81-101.
	One commenter thought the risk profile of a fund was more appropriately described in the simplified prospectus rather than a Management Report of Fund Performance, because it was unlikely that the risk profile of a fund would exhibit a significant or material change during a year.	We decided to place the risk profile discussion, and the investment objective, in the Management Reports of Fund Performance as a reminder for investors. We believe this information helps to put the commentary on performance in perspective.
	One commenter was concerned with our recommendation of a preferred length for Management Reports of Fund Performance. They noted this could result in some investment funds sacrificing significant disclosure to investors.	The preferred length is a guideline. It is not mandatory.
	One commenter thought that the financial statement disclosure, in particular, the financial highlights and summary of investment portfolio contained significant duplication and redundancy.	We have eliminated the duplication.
	<p>Two commenters suggested that we should also include the following items in the Management Reports of Fund Performance:</p> <ul style="list-style-type: none"> • A statement of investment portfolio and not just a summary of investment portfolio; • The role of a governance agency to approve financial statements prior to release; • Comparison of pre-tax returns to the applicable total return benchmark index and category quartile ratings over the performance measurement periods required by regulation; • Current and historical (5 years) brokerage commissions (ideally these would be part of MER calculation) in tabular form along with other financial metrics; • Formal explanation of any litigation or material conflict of interest breaches. This commenter's experience has been that mutual fund 	<p>This information will be provided twice a year in the financial statements.</p> <p>The Rule requires approval of financial statements prior to release. Most governance issues are dealt with in an investment fund's annual information form.</p> <p>Because most mutual funds distribute income and do not pay income tax, most funds are comparable to a benchmark index. The CSA does not believe that it is appropriate to include category quartile ratings in the Management Reports of Fund Performance because they are not standardized. Interested investors can always obtain this information from other sources.</p> <p>Brokerage commissions are disclosed in the notes to the financial statements. We do not believe that they belong in the MER.</p> <p>Litigation matters are already required by GAAP. Conflicts that directly relate to the fund manager are already disclosed in the annual information form.</p>

	Comments	Responses
	<p>companies do not disclose what actions, if any, they are taking on behalf of unitholders via moral suasion, share voting, class actions or otherwise, to recover losses due to fraud;</p> <ul style="list-style-type: none"> • Ethics policy, governance policy and share voting policies disclosed upon request; • Information on portfolio manager (such as name(s) and professional credentials and tenure with the fund), the compliance officer, governance committee members and the lead external auditor (such as names and contact information); • disclosure of the extent to which funds take into consideration social, environmental, ethical and labour rights when making investment decisions. 	<p>We will be amending the annual information form to require the disclosure of proxy voting policies. Funds must already disclose their ethics and governance policies in the annual information form.</p> <p>The annual information form already includes most of this disclosure.</p> <p>The investment objective and strategies of a fund is disclosed in the simplified prospectus and the Management Report of Fund Performance. If these issues are relevant to the fund's investment objectives, then the fund should provide this disclosure. To the extent that these issues are material considerations when making investment decisions, funds will have to determine whether disclosure is required based on that materiality.</p>
	<p>Four commenters believe that the proposed disclosure in the Management Reports of Fund Performance will be outdated by the time it reaches the investors' hands. They noted that investors could easily access the same information on a timelier manner. Sometimes for a small cost, every month, investors can have access to performance surveys, risk measures, MERs and independent commentary or independent web-sites that permit them to screen mutual funds on a variety of criteria.</p>	<p>The CSA believes that the manager should be responsible for providing this type of information and for the accuracy of such information. Investors indicated in the Compas survey that they want to receive some information from the fund manager. We would not discourage investors from also learning to utilize other sources of information as part of investor education.</p>
	<p>Four commenters were concerned that to avoid the risk of not complying with the rule, fund managers may comment on all items whether material or not resulting in a litany of useless information. They thought that the guidelines should be more general and left to the discretion of the fund managers to determine which points they would discuss in the reports.</p>	<p>We are encouraging filers to be concise and relevant in their reporting and have suggested guidelines as to the length of these reports. The threshold is based on materiality and interim reports should note only changes from the previous annual report.</p>
	<p>One commenter was concerned that some of the proposed content may well be too sophisticated even for the experienced investor.</p>	<p>The management report of fund performance was designed to provide information that is relevant and useful to investors of various levels of experience.</p>
	<p>One commenter asked the CSA to complete the initiative to amend fund of funds regulation before finalizing the Rule. Under the current rules, it was felt that it would be extremely difficult for a top fund manager to prepare a meaningful Management Report of Fund Performance.</p> <p>Four commenters raised questions with respect to the reporting requirements for funds of funds. The commenters sought guidance as to whether the level of reporting would be at the top fund level or at the level of the underlying funds. Commenters inquired</p>	<p>The fund of fund amendments are now in force.</p> <p>With respect to clone funds and branded funds, their management discussion of fund performance can refer to or copy the material of the bottom fund with financial highlights and MER etc. specific to the top fund. We have made no change to the requirements for regular fund of fund structures.</p>

	Comments	Responses
	into whether third party fund companies would be obligated to provide top funds with the required information regardless of whether or not their reporting periods coincide with that of the top fund.	
	Question: Does the Rule meet the needs of the users of the financial statements?	
	Several commenters questioned the usefulness of public filings of private mutual funds' audited financial statements. Three commenters further questioned the necessity of having those financial statements audited, and the necessity of providing interim financial statements to security-holders. They believe that these requirements should be left to the discretion of the funds. It was noted that the Business Corporation Act (Ontario) and the Canada Business Corporations Act do not require the delivery of interim statements to securityholders of corporations that are not reporting issuers, and that shareholders of such corporations may agree each year that an auditor need not be appointed.	Some jurisdictions have excluded mutual funds that are not reporting issuers (pooled funds) from the rule entirely. In other jurisdictions, pooled funds have now been excluded from the requirement to publicly file their financial statements.
	Several commenters asked the CSA to reconsider some of the proposed content of the financial statements, such as the financial highlights disclosures, for limited partnerships and hedge funds on the basis that they are only relevant for investors in conventional mutual funds.	The CSA generally considers this information to be important to all investors.. We have excluded privately held funds from this disclosure.
	Question: Does the amount of detail provided in the proposed National Instrument assist with the preparation, consistency and comparability of the financial statements? Question: Is the proposed National Instrument too detailed? Is more detail or specific direction necessary?	
	Eight commenters suggested that the details in a fund's financial statements should be based on the "materiality" concept in Canadian GAAP. Five commenters thought that proposed additional line items were not needed. One commenter reminded the CSA that the term "material" is difficult to interpret and sought further guidance.	"Materiality" in Canadian GAAP and GAAS is largely a quantitative concept. Investment funds usually tend to have one very large asset, the portfolio investments. Due to the size of this asset, other items may be considered immaterial. We believe that certain mandatory details in investment funds' financial statements are essential to ensure a more meaningful financial statement presentation and it should not be left completely to a materiality threshold. We received several comments supporting our direction. Mandatory details provide standardization, and this we believe will improve consistency and comparability between investment vehicles. The Companion Policy now includes additional guidance on the concept of "material" in the context of both the financial statements and the management reports. We have also removed the 5% threshold requirements for financial statement line items and have tried to emphasize, as much as possible, the qualitative aspect of materiality.
	One commenter stated that the comparative information should be consistent with Canadian	We have made sure that the Rule is consistent with Canadian GAAP.

	Comments	Responses
	<p>GAAP.</p> <p>Two commenters suggested that highlights be eliminated from financial statements and only appear in the management reports.</p> <p>One commenter was of the opinion that there are many deficiencies in Canadian GAAP compared to U.S. GAAP.</p>	<p>We have made this change.</p> <p>The Rule will provide clarification, based on fundamental accounting principles, for those areas where Canadian GAAP and the CICA Handbook are silent. While we will from time to time refer to U.S. GAAP for information, Canadian fund issuers will use Canadian GAAP only.</p>
	<p>One commentator suggested that the “Notes to Financial Statements” for each series or class must disclose:</p> <ul style="list-style-type: none"> • the sales charge as a percentage of the purchase amount; • the maximum management fee as a percentage of the net asset value of the class or series; • the actual management fee as a percentage of the net asset value of the class or series; • the method used to calculate the management fee; • the trailer fee paid to dealers as a percentage of the net asset value of the class or series; • the method used to calculate the trailer fee; • the incentive or performance fee paid to management as a percentage of the net asset value of the class or series; and • the method used to calculate the incentive or performance fee. 	<p>All of the suggested disclosure can be found either in the simplified prospectus, or can be determined from the content of the financial statements. For items such as the management fees and incentive fees calculations, the basis of these calculations should be disclosed in the notes to the financial statements.</p>
	<p>Six commenters thought that a Summary Statement of Investment Portfolio would be more useful, than a Statement of Investment Portfolio and that the requirement of two statements was redundant.</p>	<p>We acknowledge that there is overlap in the portfolio disclosure requirements. We have reduced much of the redundancy in our revised Rule, however, the complete statement and the summary statement are necessary, as they are in different reports, and investors may request one, but not the other.</p>
	<p><i>Question: The majority of investment funds currently prepare and file six-month interim financial statements. Should all investment funds be required to prepare and file quarterly financial statements in addition to the proposed quarterly management reports of fund performance?</i></p>	
	<p>We received several comments suggesting that investment funds should not be required to prepare and file quarterly financial statements for the following reasons:</p> <ul style="list-style-type: none"> • Section 1751 of the CICA Handbook imposes significant amount of reporting requirements for interim financial statements. 	<p>While a few commenters supported the idea of increased reporting frequency, underscoring the importance of timely delivery of information, the majority of the comments were opposed to quarterly interim financial statements. As a result we will not be proposing such requirements. We believe the introduction of the quarterly portfolio disclosures will address the issue of timely delivery of that information.</p>

	Comments	Responses
	<ul style="list-style-type: none"> • regardless whether quarterly financial statements are technically required the content of such statements would be needed for preparing and supporting quarterly management reports. • investors are not interested in receiving interim financial statements. • may not be useful or practical in longer term funds, such as labour sponsored funds and funds that have a guarantee feature after a minimum period that are similar to segregated funds. 	
	<p>One commenter questioned the practical benefits of disclosing of risk/volatility for investors as such information is backwards looking and has limited practical utility. Two commenters agreed that some disclosures of longer term risk and volatility is appropriate (e.g. One year, three and five years).</p>	<p>We believe that some disclosure of risk and volatility information is important, as an investment's return is a function of risk and volatility. As one commenter observed, information on performance as well as risk is significant for the analysis and assessment on an investment based on the risk tolerance, time horizon and other investment needs of a particular investor. We believe that it is important that there be consistent and meaningful presentation of such information if it is to serve its intended purpose.</p>
	<p>There were also those commenters who believed that the current disclosure contained in a simplified prospectus is already sufficient. Another suggested that as there was a lack of industry and academic consensus on risk and volatility disclosures, no particular disclosure should be required. Several commenters thought that any additional disclosure would only confuse investors.</p>	<p>The lack of consensus on risk and volatility disclosure is one of the reasons why we developed a minimum standard for such disclosure. One commenter suggested that there should be an industry committee created to consider and to establish a standardized approach in measuring risk and volatility for mutual funds as well as an emphasis placed on investor education. We see both of these suggestions as compatible with the direction we have taken on this issue and would encourage these initiatives.</p>
	<p>One commenter stated that any performance information such as year by year returns or annual compound returns is more useful if provided in the context of a benchmark. Without a benchmark, such disclosure could mislead investors as to the true performance of a fund.</p> <p>Another commenter supported the correlation disclosure of a fund to a benchmark index, as the commenter felt that the correlation information would be useful to determine whether a fund manager was a "closet indexer". Another commenter thought that the correlation calculation may be difficult to obtain and that comparison to a benchmark index would become more complex and less relevant in situations where a fund's investments are across different indexes.</p> <p>Finally, one commenter pointed out that there is no relevant benchmark index for labour sponsored venture funds.</p>	<p>In this Rule, we have tried to address the needs of the main users of various financial and management reports for investment funds. Despite the argument that conventional mutual funds are relative return products, we feel that most investors are also interested in both the absolute returns of their fund investments and how well their fund investments are performing compared to a relevant benchmark.</p> <p>We agreed with the comments that a comparison to a benchmark is beneficial to investors only if there is a standard to determine which indexes should be used.</p> <p>In the Rule we expect the Management Reports of Fund Performance to include a discussion of a fund's performance when compared to relevant benchmarks. Details of this discussion will vary based on the investment objectives of different funds.</p>
	<p>Although one commenter supported mandatory disclosure of a fund's best and worst quarter returns, five commenters questioned the effectiveness of</p>	<p>In the Rule, we are proposing that a fund disclose the best and worst six month periods so as to provide some volatility information to investors. However, we</p>

Request for Comments

	Comments	Responses
	reporting a fund's best and worst quarter without providing an overview of the general market condition at the time. These commenters believed that a fund would need to give a detailed explanation of the circumstances.	leave the decision of whether to explain the best or worst periods up to the fund issuers.
	<p>One commenter suggested the following items would be useful for investors:</p> <ul style="list-style-type: none"> • A fund's highest and lowest net asset values per share/unit for each class or series of the fund's securities, and the dates on which they occurred, for each of the five previous financial years ending with the date of the report; • Average trailing price-to-earnings (P/E) ratio and the price-to-book (P/B) ratio for an equity fund, the disclosure of the average duration for a bond fund, the disclosure of the average trailing P/E and P/B ratios for the equity component of a balanced fund, and the disclosure of the average duration for the bond component of a balanced fund, all as of the date of the report. 	<p>We believe that our proposal to disclose the best and worst six month periods will provide similar volatility information, as would disclosure of the highest or lowest net asset values.</p> <p>We understand that information on a fund's average trailing P/E and P/B ratios, as well as duration, depending on the fund's investment objective, could be useful for investors to assess the fund's risk profile. However, we feel that mandating such disclosure would result in a significant reporting burden.</p>

Other Comments

Section	Issues	Comments	Responses
1.1	Definitions		
		<p>“fair value” and “market value” –</p> <p>One commenter felt it was unclear how the sale concept to establish the value of a liability would work in all cases.</p> <p>Another commenter asked the CSA to amend the definitions of “fair value” and “market value” to acknowledge the obligations with respect to valuation of Employee Venture Capital Funds should a province prescribe a method for establishing value of such assets. The commenter proposed that the CSA to add the following to the definitions: “or in the case of employee venture capital funds, means the value established in accordance with the valuation methods and principles prescribed by statute or regulation or set out under its employee venture capital plan.”</p>	<p>The specific definitions of “fair value” and “market value” in the Rule have been removed. The Accounting Standards Board of the Canadian Institute of Chartered Accountants (CICA) recently issued accounting guideline AcG-18 <i>Investment Companies</i> which requires all investments to be “fair valued”. The Rule requires that investment funds prepare their financial statements in accordance with GAAP.</p>
		<p>“investment fund” and “non-redeemable investment fund”</p> <p>One commenter raised concerns regarding the Rule's application to the Community Small Business Investment Funds "CSBIFs". The commenter noted to the fact that the CSBIFs are generally funds with a very small number of institutional investors who are capable of bargaining for the level of financial disclosure that they wish to receive and that the CSBIFs are not available for sale to the public. Accordingly, the commenter asked the CSA to</p>	<p>In some jurisdictions, the Rule will apply to investment funds that are issuing securities in the exempt market. However, in these jurisdictions, the Rule continues to impose the requirement to prepare financial statements for the investors of the non-reporting investment funds, but will not require non-reporting funds to file those statements.</p>

Section	Issues	Comments	Responses
		confirm that the Rule is not intended to apply to such entities.	
		One commenter asked for clarification with respect to the use of the terms " investment portfolio " and " portfolio investments " as there was concern that the terms are being used interchangeably. "Investment portfolio" would include all investments, including a venture portfolio, whereas "portfolio investments" would be a smaller subset of investments, essentially money that is waiting to be invested in venture investments.	We have clarified how these terms are used.
		One commenter pointed out that the definition of " management fees " precludes the concept of an "all-inclusive" fee.	We believe that for the statement of operations to be meaningful to investors there needs to be a certain level of detail. Fees paid to the manager are the most significant expense. The Rule does not prohibit the concept of an "all inclusive" fee, but it does require that for reporting purposes that there be a more meaningful description of the fee.
		One commenter suggested that we should define the term " Material Information ".	We have provided a discussion of materiality in the Form.
		<p>One commentator noted that the problems with determining "current value" in certain circumstances were discussed at length with IFIC's Fair Valuing Working Group. Accordingly, the commenter disagreed with the need to prescribe the manner of valuation, as it does not provide flexibility to allow companies to calculate what they deem to be "fair value".</p> <p>One commenter complained that the definition of "current value" was unworkable in the context of private company securities that have no reported quotation or obvious market value and for which the time remaining until they become "unrestricted" is unknown.</p> <p>Another commenter pointed out that the use of current value would be a departure from their current accounting policy where "investments are carried at cost or amortized cost" such that realized gains and losses are deferred and amortized to income over five years. These unrealized gains and losses are not recognized in the carrying value of the investments in Scholarship Plans but are instead disclosed in the notes to their financial statements.</p> <p>The same commenter was concerned that if the investments in the Scholarship Plans were to be reported at current value, this policy change would lead to volatility in earnings from</p>	<p>The Rule requires that the investment fund be valued at "current value". The definition of "current value" sets out alternatives for valuing different financial instruments. We have removed the definitions of "fair value" and "market value" from the Rule. Investment funds are to use the definitions of "fair value" and "market value" as set out in the CICA Handbook. The definition of "current value" is consistent with the requirement to "fair value" under GAAP.</p> <p>We have removed the requirement to value restricted securities in accordance with section 13.4 of NI 81-102. The CSA recognize that there are certain problems with this definition and have removed this section until further study is completed in the area of valuation. The study of investment valuation is the second phase of the NI 81-106 project.</p> <p>Investment funds are reminded that section 1100 of the CICA Handbook has removed "industry practice" from the definition of GAAP. The ACSB exposure draft "Investment Companies" requires entities that meet the definition of "investment company" to value their investments at "fair value". Financial statements prepared under the Rule must be prepared in accordance with GAAP.</p> <p>The Rule will be in accordance with GAAP. The CSA believes that investments should be reported at current value and notes that there are other funds that have a long term focus</p>

Section	Issues	Comments	Responses
		<p>operations, It was felt that given the long-term nature of the investment programs associated with Scholarship Plans, the accounting policy and disclosure currently in place would present more meaningful disclosure for investors.</p> <p>One commenter stated that the references to “net asset value” did not work for hedge funds that contain long and short positions. The commenter suggested that long and short positions be treated separately.</p>	<p>that report at current value.</p> <p>We have added disclosure requirements for short positions and have kept the requirement to disclose the overall NAV as we believe that this would still be useful for investors in these products.</p>
		<p>One commenter was concerned that the disclosure of each portfolio company at “fair value” would greatly disadvantage the fund and the private companies in which the fund invested. The preference was to group the fund’s venture investments, as the fund deemed appropriate and provide disclosure with an aggregate adjustment from cost to current value for each group.</p>	<p>The CSA acknowledges that disclosure of “fair values” for investments in private companies may harm the private company. Therefore, section 8.3 of the Rule provides labour sponsored funds with an alternative for disclosing each portfolio investment at “fair value”. We have also changed the definition of labour sponsored fund to include other similar funds that operate in some provinces.</p> <p>GAAP requires fair value. However, as a proxy for the fair value disclosure and to provide investors with a certain level of assurance and transparency, labour sponsored funds are permitted to show their “venture investments” at cost with an aggregate portfolio adjustment to “fair value” provided that an annual independent valuation is performed. An individual or company that is not related or associated with the investment fund must perform the independent valuation.</p>
1.2(5)	<i>Application</i>	<p>One commenter asked for of the reason for excluding BC entities from the requirements of Part 9 of the Rule.</p>	<p>After further considering the rule, and informal comments it received from the government agency responsible for labour sponsored funds in British Columbia, the BC Securities Commission is now proposing to adopt this part of the rule.</p>
1.3(1)	<i>Interpretation</i>	<p>One commenter asked for further clarification on multi-class interpretation between sections.</p>	<p>Section 8.2 of the Rule provides clarification of the preparation of multiple class investment fund financial statements. A discussion of the issue has also been added to the Companion Policy.</p>
s.1.3(4)	<i>Interpretation</i>	<p>One commenter suggested that the seed capital exemption should be included in this section.</p>	<p>We removed this section. A discussion about the independent valuation of investments can be found in the Companion Policy.</p>
s. 2.1	<i>Filing of Annual and Interim Financial Statements</i>	<p>A significant number of commenters expressed concerns over the proposed timelines for financial statements filings. Eight commenters asked the CSA to maintain all current timelines. Four commenters asked the CSA to maintain the current 60 days for the semi-annuals and the quarterly Management Reports of Fund Performance.</p> <p>Four commenters stated that investors do not generally use financial statements in making</p>	<p>We continue to believe that there is a need for timely and useful financial information for investors to make informed decisions. Financial statements are the main source of this information. Our belief is echoed by initiatives elsewhere. In the United States, investment funds are currently required to file 90 and 60 day after the year-ends and interim period ends. The SEC is currently proposing to shorten further those filing timelines to 60 days and 45 days for annual and interim</p>

Section	Issues	Comments	Responses
		<p>informed investment decisions and the CSA should only to expedite the delivery of information that the investors actually use and consider in making investment decisions. Two commenters voiced concerns that the shortened timeframes might cause the quality of financial reporting to suffer with little or no corresponding benefits.</p> <p>With respect to LSIFs, two commenters felt that the shortening the delivery period by 15 days was irrelevant in monitoring an investment with an eight year time horizon and would provide no meaningful benefit to LSIF investors. They thought that the tighter deadlines would only mean added costs that would be passed on to LSIF shareholders, particularly since many LSIFs outsource back-office and administrative functions that are commonly delivered in-house by traditional mutual fund managers.</p>	<p>financial statements respectively. Our timeline proposal is less stringent for annual financial statements than in the United States.</p> <p>National Instrument 51-102 – Continuous Disclosure Obligations, which comes into force shortly, also shortens the reporting timelines. We will be consistent with that rule, and continue to propose 90 and 45 day reporting periods for annual and interim financial statements and management reports.</p> <p>We do not expect that these shortened timelines should significantly increase financial statements preparation costs.</p>
s. 2.1	<i>Filing of Annual and Interim Financial Statements</i>	<p>Commenters stated that a significant amount of the work that is required in preparing and delivering the actual statements has been largely out-sourced to parties unrelated to fund managers and over whom fund companies would have no direct control. As a result, twenty commenters found the proposed timelines aggressive and unrealistic.</p> <p>One commenter suggested the CSA consult suppliers/vendors of related service providers to fund companies, such as auditors, printers, mail and post companies, to determine if shorter timelines across the entire industry are realistic. Three commenters thought that their auditors might not be able to complete the necessary audit work within the proposed time frames. Two commenters thought the proposed timeline would create additional pressure and pose problems for the translation of English based financial statements to French and other languages.</p> <p>Another commenter pointed out that the proposed timelines make the filing requirements consistent between investment fund issuers and other reporting issuers and noted that this would likely put considerable operational strain on fund managers.</p>	<p>We believe that in an environment that increasingly demands, and is capable of furnishing more timely information, the current filing deadlines are inadequate. We understand that there will be transitional issues arising from the shortened filing timelines. Four of the commenters who supported the proposed timelines also suggested we have a transitional period to allow funds to adjust to the new reporting requirements. Five commenters suggested that the transitional timelines be 120 days and 60 days for annual and interim financial statements respectively.</p> <p>After careful consideration of all relevant comments, we are proposing to have a transitional year where the filing deadlines for the first year of annual and interim financial statements is 120 days and 60 days respectively. Based on our understanding of the industry and our consultation with relevant third party service providers, we believe that the proposed timelines are reasonable and achievable. The demand for timelier financial reporting is evident in the move by other regulatory bodies to shorten timelines. We believe that a full transitional year will allow the fund industry to make necessary changes to meet the proposed timelines.</p>
2.1 and 3.1	<i>Filing of Annual and Interim Financial Statements</i>	<p>One commenter suggested that we can help the industry meet the proposed filing timeline by removing the simultaneous delivery requirement for the respective financial statements to securityholders, and to allow for electronic dissemination (i.e. email or web-site) of the financial statements and management reports to investors.</p>	<p>The Rule requires that investment fund send materials to securityholders no later than ten days after filing.</p>

Section	Issues	Comments	Responses
2.2 and 3.2	<i>Delivery of Annual and Interim Financial Statements</i>	One commenter proposed that the subsection should read "at no <u>direct</u> cost to the shareholder".	We have clarified the delivery requirements.
2.2(1)	<i>Annual Solicitation of Investor Preferences</i>	Twelve commenters strongly supported the fundamental change proposed in the Rule since it gave the investor the choice to receive any or all of a fund's financial statements and Management Reports of Fund Performance. Two commenters submitted that there should be no change in the delivery of the materials unless the recipient expressly asked for the change. They thought that a change by default (i.e. in the absence of a response) was not appropriate.	<p>The CSA agrees that mandatory delivery of financial statements to all securityholders, whether or not they wish to receive them, is not necessary. At the same time, we believe that reporting issuers should consult their securityholders as to their wishes. For this reason, we are continuing to require delivery only on request, but requiring reporting issuers to either provide their securityholders with a request form each year, or if they have standing instructions from securityholders, to send a reminder each year indicating the securityholder's current election and instructions as to how to change that election if they wish.</p> <p>This approach reflects advancements in technology and communication (including the SEDAR website) since the introduction of the requirement to deliver. It will also eliminate the unnecessary paper delivery of information by requiring delivery only to securityholders that indicate they want paper copies.</p> <p>The Compas survey found that fifty-two percent of investors thought that annual financials and reports should only be mailed if requested, taking into account the costs and appreciating that this information is all posted on the internet and available by other means. Forty-five percent of investors felt that annual financials and reports should be automatically mailed out to all fund holders because these reports were important for fund holders to have.</p>
2.2(1)	<i>Annual Solicitation of Investor Preferences</i>	One commenter cautioned that if we require printing and distribution of financial documents to shareholders and other stakeholders only on a 'demand' basis, it would lead to a loss of over 1,150 (50% of 2,300) Canadian jobs.	We note that another commenter for the printing industry recognized that keeping administrative costs to a minimum is a priority for the mutual fund industry and investors. This commenter supports the Rule despite the fact that it would result in less print manufacturing for its members and the industry at large.
2.2(1) and(2)	<i>Annual Solicitation of Investor Preferences</i>	Eight commenters noted the inconsistencies between the delivery requirements under NI 81-106 and those of NI 54-101. Six commenters suggested that we should only require investment funds to send the request form to the beneficial owners of its securities in accordance with the requirements of NI 54-101 that say, "provided that an investment fund shall not send the request form to beneficial owners who have declined in accordance with NI 54-101 to receive financial statements and	It is anticipated that invest funds would canvass current securityholders as to their election during the mailing of the first year's Management Reports of Fund Performances and financial statements. Funds would then follow this up with the annual reminder, advising investors of their current election and indicating what they would need to do if they wished to change that election. We believe that this would address the current cost issues under NI 54-101, with fund companies

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		<p>annual reports."</p> <p>Two commenters said that there should be no regulatory constraints imposed upon the choice of solicitation vehicle, whether it is in the annual statement, a separate mailing or otherwise to reduce the costs that would be associated with a separate 'request form'.</p> <p>One commenter expressed concern that beneficial owners who choose to receive materials (whether an objecting beneficial owner or a non-objecting beneficial owner) might never receive a request form, because many investment fund companies did not mail to beneficial owners every year. There was also concern that objecting beneficial owners may never receive a request form if they are not prepared to pay to receive materials and neither the issuer nor the intermediary has volunteered to do so. They suggested that the Rule could resolve this, by requiring annual solicitation of investor preferences.</p> <p>On the converse side one commenter noted that if this section were left as is, despite their request not to receive annual financial statements under NI 54-101, investors holding mutual funds securities through a dealer would, nevertheless, receive an annual solicitation form.</p>	<p>obtaining an updated objecting beneficial owners list annually, and would also address the concerns raised about NI 54-101 concerning the requirement in some circumstances for objecting beneficial owners to have to pay for receiving certain materials.</p> <p>In the Compas survey when asked to suppose annual statements and reports were mailed only if requested, and whether mutual funds should have to tell fund investors that they can ask for these reports to be mailed to them, sixty-four percent of investors said that mutual funds should have to tell investors this every year. Thirty-one percent said that mutual funds should only have to advise investors of this at the time of their investment.</p>
2.2(1)		<p>One commenter stated that the section required the mailing of a request form for financial statements for the <u>current</u> financial year. The commenter requested an exemption from this requirement or in the alternative, a modification of the form so that it would relate to receiving financial statements for the following financial year thereby allowing the issuer to have only one shareholder mailing per year.</p>	<p>We have rectified this problem.</p>
2.2.(3)	<i>Delivery</i>	<p>One commenter proposed that this section should define "return delivery options" and "returning a completed request" should allow for 1-800/web-based replies exclusively. The commenter sought further clarification on the application of this section to new clients.</p>	<p>The CSA view is that delivery options cannot be limited to only telephone or web-based options. There are still investors who either do not have a computer or are not comfortable using these technologies.</p>
2.2(4)	<i>Delivery</i>	<p>One commenter suggested that the Rule be amended such that the delivery of financial statements to either SEDAR, or investment fund's web-site would satisfy both filing & delivery requirements, while a paper copy would be available only upon request.</p> <p>One commenter however expressed concern that the disclosure of financial information would ultimately suffer because the Rule is proposing to displace a proven and accepted communication vehicle with a passive electronic source too rapidly.</p>	<p>The CSA believes that the requirement in the Rule to only deliver financial statements and Management Reports of Fund Performance on request is an adequate substitute for the access equals delivery proposal. Shareholders will likely only request copies of the financial statements and Management Reports of Fund Performance if they do not have convenient Internet access or are unable or unwilling to download or print disclosure from the Internet.</p> <p>The Compas survey found that sixty percent</p>

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			<p>of fund holders never visit fund web-sites. It would not be appropriate to apply an "access equals delivery" approach to those shareholders.</p> <p>It would also not be sufficient to file on SEDAR exclusively as the public is still not aware of SEDAR, and those that are aware of the site do not use it a great deal. According to the Compas survey, eighty-nine percent of the surveyed investors are not aware of SEDAR. Among the investors that are aware of the site, forty percent have never visited it.</p>
2.2(4)	<i>Delivery</i>	One commenter advocated that the Rule should allow for the electronic delivery of information for investors that choose to receive it in that manner.	As indicated in the Companion Policy, a fund can use electronic delivery if it follows the requirements of National Policy 11-201.
2.3(1)(d) and 3.3(d)	<i>Contents of Annual/Interim Financial Statements</i>	Two commenters recommended this new statement replace the statement of investment portfolio rather than supplement it. Moreover, the commenters suggested that the disclosure of portfolio holdings should be limited to the top 10 holdings of the portfolio plus any holding that exceeds 5% of portfolio value.	We have changed the contents of the financial statements to require that only the complete statement of investment portfolio be included in the financial statements. The summary of investment portfolio is part of the management report of fund performance and the requirements have been modified to include only the top 25 long and short positions.
2.3(1)(g) and 3.3(g)	<i>Contents of Annual/Interim Financial Statements</i>	One commenter submitted that imposing prescriptive format requirements on financial statements was contrary to the evolutionary nature of GAAP. Instead, the financial statements should be flexible as long as they are not inconsistent with management reports.	The financial statement requirements set out in the Rule are similar but shorter to the requirements currently set out in Regulation 1015 of the Securities Act (Ontario) and in most other provinces. They are also consistent with the CICA research report "Financial Reporting by Investment Funds", and with the Handbook.
2.4(2)	<i>Approval of Annual Financial Statements</i>	One commenter suggested that the Rule should define the term "manager" in "manager...of an investment fund" and that we include "the board of directors of the Manager" in this subsection.	We have added a definition of "manager".
2.5	<i>Auditor's Report</i> <i>"without reservation concept"</i>	One commenter noted that this "without reservation" concept was not in existing securities legislation in all provinces.	The concept of an auditor's report "without reservation" is currently in National Policy Statement 50 – <i>Reservations in Auditor's Report</i> (NP 50). This requirement has been moved to the Rule and also proposed NI 52-107 <i>Acceptable Accounting Principles, Auditing Standards and Reporting Currency</i> . NP 50 will be revoked once both NI 81-106 and NI 52-107 come into force.
3.1(2)	<i>Filing of Interim Statements</i>	One commenter asked for clarification on whether the comparative information in a subsequent interim financial statement should include the financial information for a previously undisclosed interim period.	The reporting periods for a change in year-end have been added to this Rule.
3.3(a)	<i>Contents of Interim Financial</i>	Three commenters suggested that the requirements of this section should be in accordance with GAAP (comparative	We amended the Rule to reflect section 1751 of the CICA Handbook.

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	<i>Statements</i>	statements should be for the last audited statement of net assets). They noted that the CICA Handbook paragraph 1751.16(a) required the comparative statement of net assets to be as at the end of the immediately preceding financial year and section 2.2 of the Companion Policy to the proposed National Instrument stated: "...investment funds must ensure that interim financial statements comply with both Section 1751 of the Handbook and the Instrument."	
4.2	<i>Statement of Net Assets</i>	One commenter asked the CSA to confirm that disclosure of dividends and accrued interest receivable, other assets, total assets, other liabilities and total liabilities is no longer required.	The Rule sets out minimum disclosure for the financial statements. The investment fund must ensure there is enough information to make the financial statements meaningful. The financial statements must also comply with general GAAP standards. Therefore you will need to add to your statements whatever other elements you believe are necessary to comply with GAAP.
4.3	<i>Statement of Operations</i>	<p>By way of additional line items:</p> <ul style="list-style-type: none"> • Two commenters noted that it would be useful for the CSA to indicate explicitly what costs are meant to be included here. • One commenter asked for confirmation that the disclosure of other revenue, salaries and other expenses is no longer required. • One commenter proposed that the Rule require the disclosure of the revenue from securities lending, if material. • One commenter suggested that the filing fees paid to Securities Commissions should be a mandated line item. • One commenter queried about the different treatment of "securityholder information costs" and "transfer agency fees". • One commenter suggested that net investment income (loss) should come before capital taxes, and a line item "total expenses" should be added. In addition, a further line item "net investment income (loss before provision for income tax" should be added before "provision for income tax, if applicable". 	<p>See the response for the Statement of Net Assets.</p> <p>A discussion of materiality has been added to the Companion Policy.</p>
4.3	<i>Statement of Operations</i>	<p>One commenter asked the CSA to define the term "Securityholder information costs".</p> <p>One commenter noted that "waived expenses" should not be included in the Statement of Operations as they are not part of a fund's results and should be addressed in the notes to the financial statements. Another commenter</p>	<p>Securityholder information costs would generally include the costs associated with the printing and mailing of the financial statements and any other required securityholder document.</p> <p>The inclusion of amounts waived has been added to show investors the amount of</p>

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		<p>felt that that inclusion of waived expenses was particularly detrimental to LSIFs because in many LSIF management agreements, these fees were paid to the LSIF Manager and the management fee was reduced by the same amount. This arrangement benefited the LSIF shareholders because the fund got the benefit of the fee and also saved GST that would have otherwise been payable on the management fee that had been reduced.</p>	<p>potential additional expenses that would have had to be paid by the investment fund had the manager not waived or absorbed these amounts. The amounts waived are generally discretionary and may be discontinued in the future. Disclosure in the statement of operations is consistent with the CICA research report with respect to format.</p>
<p>4.4(1)</p> <p>4.4(4) (7) and (9)</p>	<p><i>Statement of Investment Portfolio</i></p>	<p>Two commenters raised their concerns about the requirement in the statement of investment portfolio to disclose the designation of each security held by non-reporting issuers, mutual funds and labour sponsored funds. These entities frequently hold several classes of securities of single issuers and the requirement for disclosure of each designation is seen as superfluous information which is not useful to securityholders because they do not have access to the financial statements of the invested companies.</p> <p>The commenters proposed that for private company holdings, the fund be allowed to aggregate designations of equity and debt into a reduced number of items where the designation differences are deemed not material. This disclosure would be accompanied with the disclosure of the aggregate number of shares or face value of debt instruments and cost of these securities with an annotation that discloses these aggregated private company holdings.</p> <p>One commenter indicated that there should not be a need to disclose the credit rating of the counter-party if it were at or above the approved credit rating level.</p>	<p>The requirement to disclose the designation of each security is a current requirement in certain jurisdictions for all reporting and non-reporting mutual funds. The “designation” requirement is not intended to be lengthy but is necessary for the securityholders to understand what the fund holds in its investment portfolio. The aggregation of debt and equity securities of the same issuer is not complete disclosure.</p> <p>We have changed the requirement to disclose the credit rating of the counterparty to require disclosure only when the credit rating of the counterparty falls below the approved credit rating.</p>
<p>4.5</p>	<p><i>Statement of Change in Net Assets</i></p>	<p>One commenter asked for clarification on whether or not it is acceptable to summarize security activities for several classes of funds together.</p>	<p>Sections 8.2 of the Rule and 2.4 of the Policy clarify that financial statements of different classes of an investment fund that is referable to the same portfolio may be combined together or prepared separately. If combined together, those statements that would be different for each class, such as the statement of operations, must be separated.</p>
<p>4.6</p>	<p><i>Statement of Cash Flows</i></p>	<p>One commenter thought that the Statement of Cash Flows was not meaningful for investors in a fund as a financial entity.</p> <p>Another commenter asked for confirmation that it is not required to provide a statement of cashflows. The commenter submitted that a statement of cashflows was unnecessary and redundant since currently LSIFs did not include a statement of cashflows in their financial statements as all that information is contained</p>	<p>The requirement for the statement of cash flows is set out in the CICA Handbook. The Rule specifically states in sections 2.3 and 3.3 that the statement of cash flows need only to be prepared if required by the CICA Handbook. The Rule also clarifies that if a fund prepares a statement of cash flows then they do not need to prepare a statement of changes in net assets .</p>

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		elsewhere in the financial statements.	
4.7	<i>Notes to Financial Statements</i>	<p>One commenter disliked the extent of detail required in this section for classes, preferring a simple overview of the differences between classes or series, in the interests of clarity.</p> <p>Two commenters noted that information on soft- dollars specifically, allocation brokerage transactions requirement, was not available on a per fund basis and sought clarification as to how allocation to specific funds would be made if based upon aggregate trades placed.</p> <p>One commenter asked the CSA to confirm that total brokerage commissions (including soft dollars) were contemplated versus separate disclosure of the soft dollars (as a subtotal of brokerage commissions).</p> <p>One commenter asked for confirmation that it would be required to provide “details of commissions” in the case where its core investments were venture capital investments most commonly in private companies. The commenter acknowledged that it might pay some commissions on investments. However, these investments were generally with funds that are pending investment in “eligible businesses” under the EIA.</p> <p>Three commenters recommended that immaterial amounts to temporary overdrafts due to either redemptions or trade errors be excluded from the disclosure requirements of this section.</p>	<p>The class disclosure is a current requirement in certain jurisdictions and is similar to that which companies have to disclose under GAAP.</p> <p>While the CSA encourages the disclosure of soft dollar transactions on a per fund basis, we will permit the aggregation of soft dollar transactions on a fund complex basis in the short run. The CSA believes that it is possible to estimate the per fund soft dollar transactions since the total soft dollar transactions and the actual transaction costs per fund are known.</p> <p>The Rule contemplates the separate disclosure of brokerage commissions and soft dollars.</p> <p>Commissions paid to brokers/dealers are a “hidden” cost of the fund since these commissions are accounted for as a credit to the cost of the investment. The CSA believes that these costs should be disclosed.</p> <p>We have clarified the note disclosure on borrowings to exclude non-material operational overdrafts during the period.</p>
4.8	<i>Inapplicable Line Items</i>	Two commenters suggested “nothing material” should replace “... for which there is nothing for ...”. They also recommended that disclosure and exemption from disclosure should be based on materiality.	Please see our discussion on materiality in the Companion Policy.
6.6	<i>Exemptions for Short-periods</i>	One commenter asked for clarification on the “period subsequent to non-disclosed 3 month period”. The commenter queried whether this was meant to be 5.5 months or 3 months and 2.5 months reported only as part of YTD?	This section has been clarified. The first management report of fund performance prepared after the period that was not reported on must include the period that was not previously reported on.
7	<i>Specific Financial Statement Requirement</i>	One commenter opposed the inclusion of the accounting requirements in the Rule. In that commentator’s opinion, each of sections in Part 7 gave “short shrift” to the topic covered and did not provide an adequate foundation for interpretation and application of the requirements. By comparison, the commenter noted, the securities lending arrangements and repurchase agreements were addressed in considerable detail in Statement of Financial	The CSA has set out certain disclosure requirements where the CICA Handbook is silent. The disclosure relating to securities lending, repurchase agreements and reverse repurchase agreements relate to presentation within the financial statements only. Similarly, the requirements for the incentive arrangements set out the financial statements presentation. The Companion Policy sets out the CSA’s interpretation of GAAP for the costs

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		<p>Accounting Standards No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities. The commentator suggested that this Part be relegated to the Companion Policy or to a CSA Notice, where the guidance can be readily amended or deleted, as relevant Canadian accounting standards become effective.</p> <p>One commenter questioned the application of Part 7 to pooled funds.</p> <p>One commenter asked the CSA to define the term "collateral" with regard to the concept of control over securities and/or cash.</p>	<p>of distribution of securities and trailing commissions.</p> <p>This Part relates to presentation only. The jurisdictions that have reporting requirements for pooled funds, want the reporting to be consistent.</p> <p>The term "Collateral" is addressed in NI 81-102, sections 2.12 through 2.14.</p>
7.2(1)	<i>Repurchase Transactions</i>	Two commenters suggested that there should be no requirement to name the counter-party; instead the investment fund should be required to disclose the counter-party's credit rating.	The requirement to disclose the credit rating of the counterparty has been changed to require disclosure only when the credit rating of the counterparty falls below the approved credit rating.
7.3	<i>Reverse Repurchase Transactions</i>	The same commenters suggested that only the credit rating of the counter-party but not its name should be disclosed. They asked the CSA to permit the aggregation of individual positions if they are immaterial.	The requirement to disclose the name of the counterparty has been removed. The section has been amended to permit the aggregation of individual positions.
7.4	<i>Incentive or Performance Fees</i>	<p>One commenter felt that the inclusion of performance fees within the expense ratio was not appropriate and could be misleading to investors. A performance fee is only obtained when a fund has positive performance as opposed to a management fee, which is applied regardless of the performance. Accordingly, a fund that had a very strong net performance would by definition, have a higher management expense ratio (due to the inclusion of the performance fee).</p> <p>The commenter thought incentives should be disclosed as a separate item or the Rule could require the disclosure of a second MER that included only operational (non-IPA) items when there was an IPA expense and the LSIF would provide additional disclosure to help shareholders distinguish between performance fees and other MER components.</p>	<p>The CSA believes that there should only be one MER calculation for all investment funds. As a financial ratio, and one that is used often by investors, this MER calculation should be based on the financial statements, which are prepared in accordance with GAAP. For comparability only this one MER should be disclosed.</p> <p>The Rule does permit the disclosure of a breakdown of the MER in the management report of fund performance. This can also be done in the Notes to the Financial Statements. There will however, only be one MER calculation provided. We have also amended the Rule to include a new Part on the calculation of MER largely imported from NI 81-102.</p>
7.5	<i>Costs of Distribution of Securities</i>	One commenter sought clarification on transitional rules i.e. changes in accounting policy under GAAP normally should be accounted for retroactively with restatement of prior periods. The commenter stated that with respect to investment funds, this change was clearly not practical and additional guidance was necessary. In addition, the commenter requested the OSC provide blanket relief with respect to the orders that would terminate by the implementation of the Rule.	For LSIFs that pay sales commissions within the fund, this issue has been addressed either by staff notices, such as OSC Staff Notice 81-706 dated September 30, 2003, or in the manner described in the prospectus of the funds, in provinces such as Manitoba and British Columbia.

