The Ontario Securities Commission

OSC Bulletin

July 23, 2004

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

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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

JULY 23, 2004

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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- -

THE COMMISSIONERS

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Susan Wolburgh Jenah, Vice-Chair	—	SWJ
Paul K. Bates	—	PKB
Robert W. Davis, FCA	—	RWD
Harold P. Hands	—	HPH
Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q.C.	—	HLM
Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar	—	ST
Wendell S. Wigle, Q. C.	—	WSW

SCHEDULED OSC HEARINGS

DATE: TBA	**Ricardo Molinari, Ashley Cooper, Thomas Stevenson, Marshall Sone, Fred Elliott, Elliott Management Inc. and Amber Coast Resort Corporation** s. 127 E. Cole in attendance for Staff Panel: TBA
July 30, 2004 (on or about) 10:00 a.m.	**Mark E. Valentine** s. 127 A. Clark in attendance for Staff Panel: TBD
August 24, 2004 (on or about) 10:00 a.m.	**Brian Anderson and Flat Electronic Data Interchange ("F.E.D.I.")** s. 127 K. Daniels in attendance for Staff Panel: HLM/RLS
September 29, 2004 10:00 a.m. September 30, 2004 and October 1, 2004 2:00 p.m. October 4, 5, 13-15, 2004 10:00 a.m.	**Cornwall *et al*** s. 127 K. Manarin in attendance for Staff Panel: HLM/RWD/ST
October 18 to 22, 2004 October 27 to 29, 2004 November 2, 3, 5, 8, 10-12, 15, 17, 19, 2004 10:00 a.m.	**ATI Technologies Inc., Kwok Yuen Ho, Betty Ho, JoAnne Chang, David Stone, Mary de La Torre, Alan Rae and Sally Daub** s. 127 M. Britton in attendance for Staff Panel: PMM/MTM/PKB

January 24 to March 4, 2005, except Tuesdays and April 11 to May 13, 2005, except Tuesdays	**Philip Services Corp. *et al*** s. 127 K. Manarin in attendance for Staff Panel: PMM/RWD/ST
10:00 a.m.	
May 30, 2005, June 1, 2, 3, 6, 7, 8, 9 and 10, 2005 10:00 a.m.	**Buckingham Securities Corporation, David Bromberg*, Norman Frydrych, Lloyd Bruce and Miller Bernstein & Partners LLP (formerly known as Miller Bernstein & Partners)** s. 127 J. Superina in attendance for Staff Panel: TBD * David Bromberg settled April 20, 2004

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

Robert Walter Harris

Andrew Keith Lech

S. B. McLaughlin

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

1.1.2 TSX Market Making Reform - Notice of Commission Approval

THE TORONTO STOCK EXCHANGE INC. (TSX)

MARKET MAKING REFORM

NOTICE OF COMMISSION APPROVAL

On July 9, 2004, the Commission approved amendments to the rules and policies of the TSX to implement reforms to the TSX's market making system. The amendments were published for comment on January 10, 2003, at (2003) 26 OSCB 154. Some changes have been made to the amendments since the publication for comment. The amendments are published in Chapter 13 of this Bulletin, along with a summary of comments received and responses from the TSX. The amendments have been blacklined to indicate the changes from the version published on January 10, 2003. The amendments will be effective as of July 23, 2004.

1.1.3 CSA Staff Notice 33-311 List of Canadian Registrant and Non-Registrant Firms that Completed the CSA STP Readiness Assessment Survey

CSA STAFF NOTICE 33-311

LIST OF CANADIAN REGISTRANT AND NON-REGISTRANT FIRMS THAT COMPLETED THE CSA STP READINESS ASSESSMENT SURVEY

The Canadian Securities Administrators (CSA), a council of the 13 securities regulators of Canada's provinces and territories, believe that straight-through processing (STP) is an extremely important initiative. The CSA provided a second STP Readiness Assessment Survey (Survey) to Canadian registrant and non-registrant firms (Firms) to assess the preparedness of the industry in Canada for STP.

The Survey was available online from **June 14 to July 12, 2004**. The CSA asked investment dealers; mutual fund dealers; investment counsels and/or portfolio managers; limited market dealers; mutual fund managers; discount brokers (Quebec registrant category); and unrestricted brokers (Quebec registrant category) to complete the Survey. We have received 532 responses. The CSA is now in the process of tabulating the results and will publish the aggregate results of the Survey in the fall.

Below is a list of Canadian Firms who have taken the time to complete the voluntary Survey.

ABN AMRO Asset Management Canada Limited
ABN AMRO Capital Markets Canada Limited
Acadian Securities Inc.
Access Capital Corp.
Accilent Capital Management Inc.
Ackber Financial Corporation
Acker Finley Asset Management Inc.
Acker Finley Inc.
Acuity Funs Ltd.
Acuity Investment Management Inc.
Addenda Capital Inc.
Adroit Group Ltd.
Adroit Investment Management Ltd.
Aegis Corporate Financial Services Limited
AEGON Capital Management Inc.
Aegon Services aux courtiers Canada inc.
Aequanimitas Inc.
AGF Funds Inc.
AGF Securities (Canada) Limited
Agilerus Investment Management Limited
AIG Global Investment Corp. (Canada)
AIM Funds Management Inc.
Alan W. McFarlane Associates
Alexander Gluskin Investments Inc.
Alexander Hagan Inc.
Alliance Capital Management Canada, Inc.
Allianz Education Funds, Inc.
Allied Corporate Services Inc.
ALT Capital Markets Inc.
Altamira Investment Services Inc.
Ambrose Investment Counsel Ltd.
Ameritrade Canada, Inc.
AMI Partners Inc.
ARC Financial Corporation
Argosy Securities Inc.
ARX Capital Inc.
Ashford Capital Canada Inc.
Assante Asset Management Ltd.
Aurion Capital Management Inc.
Avantages, Services Financiers Inc.
Avanti Securities Corporation
Aviva Investment Canada Inc.
AXA Financial Services Inc.
Baker Gilmore & Associés Inc.
Banwell Financial Inc.
Barrantagh Investment Management Inc.
Beacon Securities Ltd.
Beutel Goodman Managed Funds Inc.
Beutel, Goodman & Company Ltd.
Bick Financial Security Corporation
Bieber Securities Inc.
Bimcor Inc.
BLC - Edmond de Rothschild Gestion d'Actifs Inc.
Bloomberg Tradebook Canada Company
Blueprint Investment Corp.
Bluestone Financial Corporation
Bluewater Investment Management Inc.
BluMont Capital Corporation
BMO Harris Investment Management Inc.
BMO Investments Inc.
BMO InvestorLine Inc.
BMO Nesbitt Burns Inc.
BonaVista Asset Management Ltd.
Borealis Securities Inc.
Botica Capital Management Inc.
Boucher & Company Inc.
Bradley Leonard Jones
Brompton Capital Advisors
Brownstone Investment Planning Inc.
Burgundy Asset Management Ltd.
Bush Associés Ltée
Byron Securities Limited
C Morgan Investment Counseling
C.F.G. Heward Investment Management Ltd.
C.P.M.S. Computerized Portfolio Management Services Inc.
Caldwell Investment Management Limited
Caldwell Securities Ltd.
Cambridge Corporate Development Inc.
Campbell & Lee Investment Management Inc.
Campbell Valuation Partners Limited
Canaccord Capital Corporation
CanDeal Inc.
Candor Financial Group Inc.
Canfin Financial Group
Canso Investment Counsel, Ltd.
CAP Investment Management Inc.
Capital Access Corporation
Capital Alliance Ventures Inc.
Capital Canada Limited
Capital Genoa Inc.
Capital International Asset Management (Canada), Inc.
Capstone Consultants Ltd.

Casgrain & Compagnie Limitée
Cassels Investment Management Inc.
Castellum Capital Management Inc.
CBID Markets Inc.
CBID Brokerage Services Inc.
CDP Capital Inc.
Centurion Investment Advisors Inc.
Certus Wealth Management Inc.
CFI Leasing Limited
CFI Trust
Chinook Agri Marketing Inc.
Chou Associates Management Inc.
CI Mutual Funds Inc.
CIBC Asset Management Inc.
CIBC Investor Services Inc.
CIBC Wealth Management Inc.
CIBC World Markets Inc.
CIT Group Securities (Canada) Inc.
Citigroup Global Markets Canada Inc.
Clarica Investco Inc.
ClaringtonFunds Inc.
Clarus Securities Inc.
CMS Investment Resources (Canada) Inc.
Coast Capital Savings
Cockfield Porretti Cunningham Investment Counsel
Coleford Investment Management Ltd.
Commodity Management Inc.
Commonfund Canada Inc.
Compagnie Valeurs Mobilières Transatlantiques Limitée
Connor, Clark & Lunn Arrowstreet Capital Ltd.
Connor, Clark & Lunn Capital Markets
Connor, Clark & Lunn Financial Group
Connor, Clark & Lunn Private Capital Management
Conseillers en Placements Kerr Inc. (Les)
Conseillers en Valeurs Visavis Inc.
Co-operators Investment Counselling Limited
Corporation NBF Valeurs Mobilières (USA)
Cougar Global Investments Limited Partnership
Courtage α escompte Banque Nationale Inc.
Covenant Financial Inc.
Covington Capital Corporation
Coxswain Row Capital Corporation
CR Advisors Corporation
Craig & Taylor Financial Services Inc.
Crane Capital Associates (Canada) Inc.
Cranston, Gaskin, O'Reilly & Vernon
Credifinance Securities Limited
Creststreet Asset Management Limited
Crosbie & Company Inc.
Crosbie Capital Management Inc.
Crystal Wealth Management System Ltd.
Cundill Investment Research Ltd.
D.W. Good Investment Co. Ltd.
Dacks Money Management Inc.
Danzinger & Hochman
Davis-Rea Ltd.
Deans Knight Capital Management Ltd.
Delmar Investments Inc.
Deloitte & Touche LLP
DeltaOne Asset Management Corporation
Demers Conseil Inc.
DePutter Publishing Ltd.
DG Walkow, Investment Counsel Inc.
DNL Money Management Ltd.
Dorchester Investment Management
Douglas Capital Inc.
Drake Goodwin & Co. Canada Limited
Dubeau Capital & Compagnie Ltée
Dundee Private Investors Inc.
Dundee Securities Corporation
E.M. Smithies & Associates Investment Management Inc.
e3m Investments Inc.
Elmwood Capital Inc.
Elysium Wealth Management Inc.
Emerging Equities Inc.
Enterprise Capital Management Inc.
Epic Capital Management Inc.
Equilife Investment Management Inc.
Equitable Life of Canada
Equity Associates Inc.
Ernst & Young Corporate Finance Inc.
ETS Equities Trading Services Inc.
Evangeline Securities Limited
Everest Financial Planning Inc.
Exceder Investment Management Inc.
Excel Financial Growth Inc.
F.W. Thompson Co. Limited
FactorCorp
Fairlane Asset Management Ltd.
Fidelity Investments
Fiducie Desjardins Inc.
Fiera Capital inc.
Fimat Produits Dérivés Canada Inc.
Financière Banque Nationale Inc.
First Affiliated Holdings Inc.
First Asset Brokerage Corporation
First Asset Investment Management Inc.
First Asset Management Inc.
First Associates Investments Inc.
First Canadian Property Investments Ltd.
First Defined Portfolio Management Co.
First Financial Securities Inc.
First Leaside Finance Inc.
First Leaside Securities Inc.
First Nations Equity Inc.
First Ontario Management Ltd.
Fonds des professionnels Fonds d'investissement inc.
Foresters Securities (Canada) Inc.
Foyston, Gordon & Payne Inc.
Franklin Templeton Investment Corp.
Freedom International Brokerage Company
Friedberg Mecantile Group
Front Street Investment Management Inc.
Fruchet Asset Management
Full Cycle Energy Investment Management Ltd.
FundEX Investments Inc.
Fusion Capital Partners Inc.
Gary Bean Securities Ltd.
Genus Capital Management Inc.
Gestion d'Actif Structurée Inc.
Gestion d'Actifs MGP Media Inc.
Gestion de Placements du Groupe Investors (Québec) Ltée
Gestion de Placements Eterna Inc.
Gestion de Placements Holdun Inc.
Gestion de Placements Innocap Inc.
Gestion de Placements Norshield (Canada) Ltée

Gestion de Portefeuille Natcan Inc.
Gestion J.C. Dorval Inc.
Gestion Monan Inc.
Gestion Palos Inc.
Gestion Privée Diamant Inc.
Gestion Universitas inc.
GIC Financial Services
Giraffe Capital Corporation
Giverny Capital Inc.
Global Capital Partners Inc.
Global Securities Corporation
GMP Securities Ltd.
GMPD Consulting Inc.
Goldman Sachs Canada Inc.
Goodreid Investment Counsel Corp.
Goodman & Company, Investment Counsel Ltd.
Goodman & Company, Dealer Services Inc.
Goodwood Inc.
Granite Associates Ltd.
Grosvenor Park Securities Inc.
Groundlayer Capital Inc.
Groupe Option Retraite Inc. (Le)
GrowthQuest Capital Inc.
GTS Securities
Guardian Capital Advisors Inc.
Guardian Capital Inc.
Guardian Group of Funds Ltd.
Gundy Inc.
GWL Investment Management Ltd.
GWP Wealth Management Inc.
H&H Securities Limited
Hanover Private Client Corporation
Harrar Capital Partners Inc.
Harrington Lane Financial Corp.
Hartford Investments Canada Corp.
Haywood Securities Inc.
Heathbridge Graham Inc.
Hemisphere Capital Management
Hendrickson Financial Inc.
Hesperian Capital Management Ltd.
Heward MacNicol Asset Management Inc.
Highbridge Financial Advisors, Inc.
Highstreet Asset Management Inc.
Hill & Crawford Investment Management Group Ltd.
Hillsdale Investment Management Inc.
Howell Investment Management Inc.
Hugues Ouimet + Associates Inc.
Hutton Investment Counsel Inc.
IBK Capital Corp.
Imperial Capital Corporation
Independent Accountants' Investment Counsel Inc.
Independent Accountants' Investment Group Inc.
Independent Planning Group Inc.
Industrial Alliance Mutual Funds
ING Wealth Management Inc.
Instinet Canada Limited
Institutional Capital
Integra Capital
Integra Capital Management Corporation
Integrated Investment Management Inc.
Integrated Managed Futures Corporation
Inverlochy Capital
Inverlochy Capital (William Glen Morrison, sole proprietor)
Investia services financiers inc.
Investissements Excel inc.
Investment Financial Group Inc.
IOCT Financial Inc.
IPC Investment Corporation
IPC Portfolio Management Ltd.
IQON Financial Inc.
ITG Canada Corp.
J C Hood Investment Counsel Inc.
J. Zechner Associates, Inc.
J.F. Mackie & Company
J.R. Senecal & Associates Investment Counsel Corp.
Jarislowsky, Fraser Limitée
JDM Financial Ltd.
Jeffrey D. Stacey & Associates Ltd.
JenKriMar Investments Corporation
Jeremiah Properties Inc.
John S. Keenlyside & Co. Ltd.
John To Financial Services Limited
Jones Collombin Investment Counsel Inc.
Jones Heward Investment Counsel
Jones, Gable & Company Limited
Jory Capital Inc.
Juniper Fund Management Corp.
JVK Life & Wealth Advisory Group Inc.
K J Harrison & Partners Inc.
K2 & Associates Investment Management Inc.
KBSH Capital Management Inc.
Kensington Investment Management Inc.
Kernaghan Securities Ltd.
Kingsdale Capital Markets Inc.
KingsGate Securities Limited
Latitude Partners Securities Inc.
Lawrence Decter Investment Counsel Inc.
Lee, Turner & Associates Inc.
Leesh Investments Inc.
Leith Wheeler Investment Counsel Ltd.
Leon Frazer & Associates Inc.
Les Fonds d'investissement FMOQ inc.
Les services financiers Planifax inc.
Les services financiers Teraxis inc.
Lighthouse Private Client
Lightyear Capital Inc.
Lincluden Management Ltd.
Lincluden Mutual Fund Dealer Inc.
Loewen & Partners Corporate Services Inc.
M. Hershberg Capital Limited
MacDougall, MacDougall & MacTier Inc.
Manitou Investment Management Ltd.
Manulife Securities International, Ltd.
Maple Futures Corp.
Maple Securities Canada Limited
Marathon Capital Advisors Inc.
Marquest Investment Counsel Inc.
Marsh Canada Securities Ltd.
Martin, Lucas & Seagram Ltd.
Mawer Investment Management Ltd.
Maxima Investment Management Ltd.
MCA Valeurs Mobilières Inc.
MCAP Securities Inc.
McFarlane Gordon Inc.
McKenna Gale Securities Inc.
McLean & Partners Wealth Management

McLean Asset Management Ltd.
McLean Budden Limited
McLean Financial Management Inc.
MD Funds Management Limited
MD Management Limited
MD Private Investment Management Inc.
MDS Capital Management Corporation
Medallion Capital Corp.
Mellon Asset Management, Limited
Meridian Global Investors Inc.
Merrill Lynch Canada Inc.
MFC Global Investment Management
Middlefield Group
Milford Capital Management Inc.
Mirabaud Canada Inc.
Mitchell, Jenner & Associates Inc.
Mondiale Asset Management Ltd.
Moneystrat Securities Inc.
Morgan Bay Capital Inc.
Morgan Meighen & Associates Limited
Morguard Financial Corp.
MRS
MRS Trust
Multi Courtage Capital inc.
Mulvihill Capital Management Inc.
Mulvihill Fund Services Inc.
N.D. Moffat Investment Management Ltd.
NAPG Equities Inc.
Navigator Capital Management Inc.
NB Securities Ltd.
NBCN
NBCN Compensation
Networth Financial Corp.
Newport Investment Counsel Inc.
Newport Securities Inc.
Nigel Stephens Counsel Inc.
Nomura Canada Inc.
Norstar Securities International Inc.
Northbrook Financial Group Inc.
Northern Securities Inc.
Northwater Capital Management Inc.
Northwest Mutual Funds Inc.
Nova Bancorp Securities Ltd.
NT Global Advisors, Inc.
O.P.M. Ventures Inc.
Octagon Capital Corporation
Odlum Brown Limited
O'Donnell Asset Management Corp.
Optimum Gestion de Placements Inc.
Optimum placements inc.
Opus 2 Financial Inc.
Opus 2 Securities Inc.
OTG Financial Inc.
Pacific International Securities Inc.
Paradigm Capital Inc.
PARC Capital Management Limited
Partenaires financiers Majesta inc./Majesta financial partners inc.
PCJ Investment Counsel Ltd.
PEAK Financial Group
PEAK Investment Services Inc.
PEAK Securities Inc.
Peregrine Investment Management Inc.
PFSL Investments Canada Ltd.
Pinnacle Merchant Capital Ltd.
Planmar Financial Corp.
Planning Circle Financial Group Inc.
Plum Hollow Investments Inc.
Polar Securities Inc.
Polysecurities Inc.
Pope & Company
Portfolio Strategies Corp.
Portus Alternative Asset Management
Prime Quadrant LP
Private Capital Markets Corp.
Priveq Capital Funds
Professional Investments (Kingston) Inc.
Proxima Capital Management Limited
QFS Financial Services Ltd.
Quadravest Capital Management Inc.
Queensbury Securities Inc.
Questrade Inc.
QVGD Investors Inc.
R.A.Floyd Capital Management Inc.
R.E.G.A.R. Gestion Privée Inc.
R.G. Shoniker & Associates Inc.
R.M. Venditti Investment Management
Rattenbury Financial Management Inc.
Raymond James Ltd.
RBC Asset Management Inc.
RBC Dominion Securities Inc.
Red Barn Capital
Refco Futures (Canada) Ltd.
Renaissance Capital Inc.
Resolution Capital Inc.
Richardson Partners Financial Ltd.
Rimcon Inc.
Robert Evans Investment Councel Limited
Rockvale Capital Management Inc.
Rogan Investment Management
Rogers Group Investment Advisors Ltd.
Rosseau Asset Management Ltd.
Royal Mutual Funds Inc.
Salman Partners Inc.
Sanders Wealth Management Group Inc.
Savoy Capital Management Ltd.
Sayer Securities Limited
Scarthingmoor Asset Management Inc.
Sceptre Investment Counsel Limited
Sceptre Mutual Fund Dealer Inc.
Scheer, Rowlett & Associates Investment Mgmt Ltd.
Scotia Cassels Investment Counsel Limited
Scotia Securities Inc.
Scotiabank/Scotia Capital Inc.
Security Financial Services & Investment Corp.
Secutor Capital Management Corporation
SEI Investments Canada Company
Sentry Select Capital Corp.
Services Financiers L'Écu D'Or (9118-9795 Québec inc.)
Services Financiers Penson Canada Inc.
Shah Financial Planning Inc.
Shaunessy & Company Ltd.
Shorcan Brokers Limited
Silvercreek Management Inc.
Sinclair-Cockburn Financial Services, Inc.
Sionna Investment Managers Inc.

Slabe Inc.
SLF Capital Markets Inc.
Sogeplan Ltée
Sprott Asset Management Inc.
Sprott Securities Inc.
Sprucegrove Investment Management Ltd.
Standard Life Assurance Company
Standard Life Investments Inc.
Stonebridge Financial Corporation
Stonebrooke Asset Management Inc.
Strategic Advisors Corp.
Strategic Capital Partners Inc.
Strathy Investments Ltd.
Structured Capital Inc.
Successful Investor Wealth Management Inc.
Swift-Trade Inc.
Synergy Asset Management Inc.
Synergy Services Corporation
T.E. Investment Counsel
T.H.A. Bodnar & Co. Investment Management Ltd.
Taggart Galt Capital Inc.
TD Asset Management (TDAM)
TD Investment Services Inc
TD Securities Inc.
TD Waterhouse
TechCapital and Stone Road Investment Management Inc.
TEN STAR Financial Inc.
Tera Capital Corporation
The Independent Order of Foresters
The Investment Shop Inc.
Thornmark Asset Management Inc.
Tradex Management Inc.
Treasury and Investment Management Advisors
Tremont Investment Management, Inc.
Triax Capital Corporation
Trilon Securities Corporation
Trust Bank Nationale (NB Trust)
Trust Lombard Odier Darier Hentsch inc.
Tullett Liberty Limited
Turtle Creek Asset Management Inc.
UBS Bank Canada
UBS Global Asset Management
UBS Securities (Canada) Inc.
UBS Trust (Canada)
Valeurs Mobilières Banque Laurentienne Inc.
Valeurs Mobilières Desjardins Inc.
Valeurs Mobilières Everest inc.
Value Investment Planning Centre Inc.
Value Sciences Inc.
Venturelink Advisors Inc.
Veracity Capital Inc.
Verity Investment Counsel Inc.
Viking Capital Corp.
W.D. Latimer Co. Limited
Waterous Securities Inc.
Watt Carmichael Inc.
Wellington West Capital Inc.
Westwind Partners Inc.
Wickham Investment Counsel Inc.
Windcroft Financial Counsel Limited
Wirth Associates Inc.
Wolfcrest Capital Advisors Inc.
YMG Capital Management Inc.

For more information on the STP initiative, please visit the OSC website at www.osc.gov.on.ca and the Canadian Capital Markets Association (CCMA) website at www.ccma-acmc.ca.

For further information regarding the STP Survey, please contact:

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July 23, 2004.

1.3 News Releases

1.3.1 In the Matter of W. Jefferson T. Banfield

FOR IMMEDIATE RELEASE
July 15, 2004

IN THE MATTER OF
W. JEFFERSON T. BANFIELD

TORONTO – On July 14, 2004, a Notice of Hearing and Statement of Allegations was issued pursuant to s. 127 of the Ontario *Securities Act* in respect of the conduct of W. Jefferson T. Banfield. The hearing is to be held on Thursday August 19, 2004 at 11:00 a.m. at 20 Queen Street West, 17th floor, Toronto, Ontario, at which time it is anticipated that the Commission will consider whether to approve a settlement agreement entered into between Staff of the Commission and Banfield.

As set out in Staff's allegations, Banfield was a formerly the trading and advising officer of Banfield Capital Management Inc. (Banfield Capital), and he has not been registered in any capacity under Ontario securities law since December 2001. Staff's allegations concern, among other things, secondary market trading (short sales) by Banfield on behalf of the BCM Arbitrage Fund in shares of an issuer, at a time subsequent to Banfield Capital being solicited to invest in a special warrants offering on behalf of the fund, and prior to general disclosure of the offering, contrary to the prohibition against unlawful insider trading contained in section 76(1) of the Act.

Copies of the Notice of Hearing and Statement of Allegations are available on the OSC website.

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416-593-8314
1-877-785-1555 (Toll Free)

1.3.2 OSC Acts to Improve Scholarship Plan Dealers' Business Practices

FOR IMMEDIATE RELEASE
July 15, 2004

OSC ACTS TO IMPROVE SCHOLARSHIP PLAN DEALERS' BUSINESS PRACTICES

TORONTO – The Ontario Securities Commission (OSC) issued an industry report today on scholarship plan dealer firms' business practices based on a national compliance review of the industry and a focussed follow-up compliance review conducted by OSC staff. This report documents a number of deficiencies in areas such as business practices, sales practices and disclosure practices. As well, it provides suggested practices for each deficiency identified, including requirements under existing legislation and recommended best practices. The report is intended to provide guidance to scholarship plan dealers in complying with Ontario securities law.

In addition to issuing the report, the OSC is examining potential new rules to govern the scholarship plan industry and has updated an informational brochure for consumers titled "Saving for Your Child's Education".

As a result of the deficiencies found, the OSC has issued terms and conditions on certain scholarship plan dealers which will remain in force until the noted deficiencies are corrected. Three firms are subject to the following terms and conditions:

- The firms will file written progress reports with the OSC setting out in detail their progress in correcting deficiencies identified in compliance reviews of their practices; and
- The progress reports will be filed by specific deadlines, with progress reports continuing to be filed until all deficiencies are resolved to the OSC's satisfaction.

Two firms are also subject to the following terms and conditions, in addition to those listed above:

- The firms cannot register new salespeople;
- The firms will not use any business names or trade names which the firms have not identified to the OSC;
- The firms will not establish any new branches or sub branches; and
- The firms will not operate out of any business location unless the firms have provided notice of the location to the OSC.

In many cases, the deficiencies identified in the national compliance review had been previously brought to the attention of the dealers by other regulators and had not been corrected. For example, the Alberta Securities

Commission conducted reviews of scholarship plan dealers and issued an industry report on common deficiencies in October 2002. Many of the deficiencies outlined in that report were still prevalent during the 2003 national compliance review, indicating that the industry had still not taken appropriate action to remedy these concerns.

"Through a combination of specific terms and conditions on the registration of scholarship plan dealers, that we will be monitoring very closely, and the release of a report giving the industry guidance on how to comply with their regulatory requirements, we are hoping to eliminate the weaknesses we have identified and better protect people who invest in these products," said Marrianne Bridge, Manager of Compliance, OSC. "We will monitor developments in this industry closely, and complement our actions with renewed investor education initiatives. We are also considering issuing new rules to better regulate the industry, and we do not rule out enforcement action if compliance is not swiftly and thoroughly improved."

The specific terms and conditions, as well as the Industry Report on Scholarship Plan Dealers are available on the OSC's web site (**www.osc.gov.on.ca**). More information on Registered Education Savings Plans, which some scholarship plan dealers offer, including the revised brochure "Saving for Your Child's Education", is available from the OSC at www.investorEd.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)

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Badger Daylighting Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuer deemed to be no longer a reporting issuer under securities legislation (for MRRS Decisions).

Applicable Ontario Statutory Provisions

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

June 15, 2004

Shea Nerland Calnan
1900, 715 – 5th Avenue S.W.
Calgary, AB T2P 2X6

Attention: Mr. Joe Brennan

Dear Sir:

Re: Badger Daylighting Inc. (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Ontario and Quebec (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that,

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

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

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

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

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

"Patricia M. Johnston"

2.1.2 BW Technologies Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuer deemed to be no longer a reporting issuer under securities legislation (for MRRS Decisions).

Applicable Ontario Statutory Provisions

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

July 8, 2004

Stikeman Elliott LLP
4300 Bankers Hall West
888 – 3rd Street S.W.
Calgary, AB T2P 5C5

Attention: Leland P. Corbett

Dear Mr. Corbett:

Re: BW Technologies Ltd. (Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta and Ontario (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that,

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

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

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

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

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

"Patricia M. Johnston"

2.1.3 Desjardins Financial Corporation Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuer deemed to be no longer a reporting issuer under securities legislation (for MRRS Decisions).

Applicable Ontario Statutory Provisions

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

June 30, 2004

Desjardins Financial Corporation Inc.
c/o: **Fasken Martineau Dumoulin LLP**
The Stock Exchange Tower
Suite 3400, P.O. Box 242
800 Square Victoria
Montreal, Québec
H4Z 1E9

Attention: Mr. Louis H. Séguin, counsel

Re: Desjardins Financial Corporation Inc. (the "Applicant") – Application to cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, Newfoundland & Labrador (the "Jurisdictions")

Dear Sir,

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.

"Stéphanie Lachance"

2.1.4 MAAX Inc. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

July 13, 2004

MAAX Inc.
640 Cameron Road
Sainte-Marie-de-Beauce (Québec)
G6E 1B2

Attention: Mr James C. Rhee

Re : MAAX Inc. (a company resulting from the amalgamation of 9139-4460 Québec Inc., 9139-7158 Québec Inc. with MAAX Inc.) (the "Applicant") –
Application to cease to be a reporting issuer under the securities legislation of the provinces of Alberta, Saskatchewan, Manitoba, Ontario and Québec (the "Jurisdictions")

Dear Mr. Rhee:

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

As the Applicant has represented to the Decision Makers that:

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

2. No securities of the Applicant are traded on a market place as defined in National Instrument 21-102 – *Market Place Operation*;

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

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

each of the Decision Makers is satisfied that the test contained in the Legislation that provide the Decision

Makers with the Jurisdictions to make the decision have been met and orders that the Applicant is deemed to have ceased to be a reporting issuer.

"Eve Poirier"

2.1.5 The Nu-Gro Corporation - 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., s. 83.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND QUÉBEC

AND

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

AND

IN THE MATTER OF
THE NU-GRO CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario and Quebec (together, the "Jurisdictions") has received an application from The Nu-Gro Corporation (the "Corporation") for a decision pursuant to the securities legislation of each of the Jurisdictions (the "Legislation") that the Corporation be deemed to have ceased to be a reporting issuer under the Legislation;

AND WHEREAS pursuant to National Policy 12-201 - *Mutual Reliance Review System for Exemptive Relief Applications* (the "MRRS") the Ontario Securities Commission is the principal regulator for this application;

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

1. The Corporation was incorporated under the *Business Corporations Act (Ontario)* (the "OBCA"). On May 21, 2004, the Corporation was continued under the *Companies Act* (Nova Scotia). The Corporation's head office is located at 10 Craig Street, Brantford, Ontario N3R 7J1.

2. The Corporation is a reporting issuer under the Legislation in each of the Jurisdictions and in British Columbia.

3. The Corporation has filed a notice under BC Instrument 11-502 to voluntarily surrender its reporting issuer status in British Columbia.

4. On March 1, 2004, the Corporation, Jupiter Acquisition Corporation and United Industries

Corporation entered into an arrangement agreement pursuant to which The Nu-Gro Corporation agreed to propose to its shareholders a statutory plan of arrangement under section 182 of the OBCA whereby Jupiter would acquire all of the common shares of the Corporation for $11.00 in cash per share (the "Arrangement").

5. The Arrangement was completed on April 30, 2004.

6. As a result of the Arrangement, the Corporation is now a direct wholly-owned subsidiary of 3087763 Nova Scotia Company and an indirect wholly-owned subsidiary of United.

7. The authorized share capital of the Corporation consists of 100,000,000 common shares without nominal or par value and 100,000,000 preferred shares, issuable in series, of which 100 common shares were issued and outstanding as of June 1, 2004.

8. The Corporation has no other securities, including debt securities, outstanding.

9. No securities of the Corporation are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

10. The Corporation has no plans to seek public financing by offering its securities in Canada.

11. The Corporation is applying for relief to cease to be a reporting issuer in all of the Jurisdictions in which it is currently a reporting issuer.

12. The Corporation is in technical default of its obligation to file and deliver its interim financial statements for the three-month period ended March 31, 2004 but is not otherwise in default of any obligations under the Legislation as a reporting issuer.

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

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides each 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 Corporation is deemed to have ceased to be a reporting issuer under the Legislation.

July 13, 2004.

"Wendell S. Wigle" "H. Lorne Morphy"

2.1.6 TELUS Communications (Québec) 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., s. 83.

July 13, 2004

TELUS Communications (Québec) Inc.
C/o Ogilvy Renault
1981 McGill College Avenue, Suite 1100
Montréal (Québec)
H3A 3C2

Attention : Ms Dominique Fortin

RE: TELUS Communications (Québec) Inc. (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland & Labrador (collectively, the "Jurisdictions")

Dear Madam:

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.

"Eve Poirier"

2.1.7 I.G. Investment Management Ltd. - 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
I.G. INVESTMENT MANAGEMENT, LTD.
(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 regular investment plan, including pre-authorized contribution plans, 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 Manitoba 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. The Funds currently managed by the Manager are not in default of any requirement of the Legislation.