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		<p>One commenter speculated that this section was based on the assumption that cost and benefits occurred in the same fiscal year. The commenter noted that the benefits relating to the issue of shares of LSIFs were realized over the eight-year hold on those shares. As such, the commenter asked to be permitted to continue applying the matching principle and amortizing commissions and fees to retained earnings on a straight-line basis over an eight-year period.</p>	
8.1	<i>Binding</i>	<p>Two commenters queried whether the use of columnar format for financial statements will be prohibited.</p> <p>Six commenters cautioned that separating the fund commentary from the financials would make it difficult to keep the connection between different kinds of related information intact and would hamper the effectiveness of investor communication. If the intent of the proposal is to move away from generalized commentary covering all funds, it was felt that the provisions of Form 81-106F1 would clearly accomplish that goal.</p> <p>Two commenters proposed the Rule include language encouraging “householding” as a means for reducing costs.</p> <p>One commenter criticized this prohibition, as it was not consistent with the treatment of other prescribed documents such as the simplified prospectus or financial statements. Three commenters recommended that the manner in which disclosure documents were bound together should be left to the discretion of the Manager.</p> <p>Seven commenters criticized the requirement as being too prescriptive and costly.</p> <p>One commenter raised concerns stemming from the frequency of production and indicated that the binding prohibition might create situations where investors would not be provided with the most recent versions of documents.</p>	<p>The use of columnar format for financial statements is prohibited when it results in the information of several funds being combined in parallel columns on the same page. The mixing together of information for many funds makes it hard to extract the useful information from the financial statements.</p> <p>The management report of fund performance and the financial statements should be complete, comprehensible documents on their own. The idea is that the investor will choose only those documents that they wish to receive. Investors may wish to receive only the management reports, or only the financial statements or both.</p> <p>With the new delivery regime introduced by this Rule, where documents are only provided upon request, we need to ensure the right of each individual securityholder to determine what he or she will receive. Householding would not be helpful in this regard.</p> <p>We will not allow management reports of fund performance for different funds to be bound together so as to avoid “telephone books” being sent to investors. We are also concerned that if management reports of fund performance are bound together, over time they may begin to deviate into group discussions rather than providing only fund specific information.</p> <p>We believe that the changes we are proposing will reduce costs.</p> <p>We believe that having moved to a semi-annual reporting regime addresses this concern to the degree that it is a material issue.</p>
8.3	<i>Labour Sponsored Funds</i>	<p>Two commenters concluded that this section allowed LSIFs, assuming they received a formal valuation, to elect to present the statement of investment portfolio in accordance</p>	<p>The Rule has been clarified to indicate that the fund must choose a method of presentation and continue to apply that method consistently from that point onwards. If the fund changes</p>

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8.3(1) (b)(ii)		<p>with section 4.4 or section 8.3 at their option regardless of how they have reported in the past. The commenters queried whether it is the CSA's intention to permit a fund to opt one year to file in accordance with 4.4, file the next year in accordance with section 8.3.</p> <p>One commenter suggested that the "formal valuation" reference should be changed to the "valuation report" as the use of the word "formal" had specified meaning in other jurisdictions and could be taken out of context by securityholders. Further, the commenter asked for further guidance as to how a fund should disclose this information in the Companion Policy.</p>	<p>the method, the CSA would expect that the principles for changes in accounting policy would be applied.</p> <p>The CSA has changed the term "formal valuation" to "valuation report".</p> <p>We have provided additional guidance as to how a fund should disclose this information in the Rule and the Companion Policy.</p>
8.5	<i>Group Scholarship Plans</i>	<p>One commenter suggested that the reference to year of "eligibility" should be replaced with the word "maturity".</p> <p>With respect to group scholarship plans, one commenter stated that the requirement to include a statement of highlights in the financial statements would not be relevant as these plans did not make distributions in the way that mutual funds have. The commenter recognized the relevance in disclosing MER and portfolio turnover rates but suggested that such disclosure should be provided in the notes to the financial statements when necessary.</p> <p>Two commenters underscored the need to include a definition reflecting the distinction between the aspects of a Group Scholarship Plan in contrast to an Individual Scholarship Plan. In this respect, the commenters proposed that the additional information to be disclosed as a separate schedule or statement, pertaining to agreements by year of maturity, be limited to Group Scholarship Plans.</p> <p>One commenter made the following suggestions:</p> <ul style="list-style-type: none"> • the definition of "education savings plan" and the definition of "scholarship award" should refer to the payment of an "educational assistance payment" rather than a scholarship award; and • the defined term scholarship award should be replaced with educational assistance payment to align this definition with the federal government terminology. 	<p>We have made the change.</p> <p>We have modified the table for scholarship plans to address these concerns.</p> <p>Section 8.5 only applies to group scholarship plans.</p> <p>We have not made this change.</p> <p>We did not feel that this change was necessary.</p>
9	<i>Formal Valuations</i>	<p>One commenter voiced its concerns about the alternatives for meeting disclosure requirements of section 4.4 with regards to securities for which a market value is not readily available. The commenter thought that these two alternatives suggested a different</p>	<p>The CSA notes that Part 9 of the Rule only applies to labour sponsored funds, as defined. Section 8.3 has been clarified to refer to the valuation reports. We have modified the disclosure of the valuation reports to require an explanation of why the valuation report was</p>

Section	Issues	Comments	Responses
		<p>level of assurance being provided by the auditor's report on the financial statements that would only serve to cause confusion in the marketplace.</p> <p>One commenter inquired into the rationale behind the requirement for the LSIFs to obtain a "formal valuation" in addition to the annual valuation report (net asset value per share) that LSIFs are currently required to obtain from their independent valuers under the CSBIF Act (Ontario). The existing valuation report effectively provided the third party validation of an LSIF's valuation of its venture portfolio. Therefore, there should be no need to require a second report, which would inevitably result in additional costs to LSIF shareholders.</p>	<p>obtained.</p> <p>The valuation report is only required if the labour sponsored fund chooses to aggregate the venture portfolio. The valuation report requirements were designed to not conflict with provincial acts governing labour sponsored funds. Many provincial acts require an independent valuation. The CSA wishes to make it clear that a report of compliance with valuation policies and procedures is not considered to be an independent valuation report under this Rule.</p>
9.1(1)	<i>Independence of Valuator</i>	Two commenters noted that section 4.2 of the Companion Policy did not establish whether an LSIF's auditors qualified as independent.	The CICA currently has a project underway on auditor independence. The CSA will adopt the recommendations of the CICA with respect to the ability of an auditor to perform the valuation as set out in Part 9 of the Rule. The Companion Policy contains a discussion on independence.
9.1(2)		<p>One commenter proposed that if auditors did not have the ability to perform the formal valuation as set out in Part 9 of the rule, whether consideration could be given to allowing a formal valuation each 2 or 3 years to reduce costs.</p> <p>One commenter explained that during fund audits, auditors used experts, either in house specialist or outside consultants, to assist in auditing the current value of the private investments. The valuation report that is prepared under provincial labour sponsored fund legislation is a by-product of the audit and not a formal valuation on the investment portfolio for other purposes. The commenter recommended that the CSA consider requiring more disclosure in the prospectus on the valuation methodology followed by the fund, including the inherent risks associated with the valuation.</p>	<p>We have not changed the requirements in this regard.</p> <p>The CSA is of the view that a report of compliance with valuation policies and procedures is not an independent valuation report under this Rule. The valuation policies and procedures are established by the investment fund or the fund manager. A report of compliance with these valuation policies and procedures does not address the appropriateness of the policies and procedures.</p>
9.2	<i>Disclosure Concerning Valuator</i>	<p>One commenter asked the CSA to prescribe the required qualifications for valuers. One commenter queried whether LSIFs that have their own valuation specialists that are supposed to be separate from the investment side of the fund by the "Chinese wall" could be considered independent. The concern is that a formal valuation may be expensive but may not necessarily be a better valuation, as these individuals know the investments better than an outsider valuator would.</p> <p>Three commenters queried whether it was a question of fact whether a valuator was</p>	<p>We believe that it should be up to the fund manager to decide who would be independent. We do provide some guidance in the Companion Policy.</p> <p>The CSA have clarified the disclosure relating to the valuator in section 8.4 of the Rule.</p>

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		qualified and independent as contemplated by section 9.1(2). They also inquired into the rationale behind the requirement for parts (a), (d) and (e) of section 9.2 as this information provided no additional benefit or comfort to shareholders.	
9.4	<i>Filing of Formal Valuation</i>	Two commenters objected to the formal valuation requirement as the filing of a valuation report was a requirement of the tax program of relevant provincial legislation, and this report should not be publicly disclosed. In their opinion, securityholders' ability to obtain the valuation report on SEDAR did not provide any further level of comfort since every LSIF was already required to have this report. In addition, they noted that this requirement increased the audit risk and inevitably would result in an increase of costs to the funds.	The filing of a valuation report in the manner prescribed by the Rule is optional. The CSA believe that investors need either full disclosure of current values of investments to make their own judgment on the investments or as a proxy, full disclosure of the independent valuation.
10.1	<i>Requirement to File an Annual Information Form</i>	<p>Two commenters suggested that clearer language be used to better convey the scope and requirements of this section. Further, the commenters sought a clearer explanation of the exceptions and how they operated in relation to the existing NI 81-101 requirements to file an Annual Information Form.</p> <p>In one commenter's opinion, this section required a significant new disclosure document from LSIFs that were no longer in distribution.</p> <p>Two commenters stated that given that a) any new material concerning scholarship plans that were not actively being sold under prospectus but that might still have investors plans would be included in the management reports provided to investors, and b) that many aspects of an Annual Information Form were not relevant to Scholarship Plans, these plans should be exempt from the requirement to file an Annual Information Form.</p>	<p>We have tried to make the requirements to file an annual information form clearer. Those investment funds currently in distribution are not required to prepare an annual information form. The annual information form is only required for those funds that have ceased distribution of their securities.</p> <p>The requirement to file an annual information form is a current requirement under the Act in certain jurisdictions. The purpose of this requirement is to keep the public record up to date.</p> <p>No change has been made in this regard.</p>
10.3	<i>Preparation of an AIF</i>	Two commenters cautioned the CSA that not permitting combined and bound Annual Information Forms would result in a considerable repetition of information.	The Rule has been amended to remove the restriction preventing annual information forms from being consolidated, combined or bound together.
13.1	<i>Restricted Share Disclosure Requirements</i>	<p>Two commenters sought clarification as to whether the restricted shares mentioned in this section were referring to the shares in fund's capital or to those that were part of its portfolio assets. It was noted that if this Part was intended to apply to the portfolio shares, virtually all shares of a venture capital fund would meet the definition of "restricted share" as set out in National Instrument 51-102.</p> <p>Two commenters stated that the information required by NI 51-102 has never been provided</p>	<p>Restricted shares refer to the investment fund's own securities. The Rule has been changed to exclude investment funds, which is consistent with the practice today.</p> <p>This section no longer applies to investment funds.</p>

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		to investment fund securityholders in the past and they queried why it would be required now. In their opinion, this requirement could amount to substantial increase in information to securityholders by certain funds, which was unwarranted and not useful or relevant to fund securityholders. Thus, they asked the CSA to remove this requirement.	
14	<i>Change of Auditor</i>	<p>Three commenters raised the point that many investment funds do not hold annual general meetings and the requirement to have securityholder approval for a change in auditors was not consistent with acting in the best interests of the securityholders given the costs.</p> <p>They proposed that the requirement to have securityholder vote to change auditors be removed and replaced with a requirement to notify securityholders of such change. They also sought the removal or revision of the requirement in section 5.1 of NI 81-102, which required securityholder approval to change the auditor of a mutual fund. They invited the CSA to consider this issue as part of the Fund Governance Project.</p>	The issue of securityholder approval for a change in auditor is outside the scope of this Rule.
15.2(2) 15.2 & 15.3	<i>Documents Available on request</i>	<p>Two commenters, in consideration of the extensive involvement of third party service providers, asked the CSA to revise this section to read "deliver requested documents to read as soon as practicable" or "within a reasonable time after receipt of request".</p> <p>One commenter was concerned about the scope of the delivery requirement. The commenter stated that the Rule required funds to deliver or send copies of its financial statements and management reports of fund performance at no cost to any person or company. The Rule does not require the recipient to be a securityholder or have any other relationship with the investment fund. The commenter believed that this was a more onerous obligation than other reporting issuers with costs implications. The commenter questioned why the SEDAR filing would not suffice as these sections only applied to reporting issuers.</p>	<p>The Rule has been amended to require delivery of documents as soon as practicable after the receipt of the request.</p> <p>Mutual funds are public vehicles. These documents are incorporated by reference into the simplified prospectus and must be available to the public and not just securityholders. Reliance on SEDAR to effect the delivery requirement is not considered acceptable in today's environment. The investor survey results indicated that many investors were not aware of SEDAR and do not necessarily use the internet for investment research.</p>
16.1(1)	<i>Additional Filing Requirements</i>	One commenter noted that the Rule did not define what constituted material information.	The section on "additional filing requirements" has been amended to be consistent with NI 51-102 <i>Continuous Disclosure Obligations</i> with modifications for Investment Funds.
17.1	<i>Filing of Material Contracts</i>	One commenter questioned the benefits of this requirement to investors. The commenter referred to the current regime and noted that an existing non-redeemable investment fund, which is a reporting issuer, is only required to make the material contracts available for review while in distribution. The commenter queried	The section on "filing of material contracts" has been amended to be consistent with NI 51-102.

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		<p>why the Rule required these funds to file a wider range of contracts on SEDAR even when the fund is not in distribution. The commenter submitted that this would be an onerous task and undue burden to investment funds since it did not apply to other reporting issuers.</p> <p>One commenter raised confidentiality concerns about the application of this requirement to the non-reporting issuers.</p>	<p>The CSA note that this section does not apply to non-reporting investment funds.</p>
Form 81-106F1	<i>General Discussion</i>	<p>One commenter recommended that the text be shorter.</p>	<p>The Form has been amended to move some of the discussion to the relevant sections of the Form.</p>
Part A Item 2	<i>First Page Disclosure</i>	<p>One commenter suggested that the reference to documents being provided “at no cost” should be changed to read “at no direct cost”.</p>	<p>The CSA does not believe that this disclosure would clarify the disclosure without additional explanation as to the meaning of “at no direct cost”.</p>
Part B Item 1.2	<i>Results of Operation</i>	<p>One commenter</p> <ul style="list-style-type: none"> • proposed that subsection (d) only require a discussion of significant changes but not significant components; • queried whether the reference to “Results of Operations” in subsection (e) meant performance and asked the CSA to define this term; • suggested the CSA add to subsection (g): “other than normal operating activities, otherwise disclosed in the notes (e.g. management fees etc); and • suggested the amendment of subsection (j) to specifically exclude overdraft amounts and margin and/or short selling situations. 	<p>The CSA notes that the management discussion of fund performance is subject to a materiality standard. As such, the CSA is making no changes to subsection (d) since we are providing guidance as to the issues that may be discussed.</p> <p>“Results of Operations” refers in general to the Statement of Operations of the investment fund; performance is discussed elsewhere.</p> <p>The CSA agree with the comments on related party transactions and borrowing disclosure.</p>
Part B Item 1.2(h)	<i>Results of Operation - Proxy Voting</i>	<p>Many commenters, from the fund industry, strongly opposed a requirement for funds to provide disclosure of its actual proxy vote cast.</p> <p>They argued that:</p> <ul style="list-style-type: none"> • shareholders are not interested in this disclosure. • this would deny funds the ability to vote confidentially and would subject funds to pressure from corporate management to influence proxy-voting decisions. With one commenter suggesting that the CSA mandate secret balloting so that funds can vote without fear of retribution. • this would subject them to orchestrated campaigns by special interest groups with social or political agendas different from those of fund shareholders. • the costs of collecting and disclosing the 	<p>The CSA believes that transparency of voting information would facilitate accountability on the part of fund managers in voting proxies in the best interest of fund shareholders. Several mutual fund complexes currently voluntarily provide information to investors about the policies and procedures they used to determine how to vote proxies. Investors, we believe, have a fundamental right to know how their fund has voted proxies on shareholders behalf.</p> <p>The CSA received the largest number of comments from individual investors on this one issue. Most who commented believed that the Rule did not go far enough, whereas most members of the fund industry felt the contrary to be the case.</p> <p>In response to comments that investment funds should also be required to disclose their proxy voting policies, we have adopted this change and now require funds to disclose in</p>

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		<p>information would be substantial and would exceed any benefit to shareholders from the disclosure.</p> <ul style="list-style-type: none"> • this would undermine in their ability to change corporate governance practices of issuers through “behind the scenes” private communications. • this disclosure adds no value. <p>Nine commenters suggested that disclosure of proxy voting policies or guidelines as opposed to the actual votes be required.</p> <p>Three commenters recommended a list of only of those proxy votes that were against management recommendations or deviated from their own guidelines be disclosed.</p> <p>Two commenters proposed that the requirement be subject to a materiality threshold; e.g. disclosure of the proxy vote only if the security represented more than 5% of total value of the portfolio of the fund should the proxy vote be disclosed.</p> <p>One commenter thought the disclosure of this issue should be upon request but not publicly.</p> <p>One commenter suggested that funds be required to provide a summary of their proxy voting guidelines in the Management Reports of Fund Performance and indicate that a copy of the guidelines is available on SEDAR or in hard copy at the investor’s request.</p> <p>On the other hand, seven commenters recommended that mutual funds disclose the following:</p> <ul style="list-style-type: none"> • The policies and procedures used to determine how they vote proxies relating to portfolio securities; and • The actual votes (i.e. each shareholder proposal voted on; who proposed the shareholder resolution; whether and how the fund cast its vote, and whether the fund cast its vote for or against management in addition to votes) on funds’ web-sites. <p>One commenter proposed that rules on proxy voting be incorporated into a new proposed National Instrument for adoption by OSC and CSA members across Canada, and that this new National Instrument be circulated for comment in 2003.</p> <p>One commenter thought the Rule should require mutual funds to disclose voting policies on social and environmental proxy issues and</p>	<p>their annual information form, a summary of their proxy voting policies and procedures and indicate how a complete copy of these policies could be obtained. We will not however require proxy voting policies and procedures to address specific areas such as environmental issues.</p> <p>The intent of the Rule is to promote transparency with respect to proxy voting, not mandate the content of fund policies and procedures though the Rule does set out what the policies should look like.</p> <p>In response to the argument that investors are not interested in proxy voting disclosure, this is to some extent belied by the comments received from individual investors and the survey results. When investors were asked, whether they would like to receive reports about the way in which their mutual funds cast their votes, 21% indicated interest in knowing how their funds vote on all issues, 48% indicated interest in knowing how their funds vote on major issues and only 24% stated that funds should be free not to report how they vote.</p> <p>After consulting with industry, the CSA is proposing that funds disclose 100% of their proxy votes to securityholders.</p> <p>On the issue of confidential voting, the principle of confidential voting is intended to protect shareholders from having their votes disclosed prior to the shareholder meeting. What we are proposing would only require disclosure of votes 60 days or more after the end of the period to which the proxy voting record pertains, a significant period of time after any shareholder’s meeting.</p> <p>While we respect the view that proxy voting disclosure may politicize the process of proxy voting of funds by special interest groups, we are not persuaded at this time that this will in fact be the case or that it will occur to such a degree as to negate the benefits this disclosure would provide.</p> <p>On the issue of excessive costs we note that several fund complexes currently provide disclosure of their complete proxy voting records. While we believe there may be some start-up cost for compliance systems, we continue to believe that the cost of disclosure is reasonable.</p> <p>Disclosure of proxy voting is not inconsistent with behind the scenes communications and would not force funds to disclose those communications. Requiring this disclosure</p>

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		shareholder proposals.	<p>may in fact encourage more funds to become engaged in corporate governance matters involving the issuers they hold in their portfolio.</p> <p>Finally, we note that the SEC has introduced full reporting of all proxy votes and voting policies.</p>
Part B Item 1.2(h)	<i>Proxy Voting</i>	Considering the fact that this disclosure is to appear in the annual Management Reports of Fund Performance along with many other items, and the limit on the length of the Management Reports of Fund Performance, one commenter has concluded that any discussion by the mutual fund of its voting record would have to be brief and very general. Thus, the commenter believes that the Rule is wholly inadequate to achieve meaningful reform in this area.	We have changed the proxy voting disclosure.
Part B Item 1.2		One commenter pointed out the similarities between 1.2(f) and s. 1.6 and queried whether this provision should be in s. 1.6.	The Form has been amended to eliminate duplication.
Part B Item 1.3	<i>Risk</i>	Three commenters have stated that this requirement duplicates the obligation set out in section 1.2(f).	The CSA has clarified subsection 1.2(f) and Item 1.3.
Item 1.4	<i>Performance</i>	Two commenters asked the CSA to amend the instructions to require a discussion of any material changes to reported ratios.	The management reports do require the disclosure of these material changes, because any material item has to be disclosed in any event.
Item 1.5	<i>Recent Developments</i>	One commenter agreed that planned material transactions should be disclosed but questioned whether the CSA required pro forma information by requiring disclosure of the "effects" of material transactions.	The discussion of recent developments reflects past and planned material transactions. Investment funds should not prepare pro forma information.
Item 2	<i>Financial Highlights</i> <i>Net Asset Value per [Unit/Share]:</i>	<p>One of the commenters voiced a concern regarding the interaction of tax issues and disclosure requirements under the Rule. The commenter noted that this section required a fund to make quarterly updates to the table concerning the source of a fund's distributions. However, since the tax status of a fund can only be determined annually, the breakdown of distributions should only be disclosed annually.</p> <p>Two commenters submitted that the statement of financial highlights was duplicated in the financial statements. In the commenters' opinion, the financial highlights would be important added value for investors in understanding the Management Reports of Fund Performance and suggested that the Management Reports of Fund Performance should be clear by itself if explained concisely and in plain language.</p>	<p>The CSA notes that the Rule has been changed to require semi-annual management reports of fund performance. The distribution disclosure will remain in the semi-annual management reports since some funds distribute to investors on a monthly or quarterly basis.</p> <p>The CSA has amended the requirements to eliminate duplication. The statement of financial highlights is only required in the management report of fund performance.</p>

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		<p>Two commenters indicated that the “Total revenue and total expenses per security” figure did not add meaningful information. They referred to the US GAAP and the CICA Research Report “Financial Reporting by investment Funds” and reminded the CSA that the disclosure of this figure is not required under either. Accordingly, they suggested only “net investment income (loss) per security” be disclosed in the Statement of Financial Highlights.</p> <p>Two commenters queried whether it was mandatory to present the required information in a particular order. Also, the commenters sought clarification on the mechanics of this disclosure (\$/Unit) when unit values change from start to finish and when the period in question is less than 12 months. Moreover, the commenters had concerns about the treatment of realized and unrealized gains (and losses).</p> <p>In these commenters’ opinion, these numbers were not stand-alone items and should be reviewed together as representing market action. In this context, the benefit of proposed disclosure to investors was questioned. Accordingly, the commenters asked the CSA to explain why these figures have been split and recommended that necessary amendments be so that these amounts would be shown together in a single line item.</p> <p>One commenter made the following suggestions:</p> <ul style="list-style-type: none"> • Change - Distributions: “From net income” - to read “from other net income”; • Change - Distributions: “from dividends” - to read “from Canadian dividends”; • Change - Distributions: “from realized gains” to read “from gains”; and • Add “or both” to “Distributions were [paid in cash/reinvested in additional units/shares] of the Funds” <p>One commenter criticized the separation of gains/losses from securities from gains/losses on foreign exchange related to securities. In this commenter’s opinion, the aggregate figure was a balancing amount that was necessary to reconcile the change in net asset value per security with the other per security information provided. Most accounting systems were not capable of separating gains/losses on securities and foreign exchange on foreign denominated securities. The commenter believed this new method was contrary to the current industry practice and neither required</p>	<p>The CSA believe that since the management report of fund performance may be delivered to investors separately from the financial statements, a certain level of detail is necessary to help the investor understand the financial results in a meaningful manner and which corresponds to the discussion of operating results.</p> <p>The general instructions to the management report of fund performance indicate that the Form generally does not mandate the use of a specific format with the exception of financial highlights and performance data. The per unit data present very important information required by section 1650 of the CICA Handbook.</p> <p>As for the mechanics of this disclosure (\$/Unit), we have clarified this in the Form. On the treatment of realized and unrealized gains (and losses), the CSA believes that this information is essential to enable investors in understanding the performance of the fund. We are not prepared at this time the make the change recommended.</p> <p>The CSA has made some amendments to the statement of financial highlights in keeping with some of the suggestions.</p> <p>Section 1650 of the CICA Handbook requires that the foreign exchange gains and losses be disclosed separately. The CSA reminds investment funds that section 1100 of the CICA Handbook removes “industry practice” from the definition of GAAP.</p>

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		<p>under U.S. GAAP nor recommended in the CICA Research Report.</p> <p>One commenter inquired whether it was required to show financial highlights for each class of a multi class fund since selected financial information must be shown individually for each class anyway.</p>	<p>To the extent that the financial highlights are different for each series or class of an investment fund, then the fund should make separate disclosure.</p>
	<i>Scholarship Plans:</i>	<p>One commenter questioned the requirement that assets, income and expenses of scholarship plans were expressed in terms of dollars per unit as in this commenter's opinion such disclosure is not meaningful and may be potentially misleading to investors and other users of this information. Instead, the commenter suggested that the financial highlights relating to these plans be presented only in terms of aggregate dollars.</p> <p>Based on the fact that scholarship plans are unitized based on unit valuation related to the end of the contract rather than the beginning scholarship plans (and thus, different from other funds), one commenter opposed to the standardized financial reporting with respect to how the plan's net asset value should be disclosed. The commenter requested that for group scholarship plans, the fund's total value statistics be required.</p>	<p>The CSA agrees with the comment and has made the appropriate changes to the Form and created a new table to address the concerns of scholarship plans.</p>
	<i>Ratios and Supplemental Data:</i>	<p>One commenter sought specific instructions for funds that calculate the NAV on a weekly or less frequent basis in order to report the MER in the appropriate manner.</p> <p>One commenter proposed that the disclosure of "total return" be required in this chart where total return figures were included as part of financial statements.</p> <p>One commenter sought clarification on the impact of the restriction against disclosing portfolio turnover rates for money-market funds on the disclosure of the portfolio turnover rates for derivatives or passive index funds (as these funds invest in money market instruments).</p> <p>Two commenters suggested that disclosure of portfolio turnover rate not be required for RRSP clone funds, futures funds or fund of fund structures where the turnover rate is not a meaningful piece of information. Another commenter asked for better direction with respect to the calculation of portfolio turnover for funds that were in part dependent on actively managed derivative strategies.</p> <p>One commenter pointed out the inconsistent formatting requirements pursuant to Items 2.1(7) and 3.2. (Item 3.2 - most recent year on the "right" and Item 2.1(7) - most recent</p>	<p>The Rule has been revised to clarify the calculation of the "average net assets during the period" for funds that calculate NAV less frequently than daily.</p> <p>The Form requires that the total return be shown in the bar chart format.</p> <p>There has been no significant change from that set out in NI 81-101. This will continue to apply to hedge funds and index funds as we see some merit in the information provided.</p> <p>The CSA has provided more guidance in the Rule on the calculation of the portfolio turnover ratio when the portfolio contains derivative instruments.</p> <p>There has been no change in this regard.</p>

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		financial year on the "left").	
Item 3	<i>Past Performance</i>	<p>One commenter pointed out that the requirement for the y-axis to start at 0 precluded the presentation of negative returns. The commenter suggested wording that would require the x-axis to intersect the y-axis at 0.</p> <p>One commenter criticized the application of this requirement to scholarship plans, since these plans were not unitized in the same manner as other funds and units were more indicative of the final value of the contract, rather than the current value. The commenter stated that measuring performance based on the change in income attributable to the investors in the plans, which was based on the performance of the underlying investments, by using the current income recognition rules would be a more appropriate alternative. The commenter noted that the current income recognition rules did not recognize unrealized gains and losses, with realized gains or losses amortized over some period in the future.</p> <p>One commenter had concerns that the rate of return does not include the income tax credits, and that the calculations are not based on the average units or shares in the period.</p> <p>Two commenters sought clarification as to the definition of "date of inception", i.e. whether this was the date of inception or the date of first sale?</p>	<p>The Form has been amended to reflect this suggestion.</p> <p>The CSA acknowledge the differences in the structure of scholarship plans and has amended the Rule and the Form to reflect these differences.</p> <p>The after tax credit is still permitted for sales communications but not for management reports. We will continue to use the standard performance data guidelines as established in NI 81-102.</p> <p>The Form has been amended to clarify the date of inception.</p>
Item 4	<i>Summary of Portfolio Investments</i>	<p>Two commenters contended that this section duplicated the Financial Statements. They suggested that the disclosure of the top ten holdings plus any holding that represent 5% or more of total portfolio value would be more appropriate disclosure in the Management Reports of Fund Performance.</p> <p>Two commenters inquired into whether this subsection would include the disclosure of illiquid securities.</p> <p>One commenter sought clarification on the effect of these subsections on the treatment of derivatives.</p> <p>One commenter stated that, for fund of funds, the requirement should be to disclose the holdings of the bottom fund as of the end of the most recent quarter of that fund as such disclosure would minimize the opportunity for front-running/free-riding practices by sophisticated outsiders.</p>	<p>The Rule has been amended to eliminate this duplication. The Summary of Portfolio Investments has been changed to require the disclosure of the top 25 long and top 25 short positions.</p> <p>No.</p> <p>The Form has been amended to provide instructions on the treatment of derivatives and to clarify that the fund of fund disclosure is as of the most recent interim period of the underlying fund.</p>
Part B Item 1.6	<i>Forward – Looking</i>	Several commenters stated that they did not believe that an investment fund manager could	The purpose of a Management Report of Fund Performance is for an investment fund to

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	<i>Financial Information</i>	<p>provide realistic forward-looking information for a number of reasons:</p> <ul style="list-style-type: none"> • while fund managers can provide their own individual view of companies they invest in, this would attract liability, as the disclosure would be incorporated by reference into the prospectus of the fund. • the manager's responsibility is not to influence investors by suggesting future changes in the economy that could affect performance. Instead, investors should rely on their advisors or independent experts in making investment decisions. • it would be difficult to discuss, on a quarterly basis, factors that could influence future performance of a fund, particularly when the fund has a long-term investment horizon. • this type of reporting might result in investors overreacting to information that is, in some cases, outdated. • it might encourage a short-term outlook on the part of some investment fund securityholders inconsistent with the character of investment funds as vehicles for long-term investment. • this disclosure would result in a tremendous amount of ambiguity when sales representatives are presenting or discussing forward-looking information with their clients and at the same time enforcing that past performance is not indicative of future performance. • this disclosure could result in the exposure of proprietary intellectual property. • the potential liability that could arise from such commentary. To avoid reporting on potentially inaccurate visions, fund managers will likely produce very generic reports with diluted boilerplate discussion. <p>Three commenters asked that should it be implemented, a regulatory waiver of liability accompany any disclosure of forward-looking information for fund managers in the event that the manager's perception of the future was proven inaccurate. Measures similar to the safe harbor provisions contained in the United States Private Securities Litigation Act of 1995 were proposed.</p>	<p>discuss its financial situations in the context of past performance and anticipated future events. This necessarily involves forward-looking information. Forward-looking information in the Management Report of Fund Performance is consistent with the position of both the CICA and other international accounting groups that any form of management discussion and analysis should contain future oriented financial information.</p> <p>We must emphasize that forward-looking information should not be interpreted as market predictions. We are not expecting fund managers to comment on and predict the performance of each of the securities they invest in. We are not expecting fund managers to predict and comment on future events.</p> <p>Fund managers are selling their expertise in money and portfolio management, just as the management of other types of reporting issuers are compensated for their business management expertise in various markets and industries. Fund managers are in a position to discuss forward-looking information in the area of portfolio management specific to each manager's investment strategy.</p> <p>We recognize that the general economic situation or specific company outlook changes frequently. What we expect in the forward-looking information is a discussion of what the expectation is, given the current facts.</p> <p>We have now made the provision of forward-looking information optional to the fund. We believe that this will address most of the concerns raised in the comments.</p>
Part B Item 1.6	<i>Forward – Looking Financial</i>	One commenter requested that the CSA make this an optional component of the Management Reports of Fund Performance.	We have now made this disclosure optional to the fund.

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	<i>Information</i>	One commenter asked for commentary on what is meant by the "strategic" position of a fund.	It is intended to serve as an explanation of the current status of the fund.
Part C	<i>Financial Highlights</i>	One commenter questioned the presentation of the total revenue, total expense, realized gains (losses) for the period and unrealized gains (losses) for the period as separate line items. In this commenter's opinion, since the investor already had the MER, which provided information as to the proportionate expenses of a fund, and the statement of operations, which provided information as to the proportion of expenses versus revenues and of realized versus unrealized gains and losses, the proposed format would not have an added value.	The Rule has been amended to require that the Statement of Financial Highlights be prepared only as part of the management report of fund performance. Since the management report of fund performance may be obtained separately from the financial statements the financial highlights include some additional information that might otherwise be excluded. The additional information is provided to assist investors in understanding the financial information provided.
	<i>Summary of Portfolio Investments</i>	Since funds were required to provide the statement of investment portfolio, one commenter found this information to be redundant. The commenter added that most statements of investment portfolio already broke portfolios down into subgroups and covered the items listed as requirements in this summary.	The CSA note that the management report of fund performance may be obtained separately from the financial statements as a stand-alone document.
	<i>Portfolio Holdings</i>	Three commenters raised concerns that the public filing of full investment portfolios on a semi-annual basis would provide competitors and any other interested parties, an opportunity to evaluate and exploit the proprietary investment strategies. The proprietary strategies employed by alternative investment managers are particularly critical to their success, and therefore disclosing investment portfolio information publicly would put their business at risk, and would be detrimental to investors.	The Rule has been amended to exempt non-reporting issuers from the requirement to file financial statements.
	<i>Portfolio Holdings</i>	<p>Two commenters suggested that detailed portfolio disclosure should be eliminated from the Rule.</p> <p>Four commenters cautioned the CSA about the requirement to disclose all holdings greater than 1% of a fund's net asset value. For some funds, this disclosure might easily run to thirty or forty holdings.</p> <p>One recommendation was to limit disclosure to the top ten holdings plus any holdings comprising more than 5% of net asset value. Another recommended disclosure of those holdings over 3% of NAV with minimum disclosure of a fixed number of securities.</p> <p>One commenter asked that the CSA grant the ability to remove references to securities where the fund is in the midst of or beginning a buying or selling program.</p> <p>On the other hand, one commenter proposed</p>	<p>The SEC is currently proposing disclosure of holdings greater than 1% of a fund's net asset value. However, as indicated previously, we have, in response to the comments received amended the Form requirements for the summary of investment portfolio to the top 25 long positions and the top 25 short positions.</p> <p>We are cognizant of concerns raised by some members of the fund industry that mandating more frequent disclosure would harm shareholders by expanding the opportunities for professional traders to exploit this information by engaging in predatory trading practices such as front running and facilitate the ability of outside investors to free ride on mutual fund investment strategies that are paid for by fund shareholders. We believe that these concerns are addressed by the initial 60 day delay in the transitional year, and then the 45 day delay in providing this quarterly disclosure.</p>

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		that the full disclosure of holdings should be required only upon request, thereby eliminating the need for resources required to produce commercial copies.	
Companion Policy Section 1.4	<i>Signature and Certificates</i>	Two commenters sought clarification on whether signatures were not required on the Statement of Net Assets. One commenter highlighted the need to clarify that the manager would be responsible for the disclosure requirements, where the fund had a manager directing fund's affairs and a separate trustee performing a more administrative role.	The Rule does not require signatures on the Statement of Net Assets. We added a definition of manager. The investment fund manager or trustee must determine, based on the facts, who should be approving the financial statements.
Section 2.5	<i>Auditor's involvement</i>	One commenter was concerned that this requirement would increase the annual audit costs for most investment funds.	The CSA note that auditors may have an obligation under GAAS with respect to the management report of fund performance since this report is incorporated by reference into the prospectus.
Section 2.6	<i>Delivery of Financial Statements</i>	One commenter voiced concerns about the inconsistency between this subsection ("such notices may alternatively be sent with account statements or other materials sent to securityholders by an investment fund as is convenient to the investment fund") and the requirements of NI 54-102.	We will be repealing NI 54-102.
Section 3.1	<i>Accounting for Securities Lending Transactions</i>	One commenter asked for clarification with respect to the application of this section to pooled funds since normally pool funds were not subject to the restrictions on securities lending transactions.	The Rule sets out certain reporting requirements related to securities lending transactions. The Rule does not set out restrictions on the actual securities lending transactions. Where they must report, pooled funds must follow the reporting requirements for securities lending.

Miscellaneous items

Issues	Comments	Responses
<i>General comments about the premises on which 81-106 is based</i>	Three commenters expressed concern that the Rule fails to distinguish between corporate issuers and investment funds. It is noted that the quarterly report is useful to investors of corporate issuers as it provides these investors with a timely statement by management of its future plans and allows investors to engage in an assessment of the corporation's future prospects and thereby determine the current value of its securities. Investment funds on the other hand are look-through vehicles. The value of mutual fund assets, in contrast to those of corporate securities, is simply a determination of the assets held by the fund on any given day and a calculation of their value at that time. The CSA was asked to consider these differences before imposing disclosure requirements with uniform application across the board.	All investment funds that are reporting issuers are now treated the same. All report on a semi-annual basis. Part of what investors pay for with respect to an investment in an investment fund is the fund manager's expertise. These management reports will provide investors with some insight as to how well their fund is being managed.
	One commenter questioned the impetus behind the Rule, as the proposed Rule does not refer to any analysis by the CSA that there are actual asymmetries of information (or any other specific policy concerns) with the existing disclosure regime.	The CSA has completed a survey of past, present and future mutual fund investors. The survey report is reproduced in its entirety in Appendix B.

Request for Comments

Issues	Comments	Responses
	<p>NI 81-106 raises some of the same issues that came to light in NI 81-102 and were never resolved. The issues surrounding repurchase/reverse-repurchase agreements and the calculation and presentation of “MERs” are still legitimate concerns given the proposed amendments to NI 81-101 and NI 81-102.</p>	<p>Valuation and MER have now been moved to NI 81-106 and through the comment process we hope to resolve any outstanding issues.</p>
<i>Statement of Portfolio Transactions</i>	<p>One commenter asked the CSA to confirm that the requirement of statements of portfolio transactions under section 87 of regulation 1015 was being revoked under the Rule.</p>	<p>The CSA confirms that the requirement for a statement of portfolio transactions in section 87 of Regulation 1015 of the Securities Act (Ontario) is being revoked.</p>
<i>Approval of Financial Statements</i>	<p>One commenter stated that while section 93 of Regulation 1015, which would be revoked under the Rule, included a requirement whereby evidence of signatures signified the approval of financial statements, the Rule was silent about this issue. The commenter asked the CSA to clarify this discrepancy.</p> <p>One commenter noted the requirement that the Board of Directors must ‘approve’ the annual Management Reports Of Fund Performance and financial statements and ‘review’ the proposed quarterly Management Reports Of Fund Performance and interim financial statements. Considering the recent increase in insurance provisions and premiums (40% year-over-year), the commenter was concerned about the net effect of the ‘approval’ requirement on the insurance premiums.</p> <p>One commenter found the requirement of Board review of interim financial statements unnecessary.</p>	<p>The Companion Policy advises that there is no requirement of signatures to signify approval of financial statements.</p> <p>The Rule now requires the Board of Directors to approve all management reports and financial statements. We are unable to speak to the impact if any that this requirement in isolation would have on insurance premiums.</p>
<i>Commenting British Columbia Securities Commission</i>	<p>One commenter thought NI 81-106 should be coupled with general revisions to the disclosure rules relating to mutual funds.</p> <p>The commenter stated that the BCSC’s Continuous Disclosure document outlined more practical requirements for the Annual Information Form. The commenter encouraged the CSA to review BCSC document and integrate it into the Rule.</p>	<p>The CSA has moved forward with this Rule with the active participation of staff of the British Columbia Securities Commission.</p>
<i>Conflicts with Other Regulation</i>	<p>Two commenters suggested that the Rule not be adopted in isolation. The commenters caused the CSA about the potential inconsistencies between the Rule and National Instrument 51-102, National Instrument 54-101, corporate law as well as other regulatory proposals currently under consideration (in particular, the proposals of the British Columbia Securities Commission with respect to mutual fund regulation). In their opinion, the multiplicity of related proposals with contradictory positions reinforced the need to harmonize regulatory initiatives among the provincial regulators.</p> <p>One commenter pointed out an inconsistency between the Rule and one of the amendments to the Ontario Securities Act that became effective on November 26, 2002. The commenter noted that the amendment to the Act deleted the requirement that mutual funds in Ontario must concurrently deliver to securityholders a copy of their annual and interim financial statements filed with the Ontario Securities Commission. The commenter stated that this</p>	<p>This Rule is consistent with NI 51-102 with some modifications for Investment Funds. We also believe that we have resolved the conflicts between this Rule and NI 54-101.</p> <p>The delivery requirements do not require concurrent delivery. As a result of the enactment of an implementing rule in Ontario there should be no longer any conflict with the Rule.</p>

Issues	Comments	Responses
	<p>amendment, which was intended to facilitate early filings on SEDAR, conflicted with the Rule to the extent that the Rule required financial statements to be sent to securityholders concurrently with the filing of the same with the Ontario Securities Commission.</p> <p>One commenter referred to the Joint Forum of Financial Market Regulators and stated the Forum was in the process of developing guidelines that would address, amongst other things, disclosure requirements for funds sold to capital accumulation plans. The commenter suggested that the CSA should consider the Joint Forum's conclusions prior to implementation of the Rule.</p>	<p>The CSA will consider the conclusions reached by the Joint Forum and make any necessary changes at a later time.</p>
<p><i>Interaction of NI 81-106 with Distribution Requirements</i></p>	<p>One commenter noted that because of the requirement for an auditor's comfort letter on the unaudited interim financial statements of a mutual fund when the interim financial statements were incorporated by reference at the time a final simplified prospectus is filed, (see Appendix A to NP 43-201 and paragraph 8.5(2) 3 of OSC Rule 41-502.), many funds have structured the renewal (or "lapse") date of a prospectus so that the final simplified prospectus and annual information form can be filed and become effective prior to the deadline for filing the fund's semi-annual interim financial statements. This avoids the need for an auditor's review of the interim financial statements.</p> <p>The commenter believed that should the CSA require quarterly financial statements, there would be a wave of renewal prospectuses to be filed in the first quarter of the year (December 31 being a typical fiscal year end) to avoid needing an auditor's review of a mutual fund's first quarter interim financial statements. This commenter suggested the CSA consider either deleting the auditor's comfort letter requirement from the list of renewal prospectus requirements or expanding the continuous disclosure requirements to require an auditor's review of the semi-annual interim financial statements.</p> <p>In this commenter's opinion, the latter option would be consistent with the comparable requirements for interim financial statements filed by an issuer making a continuous distribution of securities under National Instrument 44-102.</p>	<p>There are no longer quarterly management reports. There has been no change to the auditor review requirements. The CICA Handbook section 7110 now advises that an auditor should perform review procedures established in the CICA Handbook when unaudited financial statements are included in an offering document.</p>
<p><i>The New Concept of "Investment Fund"</i></p>	<p>One commenter raised concerns about the fact the Rule introduced the concept of "investment funds" into regulation for the first time and believed this to be premature. The commenter acknowledged that the OSC was, in consultation with industry participants, undertaking a review of the manner in which pooled investment vehicles were regulated and that this review included a consideration of whether regulation of "investment funds" was an appropriate approach. The commenter suggested that the implementation of a new disclosure regime await the outcome of the industry consultations.</p>	<p>The investment fund definition is already in the <i>Securities Act</i> (Ontario). Depending on the jurisdiction, the Rule either exempts pooled funds from all requirements, or carves them out of a number of filing provisions.</p>
<p><i>Other comments for Further Regulatory Re-</i></p>	<p>The following are identified as areas for further regulatory requirements by different commenters:</p> <ol style="list-style-type: none"> 1. One commenter underscored the importance of securing the independence of fund auditors from those of the parent firm, when applicable, since the fund 	<p>This is not the CSA's role.</p>

Issues	Comments	Responses
<p><i>quire-ments</i></p>	<p>investors are quite distinct from the parent firm (e.g. a bank).</p> <p>2. One commenter raised concerns about the lack of close match between fund names, fund holdings and the designated benchmark index. Accordingly, the commenter proposed that funds be required to have at minimum, 80 percent of their holdings in assets of certain character as suggested by the fund name.</p> <p>3. One commenter suggested that news releases, email alerts or special mailings advising of fund mergers, acquisitions, name changes, changes in fee structure, auditor changes and manager changes be made within forty-eight hours.</p> <p>4. One commenter suggested that funds be required to have available, upon request, key fund metrics, such as standard deviation, Beta and Sharpe ratio.</p> <p>5. One commenter would like to see a breakout of dividend and interest income, as this is important for tax purposes and planning.</p> <p>6. One commenter stated that investors, especially highly taxed ones, would benefit from being provided with the calculation of <i>after-tax</i> fund returns based on median Canadian tax rate or maximum Ontario marginal tax rate.</p> <p>7. One commenter suggested that notes to annual financial statements include dollar amount and percentage of total brokerage commissions paid to related parties and affiliates.</p> <p>8. One commenter indicated that an asterisk should flag conflicted portfolio holdings. (The commenter explained that a conflict could arise because of work performed, such as corporate financing, by a parent or an affiliated company over the previous two years.)</p> <p>9. Based on numerous investor surveys, one commenter suggested that those investors who could not see the potential for conflicted ("linked") advice and the impact of trailers on the MER of the Canadian mutual funds would benefit from the visible and highlighted disclosure of trailers paid.</p>	<p>This is a NI 81-102 issue. This Rule deals with disclosure only.</p> <p>Most securities legislation, and NI 51-102 require 10 days for a material change. We are not prepared to move away from this standard at this time.</p> <p>The Rule establishes minimum standards. We are not prepared to make this a requirement.</p> <p>See Form 81-106F1.</p> <p>This Rule maintains the current performance calculation, which is total return. At this time we are not considering after tax returns.</p> <p>The annual information form currently requires disclosure of brokerage arrangements with related or affiliated entities and methods of allocating brokerage business to such entities. The Rule requires disclosure of the dollar amounts of commissions paid.</p> <p>Conflicts of Interest will be the subject of a separate project.</p> <p>An investment fund must include the breakdown of MER, including trailers, in the notes to the Financial Statements.</p>

NOTICE OF PROPOSED NATIONAL INSTRUMENT 81-106 AND COMPANION POLICY 81- 106CP

LIST OF COMMENTERS

ADP Investor Communications
Alternative Investment Management Association
Altamira Investment Services Inc.
Allan R. Gregory
Alastair Farrugia
Association for Investment Management and Research
Association of Canadian Pension Management
Association of Labour Sponsored Investment Funds
BMO Mutual Funds
BMO Nesbitt Burns
BMO Harris Private Banking
Barclays Global Investors
Canadian Bankers Association
Canadian Imperial Bank of Commerce
Canadian Life and Health Insurance Association Inc.
Canadian Printing Industries Association
Capital International Asset Management
Cathy Mullen
Clarington Funds
Christie Stephenson
Fiducie Desjardins
Fédération des caisses Desjardins du Québec
Elliot & Page
Ethical Funds Inc
Ethical Investors Group
Fidelity Investments Canada Limited
Fonds de Solidarité des travailleurs du Québec
Fondaction CSN
Guardian Group of Funds Ltd
Hartford Investments Canada Corporation
Highstreet Asset Management Inc.
Howson Tattersall Investment Counsel Limited
Investment Funds Institute of Canada
Interpraxis Consulting
Jennifer Northcote
KPMG - National Assurance and Professional Practice
Lisa Hayles
McLean Budden
Mackenzie Financial Corporation
MD Funds Management Inc.
Moira Hutchinson
PFSL Investments Canada Ltd.
Pesda
Phillips, Hager & North Investment Management Ltd.
Polar Securities Inc.
Ronald Robbins
Rosseau Asset Management Ltd.
RESP Dealers Association of Canada
Scholarship Consultants of North America Ltd.
Shareholder Association for Research and Education
Small Investor Protection Association
Social Investment Organization
Stikeman Elliot
Sylvie Boustie
TD Asset Management Inc.
Working Opportunity Fund
(Stated support of IFIC's comments on the Proposal): Fidelity, Desjardins, Altamira, CBA, GGOF, CIAMC, PFSL, BMO –NB, BMO-HP, BMOMF, CIBC

National Instrument 81-106
Final Report
for Ontario Securities Commission
May, 2003



COMPAS Inc.
Public Opinion and Market Research
Toronto / Ottawa

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1.0. Introduction

1.1. Background

In this document, COMPAS reports on the fruits of a national survey (N>1000) among past, present, and prospective mutual fund unit holders. The survey was undertaken on behalf of the Ontario Securities Commission, acting in concert with and on behalf of its provincial counterparts and the Canadian Securities Administrators. The context includes the discussions of the securities administrators with respect to the securities practice of providing Management Discussion and Analysis to shareholders as well as the draft Rule on investment fund, continuous disclosure.

The proposed National Instrument 81-106 and the companion policy 81-106CP are a standardized set of disclosure rules that address the need to provide more timely and useful ongoing financial and non-financial information about an investment fund. The reforms are intended to allow an average investor to better assess an investment fund's performance, position, and prospects.

1.2. Methodology

The present report is based on findings from quantitative or survey research rather than qualitative research, of which the best known type is focus groups. Qualitative studies can make vital contributions to the field of public opinion and consumer research. For example, focus groups can be used very successfully to identify themes for subsequent quantitative research or to assess physical products or reports. Quantitative or survey research is nonetheless superior for measuring objectively where people stand on an issue.

The particular suitability of quantitative studies for measuring where people stand rests on the following advantages:

- Unlike qualitative research, surveys are fully replicatable and hence more objective and scientific because they are implemented using detailed questionnaires rather than guides to discussion, as used in focus groups
- Unlike group settings in qualitative research (e.g. focus groups), surveys are immune to the contaminating effect of group pressure, grouping thinking, group leaders, and the phenomenon of social respectability
- Large sample surveys are far more immune than small group, qualitative research to sampling error, the random error whereby samples drawn from a universe of potential respondents reflect with varying accuracy the opinions of the universe from which they are drawn
- Because of their logistical efficiency, surveys are far less expensive per participant/respondent, more representative, and quicker to implement than qualitative studies such as focus groups.

In practice, samples of N=1000 are deemed accurate to within 3.2 percentage points 19 times out of 20. Interviews were undertaken by professional interviewers using computer-assisted telephoning interviewing equipment, and were completed during the second half of March, 2003. Sampling was proportional to the population of each province according to the Census of Canada.

2.0. Fund Reports—Patterns of Satisfaction and Reading

2.1. Overall

The key themes explored in this section are patterns of weak satisfaction with fund reports and low levels of reading. One factor in weak satisfaction and low intensity reading is a somewhat widespread difficulty understanding reports. Another factor is that most fund owners have a long-term perspective, and many see this as a reason to skim or sometimes overlook reports.