(b) The Manager is a corporation incorporated under the laws of Canada with its head office in Manitoba, and is registered as an investment counsel and portfolio manager (or the equivalent registration) in both Ontario and Manitoba.

(c) Les Services Investors Limitée or an affiliated successor in Québec, and Investors Group Financial Services Inc. or an affiliated successor in all the other Jurisdictions are, or will be, a distributor of the Funds (the "Distributors"). The Distributors are registered, respectively, in Quebec and in the other Jurisdictions, as Mutual Fund Dealers or the equivalent registration.

(d) The Manager and the Distributors are related entities, each being wholly owned directly or indirectly by Investors Group Inc.

(e) 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 offered through a Distributor.

(f) 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. 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 and the additional investments will not be made on the next scheduled investment date.

(g) 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.

(h) 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.

(i) Pursuant to the Legislation, an agreement referred to in paragraph (h) is not binding on the purchaser if the 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.

(j) 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.

(k) In order to ensure that they have been complying with the Legislation, a Distributor not acting as an agent for the applicable investor is required to mail or deliver to all Participants who purchase securities of Funds pursuant to an Investment Plan the simplified prospectus of the applicable Funds at the time the investor enters into the Investment Plan and annually following the time a new prospectus (a "**Renewal Prospectus**") is filed pursuant to the Legislation.

(l) 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.

(m) Securityholders of the Funds who are Participants would be sent a notice (the "**Notice**") advising them of the terms of the relief and that Participants will not receive any Renewal Prospectus of the applicable Funds, unless they request it. The Notice will include a request form (the "**Request Form**") to send back, by fax or prepaid mail, if they wish to receive the Renewal Prospectus.

(n) The Notice will advise Participants that the Renewal Prospectus and any amendments thereto may be found either on the SEDAR website or on the applicable Fund's website. The Notice will also advise Participants 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. The Notice will advise Participants that they will not have a right to withdraw (a "**Withdrawal Right**") from an agreement of purchase and sale in respect of purchases 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 that they will continue to have the right to terminate the Investment Plan at any time before a scheduled investment date.

(o) Future investors who choose to become Participants and invest in any Funds in respect of which this relief applies will be advised 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. They will also be advised that a Renewal Prospectus and any amendments thereto may be found either on the SEDAR website or on the Fund's website. Future Participants will also be advised 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 they will have the right to terminate the Investment Plan at any time before a scheduled investment date.

(p) Participants will also be advised annually in writing (in the 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 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 (m) above containing the information described in paragraph (n) above together with the Request Form referred to in paragraph (m) above;

(ii) under the terms of the Investment Plan, a Participant can terminate participation in the Investment Plan at any time prior to a scheduled investment date;

(iii) Participants are advised annually in writing (in the 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 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 (o) above;

(ii) under the terms of the Investment Plan, a Participant can terminate participation in the Investment Plan at any time prior to a scheduled investment date;

(iii) Participants are advised annually in writing (in the 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.

July 12, 2004.

"Chris Besko"

2.1.8 Manulife Financial Corporation and The Manufacturers Life Insurance Company - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief granted to certain vice presidents of a reporting issuer from the insider reporting requirements subject to certain conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 107, 108, 121(2)(a)(ii).

Regulations Cited

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

Rules Cited

National Instrument 55-101 - Exemption From Certain Insider Reporting Requirements.

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

AND

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

AND

IN THE MATTER OF
MANULIFE FINANCIAL CORPORATION AND
THE MANUFACTURERS LIFE INSURANCE COMPANY

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador (collectively the "Jurisdictions") has received an application from Manulife Financial Corporation ("MFC") and The Manufacturers Life Insurance Company ("MLI") (MFC and MLI collectively referred to as "Manulife" or the "Manulife Applicants") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to file insider reports shall not apply to certain individuals who are insiders of the Manulife Applicants by reason of having the title of Vice-President;

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 Manulife Applicants have represented to the Decision Makers that:

1. MFC is a life insurance company governed by the *Insurance Companies Act* (Canada). MLI is a wholly-owned subsidiary of MFC and is a life insurance company governed by the *Insurance Companies Act* (Canada).

2. MFC is a reporting issuer, or the equivalent, as applicable, in each province and territory of Canada. To the best of its knowledge, information and belief, MFC is not in default of its reporting requirements under the Legislation. MLI is a reporting issuer, or the equivalent, as applicable, in each province and territory of Canada. To the best of its knowledge, information and belief, MLI is not in default of its reporting requirements under the Legislation.

3. All of the directors and officers of MFC are also directors and officers of MLI. Currently, 204 individuals are insiders of the Manulife Applicants by reason of being a senior officer or director of the Manulife Applicants or a major subsidiary of the Manulife Applicants and are not otherwise exempt from the insider reporting requirements of the Legislation by reason of existing orders and/or the exemptions contained in National Instrument 55-101 *Exemption from certain Insider Reporting Requirements* ("NI 55-101").

4. The Manulife Applicants have made this application to seek the requested relief in respect of approximately 134 individuals, who, in the opinion of the Manulife's Corporate Law Department, satisfy the Exempt VP Criteria (as defined below).

5. Manulife has trading restrictions in place for all directors and employees in the Manulife group of companies to ensure that such persons are aware that: (a) they are not permitted to buy or sell MFC securities when they have material information about MFC that has not been released to the general public; and (b) they are not permitted to disclose to anyone, inadvertently or intentionally, material information about MFC that has not been released to the general public, except to other employees on a need-to-know basis.

6. Manulife has additional trading restrictions in place for senior officers as well as certain other employees who may receive or have access to non-public material information about the Manulife Applicants. Manulife developed these additional restrictions to ensure that its directors, senior officers and other employees are aware of their responsibilities under the Legislation and to assist them in complying with the Legislation.

7. The additional restrictions require that trades in MFC securities may occur only during certain time frames following the announcement of MFC's financial results. These additional restrictions will continue to apply to any individual who is exempted from the insider reporting requirements by the Decision Makers.

8. Designated staff in Manulife's Corporate Law Department oversee administration of Manulife's trading restrictions for directors, senior officers and other employees.

9. Designated staff in Manulife's Corporate Law Department, in consultation with certain officers with a policy-making function, reviewed: (a) the organizational structure of Manulife and its major subsidiaries; (b) the function of each vice-president; and (c) the distribution of non-public material information about Manulife through each of its business groups and assessed whether non-public material information about Manulife was provided to a particular vice-president function in the ordinary course based on criteria contained in Canadian Securities Administrators Staff Notice 55-306 *Applications for Relief from the Insider Reporting Requirements by Certain Vice Presidents* (the "Staff Notice').

10. The Manulife Applicants have made this application to seek relief from the insider reporting requirement for individuals who meet the following criteria set out in the Staff Notice (the "Exempt VP Criteria"):

    (a) the individual is a vice-president;

    (b) the individual is not in charge of a principal business unit, division or function of the Manulife Applicants or a "major subsidiary" of the Manulife Applicants (as that term is defined in NI 55-101);

    (c) the individual does not in the ordinary course receive or have access to information regarding material facts or material changes concerning the Manulife Applicants before the material facts or material changes are generally disclosed; and

    (d) the individual is not an insider of the Manulife Applicants in any capacity other than as vice-president.

11. The Manulife Corporate Law Department applies the same analysis each time a new vice-president

is appointed or an existing vice-president is promoted. The Manulife Corporate Law Department will review and update Manulife's Exempt VP analysis annually.

12. If an individual who is designated as an Exempt VP no longer satisfies the Exempt VP Criteria, designated staff of the Manulife Corporate Law Department will ensure that the individual is informed about his or her renewed obligation to file an insider report on trades in securities of the Manulife Applicants.

13. In connection with this application, the Manulife Applicants have filed with the Decision Makers a copy of their internal policies and procedures relating to monitoring and restricting the trading activities of their insiders and other persons whose trading activities are restricted by Manulife.

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 to file insider reports shall not apply to insiders of the Manulife Applicants who satisfy the Exempt VP Criteria for so long as such insiders satisfy the Exempt VP Criteria provided that:

(a) the Manulife Applicants agree to make available to the Decision Makers, upon request, to the extent permitted by law, a list of all individuals who are relying on the exemption granted by this Decision as at the time of the request; and

(b) the relief granted will cease to be effective on the date when NI 55-101 is amended.

April 6, 2004.

"Paul Moore" "Wendell Wigle"

2.1.9 ABN AMRO Asset Management Canada Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from requirement to obtain specific and informed written consent from clients once in each twelve-month period with respect to certain funds – subject to conditions.

Applicable Ontario Legislation

Ontario Regulation 1015, R.R.O. 1990, ss. 227(2)(b)(ii), 233.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND ONTARIO

AND

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

AND

IN THE MATTER OF
ABN AMRO ASSET MANAGEMENT CANADA LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the **Decision Maker**) in each of the Provinces of Alberta and Ontario (the **Jurisdictions**) has received an application (the **Application**) from ABN AMRO Asset Management Canada Limited. (**ABN**) for a decision (the **Decision**) pursuant to the securities legislation of the Jurisdictions (the **Legislation**) that the restriction against an adviser exercising discretionary authority with respect to a client's account to purchase or sell the securities of a related issuer of the registrant without the specific and informed written consent of the client once in each twelve month period after the adviser has disclosed to the client all relevant facts and obtained the initial written consent of the client (the **Annual Consent Requirement**) not apply to one or more pooled funds managed or to be managed by ABN or its affiliates or associates (the **Pooled Funds**) subject to certain 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 it has been represented by ABN to the Decision Makers that:

1. ABN is registered as an adviser in Ontario, British Columbia, Alberta, New Brunswick and Quebec and has an office and carries on business in Ontario.

2. ABN offers discretionary investment management services to institutional and high net worth clients. Pursuant to investment management agreements, the clients consent to ABN investing on their behalf in Pooled Funds managed by ABN.

3. The Pooled Funds are, or will be, open-end mutual fund trusts created under the laws of Ontario. The Pooled Funds are offered on a continuous basis and are acquired by residents of the Jurisdictions on a private placement basis.

4. The Pooled Funds do not and will not invest in securities of any related or connected issuer of ABN.

5. All clients of ABN receive a Statement of Policies which lists the related issuers of ABN. The only related issuers are the Pooled Funds. In the event of a significant change in its Statement of Policies, ABN will provide to each of its clients a copy of the revised version of, or amendment to, the Statement of Policies.

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

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker;

THE DECISION of the Decision Makers pursuant to the Legislation is that ABN is exempt from the Annual Consent Requirement under the Legislation in respect of the exercise of discretionary authority to invest clients' funds in the securities of the Pooled Funds set out in ABN's Statement of Policies provided that,

(a) ABN has secured the specific and informed consent of the client in advance of the exercise of discretionary authority in respect of the Pooled Funds, and

(b) The Pooled Funds do not and will not invest in securities of any related or connected issuer of ABN.

July 16, 2004.

"Robert L. Shirriff" "Paul M. Moore"

2.1.10 Arden Asset Management, Inc. - ss. 6.1(1) of MI 31-102 and s. 6.1 of OSC Rule 13-502

Headnote

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

Rules Cited

Multilateral Instrument 31-102 National Registration Database, s. 6.1.
Ontario Securities Commission Rule 13-502 Fees, ss. 4.1 and 6.1.

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

AND

IN THE MATTER OF
ARDEN ASSET MANAGEMENT, INC.

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

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

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

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

1. The Applicant is incorporated under the laws of the state of New York in the United States of America. The Applicant is not a reporting issuer. The Applicant has applied for registration under the Act as an international adviser. The head office of the Applicant is located in New York.

2. MI 31-102 requires that all registrants in Canada enrol with CDS Inc. (CDS) and use the national registration database (NRD) to complete certain registration filings. As part of the enrolment process, registrants are required to open an

account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit (electronic funds transfer or, the EFT Requirement).

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

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

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

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

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

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

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

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

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

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

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

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

July 8, 2004.

"David M. Gilkes"

2.1.11 Ariel Capital Management, LLC - ss. 6.1(1) of MI 31-102 and s. 6.1 of OSC Rule 13-502

Headnote

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

Rules Cited

Multilateral Instrument 31-102 National Registration Database, s. 6.1.
Ontario Securities Commission Rule 13-502 Fees, ss. 4.1 and 6.1.

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

AND

IN THE MATTER OF
ARIEL CAPITAL MANAGEMENT, LLC

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

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

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

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

1. The Applicant is incorporated under the laws of the State of Delaware in the United States of America. The Applicant is not a reporting issuer. The Applicant has applied for registration under the Act as an international adviser. The head office of the Applicant is located in Chicago, Illinois.

2. MI 31-102 requires that all registrants in Canada enrol with CDS Inc. (CDS) and use the national registration database (NRD) to complete certain registration filings. As part of the enrolment process, registrants are required to open an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit (electronic funds transfer or, the EFT Requirement).

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

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

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

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

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

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

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

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

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

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

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

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

July 12, 2004.

"David M. Gilkes"

2.1.12 Mercury Partners & Company Inc. - MRRS Decision

Headnote

Subsection 74(1) - distribution of shares of a corporation which is not a reporting issuer in Ontario, Saskatchewan, Quebec or Nova Scotia as a dividend in kind is not subject to section 25 and 53 of the Act - subject to certain conditions, first trade is not a distribution in Quebec.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am. ss. 25, 35(1)(13), 53, 72(1)(g), 74(1).

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

AND

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

AND

IN THE MATTER OF
MERCURY PARTNERS & COMPANY INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Saskatchewan, Quebec and Nova Scotia (the "Jurisdictions") has received an application (the "Application") from Mercury Partners & Company Inc. (the "Corporation") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") shall not apply to the distribution by the Corporation of a dividend in specie (the "Distribution") of the common shares of North Group Limited ("North Group") to shareholders of common shares of the Corporation ("Mercury Shareholders") in Canada;

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

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

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

1. the Corporation is organized under the laws of the Yukon Territory, is a reporting issuer in each of British Columbia, Alberta and Manitoba and is not in default of any requirement under any applicable securities legislation;

2. the Corporation owns companies that operate in the financial services industry, focusing on merchant banking;

3. the authorized capital of the Corporation consists of an unlimited number of common shares without par value (the "Mercury Shares") and an unlimited number of class A preferred shares;

4. the Corporation has not issued any class A preferred shares and, as of June 16, 2004, there were 8,183,733 Mercury Shares issued and outstanding of which 2,250,219 are held by the Corporation itself as a result of a merger with another entity. These shares will be cancelled prior to any distribution;

5. the Mercury Shares are registered with the U.S. Securities and Exchange Commission (the "SEC") and are quoted for trading on the OTC Bulletin Board under the symbol "MYPIF" and listed on the TSX Venture Exchange under the symbol "MYP.U";

6. North Group was incorporated under the *Business Corporations Act* of the Province of Alberta and was continued under the *Canada Business Corporations Act* on July 8, 2002. North Group commenced trading under the name Takla

Star Resources Ltd. on the Alberta Stock Exchange, effective May 9, 1991, following the take-over bid of AOK Explorations Ltd., a Canadian controlled private company. North Group changed its name on July 8, 2002 from Takla Star Resources Ltd. to North Group Limited;

7. North Group has been a reporting issuer in British Columbia since September 7, 1994 and in Alberta since December 19, 1985 and is not in default of any requirement under any applicable securities legislation. North Group is not a reporting issuer or equivalent in any Jurisdiction and has no intention of becoming a reporting issuer or the equivalent in any Jurisdiction;

8. North Group's authorized capital consists of an unlimited number of common shares without par value (the "North Group Shares");

9. as of June 16, 2004, there were 12,567,594 North Group Shares issued and outstanding;

10. the North Group Shares are listed on the TSX Venture Exchange; the trading symbol for the North Group Shares changed from "TKR" to "NOR" in July 2002 pursuant to a name change from Takla Star Resources Ltd. to North Group Limited;

11. the Corporation, directly or indirectly, holds or controls 2,500,000 North Group Shares representing approximately 19.9% of the issued and outstanding North Group Shares;

12. the Corporation will distribute to Mercury Shareholders 2,500,000 North Group Shares as a dividend in kind on the basis of 0.42 North Group Shares for each Mercury Share outstanding; as a result, Mercury Shareholders will become North Group Shareholders;

13. no fractional shares will be issued in connection with the Distribution and the number of North Group Shares to be received by Mercury Shareholders will be rounded down to the nearest whole share in the event that a shareholder is entitled to a fractional share representing 0.5 or less of a North Group Share and will be rounded up to the nearest whole share in the event that a shareholder is entitled to a fractional share representing more than 0.5 of a North Group Share;

14. the Distribution will be effected in compliance with the corporate laws of the Yukon Territory and the federal corporate laws of Canada;

15. as of May 18, 2004, there were an aggregate (with respect to the registered owners list) of 8,183,733 Mercury Shares outstanding; 6,196,454 of the outstanding Mercury Shares were held by 25 holders of record in Canada as follows:

Province	Number of Mercury Shares Held	Number of Holders of Record	Percentage of Total Outstanding Mercury Shares
British Columbia	2,868,161[(1)]	18	35.047%
Alberta	15,700	3	0.192%
Saskatchewan	20	1	0.000%
Ontario	3,308,533[(2)]	2	40.428%
Quebec	4,040	1	0.049%
Nova Scotia	0	0	0.000%
Other	1,987,279	38	24.283%
	8,183,733	63	100.000%

(1) 2,250,219 of these shares are held by the Corporation and will be cancelled prior to any distribution.

(2) 3,308,133 of these shares are held by CDS & Co. NCI Account.

16. as of May 18, 2004, approximately 75.717% of the outstanding registered Mercury Shares were held by residents of Canada;

17. as of May 17, 2004, there were an aggregate of 1,165,315 Mercury Shares held by non-objecting beneficial owners; 1,115,907 of these outstanding Mercury Shares were held by 25 holders of record in Canada as follows:

Province	Number of Mercury Shares Held	Number of Holders of Record	Percentage of Total Outstanding Mercury Shares
British Columbia	1,008,899	7	86.577%
Alberta	79,230	6	6.799%
Ontario	17,778	11	1.526%
Nova Scotia	10,000	1	0.858%
Other	49,408	26	4.240%
	1,165,315	51	100.000%

18. as of May 17, 2004, approximately 95.760% of the outstanding Mercury Shares reflected on the list of non-objecting beneficial owners were held by residents of Canada;

19. the Distribution would be exempt from the registration and prospectus requirements of the Legislation but for the fact that North Group is not a reporting issuer or equivalent under the Legislation;

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

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 that the Registration Requirements and the Prospectus Requirements shall not apply to trades by the Corporation of North Group Shares in connection with the Distribution and in Quebec, the first trade (alienation) of North Group Shares acquired under the Decision will be a distribution unless:

(a) North Group is and has been a reporting issuer in Quebec for the four months preceding the trade;

(b) No unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade;

(c) No extraordinary commission or consideration is paid to a person or company in respect of the trade; and

(d) If the selling security holder is an insider or officer of North Group, the selling security holder has no reasonable grounds to believe that North Group is in default of any requirement of the Legislation of Quebec.

Notwithstanding the above conditions, the prospectus requirement does not apply to the first trade (alienation) of North Group Shares acquired under the Decision if the trade is made outside of Quebec through an exchange or organized market, provided that North Group is not a reporting issuer in Quebec.

July 14, 2004.

“Wendell S. Wigle” “Suresh Thakrar”

2.1.13 B2B Trust - 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.

July 15, 2004

B2B Trust
1981 McGill College
Suite 1455
Montreal, Québec
H3A 3K3

Re: B2B Trust (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that,

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

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

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

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

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

"Erez Blumberger"

2.1.14 ACE Aviation Holdings Inc. and Air Canada - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Air Canada engaged in restructuring pursuant to Companies' Creditors Arrangement Act – upon completion of restructuring, Air Canada will be main operating company in a consolidated group of which new issuer will be the parent company – pursuant to restructuring, new issuer to conduct rights offering by way of prospectus – on date of filing the prospectus, Air Canada eligible to file a short form prospectus – upon completion of restructuring, new issuer to be eligible to file short form prospectus – new issuer exempt from requirements in section 2.1 of National Instrument 44-101, to permit new issuer to conduct rights offering using short form prospectus.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules

National Instrument 44-101 Short Form Prospectus Distributions (2000) 23 OSCB (Supp) 869, as am.

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

AND

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

AND

IN THE MATTER OF
AIR CANADA AND ACE AVIATION HOLDINGS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Newfoundland and Labrador, Prince Edward Island and New Brunswick (collectively the "Jurisdictions") have received an application (the "Application") from ACE Aviation Holdings Inc. ("ACE") and Air Canada (collectively, the "Applicants") and certain of Air Canada's subsidiaries for a decision (the "Decision") under the securities legislation of the Jurisdictions (the "Legislation") that:

(a) Other than in British Columbia, Alberta, Ontario, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, trades in New Securities (as defined below) of the Applicants to the creditors of the Air Canada Parties (as defined below) (the "**Creditors**") and Air Canada's shareholders in exchange for their claims and shares, respectively, made under or in connection with the consolidated plan of reorganization, compromise and arrangement (the "Plan") be exempt from the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file a preliminary prospectus and a prospectus and obtain receipts therefor (the "Prospectus Requirement") to the extent that there are no specific statutory exemptions from the Registration Requirement or the Prospectus Requirement, as applicable, in the Legislation in respect of any of such trades in New Securities (as defined below);

(b) In Québec, ACE be authorized, to benefit from the period of time during which Air Canada was a reporting issuer and complied with the continuous disclosure requirements in the Legislation;

(c) In Québec, the first trade in New Securities (as defined below) of the Applicants issued under or in connection with the Plan, shall not be subject to the Prospectus Requirement;

(d) ACE be exempted from the provisions of section 2.1 of National Instrument 44-101 – *Short Form Prospectus Distributions* ("NI 44-101") so as to permit ACE to file a short form prospectus pursuant to NI 44-101 to qualify the distribution of the rights and the shares of ACE issuable upon the exercise of the rights pursuant to the Offering (as defined below);

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

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Agence nationale d'encadrement du secteur financier (also known as "l'Autorité des marchés financiers") is the principal regulator for this application;

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

I. AIR CANADA

1. Air Canada is Canada's largest domestic and international full-service airline and the largest provider of scheduled passenger services in the domestic market, the Canada-United States market, as well as in the Canada-Europe and Canada-Pacific markets. Air Canada also operates Aeroplan, one of Canada's largest loyalty programs, and provides other services such as groundhandling, technical, cargo and tourism related services.

2. The registered and principal office of Air Canada is located at the Air Canada Headquarters Building, Air Canada Centre, 7373 Côte Vertu Boulevard West, Saint-Laurent, Québec, H4Y 1H4.

3. Air Canada is, and has been for the last 12 months, a reporting issuer (or equivalent) in each of the provinces of Canada. Air Canada is also subject to the reporting requirements of the United States *Securities Exchange Act of 1934*, as amended, and to the best of its knowledge, is not in default of any requirement of the Legislation or of the federal securities laws of the United States of America.

4. The issued and outstanding share capital of Air Canada currently consists of common shares (the "Existing AC Common Shares"), Class A non-voting shares (the "Existing AC Class A Shares") and Class A convertible participating non-voting preferred shares, series 1 and series 2 (the "Existing AC Preferred Shares").

5. The Existing AC Common Shares and the Existing AC Class A Shares are currently listed on the Toronto Stock Exchange (the "TSX"), under the symbols "AC" and "AC.A", respectively.

6. As a result of the implementation of the Plan, Air Canada's authorized share capital will consist of four classes of shares: (i) common shares, which are voting and participating; (ii) Class A non-voting shares, which are non-voting and participating; (iii) non-voting shares (the "AC Non-Voting Shares"), which will be non-voting and participating and exchangeable for ACE Variable Voting Shares or ACE Voting Shares; and (iv) exchangeable distressed preferred shares (the "EDP Shares"), which will be non-voting and participating and will be exchangeable for, in the case of non-Canadian holders, ACE Variable Voting Shares (as defined herein) or, in the case of Canadian holders, ACE Voting Shares (as defined herein) at any time by holders thereof or by Air Canada at any time on or before the date immediately before the fifth anniversary date of issuance of the EDP Shares. There is a possibility that the EDP Shares will not be utilized once the tax structure for the restructuring of Air Canada will be finalized (which

is anticipated shortly). In addition, there is a possibility that non-voting shares will be used instead of variable voting shares.

II. ACE

7. ACE will be incorporated under the *Canada Business Corporations Act* ("CBCA") prior to the filing of the preliminary prospectus with the Jurisdictions for the purpose of, among other things, effecting an exchange of the claims of the Creditors with proven claims in accordance with the provisions of the Plan and to proceed with the offering of rights (the "Offering") described herein.

8. Following the implementation of the Plan, Air Canada will be the main operating company in a consolidated group of which ACE will be the parent holding company.

9. Subject to any changes that could result from the equity solicitation process, ACE's authorized share capital is expected to consist of two classes of shares: (i) an unlimited number of variable voting shares (the "ACE Variable Voting Shares"), which are variable voting and participating; and (ii) an unlimited number of voting shares (the "ACE Voting Shares"), which are voting and participating.

III. Background and summary of the Plan

CCAA Filing

10. On April 1, 2003, Air Canada obtained an order from the Ontario Superior Court of Justice (the "Court") providing for debtor protection under the *Companies' Creditors Arrangement* Act (Canada) ("CCAA"). Through the Court-appointed monitor, Ernst & Young Inc. (the "Monitor"), Air Canada also made a concurrent petition for recognition and ancillary relief under Section 304 of the United States Bankruptcy Code. The CCAA and U.S. proceedings cover Air Canada and the following of its wholly-owned subsidiaries: 3838722 Canada Inc., Air Canada Capital Ltd., Jazz Air Inc., Manoir International Finance Inc., Simco Leasing Ltd., Wingco Leasing Inc. and Zip Air Inc. (collectively, the "Air Canada Parties").

Equity Financing

11. On July 16, 2003, Air Canada commenced an equity investment solicitation process to raise approximately $700 million of its overall equity financing needs in connection with the Plan. Following a lengthy equity investment solicitation process, Trinity Time Investments Limited ("Trinity") was initially selected as the equity sponsor for the Plan. On April 2, 2004, Trinity announced that it was not going to seek an extension of its investment agreement with Air Canada upon its expiry on April 30, 2004.

12. Consequently, after having held numerous discussions with Air Canada's stakeholders, including labour unions, Financial Creditors (as defined below), advisors to the unsecured creditors committee, General Electric Capital Corporation ("GECC") and GE Capital Aviation Services, the Monitor and Air Canada developed a revised equity process consisting of: (i) the expansion of the Offering to $850 million with the continued support of Deutsche Bank Securities Inc. ("Deutsche Bank") through the Amended Standby Agreement (as defined below), and (ii) the design of a new equity solicitation process to potentially raise an additional $250 million with a short due diligence period and low conditionality provisions so as to mitigate closing risk. The equity raised pursuant to the Amended Standby Agreement (as defined below) will be sufficient to fund Air Canada's exit from CCAA Proceedings in the event the new equity solicitation process does not result in raising an additional $250 million. The terms of the revised equity process were approved by the Court on May 4, 2004.

13. Proposed investment agreements will be evaluated by Air Canada and the Monitor who have until June 20 2004 to make a selection and, if a potential equity investor is selected, Air Canada and the Monitor will seek Court approval on June 25, 2004.

14. The successful conclusion of an equity investment further to the new equity solicitation process is not a condition of the Amended Standby Agreement, the Offering or the Plan. Failure to complete an investment pursuant to the equity solicitation process will not affect the emergence by the Applicants from the CCAA proceedings.

Offering

15. In the context of the original equity solicitation process, informal expressions of interest were received from certain of Air Canada's Financial Creditors in connection with a possible offering of rights. Negotiations between Air Canada, its advisors and certain Financial Creditors resulted in the announcement, on October 24, 2003, that Air Canada had entered into a standby purchase agreement with Deutsche Bank pursuant to which Air Canada would offer the Creditors the opportunity to subscribe for equity of ACE for an aggregate amount up to $450 million.

16. Further to Trinity's announcement on April 2, 2004 that it was not to seek an extension of the investment agreement with Air Canada upon its expiry on April 30, 2004, Deutsche Bank indicated its willingness to continue to support Air Canada through a possible expansion of its commitment to back-stop a larger offering of rights. On April 29, 2004, an amended and restated standby purchase agreement (the "Amended Standby Agreement"),

increasing the size of the offering of rights from $450 million to $850 million was entered into between Air Canada and Deutsche Bank and was approved by the Court on May 5, 2004. Deutsche Bank is entitled to terminate the Amended Standby Agreement if, among other things (i) Air Canada fails to file the Plan with the Court on or before June 30, 2004; (ii) the Creditors' meeting does not take place on or prior to August 15, 2004; or (iii) the completion of the restructuring does not occur on or before September 30, 2004.

17. Under the terms of the Offering, Creditors will have the right to subscribe for up to $850 million of equity of ACE. Pursuant to the Amended Standby Agreement, Deutsche Bank will act as the exclusive standby purchaser and, in that capacity, will purchase all the equity not purchased at a price equal to the price paid by the Creditors plus a premium of 7.5%. Under the terms of the Amended Standby Agreement, Deutsche Bank has the right to participate out its right (but not its direct obligations to Air Canada) to purchase any equity not purchased by other Creditors under the Offering.

The Plan

18. The Plan is designed to be implemented over a three-day implementation period (the "Closing") through a series of transactions pursuant to which, *inter alia*:

(a) the Existing AC Preferred Shares will be converted into redeemable shares in the capital of Air Canada (the "AC Redeemable Shares");

(b) an exchange feature will be added to Existing AC Class A Shares and Existing AC Common Shares providing for their exchange, at Air Canada's option, pursuant to which ACE, at any time after the redemption of the AC Redeemable Shares (referred to in paragraph above), on exercise of the option, shall deliver ACE Variable Voting Shares to the holders of Existing AC Class A Shares, and ACE Voting Shares to the holders of Existing AC Common Shares, in exchange for ACE receiving all of the outstanding and issued Existing AC Common Shares and Existing AC Class A Shares, such exchange to occur on a one-for-one basis;

(c) Air Canada shall redeem the AC Redeemable Shares for a consideration equal to $1.00;

(d) Air Canada shall exercise the exchange right and cause ACE to effect the exchange of Existing AC Class A Shares and Existing AC Common Shares for ACE Variable Voting Shares and ACE Voting Shares, respectively, on a one-for-one basis;

(e) all of the issued and outstanding shares in the capital of Air Canada will be consolidated at a conversion ratio resulting in the Existing AC Common Shares and Existing AC Class A Shares being equal in number to that number of ACE Variable Voting Shares and ACE Voting Shares which will exist immediately after their consolidation pursuant to the Plan;

(f) the EDP Shares and AC Non-Voting Shares shall be created;

(g) Air Canada will issue EDP Shares to Creditors with proven financial debt claims ("Financial Creditors") and to Creditors having disputed claims on the Initial Determination Date (as defined herein) (in the latter case, to be held in escrow by the Monitor and distributed when disputed claims are resolved) in accordance with each holder's pro rata share of the available EDP Shares;

(h) Air Canada will issue AC Non-Voting Shares to Creditors (other than Financial Creditors) with proven claims on the Initial Determination Date in accordance with each holder's pro rata share of the available AC Non-Voting Shares;

(i) Subscription rights for ACE Variable Voting Shares (or, in the case of Canadians, ACE Voting Shares) shall be offered to Creditors with claims, proven or not, participating in the Offering in accordance with the terms of the Offering;

(j) contemporaneously with the following step, holders of AC Non-Voting Shares will exchange their shares for ACE Variable Voting Shares or, in the case of Canadians, ACE Voting Shares, on a one-for-one basis (the ACE Variable Voting Shares and the ACE Voting Shares issued pursuant to the exchange will not be affected by the consolidation provided in the following step);

(k) the ACE Variable Voting Shares and ACE Voting Shares will be consolidated as per the terms of the articles of incorporation of ACE;

(l) contemporaneously with the preceding step, the equity investor, if there is one,

would subscribe and pay for the equity of ACE;

(m) fractional ACE Variable Voting Shares and ACE Voting Shares issued pursuant to the consolidation of the equity of ACE will be cancelled without any consideration; and

(n) Creditors who exercise their rights under the Offering and Deutsche Bank, as standby purchaser under the Offering, will subscribe for ACE Variable Voting Shares, or, in the case of Canadians, ACE Voting Shares, the whole in accordance with the terms of the Offering.

19. Following the implementation of the Plan, Air Canada expects that the ACE Variable Voting Shares and the ACE Voting Shares of ACE and the AC Non-Voting Shares and the EDP Shares of Air Canada will be listed on the TSX.