Quebec fund owners present a special dilemma, characterized by a paradoxical combination of a high inclination to doubt the believability of fund reports along with comparatively high levels of satisfaction and reading by Canada-wide standards. The paradoxical views of Quebecers reflect to some extent a pattern of paradoxicality that runs through Quebec's culture. Such paradoxicality is reflected, for example, in public misgivings about the role of government alongside reliance on the provincial government to defend French-speaking Quebec in the face of sundry economic, cultural, and linguistic challenges.

2.2. Weak Satisfaction with Current Mutual Fund Reporting

Past and present mutual fund holders in Canada are on average slightly satisfied with current, mutual fund reporting methods. On a 5-point satisfaction scale, qualifying respondents assign a mean score of 3.3 to their mutual fund reports.¹ The best that can be said about satisfaction level is that those who are satisfied, scoring 4 or 5 on the 5-point scale, outnumber 2:1 those who are dissatisfied, scoring 1-2 on the scale, as shown in table 1.

The worst that can be said is that the average score, 3.3, is barely above the mid-point of 3.0. It is rare for customers to assign satisfaction scores as low as the mid-point on a satisfaction scale. In studies of customer satisfaction with federal and Ontario provincial programs, we typically find mean scores around 4 on 5-point scales. In practice, 54% score 3 or lower on the 5-point scale of satisfaction with mutual fund reports.

Table 1: "(8) [ASK ONLY IF CURRENTLY OR PREVIOUSLY OWNED FUNDS] How satisfied were you with the mutual fund reports but NOT your personal statement of account that you received? [OPTIONAL] Please use a 5-point scale where 1 means very dissatisfied and 5, very satisfied."

	Mean	5	4	3	2	1	DNK
Satisfaction with the mutual fund reports but NOT your personal statement of account that you received	3.3	16	26	34	13	7	4

2.3. Quebecers and Atlantic Canadians the Most Satisfied

Mutual fund holders in Atlantic Canada (53% score a 5 or 4) and Quebec (50%) appear most satisfied with their mutual fund reports while fund holders in B.C. (34%) and Manitoba/Saskatchewan (35%) appear least satisfied. Fund holders in Alberta (43%) and Ontario (41%) fall in between. Satisfaction does not appear to vary by other key demographic indicators such as age, education, gender, income, or number of assets.

2.4. Moderate Levels of Reading

Paralleling the weak levels of satisfaction, reported above, is a pattern of moderate reading of fund reports. Only 15% of fund holders report reading "all of them carefully" while another 21% read "some of them carefully and glanced at others" for a grand total of 36% who read at least some reports carefully, as shown in table 2. By contrast, a grand total of 32% report skimming some reports at most.

Overall, the data lend themselves to a moderate interpretation of the importance of fund reports to unit holders as measured by how widely and intensively they read such reports. The data can be used to repudiate the extreme view that fund reports are essentially ignored along with the equally extreme but opposite view that unit holders hang on every word in them. The fact that only 6% claim not to have read any reports discredits the jaundiced view that unit holders do not read these reports. On the other hand, the fact that only 36% claim to have read at least some carefully discredits the Alice-in-Wonderland view that unit holders hang on every word in them.

Table 2: (Q9) [ASK ONLY IF CURRENTLY OR PREVIOUSLY OWNED FUNDS] "People say that they are sometimes too busy to do what they would like to do. Thinking of the mutual fund reports that you receive but NOT your personal statement of account, which of the following statements best describes how you treat them?" [NOT ROTATION]

	%
You read all of them very carefully	15
You read some of them carefully and glanced at the others	21
You skimmed through most of them	31
You skimmed through some of them	16
You did not bother with most of them	10
You looked at none of them	6
DNK/NO RESPONSE	1

¹ "(Q8) [ASK ONLY IF CURRENTLY OR PREVIOUSLY OWNED FUNDS] How satisfied were you with the mutual fund reports but NOT your personal statement of account that you received? [OPTIONAL] Please use a 5-point scale where 1 means very dissatisfied and 5, very satisfied."

2.5. Dissatisfaction Linked to Non-Reading and Difficulty Comprehending

Following a pattern that resembles a truism, fund holders who tend to read their reports tend to be satisfied with them, as shown in table 3. Meanwhile those who tend not to read them express dissatisfaction. In practice, those who read carefully all (mean 3.5; 50% top two box) or some (mean 3.6; 57% top two box) of their reports display significantly higher satisfaction levels than those who do not bother with most of their reports (mean 2.9; 27% top two box). Those who skim through most (mean 3.3; 40% top two box) or some (mean 3.3; 38% top two box) of their mutual fund reports fall in between careful readers and non-readers in terms of satisfaction.

*Table 3: Satisfaction by Reading:
Satisfaction Appears to Rise with Frequency of Reading Reports*

	Mean Satisfaction Score	Top Two Box (% 5 or 4)
You read all of them very carefully	3.5	50
You read some of them carefully and glanced at the others	3.6	57
You skimmed through most of them	3.3	40
You skimmed through some of them	3.3	38
You did not bother with most of them	2.9	27
You looked at none of them	3.1	24
DNK/NO RESPONSE	2.3	11

Pinpointing the link between satisfaction and reading intensity is a bit of a chicken-and-egg problem. Causality probably runs both ways. In defence of the authors of fund reports, it is probably fair to say that fund holders would become more satisfied if they invested more effort and actually spent more time reading them. A public spirited advertising and promotion program encouraging fund holders to read their material would probably make some sense.

Such an advertising and promotion program would be essential, especially to the extent that regulators wish unit holders to increasingly turn to www.sedar.com for their reporting needs. As reported elsewhere herein, unit holders are almost universally unaware of the existence of the regulators' website. Furthermore, as also reported elsewhere in this document, unit holders are not heavy Internet users.

There is nonetheless some evidence that a widespread difficulty understanding fund reports depresses both reading and satisfaction. Some unit holders read the reports rarely or not at all because, according to their own testimony, they are too busy or the reports are not important to them. Other unit holders read the reports rarely or not at all because the reports are too difficult to understand or not entirely believable, they say. In practice, satisfaction is higher among those who are too busy (mean of 3.3) or who do not deem the reports of particular importance (3.4) than among those who have trouble understanding them (3.1) or don't find them believable (3.1). The differences are not large but they are statistically significant.² By this, we mean that the differences are sufficiently large given the sample of N=1000 that we can be certain that these differences are real and not a byproduct of mere chance alone. Though true and not the result of sampling accident, the differences are nonetheless not huge.

In practice, the main reason for skimming rather than careful reading is a perception of mutual funds as long-term investments, as shown in table 4. Among the 85% of current and past fund owners who do not read all of their reports carefully, 84% attribute their lack of fastidious reading to their treatment of funds as long-term investments. In second and third positions are the explanations that the respondent is a very busy person (73%) or reports are too long (67%). A sizeable number, half of unit holders (48%), say that the reports are too difficult to understand. Fewer than a third attribute their lack of fastidious reading to the idea that the report is not important (32%) or not entirely believable (31%).

² Significant at the 95% level.

Table 4: (Q10) [ASK ONLY IF CURRENTLY OR PREVIOUSLY OWNED FUNDS. IF OTHER THAN ANSWER 1 IN THE PRECEDING QUESTION]³ "Please tell me which of the following reasons explains why you did not read the mutual fund reports very carefully." [ROTATE; RECORD YES/NO FOR EACH THAT APPLIES]

	Percent agreeing with each statement
You see mutual funds as a very long-term investment	84
You are a very busy person	73
The reports are too long	67
The reports are too difficult to understand	48
The reports are not useful for comparing one fund with another	43
The reports are not important to you	32
The reports are not entirely believable	31

From a reputational perspective, the fund industry might well choose to invest substantially in making its reports more easily understood. Doing so would almost certainly drive up satisfaction levels and may also draw monies from competing forms of investment. It is axiomatic that clients tend to move their investments or purchases from options with which they are moderately or stably satisfied to options with which their satisfaction is growing.

2.6. Special Credibility Problem in Quebec

The fund industry might do well to invest for the purpose of increasing the confidence of Quebecers in their industry. More than other Canadians, Quebec fund holders are apt to say that they are un-inclined to read carefully all the reports that they receive because these reports are not entirely believable—45% among Quebec respondents vs. 46% in second-place Sask/Man, 31% nationally, and a low of 19% in Alberta.

Quebecers' skepticism about the credibility of fund reports should be treated on its own merits. The tendency of Quebecers to find fund reports unbelievable should not be attributed to either a special difficulty comprehending reports or to a lack of experience reading them. Quebecers are no more likely than Canadians as a whole to explain their lack of fastidious reading to a difficulty understanding fund reports—46% vs. 48% nationally (Q10). Quebecers are no less apt to read fund reports with care (Q9). Indeed, 45% of Quebecers read at least some reports carefully compared to 36% nationally and a low of 30% in Alberta.

2.7. Two Types of Non-Readers: the Less Satisfied vs. the Less Interested

We reported above that low satisfaction is related to non- or low intensity reading and perhaps ultimately to difficulty comprehending reports. By the logic presented earlier, difficulty understanding fund reports leads to both low rates of reading and low satisfaction levels.

In the present section, we broaden our analysis of the drivers of low intensity reading by distinguishing between two types of fund holders:

- The less satisfied—those who attribute their low intensity reading to one or other weakness of the reports that they receive (see table 5), and
- The less interested—those who attribute their low intensity reading to considerations other than the nature of fund reports, for example to the respondent's own, long-term investment horizon.

The less satisfied explain their low intensity reading in terms of such weaknesses of fund reports as excessive length (68%), incomprehensibility (48%), poor comparability (43%), and low believability (31%). The less interested unit holders attribute their low intensity reading to factors un-related to the content of fund reports. For example, the less interested may attribute their low rate of reading to their view of mutual funds as long-term investments (85%). Alternatively, the less interested may say that they are too busy to read the documents thoroughly (74%), or they may acknowledge not considering the reports as particularly important (32%).

We compared the degree to which fund owners read fund reports with the reasons that they give for skimming or not reading such reports carefully. Perceived reporting weaknesses are the only factors that are related statistically to reading intensity. In particular, respondents who did not bother looking at most reports are significantly more apt to say that their non-reading was explained by the fact that fund reports are

³ The question was asked of the 85% of current or past unit holders who did not say that "they read all of them [reports] very carefully."

- too difficult to understand (66% vs. 48% among all fund holders),
- too long (81% vs. 68%), and
- not useful for comparing different funds (56% vs. 44%).

Among fund holders who looked at no reports, the lone statistically significant relationship is with the propensity to say that reports are difficult to understand—58% among fund holders who looked at no reports vs. 48% among all unit holders and 40% among those who read carefully most reports.

Criticisms of report content are linked not only with the propensity not read them but also with the propensity to assign them low satisfaction scores. Thus, those who say that the reports are too difficult to understand or are not entirely believable are more apt to assign low satisfaction scores than those who declare that the reports are not important to them or that they are (just) too busy to read them, as shown in table 5.

*Table 5: Satisfaction by Reasons for not Reading the Report Carefully
Satisfaction Scores Lower When Concerned about Report Content*

	Mean satisfaction	Top Two Box (% 5 or 4)
The reports are not important to you	3.4	42
You see mutual funds as a very long-term investment	3.3	42
You are a very busy person	3.3	42
The reports are too long	3.2	39
The reports are too difficult to understand	3.1	31
The reports are not useful for comparing one fund with another	3.1	32
The reports are not entirely believable	3.1	31

2.8. Short-term Investors vs. Long-term Investors

The results of the preceding sections suggest that there are two distinct categories of investors, namely short-term thinkers and long-term thinkers.

Short-term investors represent 16% of respondents. These fund holders think in terms of days, weeks, or months. They tend to be younger, lower income, and asset-limited. Short-term investors are disproportionately under 35 years of age (46% versus 26%), earn under \$30,000 (25% vs. 12%) in annual income, and have less than \$50,000 in assets (44% vs. 34%). They may be less apt to hold any other type of investment apart from their mutual funds (e.g. 83% do not have stocks versus 73% of long-term thinkers), and they seem disproportionately from Quebec (34% versus 22% of long-term thinkers),

Most mutual fund holders (82%) are at least medium-term, if not long long-term, thinkers who base their investment decisions on returns in years or decades.

Short-term thinkers are especially apt to read some or all of the reports carefully (52% versus 33% among long-term thinkers). Meanwhile, long-term-thinkers (i.e. those who think in terms of years or decades) are especially apt to skim some or most of the reports (49% vs. 36%).

Among the few non-readers (6%), long-term thinkers are especially apt to say they did not read the reports because of their long-term outlook (86% vs. 70% among short-term thinkers) as perhaps expected. Meanwhile, short-term thinkers are nominally more apt than long-term thinkers to cite each of the remaining reasons for non-readership.

2.9. Ramifications

Several ramifications emerge:

- An important finding is that unit holders express weak satisfaction with the quality of reporting that they receive. From this finding, it follows that (a) the industry and its regulators have a shared interest in enhancing the quality of reporting and (b) ambitious industry players stand to gain competitive advantage by improving and heralding the quality of their reports.
- Paralleling weak satisfaction is a pattern of low intensity report reading. Most unit holders do not read carefully most, if any, reports. Only 15% claim to read carefully all the reports that they receive while 32% claim that they skim some of

them at most. Those who read reports with some frequency tend to be more satisfied than those who do not. From this fact, it follows that unit holders should be strongly encouraged to read the reports provided to them even if such reports are not improved.

- ❑ One group of unit holders, whom we label the “less interested,” claim not to read reports carefully because their perspective is long-term. The ramifications from this finding are unclear. It may be that special reports or special “reports within reports” ought to be tailored to the interests of long-term investors.
- ❑ Another group of unit holders, whom we label the “less satisfied,” claim not to read reports carefully because they find such documents difficult to comprehend. Both the industry and its regulators have an interest in transforming fund reports into documents that their customers do find understandable.
- ❑ Quebec fund owners represent a special dilemma. They show comparatively solid rates of report reading and satisfaction, and yet show high levels of scepticism about the believability of such reports. Both the industry and the Quebec regulator have an interest in enhancing the confidence of Quebec unit holders in the believability of fund reports.

3.0. Reporting Practices—Patterns of Preference

3.1. Overview

This section explores unit holders’ views about many aspects of reporting, including ideal content, frequency, and formatting. We also report on how unit holders feel about receiving information on sister funds. Whatever their own actual reading practices, mutual fund investors are information-hungry in that they definitely want a great deal of information especially the minority who read their existing reports carefully. There is hardly an item of potential information that would not be valued.

The average unit holder would welcome 5 page reports at least twice yearly, and would find acceptable receiving information on sister funds.

3.2. Written Reports on “How the Fund as a Whole Has Done”—Widespread Desire Except among the Elderly

Two-thirds of investors would like to receive written analysis of overall fund performance. In response to a direct prompt, 68% of past, present, and prospective fund holders say they would like to be able to receive or have access to a report containing written analysis of their fund as a whole, as shown in table 6. The question asked of respondents was as follows: “Suppose you own a mutual fund in the future or manage one for someone close to you. Would you like to be able to receive or have access to a report containing a written analysis of how the fund as a whole has done?”

Table 6: “Suppose you own a mutual fund in the future or manage one for someone close to you.” [ALL RESPONDENTS] Would you like to be able to receive or have access to a report containing a written analysis of how the fund as a whole has done? [PROMPT ONLY IF NECESSARY] [%]

	ALL	<25K assets ⁴	>200K assets	<35 yrs	35-49	50-64	65+
Yes	68	77	63	77	72	64	40
No	30	23	35	23	27	35	54
DNK/REFUSED	2	1	2	*	1	2	6

The desire for such reporting appears stronger among entry-level investors than experienced ones. Thus, small investors (less than \$ 25,000 in assets) may be more inclined than large investors to want a written analysis of how the fund has performed—77% vs. 63%, as shown in table 6. Age is an especially important driver of the desire for such reporting. Among the youngest cohorts, 77% want such reporting. The desire for this kind of analysis declines steadily to age 64, and then plummets to 40%, as shown in table 6.

In practice, most investors do want such reporting. The desire attenuates with investment experience as measured by age and asset value. The attenuation with experience probably arises because experience leads investors to look for other sources of information or to discount the fund manager’s assessments. Infirmity is probably a special factor accounting for the unique decline of interest among investors 65 years of age and older. The over-65 category is a broad category that extends to unit holders in their 80’s and 90’s, by which time many become infirm.

⁴ Total assets part from respondent’s principal residence.

3.3. What Information Has Value—All Information Highly Valued, Especially Performance-Related Information

Though not all fund-owners read the information that they receive, it is the rare fund-owner who does not want information, as shown in table 7. The most desired elements of information relate in some fashion to performance measures, for example, year-over-year performance numbers, fees and expenses, and disclosure of a fund's best and worst returns.

Two elements of information are seen as less valuable than the others even if they are nonetheless seen as valuable. These two elements are information on related party transactions and changes in the portfolio manager or advisor.

The lower value assigned to these two elements of information may be attributable to respondents' not seeing or not understanding the potential long-term significance of these two features of fund conduct. This interpretation is lent some credence by the fact that university graduates assign more importance to information about related party transactions than do investors with less than high school education—50% scoring 4-5 on the 5-point scale vs. 37% in the case of the least educated segment.

Attitudes about the informational elements that are of value tend to be homogeneous or random irrespective of demographic attribute (e.g. region, age) and financial characteristic (e.g. assets, income). A primary exception is the tendency of investors with assets over \$ 200,000 to ascribe greater value to all elements of information than do investors as a whole. The proportions of the most asset-rich investors assigning a score of "5" are

- 50% for the disclosure of a fund's best and worst returns vs. 38% among fund holders as a whole;
- 40% for how the fund invests assets vs. 32% among fund holders as a whole;
- 46% for a discussion of how the fund has performed vs. 37% among fund holders as a whole;
- 51% for information on year over year performance vs. 39% among fund holders as a whole;
- 37% for management changes vs. 27% among fund holders as a whole;
- 52% for management fees and expenses vs. 41% among fund holders as a whole.

Table 7: (Q12) "Please score each of the following types of information that may be included in a report using a 5-point scale where 1 means not at all valuable and 5, very valuable." [ROTATE]

	Mean	5	4	3	2	1	DNK
Year over year performance numbers	4.0	39	32	17	5	6	2
Management fees and expenses	3.9	41	24	18	8	7	3
Disclosure of a fund's best and worst returns	3.9	38	28	20	6	5	3
Discussion of how the fund has performed	3.8	37	27	22	7	5	2
How the mutual fund unit prices have changed during the year	3.8	36	27	22	7	6	3
Details on current fund holdings	3.8	33	30	23	6	5	3
How the mutual funds invests assets, for example stocks, bonds, or complex financial instruments	3.8	32	28	25	8	5	3
Related party transactions, for example where there could be a conflict of interest	3.4	27	21	23	11	12	7
Changes in the manager or portfolio advisor	3.3	27	20	24	15	12	3

The sustained tendency of asset-rich investors to see value in information suggests that investors' own characteristics are as important as the characteristics of fund reports in driving attitudes towards these reports. Asset-rich investors see special value in information in part because the size of their assets gives them more at stake. Yet, the fund-asset wealth of fund holders does not drive all fund-related behaviour. For example, the most heavily fund-invested segment is no more likely than unit holders as a whole to read carefully fund reports.

The only possible pattern of reading that is statistically linked to level of fund investment is a hint of a tendency among those with the fewest fund assets to skim reports. Those with less than \$ 25,000 in mutual funds are more likely than respondents as a

whole to say that they skim through most of the reports—42% vs. 31%. However, those with less than \$ 25,000 in mutual funds do not differ from the population of fund investors in any of the other categories of skimming, reading, and ignoring fund reports.

While investors with large fund portfolios assign the most value to different elements of information, those who ignore fund reports assign the least value to these same elements. For example, 17% of those who looked at no reports assigned a value of “1” to disclosure of a fund’s best and worst years compared to 5% among unit holders as a whole.

The tendency of non-readers to assign low value to the various elements of information may amount to a truism or near tautology. Indeed, the relationship between non-reading and perceived low value may be reciprocal. On the one hand, those who do not value the information do not bother to read, thereby acting in a pattern that is consistent with their perceptions of value. On the other hand, those who do read come to appreciate the value of what they have read.

The following are some partial patterns of assigning value to elements of information:

- those who read all reports carefully see much value in information on how funds invest their assets—46% scoring “5” vs. 32% among fund holders as a whole;
- the elderly are more likely not to know how much value to assign to any particular element of information, and they also assign less value to information about management fees—25% bottom-2 box vs. 14% among unit holders as a whole.

3.4. Desired Frequency and Length of Reporting—5 pp. at Least Twice Yearly; Promotional Material on Sister Funds Acceptable

Fund holders want reports that average 5.4 pages in length⁵, at least twice yearly, as shown in table 8. Respondents were asked twice about the ideal frequency of reporting, initially without reference to the extra cost of preparing such materials and subsequently with such a reminder.⁶ Reminding respondents of the “potential cost to investors” predictably reduces enthusiasm for frequent mailings, but by a small margin. Thus, 41% want a mailing at least four times year prior to being reminded of the cost implications; this drops to 32% after such a reminder. The proportion wanting a report at least twice yearly diminishes from 74% to 66%.

One particular issue is whether information on sister funds should be included in mailings to fund holders. Fund holders are neither enthusiastic about receiving such material nor opposed, as shown in table 9. A key factor in their ambivalence is that it is difficult for them to offer an opinion prior to being shown the precise kinds of information that they would receive.⁷

Though fund investors are relatively homogeneous in their views on these informational matters, some variation nonetheless emerges. Those who patiently read very carefully all the reports that come their way desire longer and more frequent reports than fund investors as a whole. For such careful readers, the ideal length is almost 7 pages (6.8). By comparison, those who look at no reports would prefer fewer than 3 pages (2.7). Quebecers (7.7 pages) are more accepting of longer documents.

Table 8: (Q15) “How often would you like to receive or be able to have access to these reports?”(%)

	Frequency Desires...	
	With no mention of cost (Q15)	With a prefatory mention of cost ⁸ (Q16)
Monthly	12	10
4 times a year	29	22
Twice a year	33	34
Once a year	24	30
DNK/REFUSED	3	3

⁵ Based on 93% response; 7% DNK.

⁶ See the ensuing footnote for the precise wording of the question that reminds respondents of the cost.

⁷ Unit holders’ attitudes towards information on sister funds may parallel the public’s general attitudes towards advertising. Most newspaper readers bemoan the volume of advertising in newspapers while at the same time select the newspapers to which they subscribe at least in part because of the particular advertising information that they can count on seeing in the chosen paper.

⁸ Q16 “Recognizing that the more frequent the reporting, the higher the potential cost to investors in the fund, how often would you like to receive or be able to have access to these reports?”

Table 9: (Q14) "Mutual fund companies sometimes send out information on their other mutual funds in addition to information on your own fund." [IF ONLY A PROSPECTIVE FUND HOLDER, PREFACE WITH] "Thinking ahead when you would own mutual fund units..."

[ALL RESPONDENTS] Is this information... [ROTATE]

	%
That you definitely don't want to receive	29
That you don't really want but don't object to receiving	45
That you would want to receive	23
DNK/REFUSED	3

Those who read all their reports with some care are information-hungry. They not only want longer documents but they also wish to receive them more frequently—61% favouring documents at least four times a year vs. 41% with that view among fund investors as a whole. They also want information on sister funds—40% actively desire such information vs. 23% among unit holders as a whole. Among careful readers, 74% either desire or would accept receiving reports on sister funds compared to 68% among unit holders as a whole. Meanwhile, the segment most averse to receiving information on sister funds is the elderly—47% vs. 29% among unit holders as a whole.

3.5. Canadians Want Transparency and Consistency

In a reflection of the comparatively open character of Canada's national political culture, fund holders want transparency and consistency in fund reports. In particular, they want fund holders to be reminded annually and not just at the time of their initial investment that they are entitled to request reports to be mailed, as shown in table 10.

The viewpoint of whether unit holders should be informed of a mailing option annually or just once is affected mainly by the degree to which unit holders are information-hungry. Those who read all their reports carefully definitely want an annual reminder of the mailing option—71% vs. 64% among respondents as a whole. Meanwhile, those who do not read or skim most of the documents that they receive are the segment most inclined to the view that investors should be informed only at the time of initial purchase—42% vs. 31% among unit holders as a whole.

Table 10: (Q21A) "Suppose annual statements and reports are only mailed *if* requested, should mutual funds have to tell fund investors that they can ask for the reports to be mailed?" [NO ROTATION]

	%
Every year	64
Only at the time of investment	31
DNK/REFUSED	4

Table 11: (Q20) "Mutual funds will be required to post on their websites their reports and financial statements. Keeping in mind the cost of mailing information and therefore the potential cost to investors in the fund, please tell me which of the following opinion is closest to your own."

	%
Annual financial statements and reports should only be mailed if requested since they are all posted on the internet and are available by other means.	52
Annual financial statements and reports should be automatically mailed out to all mutual fund holders because these reports are so important for fund holders to have.	45
DNK/REFUSED	3

While respondents are reasonably certain that unit holders ought to be told annually of their right to report mailings, they are divided about whether such reports should be mailed out automatically or only on request. As shown in table 11, 52% feel that they should be mailed out only on request while 45% take the view that they should be mailed out automatically. In the wording of the question, respondents were reminded twice of the cost implications of mail-outs. They were asked "in mind the cost of mailing information and therefore the potential cost to investors in the fund." Had respondents not been reminded of the cost implications, advocates of automatic mailings might have formed a small majority instead of constituting a very large minority.

Table 12: (Q22) "As you may know, mutual funds own shares of companies and can vote at meetings of these companies. Funds are not currently required to report how they vote. Keeping in mind the potential cost of preparing such reports, should the mutual fund have to report to unit holders?"

[NO ROTATION]

	%
How they vote on all issues	21
How they vote on major issues like corporate takeovers or moving the company head office	48
Should they be free not to report how they vote	24
DNK/REFUSED	7

Table 13: (Q21B) One issue is whether the securities commissions should require all the funds to use almost identical formats for their reports.

Which of the following opinions is closer to your own? [ROTATE]

	%
Funds should be required to use identical reporting formats so that investors will find it easy to compare the performance of different mutual funds	67
Funds should NOT be required to use identical formats because they will all end	26
DNK/REFUSED	7

In a similar spirit of transparency, fund holders wish funds to be required to report on how they vote at meetings of companies whose shares they own. A clear majority wants a requirement for funds to at least report on "how they vote on major issues like corporate takeovers or moving the company head office," as shown in table 12. A fifth (21%) want a requirement for reporting on all votes while half (48%) want a requirement for reporting on major votes for a grand total of 69%.

Unit holders desire not only transparency but consistency as well. Two-thirds favour requiring funds "to use identical reporting formats so that investors will find it easy to compare the performance of different mutual funds," as shown in table 13.

3.6. Demographic Uniformity Except for Quebecers' Reservations about a Uniform Format

Canadians' preferences for reporting practices vary hardly at all according to age, gender, region, and other demographic attributes. A notable exception is the mixed view among Quebecers about a uniform reporting format. Quebecers are the only demographic segment among whom support for using identical reporting formats does not exceed 50%. Among Quebecers, 46% favour uniform reporting formats while 39% oppose them, as compared to 67% and 26% among unit holders as a whole.

3.7. Ramifications

The main findings and concomitant ramifications are as follows:

- From the evidence of a widespread desire for reports on how their fund has performed, it follows that such reports should indeed be provided, ideally in the form of 5 page documents made available at least twice yearly according to the data emerging from this survey;
- From the evidence of some unique reservations among the elderly, it follows the such reports should be designed to be user friendly to the elderly, for example, by utilizing larger font;
- All the various content elements explored in this study elicited very high or somewhat high enthusiasm. From these findings, it follows that fund reports should indeed satisfy unit holders' thirst for such information.
- From the evidence that unit holders are not quite as interested in information on related party transactions and change of manager, it follows that institutions engaged in investor education should seek to explain to business journalists and their audiences the significance and value of such information;
- Given the findings from this study, a persuasive message addressed to investors might highlight the fact that asset-rich investors are information-hungry, and they want to know everything they can find out about their funds—from their year to year performance records to their management fees and changes in management;

- ❑ From the evidence of unit holders’ desire for transparency in reporting, it follows that unit holders should be reminded annually of their right to mailed reports and funds should be required to report on how they vote on significant issues at meetings of companies that they own;
- ❑ From the evidence of divided opinion about whether mailings should be automatic or optional, it follows that such mailings should probably be optional; however, given that www.sedar.com awareness is negligible and Internet access and use are moderate at present but growing, it may be sensible for regulators to consider the possibility of automatic mailings for the short-term, optional mailings for the medium-term, and no mailings for the long-term;
- ❑ From the evidence of unit holders’ desire for reporting consistency, especially outside Quebec, it follows that the industry on its own or under regulatory supervision should consider introducing some uniform formatting in reports to unit holders.

4.0. Delivery Channel

4.1. Unit Holders Web-Averse and Unaware of www.Sedar.com

Unit holders’ strong support for annual reminders about the availability of report mailings may be rooted in a culture that is not strongly web-oriented or, at the very least, not strongly oriented to using the web for mutual fund purposes. A clear majority (60%) have never visited a website of their mutual fund, as shown in table 14. The overwhelming majority acknowledge having never heard of the regulatory website, www.sedar.com: 89% no, 10%, and 1% not sure.⁹

Table 14: (Q17) [ONLY PAST AND PRESENT FUND HOLDERS] “Incidentally, how often in a typical year did you visit the website for your fund?” [NO ROTATION; PROMPT ONLY IF NECESSARY]

	%
Never	60
Once or Twice	12
Monthly	11
Weekly	6
Seasonally	6
Yearly	3
Daily	2
DNK/REFUSED	1

Among the small minority claiming to have heard of the [sedar](http://www.sedar.com) website, as many as 40% admit not having ever visited it. Meanwhile, 33% say that they have visited the site once or twice, 17% often, and 10% regularly. Of the 1001 unit holders participating in the national survey, at most 60 have ever visited the site. Only 27 claim to have visited the site regularly or often.

Unit holders’ comparative lack of exposure to fund-related sites can only be explained in small part by limited access to the web. It is true that fifth (19%) of unit holders have no access to the web.¹⁰ Yet, the vast majority have some kind of access—31% at home, 19% at the office, and 40% at both locations. Among the large majority with Internet access, an average of 7.3 hours per week is spent on the Internet.¹¹ Only a small portion of this time is devoted to investment-related information-seeking. Respondents report that they devote 6.9% of their weekly Internet time or 30.2 minutes to seeking investment-related information in general and 4.7% of their time or 20.6 minutes to seeking mutual fund-related information.¹²

Patterns of web usage and web awareness parallel patterns of report reading. Those unit holders who do not read reports tend also to never visit the website of their fund—75% vs. 60% among unit holders as a whole. In a similar spirit, not one respondent who looked at no report was aware of the [sedar.com](http://www.sedar.com) site. Thus, 100% of complete non-readers are unaware of the regulator site. Among those who read every report, the corresponding proportion is 81%.

⁹ The question was as follows: “All mutual funds post their reports on a special website called [sedar.com](http://www.sedar.com) (PRONOUNCED SEE-DAR). Are you aware of this website?”

¹⁰ (Q26) “Do you personally have access to the Internet?”

¹¹ (Q27) “How many hours a week, if at all, do you spend on the Internet?”

¹² These figures are likely over-estimates. In the context of a survey on mutual funds, many respondents might conclude that it would be disrespectful to indicate that they spend 2% or less of their Internet time on fund-related matters. A concern not to be rude or offensive might well motivate respondents to inflate slightly their estimated allocation of time to fund matters.

4.2. Ramifications

From the evidence of low visits to fund-related websites and from the evidence of pervasive unawareness of www.sedar.com, it follows that the industry, the business media, and/or the regulators should launch a messaging campaign to educate investors about the fund-related sources of information available on the web.

5.0. Investor Behaviour and Channels of Communication

5.1. Overview

In this section, the COMPAS research team reports on the time horizon of unit holders, the likely impact on their investing behaviour if they received detailed fund reports a lot more frequently, and the channels of communication upon which they depend for making their fund-related decisions. In practice, unit holders do think in the long-term, and would increase their investments in mutual funds if they received more intensive reporting. With respect to channel of communication, unit holders rely more on their financial advisors, the perceived track record of their fund, and the reputation of their mutual fund company than they do on newspapers of any kind.

5.2. Mutual Fund Holders Think Long-Term

We reported above in section 2.6 that investors who skim or do not read their fund reports often attribute this inattention to their long time-horizons. Indeed, the overwhelming majority (82%) of unit holders think in years or decades, as shown in table 15.

Table 15: (Q23) "At this point, I'd like to ask some background questions for statistical purposes. When you think of investments and their returns, do you think mainly in terms of..."

	%
Decades	16
Years	66
Months	12
Weeks	3
Days	1
DNK/REFUSED	2

5.3. Increased Reporting Would Increase Transactions

More frequent reporting to unit holders may well stimulate more transactions in funds but marginally at most, according to respondents' testimony. Fund investors were asked: "Suppose[ing] mutual funds provided detailed reports a lot more frequently than they do now, would you buy or sell funds a lot more than otherwise, somewhat more, somewhat less, or a lot less?" As responses to the question, increased transactions are more frequent than reduced transactions by a factor of about 3:2—30% vs. 19%, as shown in table 16. The proportion saying that they would transact a lot less is nominally higher than the proportion saying a lot more than otherwise (7% vs. 5%).

Table 16: (Q24) "Suppose mutual funds provided detailed reports a lot more frequently than they do now, would you buy or sell funds"

	%
A lot more than otherwise	5
Somewhat more	25
UNPROMPTED: no change	47
Somewhat less	12
A lot less	7
DNK/REFUSED	5

5.4. Channels and Factors—Advisors, Fund Performance Records, Fund Company Reputations, Not Newspapers

From the perspective of communicating to unit holders, some channels and factors are dramatically more effective than others. Unit holders' financial advisors rank at the very top with 49% of respondents assigning this category the highest possible score, 5. At the bottom with a maximum of 14% scoring 5 on the 5-point scale are investment newsletters, national and local newspapers, and their websites.

Table 17: (Q25) "Please rate each of the following factors in terms of their importance to you when thinking of a mutual fund investment, using a 5-point scale where 1 means unimportant and 5, very important." [ROTATE]

	Mean	5	4	3	2	1	DNK
Your financial advisor or broker	4.1	49	28	13	3	6	2
The individual fund's record of performance	4.1	43	32	16	4	4	2
The general reputation of an individual fund company	4.0	41	31	17	6	3	2
A mutual fund's financial statements	3.9	38	30	19	7	4	2
The holdings of a mutual fund	3.8	32	32	22	8	4	3
The management expense ratio	3.7	30	27	25	9	6	3
The general reputation of a specific fund rather than the fund company as a whole	3.7	27	31	27	7	5	3
The mutual fund prospectus	3.5	21	28	31	10	7	4
Newsletters or magazines on investing	2.9	11	20	34	16	17	1
The websites of national business newspapers	2.8	14	19	23	15	26	3
Local newspapers	2.8	14	16	27	16	24	2
National business newspapers	2.8	12	17	29	19	21	2

Unit holders are relatively homogeneous in their assessments of the importance to these different channels of communication and factors in their thinking, albeit with the following exceptions:

- Information-hungry unit holders, those who read carefully all their fund reports, tend to assign higher importance scores to all channels and factors than do other unit holders;
- Paradoxically, Quebecers place slightly more emphasis on national (English-language) business newspapers, 40% assigning scores of 4 or 5 compared to 30% among unit holders as a whole;
- Short-term investors think disproportionately in terms of business newspaper websites.

5.5. Ramifications

For the fund industry and its regulators, the main ramifications are that increased reporting would likely be a magnet for increased transactions and financial advisors are the most potent conduit or channel for transmitting information to unit holders.

6.0. Conclusion

The key ramifications from this study of unit holders are as follows:

- the industry and its regulators have a shared interest in enhancing the quality of reporting, and ambitious industry players stand to gain competitive advantage by improving and heralding the quality of their reports;
- Even in the absence of actual improvements in the readability and usefulness of fund reports, an advertising and promotion campaign to encourage unit holders to read their reports would likely increase satisfaction with such reports in light of the evidence that those who read more intensively are also more satisfied than those who read less intensively;
- Unit holders are not enormously satisfied with the quality of fund reporting, from which we conclude that both the industry and its regulators have an interest in transforming fund reports into documents that their customers find increasingly understandable and useful;
- From the evidence of a widespread desire for reports on how their fund has performed, it follows that such reports should indeed be provided, ideally in the form of 5 page documents made available at least twice yearly according to the data emerging from this survey;
- From the evidence of some unique reservations among the elderly, it follows the such reports should be designed to be user friendly to the elderly, for example, by utilizing larger font;

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- All the various content elements explored in this study elicited very high or somewhat high enthusiasm. From these findings, it follows that fund reports should indeed satisfy unit holders' thirst for such information;
- From the evidence that unit holders are not quite as interested in information on related party transactions and changes of manager, it follows that institutions engaged in investor education should seek to explain to business journalists and their audiences the significance and value of such information;
- Given the findings from this study, a persuasive message addressed to investors might highlight the fact that asset-rich investors are information-hungry, and they want to know everything they can find out about their funds—from their year to year performance records to their management fees and changes in management;
- From the evidence of unit holders' desire for transparency in reporting, it follows that unit holders should be reminded annually of their right to mailed reports, and funds should be required to report on how they vote on significant issues at meetings of companies that they own;
- From the evidence of divided opinion about whether mailings should be automatic or optional, it follows that such mailings should probably be optional; however, given that www.sedar.com awareness is negligible and Internet access and use are moderate at present but growing, it may be sensible for regulators to consider the possibility of automatic mailings for the short-term, optional mailings for the medium-term, and no mailings for the long-term;
- From the evidence of unit holders' desire for reporting consistency, especially outside Quebec, it follows that the industry on its own or under regulatory supervision should consider introducing some uniform formatting in reports to unit holders;
- From the evidence of low visits to fund-related websites and from the evidence of pervasive unawareness of www.sedar.com, it follows that the industry, the business media, and/or the regulators should launch a messaging campaign to educate investors about the fund-related sources of information available on the web;
- Findings from this COMPAS survey of unit holders suggest that increased reporting might increase transactions, albeit marginally at most.
- Financial advisors are likely the most potent conduit or channel for transmitting information to unit holders.

APPENDIX C

**NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE,
FORM 81-101F1 CONTENTS OF SIMPLIFIED PROSPECTUS AND
FORM 81-101F2 CONTENTS OF ANNUAL INFORMATION FORM
AMENDMENT INSTRUMENT**

1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.
2. Section 3.1 is amended by adding the following after paragraph 3:
 - “4. The most recently filed annual management report of fund performance of the mutual fund that was filed either before or after the date of the simplified prospectus.
 5. The most recently filed interim management report of fund performance of the mutual fund that was filed before or after the date of the simplified prospectus and that pertains to a period after the period to which the annual management report of fund performance then incorporated by reference in the simplified prospectus pertains.”.
3. Form 81-101F1 Contents of Simplified Prospectus is amended
 - (a) by repealing the third bullet point in Item 3.1 of Part A and substituting the following:
 - “• Additional information about the Fund is available in the following documents:
 - the Annual Information Form,
 - the most recently filed annual financial statements,
 - any interim financial statements filed after those annual financial statements,
 - the most recently filed annual management report of fund performance, and
 - any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of those documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer.”.

- (b) by repealing the third bullet point in Item 3.2 of Part A and substituting the following:
 - “• Additional information about each Fund is available in the following documents:
 - the Annual Information Form,
 - the most recently filed annual financial statements,
 - any interim financial statements filed after those annual financial statements,
 - the most recently filed annual management report of fund performance, and
 - any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of those documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted, as required by section 3.4 of the Instrument], or from your dealer.”.

- (c) by repealing Items 8 and 11 of Part B.
- (d) in Item 13 of Part B by:
 - (i) repealing Item 13.1;
 - (ii) repealing subsection 13.2(1) and substituting the following:
 - “(1) Under the heading “Fund Expenses Indirectly Borne by Investors”, provide an example of the share of the expenses of the mutual fund indirectly borne by investors, containing the information and based on the assumptions described in (2).”; and
 - (iii) repealing subsection 13.2(4) and substituting the following:
 - “(4) The management expense ratio used in calculating the disclosure provided under this Item should be the management expense ratio calculated in accordance with Part 15 of National Instrument 81-106 Investment Fund Continuous Disclosure.”.

4. Form 81-101F2 Contents of Annual Information Form is amended

- (a) in Item 12 by adding the following after subsection (5):
 - “(6) Unless the mutual fund invests exclusively in non-voting securities, describe the policies and procedures that the mutual fund follows when voting proxies relating to portfolio securities including
 - (a) the procedures followed when a vote presents a conflict between the interests of securityholders and those of the mutual fund’s manager, portfolio adviser, or any affiliate or associate of the mutual fund, its manager or its portfolio adviser;
 - (b) any policies and procedures of the mutual fund’s portfolio adviser, or any other third party, that the mutual fund follows, or that are followed on the mutual fund’s behalf, to determine how to vote proxies relating to portfolio securities.

State that the complete policies and procedures that the mutual fund follows when voting proxies relating to portfolio securities is available on request, at no cost, by calling [toll-free/collect call telephone number] or by writing to [address].

- (7) State that the mutual fund’s proxy voting record for the most recent 12 month period ended June 30 is available free of charge to any securityholder of the mutual fund upon request at any time after 60 days following the end of the period to which the proxy voting record pertains.

INSTRUCTION:

The disclosure of the mutual fund’s proxy voting policies and procedures must address the requirements of section 10.2 of National Instrument 81-106 Investment Fund Continuous Disclosure. The proxy voting record provided to securityholders must comply with the requirements of section 10.3 of National Instrument 81-106.”.

- (b) by adding the following Instruction at the end of Item 15:

INSTRUCTION:

The disclosure required under Item 15(1) regarding executive compensation for management functions carried out by employees of a mutual fund must be made in accordance with the disclosure requirements of Form 51-102F6 Statement of Executive Compensation.”

5. This Instrument comes into force on the date that National Instrument 81-106 Investment Fund Continuous Disclosure comes into force.

**COMPANION POLICY 81-101CP
MUTUAL FUND PROSPECTUS DISCLOSURE
AMENDMENT INSTRUMENT**

1. Companion Policy 81-101CP Mutual Fund Prospectus Disclosure is amended by this Instrument.
2. Section 2.2 is amended by deleting subsection 2.2(2) and substituting the following:

“(2) The approach of the Instrument is to give investors a choice of the amount of information that they wish to consider before making a decision about investing in the mutual fund. Investors will have the option of purchasing the mutual fund's securities after reviewing the information in the simplified prospectus only or after requesting and reviewing the annual information form, financial statements or management reports of fund performance incorporated by reference into the simplified prospectus.”
3. Section 2.4 is deleted and substituted by the following :

“2.4 Financial Statements and Management Reports of Fund Performance – The Instrument contemplates that the mutual fund's most recently audited financial statements, and any interim statements filed after those audited statements, as well as the mutual fund's most recently filed annual management report of fund performance, and any interim management report of fund performance filed after that annual management report, will be provided upon request to any person or company requesting them. Like the annual information form, these financial statements and management reports of fund performance are incorporated by reference into the simplified prospectus. The result is that future filings will be incorporated by reference into the simplified prospectus, while superseding the financial statements and management reports of fund performance previously filed.”
4. Section 7.5 is deleted.
5. Section 8.2 is deleted and substituted by the following:

“8.2 Portfolio Advisers – The AIF Form requires disclosure concerning the extent to which investment decisions are made by particular individuals employed by a portfolio adviser, or by committee, and requires in section 10.3(3)(b) of the AIF Form that certain specified information be given about those individuals principally responsible for the investment portfolio of the mutual fund. Part 11 of National Instrument 81-106 Investment Fund Continuous Disclosure requires a simplified prospectus to be amended if a material change occurs in the affairs of the mutual fund. Reference is made to section 7.4 of Companion Policy 81-102CP Mutual Funds for a discussion of when a departure of a high-profile individual from a portfolio adviser of a mutual fund may constitute a material change for the mutual fund. Mutual funds should consider these provisions if and when they encounter the departure of such a person from a portfolio adviser. If such a departure is not a material change for the mutual fund, then there is no requirement for an amendment to a simplified prospectus, subject to the general requirement that a simplified prospectus contain full, true and plain disclosure about the mutual fund.”
6. This Instrument comes into force on the date that National Instrument 81-106 Investment Fund Continuous Disclosure comes into force.

APPENDIX D

NATIONAL INSTRUMENT 81-102
MUTUAL FUNDS
AMENDMENT INSTRUMENT

1. National Instrument 81-102 Mutual Funds is amended by this Instrument.
2. Section 1.1 is amended
 - (a) by repealing the definition of "management expense ratio" and substituting the following:

""management expense ratio" means the ratio, expressed as a percentage, of the expenses of a mutual fund to its average net asset value, calculated in accordance with Part 15 of National Instrument 81-106 Investment Fund Continuous Disclosure;"
 - (b) by adding the following after the definition of "manager":

""material change" has the meaning ascribed to that term in National Instrument 81-106 Investment Fund Continuous Disclosure;"
 - (c) by repealing the definition of "report to securityholders" and substituting the following:

""report to securityholders" means a report that includes annual or interim financial statements, or an annual or interim management report of fund performance, and that is delivered to securityholders of a mutual fund;"
 - (d) by adding the following as Item 6 to paragraph (b) of the definition of "sales communication":

"6. Annual or interim management report of fund performance;"
 - (e) by repealing the definition of "significant change"; and
 - (f) by repealing the definition of "timely disclosure requirements".
3. Paragraph 5.1(g) is amended by repealing subsection 5.1(g)(iii) and substituting the following:

"(iii) the transaction would be a material change to the mutual fund."
4. Section 5.6 is amended by repealing subsection 5.6(1)(g) and substituting the following:

"(g) the mutual fund has complied with Part 11 of National Instrument 81-106 Investment Fund Continuous Disclosure in connection with the making of the decision to proceed with the transaction by the board of directors of the manager of the mutual fund or of the mutual fund;"
5. Section 5.7 is amended by repealing subsection 5.7(1)(d) and substituting the following:

"(d) if the application relates to a matter that would constitute a material change for the mutual fund, a draft of an amendment to the simplified prospectus of the mutual fund reflecting the change; and"
6. Section 5.10 is repealed.
7. Subsection 10.1(4) is repealed.
8. Part 13 is repealed.
9. Subsection 15.9(2) is amended by deleting the words "significant change" and substituting the words "material change" in each instance.
10. Part 16 is repealed.
11. Part 17 is repealed.

12. This Instrument comes into force on the date that National Instrument 81-106 Investment Fund Continuous Disclosure comes into force.

**COMPANION POLICY 81-102CP
MUTUAL FUNDS
AMENDMENT INSTRUMENT**

1. Companion Policy 81-102CP Mutual Funds is amended by this Instrument.
2. Subsection 3.2(3) is amended by deleting the last sentence of the subsection and substituting the sentence “In addition, this decision would also constitute a material change for the mutual fund, thereby requiring an amendment to the simplified prospectus of the mutual fund and the issuing of a press release under Part 11 of National Instrument 81-106 Investment Fund Continuous Disclosure.”.
3. Subsection 7.3(2) is amended by deleting the last sentence of the subsection and substituting the sentence “The Canadian securities regulatory authorities believe that this type of transaction generally would constitute a material change for the smaller continuing mutual fund, thereby triggering the requirements of paragraph 5.1(g) of the Instrument and Part 11 of National Instrument 81-106 Investment Fund Continuous Disclosure.”.
4. Section 7.4 is amended by deleting the words “significant change” and substituting the words “material change” in each instance.
5. Part 12 is deleted.
6. Part 14 is deleted.
7. This Instrument comes into force on the date that National Instrument 81-106 Investment Fund Continuous Disclosure comes into force.