20. The Plan contemplates a number of trades of securities in the Jurisdictions, including, but not limited to:

(a) the issue by Air Canada of AC Redeemable Shares to all holders of Existing AC Preferred Shares;

(b) the issue by ACE of ACE Variable Voting Shares, to all the holders of Existing AC Class A Shares, and ACE Voting Shares to all the holders of Existing AC Common Shares, in exchange for ACE receiving all of the outstanding and issued Existing AC Common Shares and Existing AC Class A Shares;

(c) the issue by Air Canada of EDP Shares to (i) Financial Creditors, and (ii) Creditors with disputed claims on the Initial Determination Date, the whole in accordance with each holder's pro rata share of the available EDP Shares;

(d) the issue by Air Canada of AC Non-Voting Shares to Creditors with proven claims in accordance with each holder's pro rata share of the available AC Non-Voting Shares;

(e) the issue by ACE of ACE Variable Voting Shares or, in the case of Canadians, ACE Voting Shares, to holders of AC Non-Voting Shares in exchange for their AC Non-Voting Shares;

(f) the issue by Air Canada of EDP Shares to the Monitor on account of disputed claims, to be held in escrow and to be distributed as detailed above as disputed claims are resolved; and

(g) the issue by ACE of ACE Variable Voting Shares or, in the case of Canadians, ACE Voting Shares, to holders of EDP Shares upon the exchange of such EDP Shares.

(such securities being collectively, the "New Securities").

Allocations of ACE Shares to Canadians and Non-Canadians

21. ACE Voting Shares will be distributed to Creditors with proven claims who are Canadians and to holders of Existing AC Common Shares. ACE Variable Voting Shares will be distributed to Creditors with proven claims who are not Canadians and to holders of Existing AC Class A Shares.

Approval of the Plan, Information Circular and Court Hearings

22. The Plan is subject to approval by Air Canada's Creditors, voting as a single class, as well as approval by the Court following a sanction hearing at which the Creditors and Air Canada's shareholders will have the right to appear and be heard (the "Hearing"), and the satisfaction of certain other conditions. Among other things, the Court must make an affirmative determination that the terms and conditions of the Plan are fair and reasonable. Air Canada expects the Hearing to occur shortly after the meeting of the Creditors, which is scheduled to be held on or about August 13, 2004.

23. The information circular (the "Information Circular") containing prospectus-level disclosure is being prepared in connection with the Plan and will also constitute the prospectus (the "Prospectus") to qualify the distribution of the rights and shares of ACE pursuant to the Offering. Prior to its mailing, the Information Circular will be submitted to the Court on June 30, 2004. Since the interests of Air Canada's existing shareholders will be essentially eliminated under the Plan, Air Canada's existing shareholders will not be entitled to vote on the Plan. Pursuant to the CCAA and the CBCA, and as contemplated by the Plan, the Court will be asked to issue an order providing that only the Creditors will be permitted to vote on the Plan and setting forth the notice procedures with respect to the meeting of Creditors (the "Meeting"). The Information Circular and notice of the Meeting will be mailed to all Creditors whose claims have not been rejected as of the time of mailing. Pursuant to the CCAA, in order for the Plan to be binding on Air Canada's Creditors, the resolution to approve the Plan (the "Resolution")

must first be accepted by a majority in number of the Creditors voting on the Resolution (in person or by proxy) at the Meeting and representing not less than 66 2/3% in value of the claims of the Creditors voting at the Meeting.

24. If the Plan is approved by the Creditors, its implementation will be subject to the further approval of the Court at the Hearing. As stated above, notice of the Hearing will be provided to the Creditors and Air Canada's shareholders, and Creditors and shareholders will have the right to appear and be heard at the Hearing.

Issuance of Securities in Exchange for Creditor Claims and Air Canada Shares

25. As part of the Plan, the Court has issued a claims procedure order setting forth a procedure for resolving and establishing the level of proven claims of Creditors. The claims resolution process is likely to continue beyond the time of Closing. When the amount of disputed claims has been reduced to an amount specified in the Plan (the "Initial Determination Date"), the initial distributions to be made under the Plan will be calculated. The equity securities to be distributed to Creditors per dollar of proven claim will be based upon the total amount of proven and disputed claims as of the Initial Determination Date. The first distribution of securities will be made on the Initial Distribution Date only to Creditors with proven claims as of the Initial Determination Date. The balance of the securities will be issued but held in escrow by the Monitor, pending resolution of the disputed claims. It is expected that there will be one or more subsequent distributions of securities as disputed claims are resolved. To the extent that disputed claims are resolved in favour of the Creditors, distributions of securities will be made to such Creditors. To the extent that the disputed claims are rejected, the Creditors with previously proven claims will receive additional securities. Each subsequent distribution of securities will be purely a mechanical exercise, with the identity of Creditors receiving securities and the number received by each determined solely by the results of the claims resolution process.

26. The Offering will follow a similar timeline. Creditors holding disputed claims will be permitted to participate in the Offering pending the resolution of their claims. Under the Amended Standby Agreement, Deutsche Bank will purchase the equity securities of ACE that are not purchased by Creditors pursuant to the Offering. The equity securities of ACE issued pursuant to the Offering (including those issued to Deutsche Bank as standby purchaser) will be qualified by the Prospectus in Canada. The equity securities of ACE issued pursuant to the Offering (excluding those issued to Deutsche Bank as standby purchaser) will be registered by registration statement on Form F-10 in the United States under the Canada United States of America multi-jurisdictional disclosure system ("MJDS").

27. A final closing will be held several months after the Closing, once the disputed claims will have been resolved or reduced to a nominal amount. At that time, to the extent that disputed claims are resolved in favor of the Creditors, such Creditors will receive their entitlement pursuant to the Plan, as well as equity securities of ACE subscribed for pursuant to the Offering. To the extent that disputed claims are rejected, Creditors with previously proven claims will receive additional distributions and, to the extent that they submitted subscriptions pursuant to the Offering, will receive additional equity securities of ACE. As standby purchaser, Deutsche Bank will also receive additional equity securities of ACE that were not ultimately subscribed for by Creditors pursuant to the Offering.

28. One of the conditions to the implementation of the Plan is the obtaining of all applicable approvals and orders of applicable Canadian and U.S. securities regulatory authorities and the TSX with respect to the issuance, listing and posting for trading of all securities to be issued under or in connection with the Plan to permit holders of such securities to freely trade and dispose of all securities in the ordinary course.

29. Pursuant to the restructuring, Air Canada will contribute 100% of the consolidated assets, and revenues from continuing operations of ACE. All the financial results and information of Air Canada will be reflected in ACE's financial statements.

30. Air Canada was, before its filing for protection under the CCAA and will be on the date of the filing of the Prospectus, entitled to use the short form prospectus system under the qualification criteria in Section 2.2 of NI 44-101. Upon the completion of the restructuring, the business of ACE will essentially be the current business of Air Canada and ACE will comply upon the completion of the restructuring with Sections 2.3 and 2.8 of NI 44-101, including in connection with ACE's aggregate market value which is expected to be over $300 million as of that time. ACE will also adopt as its own Air Canada's public documents including Air Canada's annual information form. Upon the completion of the restructuring, ACE will be qualified to use NI 44-101.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that:

(i) Other than in British Columbia, Alberta, Ontario, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, the Registration Requirements and Prospectus Requirements contained in the legislation shall not apply to the issuance or trades in the New Securities of the Applicants made under or in connection with the Plan.

(ii) In Québec, ACE shall be authorized to benefit from the period of time during which Air Canada was a reporting issuer and complied with the continuous disclosure requirements in the Legislation.

(iii) In Québec, the first trade in New Securities of the Applicants issued under or in connection with the Plan shall not be deemed to be a distribution or a primary distribution to the public under the Legislation to the extent that, at the time of the trade:

(a) the issuer or one of the parties to the Plan (including, for greater certainty, Air Canada) is and has been a reporting issuer in Québec and has complied with the applicable requirements for 4 months;

(b) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade; (c) no extraordinary commission or consideration is paid to a person or company in respect of the trade, and (d) if the selling securityholder is an insider of the issuer, the selling securityholder has no reasonable ground to believe that the issuer is in default under the Act.

(iv) ACE be exempted from the provisions of section 2.1 of NI 44-101 so as to permit ACE to file a short form prospectus pursuant to NI 44-101, to qualify the distribution of the rights and the Shares of ACE issuable upon the exercise of the rights pursuant to the Offering.

June 30, 2004.

“Daniel Laurion”

2.1.15 YPG Holdings Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – reporting issuer an indirect, wholly-owned subsidiary of publicly held income fund – reporting issuer sole borrowing entity for fund – reporting issuer exempt from requirements contained in National Instrument 51-102 provided that, among other things, the business of the reporting issuer remains the same as the business of the fund and that the fund does not hold any material interest in a business other than the reporting issuer and its subsidiaries – insiders of reporting issuer exempt from insider reporting requirements, subject to conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 80(b)(iii).

Applicable Ontario Rules

National Instrument 51-102 Continuous Disclosure Obligations (2004) 27 OSCB 3439.

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

AND

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

AND

IN THE MATTER OF
YPG HOLDINGS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, Newfoundland and Labrador and New Brunswick (collectively the "Jurisdictions") has received an application (the "Application") from YPG Holdings Inc. ("YPG Holdings") for a decision pursuant to the securities legislation (the "Legislation") of each of the Jurisdictions that:

(A) the requirements contained in the Legislation, for a reporting issuer or the equivalent thereof, shall not apply to YPG Holdings:

9. issue and file with the Decision Makers news releases and file with the Decision Makers

reports upon the occurrence of a material change;

10. file with the Decision Makers and send to its securityholders audited annual comparative financial statements together with the auditor's report or annual reports containing such statements;

11. file with the Decision Makers and send to its securityholders unaudited interim comparative financial statements;

12. file with the Decision Makers and send to its securityholders annual and interim management's discussion and analysis with respect to annual or interim financial statements;

13. file with the Decision Makers an annual information form;

14. file with the Decision Makers and send to holders of its securities a form of proxy and information circular; and YPG Holdings shall not otherwise comply with requirements prescribed by *National Instrument 51-102 - Continuous Disclosure Obligations* ("NI 51-102"), where applicable;

(collectively, these requirements will be referred to as the "Continuous Disclosure Requirements");

(B) the requirements contained in the Legislation for insiders of reporting issuers, or the equivalent thereof, to disclose their direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer or the equivalent, shall not apply, where applicable, to insiders of YPG Holdings (the "Insider Reporting Requirements");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Agence nationale d'encadrement du secteur financier (also known as the Autorité des Marchés Financiers) 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 YPG Holdings has represented to the Decision Makers that:

1. Yellow Pages Income Fund (the "Fund") is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated June 25, 2003 (as amended and restated on July 24 and July 30, 2003) (the "Fund Declaration of Trust").

2. The Fund Declaration of Trust provides that the operations and activities of the Fund are restricted to:

) investing in securities issued by YPG Trust;

) temporarily holding cash in interest-bearing accounts, short-term government debt or short-term investment grade corporate debt for the purposes of paying the expenses and liabilities of the Fund, paying amounts payable by the Fund in connection with the redemption of units or other securities of the Fund and making distributions to unitholders;

) issuing units or securities convertible into units (i) for cash, (ii) in satisfaction of any non-cash distribution, (iii) in order to acquire securities, (iv) pursuant to any distribution reinvestment plans, incentive option plans or other compensation plans, if any, established by the Fund; or (v) under the Liquidity Agreements (as such term is defined in the Fund's IPO Prospectus, as defined below);

) issuing debt securities;

) guaranteeing the payment of any indebtedness, liability or obligation of YPG LP, YPG Holdings or Yellow Pages Group Co. or the performance of any obligation of any of them, and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of its assets as security for such guarantee, and subordinating its rights under the notes of YPG Trust (the "Trust Notes") to other indebtedness;

) disposing of any part of the assets of the Fund;

) issuing rights and units pursuant to any unitholder rights plan adopted by the Fund;

) purchasing securities pursuant to any issuer bid made by the Fund;

) satisfying the obligations, liabilities or indebtedness of the Fund; and

) undertaking all other usual and customary actions for the conduct of the activities of the Fund in the ordinary course as are approved by the trustees of the Fund from time to time, or as are contemplated by the Fund Declaration of Trust.

13. The Fund holds all of the issued and outstanding units of YPG Trust (the "Trust Units") and the Trust Notes.

14. YPG Trust is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated July 24, 2003 (as amended and restated July 30, 2003) (the "YPG Trust Declaration of Trust").

15. The YPG Trust Declaration of Trust, provides that the operations and activities of YPG Trust are restricted to:

) investing in securities, including those issued by YPG LP and YPG General Partner Inc. ("YPG GP");

) issuing Trust Units;

) issuing debt securities, including the Trust Notes;

) redeeming Trust Units;

) purchasing securities issued by YPG Trust;

) guaranteeing the obligations of YPG LP, or any affiliate of the YPG Trust or YPG LP pursuant to any good faith debt for borrowed money incurred by YPG LP or the affiliate, as the case may be, and pledging securities held by the YPG Trust, YPG LP or any such affiliate, as security for such guarantee; and

) satisfying the obligations, liabilities or indebtedness of the YPG Trust.

23. YPG Trust and, indirectly, the Fund hold 100% of the outstanding limited partnership units of YPG LP and 100% of the outstanding common shares of YPG GP.

24. The Fund, YPG Trust and YPG LP have no other independent business operations, interests in other businesses or material assets other than their direct or indirect investment in YPG Holdings.

25. Yellow Pages Group Co. is Canada's largest telephone directories publisher and the exclusive owner of the Yellow Pages™, Pages Jaunes™ and Walking Fingers & Design™ trademarks in Canada (the "Business").

26. YPG LP is a limited partnership existing under the laws of the Province of Manitoba pursuant to a partnership agreement dated November 14, 2002, as amended and restated on November 29, 2002 and on August 1, 2003.

27. YPG LP holds 100% of YPG Holdings' which in turn holds 100% of Yellow Pages Group Co., the entity that operates and controls the Business.

28. The Fund is a reporting issuer, or the equivalent thereof, in all Jurisdictions since July 25, 2003, pursuant to the issuance of the final MRRS decision document for the prospectus with respect to the distribution of 93,500,000 units of the Fund. Following this distribution (including the exercise of the over-allotment option), the Fund indirectly held 30.56% of the outstanding limited partnership units of YPG LP.

29. The Fund is eligible to file short form prospectuses since September 29, 2003. Currently, the global market value of the units of the Fund listed on the Toronto Stock Exchange exceeds $2.6 billion.

30. On December 11, 2003, the Fund qualified the distribution of 128,000,000 units of the Fund pursuant to a short form prospectus, increasing its indirect interest in YPG LP and YPG GP to 67%. The prospectus includes pro-forma consolidated financial statements giving effect to the additional acquisition by the Fund of a 36.44% indirect interest in YPG LP, resulting in the Fund being the holder of a majority interest in YPG LP.

31. On February 10, 2004, a subsidiary of BCE Inc. exchanged all of its 11,111,100 limited partnership units of YPG LP and 11,111,100 common shares of YPG GP for 11,111,100 units of the Fund. Following the completion of such transaction, the Fund indirectly held 70.28% of the outstanding limited partnership units of YPG LP and 70.28% of the outstanding common shares of YPG GP.

32. On June 11, 2004, the Fund distributed 66,666,600 units of the Fund pursuant to a short form prospectus, increasing its indirect interest in YPG LP and YPG GP to 89.71%. In addition, on June 11, 2004, a subsidiary of Ontario Teachers' Pension Plan Board exchanged all of its remaining 35,333,300 limited partnership units of YPG LP and 35,333,300 common shares of YPG GP for 35,333,300 units of the Fund, increasing the Fund's indirect interest in YPG LP and YPG GP to 100%. The prospectus includes pro-forma consolidated financial statements giving effect to the additional acquisition by the Fund of a 29.72% indirect interest in YPG LP, resulting in the Fund being the indirect holder of a 100% interest in YPG LP.

33. As a result, the Fund currently holds indirectly 100% of the outstanding limited partnership units of YPG LP and 100% of the outstanding common shares of YPG GP.

34. YPG Holdings is a corporation organized and subsisting under the laws of Canada, having its principal office in Montreal, Québec.

35. YPG Holdings operates as a holding company and its principal asset is its interest in Yellow Pages Group Co. YPG Holdings' authorized share capital consists of an unlimited amount of Class A Common Shares and Class B Common Shares. All of the issued and outstanding shares of YPG Holdings are held by YPG LP.

36. YPG Holdings is the sole borrowing entity within the Fund structure and has an approximately $840 million credit facility in place involving all major Canadian chartered banks. In October 2003, YPG Holdings established a commercial paper program based on an authorized limit of $300 million.

37. On April 8, 2004, YPG Holdings became a reporting issuer, or the equivalent thereof, in all Jurisdictions upon the filing of a final short form base shelf prospectus (the "Prospectus") qualifying the distribution of up to $1 billion of medium term notes (the "Notes") of YPG Holdings. The Notes are issued under a trust indenture entered into between YPG Holdings, CIBC Mellon Trust Company, as trustee, and the Fund, YPG LP and Yellow Pages Group Co., as guarantors.