APPENDIX E

NATIONAL INSTRUMENT 13-101
SYSTEM FOR ELECTRONIC DOCUMENT ANALYSIS AND RETRIEVAL (SEDAR)
AMENDMENT INSTRUMENT

1. National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) is amended by this Instrument.
2. Appendix A is amended
 - (a) by deleting the following item from part I B. and part II B.(a):
 - “8. Annual Filing of a Reporting Issuer (Form 28 – British Columbia, Alberta, Ontario, Nova Scotia and Form 26 – Saskatchewan)”

BC, Alta, Sask, Ont and NS

and substituting the following to part I B. and part II B.(a):

 - “8(a). Annual Management Report of Fund Performance
 - 8(b). Interim Management Report of Fund Performance”; and
 - (b) by adding the following to part I B.:
 - “14. Report of Management Company – Transactions with related persons or companies (Form 81-903F – British Columbia, Form 38 – Alberta and Ontario, Form 36 – Saskatchewan, Form 39 – Nova Scotia, and Form 37 – Newfoundland)”.

BC, Alta, Sask, Ont, NS and Nfld
3. This Instrument comes into force on the date that National Instrument 81-106 Investment Fund Continuous Disclosure comes into force.

APPENDIX F

**MULTILATERAL INSTRUMENT 81-104
COMMODITY POOLS
AMENDMENT INSTRUMENT**

1. Multilateral Instrument 81-104 Commodity Pools is amended by this Instrument.
2. Part 7 is repealed.
3. Sections 8.1, 8.2, 8.3 and 8.4 are repealed.
4. Section 9.2 is amended
 - (a) by repealing subsection 9.2(g) and substituting the following:
 - “(g) provide the disclosure concerning the past performance of the commodity pool that is required to be provided by an investment fund under Item 4 of Part B of Form 81-106F1 Contents of Annual and Interim Management Report of Fund Performance, except that
 - (i) the past performance of the commodity pool, in the bar chart prepared in accordance with Item 4.2 of Part B of Form 81-106F1, must show quarterly, non-annualized returns of the commodity pool over the period provided for in Item 4.2, rather than annual returns, and
 - (ii) the commodity pool may, at its option, in the disclosure required by Item 4.3 of Part B of Form 81-106F1, compare its performance to an index if it describes any differences between the commodity pool and the index that affect the comparability of the performance data of the commodity pool and the index;” and
 - (b) by deleting the words “as required by section 7.3” from paragraph 9.2(n).
5. Sections 9.3 and 9.4 are repealed.
6. This Instrument comes into force on the date that National Instrument 81-106 Investment Fund Continuous Disclosure comes into force.

**COMPANION POLICY 81-104CP
COMMODITY POOLS
AMENDMENT INSTRUMENT**

1. Companion Policy 81-104CP Commodity Pools is amended by this Instrument.
2. Subsection 3.1(3) is amended by deleting the words "Item 11.3 of Part B of Form 81-101F1" in the third sentence and substituting the words "Item 4.3 of Part B of Form 81-106F1".
3. This Instrument comes into force on the date that National Instrument 81-106 Investment Fund Continuous Disclosure comes into force.

APPENDIX G

NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS
AMENDMENT INSTRUMENT

1. National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.
2. Section 1.1 is amended by repealing the definition of “non-redeemable investment fund” and substituting the following:
“non-redeemable investment fund” means, in a jurisdiction except Ontario, an issuer
 - (a) where contributions of securityholders are pooled for investment,
 - (b) where securityholders do not have day-to-day control over the management and investment decisions of the issuer, whether or not they have the right to be consulted or to give directions, and
 - (c) whose securities do not entitle the securityholder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the issuer;“non-redeemable investment fund” means, in Ontario, an issuer
 - (a) whose primary purpose is to invest money provided by its securityholders,
 - (b) that does not invest for the purpose of exercising effective control, seeking to exercise effective control or being actively involved in the management of the issuers in which it invests, other than mutual funds or other non-redeemable investment funds, and
 - (c) that is not a mutual fund;”
3. This Instrument comes into force on the date that National Instrument 81-106 Investment Fund Continuous Disclosure comes into force.

APPENDIX H

**NATIONAL INSTRUMENT 52-107
ACCEPTABLE ACCOUNTING PRINCIPLES, AUDITING STANDARDS AND REPORTING CURRENCY
AMENDMENT INSTRUMENT**

1. National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency is amended by this Instrument.
2. Section 1.1 is amended
 - (a) by repealing the definition of “investment fund” and substituting the following:
“investment fund” has the meaning ascribed to it in National Instrument 51-102;” and
 - (b) by repealing the definition of “non-redeemable investment fund”.
3. This Instrument comes into force on the date that National Instrument 81-106 Investment Fund Continuous Disclosure comes into force.

APPENDIX I

RELATED AMENDMENTS TO ONTARIO SECURITIES REGULATION,
ONTARIO SECURITIES COMMISSION RULE,
AND
ADDITIONAL INFORMATION REQUIRED IN ONTARIO

This Appendix:

- contains proposed amendments to Ontario Securities Commission Rule 41-502 – Prospectus Requirements for Mutual Funds, which have been revised from the 2002 Proposal;
- outlines proposed changes (including revocations) to some provisions of Ontario Regulation 1015 which have not been previously published for comment; and
- lists the authority in the *Securities Act* (Ontario) (the Act) which permits the Ontario Securities Commission (the Commission) to adopt the proposed Instrument.

The Commission is also publishing for comment proposed Ontario Securities Commission Rule 81-801 – Implementing National Instrument 81-106 Investment Fund Continuous Disclosure. Please provide comments on the proposed amendments contained in this Appendix by the date and in the manner specified under “Request for Comments” in the notice accompanying the proposed implementing rule.

Amendment to Ontario Securities Commission Rule 41-502 – Prospectus Requirements for Mutual Funds

1. Rule 41-502 Prospectus Requirements for Mutual Funds is amended by this Amendment.
2. Section 5.2 is amended
 - (a) by deleting “140” and substituting “90” in clause 5.2(3)(a)(ii); and
 - (b) by deleting “60” and substituting “45” in paragraph 5.2(3)(b).
3. Section 5.3 is amended by deleting the words “Part IV of the Regulation” and substituting the words “National Instrument 81-106 Investment Fund Continuous Disclosure”.
4. Part 10 is revoked.
5. This Amendment comes into force on the date that National Instrument 81-106 Investment Fund Continuous Disclosure comes into force.

Provisions of Regulation to be Revoked or Amended

1. The Commission proposes to revoke the following provisions of the Regulation made under the Act (R.R.O. 1990, Reg. 1015, as am.):
 - subsections 2(2), 2(5), 2(6) and 2(7);
 - section 6;
 - sections 83 to 94, inclusive;
 - sections 176 to 181 inclusive;
 - paragraph 240(2)9; and
 - Forms 27 and 30.
2. The Commission proposes to amend sections 3 and 4 of the Regulation by replacing the remaining references to Form 27 with references to Form 51-102F3.
3. The Commission proposes to amend paragraph 240(2)8 of the Regulation by deleting the word “pricing” so that the paragraph reads “The sale or redemption of securities of mutual funds.”.

Authority for the Rule

The following provisions of the Act provide the Commission with authority to adopt the proposed Instrument:

Paragraph 143(1)10 of the Act authorizes the Commission to prescribe requirements in respect of books, records and other documents required by subsection 19(1) of the Act to be kept by market participants, including the form in which the books, records and other documents are to be kept.

Paragraph 143(1)22 authorizes the Commission to prescribe requirements in respect of the preparation and dissemination, by reporting issuers, of documents providing for continuous disclosure that are in addition to the requirements under the Act, including requirements in respect of annual reports and supplemental analysis of financial statements. Paragraph 143(1)24 authorizes the Commission to make rules requiring issuers to comply with Part XVIII (Continuous Disclosure) of the Act or rules made under paragraph 143(1)22.

Paragraph 143(1)23 authorizes the Commission to exempt reporting issuers from any requirement of Part XVIII (Continuous Disclosure) of the Act.

Paragraph 143(1)24 authorizes the Commission to require issuers or other persons and companies to comply, in whole or in part, with Part XVIII (Continuous Disclosure), or rules made under paragraph 143(1)22 of the Act.

Paragraph 143(1)25 authorizes the Commission to prescribe requirements in respect of financial accounting, reporting and auditing, including defining accounting principles and auditing standards acceptable to the Commission, requirements in respect of a change in auditor and a change in year end or reporting status.

Paragraph 143(1)26 authorizes the Commission to prescribe requirements for the validity and solicitation of proxies.

Paragraph 143(1)31 authorizes the Commission to make rules regulating mutual funds, including varying the application of Parts XV (Prospectuses - Distribution) or XVIII (Continuous Disclosure) of the Act by prescribing additional disclosure requirements and requiring or permitting the use of particular forms or types of documents in connection with the funds and prescribing requirements in respect of the calculation of the net asset value of mutual funds.

Paragraph 143(1)34 authorizes the Commission to make rules regarding commodity pools, including varying the application of Parts XV (Prospectuses - Distribution) or XVIII (Continuous Disclosure) of the Act to prescribe additional disclosure requirements and requiring or permitting the use of particular forms or types of documents in connection with commodity pools.

Paragraph 143(1)35 permits the Commission to regulate or vary the Act in respect of derivatives, including prescribing disclosure requirements and requiring the use of particular forms or types of documents and prescribing requirements that apply to mutual funds and commodity pools.

Paragraph 143(1)37 authorizes the Commission to regulate LSIFs, including prescribing disclosure requirements for or in respect of their securities.

Paragraph 143(1)39 authorizes the Commission to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by the Act, the regulations or the rules and all documents determined by the regulations or rules to be ancillary to the documents, including interim financial statements and financial statements.

Paragraph 143(1)44 authorizes the Commission to vary the Act to permit or require the use of an electronic or computer-based system for the filing, delivery or deposit of documents or information required under the Act or rules.

Paragraph 143(1)47 authorizes the Commission to regulate scholarship plans.

Paragraph 143(1)49 authorizes the Commission to vary the Act to permit or require methods of filing or delivery, to or by the Commission, issuers, registrants, security holders or others, of documents, information, notices, books, records, reports or other communications required under or governed by Ontario securities laws.

Paragraph 143(1)56 authorizes the Commission to make rules prescribing or varying any of the time periods in the Act.

6.1.2 Proposed National Instrument 81-106 Investment Fund Continuous Disclosure

**PROPOSED
NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE**

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**PROPOSED
NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE**

PART 1 DEFINITIONS AND APPLICATIONS

1.1 Definitions - In this Instrument

“annual management report of fund performance” means a document prepared in accordance with Part B of Form 81-106F1;

“current value” means, for an asset held by, or a liability of, an investment fund,

- (a) the market value, or
- (b) if the market value is not readily available, the fair value;

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

“group scholarship plan” means an arrangement under which contributions to education savings plans are pooled to provide educational assistance payments to designated beneficiaries who are not related by blood or adoption within the meaning of the ITA;

“independent valuation” means a valuation of either or both of the assets and liabilities of an investment fund that contains the opinion of an independent valuator as to the current value of the assets or liabilities, and that is prepared in accordance with Part 8;

“independent valuator” means a valuator that is independent of the investment fund and who has appropriate qualifications;

“interim management report of fund performance” means a document prepared in accordance with Part C of Form 81-106F1;

“interim period” means, in relation to an investment fund:

- (a) a period of at least three months that ends six months before the end of a financial year of the investment fund, or
- (b) in the case of a transition year of the investment fund, a period commencing on the first day of the transition year and ending six months after the end of its old financial year;

“investment fund” means a mutual fund or a non-redeemable investment fund;

“labour sponsored or venture capital fund” means an investment fund that is

- (a) a labour sponsored investment fund corporation or a labour sponsored venture capital corporation under provincial legislation,
- (b) an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the British Columbia Employee Investment Act, RSBC 1996 Ch. 112, and whose business objective is making multiple investments,
- (c) a venture capital corporation registered under Part 1 of the British Columbia Small Business Venture Capital Act, RSBC 1996 Ch. 429 whose business objective is making multiple investments, or
- (d) a registered or prescribed labour sponsored venture capital corporation as defined in the ITA;

“management fees” means the total fees paid or payable by an investment fund to its manager or one or more portfolio advisers, including incentive or performance fees, but excluding audit fees, directors’ fees, custodial fees and legal fees;

“management report of fund performance” means an annual management report of fund performance or an interim management report of fund performance;

“manager” means, in relation to an investment fund, a person or company who directs the affairs of the investment fund;

“material change” means, in relation to an investment fund,

- (a) a change in the business, operations or affairs of the investment fund that would be considered important by a reasonable investor in determining whether to purchase or continue to hold securities of the investment fund, or
- (b) a decision to implement a change referred to in paragraph (a) made
 - (i) by the board of directors of the investment fund or the board of directors of the manager of the investment fund or other persons acting in a similar capacity,
 - (ii) by senior management of the investment fund who believe that confirmation of the decision by the board of directors or such other persons acting in a similar capacity is probable, or
 - (iii) by senior management of the manager of the investment fund who believe that confirmation of the decision by the board of directors of the manager or such other persons acting in a similar capacity is probable;

“material contract” means, for an investment fund, a document that the investment fund would be required to list in an annual information form under Item 16 of Form 81-101F2 if the investment fund filed a simplified prospectus under National Instrument 81-101 *Mutual Fund Prospectus Disclosure*;

“mutual fund in the jurisdiction” means an incorporated or unincorporated mutual fund that is a reporting issuer in, or that is organized under the laws of, the local jurisdiction;

“net asset value” means, for an investment fund as at a specific date, the current value of the total assets of the investment fund less the current value of the total liabilities of the investment fund, as at that date, calculated in accordance with Canadian GAAP;

“non-redeemable investment fund” means, in a jurisdiction except Ontario, an issuer

- (a) where contributions of securityholders are pooled for investment,
- (b) where securityholders do not have day-to-day control over the management and investment decisions of the issuer, whether or not they have the right to be consulted or to give directions, and
- (c) whose securities do not entitle the securityholder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the issuer;

“non-redeemable investment fund” means, in Ontario, an issuer

- (a) whose primary purpose is to invest money provided by its securityholders,
- (b) that does not invest for the purpose of exercising effective control, seeking to exercise effective control or being actively involved in the management of the issuers in which it invests, other than mutual funds or other non-redeemable investment funds, and
- (c) that is not a mutual fund;

“quarterly portfolio disclosure” means the disclosure prepared in accordance with Part 6;

“related party” means, in relation to a mutual fund, a person or company listed in section 4.2 of National Instrument 81-102 *Mutual Funds*;

“scholarship award” means any amount, other than a refund of contributions, that is paid or payable directly or indirectly to further the education of a beneficiary designated under an education savings plan;

“transition year” means the financial year of an investment fund in which a change of year-end occurs; and

“venture investment” means an investment in a private company or an investment made in accordance with the requirements of provincial labour sponsored or venture capital fund legislation or the ITA.

1.2 Application

- (1) Except as specifically provided otherwise in this Instrument, this Instrument applies to
 - (a) an investment fund that is a reporting issuer; and
 - (b) a mutual fund in the jurisdiction.
- (2) Despite subsection (1), in Alberta, British Columbia, Manitoba and Newfoundland and Labrador, this Instrument does not apply to a mutual fund that is not a reporting issuer, irrespective of the jurisdiction in which the mutual fund is organized.
- (3) In Saskatchewan, this Instrument does not apply to a Type B corporation within the meaning of The Labour-sponsored Venture Capital Corporations Act (Saskatchewan).
- (4) In Québec, this Instrument does not apply to a reporting issuer organized under:
 - (a) an Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) R.S.Q., chapter F-3.2.1;
 - (b) an Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (R.S.Q., chapter F-3.1.2);
 - (c) an Act constituting Capital régional et coopératif Desjardins, Loi constituant Capital régional et coopératif Desjardins (R.S.Q., chapter C-6.1).

1.3 Interpretation

- (1) Each section, part, class or series of a class of securities of an investment fund that is referable to a separate portfolio of assets is considered to be a separate investment fund for purposes of this Instrument.
- (2) Terms defined in National Instrument 81-102 *Mutual Funds*, Multilateral Instrument 81-104 *Commodity Pools* and National Instrument 81-105 *Mutual Fund Sales Practices* and used in this Instrument have the respective meanings ascribed to them in those Instruments except that references in those definitions to “mutual fund” must be read as references to “investment fund”.

1.4 Language of Documents

- (1) A document that is required to be filed under this Instrument must be prepared in French, English or both.
- (2) If an investment fund files a document in French or in English, there is a translation of the document into the other language, and the translation is delivered to securityholders, the investment fund must file the translated document not later than when it is first delivered to securityholders.
- (3) In Québec, the linguistic obligations and rights prescribed by Québec law must be complied with.

PART 2 FINANCIAL STATEMENTS

2.1 Annual Financial Statements and Auditor's Report

- (1) An investment fund must file annual financial statements for the investment fund's most recently completed financial year that include
 - (a) a statement of net assets as at the end of that financial year and a comparative statement of net assets as at the end of the immediately preceding financial year;
 - (b) a statement of operations for that financial year and a comparative statement of operations for the immediately preceding financial year;

- (c) if required by Canadian GAAP, a statement of cashflows for that financial year and a comparative statement of cashflows for the immediately preceding financial year;
- (d) if a statement of cashflows is not required by Canadian GAAP, a statement of changes in net assets for that financial year and a comparative statement of changes in net assets for the immediately preceding financial year;
- (e) a statement of investment portfolio as at the end of that financial year; and
- (f) notes to the annual financial statements.

(2) Annual financial statements filed under subsection (1) must be accompanied by an auditor's report.

2.2 Filing Deadline for Annual Financial Statements - The annual financial statements and auditor's report required to be filed under section 2.1 must be filed on or before the 90th day after the investment fund's most recently completed financial year.

2.3 Interim Financial Statements - An investment fund must file interim financial statements for the investment fund's most recently completed interim period that include

- (a) a statement of net assets as at the end of that interim period and a comparative statement of net assets as at the end of the immediately preceding financial year;
- (b) a statement of operations for that interim period and a comparative statement of operations for the corresponding period in the immediately preceding financial year;
- (c) if required by Canadian GAAP, a statement of cashflows for and as at the end of that interim period and a comparative statement of cashflows for the corresponding period in the immediately preceding financial year;
- (d) if a statement of cashflows is not required by Canadian GAAP, a statement of changes in net assets for that interim period and a comparative statement of changes in net assets for the corresponding period in the immediately preceding financial year;
- (e) a statement of investment portfolio as at the end of that interim period; and
- (f) notes to the interim financial statements.

2.4 Filing Deadline for Interim Financial Statements - The interim financial statements required to be filed under section 2.3 must be filed on or before the 45th day after the end of the most recent interim period of the investment fund.

2.5 Approval of Financial Statements

- (1) The board of directors of an investment fund that is a corporation must approve the financial statements of the investment fund before those financial statements are filed or made available to holders or potential purchasers of securities of the investment fund; and
- (2) The manager or the trustee or trustees of an investment fund that is a trust, or another person or company authorized to do so by the constating documents of the investment fund, must approve the financial statements of the investment fund, before those financial statements are filed or made available to holders or potential purchasers of securities of the investment fund.

2.6 Acceptable Accounting Principles

- (1) The financial statements of an investment fund must be prepared in accordance with Canadian GAAP.
- (2) The financial statements of an investment fund must be prepared in accordance with the same accounting principles for all periods presented.
- (3) The notes to the financial statements of an investment fund must identify the accounting principles used to prepare the financial statements.

2.7 Acceptable Auditing Standards

- (1) Financial statements that are required by securities legislation to be audited must be audited in accordance with Canadian GAAS.
- (2) Audited financial statements must be accompanied by an auditor's report prepared in accordance with Canadian GAAS and the following requirements:
 1. The auditor's report must not contain a reservation.
 2. The auditor's report must identify all financial periods presented for which the auditor has issued an auditor's report.
 3. If the investment fund has changed its auditor and one or more of the comparative periods presented in the financial statements was audited by a different auditor, the auditor's report must refer to any former auditor's report(s) on the comparative periods.
 4. The auditor's report must identify the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements.

2.8 Acceptable Auditors - An auditor's report must be prepared and signed by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada, and that meets the professional standards of that jurisdiction.

2.9 Change in Year End

- (1) Section 4.8 of National Instrument 51-102 *Continuous Disclosure Obligations* applies to an investment fund that changes its financial year end, except that:
 - (a) a reference to "reporting issuer" must be read as a reference to "investment fund";
 - (b) a reference to "interim period" must be read as "interim period" as defined in this Instrument;
 - (c) a requirement under National Instrument 51-102 to include specified financial statements must be read as a requirement to include the financial statements required under this Part; and
 - (d) a reference to "filing deadline" in subsection 4.8(2) of National Instrument 51-102 must be read as a reference to the filing deadlines provided for under section 2.2 and 2.4 of this Instrument.
- (2) Despite section 2.4, an investment fund is not required to file interim financial statements for any period in a transition year if the transition year is less than nine months in length.
- (3) Despite subsections 4.8(7) and (8) of National Instrument 51-102,
 - (a) for interim financial statements for an interim period in the transition year, the investment fund must include as comparative information, information for the interim period of the old financial year; and
 - (b) for interim financial statements for an interim period in a new financial year, the investment fund must include as comparative information, information for the period that is one year earlier than the interim period in the new financial year.

2.10 Change in Legal Structure - If an investment fund that is a reporting issuer is party to an amalgamation, arrangement, merger, winding-up, reorganization or other transaction that will result in

- (a) the investment fund ceasing to be a reporting issuer,
- (b) another entity becoming an investment fund,
- (c) a change in the investment fund's financial year end, or
- (d) a change in the name of the investment fund,

the investment fund must, as soon as practicable, and in any event not later than the deadline for the first filing required by this Instrument following the transaction, file a notice stating:

- (e) the names of the parties to the transaction;
- (f) a description of the transaction;
- (g) the effective date of the transaction;
- (h) if applicable, the names of each party that ceased to be a reporting issuer subsequent to the transaction and of each continuing entity;
- (i) the date of the investment fund's first financial year end subsequent to the transaction; and
- (j) the periods, including the comparative periods, if any, of the interim and annual financial statements required to be filed for the investment fund's first financial year subsequent to the transaction.

2.11 Exemption and Requirements for Mutual Funds that are Non-Reporting Issuers

- (1) A mutual fund that is not a reporting issuer is exempt from the filing requirements of section 2.1 for a financial year or section 2.3 for an interim period if:
 - (a) the mutual fund prepares the applicable financial statements in accordance with this Instrument;
 - (b) the mutual fund delivers the financial statements to its securityholders in accordance with Part 5;
 - (c) the mutual fund has advised the applicable regulator or securities regulatory authority that it is relying on this exemption not to file its financial statements; and
 - (d) the mutual fund has included in a note to the applicable financial statements that it is relying on this exemption not to file its financial statements.
- (2) The manager of a mutual fund that is not a reporting issuer must provide to the regulator or securities regulatory authority any financial statements of the mutual fund prepared under this Instrument promptly upon request.

2.12 Disclosure of Auditor Review of Interim Financial Statements

- (1) This section applies only to an investment fund that is a reporting issuer.
- (2) If an auditor has not performed a review of the interim financial statements required to be filed, the interim financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.
- (3) If an investment fund engaged an auditor to perform a review of the interim financial statements required to be filed and the auditor was unable to complete the review, the interim financial statements must be accompanied by a notice indicating that the auditor was unable to complete a review of the interim financial statements and the reasons why the auditor was unable to complete the review.
- (4) If an auditor has performed a review of the interim financial statements required to be filed, and the auditor has expressed a reservation in the auditor's interim review report, the interim financial statements must be accompanied by a written review report from the auditor.

PART 3 FINANCIAL DISCLOSURE REQUIREMENTS

3.1 Statement of Net Assets - The statement of net assets of an investment fund must disclose, at a minimum, the following as separate line items, each shown at current value:

- 1. cash, term deposits and, if not included in the statement of investment portfolio, short term debt instruments.
- 2. investments.

3. accounts receivable relating to securities sold.
4. accounts receivable relating to portfolio assets sold.
5. accounts receivable relating to margin paid or deposited on futures or forward contracts.
6. amounts receivable and/or payable in respect of derivatives transactions, including premiums or discounts received or paid.
7. deposits with brokers for securities sold short.
8. accrued expenses.
9. investments sold short.
10. liabilities for portfolio assets purchased.
11. liabilities for securities redeemed.
12. income tax payable.
13. total net assets and securityholders' equity.
14. net asset value per security.

3.2 Statement of Operations

- (1) The statement of operations of an investment fund must disclose, at a minimum, the following information as separate line items:
 1. dividend revenue.
 2. interest revenue.
 3. income from derivatives.
 4. revenue from securities lending.
 5. management fees, excluding incentive or performance fees.
 6. incentive or performance fees.
 7. audit fees.
 8. directors' or trustees' fees.
 9. custodial fees.
 10. legal fees.
 11. securityholder information costs.
 12. dividends received on securities sold short.
 13. capital tax.
 14. amounts that would otherwise have been payable by the investment fund that were waived or paid by the manager or a portfolio adviser of the investment fund.
 15. provision for income tax.
 16. net investment income or loss for the period.

17. realized gains or losses.
 18. unrealized gains or losses.
 19. increase or decrease in net assets from operations.
- (2) In addition to the requirements of subsection (1), the statement of operations of a commodity pool must include
- (a) the aggregate amount of realized net gain or net loss on positions liquidated during the period;
 - (b) the change in unrealized net gain or net loss on open positions during the period; and
 - (c) the aggregate amount of net gain or net loss, including interest, from all other transactions in which the commodity pool engaged during the period.

3.3 Statement of Changes in Net Assets - The statement of changes in net assets of an investment fund must disclose, at a minimum, the following as separate line items:

1. net assets at the beginning of the period to which the statement applies.
2. increase or decrease in net assets from operations.
3. proceeds from the issuance of securities of the investment fund.
4. aggregate amounts paid on redemption of securities of the investment fund.
5. securities issued on reinvestment of distributions.
6. distributions, showing separately the amount out of net investment income, out of realized gains on portfolio securities sold, and return of capital.
7. net assets at the end of the period reported upon.

3.4 Statement of Cashflows - The statement of cashflows of an investment fund must disclose, at a minimum, the following as separate line items:

1. net investment income (loss).
2. proceeds on disposition of portfolio assets.
3. purchase of portfolio assets.
4. proceeds from issue of securities of the investment fund.
5. aggregate amounts paid on redemption of securities of the investment fund.
6. if applicable, compensation paid in respect of the sale of securities of the investment fund.

3.5 Statement of Investment Portfolio

- (1) The statement of investment portfolio of an investment fund must disclose, at a minimum, the following for each portfolio asset held or sold short:
1. The name of the issuer of the portfolio asset.
 2. A description of the portfolio asset, including
 - (a) for an equity security, the name of the class of the security;
 - (b) for a debt instrument not included in paragraph (c), all characteristics commonly used commercially to identify the instrument, including the name of the instrument, the interest rate of the instrument, the maturity date of the instrument, whether the instrument is

- convertible or exchangeable and, if used to identify the instrument, the priority of the instrument.
- (c) for a debt instrument referred to in the definition of "money market fund" in National Instrument 81-102 *Mutual Funds*, the name, interest rate and maturity date of the instrument.
 - (d) for a portfolio asset not referred to in paragraph (a), (b) or (c), the name of the portfolio asset and the material terms and conditions of the portfolio asset commonly used commercially in describing the portfolio asset.
- 3. The number or aggregate face value for the portfolio asset.
 - 4. The cost of the portfolio asset.
 - 5. The current value of the portfolio asset.
- (2) For purposes of subsection (1), disclosure for a long portfolio must be segregated from the disclosure for a short portfolio.
 - (3) For purposes of subsection (1) and subject to subsection (2), disclosure must be aggregated for portfolio assets having the same description and issuer.
 - (4) Despite subsection (1) and (3) and subject to subsection (2), the information referred to in subsection (1) may be provided only in the aggregate for those short term debt instruments that are issued by a bank listed in Schedule I, II or III to the *Bank Act* (Canada) or a loan corporation or trust corporation registered under the laws of a jurisdiction, or that have achieved an investment rating within the highest or next highest categories of ratings of each approved credit rating organization.
 - (5) If an investment fund discloses short term debt instruments as permitted by subsection (4), the investment fund
 - (a) must break down the disclosure by currency of issue, and
 - (b) must disclose separately the aggregate short term debt instruments denominated in any currency.
 - (6) If an investment fund holds positions in derivatives, the investment fund must disclose in the statement of investment portfolio or the notes to that statement:
 - (a) for long and short positions in options, the quantity of the underlying interest per option, the number of options, the underlying interest, the strike price, the expiration month and year, the cost and the current value;
 - (i) if the underlying interest is a future, include disclosure of the future in accordance with this subsection;
 - (b) for positions in futures and forwards, the number of futures and forwards, the underlying interest, the price at which the contract was entered into, the delivery month and year and the current value;
 - (c) for positions in swaps, the number of swap contracts, the underlying interest, the principal or notional amount, the payment dates, and the current value; and
 - (d) if applicable, the fact that a rating of a counterparty has fallen below the approved credit rating level.
 - (7) If applicable, the statement of investment portfolio included in the financial statements of the investment fund, or the notes to the statement of investment portfolio, must identify, by notation, the underlying interest that is being hedged by each position taken by the investment fund in a specified derivative.
 - (8) An investment fund may omit the information required by subsection (1) about mortgages from a statement of investment portfolio if the statement of investment portfolio instead discloses
 - (a) the total number of mortgages held;

- (b) the aggregate current value of mortgages held;
- (c) a breakdown of mortgages, by reference to number and current value among mortgages insured under the *National Housing Act* (Canada), insured conventional mortgages and uninsured conventional mortgages;
- (d) a breakdown of mortgages, by reference to number and current value, among mortgages that are pre-payable and those that are not pre-payable; and
- (e) a breakdown of mortgages, by reference to number, current value, amortized cost and outstanding principal value, among groups of mortgages having contractual interest rates varying by no more than one quarter of one percent.

3.6 Notes to Financial Statements

- (1) The notes to the financial statements of an investment fund must disclose, at a minimum, the following:
 - 1. the basis for determining current value and cost of portfolio assets, and, if a method of determining cost other than by reference to the average cost of the portfolio assets is used, disclosure of the method used.
 - 2. details of portfolio transactions with related parties of the investment fund, including the dollar amount of commission, spread or any other fee that the investment fund paid to any related party in connection with a portfolio transaction.
 - 3. if the investment fund has outstanding more than one class or series of securities ranking equally against its net assets, but differing in other respects,
 - (a) the number of authorized securities of each class or series,
 - (b) the number of securities of each class or series that have been issued and are outstanding.
 - (c) the differences between the classes or series, including differences in sales charges, and management fees.
 - (d) the method used to allocate income and expenses, and realized and unrealized capital gains and losses, to each class;
 - (e) the fee arrangements for any class-level expenses paid to affiliates; and
 - (f) transactions involving the issue or redemption of securities of the investment fund undertaken in the period for each class of securities to which the financial statements pertain.
 - 4. details of the total commission paid to dealers by the investment fund for its portfolio transactions during the period reported upon, including dollar amount of commissions paid and soft dollar transactions.
 - 5. the basis for calculating the management fees paid by the investment fund and a breakdown of the services received in consideration of the management fees, as a percentage of management fees.
 - 6. details of amounts that would otherwise have been payable by the investment fund that were waived or paid by the manager or a portfolio adviser of the investment fund.
- (2) An investment fund that borrows money must, in a note to the financial statements and in the management reports of fund performance, disclose the following:
 - 1. the minimum and maximum amount borrowed during the period to which the financial statements or management report of fund performance pertain.
 - 2. the percentage of net assets of the investment fund that the borrowing represented as of the end of the period.

3. how the borrowed money was used.
4. details of the terms of the borrowing arrangements.

3.7 Inapplicable Line Items - Despite the requirements of this Part, an investment fund may omit from the financial statements a line item for any matter that does not apply to the investment fund or for which the investment fund has nothing to disclose.

3.8 Disclosure of Securities Lending Transactions

- (1) An investment fund must disclose, in the statement of investment portfolio included in the financial statements of the investment fund, or in the notes to the financial statements
 - (a) the aggregate dollar value of securities that were lent in the securities lending transactions of the investment fund that are outstanding as at the date of the financial statements; and
 - (b) the type and aggregate amount of collateral received by the investment fund under securities lending transactions of the investment fund that are outstanding as at the date of the financial statements.
- (2) The statement of net assets of an investment fund that has received cash collateral in securities lending transactions that is outstanding as of the date of the financial statements must disclose separately
 - (a) the cash collateral received by the investment fund; and
 - (b) the obligation to repay the cash collateral.
- (3) The statement of operations of an investment fund must disclose income from securities lending transactions as revenue.

3.9 Disclosure of Repurchase Transactions

- (1) An investment fund, in the statement of investment portfolio included in the financial statements of the investment fund, or in the notes to that statement, must, for the repurchase transactions of the investment fund that are outstanding as at the date of the statement, disclose
 - (a) the date of the transaction;
 - (b) the expiration date of the transaction;
 - (c) the nature and current value of the securities sold by the investment fund;
 - (d) the amount of cash received and the repurchase price to be paid by the investment fund; and
 - (e) the current value of the sold securities as at the date of the statement.
- (2) The statement of net assets of an investment fund that has entered into a repurchase transaction that is outstanding as of the date of the statement of net assets must disclose separately the obligation of the investment fund to repay the collateral.
- (3) The statement of operations of an investment fund must disclose income from the use of the cash received on repurchase transactions as revenue.
- (4) The information required by this section may be presented on an aggregate basis.

3.10 Disclosure of Reverse Repurchase Transactions

- (1) An investment fund, in the statement of investment portfolio included in the financial statements of the investment fund or in the notes to that statement, must, for each reverse repurchase transaction of the investment fund that is outstanding as at the date of the statement, disclose
 - (a) the date of the transaction;
 - (b) the expiration date of the transaction;

- (c) the total dollar amount paid by the investment fund;
 - (d) the nature and value or principal amount of the securities received by the investment fund; and
 - (e) the current value of the purchased securities as at the date of the statement.
- (2) The statement of net assets of an investment fund that has entered into a reverse repurchase transaction that is outstanding as of the date of the financial statements must disclose separately the reverse repurchase agreement relating to the transaction at current value.
- (3) The statement of operations of an investment fund must disclose income from reverse repurchase transactions as revenue.
- (4) The information required by this section may be presented on an aggregate basis.

3.11 Incentive Arrangements

- (1) The statement of net assets of an investment fund must disclose the current value of an incentive arrangement or compensation.
- (2) The statement of operations of an investment fund must disclose changes in the amount referred to in subsection (1) as a separate line item.

3.12 Group Scholarship Plans - In addition to the requirements of this Part, an investment fund that is a group scholarship plan must disclose, as of the end of its most recently completed financial year

- (a) a separate statement or schedule to the financial statements that provides
 - (i) a summary of scholarship agreements and units outstanding by year of maturity, including
 - (A) disclosure of the number of units by year of maturity for the opening units, units purchased, units forfeited and the ending units,
 - (B) disclosure of the principal amounts and the accumulated income per year of maturity, and their total balances, and
 - (C) a reconciliation of the total balances of the principal amounts and the accumulated income in the schedule to the statement of net assets of the scholarship plan,
 - (ii) the total number of units, and
 - (iii) a statement of scholarship awards paid to beneficiaries, and a reconciliation of the amount of scholarships paid with the statement of operations; and
- (b) if the plan has matured, a separate statement or schedule to the financial statements that describes the educational assistance payments paid per unit to qualified beneficiaries under the plan.

PART 4 MANAGEMENT REPORTS OF FUND PERFORMANCE

- 4.1 Application** - This Part applies only to an investment fund that is a reporting issuer.
- 4.2 Filing of Management Reports of Fund Performance** - An investment fund, other than an investment fund that is a group scholarship plan, must file an annual management report of fund performance for each financial year and an interim management report of fund performance for each interim period at the same time that it files its annual financial statements or its interim financial statements for that financial period.
- 4.3 Filing of Annual Management Report of Fund Performance for an Investment Fund that is a Group Scholarship Plan** - An investment fund that is a group scholarship plan must file an annual management report of fund performance for each financial year at the same time that it files its annual financial statements.
- 4.4 Contents of Management Reports of Fund Performance** - A management report of fund performance required by this Part must

- (a) be prepared in accordance with Form 81-106F1; and
- (b) not incorporate by reference information from any other document that is required to be included in a management report of fund performance.

4.5 Approval of Management Reports of Fund Performance

- (1) The board of directors of an investment fund that is a corporation must approve the management reports of fund performance of the investment fund before the management reports of fund performance are filed or made available to holders or potential purchasers of securities of the investment fund.
- (2) The manager or the trustee or trustees of an investment fund that is a trust, or another person or company authorized to do so by the constating documents of the investment fund, must approve the management reports of fund performance of the investment fund before the management reports of fund performance are filed or made available to holders or potential purchasers of securities of the investment fund.

PART 5 DELIVERY OF FINANCIAL STATEMENTS AND MANAGEMENT REPORTS OF FUND PERFORMANCE

5.1 Delivery of Certain Continuous Disclosure Documents

- (1) An investment fund must send to registered holders and beneficial owners of securities issued by it
 - (a) annual financial statements;
 - (b) interim financial statements;
 - (c) if required to be prepared by the investment fund, annual management report of fund performance; and
 - (d) if required to be prepared by the investment fund, interim management report of fund performance.
- (2) An investment fund is exempt from the requirements of subsection (1) if
 - (a) the investment fund sends the requested documents according to the standing instruction procedures set out in section 5.2; or
 - (b) the investment fund sends the requested documents according to the annual instruction procedures set out in section 5.3.
- (3) An investment fund may send the required documents according to section 5.3 only if it is impracticable for it to send the documents according to section 5.2.

5.2 Sending According to Standing Instructions

- (1) This section applies only to an investment fund that is sending the documents listed in subsection 5.1(1) to the registered holders and beneficial owners of its securities in accordance with this section.
- (2) An investment fund must send the documents listed in subsection 5.1(1) to each registered holder and beneficial owner of its securities in accordance with instructions received, or deemed to have been received, from the registered holder or beneficial owner as to
 - (a) whether the registered holder or beneficial owner wishes to receive any of the documents of the investment fund described in subsection 5.1(1); and
 - (b) which of those documents the registered holder or beneficial owner wishes to receive.
- (3) For each person or company that was a registered holder or beneficial owner of securities issued by it before this Instrument came into force, an investment fund must send, within three months after this Instrument came into force, the registered holder or beneficial owner a document that explains the choices a registered holder or beneficial owner has to receive the documents listed in subsection 5.1(1) and that solicits instructions from the registered holder or beneficial owner about delivery of those documents.

- (4) For each person or company that becomes a registered holder or beneficial owner of securities of the investment fund after this Instrument comes into force, an investment fund must solicit instructions concerning the sending of the documents listed in subsection 5.1(1), at the time that the investment fund first accepts a purchase order from a registered holder or beneficial owner.
- (5) For the purposes of this section, the following are instructions from a registered holder or beneficial owner:
 1. Instructions actually given by the registered holder or beneficial owner to the investment fund in response to a solicitation under this section.
 2. Instructions given, or deemed to have been given, to the manager of the investment fund in connection with another investment fund having the same manager as the investment fund.
 3. The operation of any provision that has been clearly explained in a document sent by the investment fund to the registered holder or beneficial owner that deems non-response by the registered holder or beneficial owner to be a response as described in paragraph 6(a) or (b).
 4. Any instructions previously received by the investment fund or another investment fund having the same manager as the investment fund under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*.
- (6) Despite subsection (5), an investment fund may send a registered holder or beneficial owner a document that explains how a securityholder can choose to receive the documents in subsection 5.1(1) and that either
 - (a) deems no response to the document to be a request by the securityholder to receive all or some of the documents in subsection 5.1(1); or
 - (b) deems no response to the document to be a request by the securityholder to receive none of the documents in subsection 5.1(1).
- (7) A registered holder or beneficial owner may change any instructions it has given or is deemed to have given by advising the investment fund.
- (8) An investment fund must rely on instructions given, or deemed to have been given, under this section until the registered holder or beneficial owner changes them.
- (9) At least annually, an investment fund must send each registered holder and beneficial owner of securities issued by it a reminder
 - (a) to the effect that the investment fund is sending documents to the registered holder or beneficial owner because of instructions given, or deemed to have been given, by the registered holder or beneficial owner; and
 - (b) that explains how a registered holder or beneficial owner may change the instructions it has given, or is deemed to have given.

5.3 Sending According to Annual Instructions

- (1) This section applies only to an investment fund that is sending the documents listed in subsection 5.1(1) to a registered holder or beneficial owner in accordance with this section.
- (2) An investment fund using the procedure described in this section must annually send to each registered holder and beneficial owner of its securities a request form under which the registered holder or beneficial owner may instruct the investment fund
 - (a) whether the registered holder or beneficial owner wishes to receive any of the documents of the investment fund described in subsection 5.1(1); and
 - (b) which of those documents the registered holder or beneficial owner wishes to receive.
- (3) An investment fund must send the request form referred to in subsection (2) in each financial year of the investment fund by the earlier of

- (a) the date in the financial year the investment fund first sends a registered holder or beneficial owner a written communication; or
- (b) the date that is six months after the end of the previous financial year of the investment fund.

5.4 General

- (1) An investment fund must send the documents referred to in subsection 5.1(1) to registered holders or beneficial owners no later than ten days after filing those documents.
- (2) An investment fund must not charge a fee for sending the documents referred in to in this Part and must ensure that registered holders and beneficial owners can respond without cost to the requests referred to in this Part.
- (3) An investment fund that complies with this Part is exempt from the requirements of securities legislation to send the applicable documents for a financial year to registered holders of its securities.
- (4) An investment fund that complies with this Part is exempt from the financial statement delivery requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

5.5 Websites - An investment fund that is a reporting issuer and that has a website must post to the website any documents referred to in subsection 5.1(1) no later than the date that those documents are filed.

PART 6 QUARTERLY PORTFOLIO DISCLOSURE

6.1 Application - This Part applies only to an investment fund that is a reporting issuer but does not apply to a group scholarship plan or a labour sponsored or venture capital fund.

6.2 Preparation and Dissemination

- (1) An investment fund must prepare a summary of investment portfolio in accordance with Item 5 of Part B of Form 81-106F1 as at the end of
 - (a) each period of at least three months that ends three or nine months before the end of a financial year of the investment fund; and
 - (b) in the case of a transition year of the investment fund, each period commencing on the first day of the transition year and ending either three, nine or twelve months, if applicable, after the end of its old financial year.
- (2) An investment fund must determine its total net asset value as at the end of the periods specified in paragraph (1)(a) and (b).
- (3) An investment fund that has a website must post to the website the quarterly portfolio disclosure within 45 days of the end of the period for which the quarterly portfolio disclosure was prepared.
- (4) An investment fund must deliver to its securityholders, without charge, the quarterly portfolio disclosure upon request.

PART 7 FINANCIAL DISCLOSURE - GENERAL

7.1 Books and Records - An investment fund must maintain records of all portfolio transactions undertaken by the investment fund.

7.2 Documents Available on Request

- (1) Unless the investment fund has previously delivered or sent the relevant document to that person or company, an investment fund that is a reporting issuer must deliver or send to any person or company, on request, and without charge,
 - (a) the most recent annual or interim financial statements of the investment fund,
 - (b) the most recent annual or interim management reports of fund performance,

- (c) the most recent annual information form prepared under this Instrument, and
 - (d) the most recent quarterly portfolio disclosure prepared under this Instrument.
- (2) An investment fund must deliver or send all documents requested under this section by the later of
- (a) the filing deadline for the document requested; and
 - (b) ten days after receipt of the request.

7.3 Toll-Free Telephone Number or Collect Telephone Calls - An investment fund that is a reporting issuer must have a toll-free telephone number for, or accept collect telephone calls from, persons or companies that want to receive a copy of any or all of the documents described in subsection 7.2(1).

7.4 Binding of Financial Statements and Management Reports of Fund Performance

- (1) An investment fund may not bind its financial statements with the financial statements of another investment fund in a document unless all information relating to the investment fund is presented together and not intermingled with information relating to the other investment fund.
- (2) Despite subsection (1), if a single document contains financial statements of more than one investment fund, the investment fund may combine information in the notes to the financial statements and present it in a separate part of the document.
- (3) An investment fund may not bind its management report of fund performance with the management report of fund performance for another investment fund.

7.5 Multiple Class Investment Funds

- (1) An investment fund that has more than one class or series of security outstanding that is referable to a single portfolio may
 - (a) prepare separate financial statements and management reports of fund performance for each class or series; or
 - (b) combine the information concerning all of the classes or series into one set of financial statements and management reports of fund performance.
- (2) An investment fund that combines information concerning all of its classes or series of securities in one set of financial statements and management reports of fund performance must disclose in those documents any distinctions between the classes or series of securities.

PART 8 INDEPENDENT VALUATIONS FOR LABOUR SPONSORED OR VENTURE CAPITAL FUNDS

8.1 Application - This Part applies only to a labour sponsored or venture capital fund that is a reporting issuer.

8.2 Exemption from Requirement to Disclose Individual Current Values for certain Portfolio Assets - Despite paragraph 5 of subsection 3.5(1), a labour sponsored or venture capital fund is exempt from the requirement to present separately in a statement of investment portfolio the current value of each venture investment that does not have an easily ascertainable market value if

- (a) the labour sponsored or venture capital fund discloses in the statement of investment portfolio
 - (i) the cost amounts for each venture investment,
 - (ii) the total cost of the venture investments,
 - (iii) the total adjustment from cost to current value of the venture investments, and
 - (iv) the total current value of the venture investments that are fair valued;

- (b) the labour sponsored or venture capital fund discloses in the statement of investment portfolio a table showing the distribution of venture investments by stage of development and industry classification and that includes
 - (i) the number of venture investments in each stage of development and industry class,
 - (ii) the cost and current value of the venture investments for each stage of development and industry class, and
 - (iii) the cost and current value of venture investments as a percentage of total venture investments for each stage of development and industry class;
- (c) for a statement of investment portfolio contained in annual financial statements, the labour sponsored or venture capital fund has obtained an independent valuation relating to the net asset value of the fund and filed the independent valuation concurrently with the filing of the annual financial statements containing the statement of investment portfolio;
- (d) for a statement of investment portfolio contained in interim financial statements, the labour sponsored or venture capital fund obtained and filed the independent valuation referred to in paragraph (c) in connection with the preparation of the most recent annual financial statements of the labour sponsored or venture capital fund; and
- (e) the labour sponsored or venture capital fund has disclosed in the applicable financial statements that an independent valuation has been obtained as of the end of the applicable financial year.

8.3 Disclosure Concerning Valuator - A labour sponsored or venture capital fund that obtains an independent valuation of its net asset value must include, in the statement of investment portfolio contained in its annual financial statements, or the notes to the annual financial statements,

- (a) a description of any past, present or anticipated relationship between the valuator and the labour sponsored or venture capital fund, its manager or portfolio adviser; and
- (b) a description of the compensation paid or to be paid to the valuator.

8.4 Subject Matter of Independent Valuation - An independent valuation must provide, as of the year end, the valuation, in aggregate, of the net asset value of the labour sponsored or venture capital fund.

8.5 Filing of Valuation Report - Subject to section 8.6, a labour sponsored or venture capital fund that obtains an independent valuation must file a copy of the valuation report concurrently with the filing of its annual financial statements.