38. The Notes are non-convertible and constitute direct unsecured obligations of YPG Holdings and rank *pari passu* with all other unsecured indebtedness and obligations of YPG Holdings. The Notes are fully and unconditionally guaranteed by the Fund, YPG LP and Yellow Pages Group Co. as to payment of principal, premium and interest, the whole in compliance with the terms of the Notes or any other agreement governing the rights of the holders of Notes.

39. The Prospectus provides disclosure with respect to the guarantees granted by each of the Fund, YPG LP and Yellow Pages Group Co. in connection with the Notes, and each of the Fund, YPG LP and Yellow Pages Group Co. executed a certificate to the Prospectus in their capacity as guarantors. In accordance with *National Instrument 44-101 – Short Form Prospectus Distributions* ("NI 44-101") and *National Instrument 44-102 – Shelf Distributions* ("NI 44-102"), the Prospectus provides disclosure with respect to the consolidated business and operations of the Fund and incorporates by reference the required disclosure documents of the Fund.

40. The Notes have been assigned ratings of BBB (high) (with a stable trend) by Dominion Bond Rating Service Limited and BBB– (with a stable outlook) by Standard & Poor's Ratings Services. The rating of BBB (high) by Dominion Bond Rating Service Limited is an approved rating under NI 44-101.

41. The Notes will not be listed on any securities exchange. On April 21, 2004, YPG Holdings completed the issuance of two series of Notes under the Prospectus for an aggregate principal amount of $750 million.

42. As a reporting issuer in each of the Jurisdictions, the Fund must, pursuant to the Continuous Disclosure Requirements, file and, where applicable, send to its securityholders, audited comparative annual financial statements together with the auditors report and unaudited interim financial statements. YPG Holdings' financial results are included in the consolidated financial statements of the Fund.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is to exempt YPG Holdings from the Continuous Disclosure Requirements, provided that:

) the business of YPG Holdings continues to be the same as the business of the Fund, in that the Fund does not hold a material interest, whether directly or indirectly, in a business other than YPG Holdings and its subsidiaries;

) the Fund remains (i) a reporting issuer or the equivalent thereof in each of the Jurisdictions which has such a concept and (ii) an electronic filer pursuant to *National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR)*;

) the Fund continues to comply with the Continuous Disclosure Requirements and to file with the Decision Makers all documents required to be filed under the Legislation;

) the Fund continues to comply with the rules of the Toronto Stock Exchange or

any other organized market or exchange on which the units of the Fund are listed;

) all audited annual comparative financial statements and interim comparative financial statements filed by the Fund under the Legislation are prepared on a consolidated basis in accordance with Canadian generally accepted accounting principles or such other standards as may be permitted under the Legislation from time to time;

) on a fully diluted basis, the Fund remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of YPG Holdings;

) the Fund continues to fully and unconditionally guarantee the Notes as to the payments required to be made by YPG Holdings to the holders of the Notes;

) YPG Holdings does not distribute additional securities other than: (i) the Notes or other debt securities contemplated by paragraph (i) below; (ii) to the Fund or to entities that are wholly-owned, directly or indirectly, by the Fund; (iii) debt securities under YPG Holdings' commercial paper program; (iv) debt securities on a private placement basis pursuant to exemptions from the prospectus requirements of applicable Legislation, (v) options issued to participants of YPG Holdings' stock purchase and option plan for employees of YPG Holdings and its subsidiaries and the issuance of shares of YPG Holdings upon the exercise of such options (such shares which are in turn automatically exchangeable for units of the Fund pursuant to contractual arrangements with the Fund) or (vi) for greater certainty, any bank indebtedness;

) if YPG Holdings hereafter distributes additional debt securities (other than (i) debt securities that are issued to the Fund or to entities that are wholly-owned, directly or indirectly, by the Fund, (ii) debt securities under YPG Holdings' commercial paper program, (iii) debt securities that are distributed on a private placement basis pursuant to exemptions from the prospectus requirements of applicable Legislation or (iv) for greater certainty, any bank indebtedness), the Fund shall fully and unconditionally guarantee such debt securities as to the payments required to be made by YPG Holdings to the holders of such debt securities;

) if there is a material change in respect of the business, operations or capital of YPG Holdings that is not a material change in respect of the Fund, YPG Holdings will comply with the requirements of the Legislation to issue a press release and file a material change report with the Decision Makers notwithstanding that the change may not be a material change in respect of the Fund;

) the documents required to be filed by the Fund with the Decision Makers under the Legislation will be filed under each of the Fund's and YPG Holdings' SEDAR profiles within the time limits and in accordance with applicable fees required by the Legislation for the filing of such documents; and

) YPG Holdings files a notice in its SEDAR profile stating that (i) it has been granted relief from continuous disclosure obligations under the Legislation pursuant to a decision of the Decision Makers, subject to the conditions set forth in such decision, (ii) that investors should refer to the continuous disclosure documents filed by the Fund and (iii) that such continuous disclosure documents of the Fund are also available in the SEDAR profile of YPG Holdings;

AND THE FURTHER DECISION of the Decision Makers pursuant to the Legislation is to exempt the insiders of YPG Holdings from the Insider Reporting Requirements, provided that:

) such relief shall only relieve the insiders of YPG Holdings from their obligations to declare their holdings of securities of YPG Holdings;

) the insiders of YPG Holdings do not receive, in the ordinary course, information as to material facts or material changes concerning the Fund before such material facts or material changes are generally disclosed; and

) in the event an insider of YPG Holdings is also an insider of the Fund other than by virtue of such insider being an insider of YPG Holdings, such insider will provide all necessary information with respect to its holdings of securities of the Fund and of YPG Holdings in its insider reports to be filed in SEDI format under

the insider reporting profile of the Fund and of YPG Holdings, if necessary.

July 16, 2004.

"Josée Deslauriers"

2.1.16 GrowthWorks WV Management Ltd. - MRRS Decision

Headnote

Exemption from the requirement to deliver comparative financial statements to registered securityholders of certain labour sponsored investment funds until proposed National Instrument 81-106 comes into force.

Statues Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., ss. 79 and 80(b)(iii).

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

AND

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

AND

IN THE MATTER OF
GROWTHWORKS WV CANADIAN FUND INC.
GROWTHWORKS WV OPPORTUNITY FUND INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of Alberta, Ontario and Nova Scotia (the Jurisdictions) has received an application (the Application) from GrowthWorks WV Management Ltd. (the Manager), the manager of the GrowthWorks WV Canadian Fund Inc. and GrowthWorks WV Opportunity Fund Inc. (the Existing Funds), for a decision pursuant to the securities legislation of the Jurisdictions (the Legislation) that the requirement to deliver annual financial statements to the securityholders of the Existing Funds and the mutual funds hereinafter established and/or managed by the Manager or a successor or affiliate of the Manager (the Funds) shall not apply unless securityholders have requested to receive them;

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 that:

1. The Manager is a corporation incorporated under the laws of Canada.

2. Each Existing Fund is a labour-sponsored investment fund corporation registered under the *Community Small Business Investment Funds Act* (Ontario) and a mutual fund under the Jurisdictions. In addition, GrowthWorks WV Canadian Fund is a labour-sponsored venture capital corporation registered under the *Income Tax Act* (Canada) and the *Equity Tax Credit Act* (Nova Scotia) and an approved fund under the *Labour-sponsored Venture Capital Corporations Act* (Saskatchewan). GrowthWorks WV Opportunity Fund is also a prescribed labour-sponsored venture capital corporation under the *Income Tax Act* (Canada).

3. Each Existing Fund is a reporting issuer in each Jurisdiction. Each Existing Fund is not in default of the applicable requirements of the current Legislation.

4. Each Existing Fund is required to deliver annually, within 140 days of its financial year-end, to each holder of its securities (the Securityholders), comparative financial statements in the prescribed form pursuant to the Legislation. Each Existing Fund has a financial year end of August 31.

5. The Manager will send to Securityholders who hold securities of the Funds in client name (the Direct Securityholders) in each year, a notice advising them that they will not receive the annual financial statements of the Funds for the year then ended unless they request same, and providing them with a request form under which the securityholder may request, at no cost to the securityholder, to receive the annual financial statements. The notice will advise the Direct Securitholders where annual financial statements can be found on the Internet (including on the SEDAR website) and downloaded. The Manager will send financial statements to any Direct Securityholder who requests them in response to such notice or who subsequently requests them.

6. Securityholders who hold their securities in the Funds through a nominee they will be dealt with pursuant to National Instrument 54-101.

7. Securityholders will be able to access financial statements of the Funds either on the SEDAR website or on the website of the Manager: www.growthworks.ca (or any successor website) or by calling the Manager's toll-free telephone number.

8. There would be substantial cost savings if the Funds are not required to print and mail annual financial statements to those Direct Securityholders who do not want them.

9. The Canadian Securities Administrators (the CSA) have re-published for comment proposed National Instrument 81-106 (NI 81-106) which, among other things, would permit a Fund not to deliver annual financial statements to those of its securityholders who do not request them, if the Funds provide each securityholder with a request form under which the securityholder may request, at no cost to the securityholder, to receive the mutual fund's annual financial statements for that financial year.

10. NI 81-106 would also require the Fund to have a toll-free telephone number for, or accept collect calls from, persons or companies that want to receive a copy of, among other things, the annual financial statements of the Fund.

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;

AND WHEREAS the Decision Makers are satisfied that making the Decision will not adversely affect the rule-making process with respect to proposed NI 81-106 and is consistent with National Instrument 54-101;

THE DECISION of the Decision Makers pursuant to the Legislation is that until NI 81-106 comes into force, the Funds shall not be required to deliver their annual financial statements to their Direct Securityholders other than those Direct Securityholders who have requested to receive them provided that:

(cc) the Manager shall file on SEDAR, under the annual financial statements category, confirmation of mailing of the request forms that have been sent to the Direct Securityholders within 90 days of mailing the request forms;

(dd) the Manager shall file on SEDAR, under the annual financial statements category, information regarding the number and percentage of requests for annual financial statements made by the return of the request forms, on a province-by-province basis within 30 days after the end of each quarterly period, beginning from the date of mailing the request forms and ending 12 months from the date of mailing;

(ee) the Manager shall record the number and a summary of complaints received from Direct Securityholders about not receiving the annual financial statements and shall file on SEDAR, under the annual financial statements category, this information within 30 days after the end of each quarterly period, beginning from

the date of mailing the request forms and ending 12 months from the date of mailing;

(ff) the Manager shall, if possible, measure the number of "hits" on the annual financial statements of the Funds on the www.growthworks.ca website and shall file on SEDAR, under the annual financial statements category, this information within 30 days after the end of each quarterly period, beginning from the date of mailing the request forms and ending 12 months from the date of mailing;

(gg) the Manager shall file on SEDAR, under the annual financial statements category, estimates of annual cost savings resulting from the granting of this Decision, within 90 days of mailing the request forms; and

(hh) this Decision shall terminate upon NI 81-106 coming into force in the Jurisdictions.

July 20, 2004.

"Wendell S. Wigle" "Suresh Thakrar"

2.1.17 Residential Equities Real Estate Investment Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to be no longer a reporting issuer under securities legislation (for MRRS Decisions).

Applicable Ontario Statutory Provisions

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

July 20, 2004

Stikeman Elliot LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Matt Dooley

Dear Mr. Dooley:

Re: Residential Equities Real Estate Investment Trust (Applicant) - application to cease to be a reporting issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (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.

“Charlie MacCready”

2.2 Orders

2.2.1 Monster Copper Corporation - ss. 83.1(1)

Headnote

Subsection 83.1(1) – issuer deemed to be a reporting issuer in Ontario – issuer already a reporting issuer in Alberta and British Columbia since May 17, 2001 – issuer's securities listed for trading on the TSX Venture Exchange – continuous disclosure requirements in Alberta and British Columbia substantially the same as those in Ontario.

Statutes Cited

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

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

AND

IN THE MATTER OF
MONSTER COPPER CORPORATION

ORDER
(Subsection 83.1(1))

UPON the application of Monster Copper Corporation (the "Company") for an order, pursuant to subsection 83.1(1) of the Act, deeming the Company to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Company having represented to the Commission as follows:

1. The Company was incorporated under the laws of Yukon on May 24, 2000.

2. The Company's head office is located in Richmond Hill, Ontario.

3. The Company is authorized to issue an unlimited number of common shares. As of June 29, 2004, the Company has 10,436,941 common shares issued and outstanding.

4. The common shares of the Company are listed on the TSX Venture Exchange and the Company is in compliance with and not in default of the requirements of the TSX Venture Exchange.

5. The Company became a reporting issuer under the *Securities Act* (British Columbia) (the "B.C. Act") and the *Securities Act* (Alberta) (the "Alberta Act") on May 17, 2001, which was the date of the MRRS Decision Document for the final prospectus of the Company in connection with its initial public offering.

6. The Company is not in default of any requirements under the B.C. Act or the Alberta Act.

7. Other than British Columbia and Alberta, the Company is not a reporting issuer or public company under the securities legislation of any other jurisdiction in Canada.

8. The Company has a significant connection to Ontario in that: (i) its principal mind and management is resident in Ontario; (ii) its head office is located in Ontario; and (iii) at least 10% of its equity securities are held by registered or beneficial holders resident in Ontario.

9. The continuous disclosure requirements of the B.C. Act and the Alberta Act are substantially the same as the requirements under the Act.

10. The continuous disclosure materials filed by the Company under the B.C. Act and the Alberta Act are available on the System for Electronic Document Analysis and Retrieval.

11. Neither the Company nor any of its officers, directors nor, to the knowledge of the Company, its officers and directors, any controlling shareholders has:

    (a) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority,

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

    (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

12. Neither the Company nor any of its directors, officers nor, to the knowledge of the Company, its officers and directors, any controlling shareholders, is or has been subject to:

    (a) any known or ongoing or concluded investigations by

        (i) a Canadian securities regulatory authority, or

        (ii) a court or regulatory body, other than a Canadian securities regulatory authority,

that would be likely to be considered important to a reasonable investor making an investment decision, or

(b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding ten (10) years.

13. None of the directors or officers of the Company, nor to the knowledge of the Company, its directors and officers, any of its controlling shareholders, is or has been at the time of such event a director or officer of any other issuer which is or has been subject to

(a) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than thirty (30) consecutive days, within the preceding ten (10) years; or

(b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding ten (10) years.

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

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

July 19, 2004.

"Charlie MacCready"

2.2.2 HSBC Capital Canada Fund (IV) Limited Partnership - s. 1.1 of OSC Rule 45-501

Headnote

Ontario Securities Commission Rule 45-501 – Exempt Distributions – section 1.1 – Recognition as an accredited investor under OSC Rule 45-501.

Statutes Cited

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

Rules Cited

Ontario Securities Commission Rule 45-501.

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

AND

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 45-501 –
EXEMPT DISTRIBUTIONS
(the "Rule")

AND

IN THE MATTER OF
HSBC CAPITAL CANADA FUND (IV) LIMITED PARTNERSHIP

RECOGNITION ORDER
(Paragraph (u) of Section 1.1 of the Rule –
The "Accredited Investor" Definition)

UPON the application (the "Application") of HSBC Capital Canada Fund (IV) Limited Partnership (the "Partnership") filed with the Ontario Securities Commission (the "Commission") for recognition as an accredited investor under the Rule;

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

AND UPON it being represented by the Partnership to the Commission that:

1. The Partnership is a limited partnership formed pursuant to the *Partnership Act* (British Columbia) on December 29, 1999;

2. The Partnership has a general partner, HSBC Capital (Canada) Inc. (the "General Partner"), a wholly-owned subsidiary of HSBC Bank Canada, that is responsible for the management of the Partnership in accordance with the terms of its limited partnership agreement;

3. On November 10, 1998, the Commission issued a ruling that certain trades of units of limited

partnerships by the General Partner are exempt from the requirements of sections 25 and 53 of the Act;

4. On July 19, 2002, the Commission issued an order designating the Partnership as an accredited investor;

5. The Partnership is one part of the "HSBC Private Equity Fund" (the "Fund"), which is a fund comprised of four separate limited partnerships, each of whose general partner is the General Partner;

6. The Fund was formed to enable HSBC Bank Canada to engage in the activities of a specialized financing corporation (as such term was previously defined in the *Bank Act* (Canada)) through the Fund;

7. The four limited partnerships comprising the Fund effectively operate as one entity as a result of a co-investment agreement, which, among other things, requires each limited partnership to make investments and divestments concurrently on a *pro rata* basis;

8. The three other limited partnerships forming the Fund qualify as "accredited investors" under the definition of "accredited investor" in section 1.1 of the Rule;

9. The General Partner has the sole authority to carry on the business and affairs of each of the limited partnerships comprising the Fund, with full and exclusive power and authority to administer, manage, control and operate the business and affairs of each of the limited partnerships;

10. The General Partner, through its directors and officers, possess sufficient investment experience to enable it to evaluate the merits of any particular investment on behalf of the Partnership;

11. On December 31, 2003, the Partnership had assets of $537,000 and the Fund had aggregate assets of $42,790,000;

12. The Partnership is not a reporting issuer under the Act or under the securities legislation of any other jurisdiction in Canada;

13. The Partnership is not listed on an exchange or traded over-the-counter;

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

NOW THEREFORE the Commission recognizes the Partnership as an accredited investor under the Rule provided that this recognition order will expire two years from the date of this recognition order, subject to renewal and application for renewal must be made at least 30 days prior to the date this recognition order expires.