8.6 Valuator's Consent - A labour sponsored or venture capital fund obtaining an independent valuation must

- (a) obtain the independent valuator's consent to its filing; and
- (b) include a statement, signed by the independent valuator, in substantially the following form:

"We refer to the independent valuation of the net assets of (indicate name of labour sponsored or venture capital fund) as of (date) dated •. We consent to the filing of the independent valuation with the securities regulatory authorities."

PART 9 ANNUAL INFORMATION FORM

9.1 Application - This Part applies only to an investment fund that is a reporting issuer.

9.2 Requirement to File an Annual Information Form - An investment fund must file an annual information form under this Instrument if

- (a) the investment fund does not have a current prospectus; and
- (b) the investment fund is not required by corporate law to hold an annual meeting of its securityholders.

9.3 Filing Deadline for an Annual Information Form - An investment fund required under section 9.2 to file an annual information form must file the annual information form no later than 90 days after the end of its most recently completed financial year.

9.4 Preparation of an Annual Information Form

- (1) An annual information form required to be filed under section 9.2 must be prepared as of the end of the most recently completed financial year of the investment fund to which it pertains.
- (2) An annual information form required to be filed under section 9.2 must be prepared in accordance with Form 81-101F2, except that:
 - (a) General Instructions (3), (10), (11), (12) and (14) of Form 81-101F2 do not apply;
 - (b) Subsections (3) and (6) of Item 1.1 of Form 81-101F2 do not apply;
 - (c) Item 1.2 of Form 81-101F2 does not apply;
 - (d) Item 5 of Form 81-101F2 must be completed in connection with all of the securities of the investment fund;
 - (e) Item 15 of Form 81-101F2 does not apply to an investment fund that is a corporation; and
 - (f) Items 19, 20, 21 and 22 of Form 81-101F2 do not apply.
- (3) An investment fund required under section 9.2 to file an annual information form must at the same time file copies of all material incorporated by reference in the annual information form that it has not previously filed.

PART 10 PROXY VOTING DISCLOSURE FOR SECURITIES HELD

10.1 Application – This Part applies only to an investment fund that is a reporting issuer.

10.2 Requirement to Establish Policies and Procedures

- (1) An investment fund must establish policies and procedures to be followed by it in determining whether, and how, to vote on any matter for which the investment fund receives, in its capacity as securityholder, proxy materials for a meeting of securityholders of an issuer.
- (2) The policies and procedures referred to in subsection (1) must include, at a minimum,
 - (a) the establishment by the investment fund of a standing policy for dealing with routine matters on which the investment fund may vote;
 - (b) the circumstances under which the investment fund will deviate from the standing policy for routine matters referred to in paragraph (a);
 - (c) the policies under which, and the procedures by which, the investment fund will determine how to vote or refrain from voting on non-routine matters;
 - (d) the establishment of procedures to ensure that securities held by the investment fund are voted in accordance with the instructions of the investment fund; and
 - (e) the establishment of procedures to advise securityholders of the investment fund on changes to the policies and procedures provided for in this section.
- (3) Investment funds that do not prepare an annual information form in accordance with Part 9 or in accordance with NI 81-101 *Mutual Fund Prospectus Disclosure*, must include a summary of the policies and procedures required by this section in their prospectus.

10.3 Proxy Voting Record

- (1) An investment fund must maintain a proxy voting record that includes, at a minimum, for each time that the investment fund receives, in its capacity as securityholder, proxy materials relating to a meeting of securityholders of an issuer,
 - (a) the name of the issuer;
 - (b) the exchange ticker symbol of the securities, unless not readily available to the investment fund;
 - (c) the CUSIP number for the securities;
 - (d) the meeting date;
 - (e) a brief identification of the matter or matters to be voted on at the meeting;
 - (f) whether the matter or matters voted on was proposed by the issuer, its management or another person or company;
 - (g) whether the investment fund voted on the matter or matters;
 - (h) if applicable, how the investment fund voted on the matter or matters; and
 - (i) whether votes cast by the investment fund were for or against the recommendations of management of the issuer.

10.4 Preparation and Availability of Proxy Voting Record

- (1) An investment fund must prepare a proxy voting record on an annual basis for the period ending on June 30 of each calendar year.
- (2) An investment fund must promptly deliver or send a copy of the investment fund's proxy voting policies and procedures and proxy voting record, free of charge, to any securityholder of the investment fund upon a request made by the securityholder more than 60 days after the end of the period to which the proxy voting record pertains.

PART 11 MATERIAL CHANGE REPORTS

11.1 Application - This Part applies only to an investment fund that is a reporting issuer.

11.2 Publication of Material Change

- (1) If a material change occurs in the affairs of an investment fund, that investment fund must:
 - (a) promptly issue and file a news release that is authorized by an executive officer of the manager of the investment fund and that discloses the nature and substance of the material change;
 - (b) post all disclosure made under paragraph (a) on the website of the investment fund or the investment fund manager;
 - (c) as soon as practicable, but in any event no later than 10 days after the date on which the change occurs, file a report containing the information required by Form 51-102F3, except that a reference in Form 51-102F3 to:
 - (i) the term "material change" must be read as a "material change" under this Instrument;
 - (ii) "section 7.1 of National Instrument 51-102" in Item 3 of Part 2 must be read as a reference to "section 11.2 of National Instrument 81-106";
 - (iii) "subsection 7.1(2) or (3) of National Instrument 51-102" in Item 6 of Part 2 must be read as a reference to "subsection 11.2(2) or (3) of National Instrument 81-106";

- (iv) “subsection 7.1(5) of National Instrument 51-102” in Items 6 and 7 of Part 2 must be read as a reference to “subsection 11.2(4) of National Instrument 81-106”; and
 - (v) “executive officer of your company” in Item 8 of Part 2 must be read as a reference to “officer of the investment fund or of the manager of the investment fund”.
 - (d) file an amendment to its prospectus or simplified prospectus that discloses the material change in accordance with the requirements of securities legislation as if the amendment were required to be filed under securities legislation.
 - (2) If:
 - (a) in the opinion of the board of directors or trustee of an investment fund or the manager, and if that opinion is arrived at in a reasonable manner, the disclosure required by subsection (1) would be unduly detrimental to the investment fund’s interest; or
 - (b) the material change
 - (i) consists of a decision to implement a change made by senior management of the investment fund or senior management of the manager of the investment fund who believe that confirmation of the decision by the board of directors or persons acting in a similar capacity is probable; and
 - (ii) senior management of the investment fund or senior management of the manager of the investment fund has no reason to believe that persons with knowledge of the material change have made use of that knowledge in purchasing or selling securities of the investment fund,
- the investment fund may, instead of complying with subsection (1), immediately file only the report required under subsection (1)(c) marked to indicate that it is confidential, together with written reasons for non-disclosure.
- (3) Subsection (1) does not apply to an investment fund in Québec if
 - (a) senior management of the investment fund has reasonable grounds to believe that disclosure as required by subsection (1) would be seriously prejudicial to the interests of the investment fund and that no transaction in securities of the investment fund has been or will be carried out on the basis of the information not generally known;
 - (b) the investment fund immediately files the report required under paragraph (1)(c) marked so as to indicate that it is confidential, together with written reasons for non-disclosure; and
 - (c) the investment fund complies with subsection (1) when the circumstances that justify non-disclosure cease to exist.
 - (4) If a report has been filed under subsection (1)(c), the investment fund must advise the applicable regulator or securities regulatory authority in writing within ten days of the initial filing of the report if it believes the report should continue to remain confidential and every 10 days thereafter until the material change is generally disclosed in the manner referred to in subsection (1) or, if the material change consists of a decision of the type referred to in paragraph (2)(b), until that decision has been rejected by the board of directors of the investment fund or the board of directors of the manager of the investment fund.
 - (5) Despite filing a report under subsection (1)(c), an investment fund must promptly and generally disclose the material change in the manner referred to in subsection (1) upon the investment fund becoming aware, or having reasonable grounds to believe, that a person or company is purchasing or selling securities of the investment fund with knowledge of the material change that has not been generally disclosed.

PART 12 PROXY SOLICITATION AND INFORMATION CIRCULARS

12.1 Application - This Part applies only to an investment fund that is a reporting issuer.

12.2 Sending of Proxies and Information Circulars

- (1) If management of an investment fund or the manager of an investment fund gives or intends to give notice of a meeting to securityholders of the investment fund, management or the manager must, at the same time as or before giving that notice, send to each securityholder who is entitled to notice of the meeting a form of proxy for use at the meeting.
- (2) A person or company that solicits proxies from securityholders of an investment fund must:
 - (a) in the case of a solicitation by or on behalf of management of the investment fund, send with the notice of meeting to each securityholder whose proxy is solicited a completed Form 51-102F5; or
 - (b) in the case of a solicitation by or on behalf of any person or company other than management of the investment fund, concurrently with or before the solicitation, send a completed Form 51-102F5 and a form of proxy to each securityholder whose proxy is solicited.
- (3) In Québec, subsections (1) and (2) apply, adapted as required, to a meeting of holders of debt securities of an investment fund that is a reporting issuer in Québec, whether called by management of the investment fund or by the trustee of the debt securities.

12.3 Exemption

- (1) Paragraph 12.2(2)(b) does not apply to a solicitation if the total number of securityholders whose proxies are solicited is not more than 15.
- (2) For the purposes of subsection (1), two or more persons or companies who are joint registered owners of one or more securities are considered to be one securityholder.

12.4 Compliance with National Instrument 51-102 - A person or company that solicits proxies under section 12.2 must do so in compliance with the requirement of sections 9.3 and 9.4 of National Instrument 51-102 *Continuous Disclosure Obligations* as if those sections applied to the person or company, and as if references in those sections to "a reporting issuer" were references to "an investment fund".

PART 13 CHANGE OF AUDITOR DISCLOSURE

13.1 Application - This Part applies only to an investment fund that is a reporting issuer.

13.2 Change of Auditor - An investment fund must not change its auditor unless it complies with section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations* as if that section applied to the investment fund, and as if

- (a) references in that section to "a reporting issuer" are references to "an investment fund"; and
- (b) references in that section to the "board of directors" are references to the "directors of the investment fund, or the directors of the manager of the investment fund, as applicable".

PART 14 CALCULATION OF NET ASSET VALUE

14.1 Application - This Part applies only to an investment fund that is a reporting issuer.

14.2 Calculation, Frequency and Currency

- (1) The net asset value of an investment fund must be calculated in accordance with Canadian GAAP.
- (2) Despite subsection (1), a labour sponsored or venture capital fund that, at the date this Instrument comes into force, has a deferred charge in its statement of net assets relating to sales commissions that have been paid by the labour sponsored or venture capital fund, may continue to amortize this deferred asset over the remaining amortization period, provided the labour sponsored or venture capital fund ceased adding to this deferred charge by December 31, 2003.
- (3) The net asset value of an investment fund must be calculated
 - (a) if the investment fund does not use derivatives, at least once in each week; or

- (b) if the investment fund uses derivatives, at least once every business day.
- (4) A mutual fund that holds securities of other mutual funds must have dates for the calculation of net asset value that are compatible with those of the other mutual funds.
- (5) Despite subsection (3), an investment fund that, at the date that this Instrument comes into force, calculates net asset value no less frequently than once a month may continue to calculate net asset value at least as frequently as it does at that date.
- (6) The net asset value of an investment fund must be calculated in the currency of Canada or in the currency of the United States of America or both.
- (7) An investment fund that arranges for the publication of its net asset value in the financial press must ensure that its current net asset value is provided on a timely basis to the financial press.
- (8) Subsection (2) does not apply in British Columbia, Manitoba or Québec.

14.3 Portfolio Transactions - The net asset value of an investment fund must include each purchase or sale of a portfolio asset no later than in the next calculation of the net asset value after the date the purchase or sale becomes binding.

14.4 Capital Transactions - The investment fund must include each issue or redemption of a security of the investment fund in the next calculation of net asset value the investment fund makes after the calculation of net asset value used to establish the issue or redemption price.

PART 15 CALCULATION OF MANAGEMENT EXPENSE RATIO

15.1 Calculation of Management Expense Ratio

- (1) An investment fund may disclose its management expense ratio only if the management expense ratio is calculated for the financial year or interim period of the investment fund and if it is calculated by
 - (a) dividing
 - (i) the aggregate of
 - (A) total expenses of the investment fund, before income taxes, for the financial year or interim period as shown on its statement of operations; and
 - (B) any other fee, charge or expense of the investment fund that has the effect of reducing the investment fund's net asset value;
 - by
 - (ii) the average net asset value of the investment fund for the financial year or interim period, obtained by
 - (A) adding together the net asset values of the investment fund as at the close of business of the investment fund on each day during the financial year or interim period on which the net asset value of the investment fund has been calculated, and
 - (B) dividing the amount obtained under clause (A) by the number of days during the financial year or interim period on which the net asset value of the investment fund has been calculated; and
 - (b) multiplying the result obtained under paragraph (a) by 100.
- (2) If any fees and expenses otherwise payable by an investment fund in a financial year or interim period were waived or otherwise absorbed by a member of the organization of the investment fund, the investment fund must disclose, in a note to the disclosure of its management expense ratio, details of
 - (a) what the management expense ratio would have been without any waivers or absorptions;

- (b) the length of time that the waiver or absorption is expected to continue;
 - (c) whether the waiver or absorption can be terminated at any time by the member of the organization of the investment fund; and
 - (d) any other arrangements concerning the waiver or absorption.
- (3) The management expense ratio must exclude all non-optional fees, charges and expenses paid directly by investors of an investment fund in connection with the holding of securities of the investment fund during the period to which the disclosed management expense ratio relates provided there is appropriate disclosure of
- (a) the type of fees paid directly by investors, including the services expected to be received; and
 - (b) an estimate of the amount of fees to be paid directly by investors, expressed as a percentage of net asset value. If the aggregate amount of a non-optional fee, charge and expense payable directly by investors of an investment fund in connection with the holding of securities of the investment fund during the period to which the disclosed management expense ratio relates is not ascertainable, the investment fund must include the maximum amount of the non-optional investor fee that could have been paid by those investors.
- (4) Investment fund expenses rebated by a manager or an investment fund to a securityholder must not be deducted from total expenses of the investment fund in determining the management expense ratio of the investment fund.
- (5) An investment fund that has separate classes or series of securities must calculate a management expense ratio for each class or series, in the manner required by this section, modified as appropriate.
- (6) The management expense ratio of an investment fund for a financial period of less than or greater than twelve months must be annualized.
- (7) If an investment fund provides its management expense ratio to a service provider that will arrange for public dissemination of the management expense ratio,
- (a) the investment fund must provide the management expense ratio calculated in accordance with this Part; and
 - (b) the requirements to provide note disclosure contained in subsections (2) and (3) do not apply if the investment fund indicates, as applicable, that management fees have been waived or that management fees were paid directly by investors during the period for which the management expense ratio was calculated.

15.2 Fund of Funds Calculation

- (1) For the purposes of subparagraph 15.1(1)(a)(i), the total expenses for a financial year or interim period of an investment fund that invests in securities of other investment funds is equal to the sum of
- (a) the total expenses incurred by the investment fund that are for the period that the calculation of the management expense ratio is made and that are attributable to its investment in each underlying investment fund, as calculated by
 - (i) multiplying the total expenses of each underlying investment fund before income taxes for the financial year or interim period, by
 - (ii) the average proportion of securities of the underlying investment fund held by the investment fund during the financial year or interim period, calculated by
 - (A) adding together the proportion of securities of the underlying investment fund held by the investment fund on each day in the period, and
 - (B) dividing the amount obtained under clause (A) by the number of days in the period;
 - (b) the total expenses of the investment fund, before income taxes, for the period.

- (2) An investment fund that has exposure to one or more other investment funds through the use of derivatives in a financial year or interim period must calculate its management expense ratio for the financial year or interim period in the manner described in subsection (1), treating each investment fund to which it has exposure as an “underlying investment fund” under subsection (1).
- (3) Subsection (2) does not apply if the derivatives do not expose the investment fund to expenses that would be incurred by a direct investment in the relevant investment funds.
- (4) Management fees rebated by an underlying fund to an investment fund that invests in the underlying fund must be deducted from total expenses of the underlying fund if the rebate is made for the purpose of avoiding duplication of fees between the two investment funds.

PART 16 ADDITIONAL FILING REQUIREMENTS

16.1 Application - This Part applies only to an investment fund that is a reporting issuer.

16.2 Additional Filing Requirements

- (1) An investment fund must file a copy of any document that it is required by this Instrument to send to its securityholders, except documents sent under section 2.11, Part 6 and Part 10.
- (2) An investment fund must file the document referred to in subsection (1) on the same date as, or as soon as practicable after, the date on which the investment fund sends the document to its securityholders.

16.3 Voting Results - An investment fund must, promptly following a meeting of securityholders at which a matter was submitted to a vote, file a report that discloses, for each matter voted upon

- (a) A brief description of the matter voted upon and the outcome of the vote; and
- (b) If the vote was conducted by ballot, the number and percentage of votes cast, which includes votes cast in person and by proxy, for, against, or withheld from each vote.

16.4 Filing of Material Contracts - An investment fund that is not subject to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* or securities legislation that imposes a similar requirement must file a copy of any material contract of the investment fund not previously filed, or any amendment to any material contract of the investment fund not previously filed

- (a) with the final prospectus of the investment fund; or
- (b) upon the execution of the material contract or amendment.

PART 17 EXEMPTIONS

17.1 Exemption

- (1) The regulator or securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario only the regulator may grant an exemption from any part of this Instrument.

PART 18 EFFECTIVE DATE AND TRANSITIONAL

18.1 Effective Date - This Instrument comes into force on •.

18.2 Financial Statements - This Instrument applies to

- (a) annual financial statements and annual management reports of fund performance for financial years of an investment fund that end on or after December 31, 2004;
- (b) interim financial statements and interim management reports of fund performance for interim periods that end after the period determined in paragraph (a); and

- (c) quarterly portfolio disclosure for periods that end on or after the date that this Instrument comes into force.

18.3 Filing of Financial Statements and Management Reports of Fund Performance

- (1) Despite section 2.2 and section 4.2, the first annual financial statements and the first annual management report of fund performance that are required to be prepared in accordance with this Instrument must be filed on or before the 120th day after the end of the financial year of the investment fund to which they pertain.
- (2) Despite section 2.4 and section 4.2, the first interim financial statements and the first interim management report of fund performance that are required to be prepared in accordance with this Instrument must be filed on or before the 60th day after the end of the interim period of the investment fund to which they pertain.

18.4 Filing of Annual Information Form - Despite section 9.3, the first annual information form to be prepared under this Instrument must be filed on or before the 120th day after the end of the financial year of the investment fund to which it pertains.

18.5 Initial Delivery of Annual Management Report of Fund Performance - Despite Part 5, an investment fund must deliver to each securityholder the annual management report of fund performance for the first financial year end of the investment fund after the effective date of this Instrument together with an explanation of the new continuous disclosure requirements, including the availability of quarterly portfolio disclosure.

18.6 Revocation of Exemptions - An investment fund that has obtained an exemption or waiver from, or approval under, securities legislation, National Policy 39, National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, National Instrument 81-102 *Mutual Funds*, National Instrument 81-104 *Commodity Pools* or National Instrument 81-105 *Mutual Fund Sales Practices* relating to its continuous disclosure obligations may not, after •, 2004, rely on the exemption, waiver or approval to the extent that reliance would be inconsistent with this Instrument.

**PROPOSED
COMPANION POLICY 81-106 CP TO NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE**

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**PROPOSED
COMPANION POLICY 81-106CP TO NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE**

PART 1 PURPOSE AND APPLICATION OF THE COMPANION POLICY

1.1 Purpose

The purpose of this Companion Policy (the Policy) is to help you understand how the Canadian securities regulatory authorities (CSA) interpret or apply certain provisions of National Instrument 81-106 Investment Fund Continuous Disclosure (the Instrument).

1.2 Application

- (1) The Instrument applies to investment funds, including scholarship plans and non-redeemable investment funds. These funds have similar characteristics to mutual funds and so are subject to similar reporting requirements. In some jurisdictions, the Instrument applies to mutual funds in the jurisdiction that are non-reporting issuers.
- (2) An investment fund includes group scholarship plans.

1.3 Definitions

- (1) A term used in the Instrument and defined in the securities statute of a local jurisdiction has the meaning given to it in that statute unless:
 - (a) the definition in that statute is restricted to a specific portion of the statute that does not govern continuous disclosure, or
 - (b) the context otherwise requires.
- (2) For instance, the term “material change” is defined in local securities legislation of most jurisdictions. The CSA consider the meaning given to this term in securities legislation to be substantially similar to the definition set out in the Instrument.

1.4 Plain Language Principles

The CSA believe that plain language will help investors understand an investment funds’ disclosure documents so that they can make informed investment decisions. We encourage investment funds to adopt the following plain language principles in preparing documents filed under the Instrument:

- use short sentences
- use definite, concrete, everyday language
- use the active voice and avoid multiple negatives
- avoid unnecessary words
- organize the document into clear, concise sections, paragraphs and sentences
- avoid legal or business jargon
- use strong verbs
- use personal pronouns to speak directly to the reader
- avoid reliance on glossaries and defined terms unless it helps to understand the disclosure
- avoid vague boilerplate wording
- use concrete terms or examples

- avoid excessive detail
- use charts, tables and examples where it makes disclosure easier to understand.

If technical or business terms are required, use clear and concise explanations.

- 1.5 Signature and Certificates** - The directors of an investment fund or the manager or the trustee of an investment fund are not required to file signed or certified continuous disclosure documents. They are responsible for the information in the investment fund's disclosure documents whether or not a document is signed or certified, and it is an offence under securities legislation to make a false or misleading statement in any required document.
- 1.6 Filings on SEDAR** - All documents required to be filed under the Instrument must be filed in accordance with National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR).
- 1.7 Corporate Law Requirements** - Investment funds may be subject to requirements of corporate law that address matters similar to those addressed by the Instrument, and which may impose additional or more onerous requirements. For example, applicable corporate law may still require investment funds to deliver annual financial statements to securityholders.

PART 2 FINANCIAL STATEMENTS

2.1 Interrelationship of Financial Statements with Canadian GAAP

- (1) The Instrument requires investment funds to prepare their annual and interim financial statements, their annual and interim management reports of fund performance and their NAV in accordance with both Canadian GAAP and the Instrument.
- (2) Canadian GAAP provides some general requirements for the preparation of financial statements that apply to investment fund financial statements. Canadian GAAP does not contain detailed requirements for the contents of investment fund financial statements. The CSA believe that an investment fund's financial statements should include certain information, at a minimum, in order to provide full disclosure. The Instrument sets out these minimum requirements. Persons preparing these documents should include any other additional information required to ensure that all material information concerning the financial position or results of the investment fund is disclosed.
- (3) Fund managers are reminded that Handbook section 1100 - Generally Accepted Accounting Principles has changed the definition of what is considered to be Canadian GAAP. Prior to the introduction of section 1100, the investment funds industry has relied on paragraph 1000.60(a), which provides for accounting policies that "are generally accepted by virtue of their use in similar circumstances by a significant number of entities in Canada".

Where industry accounting practices were not in conflict with the italicized recommendations, but were in conflict with non-italicized paragraphs of the Handbook, it was argued that the practices would still be considered Canadian GAAP if they were industry standards. This is no longer the case with section 1100. Generally, an entity has to apply all relevant primary sources of Canadian GAAP under section 1100. When no relevant primary source of Canadian GAAP is available, professional judgement and the concepts described in Section 1000 are to be used to determine accounting policies that are consistent with the primary sources of Canadian GAAP.

- (4) Since the Instrument does not define market value and fair value, persons preparing an investment fund's financial statements should refer to the definitions in the Handbook.

2.2 Filing Deadline for Annual Financial Statements and Auditor's Report - Section 2.2 of the Instrument sets out the filing deadline for annual financial statements. While section 2.2 of the Instrument does not address the auditor's report date, investment funds are encouraged to file their annual financial statements as soon as practicable after the date of the auditor's report. The delivery obligations set out in Part 5 of the Instrument require that the financial statements be sent to securityholders within 10 days of being filed.

2.3 Timing and Content of Interim Financial Statements - The Instrument also requires interim financial statements to be prepared in accordance with both Canadian GAAP and the Instrument. For example, Section 1751 Interim Financial Statements of the Handbook requires that the interim financial statements include, at a minimum:

- (1) each of the headings and subtotals included in the most recent annual financial statements; and

- (2) the specific disclosures required by Section 1751.

2.4 Financial Statements in the First Year of Operation - For the purposes of the Instrument, unless otherwise expressly provided, references to a financial year apply regardless of the length of that year. In addition, the first financial year of a reporting issuer commences on the date of its incorporation or organization and ends at the close of that year.

2.5 Contents of Statement of Operations - The disclosure of the amount of fund expenses waived or paid by the manager or portfolio adviser of the investment fund in the statement of operations excludes those amounts waived or paid due to an expense cap that would require securityholder approval to change.

2.6 Delivery of Continuous Disclosure Documents

(1) Before the implementation of the Instrument, securities legislation of most Canadian jurisdictions required investment funds to deliver annual and, in certain circumstances, interim financial statements to securityholders concurrent with filing. The Instrument eliminates this mandatory delivery, but enables an investor to receive the financial statements and management reports of fund performance the investor chooses to receive by requiring an investment fund to deliver these documents, without charge, according to the investor's request.

(2) The Instrument provides the following choices for the delivery of financial statements and management reports of fund performance:

- (a) send these documents to all securityholders;
- (b) obtain standing instructions from securityholders with respect to the documents they wish to receive; or
- (c) send an annual request form to securityholders asking them to indicate which documents they wish to receive.

If an investment fund chooses option (b), it must send an annual reminder to securityholders explaining how their standing instructions can be changed. If option (c) is chosen, the documents only have to be delivered to those securityholders who return the request form.

Section 5.1 specifies that if an investment fund chooses option (b), it cannot switch to option (c) at a later date. Investment funds that choose option (c) should switch to option (b) as soon as it is practicable for them to do so.

(3) Investment funds must also provide the quarterly portfolio disclosure required by Part 6 of the Instrument to securityholders upon request.

(4) Eliminating the delivery requirement enables investment funds governed by either the federal or provincial corporate statutes to take advantage of provisions in these statutes that allow companies not to deliver annual financial statements to securityholders who have elected not to receive them.

(5) In certain cases the Instrument requires the delivery of certain notices and request forms to securityholders. Investment funds are reminded of the provisions of National Policy 11-201 Delivery of Documents by Electronic Means and Quebec Staff Notice - The Delivery of Documents by Electronic Means. In particular, it is noted that the annual notice required by section 5.3 and the request form required by section 5.2 of the Instrument may be given in electronic form and may be combined with other notices. Request forms and notices may alternatively be sent with account statements or other materials sent to securityholders by an investment fund.

2.7 Change in Year End

(1) The change in year end reporting requirements are adopted from National Instrument 51-102, with appropriate modifications to reflect that investment funds report on a six month interim period.

(2) The definition of "interim period" in the Instrument differs from the definition of this term in National Instrument 51-102. An investment fund cannot have more than one interim period in a transition year.

- (3) Interim financial statements for the new financial year will have comparatives from the corresponding months in the preceding year, regardless if they are from the transition year or from the old financial year, if they were previously prepared or not, or if they straddle a year-end.
- (4) If an investment fund voluntarily reports on a quarterly basis, the investment fund must follow the requirements set out in National Instrument 51-102, with appropriate modifications.
- (5) Appendix A to this Policy is a chart outlining the financial statement filing requirements under section 2.9 of the Instrument if an investment fund changes its year end.

2.8 Change in Legal Structure - Section 2.10 of the Instrument requires a reporting issuer to file a notice if the issuer has been party to certain restructuring transactions. That notice should be filed with the securities regulatory authority or regulator in the applicable jurisdictions at the addresses set out in Appendix B of this Policy.

PART 3 AUDITORS AND THEIR REPORTS

3.1 Acceptable Auditor - The securities legislation in most jurisdictions prohibits a regulator or securities regulatory authority from issuing a receipt for a prospectus if it appears that a person or company who has prepared any part of the prospectus or is named as having prepared or certified a report used in connection with a prospectus is not acceptable.

3.2 Canadian Auditors - The Instrument requires that the financial statements of an investment fund that are required to be audited must be prepared in accordance with Canadian GAAP and audited in accordance with Canadian GAAS. Section 2.8 of the Instrument requires that the auditor's report be prepared and signed by a person or company authorized to do so by the laws and professional standards of a jurisdiction.

3.3 Reservations in an Auditor's Report

- (1) The Instrument generally prohibits an auditor's report from containing a reservation, qualification, or other similar communication that would constitute a reservation under Canadian GAAS.
- (2) Part 17 of the Instrument permits the regulator or securities regulatory authority to grant exemptive relief from the Instrument, including the requirement that an auditor's report not contain a reservation, qualification or other similar communication that would constitute a reservation under Canadian GAAS. However, staff of the CSA believe that such exemptive relief will not likely be recommended where the reservation, qualification or other similar communication is:
 - (a) due to a departure from accounting principles permitted by the Instrument; or
 - (b) due to a limitation in the scope of the auditor's examination that:
 - (i) results in the auditor being unable to form an opinion on the financial statements as a whole;
 - (ii) is imposed or could reasonably be eliminated by management; or
 - (iii) could reasonably be expected to be recurring.

3.4 Auditor's Report - Multiple Class Funds

- (1) To satisfy the requirement to produce audited annual financial statements, an investment fund that has more than one class or series outstanding must ensure that the annual financial statements for each class or series are audited. If the investment fund is preparing separate financial statements for each class or series, it should ensure that the auditor's report for each set of financial statements pertains specifically to the relevant class or series, but also indicates that the investment fund as a whole has been reported on for the same period without reservation.
- (2) It is expected that once an investment fund makes an initial decision as to whether to prepare separate or combined financial statements or management reports of fund performance for its classes or series of securities, it will continue with the same approach for subsequent financial periods in order to ensure that the financial statements and management reports of fund performance for different financial periods are easily comparable. The CSA expect investment funds to explain, in notes to financial statements or in a

management report of fund performance, the reasons for any change in approach taken from one financial period to another.

3.5 Auditor's Involvement with the Annual Management Reports of Fund Performance - Investment funds' auditors are expected to comply with section 7500 – The Auditor's Involvement with the Annual Reports, of the Handbook, in connection with the preparation of the annual management reports of fund performance required by the Instrument.

3.6 Auditor Involvement with Interim Financial Statements

- (1) The board of directors of an investment fund or the manager or the trustees of an investment fund that is a trust, in discharging its responsibilities for ensuring the reliability of interim financial statements, should consider engaging an external auditor to carry out a review of such financial statements.
- (2) Section 2.12 of the Instrument requires an investment fund to disclose if an auditor has not performed a review of the interim financial statements or has performed a review and expressed a qualified or adverse communication or denied any assurance. No positive statement is required when an auditor has performed a review and provided an unqualified communication.
- (3) Where an investment fund's annual financial statements are audited in accordance with Canadian GAAS, the terms "review" and "written review report" used in section 2.12 of the Instrument refer to the auditor's review of and report on interim financial statements using standards for a review of interim financial statements by the auditor as set out in the Handbook.

PART 4 OTHER PROVISIONS

4.1 Accounting for Securities Lending Transactions

- (1) Section 3.8 of the Instrument imposes certain reporting requirements on investment funds in connection with any securities lending transactions entered into by the investment fund. These requirements were included to ensure that all securities lending transactions are accounted for on the same basis.

The general accounting principle concerning whether a given transaction is a recordable transaction is based on determining whether risk and rewards have transferred in the transaction. The substance of a securities lending transaction is that the manager treats the original securities as if they have never been lent. The investment fund must be able to call the original securities back at any time, and the securities returned must be the same or substantially the same as the original securities. These conditions reduce the risk of the investment fund not being able to transact the original securities. The original securities remain on the books of the investment fund.

- (2) The accounting treatment of the collateral in a securities lending transaction depends on the ability of the lender to control what happens with the collateral. If non-cash collateral is received by the investment fund, the collateral is not reflected on the statement of net assets of the investment fund if the non-cash collateral cannot be sold or repledged. If the investment fund lender receives cash collateral, the investment fund has the ability to either hold or reinvest the cash. The lender has effective control over the cash, even though it uses an agent to effect the reinvestment on its behalf. The cash collateral, subsequent reinvestment, and obligation to repay the collateral are recorded on the books of the investment fund.

4.2 Incentive Arrangements

- (1) Investment funds use many different incentive arrangements to compensate the manager or portfolio adviser. Generally these incentive arrangements take the form of performance fees, based on the relative performance of the investment fund as compared to a benchmark. However, incentive arrangements may take the form of a performance fee based on the absolute performance of the investment fund, options or interests in the underlying portfolio, or dividends. The CSA recognize that there are different incentive arrangements but are of the view that they should be valued at current value whenever the investment fund calculates its NAV and that any adjustments be accounted for as a liability and an expense.
- (2) The statement of operations of an investment fund will recognize changes in the amount of the liability referred to in subsection (1) as an expense. Since the calculation of the management expense ratio is based on total expenses as determined in the statement of operations, the management expense ratio will include the incentive arrangement expense.

4.3 Costs of Distribution of Securities

- (1) It is the view of the CSA that all costs and expenses associated with the issue and distribution of securities of an investment fund that distributes its securities on a continuous basis should be recognized as expenses in the statement of operations of the investment fund in the period in which they were incurred.
- (2) Section 3.3 of National Instrument 81-102 prohibits a mutual fund from paying for the costs of incorporation or organization of the mutual fund. However, where this restriction does not apply, an investment fund may pay security issue costs for prospectuses, which may include costs associated with legal fees relating to the preparation of a prospectus, costs associated with the distribution of the securities of the investment fund, including underwriting, agency or similar costs, the cost of printing a prospectus, any fees that may be paid to have the securities of an exchange traded fund listed or quoted on a marketplace, and the cost of tax opinions relating to the issue of securities.
- (3) The CSA consider it important that investors fully understand the costs associated with the ownership of securities of an investment fund. For this reason, the CSA have set out their views in subsection (1) in order to ensure that costs associated with the continuous distribution of securities are shown as expenses of the investment fund on the statement of operations for the financial period in which they are incurred, and are not deferred and amortized to retained earnings, or charged directly to capital.
- (4) Non-redeemable investment funds that offer their securities on a one time offering basis should account for the initial offering costs as a capital transaction in accordance with Capital Transactions, Section 3610 of the Handbook. The amount of the costs should be disclosed separately in the financial statements of the fund for at least the period in which the relevant costs are incurred. Initial offering costs are all costs incurred to complete an offering, including costs of preparing and printing the prospectus, legal expenses, marketing expenses and agents' fees. It is not appropriate for such costs to be deferred and recognized as an asset to be amortized to either income or retained earnings over the life of the fund.

4.4 Trailing Commissions - Trailing fees or commissions are those fees paid to dealers over time based on the client assets maintained in the fund. The manager normally pays these fees, although exemptions have been given to certain labour sponsored funds for the fund to pay these fees. In the view of the CSA, an investment fund that is permitted to pay, by way of an exemptive order, costs associated with securityholders holding securities of the investment fund, must recognize those costs as an expense in the period in which they were incurred.

PART 5 INDEPENDENT VALUATIONS

5.1 Independent Valuations

- (1) Part 8 of the Instrument is designed to address the concerns raised by labour sponsored or venture capital funds that disclosing a fair value for their venture investments may potentially disadvantage the private companies in which they invest.
- (2) Section 8.2 permits alternative disclosure by a labour sponsored or venture capital fund of its statement of investment portfolio.
- (3) Labour sponsored or venture capital funds must disclose the individual securities in which they invest, but may aggregate all changes from costs of the venture investments, thereby only showing an aggregate adjustment from cost to fair value for these securities.
- (4) This alternative disclosure is only permitted if the labour sponsored or venture capital fund has obtained an independent valuation in accordance with Part 8 of the Instrument. The CSA are of the view that a report on compliance with stated valuation policies and practices cannot take the place of an independent valuation.
- (5) The CSA expect the independent valuator's report to provide either a number or range of values which the independent valuator considers to be a fair expression of the NAV of the labour sponsored or venture capital fund.
- (6) An investment fund obtaining an independent valuation should, at the request of the valuator, promptly furnish the valuator with access to the investment fund manager and its advisers and to all material information in their possession relevant to the independent valuation. The valuator is expected to use that access to perform a comprehensive review and analysis of information upon which the independent valuation is based. The valuator should form its own independent views of the reasonableness of this information, including any

forecasts or projections or other measurements of the expected future performance of the enterprise, and of any of the assumptions upon which it is based, and adjust the information accordingly.

- (7) The disclosure in the valuation of the scope of review should include a description of any limitation on the scope of the review and the implications of the limitation on the valuator's conclusion.
- (8) The person or company responsible for obtaining an independent valuation should work in co-operation with the valuator to ensure that the requirements of the Instrument are satisfied.

5.2 Independent Valuators

- (1) The Instrument provides that it is a question of fact as to whether a valuator is independent of the investment fund. In determining the independence of the valuator from the investment fund, a number of factors may be relevant, including whether
 - (a) the valuator or an affiliated entity of it has a material financial interest in future business in respect of which an agreement, commitment or understanding exists involving the investment fund or a person or company listed in paragraph (2)(a);
 - (b) the valuator or its affiliated entity is a lender of a material amount of indebtedness to any of the issuers of the investment fund's illiquid investments.
- (2) The CSA would generally consider a valuator not to be independent of an investment fund where
 - (a) the valuator or an affiliated entity of the valuator is
 - (i) the manager of the investment fund,
 - (ii) a portfolio adviser of the investment fund,
 - (iii) an insider of the investment fund,
 - (iv) an associate of the investment fund,
 - (v) an affiliated entity of the investment fund, or
 - (vi) an affiliated entity of any of the persons or companies named in this clause (a); or
 - (b) the compensation of the valuator or an affiliated entity of the valuator depends in whole or in part upon an agreement, arrangement or understanding that gives the valuator, or an affiliated entity of the valuator, a financial incentive in respect of the conclusions reached in the formal valuation;
 - (c) the valuator or an affiliated entity of the valuator has a material investment in the investment fund or a portfolio asset of the investment fund.
- (3) Investment funds are reminded that the Canadian Institute of Chartered Accountants (CICA) also sets independence standards that should be considered when determining whether the valuator could be considered to be independent.

PART 6 PROXY VOTING DISCLOSURE FOR SECURITIES HELD

6.1 Proxy Voting Disclosure

- (1) Investment funds are formed as corporations or trusts and must be operated for the benefit of their securityholders. Because an investment fund is the beneficial owner of its portfolio securities, the investment fund's manager, acting on the investment fund's behalf, has the right and the obligation to vote proxies relating to the investment fund's portfolio securities. As a practical matter, however, the manager may delegate this function to the investment fund's portfolio adviser as part of the adviser's general management of investment fund assets, subject to the continuing oversight of the manager.

The manager owes a fiduciary duty to act in the best interest of the investment fund. This fiduciary duty extends to all functions undertaken on the investment fund's behalf, including the voting of proxies relating to

the investment fund's portfolio securities. A portfolio adviser voting proxies on behalf of an investment fund, therefore, must also do so in a manner consistent with the best interests of the fund and its securityholders.

- (2) Traditionally, investment funds have been viewed as largely passive investors, reluctant to challenge corporate management on issues such as corporate governance. Investment funds have often followed the so-called "Wall Street rule," according to which an investor should either vote as management recommends or, if dissatisfied with management, sell the security. In recent years, however, some investment funds, along with other institutional investors, have become more assertive in exercising their proxy voting responsibilities. The increased assertiveness by investment funds in the voting of proxies may have a number of causes. In some instances, investment funds hold such large positions in a particular issuer that they cannot easily sell their holdings if the issuer's management is performing poorly. Also, the investment policies of investment funds that track an index typically do not permit them to sell poorly performing investments, and therefore these investment funds may become active in corporate governance in order to maximize value for their securityholders.
- (3) In some situations, the interests of an investment fund's securityholders may conflict with those of its portfolio adviser with respect to proxy voting. This may occur, for example, when an investment fund's adviser also manages or seeks to manage the pension assets of a company whose securities are held by the investment fund. In these situations, an investment fund's adviser may have an incentive to support management recommendations to further its business interests.
- (4) In spite of the substantial institutional voting power held by investment funds, the increasing importance of the exercise of that power to investment fund securityholders, and the potential for conflicts of interest with respect to the exercise of investment fund proxy voting power, limited information has been available regarding how investment funds vote their proxies. The CSA believe that investment funds should disclose their proxy voting policies and procedures, and should make their actual voting records available.
- (5) The Instrument requires that the investment fund establish policies and procedures for determining whether, and how, to vote on any matter for which the investment fund receives proxy materials for a meeting of securityholders of an issuer. The CSA consider an investment fund to "receive" a document when it is delivered to any service provider or to the investment fund in respect of securities held beneficially by the investment fund. Proxy materials may be delivered to a manager, a portfolio adviser or sub-adviser, or a custodian. All of these deliveries are considered delivered "to" the investment fund.
- (6) Section 10.2 of the Instrument sets out, in general terms, what the securities regulatory authorities consider to be minimum policies and procedures for the proxy voting process. Securityholders are entitled to receive on request the full proxy voting policies and procedures, in addition to the proxy voting record.

PART 7 MATERIAL CHANGE

- 7.1 Material Change** - The CSA are of the view that in order for an investment fund to file a confidential material change report under Section 11.2 of the Instrument, the investment fund or its manager must advise insiders of the prohibition against trading during the filing period of a confidential material change report and must also take steps to monitor trading activity.

PART 8 INFORMATION CIRCULARS

- 8.1 Sending of Proxies and Information Circulars** - An investment fund is required to send the proxy-related materials referred to in Part 12 of the Instrument to their securityholders in accordance with the requirements of National Instrument 54-101.

PART 9 PUBLICATION OF NET ASSET VALUE PER SECURITY

- 9.1 Publication of Net Asset Value Per Security** - Subsection 14.2(7) of the Instrument requires an investment fund that arranges for the publication of its net asset value per security in the financial press to ensure that its current net asset value per security is provided on a timely basis to the financial press. This provision ensures that an investment fund takes steps to calculate the net asset value per security as quickly as is commercially practicable following the valuation date or time, and to make the results of that calculation available to the financial press as quickly as is commercially practicable. An investment fund should, to the extent practicable, attempt to meet the deadlines of the financial press for publication in order to ensure that its net asset values per security are publicly available as quickly as possible.

PART 10 CALCULATION OF MANAGEMENT EXPENSE RATIO

10.1 Calculation of Management Expense Ratio

- (1) Part 15 of the Instrument sets out the method to be used by an investment fund in calculating its management expense ratio (MER). The requirements contained in Part 15 are applicable in all circumstances in which an investment fund calculates and discloses a management expense ratio. This includes disclosure in a sales communication, a prospectus, an annual information form, financial statements, a management report of fund performance or in a report to securityholders.
- (2) Paragraph 15.1(1)(a) requires the investment fund to use its "total expenses" before income taxes for the relevant period as the basis for the calculation of management expense ratio. Total expenses, before income taxes, will include interest charges and taxes of all types, including sales taxes, GST and capital taxes payable by the investment fund. Canadian GAAP currently would permit an investment fund to deduct withholding taxes from the income to which they apply. Accordingly, withholding taxes would not be recorded as "total expenses" on the investment fund's income statement and need not be included in its MER calculation.
- (3) The CSA recognize that an investment fund may incur fees and charges that are not included in the "total expenses" yet these fees and charges reduce the net asset value of the fund and reduce the amount of investable assets of the investment fund. Sales commissions paid by an investment fund are an example of such fees and charges. It is the view of the CSA that these fees and charges should be reflected in the MER of the investment fund.
- (4) Brokerage charges are not considered to be part of total expenses as they are included in the cost of purchasing, or netted out of the proceeds from selling, portfolio securities.
- (5) Investment funds are expected to disclose the 5 year historical MERs shown in the financial highlights to be calculated in accordance with Part 15. If the investment fund has not calculated the historical MERs in a manner similar to that required by the Instrument, the CSA are of the view that the change in the method of calculating the MER of an investment fund should be treated in a manner which is similar to a change in accounting policy under section 1506 of the Handbook. Under Canadian GAAP, a change in accounting policy requires a retroactive restatement of the financial information for all periods shown. However, the Handbook acknowledges that there may be circumstances where the data needed to restate the financial information is not reasonably determinable.
 - (a) If an investment fund retroactively restates its MER for the five years required to be shown in its management report of fund performance, the investment fund should describe this restatement in the first such documents released in which the restated amounts are reported.
 - (b) If an investment fund does not restate its MER for prior periods because, based on its specific facts and circumstances, the information required to do so is not reasonably determinable, the MER for all financial periods ending after the effective date of the Instrument must be calculated in accordance with Part 15.
 - (c) The investment fund must also disclose:
 - (i) that the method of calculating MER has changed, specifying for which periods the MER has been calculated in accordance with the change;
 - (ii) that the investment fund has not restated the MER for specified prior periods;
 - (iii) the impact that the change would have had if the investment fund had restated the MER for the specified prior periods. For example, would the MER have increased or decreased if the MER had been restated? If possible, provide an estimate of the increase or decrease if the MER had been restated; and
 - (iv) a description of the main differences between an MER calculated in accordance with the Instrument and the previous calculations.

The disclosure outlined above should be provided for all periods presented until such time as all MERs presented are calculated in accordance with the Instrument.

APPENDIX A EXAMPLES OF FILING REQUIREMENTS FOR CHANGES IN YEAR END

The following examples assume the old financial year ended on December 31, 20X0

Transition Year	Comparative Annual Financial Statements to Transition Year	New Financial Year	Comparative Annual Financial Statements to New Financial Year	Interim Periods for Transition Year	Comparative Interim Periods to Transition Year	Interim Periods for New Financial Year	Comparative Interim Periods to New Financial Year
Up to 3 months							
3 months ended 3/31/X1	12 months ended 12/31/X0	3/31/X2	3 months ended 3/31/X1 and 12 months ended 12/31/X0	Not applicable	Not applicable	6 months ended 9/30/X1	6 months ended 9/30/X0
4 to 6 months							
6 months ended 6/30/X1	12 months ended 12/31/X0	6/30/X2	6 months ended 6/30/X1 and 12 months ended 12/31/X0	Not applicable	Not applicable	6 months ended 12/31/X1	6 months ended 12/31/X0
7 or 8 months							
8 months ended 8/31/X1	12 months ended 12/31/X0	8/31/X2	8 months ended 8/31/X1 and 12 months ended 12/31/X0	Not applicable	Not applicable	6 months ended 2/28/X2	6 months ended 2/28/X1
9 to 11 months							
11 months ended 11/30/X1	12 months ended 12/31/X0	11/30/X2	11 months ended 11/30/X1	6 months ended 6/30/X1	6 months ended 6/30/X0	6 months ended 5/31/X2	6 months ended 5/31/X1
11 to 15 months							
15 months ended 3/31/X2	12 months ended 12/31/X0	3/31/X3	15 months ended 3/31/X2	6 months ended 6/30/X1	6 months ended 6/30/X0	6 months ended 9/30/X2	6 months ended 9/30/X1

APPENDIX B CONTACT ADDRESSES FOR FILING OF NOTICES

Alberta Securities Commission

4th Floor
300 – 5th Avenue S.W.
Calgary, Alberta
T2P 3C4
Attention: Director, Capital Markets

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia
V7Y 1L2
Attention: Financial Reporting

Manitoba Securities Commission

1130 – 405 Broadway
Winnipeg, Manitoba
R3C 3L6
Attention: Corporate Finance

Office of the Administrator, New Brunswick

P.O. Box 5001
133 Prince William Street, Suite 606
Saint John, NB
E2L 4Y9
Attention: Minister of Finance

Securities Commission of Newfoundland

P.O. Box 8700
2nd Floor, West Block
Confederation Building
75 O'Leary Avenue
St. John's, NFLD
A1B 4J6
Attention: Director of Securities

Department of Justice, Northwest Territories

Legal Registries
P.O. Box 1320
1st Floor, 5009-49th Street
Yellowknife, NWT X1A 2L9
Attention: Director, Legal Registries

Nova Scotia Securities Commission

2nd Floor, Joseph Howe Building
1690 Hollis Street
Halifax, Nova Scotia B3J 3J9
Attention: Corporate Finance

Department of Justice, Nunavut

Legal Registries Division
P.O. Box 1000 – Station 570
1st Floor, Brown Building
Iqaluit, NT X0A 0H0
Attention: Director, Legal Registries Division

Ontario Securities Commission

Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Continuous Disclosure, Corporate Finance

Request for Comments

Registrar of Securities, Prince Edward Island

P.O. Box 2000
95 Rochford Street, 5th Floor,
Charlottetown, PEI
C1A 7N8
Attention: Registrar of Securities

Autorité des marchés financiers

800 Square Victoria, 22nd Floor
P.O. Box 246, Tour de la Bourse
Montréal, Québec
H4Z 1G3
Attention: Directrice des marchés des capitaux

Saskatchewan Financial Services Commission – Securities Division

6th Floor,
1919 Saskatchewan Drive
Regina, SK S4P 3V7
Attention: Deputy Director, Corporate Finance

Registrar of Securities, Government of Yukon

Corporate Affairs J-9
P.O. Box 2703
Whitehorse, Yukon
Y1A 5H3
Attention: Registrar of Securities

**PROPOSED
NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE
FORM 81-106F1
CONTENTS OF ANNUAL AND INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE**

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**PROPOSED
NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE
FORM 81-106F1
CONTENTS OF ANNUAL AND INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE**

PART A INSTRUCTIONS AND INTERPRETATION

Item 1 General Requirements

(a) The Form

The Form describes the disclosure required in an annual management report of fund performance or an interim management report of fund performance of an investment fund. Each item of the Form outlines disclosure or format requirements. Instructions to help you comply with these requirements are printed in italic type.