July 13, 2004.

"Wendell S. Wigle" "Suresh Thakrar"

2.2.3 RMI USA LLC - s. 83

Headnote

Issuer meets the requirements set out in OSC Staff Notice 12-703 – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

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

July 8, 2004

Davies Ward Phillips & Vineberg LLP
44th Floor, First Canadian Place
Toronto, ON M5X 1B1

ATTN: Richard Fridman

Re: RMI USA LLC (the "Applicant") – Application to Cease to be a Reporting Issuer under Section 83 of the Securities Act (Ontario) (the "Act")

The Applicant has applied to the Ontario Securities Commission for an order under section 83 of the Act to be deemed to have ceased to be a reporting issuer.

As the Applicant has represented to the Director that:

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

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

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

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

the Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is deemed to have ceased to be a reporting issuer.

"Erez Blumberger"

2.2.4 Wal-Mart Stores, Inc. - s. 83

Headnote

Section 83 of the Securities Act. Issuer is not a reporting issuer in any province in Canada. Issuer has a large number of shareholders in Ontario holding a de minimis number of securities. Issuer subject to securities legislation of the United States, and issuer delivers and will continue to deliver to shareholders resident in Ontario and in Canada the same continuous disclosure materials as those delivered, and required to be delivered, to U.S. shareholders. Issuer not listed or quoted on an exchange or market in Canada. Issuer deemed to have ceased to be a reporting issuer.

Statutes Cited

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

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

AND

IN THE MATTER OF
WAL-MART STORES, INC.

ORDER
(Section 83)

UPON the application of Wal-Mart Stores, Inc. (the "Company") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 83 of the Act that the Company be deemed to have ceased to be a reporting issuer for the purposes of the Act;

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

AND UPON it being represented by the Company to the Commission that:

1. The Company is incorporated under the laws of the State of Delaware and its head office is located in Bentonville, Arkansas.

2. In 1995, the Company sought and obtained a listing for its common shares (the "Shares") on the Toronto Stock Exchange (the "TSX").

3. In connection with such listing, the Company was included in the Commission's list of reporting issuers because the definition of "reporting issuer" pursuant to section 1(1) of the Act includes an issuer "any of whose securities have been at any time since the 15th day of September, 1979 listed and posted for trading on any stock exchange in Ontario recognized by the Commission, regardless of when such listing and posting for trading commenced".

4. In 1997, the Company voluntarily delisted the Shares from the TSX and its application to delist was granted on September 12, 1997. The principal reason for the delisting was due to the lack of any significant trading activity in the Shares on the TSX.

5. The authorized capital of the Company consists of 11 billion Shares with a par value of US $0.10 per Share, and 100 million preference shares with a par value of US $0.10 per preference share. As of June 21, 2004, approximately 4,300,000,000 Shares (other than treasury shares) were issued and outstanding. No preference shares of the Company are issued and outstanding.

6. As of June 21, 2004, based on the shareholder registers of the Company, an aggregate of approximately 10,000,000 Shares were held by persons with addresses in Ontario and approximately 11,775,000 Shares were held by persons with addresses in Canada, representing approximately 0.2% and approximately 0.3% of all outstanding Shares, respectively. As of June 21, 2004, there were approximately 18,400 registered holders of Shares with addresses in Ontario, representing approximately 0.02% of the Company's holders of Shares worldwide.

7. The Company is not a reporting issuer in any province in Canada other than Ontario and is not in default of any of its obligations as a reporting issuer. There are no securities of the Company listed or posted for trading on any stock exchange or market in Canada. The Company has no intention of seeking public financing by way of an offering of its securities in Ontario.

8. The Shares are listed and posted for trading on the New York Stock Exchange and the Pacific Stock Exchange. The Company is registered under the Securities Exchange Act of 1934 in the United States (the "1934 Act") and is not in default of the 1934 Act or the regulations made thereunder or of similar legislation to which it is subject.

9. The Company delivers all disclosure material required by United States securities law to its shareholders resident in Ontario and Canada, in accordance with National Instrument 71-102 *Continuous Disclosure and Other Exemptions relating to Foreign Issuers*. The Company will continue to deliver all disclosure material delivered to shareholders resident in the United States, and required by United States securities law, to its shareholders located in Ontario and Canada. This information is also available to shareholders on the Company's website at www.walmartstores.com and through the United States Securities and Exchange Commission website at www.sec.gov.

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

IT IS HEREBY ORDERED pursuant to Section 83 of the Act that the Company is deemed to have ceased to be a reporting issuer for the purposes of the Act.

July 13, 2004.

"Wendell S. Wigle" "Robert W. Davis"

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
Fantom Technologies Inc.	20 Jul 04	30 Jul 04		
International Keystone Entertainment Inc.	09 Jul 04	21 Jul 04		19 Jul 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	07 Jun 04		
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
Aspen Group Resources Corp.	20 May 04	02 Jun 04	02 Jun 04	20 Jul 04	
Atlantis Systems Corp.	25 May 04	07 Jun 04	07 Jun 04	20 Jul 04	
Cabletel Communications Corp.	25 May 04	07 Jun 04	07 Jun 04		
Denninghouse Inc.	15 Jun 04	28 Jun 04	28 Jun 04	21 Jul 04	
Hollinger Canadian Newspapers, Limited Partnership	18 May 04	01 Jun 04	01 Jun 04		
Hollinger Inc.	18 May 04	01 Jun 04	01 Jun 04		
Hollinger International Inc.	18 May 04	01 Jun 04	01 Jun 04		
McWatters Mining Inc.	26 May 04	08 Jun 04	08 Jun 04		
Nortel Networks Corporation	17 May 04	31 May 04	31 May 04		
Nortel Networks Limited	17 May 04	31 May 04	31 May 04		
Wastecorp. International Investments Inc.	20 Jul 04	30 Jul 04			

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesScource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

Transaction Date	Purchaser	Security	Total Purchase Price ($)	Number of Securities
22-Jun-2004	18 Purchasers	1620201 Ontario Inc. - Common Shares	800,000.00	2,352,941.00
30-Jun-2004	1518319 Ontario Inc.	2003144 Ontario Inc. - Common Shares	549,159.25	500,000.00
08-Jul-2004 to 12-Jul-2004	3 Purchasers	Acuity Pooled Growth and Income Fund - Trust Units	380,000.00	37,847.00
06-Jul-2004 to 12-Jul-2004	11 Purchasers	Acuity Pooled High Income Fund - Trust Units	1,052,063.52	58,932.00
06-Jul-2004 to 12-Jul-2004	3 Purchasers	Acuity Pooled Income Trust Fund - Trust Units	565,000.00	30,207.00
06-Jul-2004	Canaccord Capital Corporation ITF Dio Innamorato	Aumega Discoveries Ltd. - Units	40,250.00	115,000.00
21-May-2004	27 Purchasers	Bontan Corporation Inc. - Units	4,548,028.00	12,994,366.00
12-Jul-2004	CMP 2004 Resource Limited Canada Dominion Resources 2004 Limited Partnership	Cambior Inc. - Common Shares	1,403,000.00	305,000.00
30-Jun-2004	Vineet Narang	Canex Energy Inc. - Common Shares	34,850.00	41,000.00
01-Jan-2004 to 25-Jun-2004	Centaur Balanced Fund	Centaur Balanced Fund - Units	2,210,642.12	166,347.00
01-Jan-2004 to 25-Jun-2004	Centaur Bond Fund	Centaur Bond Fund - Units	3,346,599.76	341,583.00
01-Jan-2004 to 25-Jun-2004	Centaur Canadian Equity	Centaur Canadian Equity - Units	2,687,642.22	30,446.00
01-Jan-2004 to 25-Jun-2004	Centaur Bond Fund	Centaur Int'l Fund - Units	1,806,971.15	223,448.00
01-Jan-2004 to 25-Jun-2004	Centaur Money Market	Centaur Money Market - Units	12,499,052.47	1,249,905.00

01-Jan-2004 to 25-Jun-2004	Centaur Small Cap	Centaur Small Cap - Units	85,491.59	1,341.00
01-Jan-2004 to 25-Jun-2004	Centaur US Equity	Centaur US Equity - Units	637,298.80	15,083.00
30-Jun-2004	15 Purchasers	CES Software plc - Warrants	6,622,050.00	2,527,500.00
09-Jul-2004	Oakwest Corporation Limited	Cogient Corp. - Debentures	150,000.00	150,000.00
09-Jul-2004	Wingate Investment Management Ltd.	Cogient Corp. - Warrants	0.00	20,000.00
02-Jul-2004	Lamont Gordon	D-Box Technologies Inc. - Common Shares	200,000.00	800,000.00
02-Jul-2004	5 Purchasers	Diamonds North Resources Ltd. - Common Shares	2,484,375.00	1,987,500.00
30-Jun-2004	Kyone Management Corporation	Dixie X-Ray Associates Limited - Common Shares	624,110.00	250.00
30-Jun-2004	Ontario Teachers' Pension Plan Board	Endurance Trust - Notes	2,654,750.41	2,654,750.00
30-Jun-2004	Ontario Teachers' Pension Plan Board	Endurance Trust - Notes	15,825,689.67	15,825,690.00
12-Jul-2004	4 Purchasers	Energy Exploration Technologies - Flow-Through Shares	920,000.00	1,150,000.00
01-Jul-2004	5 Purchasers	Epic Tabacon North American Diversified Fund LP - Limited Partnership Units	1,150,000.00	1,250.00
15-Jul-2004	3 Purchasers	Exall Resources Limited - Flow-Through Shares	3,000,000.00	75,000,000.00
18-Jun-2004	CIBC World Markets Inc.	Gemini Trust - Notes	25,000,000.00	25,000,000.00
07-Jul-2004	Domenico Dirisio Dr. James Beveridge	Gerber, Inc. - Notes	38,000.00	38,000.00
05-Jul-2004	Robert Storek	Glacier Ventures International Corp. - Mortgage	100,000.00	600,000.00
07-Jul-2004	6 Purchasers	Grove Energy Limited - Units	1,140,000.00	2,850,000.00
20-Jun-2004	8 Purchasers	Hampton Income Properties - Limited Partnership Units	1,750,000.00	175,000.00
07-Jul-2004	CI Mutual Funds	Horizon Lines, LLC - Notes	500,000.00	500,000.00
02-Jul-2004	Canadian Medical Protective Association	Imperial Capital Acquisition Fund III (Institutional) 2 Limited Partnership - Units	145,000.00	145,000.00
02-Jul-2004	Kensington Fund of Funds; L.P.	Imperial Capital Acquisition Fund III (Institutional) 3 Limited Partnership - Units	60,000.00	60,000.00

28-Jun-2004	Canadian Medical Discoveries Fund Inc.	Inimex Pharmaceuticals Inc. - Shares	2.46	2,450,019.00
29-Jun-2004	MWI Nominee Company Ltd.	Insight Sports Ltd. - Preferred Shares	441,800.00	4,418.00
29-Jun-2004	Richard Elder Misty Management Inc.	Integral Wealth Management Inc. - Units	200,000.00	200,000.00
30-Jun-2004	19 Purchasers	International Taurus Resources Inc. - Units	627,360.00	2,614,000.00
25-Jun-2004	5 Purchasers	Jackson Hewitt Tax Service Inc. - Stock Option	2,923,150.00	171,950.00
28-Jun-2004	6 Purchasers	Kaval Wireless Technologies Inc. - Shares	321.48	321,480.00
30-Jun-2004	5 Purchasers	Kingwest Avenue Portfolio - Units	600,000.00	28,065.00
29-Jun-2004	79 Purchasers	KIDSFUTURES INC. - Special Warrants	4,996,800.00	4,996,800.00
30-Jul-2004	Hospitals of Ontario Pension Plan	Longroad Capital Partners L.P. - Limited Partnership Interest	66,690,000.00	50,000,000.00
24-Jun-2004	7 Purchasers	Maple Key + Limited Partnership - Limited Partnership Units	1,439,000.00	1,439,000.00
30-Jun-2004	CPP Investment Board Private Holdings Inc.	MatlinPatterson Global Opportunities Partners (Cayman) II L.P. - Limited Partnership Interest	201,060,000.00	150,000,000.00
30-Jun-2004	Longitude Fund Limited Partnership	Mobile Networks Corp. - Preferred Shares	999,999.48	708,516.00
28-Jun-2004	VentureLink Financial Services Innovation Fund	N-Brook Lender Services Inc. - Debentures	6,000,000.00	1.00
13-Jul-2004	3 Purchasers	National Challenge Systems Inc. - Units	230,000.00	1,840,000.00
15-Jul-2004	Stanley Wonnacott	New Solutions Financial (II) Corporation - Debentures	100,000.00	100,000.00
09-Jul-2004	CMP 2004 Resource Canada Dominion Resource 2004 Limited Partnership	North American Palladium Ltd. - Flow-Through Shares	4,050,000.00	270,000.00
30-Jun-2004	15 Purchasers	Ondine Biopharma Corporation - Common Shares	7,486,250.00	3,327,222.00
28-Jun-2004	Weiss, Peck & Greer	priceline.com Incorporated - Notes	2,200,000.00	22,000.00
22-Mar-2004	Devon Holdings Ltd.	PGM Ventures Corporation - Common Shares	29,999.70	33,333.00
22-Mar-2004	Devon Holdings Ltd.	PGM Ventures Corporation - Common Shares	29,999.70	33,333.00

21-Jun-2004	CIBC World Markets Inc.	Planet Trust - Notes	25,000,000.00	25,000,000.00
30-Jun-2004	72 Purchasers	Pond Mills Square Limited Partnership - Limited Partnership Units	3,487,500.00	3,485.00
01-Jul-2004 to 02-Jul-2004	Dr. Paul Halpern John Dill	Recognia Inc. - Notes	10,000.00	2.00
01-Jul-2004	Royal Bank of Canada	Rockbay Capital Offshore Funds, Ltd. - Shares	2,995,000.00	299,500.00
21-Jun-2004	CIBC World Markets Inc.	Rocket Trust - Notes	10,000,000.00	10,000,000.00
30-Jun-2004	EdgeStone Capital Venture Fund L.P.	RSS Solutions Inc. - Debentures	750,000.00	750,000.00
30-Jun-2004	9 Purchasers	SC (Palmer Park) Limited Partnership - Units	1,825,313.00	73.00
07-May-2004	1115 Purchasers	Second World Trader Inc. - Units	4,539,592.00	15,954.00
16-Jul-2004	Terry Marlow	Stealth Minerals Limited - Stock Option	0.30	185,000.00
09-Jul-2004	3 Purchasers	Talware Networx Inc. - Units	326,000.00	4,075,000.00
28-Jun-2004	Robert McAdam James H. Morlock	Technicoil Corporation - Common Shares	30,000.00	30,000.00
28-Jun-2004	8 Purchasers	Technicoil Corporation - Common Shares	5,929,900.00	5,929,900.00
07-Jul-2004	Newmont Mining Corp of Canada Limited	Terraco Gold Corp. - Common Shares	272,000.00	800,000.00
02-Jul-2004	Diversified Equities 2003 Lionel de Mercado	The Alpha Fund - Units	1,075,000.00	7.00
02-Jul-2004	Context Capital Management Weiss, Peck & Greer	The Goodyear Tire & Rubber Company - Notes	9,800,000.00	98,000.00
30-Jun-2004	3 Purchasers	The McElvaine Investment Trust - Trust Units	475,000.00	23,458.00
05-Jul-2004	4 Purchasers	Tone Resources Limited - Units	20,000.00	40,000.00
18-Jun-2004	State Street Trust Company The Governing Council of the University of Toronto	Venture West 8 Limited Partnership - Units	15,000,000.00	15,000.00
29-Jun-2004	11 Purchasers	Verenex Energy Inc. - Common Shares	6,215,000.00	2,486,000.00
21-Jun-2004	6 Purchasers	Watch Resources Ltd. - Flow-Through Shares	2,215,000.20	7,383,334.00
13-Jul-2004	Humble Holdings Corporation	WALLBRIDGE MINING COMPANY LIMITED - Common Shares	4,999,999.50	909,090.00