(b) Plain Language

A management report of fund performance must state the required information concisely and in plain language. Refer to Part 1 of Companion Policy 81-106CP for a discussion concerning plain language and presentation.

When preparing a management report of fund performance, respond as simply and directly as is reasonably possible and include only as much information as is necessary for readers to understand the matters for which disclosure is provided.

(c) Format

A management report of fund performance should be presented in a format that assists its readability and comprehension. The Form generally does not mandate the use of a specific format to achieve these goals, except in the case of disclosure of financial highlights and past performance as required by Items 3 and 4 of each of Parts B and C of the Form; that disclosure must be presented in the format specified in the Form.

A management report of fund performance must use the headings and sub-headings shown in the Form. Within this framework, investment funds are encouraged to use, as appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the required disclosure clearly and concisely. Disclosure provided in response to any item does not need to be repeated elsewhere. The interim management report of fund performance should use the same headings as used in the annual management report of fund performance.

National Instrument 81-106, or the Form, does not prohibit including information beyond what the Form requires. Therefore, an investment fund may include artwork and educational material (as defined in National Instrument 81-101) in its annual and interim management report of fund performance. However, an investment fund should take care to ensure that including such material does not obscure the required information.

Investment funds should also ensure that the inclusion of additional information does not lengthen the management report of fund performance excessively. It is expected that, under normal circumstances, the text of an annual management report of fund performance will be approximately 4 pages in length and that the text of an interim management report of fund performance will be approximately 2 pages in length.

(d) Focus on Material Information

You do not need to disclose information that is not material. Exercise your judgement when determining whether information is material.

You do not need to respond to any item in this Form that is inapplicable and you may omit negative answers.

(e) What is Material?

Would a reasonable investor's decision to buy, sell or hold securities of an investment fund likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

Investment funds are not required to disclose information that is not material. Materiality is a matter of judgement in particular circumstances and should generally be determined in relation to an item's significance to investors and other users of the information. An item of information, or an aggregate of items, is considered material in the context of an investment fund if it is

probable that its omission or misstatement would influence or change an investment decision with respect to the investment fund's securities. In determining whether information is material, take into account both quantitative and qualitative factors.

Item 2 Management Discussion of Fund Performance

The management discussion of fund performance (MDFP) is an analysis and explanation that is designed to supplement an investment fund's financial statements. The MDFP is the equivalent to the corporate management discussion and analysis (MD&A) with specific modifications for investment funds. The MDFP provides the manager of an investment fund with the opportunity to discuss the investment fund's current financial results, position and future prospects. The MDFP is intended to give a reader the ability to look at the investment fund through the eyes of management by providing both a historical and prospective analysis of the investment activities and operations of the investment fund. Coupled with the financial highlights, this information should enable readers to better assess the investment fund's performance, position and future prospects.

Focus the MDFP on material information about the performance of the investment fund, with particular emphasis on known material trends, commitments, events, risks or uncertainties that the manager reasonably expects to have a material effect on the investment fund's future performance or investment activities.

The nature of the disclosure required under the MDFP section is intentionally general. This Form contains a minimum of specific instructions in order to allow, as well as encourage, investment funds to discuss their investments in the most appropriate manner and to tailor their comments to their individual circumstances.

PART B CONTENT REQUIREMENTS FOR ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Item 1 First Page Disclosure

The front page of an annual management report of fund performance must contain disclosure in substantially the following words:

"This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling [toll-free/collect call telephone number], by writing to us at [insert address] or by visiting our website at [insert address] or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the investment fund."

Item 2 Management Discussion of Fund Performance

2.1 Investment Objective and Strategies

Disclose under the heading "Investment Objective and Strategies" a brief summary of the fundamental investment objective and strategies of the investment fund.

INSTRUCTION:

Disclosing the fundamental investment objective provides investors with a reference point in order to assess the information contained in the management report of fund performance. It should be a concise summary of the fundamental investment objective and strategies of the investment fund, and not merely copied from the prospectus.

2.2 Risk

Disclose under the heading "Risk" a discussion of how any material or significant changes to the investment fund over the financial year affected the overall level of risk associated with an investment in the investment fund.

INSTRUCTION:

Ensure that the discussion is not merely a repeat of information contained in the prospectus of the investment fund, but rather a discussion that reflects any changes in risk level of the investment fund over the financial year.

Consider how the changes in the risks associated with an investment in the investment fund affect the suitability or investor risk tolerance stated in the prospectus or offering document. All investment funds should refer to Items 9 and 10 of Part B of Form 81-101F1 as if those sections applied to them.

2.3 Results of Operations

- (1) Under the heading "Results of Operations" provide a summary of the results of operations of the investment fund for the financial year to which the MDFP pertains, including, if applicable, a discussion of
 - (a) any material changes in investments in specific securities and overall asset mix from the previous period;
 - (b) how the composition and changes throughout the financial year to the composition of the investment portfolio of the investment fund relate to the investment fund's fundamental investment objective and strategies or to changes in the economy, markets or unusual events;
 - (c) unusual trends such as higher than usual redemptions or sales and the effect of these on the investment fund;
 - (d) significant components and significant changes to the components of revenue and expenses;
 - (e) risks, events, uncertainties, trends and commitments that had a material effect on past performance or that are likely to have a material effect on future performance; and
 - (f) details of transactions involving related parties to the investment fund.
- (2) In addition to the foregoing, an investment fund that borrows money, excluding immaterial operating overdrafts, must disclose,
 - (a) the minimum and maximum amount borrowed during the period;
 - (b) the percentage of net assets of the investment fund that the borrowing represented as of the end of the period;
 - (c) how the borrowed money was used; and
 - (d) details of the terms of the borrowing arrangements.

INSTRUCTION:

Explain the nature of and reasons for changes in your investment fund's performance. Do not simply disclose the amount of change in a financial statement item from period to period. Avoid the use of boilerplate language. Your discussion should assist the reader to understand trends, events, transactions and expenditures.

2.4 Recent Developments

Under the heading "Recent Developments" discuss the developments affecting the investment fund during the financial year to which the MDFP pertains, including, if applicable,

- (a) unusual or infrequent events or transactions, economic changes and relevant market conditions that affected performance;
- (b) estimated effects of changes in accounting policies adopted subsequent to year end;
- (c) any changes to, or change of control of, the manager of the investment fund or a portfolio adviser of the investment fund; and
- (d) any reorganizations, mergers or similar transactions affecting the investment fund.

2.5 Other Information

Provide a discussion of

- (a) the strategic position of the investment fund;
- (b) any known material trends, commitments, events or uncertainties that might reasonably be expected to affect the investment fund; and

- (c) the effects of any planned mergers or other material transactions.

INSTRUCTION:

- (1) *The MDFP should explain past events, decisions, circumstances and performance in the context of whether they are reasonably likely to have a material impact on potential future performance. It should also describe not only anticipated events, decisions, circumstances, opportunities and risks that management considers reasonably likely to materially impact performance, but also management’s vision, strategy and targets.*
- (2) *Preparing your MDFP necessarily involves some degree of prediction or projection. For example, the MDFP requires a discussion of known trends or uncertainties that have had or that the investment fund reasonably expects will have favourable or unfavourable effects on performance.*
- (3) *All forward-looking information must contain a statement that the information is forward-looking, a description of the factors that may cause actual results to differ materially from the forward-looking information, your material assumptions and appropriate risk disclosure and cautionary language.*
- (4) *You must discuss any forward-looking information disclosed in the MDFP for a prior period that, in light of intervening events and absent further explanations, may be misleading. If the basis for any forward-looking information previously provided has changed, discuss the change and how it revises any previous forward-looking statements.*

Item 3 Financial Highlights

3.1 Financial Highlights

- (1) Provide selected financial highlights for the investment fund under the heading “Financial Highlights” in the form of the following tables, appropriately completed, and introduced using the following words:

“The following tables show selected key financial information about the Fund and are intended to help you understand the Fund’s financial performance for the past [insert number] years. This information is derived from the Fund’s audited annual financial statements. Please see the front page for information about how you can obtain the Fund’s annual or interim financial statements.”

The Fund’s Net Asset Value per [Unit/Share]

	[insert year]	[insert year]	[insert year]	[insert year]	[insert year]
Net Asset Value, beginning of year	\$	\$	\$	\$	\$
total revenue	\$	\$	\$	\$	\$
total expenses	\$	\$	\$	\$	\$
realized gains (losses) for the period	\$	\$	\$	\$	\$
unrealized gains (losses) for the period	\$	\$	\$	\$	\$
Total increase (decrease) from operations	\$	\$	\$	\$	\$
Distributions:					
From income (excluding dividends)	\$	\$	\$	\$	\$
From dividends	\$	\$	\$	\$	\$
From capital gains	\$	\$	\$	\$	\$
Return of capital	\$	\$	\$	\$	\$
Total Annual Distributions⁽¹⁾	\$	\$	\$	\$	\$
Net asset value at [insert last day of financial year] of year shown	\$	\$	\$	\$	\$

- (1) *Distributions were [paid in cash/reinvested in additional [units/shares] of the Fund], or both.*

Ratios and Supplemental Data

	[insert year]	[insert year]	[insert year]	[insert year]	[insert year]
Net assets (000's) ⁽¹⁾	\$	\$	\$	\$	\$
Number of [units/shares] outstanding ⁽¹⁾					
Management expense ratio ⁽²⁾	%	%	%	%	%
Portfolio turnover rate ⁽³⁾	%	%	%	%	%
Number of investments held					
Closing market price, if applicable	\$	\$	\$	\$	\$

- (1) This information is provided as at [insert date of end of financial year] of the year shown.
- (2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.
- (3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
- (2) Derive the selected financial information in the tables referred to in subsection (1) from the audited annual financial statements of the investment fund.
- (3) Modify the table appropriately for corporate investment funds.
- (4) Realized and unrealized gains and losses should distinguish between gains or losses from securities versus gains or losses from foreign exchange.
- (5) The financial highlights must be shown individually for each class, if a multi-class fund.
- (6) Provide per unit or per share amounts to the nearest cent, and provide percentage amounts to two decimal places.
- (7) Calculate per unit values on the basis of the weighted average number of units outstanding over the financial year.
- (8) Provide the selected financial information required by this Item in chronological order for each of the five most recently completed financial years of the investment fund for which audited financial statements have been filed, with the information for the most recent financial year in the first column on the left of the table.
- (9) If the investment fund has merged with another investment fund, include in the table only the financial information of the continuing investment fund.
- (10) Calculate the management expense ratio of the investment fund as required by Part 15 of National Instrument 81-106. Include a brief description of the method of calculating the management expense ratio in a note to the table.
- (11) If the investment fund,
- changed, or proposes to change, the basis of the calculation of the management fees or of the other fees, charges or expenses that are charged to the investment fund; or
 - introduces or proposes to introduce a new fee,
- and if the change would have had an effect on the management expense ratio for the last completed financial year of the investment fund if the change had been in effect throughout that financial year, disclose the effect of the change on the management expense ratio in a note to the "Ratios and Supplemental Data" table.
- (12) Do not include disclosure concerning portfolio turnover rate for a money market fund.

- (13) A group scholarship plan must comply with this Item, as amended by Item 3.2.
- (14) Provide the closing market price only if the investment fund is traded on an exchange.

INSTRUCTIONS:

- (1) Calculate the investment fund's portfolio turnover rate by dividing the lesser of the amounts of the cost of purchases and proceeds of sales of portfolio securities for the financial year by the average of the value of the portfolio securities owned by the investment fund in the financial year. Calculate the monthly average by totalling the values of portfolio securities as at the beginning and end of the first month of the financial year and as at the end of each of the succeeding 11 months and dividing the sum by 13. Exclude from both numerator and denominator amounts relating to all securities having a remaining term to maturity on the date of acquisition by the investment fund of one year or less.
- (2) If the investment fund acquired the assets of another investment fund in exchange for its own shares during the financial year in a purchase-of-assets transaction, exclude from the calculation of portfolio turnover rate the value of securities acquired and sold to realign the Fund's portfolio. Adjust the denominator of the portfolio turnover computation to reflect these excluded purchases and sales and disclose them in a footnote.
- (3) Include:
 - (a) proceeds from a short sale in the value of the portfolio securities sold during the period;
 - (b) the cost of covering a short sale in the value of portfolio securities purchased during the period;
 - (c) premiums paid to purchase options in the value of portfolio securities purchased during the period; and
 - (d) premiums received from the sale of options in the value of the portfolio securities sold during the period.

3.2 Group Scholarship Plans

An investment fund that is a group scholarship plan must comply with Item 3.1, except that the following table must replace "The Fund's Net Asset Value per [Unit/Share]" table and the "Ratios and Supplemental Data" table.

	[insert year]	[insert year]	[insert year]	[insert year]	[insert year]
Financial & Operating Highlights (with comparative figures)					
Balance Sheet					
Total Assets	\$	\$	\$	\$	\$
Net Assets	\$	\$	\$	\$	\$
% change of Net Assets	%	%	%	%	%
Statement of Operations					
Education Assistance Payments	\$	\$	\$	\$	\$
Canadian Education Savings Grant	\$	\$	\$	\$	\$
Net investment income	\$	\$	\$	\$	\$
Other					
Total number of agreements in plans					
% change in the total number of agreements	%	%	%	%	%

Item 4 Past Performance

4.1 General

- (1) In responding to the requirements of this Item, an investment fund must comply with sections 15.2, 15.3, 15.9, 15.10, 15.11 and 15.14 of National Instrument 81-102 Mutual Funds as if those sections applied to the annual management report of fund performance.
- (2) Despite the specific requirements of this Item, do not provide performance data for any period if the investment fund was not a reporting issuer at all times during the period.

- (3) Set out in footnotes to the chart or table required by this Item the assumptions relevant to the calculation of the performance information, and include a statement of the significance of the assumption that distributions are reinvested for taxable investments.
- (4) In a general introduction to the “Past Performance” section, indicate, as applicable, that
 - (a) the performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the mutual fund;
 - (b) the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and
 - (c) how the investment fund has performed in the past does not necessarily indicate how it will perform in the future.
- (5) Despite subsections (3) and (4), investment funds that are traded on an exchange must not make the assumption that all distributions made by the investment fund in the period shown were reinvested in additional securities of the investment fund.
- (6) Use a linear scale for each axis of the bar chart required by this Item.
- (7) The x-axis must intersect the y-axis at 0 for the “Year-by-Year Returns” bar chart.

4.2 Year-by-Year Returns

- (1) Provide a bar chart, under the heading “Past Performance” and under the sub-heading “Year-by-Year Returns”, that shows, in chronological order with the most recent year on the right of the bar chart, the annual total return of the investment fund for the lesser of
 - (a) each of the ten most recently completed financial years; and
 - (b) each of the completed financial years in which the investment fund has been in existence and which the investment fund was a reporting issuer.
- (2) Provide an introduction to the bar chart that
 - (a) indicates that the bar chart shows the investment fund’s annual performance for each of the years shown, and illustrates how the investment fund’s performance has changed from year to year; and
 - (b) indicates that the bar chart shows, in percentage terms, how much an investment made on [first day of financial year] in each financial year would have grown or decreased by [last day of financial year] in that year.
- (3) If the investment fund holds short portfolio positions, show separately the annual total return for both the long portfolio positions and the short portfolio positions in addition to the overall total return.
- (4) Disclose the best and worst total return of the investment fund for any six-month period during the periods shown by the bar chart. A discussion of the events around these best and worst periods may be included.

4.3 Annual Compound Returns

- (1) If the investment fund is not a money market fund, disclose, in the form of a table, under the sub-heading “Annual Compound Returns”
 - (a) the investment fund’s past performance for the ten, five, three and one year periods ended on the last day of the investment fund’s financial year; or
 - (b) if the investment fund was a reporting issuer for more than one and less than ten years, the investment fund’s past performance since the inception of the investment fund.
- (2) Include in the table, for the same periods for which the annual compound returns of the investment fund are provided, the historical annual compound total returns or changes of

- (a) one or more appropriate broad-based securities market indices; and
 - (b) at the option of the investment fund, one or more non-securities indices or narrowly-based market indices that reflect the market sectors in which the investment fund invests.
- (3) Include a brief description of the broad-based securities market index (or indices) and provide a discussion of the relative performance of the investment fund as compared to that index.
 - (4) If the investment fund includes in the table an index that is different from the one included in the most recently filed management report of fund performance, explain the reasons for the change and include the disclosure required by this Item for both the new and former indices.
 - (5) Calculate the annual compound return in accordance with the requirements of Part 15 of National Instrument 81-102.
 - (6) If the investment fund holds short portfolio positions, show separately the annual compound returns for both the long and the short portfolio positions in addition to the overall annual compound returns.

INSTRUCTIONS:

- (1) *An “appropriate broad-based securities market index” is one that*
 - (a) *is administered by an organization that is not affiliated with any of the mutual fund, its manager, portfolio adviser or principal distributor, unless the index is widely recognized and used; and*
 - (b) *has been adjusted by its administrator to reflect the reinvestment of dividends on securities in the index or interest on debt.*
- (2) *It may be appropriate for an investment fund that invests in more than one type of security to compare its performance to more than one relevant index. For example, a balanced fund may wish to compare its performance to both a bond index and an equity index.*
- (3) *In addition to the appropriate broad-based securities market index, the investment fund may compare its performance to other financial or narrowly-based securities indices (or a blend of indices) that reflect the market sectors in which the investment fund invests or that provide useful comparatives to the performance of the investment fund. For example, an investment fund could compare its performance to an index that measured the performance of certain sectors of the stock market (e.g. communications companies, financial sector companies, etc.) or to a non-securities index, such as the Consumer Price Index, so long as the comparison is not misleading.*

4.4 Group Scholarship Plans

An investment fund that is a group scholarship plan must comply with this Item, except that year-by-year returns and annual compound returns must be calculated based on the group scholarship plan’s total portfolio adjusted for cash flows.

Item 5 Summary of Investment Portfolio

- (1) Include, under the heading “Summary of Investment Portfolio”, a table summarizing the investment fund’s portfolio as at the end of the financial year of the investment fund to which the annual management report of fund performance pertains.
- (2) The summary of investment portfolio
 - (a) must break down the entire portfolio of the investment fund into appropriate subgroups, and must show the percentage of the aggregate net asset value of the investment fund constituted by each subgroup; and
 - (b) must disclose the top 25 long positions and the top 25 short positions held by the investment fund, expressed as a percentage of net assets of the investment fund.

- (3) Indicate that the summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund and a quarterly update is available. Provide a toll-free/collect call telephone number, address and website which holders can use to request the quarterly disclosure.
- (4) For purposes of this Item, disclosure for a long portfolio of the investment fund must be segregated from the disclosure for a short portfolio.

INSTRUCTIONS:

- (1) *The summary of investment portfolio is designed to give the reader an easily accessible snapshot of the portfolio of the investment fund as at the end of the financial year for which the annual management report of fund performance pertains. As with the other components of the annual management report of fund performance, care should be taken to ensure that the information in the summary of investment portfolio is presented in an easily accessible and understandable way.*
- (2) *The Canadian securities regulatory authorities have not prescribed the names of the categories into which the portfolio should be broken down. An investment fund should use the most appropriate categories given the nature of the fund. If appropriate, an investment fund may use more than one breakdown, for instance showing the portfolio of the investment fund broken down according to security type, industry, geographical locations, etc.*
- (3) *In addition to the table, the disclosure may also be presented in the form of a pie chart.*
- (4) *If the investment fund owns more than one class of securities of an issuer, those classes should be aggregated for the purposes of this Item, however, debt and equity securities of an issuer must not be aggregated.*
- (5) *Portfolio assets other than securities should be aggregated if they have substantially similar investment risks and profiles. For instance, gold certificates should be aggregated, even if they are issued by different financial institutions.*
- (6) *Treat cash and cash equivalents as one separate discrete category.*
- (7) *In making the determinations of its holdings for purposes of the disclosure required by this Item, an investment fund should, for each long position in a derivative that is held by the investment fund for purposes other than hedging and for each index participation unit held by the investment fund, consider that it holds directly the underlying interest of that derivative or its proportionate share of the securities held by the issuer of the index participation unit.*
- (8) *If an investment fund invests substantially all of its assets directly or indirectly (through the use of derivatives) in securities of another fund, list only the 25 largest holdings of the other investment fund by percentage of net assets of the other investment fund, as disclosed by the other investment fund as at the most recent quarter end.*
- (9) *If the investment fund invests in other investment funds, include a statement to the effect that the prospectus and other information about the underlying investment funds are available on the internet at www.sedar.com.*

Item 6 Other Material Information

Provide any other material information relating to the investment fund not otherwise required to be disclosed by this Part, including information required to be disclosed pursuant to an order or exemption received by the investment fund.

PART C CONTENT REQUIREMENTS FOR INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

Item 1 First Page Disclosure

The first page of an interim management report of fund performance must contain disclosure in substantially the following words:

"This interim management report of fund performance contains financial highlights, but does not contain either interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling [toll-free/collect call telephone number], by writing to us at [insert address] or by visiting our website at [insert address] or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the investment fund."

Item 2 Management Discussion of Fund Performance

2.1 Results of Operations

Provide an update of the analysis of the investment fund's results of operations provided in the MDFP in the most recent annual management report of fund performance. Discuss any material changes to any of the components listed in Item 2.3 of Part B of this Form.

2.2 Significant Developments

If there have been any significant developments affecting the investment fund since the most recent annual management report of fund performance, discuss those developments and their impact on the investment fund.

2.3 Other Information

If the manager of the investment fund believes that the information contained in the most recent annual management report of fund performance of the investment fund provided in response to Item 2.5 of Part B of this form is not accurate, provide an update of that information.

INSTRUCTIONS:

- (1) *The general discussion concerning the nature of MDFP contained in Part A of this Form applies to the MDFP provided under this Form in an interim management report of fund performance. Generally speaking, the Canadian securities regulatory authorities expect the interim MDFP to be briefer than that contained in an annual management report of fund performance. The MDFP in an interim management report of fund performance is intended to update the reader on developments since the date of the most recent annual management report of fund performance, and it is not necessary to restate all of the information contained in the most recent annual MDFP.*
- (2) *The MDFP in an interim management report of fund performance should deal with the financial period to which the interim management report of fund performance pertains.*
- (3) *In responding to this Item, you may assume the reader has access to your annual management report of fund performance. You do not have to duplicate the discussion and analysis of financial condition in your annual management report of fund performance.*

Item 3 Financial Highlights

Provide the disclosure required by Item 3.1 of Part B of this Form, with an additional column representing the interim period.

INSTRUCTION:

Present the disclosure for each period listed in Item (1) in chronological order, with the information for the financial period to which the interim management report of fund performance pertains in the first column on the left of the table.

Item 4 Past Performance

Provide a bar chart prepared in accordance with Item 4 of Part B of this Form, and include the total return calculated for the interim period.

Item 5 Summary of Investment Portfolio

- (1) Include a summary of investment portfolio as at the end of the financial period of the investment fund to which the interim management report of fund performance pertains.
- (2) The summary of investment portfolio must be prepared in accordance with Item 5 of Part B of this Form.

Item 6 Other Material Information

Provide any other material information relating to the investment fund in the interim period not otherwise required to be disclosed by this Part including information required to be disclosed pursuant to an order or exemption received by the investment fund.

6.1.3 Notice and Request for Comments - Proposed Ontario Securities Commission Rule 81-801 Implementing National Instrument 81-106 Investment Fund Continuous Disclosure and Companion Policy 81-801CP Implementing National Instrument 81-106 Investment Fund Continuous Disclosure

NOTICE AND REQUEST FOR COMMENTS

PROPOSED ONTARIO SECURITIES COMMISSION RULE 81-801 IMPLEMENTING NATIONAL INSTRUMENT 81-106 INVESTMENT FUND CONTINUOUS DISCLOSURE AND COMPANION POLICY 81-801CP IMPLEMENTING NATIONAL INSTRUMENT 81-106 INVESTMENT FUND CONTINUOUS DISCLOSURE

Substance and Purpose

Proposed Commission Rule 81-801 *Implementing National Instrument 81-106 Investment Fund Continuous Disclosure* (the Proposed Implementing Rule) is a local Ontario rule implementing proposed National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106) in Ontario. Proposed Companion Policy 81-801CP to the Proposed Implementing Rule (the Proposed Companion Policy) provides information relating to the manner in which the Commission interprets or applies certain provisions of the Proposed Implementing Rule and NI 81-106. For a complete review of the substance and purpose of NI 81-106, please refer to the CSA Notice and Request for Comment regarding NI 81-106.

Summary

Sections 3.1 and 3.2 of the Proposed Implementing Rule provide that the financial statement content requirements of NI 81-106 apply to financial statements filed under the *Securities Act* (Ontario) (the Act).

Sections 3.3 and 3.4 of the Proposed Implementing Rule provide that the financial statement filing requirements contained in sections 77 and 78 of the Act do not apply to investment funds that are reporting issuers or to mutual funds in Ontario that comply with NI 81-106.

Section 3.5 of the Proposed Implementing Rule provides that the delivery requirements of section 79 of the Act do not apply if an investment fund that is a reporting issuer or a mutual fund in Ontario complies with the delivery requirements of Part 5 of NI 81-106.

Sections 3.6, 3.10 and 3.11 specify new forms for reports required under subsection 75(2), 86(1) and 81(1) of the Act.

Sections 3.7 and 3.8 of the Proposed Implementing Rule provide that the obligations contained in subsections 75(1) and 75(2) of the Act do not apply to reporting issuers that comply with subsection 11.2(1) of NI 81-106.

Section 3.9 exempts reporting issuers from subsection 81(2) of the Act.

Section 3.12 of the Proposed Implementing Rule provides that the requirement regarding solicitation of proxies in s. 85 of the Act does not apply to a reporting issuer that complies with subsection 12.2(1) of NI 81-106.

Section 3.13 provides that the requirement regarding information circulars in s. 86 of the Act does not apply to a reporting issuer that complies with subsection 12.2(2) of NI 81-106.

NI 81-106 includes certain requirements that are also dealt with in the Act. This is the result of the Commission's goal to produce one harmonized rule for continuous disclosure obligations applicable to all investment funds. The Act cannot be amended at this time to remove provisions which essentially duplicate those found in NI 81-106. Accordingly, the Proposed Companion Policy clarifies that investment funds need only refer to NI 81-106 for their Ontario securities law requirements regarding continuous disclosure, proxies and proxy solicitation and do not have to refer to Parts XVIII and Part XIX of the Act, except for sections 76 and 87 of the Act.

Alternatives Considered

None.

Authority

Paragraph 143(1)22 authorizes the Commission to make rules prescribing requirements in respect of the preparation and dissemination and other use by reporting issuers of documents providing for continuous disclosure that are in addition to requirements under the Act.

Request for Comments

Paragraph 143(1)23 authorizes the Commission to make rules exempting reporting issuers from any requirement of Part XVIII of the Act.

Paragraph 143(1)24 authorizes the Commission to require issuers or other persons and companies to comply, in whole or in part, with Part XVIII (Continuous Disclosure), or rules made under paragraph 143(1) 22 of the Act.

Paragraph 143(1)25 authorizes the Commission to make rules prescribing requirements in respect of financial accounting, reporting and auditing for purposes of the Act, the regulations and the rules.

Paragraph 143(1)26 authorizes the Commission to make rules prescribing requirements for the validity and solicitation of proxies.

Paragraph 143(1)27 authorizes the Commission to make rules providing for the application of Part XVIII (Continuous Disclosure) and Part XIX (Proxies and Proxy Solicitation) in respect of registered holders or beneficial owners of voting securities or reporting issuers or other persons or companies on behalf of whom the securities are held.

Paragraph 143(1)31 authorizes the Commission to make rules regulating mutual funds, including varying the application of Part XVIII (Continuous Disclosure) of the Act by prescribing additional disclosure requirements and requiring the use of particular forms.

Paragraph 143(1)34 authorizes the Commission to make rules regulating commodity pools, including varying the application of Part XVIII (Continuous Disclosure) of the Act by prescribing additional disclosure requirements and requiring the use of particular forms.

Paragraph 143(1)37 authorizes the Commission to regulate labour sponsored investment funds, including prescribing disclosure requirements in respect of their securities.

Paragraph 143(1)39 authorizes the Commission to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by the Act, the regulations or the rules, including financial statements, proxies and information circulars.

Paragraph 143(1)47 authorizes the Commission to regulate scholarship plans.

Paragraph 143(1)49 authorizes the Commission to make rules varying the Act to permit or require methods of filing or delivery, to or by issuers, security holders or others, of documents, information, reports or other communications required under or governed by Ontario securities law.

Paragraph 143(1)56 authorizes the Commission to make rules prescribing, providing for exemptions from or varying any or all of the time periods in the Act.

Anticipated Costs and Benefits

For a summary of the anticipated costs and benefits of NI 81-106, please see the CSA Notice and Request for Comment regarding NI 81-106.

Request for Comments

Interested parties are invited to make written submissions with respect to the Proposed Implementing Rule and Proposed Companion Policy. Submissions received by August 26, 2004 will be considered. Submissions should be addressed to:

John Stevenson
Secretary to the Commission
Ontario Securities Commission
20 Queen Street West,
Suite 1903, Box 55
Toronto, Ontario M5H 3S8
Fax: (416) 593-2318
e-mail jstevenson@osc.gov.on.ca

If you are not sending your comments by e-mail, please send a diskette containing your comments (in DOS or Windows format, preferably Word).

Request for Comments

We cannot keep submissions confidential because securities legislation requires that a summary of the written comments received during the comment period be published.

Questions may be referred to any of:

Vera Nunes
Legal Counsel, Investment Funds
Ontario Securities Commission
Tel: (416) 593-2311
Fax: (416) 593-3699
e-mail: vnunes@osc.gov.on.ca

Irene Tsatsos
Senior Accountant, Investment Funds
Ontario Securities Commission
Tel: (416) 593-8223
Fax: (416) 593-3699
e-mail: itsatsos@osc.gov.on.ca

Text of Proposed Rule

The text of the Proposed Implementing Rule and Proposed Companion Policy follows.

6.1.4 Proposed OSC Rule 81-801 Implementing National Instrument 81-106 Investment Fund Continuous Disclosure

**PROPOSED
ONTARIO SECURITIES COMMISSION RULE 81-801
IMPLEMENTING NATIONAL INSTRUMENT 81-106 INVESTMENT FUND CONTINUOUS DISCLOSURE**

PART 1 – DEFINITIONS

1.1 DEFINITIONS

- (1) In this Rule, "NI 81-106" means "National Instrument 81-106 *Investment Fund Continuous Disclosure*".
- (2) In this Rule, "Act" means *Securities Act* (Ontario).
- (3) Each term used in this Rule that is defined or interpreted in Part 1 of NI 81-106 has the meaning ascribed to it in that Part.

PART 2 – APPLICATION

2.1 APPLICATION

Except as specifically provided otherwise in this Rule, this Rule applies to

- (a) an investment fund that is a reporting issuer; and
- (b) a mutual fund in Ontario.

PART 3 – INTERRELATIONSHIP WITH LEGISLATION

3.1 ANNUAL FINANCIAL STATEMENTS - CONTENT

- (1) The financial statements required under section 78 of the Act must include the statements and notes described in subsection 2.1(1) of NI 81-106.
- (2) Sections 2.2, 2.5, 2.6, 2.7, 2.8, 2.9 and 2.11 of NI 81-106 apply to financial statements and auditor's reports required under section 78 of the Act as if any reference to financial statements or auditor's reports in those sections is a reference to section 78 of the Act.
- (3) This section applies for financial years ending on or after December 31, 2004.

3.2 INTERIM FINANCIAL STATEMENTS - CONTENT

- (1) The financial statements required under section 77 of the Act must include the statements and notes described in section 2.3 of NI 81-106.
- (2) Sections 2.4, 2.5, 2.6, 2.9, 2.11 and 2.12 of NI 81-106 apply to financial statements required under section 77 of the Act as if any reference to financial statements in those sections is a reference to section 77 of the Act.
- (3) This section applies for interim periods ending after the period determined in subsection 3.1(3).

3.3 FILING ANNUAL FINANCIAL STATEMENTS – EXEMPTION

Section 78 of the Act does not apply to an investment fund that is a reporting issuer or to a mutual fund in Ontario that complies with sections 2.1, 2.2, 2.5, 2.6, 2.7, 2.8, 2.9 and 2.11 of NI 81-106 for financial years ending on or after December 31, 2004.

3.4 FILING INTERIM FINANCIAL STATEMENTS – EXEMPTION

Section 77 of the Act does not apply to an investment fund that is a reporting issuer or to a mutual fund in Ontario that complies with sections 2.3, 2.4, 2.5, 2.6, 2.9, 2.11 and 2.12 of NI 81-106 for interim periods ending after the period determined in section 3.3.

3.5 DELIVERING FINANCIAL STATEMENTS - EXEMPTION

Section 79 of the Act does not apply to an investment fund that is a reporting issuer or to a mutual fund in Ontario that complies with Part 5 of NI 81-106 in the case of

- (a) annual financial statements for financial years ending on or after December 31, 2004; and
- (b) interim financial statements for interim periods ending after the period determined in subsection (a).

3.6 MATERIAL CHANGE REPORTS - FORM

Every report required under subsection 75(2) of the Act must be a completed Form 51-102F3, as modified by s. 11.2(1)(c) of NI 81-106, except that the reference in Part 2, Item 3 of Form 51-102F3 to section 11.2 of NI 81-106 shall be read as referring to subsection 75(1) of the Act and references in Part 2, Items 6 and 7 of Form 51-102F3 to subsections 11.2(2), 11.2(4) or 11.2(5) of NI 81-106 shall be read as referring to subsections 75(3), 75(4) or 75(5), respectively, of the Act.

3.7 ISSUANCE OF MATERIAL CHANGE NEWS RELEASE – EXEMPTION

Subsection 75(1) of the Act does not apply to an investment fund that is a reporting issuer that complies with subsection 11.2(1)(a) of NI 81-106, from and after ●, 2004 [effective date].

3.8 FILING MATERIAL CHANGE REPORT – EXEMPTION

Subsection 75(2) of the Act does not apply to an investment fund that is a reporting issuer that complies with subsection 11.2(1)(c) of NI 81-106, from and after ● 2004 [effective date].

3.9 ANNUAL FILING - EXEMPTION

Investment funds that are reporting issuers are exempt from subsection 81(2) of the Act from and after December 31, 2004.

3.10 INFORMATION CIRCULARS - FORM

An information circular referred to in clause (a) or (b) of subsection 86(1) of the Act must be a completed Form 51-102F5.

3.11 FILING INFORMATION CIRCULAR – EXEMPTION

Subsection 81(1) of the Act does not apply to an investment fund that is a reporting issuer that complies with section 12.4 of NI 81-106, from and after ●, 2004 [effective date].

3.12 SOLICITATION OF PROXIES – EXEMPTION

Section 85 of the Act does not apply to an investment fund that is a reporting issuer that complies with subsection 12.2(1) of NI 81-106, from and after ● 2004 [effective date].

3.13 SENDING INFORMATION CIRCULAR – EXEMPTION

Section 86 of the Act does not apply to an investment fund that is a reporting issuer that complies with subsection 12.2(2) of NI 81-106, from and after ● 2004.

PART 4 – EFFECTIVE DATE

4.1 EFFECTIVE DATE

This Rule comes into force on ●.

PROPOSED

COMPANION POLICY 81-801CP - TO ONTARIO SECURITIES COMMISSION RULE 81-801 IMPLEMENTING NATIONAL INSTRUMENT 81-106 INVESTMENT FUND CONTINUOUS DISCLOSURE

- 1.1 Introduction** -- The purpose of this Companion Policy is to provide information relating to the manner in which the Ontario Securities Commission (the Commission) interprets or applies certain provisions of Commission Rule 81-801 *Implementing National Instrument 81-106 Investment Fund Continuous Disclosure* (the Implementing Rule) and National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106).
- 1.2 Interrelationship between NI 81-106 and the *Securities Act* (Ontario) (the Act)** -- NI 81-106 is intended to provide a single source of harmonized continuous disclosure obligations for investment funds. As a result, NI 81-106 sometimes repeats (without any substantive change) certain requirements that are also dealt with in the Act under Part XVIII *Continuous Disclosure* and Part XIX *Proxies and Proxy Solicitation*. In addition, NI 81-106, through the Implementing Rule, varies or adds to some of the requirements contained in Parts XVIII and XIX of the Act. The cumulative effect of NI 81-106 and the Implementing Rule is that NI 81-106 supersedes the requirements found in Parts XVIII and XIX of the Act (other than sections 76 and 87, the subject matter of which are not dealt with in NI 81-106). Investment funds that are reporting issuers and mutual funds in Ontario can and should therefore refer to NI 81-106 in place of the requirements contained in Parts XVIII and XIX of the Act (other than sections 76 and 87).

6.1.5 CSA Notice 81-405 - Request for Comment on Proposed Exemptions for Certain Capital Accumulation Plans

CSA NOTICE 81-405 - REQUEST FOR COMMENT ON PROPOSED EXEMPTIONS FOR CERTAIN CAPITAL ACCUMULATION PLANS

Introduction and background

We, the members of the Canadian Securities Administrators (CSA or we), are publishing for comment a proposed registration and prospectus exemption for certain capital accumulation plans (the proposed exemption). This proposed exemption will implement certain parts of the Guidelines for Capital Accumulation Plans (the guidelines), which were developed by the Joint Forum of Financial Market Regulators (the Joint Forum), and approved for publication by the CSA, the Canadian Council of Insurance Regulators (CCIR), and the Canadian Association of Pension Supervisory Authorities (CAPSA).

The guidelines apply to tax assisted capital accumulation plans such as defined contribution pension plans where plan members make investment choices, and group registered retirement savings plans.

Together with the Joint Forum, in April 2001 the CSA published for comment *Proposed Regulatory Principles for Capital Accumulation Plans* (the principles). The Joint Forum received 44 submissions. Following on from these principles, the Joint Forum developed the detailed guidelines describing standards for operating certain capital accumulation plans. Together with the Joint Forum, we published *Proposed Guidelines for Capital Accumulation Plans* for comment in April 2003, and received 26 written submissions. The Joint Forum also held 12 focus group sessions with 126 plan sponsors, service providers and plan members attending, to obtain further comments about the guidelines.

After considering the comments, and making a number of changes to the guidelines, the Joint Forum has today published the final guidelines, which were approved for publication by the CSA, CCIR, and CAPSA. The regulators expect that plan sponsors, and service providers would follow the guidelines by December 2005. A copy of the guidelines can be found on the websites of CAPSA (www.capsa-acor.org), CCIR (www.ccir-ccrra.org) and the Joint Forum (www.jointforum.ca) websites, and the websites of certain securities regulators including British Columbia, Ontario, Alberta, Saskatchewan and Québec.

Securities laws implications

In most provinces, existing securities laws require a plan member to receive investment advice from a person registered to trade under securities legislation, and to receive a prospectus in connection with the distribution of many different securities, such as mutual funds, that the member could acquire through participating in a plan.

The guidelines address many of the regulatory concerns that the CSA has about how plan members can get adequate information and tools to help them make informed investment decisions. We believe it is appropriate to provide certain dealer registration and prospectus exemptions for trades in mutual funds that occur in tax-assisted capital accumulation plans, provided that there is compliance with the parts of the guidelines that substitute for receiving advice from a registrant, and prospectus disclosure.

Form of the proposed exemption

In most provinces, we expect to adopt the proposed exemption in the form of a blanket exemption from the dealer registration and the prospectus requirements for certain trades in mutual fund securities. In Ontario, the conditions described in this proposed exemption will form the basis of a staff notice. That staff notice will set out the circumstances in which Ontario staff expects they could recommend that the securities regulator grant discretionary relief to a person who applied.

The CSA is working on a harmonized national exemptions rule, which it expects to publish some time this year. We are contemplating that at some point this proposed exemption might be incorporated into that proposed national instrument.

Summary of the proposed exemption

The proposed exemption would:

- apply only to mutual fund securities
- harmonize the treatment of mutual funds and segregated funds as investments within a capital accumulation plan
- ensure that plan members receive information that is appropriate for them, about the mutual funds they can acquire through the plan

- require plan sponsors (or someone they have contracted with to provide this service) to provide certain information, tools and documents to plan members to enable informed decision making
- exempt mutual funds from the prospectus requirements for mutual funds sold to members of certain capital accumulation plans, provided that the funds comply with certain investment restrictions
- remove existing barriers to trading mutual fund securities with members of capital accumulation plans where there is no valid regulatory reason for doing so.

Related securities legislation

In some CSA jurisdictions, such as Nova Scotia and Saskatchewan, the information and documents that members may receive under the proposed exemption to enable them to make informed decisions, may constitute an offering memorandum as defined in the securities legislation of those jurisdictions. That definition includes a document that provides information concerning the business and affairs of an issuer and has been prepared to assist purchasers to make an investment decision where the securities are sold in reliance on a prospectus exemption.

In Nova Scotia, the definition does not include documents whose content is prescribed by statute or a regulation. If the plan sponsor provides members with the mutual fund's prospectus or a prescribed form of offering memorandum to satisfy the requirements in the proposed exemption, these documents would not likely constitute an offering memorandum as defined in Nova Scotia's securities legislation.

In addition, some provinces, such as Saskatchewan, have filing requirements for these documents.

If the documentation that a plan sponsor provides is an offering memorandum, the documentation must include a statement that describes:

- the statutory rights of rescission or damages for a misrepresentation that are available under that legislation, and
- the time limits within which a member must commence an action to enforce these rights.

In addition, certain jurisdictions, such as Alberta and Ontario have existing rules for capital accumulation plans. The Alberta Securities Commission (ASC) expects to repeal its existing rule and replace it with the proposed exemption. The Ontario Securities Commission expects to retain its existing exemption.

Specific questions of the ASC concerning its existing exemption for capital accumulation plans

As mentioned above the ASC is proposing to repeal its current exemption for capital accumulation plans namely, sections 68 and 123 of the ASC Rules (General) and ASC Policy 5.5 *Capital Accumulation Plans*. Under this exemption a capital accumulation plan must consist of an "approved security". An approved security is a security of the employer or an affiliate of the employer, a security identified as exempt security under the *Securities Act* (Alberta) or a security that at the time of purchase is permitted to be purchased by a registered insurance company or trust company.

The ASC invites comments from those who have made use of the Alberta exemption as to whether the replacement of the proposed exemption would constitute an improvement or could give rise to concern.

Specific questions of the CSA concerning the proposed exemption for certain capital accumulation plans

1. Sub-paragraph 2.1(d) of the proposed exemption requires that the plan sponsor provide an explanation to members about any fees or costs associated with making an investment decision. The guidelines provide in the textbox in section 4.4 that a sponsor can, where appropriate, aggregate fees and expenses when reporting to members.

The CSA invite comments on whether plan sponsors should be able to aggregate fees when reporting to plan members. If the answer is yes, under what circumstances.

2. Staff in Québec have concerns about the impact of the proposed exemption on the protection generally afforded to investors under securities legislation. For example, the Québec *Securities Act* provides for different types of recourse that normally flow from the dealer registration and prospectus requirements under the Act. This includes recourse in damages for misrepresentation in a prospectus. This recourse, in certain cases, may no longer be applicable for members that acquired mutual fund securities through a capital accumulation plan. In these circumstances, members would only be able to rely on the general recourses available under the *Civil Code of Québec*.

Request for Comments

In addition, members of a capital accumulation plan that acquire securities under the proposed prospectus exemption would not have certain other rights, such as the right of withdrawal from a purchase of securities pursuant to a prospectus.

Finally, other mechanisms that investors may use when there are issues of dealer misconduct such as mediation and investor protection funds, in some instances may also not be available to members of capital accumulation plans.

The CSA would welcome comments on these specific investor protection issues.

Request for comments

We welcome your comments on the proposed exemption.

Please submit your comments in writing on or before July 30, 2004. If you are not sending your comments by email, also forward a diskette containing the submissions (in Windows format, Word).

Address your submission to the following CSA member commissions:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Newfoundland and Labrador Securities Commission
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Registrar of Securities, Nunavut

Deliver your comments **only** to the address that follows. Your comments will be forwarded to the remaining CSA member jurisdictions.

Noreen Bent
Manager and Senior Legal Counsel, Legal and Market Initiatives
British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC Canada V7Y 1L2
e-mail: nbent@bcsc.bc.ca

and to

Anne-Marie Beaudoin
Directrice du secrétariat
Autorité des marchés financiers
800, square Victoria, 22nd floor
P.O. Box 246, Tour de la Bourse
Montreal, Quebec
H4Z 1G3
e-mail: consultation-en-cours@lautorité.qc.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period.

Questions

Please refer your questions to any of:

Noreen Bent
Manager and Senior Legal Counsel, Legal and Market Initiatives
British Columbia Securities Commission
Tel: (604) 899-6741 or (800) 373-6393 (in B.C. and Alberta)
Fax: (604) 899-6814
e-mail: nbent@bcsc.bc.ca

Melinda Ando
Senior Legal Counsel
Alberta Securities Commission
Tel: (403) 297-2079
Fax: (403) 297-6156
e-mail: melinda.ando@seccom.ab.ca

Mark Mulima
Legal Counsel
Investment Funds Branch
Ontario Securities Commission
Tel: (416) 593-8276
Fax: (416) 593-3699
e-mail: mmulima@osc.gov.on.ca

Sharon Kelly
Analyste en réglementation
Direction des politiques, de la réglementation et des relations extérieures
Autorité des marchés financiers
Tel: (514) 395-0337, ext. 2407
Fax: (514) 873-7455
e-mail: sharon.kelly@lautorite.qc.ca

François Proulx
Economiste
Direction des politiques, de la réglementation et des relations extérieures
Autorité des marchés financiers
Tel: (418) 525-0337 ext. 2383
Fax: (418) 528-0835
e-mail: francois.proulx@lautorite.qc.ca

The text of the proposed exemption and the distribution report follows or can be found elsewhere on a CSA member website.

May 28, 2004.

Proposed Registration and Prospectus Exemption for Trades in Certain Capital Accumulation Plans

PART 1 DEFINITIONS

“**capital accumulation plan**” means a tax assisted investment or savings plan, including a defined contribution registered pension plan, a group registered retirement savings plan, a group registered education savings plan, or a deferred profit sharing plan, established by a plan sponsor that permits a member to make investment decisions among two or more investment options offered within the plan.

“**member**” means a current or former employee of an employer, or a person who belongs, or did belong to a trade union or association, or

- (a) his or her spouse,
- (b) a trustee, custodian or administrator who is acting on his or her behalf, or for his or her benefit, or on behalf of, or for the benefit of, his or her spouse, or
- (c) his or her holding entity, or a holding entity of his or her spouse,

that has assets in a capital accumulation plan.

“**plan sponsor**” means an employer, trustee, trade union or association or a combination of them that establishes a capital accumulation plan.

PART 2 EXEMPTIONS

2.1 The dealer registration requirement does not apply to a person or company with respect to a trade¹ in a security of a mutual fund to a capital accumulation plan, or to a member of a capital accumulation plan as part of the member's participation in the capital accumulation plan, if the following conditions are met:

- (a) the plan sponsor selects the mutual funds that members will be able to invest in under the capital accumulation plan,
- (b) the plan sponsor establishes a policy, and provides members with a copy of the policy and any amendments to it, describing what happens if a member does not make an investment decision,
- (c) in addition to any other information that the plan sponsor believes is reasonably necessary for the member to make an investment decision within the capital accumulation plan, the plan sponsor provides each member with the following information about each mutual fund the member may invest in,
 - (i) the name of the mutual fund,
 - (ii) the name of the manager of the mutual fund and its portfolio adviser
 - (iii) the investment objective of the mutual fund,
 - (iv) the types of investments the mutual fund may hold,
 - (v) a description of the risks associated with investing in the mutual fund,
 - (vi) where a member can obtain more information about each mutual fund's portfolio holdings
 - (vii) where a member can obtain more information generally about each mutual fund, including any continuous disclosure, and
 - (viii) whether the mutual fund is considered foreign property for income tax purposes, and if so, a summary of the implications of that status for a member who invested in that mutual fund,

¹ The dealer registration exemption will be adapted in Québec to conform with the “business trigger” for registration applicable in this jurisdiction.

- (d) the plan sponsor provides an explanation to members about any fees or costs associated with making an investment decision, including any fees or costs associated with each mutual fund the members may invest in,
- (e) at least annually, the plan sponsor provides members with, or informs members how they can obtain, performance information about each mutual fund the members may invest in, including,
 - (i) the name of the mutual fund for which the performance is being reported,
 - (ii) the performance of the mutual fund, including historical performance for one, three, five and 10 years if available,
 - (iii) a performance calculation that is net of investment management fees and mutual fund expenses,
 - (iv) the method used to calculate the mutual fund's performance return calculation,
 - (v) the name and description of a broad-based securities market index, selected in accordance with NI 81-102 *Mutual Funds*, or when in force, NI 81-106 *Investment Fund Continuous Disclosure*, for the mutual fund, and corresponding performance information for that index, and
 - (vi) a statement that past performance of the mutual fund is not necessarily an indication of future performance.
- (f) the plan sponsor informs members at least annually of any changes in the mutual funds that members may invest in and where there is a change, provides information about what members must do to change their investment decision, or make a new investment, and
- (g) the plan sponsor provides members with investment decision-making tools that the plan sponsor reasonably believes are sufficient to assist them in making an investment decision within the capital accumulation plan.

2.2 If the plan sponsor makes investment advice from a registrant available to members, the plan sponsor must provide members with information about how they can contact the registrant.

2.3 The prospectus requirement does not apply to a distribution of a security of a mutual fund that complies with the conditions set out in section 2.1, provided that

- (i) the mutual fund also complies with the investment restrictions in National Instrument 81-102 *Mutual Funds*, and
- (ii) the mutual fund is also advised, in whole or in part, by a registrant or a person who is not required to be registered under securities legislation.

Part 3 FILING REQUIREMENTS

3.1 A mutual fund that distributes a security under the exemption in section 2.3, must file a report in the form found in Appendix A in the jurisdiction in which the distribution takes place, on or before the 30th day after the end of the calendar year in which the distribution takes place.

Appendix A

Report of Exempt Distribution for Certain Mutual Fund Securities under the Capital Accumulations Plan Exemption

Issuer information

1. State the full name, address and telephone number of the mutual fund that distributed the security. Include former name if it has changed since the last report.
2. State whether the mutual fund is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

Details of distribution

3. State the total number of securities distributed.
4. Provide details of the distribution by completing the attached schedule.
5. Complete the following table for each Canadian jurisdiction where the plan sponsor is established or where members of the plan who have purchased securities reside. Provide a total dollar value of all securities distributed in all jurisdictions.

Each jurisdiction where the plan sponsor is established or where members of the plan who have purchased securities reside.	Total dollar value of securities acquired by members in the jurisdiction (Canadian \$)
Total dollar value of distribution to all plan members in all jurisdictions (Canadian \$)	

Certificate

On behalf of the mutual fund, I certify that the statements made in this report and in each schedule to this report are true.

Date: _____

Name of mutual fund (please print)

Print name and position of person signing

Signature

Schedule

Provide the following information on a separate page attached to the report for the mutual fund. **No securities regulatory authority will place the information in this schedule on its public file.**

Full name and address of plan sponsor	Type of capital accumulation plan	Number of securities of that mutual fund purchased by all members of this plan	Total purchase price (Canadian \$)

It is an offence to make a misrepresentation in this report.

Instruction:

File this report with the securities regulatory authority in each jurisdiction in which the mutual fund has distributed securities on or before the **30th day after end of the calendar year** in which the mutual fund distributed the security.

Notice - Collection and use of personal information

The securities regulatory authorities collect the personal information required under this form for the purposes of the administration and enforcement of the securities legislation. Freedom of information legislation in certain jurisdictions may require the securities regulatory authority to make this information available if requested. As a result, the public may be able to obtain access to the information.

If you have any questions about the collection and use of this information, contact the securities regulatory authorities in the jurisdictions where the mutual fund files this form, at the address (es) set out below.

Alberta Securities Commission

4th Floor, 300 – 5th Avenue SW
Calgary, AB T2P 3C4
Telephone: (403) 297-6454
Facsimile: (403) 297-6156

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Telephone: (604) 899-6854
Toll free in British Columbia and Alberta 1-800-373-6393
Facsimile: (604) 899-6506

The Manitoba Securities Commission

1130 – 405 Broadway Avenue
Winnipeg, MB R3C 3L6
Telephone: (204) 945-2548
Facsimile: (204) 945-0330

Securities Commission of Newfoundland

P.O. Box 8700
2nd Floor, West Block
Confederation Building
St. John's, NFLD A1B 4J6
Telephone: (709) 729-4189
Facsimile: (709) 729-6187

Government of the Northwest Territories

Department of Justice
Securities Registry
1st Floor Stuart M. Hodgson Building
5009 – 49th Street
Yellowknife, NT X1A 2L9
Telephone: (867) 920-3318
Facsimile: (867) 873-0243

Nova Scotia Securities Commission

2nd Floor, Joseph Howe Building
1690 Hollis Street
Halifax, NS B3J 3J9
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

Government of Nunavut

Department of Justice
Legal Registries Division
P.O. Box 1000 – Station 570
1st Floor, Brown Building
Iqaluit NU X0A 0H0
Telephone: (867) 975-6190
Facsimile: (867) 975-6194

Prince Edward Island Securities Office

95 Rochford Street, P.O. Box 2000
Charlottetown, PE C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283

Saskatchewan Financial Services Commission

6th Floor
1919 Saskatchewan Drive
Regina, SK S4P 3V7
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

Autorité des marchés financiers

800, Square Victoria, 22^e étage
C.P. 246, Tour de la Bourse
Montréal (Québec) H4Z 1G3
Telephone: (514) 395-0337
Facsimile: (514) 873-7455

Ontario Securities Commission

20 Queen Street West
Suite 1900, Box 55
Toronto, ON M5H 3S8
Telephone: (416) 593-8314
Facsimile: (416) 593-8122

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 SecuritiesSource (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 (CORRECTED DATA FROM WEEK OF MARCH 26, 2004)

<u>Transaction Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Total Purchase Price (\$)</u>	<u>Number of Securities</u>
16-Mar-2004	Canadian Medical Discoveries Fund	1595175 Ontario Inc. - Preferred Shares	2,786,377.72	7,361,751.00
29-Mar-2004	6 Purchasers	1595300 Ontario Inc. - Units	146,000.00	1,800,000.00
01-Apr-2004	11 Purchasers	574348 Alberta Ltd. - Common Shares	728,000.00	91.00
01-Apr-2004	9 Purchasers	ABC American -Value Fund - Units	1,500,000.00	164,980.00
01-Apr-2004	5 Purchasers	ABC Fully-Managed Fund - Units	1,010,955.54	99,850.00
01-Apr-2004	13 Purchasers	ABC Fundamental - Value Fund - Units	2,775,000.00	149,354.00
31-Mar-2004	25 Purchasers	Acuity Funds Ltd. - Notes	3,294,000.00	329,400.00
31-Mar-2004	25 Purchasers	Acuity Funds Ltd. - Notes	3,294,000.00	25.00
06-Apr-2004	David Shimono	Acuity Pooled Canadian Small Cap Fund - Trust Units	150,000.00	7,322.00
08-Apr-2004	Joan Mackie;Wendy Evelyn	Acuity Pooled Conservative Asset Allocation - Trust Units	300,000.00	19,953.00
07-Apr-2004	Harold Stahl	Acuity Pooled Fixed Income Fund - Trust Units	150,000.00	10,651.00
06-Apr-2004	5 Purchasers	Acuity Pooled High Income Fund - Trust Units	919,460.16	49,443.00
31-Jan-2003 17-Oct-2003	3 Purchasers	Addenda Bond Pooled Fund - Units	8,521,858.00	688,156.00
18-Apr-2003 21-Nov-2003	3 Purchasers	Addenda Corporate Bond Pooled Fund - Units	45,300,000.00	4,476,265.00
08-Apr-2004	16 Purchasers	Alamos Gold Inc. - Units	14,749,200.00	4,916,400.00

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30-May-2003 29-Aug-2003	5 Purchasers	Ashmore Emerging Markets Liquid Investment Portfolio - Shares	5,554,369.00	1,029,539.00
30-Apr-2003	1397225 Ontario Ltd.	Ashmore Local Currency Debt Portfolio - Shares	25,000,000.00	1,460,442.00
10-Oct-2003 24-Dec-2003	61 Purchasers	BluMont Canadian Opportunities Fund - Units	1,793,731.01	13,435.00
17-Jan-2003	Veronika Hirsch	BluMont Gabelli Global Fund - Units	500.00	6.00
17-Jan-2003	Veronika Hirsch	BluMont Hirsch Long/Short Fund - Series F - Units	3,296.00	31.00
03-Jan-2003 24-Dec-2003	202 Purchasers	BluMont Hirsch Long/Short Fund - Units	6,574,015.37	59,196.00
10-Jan-2003	55 Purchasers	BluMont Hirsch Performance Fund - Units	2,178,417.82	133,601.00
03-Jan-2003 19-Dec-2003	80 Purchasers	BluMont Market Neutral Fund - Units	14,902,561.03	145,845.00
01-Apr-2004	Sprucegrove Investment	Bodycote International plc - Shares	11,523,370.00	4,737,254.00
31-Mar-2004	4 Purchasers	Butler Developments Corp. - Units	15,000.00	100,000.00
08-Apr-2004	54 Purchasers	Canada Dominion Resources Limited Partnership V - Common Shares	40,428,912.00	28,322,718.00
10-Mar-2004	47 Purchasers	Canada Dominion Resources Limited Partnership X - Common Shares	31,310,558.00	22,765,874.00
01-Apr-2004	CGX Energy Inc.	Canoro Resources Ltd. - Common Shares	114,306.00	115,000.00
15-Apr-2004	4 Purchasers	Capital Alliance Group Inc. - Units	81,600.00	136,000.00
25-Mar-2004	14 Purchasers	Champion Bear Resources Ltd. - Units	375,000.00	300,000.00
02-Mar-2004	Elliott & Page	China Oriental Group Company Limited - Shares	135,681.47	286,000.00
23-Jan-2004	Creststreet 2002 Limited Partnership	Creststreet Resource Fund Limited - Shares	36,608,911.00	2,311,896.00
07-Apr-2004	Kinross Gold Corporation	Cross Lake Minerals Ltd. - Common Shares	50,000.00	322,581.00
26-Mar-2004	4 Purchasers	CVD Diamond Corporation - Convertible Debentures	1,860,302.00	4.00
08-Apr-2004	Front Street Investment Management	Deer Creek Energy Limited - Common Shares	1,960,000.00	1,120,000.00

Notice of Exempt Financings

08-Apr-2004	Front Street Investment Management	Deer Creek Energy Limited - Common Shares	2,783,900.00	1,590,800.00
08-Apr-2004	Front Street Investment Management	Deer Creek Energy Limited - Special Warrants	1,820,000.00	1,040,000.00
31-Dec-2003	131 Purchasers	DeltaOne Energy Fund LP - Limited Partnership Units	703,884.11	703,884.00
30-Jan-2004	12 Purchasers	DeltaOne Northern Rivers Fund - Limited Partnership Units	214,384.57	214,385.00
31-Dec-2003	30 Purchasers	DeltaOne RSP Energy Fund - Limited Partnership Units	196,647.60	196,648.00
07-Apr-2004	42 Purchasers	Devine Entertainment Corporation - Units	493,000.00	4,930,000.00
28-Nov-2003	Jones Gable & Co. Ltd.	Diadem Resources Ltd. - Loans	290,000.00	1.00
01-Apr-2004	MTIT Advanced Technologies Corp	DynaMotive Energy Systems Corporation - Common Shares	582,853.00	750,000.00
23-Apr-2004	7 Purchasers	ECLIPS Inc. - Units	151,500.00	1,515,000.00
15-Apr-2004	56 Purchasers	Euston Capital Corp. - Common Shares	201,849.00	67,283.00
15-Apr-2004	8 Purchasers	Exchequer Financial Limited Partnership - Units	850,000.00	8,500.00
23-Mar-2004	63 Purchasers	FactorCorp. - Debentures	6,851,000.00	6,851,000.00
23-Mar-2004	62 Purchaser	FactorCorp. - Debentures	4,237,000.00	4,237,000.00
31-Mar-2004	The Manufacturers Life Insurance Company and Ontario Teachers' Pension Plan Board	Falls Management Company - Notes	24,000,000.00	24,000,000.00
14-Apr-2004	Credit Risk Advisors;Bank of Montreal	Ferrellgas Partners, L.P. - Notes	2,681,032.40	2.00
04-Mar-2004 25-Mar-2004	K.J. Harrison & Partners Inc Kenneth Lowell Simpson	Ferus Gas Industries Trust - Convertible Debentures	101,500.00	101,500.00
24-Feb-2004	Kenneth Simpson	Ferus Gas Industries Trust - Trust Units	500.00	500.00
30-Mar-2004	1607687 Ontario Limited	Friedman Fleischer & Lowe Capital Partners II, L.P. - Limited Partnership Interest	65,395,000.00	1.00
13-Apr-2003	Roland Lennox King	Fronteer Development Group Inc. - Units	55,000.00	50,000.00
29-Mar-2004	12 Purchasers	Gemhouse Inc. - Units	548,366.00	3,655,776.00
05-Apr-2004	Roytor & Co Global Securities Services	Genoil Inc. - Units	70,000.00	500,000.00
31-Mar-2004	4 Purchasers	Gladiator Limited Partnership - Limited Partnership Interest	750,000.00	4.00

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01-Apr-2004	Perimeter Institute for Theoretical Physics	Goldman Sachs Global Equity Long/Short plc - Shares	3,000,000.00	30,000.00
01-Apr-2004	Ontario Teachers' Pension Plan Board	Graham Global Investment Fund II Ltd. - Shares	7,000,000.00	36,058.00
15-Mar-2004	The Joseph Robertson Family Trust	Henry Schein, Inc. - Common Shares	0.00	150,325.00
15-Mar-2004	The Anita Robertson Family Trust	Henry Schein, Inc. - Common Shares	0.00	150,325.00
15-Mar-2004	Carman Adair	Henry Schein, Inc. - Common Shares	0.00	18,206.00
15-Mar-2004	Lorranine Adair	Henry Schein, Inc. - Common Shares	0.00	9,557.00
07-Apr-2004	Mutual Beacon Fund (Canada) Mutual Discovery Fund (Canada)	Hollinger Inc. - Subscription Receipts	1,228,500.00	117,000.00
02-Apr-2004	9 Purchasers	Homeland Security Technology Corporation (HSTC) - Stock Option	348,738.00	263,000.00
13-Apr-2004	Tilon Bancorp Inc.	Homeservice Technologies Inc. - Debentures	5,500,000.00	2.00
01-Apr-2004	Kensington Fund of Funds;L.P.	Imperial Capital Acquisition Fund III - Limited Partnership Units	65,000.00	65,000.00
01-Apr-2004	Canadian Medical Protective Association	Imperial Capital Acquisition Fund III - Limited Partnership Units	110,000.00	110,000.00
07-Apr-2004	9 Purchasers	IMAGIN Diagnostics, Inc. - Common Shares	130,500.00	130,500.00
01-Jan-2003 31-Dec-2003	581 Purchasers	Integra Diversified Fund - Units	103,549,639.52	4,175,249.00
07-Apr-2004	11 Purchasers	JNR Resources Inc. - Shares	2,000,000.00	4,000,000.00
15-Apr-2004	Luciano and Helen Forti	KBSH Enhanced Income Fund - Units	10.12	24,704.00
31-Mar-2004	11 Purchasers	Kingwest Avenue Portfolio - Units	227,200.00	10,632.00
31-Mar-2004	Elan Prutzer	Kingwest U.S. Equity Portfolio - Units	150,000.00	13,276.00
31-Mar-2004	Lancaster Balanced Fund II	Lancaster Canadian Equity Fund - Trust Units	1,767,479.39	118,025.00
01-Apr-2004	Covington Fund II Inc. Longitude Fund Limited Partnership	Marketrend Holdings Inc. - Convertible Debentures	5,000,000.00	2.00
19-Apr-2004	Nelson Gutta	Microsource Online, Inc. - Common Shares	12,000.00	2,000.00

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19-Apr-2004	Jan Pilat	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
14-Apr-2004	Deborah Haight	Microsource Online, Inc. - Common Shares	15,000.00	2,500.00
14-Apr-2004	Thomas C. Hodgins	Microsource Online, Inc. - Common Shares	22,500.00	3,750.00
15-Apr-2004	Credit Risk Advisors	Midwest Generation - Notes	2,686,000.00	1.00
05-Apr-2004	The VenGrowth II	Nakina Systems Inc. - Debentures	1,500,001.00	2.00
12-Apr-2004	Ross & Nancy Hyler	New Solutions Financial (II) Corporation - Debentures	200,000.00	1.00
01-Jan-2003 01-Dec-2003	30 Purchasers	Northern Rivers General Partners Ltd. - Limited Partnership Units	2,794,529.00	1,640.00
01-Mar-2004 01-Mar-2004	Market Neutral	Numeric Japanese Fundamental Statistical - Common Shares	6,640,000.00	5,000.00
16-Apr-2004	3 Purchasers	O'Donnell Emerging Companies Fund - Units	328,484.00	416,653.00
25-Nov-2003	3 Purchasers	Onex Partners LP - Limited Partnership Interest	336,205,000.00	3.00
16-Mar-2004	Canadian Medical Discoveries Inc.	Painceptor Pharma Corporation - Shares	2.00	7,361,751.00
20-Apr-2004	Credit Risk Advisors	Premcor Refining Group Inc. (The) - Notes	2,035,050.00	2.00
31-Mar-2004	4 Purchasers	Quorum Information Technologies Inc. - Common Shares	147,100.00	245,168.00
18-Mar-2004	29 Purchasers	Ressources Plexmar Inc. - Units	845,000.00	211,250.00
30-Mar-2004	Ken Curtis	Rifco Inc. - Common Shares	25,000.00	50,000.00
31-Mar-2004	3 Purchasers	Seaway Networks (Delaware) Incorporated - Stock Option	1,498,016.00	3,055,308.00
24-Mar-2004	New Paradigm Partners;Ltd.	Serveron Corporation - Shares	100,000.00	4,503,287.00
07-Apr-2004	Canada Pension Plan Investment Board	Silver Lake Partners II, L.P - Limited Partnership Interest	134,720,000.00	1.00
23-Dec-2003	3 Purchasers	Sussex Division - Debentures	4,632,091.83	3.00
31-Mar-2004	Bryan E.W. Gransden	Sydney Resource Corporation - Units	50,000.00	100,000.00
01-Apr-2004	Valley Vista Investments Inc.;Ronald & Nancy Webb;Performance Market Neutral Fund	The Alpha Fund - Limited Partnership Units	600,000.00	4.00
23-Mar-2004	18 Purchasers	The Jenex Corporation - Units	797,477.00	4,303,553.00

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05-Apr-2004	Jonathan Schutt	Triacta Power Technologies Inc. - Common Shares	10,000.00	40,000.00
06-Apr-2004	Celtic House Venture Partners Fund II A; L.P.; Ontario Teachers' Pension Plan Board	Tropic Networks. Inc. - Debentures	4,767,204.13	2.00
08-Apr-2004	Sprott Asset Management Inc.	UEX Corporation - Common Shares	3,000,000.00	6,000,000.00
31-Mar-2004	Bank of Montreal (CN); Credit Risk Advisors	US Concrete Inc. - Notes	1,310,500.00	2.00
08-Apr-2004	Countryside Canada Power Inc.	US Energy Biogas Corporation - Notes	107,000,000.00	1.00
20-Jan-2004	Daniel Fantin	Venstar Hospitality Barrie Limited Partnership - Units	30,000.00	3.00
31-Mar-2004	Valley Vista Investments; Chitra Ramani	Vertex Balanced Fund - Trust Units	262,279.23	25,399.00
31-Mar-2004	9 Purchasers	Vertex Fund - Trust Units	955,948.82	46,845.00
06-Apr-2004	Toronto Dominion Bank	VICORP Restaurants, Inc. - Notes	980,791,000.00	1.00
18-Mar-2004	8 Purchasers	Volcanic Metals Exploration Inc. - Common Shares	398,375.00	2,153,383.00
26-Mar-2004	Global Holdings Inc.	WNS Emergent Inc. - Convertible Debentures	300,000.00	300,000.00
07-Apr-2004	3 Purchasers	Yangarra Resources Inc. - Shares	1,013,550.00	699,000.00

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1 (CORRECTED DATA FROM WEEK OF MAY 14, 2004)

<u>Transaction Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Total Purchase Price (\$)</u>	<u>Number of Securities</u>
21-Apr-2004	Anne Sylvestre; Fiona Cameron-Forth	2023529 Ontario Inc. - Common Shares	200,000.00	40,000.00
10-Mar-2004	4 Purchasers	3750 Midland Avenue Limited Partnership - Limited Partnership Units	1,149,550.00	692,500.00
01-Jun-2002 31-Dec-2003	18 Purchasers	ABN AMRO European Growth Equity Fund - Units	3,762,000.00	3,762,000.00
01-Aug-1999 31-Dec-2002	11 Purchasers	ABN AMRO Global Equity Fund - Units	237,622,448.38	237,622,448.38
21-Apr-2004	7 Purchasers	Access International Education Ltd - Units	130,000.00	2,600,000.00
23-Apr-2004	Miratech Design Ltd.	Active Control Technology Inc. - Common Shares	26,250.00	250,000.00
20-Apr-2004	Bruce Felstead	Acuity Pooled Fixed Income Fund - Trust Units	270,000.00	19,430.00

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14-Apr-2004 19-Mar-2004	4 Purchasers	Acuity Pooled High Income Fund - Trust Units	701,400.00	38,411.00
19-Apr-2004 26-Mar-2004	8 Purchasers	Acuity Pooled High Income Fund - Trust Units	1,433,392.22	78,082.00
22-Apr-2004	Ralph Sacco	Andromeda Media Capital Corporation - Units	2,000.00	1,667.00
23-Feb-2004	3 Purchasers	Barclays Corporate Bond Fund - Units	73,394,501.28	5,061,070.00
02-Mar-2004	3 Purchasers	Barclays Corporate Bond Fund - Units	5,544,646.55	595,079.00
22-Apr-2004	3 Purchasers	Biox Corporation - Common Shares	2,400,000.00	284,570.00
30-Sep-2003	3 Purchasers	Bodnar Canadian Equity Fund - Units	1,421,817.00	1,421,817.00
21-Apr-2004	28 Purchasers	Brigadier Gold Limited - Units	680,400.00	135.00
22-Apr-2004	4 Purchasers	Canadian Golden Dragon Resources Ltd. - Common Shares	4,000.00	50,000.00
22-Apr-2004	Global Maxfin capital Inc.; Bruce Hauser Investments Limited	Canadian Golden Dragon Resources Ltd. - Units	75,000.00	500,000.00
20-Apr-2004	Wayne & Gail Goreski	CareVest Blended Mortgage Investment Corporation - Preferred Shares	919.00	919.00
20-Apr-2004	4 Purchasers	CareVest First Mortgage Investment Corporation - Preferred Shares	120,500.00	323,000.00
20-Apr-2004	Ben Niu	CareVest Second Mortgage Investment Corporation - Preferred Shares	382,000.00	382,000.00
21-Apr-2004	Gluskin Sheff & Associates	China Ventures Inc. - Units	50,000.00	312,500.00
20-Apr-2004	3 Purchasers	Clean Air Power, Inc. - Shares	1,887,645.13	368,321.00
16-Apr-2004	Daniel Whtmell; Julie Whitnell	Clearframe Solutions Inc. - Common Shares	7,000.00	140,000.00
16-Apr-2004	S.G. Hawkins	Colonia Corporation - Units	5,000.00	100,000.00
22-Apr-2004	15 Purchasers	Columbia Metals Corporation Limited - Units	260,000.00	1,040,000.00
22-Apr-2004	Chris Berlet	Columbia Metals Corporation Limited - Units	22,500.00	75,000.00
22-Apr-2004	Aegon Capital Management Inc.	Comnetix Inc. - Debentures	2,000,000.00	2,000,000.00

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28-Apr-2004	20 Purchasers	Daniels Management Limited Partnership - Limited Partnership Units	6,664,975.00	456.00
19-Apr-2004	Dundee Wealth Management Inc.;Dundee Bancorp Inc.	Dundee Precious Metals Inc. - Common Shares	46,127,500.00	7,125,000.00
22-Apr-2004	31 Purchasers	Endeavour Gold Corp. - Units	2,602,079.20	1,626,300.00
05-Apr-2004 15-Mar-2004	33 Purchasers	EUROZINC MINING CORPORATION - Special Warrants	58,185,600.00	96,976,000.00
23-Apr-2004	Gary Bourgeois	G W R Resources Inc. - Common Shares	199,999.70	526,315.00
23-Apr-2004	Sprott Asset Management Inc.	Genco Resources Ltd. - Common Shares	352,500.00	235,000.00
10-Apr-2004	Bac Tech Mining Ltd.	Golden Odyssey Mining Inc. - Common Shares	25,000.00	333,333.00
23-Apr-2004	Sprott Asset Management Inc.	Great Panther Resources Limited - Units	400,000.00	800,000.00
21-Apr-2004	27 Purchasers	Greater Montreal Grocery Limited Partnership - Limited Partnership Units	2,050,000.00	82.00
14-Apr-2004 26-Mar-2004	13 Purchasers	Homeland Security Technology Corporation (HSTC) - Preferred Shares	963,125.36	710,500.00
15-Apr-2004 21-Mar-2004	3 Purchasers	IMAGIN Diagnostic Centres, Inc. - Common Shares	13,000.00	13,000.00
22-Apr-2004 27-Mar-2004	5 Purchasers	IMAGIN Diagnostic Centres, Inc. - Common Shares	60,000.00	60,000.00
16-Apr-2004	7 Purchasers	Indicator Minerals Inc. - Flow-Through Shares	385,000.00	760,000.00
22-Apr-2004	Credit Risk Advisors;T.A.L. Investment Counsel Ltd.	IPCS Escrow Company - Notes	2,034,300.00	2.00
15-Apr-2004	14 Purchasers	Jilbey Gold Exploration Ltd. - Units	1,525,614.75	3,390,255.00
15-Apr-2004	Wendy Cheddie;Maria Nocera	Kingwest Avenue Portfolio - Units	43,900.00	2,052.00
28-Apr-2004	13 Purchasers	Langis Silver & Cobalt Mining Company Limited - Units	312,799.95	2,085,333.00
19-Apr-2004	7 Purchasers	Logan Resources Ltd. - Units	90,000.00	600,000.00
23-Apr-2004	Canada Pension Plan Investment Board	Macquarie Essential Assets Partnership - Units	22,527,314.24	20,666,791.00
01-Apr-2004	4 Purchasers	MCAN Performance Strategies - Limited Partnership Units	550,000.00	5,248.00

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23-Apr-2004	Trung Tran	Microsource Online, Inc. - Common Shares	6,000.00	1,000.00
08-Apr-2004	7 Purchasers	Morgain Minerals Inc. - Units	150,000.00	500,000.00
08-May-2004	8 Purchasers	New Hudson Television Corp. - Shares	24,900.00	8,300.00
13-Apr-2004	CGI Information Systems and Management Consultants Inc.	Nexxlink Technologies Inc. - Common Shares	3,000,000.00	441,000.00
13-Apr-2004	CGI Information Systems and Management Consultants Inc.	Nexxlink Technologies Inc. - Notes	2,750,000.00	1.00
28-Apr-2004	7 Purchasers	Nordex Explosives Ltd. - Common Shares	272,500.00	27,250,000.00
17-Feb-2004	Roman Matteo Corporation	Northern Vision Development Limited Partnership - Units	17,500.00	17,500.00
17-Feb-2004	Roman Matteo Corporation	Northern Vision Development Limited Partnership - Units	12,500.50	17,500.00
14-Apr-2004	7 Purchasers	Novawest Resources Inc. - Units	91,000.00	227,500.00
23-Apr-2004	Brendan Calder	O'Donnell Emerging Companies Fund - Units	49,500.00	6,342.00
30-Apr-2003	4 Purchasers	Oleum West Capital L.P. - Units	182,000.00	182.00
26-Apr-2004	Mavrix Resource Fund 2004 LP	Pacific North West Capital Corp. - Flow-Through Shares	200,000.00	250,000.00
16-Apr-2004	Mindfirst Inc.	Paragon Pharmacies Ltd. - Common Shares	99,999.00	66,666.00
06-Apr-2004	The Toronto-Dominion Bank	Preferred Securities LD Fund - Units	8,872,812.00	375,000.00
06-Apr-2004	The Toronto-Dominion Bank	Preferred Securities LD Fund - Units	2,505,875.00	265,000.00
23-Apr-2004	3 Purchasers	Rampart Ventures Ltd. - Units	27,000.00	135,000.00
23-Apr-2004	Nursing Homes and Related Industries Pension Plan	Real Assets US Social Equity Index Fund - Units	14,838.63	1,959,412.00
31-Mar-2004	4 Purchasers	Seaway Networks Inc. - Preferred Shares	2,268,779.00	4,743,947.00
31-Mar-2004	4 Purchasers	Stanton Alpha Strategies LP - Limited Partnership Interest	175,000.00	4.00
20-Apr-2004	8 Purchasers	Stonestreet Limited Partnership - Limited Partnership Units	1,805,862.00	136,501.00
16-Apr-2004	Sprott Securities Inc.;Addax Financial Inc.	Strathmore Minerals Corp. - Units	1,056,000.00	1,760,000.00
19-Apr-2004	Lionel Robins Management Limited	St. Lawrence Trading Inc. - Common Shares	659,991.82	856.00

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01-Jan-2004 29-Feb-2004	N/A	TAL Private Management Balanced Fund - Units	706,796.04	50,794.00
01-Jan-2004 29-Feb-2004	N/A	TAL Private Management Balanced Growth Fund - Units	1,269,339.45	96,247.00
01-Jan-2004 29-Feb-2004	N/A	TAL Private Management Canadian Equity Fund - Units	1,290,244.28	59,172.00
01-Jan-2004 29-Feb-2004	N/A	TAL Private Management Fixed-Income Fund - Units	1,079,000.00	100,007.00
01-Jan-2004 29-Feb-2004	N/A	TAL Private Management International Bond Fund - Units	29,000.00	2,986.00
01-Jan-2004 29-Feb-2004	N/A	TAL Private Management International Bond Fund - Units	29,000.00	2,986.00
01-Jan-2004 29-Feb-2004	N/A	TAL Private Management Short-Term Fund - Units	494,000.00	49,157.00
01-Jan-2004 29-Feb-2004	N/A	TAL Private Management Short Term Bond Fund - Units	449,000.00	43,602.00
01-Jan-2004 29-Feb-2004	N/A	TAL Private Management U.S. Equity Fund - Units	1,889,124.97	70,030.00
23-Apr-2004	3 Purchasers	Tech Income Limited Partnership 1 - Limited Partnership Units	285,000.00	19.00
04-Feb-2004	Crich Holdings & Buildings Limited	Tribute Resources Inc. - Units	100,000.00	500,000.00
21-Apr-2004	19 Purchasers	True Energy Inc. - Common Shares	12,183,442.75	6,425,053.00
23-Apr-2004	AGF-Precious Metals Fund;TD Asset Management	Wesdome Gold Mines Inc. - Units	612,000.00	360,000.00
19-Apr-2004	9 Purchasers	Wimberly Apartments Limited - Notes	894,140.00	9.00
22-Apr-2004	26 Purchasers	Young-Shannon Gold Mines, Limited - Units	448,820.00	36,800,000.00
15-Apr-2004	11 Purchasers	Zaruma Resources Inc. - Units	502,828.00	1,760,100.00

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<u>Transaction Date</u>	<u>Purchaser</u>	<u>Security</u>	<u>Total Purchase Price (\$)</u>	<u>Number of Securities</u>
15-Apr-2004	6 Purchasers	1613240 Ontario Limited - Special Warrants	350,000.10	1,166,667.00
30-Apr-2004	Lynda Petrozzi	Acuity Pooled Canadian Equity Fund - Trust Units	92,000.00	4,097.00
29-Apr-2004	Rene Geist	Acuity Pooled Conservative Asset Allocation - Trust Units	150,000.00	10,410.00
30-Apr-2004	3 Purchasers	Acuity Pooled Fixed Income Fund - Trust Units	227,474.54	17,180.00

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29-Apr-2004 30-Apr-2004	Lynda Petrozzi;Rene Geist	Acuity Pooled Global Equity Fund - Trust Units	240,000.00	14,627.00
30-Apr-2004	Bonita Quinn	Acuity Pooled Growth and Income Fund - Trust Units	108,644.93	10,724.00
27-Apr-2004 30-Apr-2004	12 Purchasers	Acuity Pooled High Income Fund - Trust Units	2,240,697.41	123,224.00
28-Apr-2004	Diana Lausch	Acuity Pooled Income Trust Fund - Trust Units	200,000.00	13,477.00
03-May-2004	6 Purchasers	AGS Energy Fund L.P. - Limited Partnership Units	5,600,000.00	112.00
30-Apr-2004	PTM Consulting Ltd.	Alternum Capital - Enriched Long-Short Fund - Limited Partnership Units	25,000.00	55,293.00
30-Apr-2004	6 Purchasers	Alternum Capital - North American Value Hedge Fund - Limited Partnership Units	5,317.47	9.00
19-Apr-2004	5 Purchasers	Apogee Minerals Ltd. - Units	100,000.08	833,334.00
27-Apr-2004	Front Street FT 2004 -1 LP and Rosseau Limited Partnership	Arctic Star Diamond Corp. - Units	1,200,000.00	2,000,000.00
27-Apr-2004	3 Purchasers	Arctic Star Diamond Corp. - Units	200,000.00	500,000.00
16-Apr-2004	20 Purchasers	bcMetals Corporation - Units	4,187,500.00	2,725,000.00
23-Apr-2004	Hospitals Of Ontario Pension Plan	BC European Capital V-2 - Limited Partnership Units	115,500.00	100.00
23-Apr-2004	Hospitals of Ontario Pension Plan	BC European Capital V1-7 - Limited Partnership Units	6,628,419.00	100.00
30-Apr-2004	David Guiney	Bowood Energy Corp. - Common Shares	8,250.00	6,600.00
31-Mar-2004	Robert Mckenzie and Paul Martin	Camillion Ventures Inc. - Limited Partnership Units	20,000.00	20,000.00
12-May-2004	8 Purchasers	Canadian Gold Hunter Corp. - Shares	3,125,000.00	2,500,000.00
12-May-2004	Sentry Select Canadian resources Fund Ltd.	Canadian Gold Hunter Corp. - Units	250,000.00	200,000.00
07-Apr-2004	3 Purchasers	Capex Exploration Ltd. - Units	1,050,000.00	1,050,000.00
27-Apr-2004	Jim Hassan	Capex Exploration Ltd. - Units	20,000.00	20,000.00
30-Apr-2004	Harjeet Grewal	Capital Alliance Group Inc. - Units	5,400.00	9,000.00
04-May-2004	23 Purchasers	Capitol Energy Resources Ltd. - Common Shares	4,629,161.00	7,466,390.00

Notice of Exempt Financings

10-May-2004	Global (GMPC) Holdings Inc.	Century Mining Corporation - Debentures	500,000.00	500,000.00
27-Apr-2004	5 Purchasers	CHC Helicopter Corporation - Notes	9,545,472.11	7,100,000.00
21-Apr-2004	10 Purchasers	Couche-Tard Financing Corp. - Notes	33,021,950.00	10.00
13-May-2004	8 Purchasers	Crew Energy Inc. - Common Shares	9,046,850.00	1,691,000.00
04-May-2004	BPI Global Asset Management	Cytokinetics, Incorporated - Common Shares	65,000.00	5,000.00
23-Apr-2004	7 Purchasers	ECLIPS Inc. - Units	151,500.00	1,515,000.00
29-Apr-2004	16 Purchasers	Elgin Resources Inc. - Subscription Receipts	7,091,550.00	4,170,500.00
10-May-2004	Bank of Montreal	Emmis Operating Company - Notes	1,215,000.00	1.00
26-Apr-2004	OPG Ventures Inc.	Encorp. Inc. - Shares	361,100.00	1,000,000.00
20-Apr-2004	Desda Family Trust;Cyril Berkman	Excalibur Limited Partnership - Limited Partnership Units	54,356.00	0.00
02-Apr-2004	7 Purchasers	First Asset Management Inc. - Preferred Shares	750,000.00	500,000.00
06-May-2004	Mark R. Knechtel	First Majestic Resources Corp. - Units	14,500.00	10,000.00
14-Apr-2004 19-Apr-2004	Yan Lau;Gail Bebee	Fisgard Capital Corporation - Units	43,300.00	43,300.00
05-Apr-2004	31 Purchasers	Frontier Pacific Mining Corporation - Units	5,410,000.00	2,164,000.00
29-Mar-2004	12 Purchasers	Gemhouse Inc. - Units	548,366.00	3,655,776.00
29-Apr-2004	24 Purchasers	Golden China Inc. - Special Warrants	4,640,000.00	4,640,000.00
11-May-2004	RCM Capital Management LLC	Greenhill & Co., Inc. - Common Shares	8,750.00	500.00
01-Apr-2004	Elizabeth Kelly	Hazelton Capital Limited Partnership - Limited Partnership Units	150,000.00	134.00
27-Apr-2004	21 Purchasers	Hornby Bay Exploration Limited - Units	559,749.75	1,599,285.00
05-May-2004	13 Purchasers	Icron Technologies Corporation - Units	350,000.00	1,400,000.00
21-Apr-2004	Dynamic Power Canadian Growth Fund and Dynamic Power Canadian Growth Class	ICICI Bank Limited - Shares	1,740,728.00	101,600.00

Notice of Exempt Financings

30-Jan-2004	Julia Johnston	Idilia Inc. - Common Shares	55,000.00	16,224.00
28-Apr-2004 05-Apr-2004	3 Purchasers	IMAGIN Diagnostic Centres, Inc. - Common Shares	27,000.00	27,000.00
06-May-2004	7 Purchasers	Innicor Subsurface Technologies Inc. - Subscription Receipts	2,977,200.00	6,616,000.00
23-Apr-2004	Heather Dora Bidnall	Integral Wealth Management Inc. - Units	50,000.00	50,000.00
21-Apr-2004	13 Purchasers	Isacsoft Inc. - Units	5,900,220.00	13,111,600.00
08-Apr-2004 15-Apr-2004	27 Purchasers	K2 Energy Corp. - Units	2,666,478.00	8,888,260.00
03-Apr-2004	5 Purchasers	King's Bay Gold Corporation - Shares	39,000.00	97,500.00
01-Apr-2003 31-Dec-2003	London Life Insurance Company	Mackenzie Maxxum Canadian Balanced Fund - Units	24,163,649.23	2,472,239.00
01-Apr-2003 31-Dec-2003	London Life Insurance Company	Mackenzie Maxxum Canadian Equity Growth Fund - Units	1,810,030.99	121,385.00
01-Apr-2003 31-Dec-2003	London Life Life Insurance Company	Mackenzie Maxxum Dividend Fund - Units	25,515,379.94	1,877,268.00
01-Jan-2003 31-Dec-2003	London Life Insurance Company	Mackenzie Maxxum Income Fund - Units	78,280,877.12	12,626,810.00
01-Apr-2003 31-Dec-2003	London Life Insurance Company	Mackenzie Universal Canadian Resource Fund - Units	18,410,539.84	1,338,470.00
01-Apr-2003 31-Dec-2003	London Life Insurance Company	Mackenzie Universal Global Future Fund - Units	268,081.21	40,658.00
01-Apr-2003 31-Dec-2003	London Life Insurance Company	Mackenzie Universal Precious Metals Fund - Units	8,867,382.65	595,085.00
01-Apr-2003 31-Dec-2003	London Life Insurance Company	Mackenzie Universal U.S.Growth Leaders Fund - Units	2,559,169.37	333,961.00
29-Apr-2004	National Life;Opvest Inc.	Maple Mortgage Trust Advisors - Notes	20,000,000.00	2.00
12-May-2004	Mourin Investments Corp.	Match Capital Resources Corporation - Common Shares	25,000.00	500,000.00
03-May-2004	Weiss;Peck & Greer	Medarex, Inc. - Notes	2,000,000.00	20,000.00
30-Apr-2004	Deborah Haight	Microsource Online, Inc. - Common Shares	15,000.00	2,500.00
12-May-2004	Toronto Dominion Asset Management	Milcron Escrow Corporation - Notes	2,711,207.00	1.00
23-Apr-2004	5 Purchasers	Mitel Networks Corporation - Preferred Shares	20,000,000.00	20,000,000.00
21-Apr-2004	4 Purchasers	MPI Packaging Inc. - Debt	2,166,666.00	2,166,666.00

Notice of Exempt Financings

05-Apr-2004 28-Apr-2004	27 Purchasers	New Hudson Television Corp. - Shares	152,950.00	17,650.00
01-May-2004	Carolyn & Leslie Thrasher	New Solutions Financial (II) Corporation - Debentures	50,000.00	1.00
30-Apr-2004	Pro-Hedge Multi Elite	O'Donnell Emerging Companies Fund - Units	16,200.00	2,142.00
07-May-2004	Harriet Whitney	O'Donnell Emerging Companies Fund - Units	40,000.00	5,653.00
10-May-2004	David Hayles	Oxford Investments Holdings Inc. - Common Shares	500.00	500.00
26-Apr-2004	Roderick Springgay	Paradym Ventures Inc. - Units	9,000.00	30,000.00
07-May-2004	Nursing Homes and Related Industries Pension Plan	Real Assets US Social Equity Index Fund - Units	1,590.48	214.00
22-Apr-2004	Karl Bjorkman	Redstar Gold Corp. - Common Shares	12,750.00	75,000.00
27-Apr-2004	29 Purchasers	RNC Gold Inc. - Units	10,370,000.00	5,185,000.00
31-Mar-2004	15 Purchasers	Rose Corporation, The - Notes	480,000.00	15.00
23-Apr-2004	Alistair Ross	Sea Breeze Power Corp. - Units	47,700.00	90,000.00
30-Apr-2004	25 Purchasers	Seabridge Gold Inc. - Common Shares	5,400,000.00	1,200,000.00
30-Apr-2004	Brascan Technology Fund Inc.	Sentry Technology Corporation - Convertible Debentures	2,000,000.00	1.00
30-Apr-2004	Brascan Technology Fund Inc.	Sentry Technology Corporation - Convertible Debentures	2,000,000.00	1.00
22-Apr-2004	Tory;Ryan & Co. Inc.	Simberi Gold Corporation - Common Shares	200,000.00	2,000,000.00
08-Apr-2004	Business Development;Michael Unger	Spectalis Corp. - Preferred Shares	271,538.27	577,741.00
10-May-2004	3 Purchasers	Stealth Minerals Limited - Option	258,750.00	575,000.00
12-May-2004	36 Purchasers	Stornoway Diamond Corporation - Units	13,308,500.00	5,323,400.00
07-May-2004	3 Purchasers	Strategic Technologies Inc. - Units	28,350.00	63,000.00
01-Mar-2004 31-Mar-2004	1 Purchaser	TAL Private Management Balanced Fund - Units	587,000.00	42,432.00
03-May-2004	D. Claire Duboc	The Alpha Fund - Limited Partnership Units	400,000.00	3.00
30-Apr-2004	Robert Conn	The McElvaine Investment Trust - Trust Units	45,000.00	2,252.00

Notice of Exempt Financings

27-Apr-2004	The Discovery District Biotechnology Fund Inc.	The Toronto-Dominion Bank - Bonds	814,000.00	1,174,345.00
27-Apr-2004	The Ottawa Biotechnology Innovation Fund Inc.	The Toronto-Dominion Bank - Bonds	734,000.00	1,058,930.00
28-Feb-2004	3 Purchasers	Threads of Time Inc. - Preferred Shares	18,750.00	37,500.00
29-Apr-2004	4 Purchasers	Trigon Exploration Canada Ltd. - Units	112,499.60	249,999.00
01-Apr-2004	Ian c. MacKellar	Trivello Ventures Inc. - Units	12,000.00	100,000.00
04-May-2004	24 Purchasers	UTS Energy Corporation - Special Warrants	13,975,080.00	19,964,400.00
30-Apr-2004	2912015 Canada Inc.	Value Contrarian Canadian Equity Fund - Units	150,000.00	150,000.00
30-Apr-2004	4 Purchasers	Wellco Energy Services Trust - Trust Units	5,145,000.00	525,000.00
04-May-2004	29 Purchasers	Western Geopower Corp. - Units	10,032,009.00	5,422,708.00

NOTICE OF INTENTION TO DISTRIBUTE SECURITIES AND ACCOMPANYING DECLARATION UNDER SECTION 2.8 OF MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES - FORM 45-102F3 (CORRECTED DATA FROM WEEK OF MARCH 26, 2004)

<u>Seller</u>	<u>Security</u>	<u>Number of Securities</u>
Larry Melnick	Champion Natural Health.com Inc. - Shares	40,525.00
Exploration Capital Partners 2000	General Minerals Corporation - Common Shares	827,000.00
Kalimantan Investment Corporation	Kalimantan Gold Corporation Limited - Common Shares	1,870,333.00
Paros Enterprises Limited	Morguard Corporation - Common Shares	2,000,000.00
Targa Group Inc.	Plaintree Systems Inc. - Common Shares	27,910,760.00

NOTICE OF INTENTION TO DISTRIBUTE SECURITIES AND ACCOMPANYING DECLARATION UNDER SECTION 2.8 OF MULTILATERAL INSTRUMENT 45-102 RESALE OF SECURITIES - FORM 45-102F3

<u>Seller</u>	<u>Security</u>	<u>Number of Securities</u>
Jeff Segel	Dorel Industries Inc. - Shares	75,000.00
Alan Schwartz	Dorel Industries Inc. - Shares	75,000.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

AIM Trimark Dialogue Allocation Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated May 21, 2004
Mutual Reliance Review System Receipt dated May 21, 2004

Offering Price and Description:

Series A, SC, D and F Units

Underwriter(s) or Distributor(s):

AIM Funds Management Inc.

Promoter(s):

AIM Funds Management Inc.

Project #650753

Issuer Name:

CANADIAN PUBLIC VENTURES ENTERTAINMENT LTD.
Principal Regulator - Ontario

Type and Date:

Preliminary CPC Prospectus dated May 19, 2004
Mutual Reliance Review System Receipt dated May 20, 2004

Offering Price and Description:

\$750,000 or 3,000,000 Common Shares Price: \$0.25 per
Common Share

Underwriter(s) or Distributor(s):

Raymond James Ltd.

Promoter(s):

-

Project #648350

Issuer Name:

Clarington Global Health Sciences Class
Clarington Canadian Growth & Income Fund
Clarington Income Trust Fund
Clarington Diversified Income Fund
Clarington U.S. Value Class
Clarington Global Core Portfolio
Clarington U.S. Core Portfolio
Clarington Canadian Core Portfolio
Clarington Canadian Value Fund
Clarington Canadian Income Fund II
Clarington Canadian Growth Fund
Clarington Global Value Class
Clarington RSP Global Income Fund
Clarington Global Income Fund
Clarington Short-Term Income Class
Clarington Navellier U.S. All Cap Class
Clarington Global Equity Class
Clarington Canadian Equity Class
Clarington RSP Global Equity Fund
Clarington RSP Navellier U.S. All Cap Fund
Clarington Navellier U.S. All Cap Fund
Clarington RSP Global Communications Fund
Clarington Canadian Bond Fund
Clarington Canadian Dividend Fund
Clarington Global Equity Fund
Clarington International Equity Fund
Clarington Asia Pacific Fund
Clarington Canadian Small Cap Fund
Clarington Global Communications Fund
Clarington Canadian Income Fund
Clarington Global Small Cap Fund
Clarington Money Market Fund
Clarington Canadian Equity Fund
Clarington Canadian Balanced Fund
Clarington U.S. Smaller Company Growth Fund
Clarington U.S. Growth Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectuses dated May 17, 2004
Mutual Reliance Review System Receipt dated May 19, 2004

Offering Price and Description:

Series A, B and F Units

Underwriter(s) or Distributor(s):

ClaringtonFunds Inc.

ClaringtonFunds Inc.

Promoter(s):

Clarington Sector Fund Inc.

Project #646147

Issuer Name:

Dundee Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated May 21, 2004
Mutual Reliance Review System Receipt dated May 25, 2004

Offering Price and Description:

\$75,000,000.00 - 6.5% Convertible Unsecured
Subordinated Debentures due June 30, 2014

Underwriter(s) or Distributor(s):

TD Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Trilon Securities Corporation
HSBC Securities (Canada) Inc.

Promoter(s):

Dundee Realty Corporation
Project #651067

Issuer Name:

Equinox Minerals Limited
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated May 21, 2004
Mutual Reliance Review System Receipt dated May 21, 2004

Offering Price and Description:

\$ * - * Common Shares Price: \$ * per Common Share

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Haywood Securities Inc.

Promoter(s):

-

Project #650726

Issuer Name:

First Capital Realty Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Shelf Prospectus dated May 25, 2004
Mutual Reliance Review System Receipt dated May 25, 2004

Offering Price and Description:

3,295,289 Common Shares Issuable Only Upon Exercise
of Warrants Expiring August 31, 2008
and \$150,000,000 Common Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #651162

Issuer Name:

First Nickel Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated May 18, 2004
Mutual Reliance Review System Receipt dated May 20, 2004

Offering Price and Description:

Maximum of \$10,000,000 and a minimum of \$7,500,000
through issuance of (i) Flow-Through Common
Shares; and (ii) Units comprised of Common Shares and
Common Share Purchase Warrants

Price: \$* per Flow-Through Common Share or Unit
- and -

7,020,000 Common Shares and 6,510,000 Common Share
Purchase Warrants

Issuable Upon Exercise of Previously Issued Special
Warrants

- and -

1,053,000 Compensation Warrants

Issuable Upon Exercise of a Previously Issued
Compensation Option

Price: \$ * per Flow-Through Common Share/Unit

Underwriter(s) or Distributor(s):

McFarlane Gordon Inc.
Dundee Securities Corporation
Canaccord Capital Corporation
Paradigm Capital Inc.

Promoter(s):

MPH Consulting Ltd.
Elizabeth J. Kirkwood
William E. Brereton
Paul Sobie
William J. Anderson

Project #648854

Issuer Name:

GeoPetro Resources Company
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated May 17, 2004
Mutual Reliance Review System Receipt dated May 19, 2004

Offering Price and Description:

US\$ * * Common Shares and * Flow-Through Common
Shares Price: US\$ * per Common Share
US\$ * per Flow-Through Share

Underwriter(s) or Distributor(s):

Dundee Securities Corporation

Promoter(s):

-

Project #647499

Issuer Name:

Gloucester Credit Card Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated May 25, 2004
Mutual Reliance Review System Receipt dated May 25, 2004

Offering Price and Description:

\$ ** % Series 2004-1 Class A Notes,
Expected Final Payment Date of *, 20 *
\$ ** % Series 2004-1 Collateral Notes,
Expected Final Payment Date of *, 20 *

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.

Promoter(s):

-

Project #651083

Issuer Name:

INDEXPLUS 2 INCOME FUND

Type and Date:

Preliminary Prospectus dated May 20, 2004
Received on May 21, 2004

Offering Price and Description:

\$ * - * Units
Price: \$ * per Unit

Underwriter(s) or Distributor(s):

-

Promoter(s):

Middlefield Group Limited
Middlefield Indexplus 2 Management

Project #650508

Issuer Name:

KeySpan Facilities Income Fund
Principal Regulator - Alberta

Type and Date:

Amended and Restated Preliminary Prospectus dated May 21, 2004
Mutual Reliance Review System Receipt dated May 21, 2004

Offering Price and Description:

\$100,243,750.00 - 9,325,000 Units \$100,000,000 6.75%
Convertible Unsecured Subordinated Debentures

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Peters & Co. Limited
Clarus Securities Inc.
First Associates Investments Inc.
FirstEnergy Capital Corp.

Promoter(s):

-

Project #647057

Issuer Name:

Lightning Energy Ltd.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated May 21, 2004
Mutual Reliance Review System Receipt dated May 21, 2004

Offering Price and Description:

\$19,875,000.00 - 3,750,000 Common Shares issuable
upon the exercise of 3,750,000 Special Warrants
Price: \$5.30 per Special Warrant

Underwriter(s) or Distributor(s):

Tristone Capital Inc.
FirstEnergy Capital Corp.
GMP Securities Ltd.
RBC Dominion Securities Inc.
TD Securities Inc.

Promoter(s):

-

Project #650967

Issuer Name:

NAV Energy Trust
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated May 21, 2004
Mutual Reliance Review System Receipt dated May 21, 2004

Offering Price and Description:

\$50,000,000.00 - 8.75% Convertible Unsecured
Subordinated Debentures

Underwriter(s) or Distributor(s):

National Bank Financial Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
FirstEnergy Capital Corp.
Sprott Securities Inc.

Promoter(s):

-

Project #650926

Issuer Name:

Standard Life Aggressive Portfolio
Standard Life Growth Portfolio
Standard life Moderate portfolio
Standard Life Conservative Portfolio
Standard Life Global Divided Growth Fund
Principal Regulator - Quebec

Type and Date:

Preliminary Simplified Prospectuses dated May 17, 2004
Mutual Reliance Review System Receipt dated May 19, 2004

Offering Price and Description:

Offering A-Series, E-Series, Legend Series and of O Series
Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

The Standard Life Assurance Company
Project #647091

Issuer Name:

ZENON Environmental Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated May 25, 2004
Mutual Reliance Review System Receipt dated May 25, 2004

Offering Price and Description:

\$90,090,000.00 - 3,960,000 Common Shares Price: \$22.75 per Common Share

Underwriter(s) or Distributor(s):

GMP Securities Ltd.
Canaccord Capital Corporation
First Associates Investments Inc.
RBC Dominion Securities Inc.

Promoter(s):

-

Project #651313

Issuer Name:

BCE Inc.
Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated May 19, 2004
Mutual Reliance Review System Receipt dated May 19, 2004

Offering Price and Description:

\$355,896,617.00 - 65,906,781 Subscription Receipts, each representing the right to receive one Common Share of

Underwriter(s) or Distributor(s):

National Bank Financial Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.

Promoter(s):

-

Project #640455

Issuer Name:

British Columbia Ferry Services Inc.
Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated May 19, 2004
Mutual Reliance Review System Receipt dated May 19, 2004

Offering Price and Description:

\$250,000,000.00 - 5.74% Senior Secured Bonds, Series 04-1, due May 27, 2014

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.

Promoter(s):

-

Project #633593

Issuer Name:

Canadian Imperial Bank of Commerce
Principal Regulator - Ontario

Type and Date:

Amended and Restated Short Form Based Shelf Prospectus dated May 13, 2004
Mutual Reliance Review System Receipt dated May 20, 2004

Offering Price and Description:

\$4,000,000,000.00 - Debt Securities (subordinated indebtedness) Class A Preferred Shares
Class B Preferred Shares Warrants to Purchase Preferred Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #602082

Issuer Name:

CI Canadian Bond Fund
CI Short-Term Bond Fund
CI Long-Term Bond Fund
Principal Regulator - Ontario

Type and Date:

Amendment #3 dated May 17, 2004 to Final Simplified Prospectus and Annual Information Form dated July 15, 2003
Mutual Reliance Review System Receipt dated May 20, 2004

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

CI Mutual Funds Inc.
Project #550627

Issuer Name:

Clarica Premier Bond Fund
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated May 17, 2004 to Final Simplified Prospectus and Annual Information Form dated July 15, 2003
Mutual Reliance Review System Receipt dated May 20, 2004

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

CI Mutual Funds Inc.
Project #550417

Issuer Name:

Global 45 Split Corp.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 18, 2004
Mutual Reliance Review System Receipt dated May 19, 2004

Offering Price and Description:

4,000,000 Preferred Shares @ \$10 per Preferred Share = \$40,000,000
4,000,000 Class A shares @ \$15 per Class A Share = \$60,000,000

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
Wellington West Capital Inc.

Promoter(s):

First Asset Funds Inc.

Project #625837

Issuer Name:

Profit Booking Blue Chip Trust
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 19, 2004
Mutual Reliance Review System Receipt dated May 20, 2004

Offering Price and Description:

Maximum \$75,000,000 (7,500,000 Units) \$10 Per Unit

Underwriter(s) or Distributor(s):

National Bank Financial Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
First Associates Investments Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Desjardins Securities Inc.
TWC Securities Inc.

Promoter(s):

Crown Hill Capital Corporation

Project #625444

Issuer Name:

South Atlantic Ventures Ltd.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated May 21, 2004
Mutual Reliance Review System Receipt dated May 21, 2004

Offering Price and Description:

\$144,000,000.00 - 18,000,000 Common Shares Price: \$8.00 per Common Share

Underwriter(s) or Distributor(s):

GMP Securities Ltd.
BMO Nesbitt Burns Inc.
Haywood Securities Inc.
Macquarie North America Ltd.

Promoter(s):

-

Project #637448

Issuer Name:

Stone 2004 Flow-Through Limited Partnership
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 19, 2004
Mutual Reliance Review System Receipt dated May 21, 2004

Offering Price and Description:

\$30,000,000 (Maximum) - 1,200,000 Units @ \$25 Per Unit
\$3,000,000 (Minimum) - 120,000 Units @ \$25 Per Unit

Underwriter(s) or Distributor(s):

Wellington West Capital Inc.,
Canaccord Capital Corporation,
IPC Securities Corporation,
Berkshire Securities Inc.
Burgeonvest Securities Limited

Promoter(s):

Stone 2004 Flow-Through GP Inc.
Stone & Co. Limited

Project #624006

Issuer Name:

The Children's Educational Foundation of Canada
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 21, 2004
Mutual Reliance Review System Receipt dated May 21, 2004

Offering Price and Description:

Mutual Fund Units at Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

Children's Education Funds Inc.

Project #633226

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Delphina Asset Management Inc.	Investment Counsel and Portfolio Manager	May 20, 2004
Name Change	From: Schroder Ventures North America Inc. To: SVG North America Inc.	International Dealer	May 10, 2004
New Registration	Portfolio Risk Optimization Services Inc.	Investment Counsel and Portfolio Manager	May 19, 2004
New Registration	PIMCO Advisors Managed Accounts LLC	International Advisor	May 20, 2004
New Registration	Patica Securities Limited	Limited Market Dealer	May 20, 2004
New Registration	Jemekk Capital Management Inc.	Limited Market Dealer and Portfolio Manager	May 25, 2004
New Registration	FX Capital Ltd.	Limited Market Dealer	May 21, 2004
Name Change	From: Global Trader 24/7 Canada Inc. (registered Limited Market Dealer) amalgamated with Shorcan Index Limited (non-registrant). To: Shorcan Index Limited	Limited Market Dealer	Apr 1, 2004
Registration Category Change	Montrusco Bolton Investments Inc.	From: Limited Market Dealer and Investment Counsel and Portfolio Manager. To: Limited Market Dealer and Investment Counsel and Portfolio Manager and Commodity Trading Manager.	May 25, 2004

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA Discipline Penalties Imposed on Andreas Felix Kiedrowski – Violations of By-law 29.1

Contact:
Kenneth J. Kelertas
Enforcement Counsel
(416) 943-5781

BULLETIN #3287
May 18, 2004

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON ANDREAS FELIX KIEDROWSKI – VIOLATIONS OF BY-LAW 29.1

Person Disciplined The Ontario District Council of the Investment Dealers Association (“the Association”) has imposed discipline penalties on Andreas Felix Kiedrowski, at the relevant time an Assistant Branch Manager and Registered Representative at the Mississauga branch office of BMO Nesbitt Burns Inc. (“Nesbitt”), a Member of the Association.

By-laws, Regulations, Policies Violated On April 28, 2004, the Ontario District Council considered, reviewed and accepted a Settlement Agreement negotiated between Mr. Kiedrowski and Staff of the Enforcement Department of the Association.

Pursuant to the Settlement Agreement, Mr. Kiedrowski admitted that, between January 1995 and May 1997 inclusive, he failed to provide a client with objective or unbiased information regarding his investments in Tee-Comm Electronics Inc., thereby engaged in business conduct or practice unbecoming a registrant or contrary to the public interest, contrary to By-law 29.1.

Penalty Assessed The discipline penalties assessed against Mr. Kiedrowski were:

- a fine in the amount of \$25,000;
- a prohibition on approval by the Association to act in any supervisory capacity with any Member of the Association for a period of three (3) years commencing February 28, 2002;
- within three (3) months of the effective date of this agreement, re-write and pass the examination based on the Conduct and Practice Handbook for securities industry professionals administered by the *Canadian Securities Institute*. Evidence of successful completion of the examination must be presented to the Association;
- as a condition of re-approval by the Association in any supervisory capacity with any Member of the Association, re-write and pass the Branch Manager’s examination administered by the *Canadian Securities Institute*. Evidence of successful completion of the examination must be presented to the Association as part of the re-registration process; and
- the costs of the Association’s investigation and prosecution of this matter in the amount of \$7,500.

Summary of Facts Mr. Kiedrowski was at all material times the Assistant Branch Manager at the Mississauga branch office of BMO Nesbitt Burns Inc. Mr. Kiedrowski had been in the industry since 1980, and he continues to be employed by Nesbitt. He relinquished his managerial duties with Nesbitt in February 2002.

The subject matter of the Settlement Agreement involves Mr. Kiedrowski’s recommendation to at least one client to purchase, accumulate and hold shares of Tee-Comm Electronics Inc. (“Tee-Comm”). Tee-Comm was a Canadian based manufacturer and distributor of home satellite systems that was listed on the Toronto Stock Exchange. It was agreed that between January 1996 and May 1997, common shares in Tee-Comm were high risk, aggressive growth securities. The

client in question had somewhat conservative investment objectives and limited investment experience. Based on recommendations made by Mr. Kiedrowski, between January 1996 and May 1997, the client's accounts at Nesbitt became highly concentrated in Tee-Comm securities. Consequently, the accounts did not conform to the client's stated investment objectives.

During this time period, Nesbitt's own research department did not give Tee-Comm an above-average rating, and in fact, in January 1996 recommended that its clients reduce its positions in Tee-Comm. In fact, from January 1996 to April 24th, 1997, when Nesbitt discontinued its coverage of Tee-Comm stock, its own analyst gave it Nesbitt's "least recommended" rating.

Despite this rating from his firm's own analysts, Mr. Kiedrowski continued to tout the stock to the client and made representations to the client as to Tee-Comm's anticipated good performance and the future price at shares would ultimately reach. He also encouraged the client to continue making further investments in Tee-Comm, despite the fact that the company had some serious shortcomings.

While Mr. Kiedrowski provided the client with positive information regarding Tee-Comm, he did not provide the client with any of the negative research reports from Nesbitt's analysts and did not advise the client that from January 1996 onwards, Tee-Comm was losing money and it was expected to have bleak financial prospectus.

Most notably, in early 1996, the client approached Mr. Kiedrowski to sell his shares in Tee-Comm. At that time, Mr. Kiedrowski advised the client not to sell. Mr. Kiedrowski advised the client that it was his opinion that the price of Tee-Comm shares would rise and that the company's long-term financial picture was good.

As a result of Mr. Kiedrowski's misconduct, the client suffered losses of over \$243,000 in his three accounts at Nesbitt. All of the losses could be attributed to the unsuitable investments in Tee-Comm securities.

In summary, Mr. Kiedrowski did not provide the client with balanced, objective advice with respect to his investments in Tee-Comm and admitted that his failure to provide his client with objective information amounted to business conduct or practice unbecoming a registrant, or contrary to the public interest, contrary to By-law 29.1.

Mr. Kiedrowski had no prior disciplinary history.

Kenneth A. Nason
Association Secretary

13.1.2 Discipline Pursuant to IDA By-law 20 - Andreas Felix Kiedrowski - Settlement Agreement

Bulletin No. 3287

**IN THE MATTER OF
DISCIPLINE PURSUANT TO BY-LAW 20
OF THE INVESTMENT DEALERS
ASSOCIATION OF CANADA**

Re: ANDREAS FELIX KIEDROWSKI

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The staff ("Staff") of the Investment Dealers Association of Canada ("the Association") has conducted an investigation (the "Investigation") into the conduct of Andreas Felix Kiedrowski ("Kiedrowski").
2. The Investigation discloses matters for which the District Council of the Association ("the District Council") may penalize Kiedrowski by imposing discipline penalties.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff and Kiedrowski consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.
4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of Kiedrowski, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.
5. Staff and Kiedrowski jointly recommend that the District Council accept this Settlement Agreement.
6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of Kiedrowski, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. STATEMENT OF FACTS

(i) Acknowledgement

7. Staff and Kiedrowski agree with the facts set out in this Section III and acknowledge that the terms

of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Background

8 Kiedrowski was at all material times the Assistant Branch Manger at the Mississauga branch office of BMO Nesbitt Burns Inc. ("Nesbitt"). Kiedrowski had been in the industry since 1980. At all material times he was registered as a Vice-President (trading in Securities and Securities Options). He resigned his managerial position at his employer BMO Nesbitt Burns in February 2002.

9 In 1991, the Client opened an RRSP, margin and locked-in retirement account (LIRA) at Nesbitt's Mississauga branch office. Kiedrowski solicited the opening of these accounts. Kiedrowski signed the New Client Application Forms ("NAAFs") and the accounts were opened.

10 The NAAF's indicated that the Client was self-employed as a communications sales consultant and had limited investment experience. The Client's estimated annual income was listed as between \$40,000.00 and \$60,000.00 and his estimated net worth was listed as between \$250,000.00 and \$1,000,000.00.

11 The investment objectives for the RRSP account were 25% capital preservation, 0% income, 25% moderate growth and 50% aggressive trading. The NAAF for the locked-in retirement account ("LIRA") indicated investment objectives of 10% capital preservation, 20% income and 70% moderate growth. The margin account indicated investment objectives of 0% capital preservation, 20% income, 60% moderate growth and 20% aggressive trading.

12 Tee-Comm Electronics Inc. ("Tee-Comm"), based in Milton, Ontario, manufactured and distributed home satellite systems through international network of distributors and dealers. Tee-Comm reported operating revenue from 1990 to 1996. Tee-Comm stock was listed on the Toronto Stock Exchange ("TSE").

13 Between January 1996 and May 1997, Tee-Comm common shares were high risk, aggressive growth securities, in that during that period, the company had a negative cash flow, negative earnings, and faced overwhelming competition in its market sector.

14 In June 1996, Tee-Comm completed a \$107 million issue of convertible debentures through Scotia McLeod. In May 1997, the Bank of Montreal demanded repayment of its debt owed under its line of credit with Tee-Comm and an interim receiver was appointed. Soon thereafter, the shares in Tee-Comm became worthless. Tee-

Comm was subsequently suspended from the T.S.E. and the Ontario Securities Commission issued a Cease Trade Order on May 27, 1997

(iii) The Client's Investments

15 All of the Client's accounts accumulated positions in Tee-Comm. In January 1995, the RRSP account was the only account holding Tee-Comm. By November 1996, the Client's accounts had accumulated additional Tee-Comm shares and convertible debentures until Tee-Comm securities accounted for 59% of the total value of the accounts or \$362,700.00 in June 1996.

16 All of the Tee-Comm transactions were solicited by Kiedrowski.

17 Between January 1996 and May 1997, the Client's accounts were overly concentrated in Tee-Comm and consequently did not conform to the Client's stated investment objectives.

18 Between January 1995 and May 1997, the Client's RRSP, LIRA, and margin accounts suffered losses of \$243,497.00, all of which could be attributed to unsuitable investments in Tee-Comm securities.

19 From January 1995 to April 1997 Kiedrowski solicited the purchase of Tee-Comm securities in the accounts of the Client in the form of common shares, convertible debentures or warrants. The Client's accounts became concentrated in Tee-Comm.

20 During this period, a number of investment houses and analysts recommended Tee-Comm stock as a speculative buy for non-risk adverse accounts. Nesbitt's Research Department initiated coverage of Tee-Comm in March 1995. However, Nesbitt's own research department never gave Tee-Comm an above average rating, and in January 1996 recommended that its clients reduce their positions in Tee-Comm. From January 23, 1996 to April 24, 1997 -when Nesbitt discontinued its coverage of the stock- its analysts gave it its "least recommended" rating.

21 While Kiedrowski provided the Client with positive information regarding Tee-Comm, Kiedrowski did not adequately inform the client of the risks inherent in investing in Tee-Comm.

22 In particular, Kiedrowski did not advise the Client that in January 1996 and onwards Tee-Comm had incurred (and was continuing to incur) financial losses and that it was expected to continue to have negative cash flow.

23 The Client was not provided with the "negative" research reports authored by Nesbitt Research Department and others. Kiedrowski provided the Client with mainly positive information about Tee-

Comm and did not disclose to him the existence of negative or unfavourable research reports.

24 Kiedrowski remained positive about the prospects of Tee-Comm and ignored the company's shortcomings until the Bank of Montreal had demanded repayment of its line of credit debt.

25 In early 1996, the Client began to express to Kiedrowski his desire to sell his shares in Tee-Comm. At the time, Kiedrowski advised the Client not to sell, stating that the prospects of Tee-Comm were very positive and that he anticipated the price of the shares to continue to increase significantly. Kiedrowski advised the Client that the price of Tee-Comm stock would reach \$30.00 per share.

26 Throughout the time that the price of shares in Tee-Comm was in decline, Kiedrowski assured the Client that the Client's investment in Tee-Comm was secure, citing the fact that the Bank of Montreal was Tee-Comm's banker and the parent company of Nesbitt. Kiedrowski persuaded the Client to hold onto his shares, making representations as to Tee-Comm's anticipated good performance and the future price that the shares would ultimately reach. He also encouraged the Client to make further investments in Tee-Comm, including investments in the Tee-Comm debentures.

IV. CONTRAVENTIONS

27 Between January 1995 and May 1997 inclusive, Kiedrowski, while a Registered Representative of a Member of the Association, failed to provide the Client with objective or unbiased information regarding his investments in Tee-Comm Electronics Inc., and thereby engaged in business conduct or practice unbecoming a registrant or contrary to the public interest, contrary to By-law 29.1.

V. ADMISSION OF CONTRAVENTIONS AND FUTURE COMPLIANCE

28 Kiedrowski admits the contravention of the Statutes or Regulations thereto, By-laws, Regulations, Rulings or Policies of the Association noted in Section IV of this Settlement Agreement. In the future, the Respondent shall comply with these and all By-laws, Regulations, Rulings and Policies of the Association.

VI. DISCIPLINE PENALTIES

29 Kiedrowski accepts the imposition of discipline penalties by the Association pursuant to this Settlement Agreement as follows:

- a) a fine of \$25,000.00;

- b) a prohibition on approval by the Association to act in any supervisory capacity with any Member of the Association for a period of three (3) years commencing February 28, 2002;
- c) within three months of the effective date of this Agreement, re-write and pass the examination based on the Conduct and Practices Handbook for Securities Industry Professionals, administered by the Canadian Securities Institute. Evidence of successful completion of the examination must be presented to the Association; and
- d) as a condition of re-approval by the Association in any supervisory capacity with any Member of the Association, re-write and pass the Branch Manager's examination administered by the Canadian Securities Institute. Evidence of successful completion of the examination must be presented to the Association as part of the re-registration process.

VII. ASSOCIATION COSTS

30 Kiedrowski shall pay the Association's costs of this proceeding in the amount of \$7,500.00.

VIII. EFFECTIVE DATE

31 This Settlement Agreement shall become effective and binding upon the Kiedrowski and Staff in accordance with its terms as of the date of:

- (a) its acceptance; or
- (b) the imposition of a lesser penalty or less onerous terms; or
- (c) the imposition, with the consent of Kiedrowski, of a penalty or terms, more onerous,

by the District Council.

IX. WAIVER

32 If this Settlement Agreement becomes effective and binding, Kiedrowski hereby waives his right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

X. STAFF COMMITMENT

33 If this Settlement Agreement becomes effective and binding, Staff will not proceed with disciplinary

proceedings under Association By-laws in relation to the facts set out in Section III of the Settlement Agreement.

XI. PUBLIC NOTICE OF DISCIPLINE PENALTY

34 If this Settlement Agreement becomes effective and binding:

- (a) Kiedrowski shall be deemed to have been penalized by the District Council for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements; and
- (b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

XII. ACCEPTANCE OR REJECTION OF SETTLEMENT AGREEMENT

35 If the District Council rejects this Settlement Agreement:

- a) the provisions of By-laws 20.10 to 20.24, inclusive, shall apply, provided that no member of the District Council rejecting this Settlement Agreement shall participate in any hearing conducted by the District Council with respect to the same matters which are the subject of the Settlement Agreement; and
- b) the negotiations relating thereto shall be without prejudice and may not be used as evidence or referred to in any hearing.

AGREED TO by Staff at the City of Toronto, in the Province of Ontario, this "10th" day of March 2004.

"K. Kelertas"
Enforcement Counsel on behalf of the Staff of the Investment Dealers Association of Canada
Per: Kenneth J. Kelertas

AGREED TO by the Respondent, Kiedrowski, at the City of Toronto, in the Province of Ontario, this "16th" day of March 2004.

"Anita Kartalija"
Witness

"Andreas Kiedrowski"
Andreas Felix Kiedrowski
Respondent

ACCEPTED BY the Ontario District Council of the Investment Dealers Association of Canada, at the City of Toronto, in the Province of Ontario, this "28th" day of "April" 2004.

Investment Dealers Association of Canada
(Ontario District Council)

Per: "Hon. John B. Webber, QC"

Per: "Guenther Kleberg"

Per: "Fred Walsh"

13.1.3 IDA Discipline Penalties Imposed on John Craig Dunn – Violations of By-law 29.1, Regulation 1300.2, 1300.1(c) and Policy No. 2

Contact:
Kenneth J. Kelertas
Enforcement Counsel
(416) 943-5781

BULLETIN # 3288
May 18, 2004

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON JOHN CRAIG DUNN – VIOLATIONS OF BY-LAW 29.1, REGULATION 1300.2, 1300.1(C) AND POLICY NO. 2

Person Disciplined The Ontario District Council of the Investment Dealers Association (“the Association”) has imposed discipline penalties on John Craig Dunn, at the relevant time a Branch Manager and Registered Representative with BMO Nesbitt Burns Inc. (“Nesbitt”), a Member of the Association.

By-laws, Regulations, Policies Violated On April 28, 2004, the Ontario District Council found Mr. Dunn to have:

- (a) while employed as a Branch Manager of a Member of the Association, allowed a non-registered person to act in furtherance of trades, and thereby engaged in business conduct or practice unbecoming a registrant or contrary to the public interest, contrary to By-law 29.1;
- (b) while employed as a Branch Manager of a Member of the Association, failed to supervise client accounts, contrary to By-law 29.1, Regulation 1300.2 and Policy 2;
- (c) while employed as a Registered Representative of a Member of the Association, failed to use due diligence to ensure that the recommendations made for a client account was appropriate for the client and in keeping with the client’s investment objectives, contrary to Regulation 1300.1(c); and
- (d) while employed as a Registered Representative of a Member of the Association, failed to provide clients with objective or unbiased information regarding their investments in Tee-Comm Electronics Inc., and thereby engaged in business conduct or practice unbecoming a registrant or contrary to the public interest, contrary to By-law 29.1.

Penalty Assessed The discipline penalties assessed against Mr. Dunn were:

- a fine in the amount of \$10,000 for allowing a non registered person to act in furtherance of trades;
- a fine in the amount of \$50,000 for failing to supervise client accounts;
- a fine in the amount of \$15,000 for failing to use due diligence to ensure that the recommendations made for a client account were appropriate for the client and in keeping with the client’s investment objectives;
- a fine in the amount of \$25,000 for failing to provide clients with objective or unbiased information regarding their investments in Tee Comm Electronics Inc.;
- the costs of the Association’s investigation and prosecution of this matter fixed at \$15,000;
- a permanent ban from ever acting in any supervisory capacity with a Member of the Association;
- as a condition of re-approval by the Association in any capacity with any Member of the Association, that Mr. Dunn re-write and pass the examination based on the Conduct and Practice handbook for security industry professionals, administered by the Canadian Securities Institute. Evidence of successful completion of the examination must be presented to the Association; and

- a prohibition on re-approval in any capacity with a Member of the Association until the fine and costs imposed are paid in full.

Summary of Facts

Mr. Dunn was the Manager of the Mississauga branch office of BMO Nesbitt Burns Inc. (and its predecessor Nesbitt Thomson Inc.) from June 1989 to October 27, 2002.

All of the allegations against Mr. Dunn arose out of trading activity in Tee-Comm Electronics Inc. ("Tee-Comm"). Tee-Comm was a TSE-listed company based in Milton, Ontario that manufactured and distributed home satellite systems through an international network of distributors and dealers. Between January 1996 and May 1997, Tee-Comm common shares were high-risk, aggressive growth securities, in that during that period, the company had a negative cash flow, negative earnings, and faced overwhelming competition in its market sector.

Nesbitt's Research Department issued coverage of Tee-Comm in March 1995. It never gave Tee-Comm an above average rating, and from January 1996 onward gave it its "least recommended" rating, advising investors to reduce their positions. In June 1996, Tee-Comm completed a \$107 million dollar issue of convertible debentures through ScotiaMcLeod Inc. In May 1997, the Bank of Montreal demanded repayment of a debt owed under a line of credit with Tee-Comm and an interim receiver was appointed. So thereafter, the shares of Tee-Comm became worthless. Tee-Comm was subsequently suspended from the TSE and the Ontario Securities Commission issued a cease trade order on May 27, 1997.

Allow An Unregistered Person to Trade

Among the Registered Representatives under Mr. Dunn's supervision was Anthony Colalillo, who was employed at Nesbitt's Mississauga branch office from May 1993 to August 28, 1997. However, Mr. Colalillo was not approved by the Association to act as a registered representative until January 17, 1998. Between May 1993 and the time that Mr. Colalillo was first approved by the Association (some 8 ½ months later), Mr. Colalillo opened at least two accounts, prepared the New Account Application Forms, solicited transactions, took client orders and prepared trade tickets for those accounts. Although Mr. Dunn signed the New Account Application Forms for those accounts, Mr. Dunn had little or no involvement in the actual management of the accounts and did not personally meet with the clients to discuss their investment objectives or risk tolerances. In so doing, Mr. Dunn allowed Mr. Colalillo to act in furtherance of trades while he was unregistered, contrary to Association By-law 29.1

Failure to Supervise

During the Association's investigation into Mr. Colalillo's activities, it was determined that Mr. Dunn failed to supervise at least two client accounts. It was determined in previous Association proceedings against Mr. Colalillo (see Association Bulletin No. 3070, dated November 11, 2002) that Anthony Colalillo mismanaged both of the accounts of the clients J.S. and Mr. and Mrs. A.T. to the extent that the accounts became overly concentrated in aggressive high-risk securities. In particular, with respect to the accounts of Mr. J.S., several of the transactions completed by Mr. Colalillo were outside of the stated investment objectives for the accounts. Mr. Dunn did not question these transactions during the course of his daily reviews, contrary to Association Policy No. 2. Furthermore, there were a number of months during which the commissions generated by Mr. J.S.'s account would have exceeded \$1,000 or more. Consequently, subject to Association Policy No. 2, Mr. Dunn was obliged to contact a review of the transactions that took place during that time period. Such a review would have revealed that there were a number of transactions that did not fit within the investment objectives of the client and that the client had taken out an equity loan of \$30,000 to cover purchases made in the account, and that the management of the account was inappropriate. Mr. Dunn did not document whether he had any discussions with Mr. Colalillo with respect to Mr. J.S.'s account, and at not time did Mr. Dunn contact Mr. J.S. to discuss the trading in his margin account or the possible changes to his investment objectives that seemed to be indicated by the transactions that took place in his account.

With respect to the clients Mr. and Mrs. A.T., between August 1993 and June 1997, the A.T.'s accounts did not hold securities that met three of their four investment objectives. From February 1995 to June 1996, securities in Tee-Comm represented between 49% and 90% of the net equity value of the A.T.'s joint account, and over 50% of the net equity value of the margin account held by Mr. A.T. Consequently, Mr. and Mrs. A.T.'s accounts were concentrated in Tee-Comm and did not conform to their stated investment objectives. At not time did Mr. Dunn question any of the

Tee-Comm transactions in these accounts during the course of his daily reviews. With respect to his monthly reviews, on at least four occasions, the monthly commissions charged to Mr. and Mrs. A.T.'s U.S. dollar account exceeded \$1,000. Had Mr. Dunn conducted the required monthly reviews, he would have found that the U.S. dollar account was highly leveraged with a large debit position. Furthermore, the A.T. margin account was subject to numerous margin calls during the last six months of 1996. No corrective action was taken by Mr. Dunn to remedy the situation. Lastly, in July 1996, Mr. Colalillo solicited a transaction in the A.T.s' joint account involving the transfer of shares from the accounts of two other clients that Mr. Colalillo represented at Nesbitt. The transaction negatively impacted the value of the Mr. and Mrs. A.T.'s joint account to the extent that the A.T.s over paid for the securities that were transferred, and the transaction increased the A.T.s' exposure to Tee-Comm (and another speculative security) in their joint account. It was determined that these transactions were not in the best interest of Mr. and Mrs. A.T. Furthermore, the Nesbitt Policy Manual in effect at the time required that a letter of authorization be obtained from the clients to permit the transfer of securities between unrelated accounts. During the course of the Association's investigation, it was found that Mr. A.T. was never asked by Mr. Colalillo to sign such a letter of authorization, and that, in fact, no such letter exists. Mr. Dunn did not document any review of the transfer between the accounts of Mr. and Mrs. A.T. and Mr. Colalillo's other clients. At no time did Mr. Dunn contact Mr. or Mrs. A.T. to discuss the trading in their accounts, the use of margin, or possible changes to their investment objectives to better reflect the holdings in their accounts.

In summary, Mr. Dunn's conduct and failure to supervise the above-noted accounts amounted to violations of Association By-law 29.1, Regulation 1300.2, and Policy No. 2.

Recommending Unsuitable Securities

Mr. Dunn was the registered representative on record for a corporate account – U.E. Limited. Despite the fact that the investment objectives for the corporation were 50% moderate and 50% aggressive trading, with a risk tolerance of "some", between November 1995 and May 1997, the corporation's account at Nesbitt held only Tee-Comm related securities. The account was also highly leveraged, in that during the material time, the use of margin ranged from 37% to 92% of the net equity value of the account. Mr. Dunn conducted transactions that caused the account to become a high-risk account with large debit balances. In the end, the account lost \$452,412. It was found that this mismanagement of the client's account amounted to a violation of Association Regulation 1300.1(c).

Failure to Provide Objective or Unbiased Information to Clients

It was found that Mr. Dunn failed to provide a number of Nesbitt clients (some of whom are Mr. Colalillo's and some of whom are Mr. Dunn's) with objective or unbiased information regarding their investments in Tee-Comm. The Association's investigation revealed that Mr. Dunn only provided the clients with positive information concerning Tee-Comm and did not advise the clients of the risks inherent investing in those securities. He also did not advise the clients that from January 1996 onwards, Nesbitt itself was not recommending the stock and that Tee-Comm was incurring large financial losses and was expected to continue to have negative cash flow. Furthermore, it was found that Mr. Dunn represented to his clients that he was in frequent contact with members of senior Tee-Comm management and that he was being provided with certain information by Tee-Comm personnel that had not been made available to the general public. Mr. Dunn held out to his clients that he knew more about the company than Nesbitt's own analyst. Consequently, the clients were left with a distorted picture of the company's prospects- a perspective that caused them to hold on to Tee-Comm stock and debentures until they eventually became worthless. It was determined that Mr. Dunn's failure to provide his clients with objective and/or unbiased information about Tee-Comm amounted to conduct unbecoming a registered representative or contrary to the public interest, contrary to Association By-law 29.1.

Upon being duly served with the Notice of Hearing and Particulars, it was found by the Ontario District Council; that Dunn did not provide a Reply pursuant to Association By-law 20.14. While Mr. Dunn did respond in writing to the Notice of Hearing, it was not delivered within the time required by the By-law. As well, the Ontario District Council found that the purported Reply did not raise any tenable defences. Furthermore, Mr. Dunn did not appear at the disciplinary hearing held on April 28, 2004. Upon receiving both oral and written submissions from counsel for the Association, the Ontario District Council accepted the facts and conclusions as set out in the Notice of Hearing and Particulars as proven pursuant to Association By-law 20.16, and imposed

the disciplinary penalties set out above.

Mr. Dunn has not been registered in any capacity with a Member firm since August 2002.

Kenneth A. Nason
Association Secretary

Chapter 25

Other Information

25.1 Consents

25.1.1 MDC Partners Inc. - ss. 4(b) of Reg. 289/00

Headnote

Consent given to an OBCA Corporation to continue under the laws of Canada.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., 181.
Securities Act, R.S.O. 1990, c. S.5., as am.

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00, ss. 4(b).

**IN THE MATTER OF
ONT. REG. 289/00 (THE REGULATION)
MADE UNDER THE BUSINESS CORPORATIONS ACT
(ONTARIO), R.S.O. 1990, c-B-16, AS AMENDED
(the OBCA)**

AND

**IN THE MATTER OF
MDC PARTNERS INC.**

**CONSENT
(Subsection 4(b) of the Regulation)**

UPON the application of MDC Partners Inc. (the "Applicant") to the Ontario Securities Commission (the "Commission") requesting the consent of the Commission to continue into another jurisdiction pursuant to subsection 4(b) of the Regulation;

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

AND UPON the Applicant having represented to the Commission that:

1. the Applicant proposes to make an application (the "Application for Continuance") to the Director under the OBCA pursuant to section 181 of the OBCA for authorization to continue under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (the "CBCA");
2. the Applicant is a reporting issuer within the meaning of the *Securities Act* (Ontario) (the "Act"), and a reporting issuer or its equivalent in British

Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland;

3. the Applicant is not in default of any requirements of the Act or the regulations or rules promulgated thereunder or the applicable securities legislation in any other jurisdiction;
4. the Applicant is an offering corporation under the provisions of the OBCA;
5. pursuant to clause 4(b) of the Regulation, where the corporation is an offering corporation, the Application for Continuance must be accompanied by the consent of the Commission;
6. the Applicant is a corporation existing under the OBCA by virtue of its Certificate of Amalgamation effective January 1, 2004;
7. the authorized capital of the Applicant consists of an unlimited number of Class A Subordinate Voting Shares, of which 19,884,339 were outstanding as at April 15, 2004, an unlimited number of Class B Shares of which 2,502 were outstanding as at April 15, 2004, and an unlimited number of non-voting Preference Shares, issuable in series, in an unlimited number of which 5,000 Series 1 Preference Shares, 700,000 Series 2 Preference Shares and an unlimited number of Series 3 Preference Shares have been designated, none of which are outstanding;
8. the Applicant's issued and outstanding Class A Subordinate Voting Shares are listed for trading on the Toronto Stock Exchange and the NASDAQ National Market;
9. the Applicant is not a party to any proceeding or to the best of its knowledge, information or belief, any pending proceeding under the Act;
10. the Applicant currently intends to continue to be a reporting issuer under the Act;
11. the Applicant's continuance under the provisions of the CBCA is to be approved at a special meeting of shareholders of the Applicant to be held on May 27, 2004;
12. the continuance is proposed to be made in order for the Applicant to conduct its business and affairs in accordance with the provisions of the CBCA; and

Other Information

13. the material rights, duties and obligations of a corporation existing under the CBCA are substantially similar to those of a corporation governed by the OBCA.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the CBCA.

May 13, 2004.

“Paul M. Moore”

“Wendell S. Wigle”

25.2 Exemptions

25.2.1 Mapleridge Management Inc. - s. 6.1 of OSC Rule 13-502

Headnote

Item E(1) of Appendix C of OSC Rule 13-502 Fees – exemption for pooled funds from paying an activity fee of \$5,500 in connection with an application brought under subsection 147 of the Act, provided an activity fee be paid on the basis that the application be treated as an application for other regulatory relief under item E(3) of Appendix C of the Rule.

Rules Cited

Ontario Securities Commission Rule 13-502, Fees, (2003) 26 OSCB 891.
Securities Act, R.S.O. 1990, c. S.5 as am., ss. 77(2) and ss. 78(1).
National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR), s. 2.1(1)1.

May 18, 2004

Torys LLP

Suite 3000
Maritime Life Tower
Box 270, TD Centre
Toronto, Ontario M5K 1N2

Attention: Karen A. Malatest

Dear Sirs/Mesdames:

**Re: Mapleridge Management Inc.
Application for Exemptive Relief under OSC
Rule 13-502 Fees (the “Rule” or “Rule 13-502”)
Application No. 04-517**

By letter dated May 17, 2004 (the “Application”), you applied on behalf of Mapleridge Management Inc. (“MMI”), the manager of certain limited partnerships listed in the Application (the “Existing Funds”) and other limited partnerships that are redeemable on demand or pooled funds managed by MMI or by Mapleridge Capital Corporation (“MCC”) from time to time (collectively with the Existing Funds, the “Funds”), to the Ontario Securities Commission (the “Commission”) under subsection 147 of the Securities Act Ontario (the “Act”) for relief from subsections 77(2) and 78(1) of the Act, which requires every mutual fund in Ontario to file interim and comparative annual financial statements (the “Financial Statements”) with the Commission.

By same date and cover, you additionally applied to the securities regulatory authority in Ontario (the “Decision Maker”) on behalf of MMI, the manager of the Existing Funds, for an exemption, pursuant to subsection 6.1 of Rule 13-502, from the requirement to pay an activity fee of \$5,500 in connection with the Application in accordance with item E(1) of Appendix C of the Rule, on the condition

that fees be paid on the basis that the Application be treated as an application for other regulatory relief under item E(3) of Appendix C of Rule 13-502, and from the requirement to pay an activity fee of \$1,500 in connection with the latter relief (the “Fees Exemption”).

Item E of Appendix C of Rule 13-502 specifies the activity fee applicable for applications for discretionary relief. Item E(1) specifies that applications under subsection 147 of the Act pay an activity fee of \$5,500, whereas item E(3) specifies that applications for other regulatory relief pay an activity fee of \$1,500.

From our review of the Application and other information communicated to staff, we understand the relevant facts and representations to be as follows:

1. MMI is a corporation existing under the laws of Ontario with its head office in Toronto, Ontario. MMI is the manager of the Existing Funds.
2. MCC is the investment advisor of the Existing Funds and will be the manager or investment advisor of any future Fund. MCC is registered with the Commission as a dealer in the category of limited market dealer, an adviser in the categories of investment counsel and portfolio manager and as a commodity trading manager.
3. The Existing Funds are limited partnerships that are redeemable on demand established under the laws of Ontario. The Existing Funds are not reporting issuers in any province or territory of Canada. Units of the Existing Funds are distributed in each of the provinces and territories of Canada without a prospectus pursuant to exemptions from the prospectus delivery requirements of applicable securities legislation.
4. The Existing Funds fit within the definition of “mutual fund in Ontario” in section 1(1) of the Act and are thus required to file Financial Statements with the Commission under subsections 77(2) and 78(1) of the Act.
5. Section 2.1(1)1 of National Instrument 13-101 - System for Electronic Document Analysis and Retrieval (SEDAR) (“Rule 13-101”) requires that every issuer required to file a document under securities legislation make its filing through SEDAR. The Financial Statements filed with the Commission thus become publicly available.
6. In the Application, MMI and the Funds have requested under subsection 147 of the Act relief from filing the Financial Statements with the Commission. The activity fee associated with the Application is \$5,500 in accordance with item E(1) of Appendix C of Rule 13-502.
7. If MMI and the Funds had, as an alternative to the Application, sought an exemption from the requirement to file the Financial Statements via

Other Information

SEDAR, the activity fee for that application would be \$1,500 in accordance with item E(3) of Appendix C of Rule 13-502.

8. If the Funds were reporting issuers seeking the same relief as requested in the Application, such relief could be sought under section 80 of the Act, rather than under subsection 147 of the Act, and the activity fee for that application would be \$1,500 in accordance with item E(3) of Appendix C of Rule 13-502.

Decision

This letter confirms that, based on the information provided in the Application, other communications to staff, and the facts and representations above, and for the purposes described in the Application, the Decision Maker hereby exempts MMI and the Funds from

- (i) paying an activity fee of \$5,500 in connection with the Application, provided that MMI and the Funds pay an activity fee on the basis that the Application be treated as an application for other regulatory relief under item E(3) of Appendix C to Rule 13-502, and
- (ii) paying an activity fee of \$1,500 in connection with the Fees Exemption application under item E(3) of Appendix C to Rule 13-502.

“Susan Silma”

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