28-Jun-2004	CBC Pension Fund	WCA Waste Corporation - Stock Option	319,841.25	25,000.00
21-Jan-2004	State Street Global Advisors	Westpac Banking Corporation (WBC) - Notes	150,015.00	150,000,000.00
03-Jun-2004	State Street Global Advisors	Westpac Banking Corporation (WBC) - Notes	160,000.00	160,000,000.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AltaGas Income Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated July 20, 2004
Mutual Reliance Review System Receipt dated July 20, 2004
Offering Price and Description:
$ * - * Trust Units Price: $ * per Trust Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #668623

Issuer Name:
Azure Dynamics Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated July 13, 2004
Mutual Reliance Review System Receipt dated July 14, 2004
Offering Price and Description:
$ * - * Units; Price: $ * per Unit
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Promoter(s):
-
Project #659724

Issuer Name:
Emblem Capital Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated July 14, 2004
Mutual Reliance Review System Receipt dated July 15, 2004
Offering Price and Description:
Minimum Offering: $700,000 or 4,666,666 Common Shares
Maximum Offering: $1,000,000 or 6,666,666 Common Shares
Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Kingsdale Capital Markets Inc.
Promoter(s):
-
Project #667113

Issuer Name:
Emera Incorporated
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Short Form Shelf Prospectus dated July 15, 2004
Mutual Reliance Review System Receipt dated July 15, 2004
Offering Price and Description:
$300,000,000.00 - Debt Securities (Unsecured)
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 #667370

Issuer Name:
Fairborne Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated July 19, 2004
Mutual Reliance Review System Receipt dated July 19, 2004
Offering Price and Description:
$20,000,000.00 - 1,600,000 Flow-Through Shares Price: $12.50 per Flow-Through Share
Underwriter(s) or Distributor(s):
Peters & Co. Limited
Sprott Securities Inc.
FirstEnergy Capital Corp.
GMP Securities Ltd.
Canaccord Capital Corporation
Promoter(s):
-
Project #668257

Issuer Name:
Harvest Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated July 19, 2004
Mutual Reliance Review System Receipt dated July 19, 2004
Offering Price and Description:
$115,200,000.00 - 8,000,000 Subscription Receipts, each representing the right to receive one trust unit
and $80,000,000.00 - 8.0% Convertible Unsecured Subordinated Debentures Subscription Receipts
$80,000,000 – Debentures Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
Canaccord Capital Corp.
Haywood Securities Inc.
GMP Securities Ltd.
Promoter(s):
M. Bruce Chernoff
Kevin A. Bennett
Project #668317

Issuer Name:
Heating Oil Partners Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 14, 2004
Mutual Reliance Review System Receipt dated July 14, 2004
Offering Price and Description:
$30,160,000 - 2,900,000 Units Price: $10.40 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
Promoter(s):
-
Project #666988

Issuer Name:
Longford Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated July 14, 2004
Mutual Reliance Review System Receipt dated July 15, 2004
Offering Price and Description:
MINIMUM OFFERING: $400,000 or 4,000,000 Common Shares
MAXIMUM OFFERING: $500,000 or 5,000,000 Common Shares
PRICE: $0.10 per Common Share
Underwriter(s) or Distributor(s):
First Associates Investments Inc.
Promoter(s):
Gerald McCarvill
Project #667291

Issuer Name:
MIX China Opportunities Class
Elliott & Page Universe Bond Fund
Elliott & Page Small Cap Value Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated July 19, 2004
Mutual Reliance Review System Receipt dated July 20, 2004
Offering Price and Description:
Advisor Series, Series F and Series I Securities
Underwriter(s) or Distributor(s):
Elliott & Page Limited
Elliott & Page Limited
MFC Global Investment Management, a division of Elliott & Page Limited
Promoter(s):
-
Project #668368

Issuer Name:
Nova Scotia Power Incorporated
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Short Form Shelf Prospectus dated July 15, 2004
Mutual Reliance Review System Receipt dated July 15, 2004
Offering Price and Description:
$400,000,000.00 - Debt Securities (Unsecured)
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 #667352

Issuer Name:
RCGT Money Market Fund for Employees
RCGT Balanced Fund for Employees
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectuses dated December 1, 2003
Mutual Reliance Review System Receipt dated July 15, 2004
Offering Price and Description:
Mutual Fund Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Raymond Chabot Grant Thornton
Project #595640

Issuer Name:
RCGT Money Market Fund for partners
RCGT Balanced Fund no.2 for partners
RCGT Balanced Fund no.1 for partners
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectuses dated December 1, 2003
Mutual Reliance Review System Receipt dated July 15, 2004
Offering Price and Description:
Mutual Fund Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #595532

Issuer Name:
The VenGrowth III Investment Fund Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated July 13, 2004
Mutual Reliance Review System Receipt dated July 14, 2004
Offering Price and Description:
Class A Shares Initial Offering Price: $10 per Class A Share
Continuous Offering Price: Net asset value per Class A Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
APSFA/AGFFP Sponsor Corp.
Project #666722

Issuer Name:
The Westaim Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated July 16, 2004
Mutual Reliance Review System Receipt dated July 16, 2004
Offering Price and Description:
$34,000,000.00 - 10,000,000 common shares Price: $3.40 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities Ltd.
CIBCe World Markets Inc.
Haywood Securities Inc.
Paradigm Capital Inc.
Promoter(s):
-
Project #667766

Issuer Name:
TransCanada Power, L.P.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Shelf Prospectus dated July 16, 2004
Mutual Reliance Review System Receipt dated July 16, 2004
Offering Price and Description:
$750,000,000.00 - Limited Partnership Units Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #667698

Issuer Name:
Viventia Biotech Inc.
Principal Regulator - Ontario
Type and Date:
Second Amended and Restated Preliminary Prospectus dated July 19, 2004
Mutual Reliance Review System Receipt dated July 19, 2004
Offering Price and Description:
$* - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Canaccord Capital Corporation
Jennings Capital Inc.
Wellington West Capital Inc.
Research Capital Corporation
Promoter(s):
-
Project #630643

Issuer Name:
YIELDPLUS Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated July 19, 2004
Mutual Reliance Review System Receipt dated July 20, 2004
Offering Price and Description:
$ * Maximum) - * Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
First Associates Investments Inc.
Wellington West Capital Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
Raymond James Ltd.
Acadian Securities Incorporated
Middlefield Capital Corporation
Research Capital Corporation
Promoter(s):
Middlefield Group Limited
Middlefield YieldPlus Management Limited
Project #668659

Issuer Name:
Academy Capital Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated July 12, 2004
Mutual Reliance Review System Receipt dated July 14, 2004
Offering Price and Description:
Minimum Offering: $350,000 or 2,333,333 Common Shares; Maximum Offering: $1,500,000 or 10,000,000 Common Shares Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
-
Project #634799

Issuer Name:
Balanced Income Portfolio
Balanced Growth Portfolio
Long-Term Growth Portfolio
All Equity Portfolio
All Equity RSP Portfolio
Russell Canadian Fixed Income Fund
Russell Canadian Equity Fund
Russell US Equity Fund
Russell Overseas Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 14, 2004
Mutual Reliance Review System Receipt dated July 15, 2004
Offering Price and Description:
Class B units
Underwriter(s) or Distributor(s):
Frank Russell Canada Limited
Promoter(s):
Frank Russell Canada Limited
Project #658868

Issuer Name:
Armtec Infrastructure Income Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 19, 2004
Mutual Reliance Review System Receipt dated July 20, 2004
Offering Price and Description:
$90,150,000.00 - 9,015,000 Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Promoter(s):
ONCAP Investment Partners Inc.
Project #661054

Issuer Name:
Capstone Canadian Equity Fund
Capstone Balanced Fund
Capstone Global Equity Fund
Capstone Cash Management Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 16, 2004
Mutual Reliance Review System Receipt dated July 20, 2004
Offering Price and Description:
Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Capstone Consultants Limited
Capstone Consultants Limited
Promoter(s):
Morgan Meighen & Associates Limited
Project #658042

Issuer Name:
CNH Capital Canada Wholesale Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 14, 2004
Mutual Reliance Review System Receipt dated July 14, 2004
Offering Price and Description:
$150,000,000 Floating Rate Class A Wholesale Receivables-Backed Notes, Series CW2004-1
$12,303,000 Floating Rate Class B Wholesale Receivables-Backed Notes, Series CW2004-1
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
TD Securities Inc.
Promoter(s):
Case Credit Ltd.
Project #662657

Issuer Name:
CNH Capital Canada Wholesale Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 14, 2004
Mutual Reliance Review System Receipt dated July 14, 2004
Offering Price and Description:
$175,000,000 - Floating Rate Class A Wholesale Receivables-Backed Notes, Series CW2004-2
$14,353,000 - Floating Rate Class B Wholesale Receivables-Backed Notes, Series CW2004-2
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
TD Securities Inc.
Promoter(s):
Case Credit Ltd.
Project #662663

Issuer Name:
Dynamic European Value Fund
Dynamic U.S. Small Cap Value Fund
Dynamic Focus+ Canadian Fund
Dynamic Focus+ Global Fund
Dynamic Focus+ Wealth Management Fund
Dynamic Focus+ Energy Income Trust Fund
Dynamic Focus+ Real Estate Fund
Dynamic Focus+ World Equity Fund
Commonwealth World Balanced Fund Ltd.
Dynamic Canadian Precious Metals Fund
Dynamic Canadian Technology Fund
Dynamic Global Resource Fund
Dynamic World Convertible Debentures Fund
Dynamic Dividend Fund
Dynamic Global Bond Fund
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated July 6, 2004 to Final Simplified Prospectuses and Annual Information Forms dated January 22, 2004
Mutual Reliance Review System Receipt dated July 20, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Gooodman & Company, Investment Counsel Ltd.
Goodman & Company, Investment Counsel Ltd.
Promoter(s):
Gooodman & Company, Investment Counsel Ltd.
Project #586034

Issuer Name:
Dynamic Strategic Defensive Portfolio
Dynamic Strategic Conservative Portfolio
Dynamic Strategic Balanced Portfolio
Dynamic Strategic High Growth Portfolio
Dynamic Strategic RSP High Growth Portfolio
Dynamic Strategic All Equity Portfolio
Dynamic Strategic RSP All Equity Portfolio
Dynamic Strategic All Income Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form (NI 81-101) dated July 5, 2004
Mutual Reliance Review System Receipt dated July 14, 2004
Offering Price and Description:
Series A Units
Underwriter(s) or Distributor(s):
Goodman & Company, Investment Counsel Ltd.
Goodman & Company, Investment Counsel Ltd.
Promoter(s):
Goodman & Company Investment Counsel Ltd.
Project #656801

Issuer Name:
Inter Pipeline Fund
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated July 20, 2004
Mutual Reliance Review System Receipt dated July 20, 2004
Offering Price and Description:
$249,150,000.00 - 33,000,000 Subscription Receipts, Price: $7.55 per Subscription Receipt each representing the right to receive one Class A Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Promoter(s):
Pipeline Management Inc.
Project #666455

Issuer Name:
Jaguar Mining Inc.
Type and Date:
Final Prospectus dated July 16, 2004
Receipted on July 19, 2004
Offering Price and Description:
1,895,800 Common Shares and 1,895,800 Common Share Purchase Warrants Issuable Upon Exercise of Previously Issued Special Warrants
Underwriter(s) or Distributor(s):
GMP Securities Ltd.
Clarus Securities Inc.
Haywood Securities Inc.
Canaccord Capital Corporation
Union Securities Ltd.
Promoter(s):
-
Project #659229

Issuer Name:
Mackenzie Sentinel Income Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 7, 2004 to Final Simplified Prospectus and Annual Information Form dated December 15, 2003
Mutual Reliance Review System Receipt dated July 15, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Quadrus Investment Services Inc.
Quadrus Investment Services Ltd.
Promoter(s):
Mackenzie Financial Corporation
Project #587479

Issuer Name:
RBC Canadian T-Bill Fund
RBC Canadian Money Market Fund
RBC Premium Money Market Fund
RBC $U.S. Money Market Fund
RBC Canadian Short-Term Income Fund
RBC Bond Fund
RBC Canadian Bond Index Fund
RBC Monthly Income Fund
RBC Global Bond Fund
RBC Global Corporate Bond Fund
RBC Global High Yield Fund
RBC Cash Flow Portfolio
RBC Enhanced Cash Flow Portfolio
RBC Balanced Fund
RBC Tax Managed Return Fund
RBC Balanced Growth Fund
RBC Global Balanced Fund
RBC Select Conservative Portfolio
RBC Select Balanced Portfolio
RBC Select Growth Portfolio
RBC Select Choices Conservative Portfolio
RBC Select Choices Balanced Portfolio
RBC Select Choices Growth Portfolio
RBC Select Choices Aggressive Growth Portfolio
RBC Target 2010 Education Fund
RBC Target 2015 Education Fund
RBC Target 2020 Education Fund
RBC Dividend Fund
RBC Canadian Value Fund
RBC Canadian Equity Fund
RBC Canadian Index Fund
RBC O'Shaughnessy Canadian Equity Fund
RBC Canadian Growth Fund
RBC Energy Fund
RBC Precious Metals Fund
RBC U.S. Equity Fund
RBC U.S. Index Fund
RBC U.S. RSP Index Fund
RBC O'Shaughnessy U.S. Value Fund
RBC U.S. Mid-Cap Equity Fund
RBC O'Shaughnessy U.S. Growth Fund
RBC Life Science and Technology Fund
RBC International Equity Fund
RBC International RSP Index Fund
RBC European Equity Fund
RBC Asian Equity Fund
RBC Global Education Fund
RBC Global Titans Fund
RBC Global Communications and Media Sector Fund
RBC Global Consumer Trends Sector Fund
RBC Global Financial Services Sector Fund
RBC Global Health Sciences Sector Fund
RBC Global Industrials Sector Fund
RBC Global Resources Sector Fund
RBC Global Technology Sector Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated July 15, 2004
Mutual Reliance Review System Receipt dated July 19, 2004

Offering Price and Description:
Series A and F Units
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
RBC Asset Management Inc.
RBC Dominion Securities Inc.
RBC Asset Management Inc.
Promoter(s):
RBC Asset Management Inc.
Project #657662

Issuer Name:
Royal Gold, Inc.
Principal Regulator - Ontario
Type and Date:
Final MJDS Prospectus dated July 12, 2004
Mutual Reliance Review System Receipt dated July 16, 2004
Offering Price and Description:
15,000,000 Shares of Common Stock
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #608139

Issuer Name:
Royal Gold, Inc.
Principal Regulator - Ontario
Type and Date:
Final MJDS Prospectus dated July 12, 2004
Mutual Reliance Review System Receipt dated July 16, 2004
Offering Price and Description:
US$300,000,000.00 - Common Stock Preferred Stock Depository Shares Warrants Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #608143

Issuer Name:
TD Managed Income Portfolio
TD Managed Income & Moderate Growth Portfolio
TD Managed Balanced Growth Portfolio
TD Managed Aggressive Growth Portfolio
TD Managed Maximum Equity Growth Portfolio
TD Managed Income RSP Portfolio
TD Managed Income & Moderate Growth RSP Portfolio
TD Managed Balanced Growth RSP Portfolio
TD Managed Aggressive Growth RSP Portfolio
TD Managed Maximum Equity Growth RSP Portfolio
TD FundSmart Managed Income Portfolio
TD FundSmart Managed Income & Moderate Growth Portfolio
TD FundSmart Managed Balanced Growth Portfolio
TD FundSmart Managed Aggressive Growth Portfolio
TD FundSmart Managed Maximum Equity Growth Portfolio
TD FundSmart Managed Income RSP Portfolio
TD FundSmart Managed Income & Moderate Growth RSP Portfolio
TD FundSmart Managed Balanced Growth RSP Portfolio
TD FundSmart Managed Aggressive Growth RSP Portfolio
TD FundSmart Managed Maximum Equity Growth RSP Portfolio
TD Managed Index Income Portfolio
TD Managed Index Income & Moderate Growth Portfolio
TD Managed Index Balanced Growth Portfolio
TD Managed Index Aggressive Growth Portfolio
TD Managed Index Maximum Equity Growth Portfolio
TD Managed Index Income RSP Portfolio
TD Managed Index Income & Moderate Growth RSP Portfolio
TD Managed Index Balanced Growth RSP Portfolio
TD Managed Index Aggressive Growth RSP Portfolio
TD Managed Index Maximum Equity Growth RSP Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated July 16, 2004 to Final Simplified Prospectuses and Annual Information Forms dated October 6, 2003
Mutual Reliance Review System Receipt dated July 19, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
TD Asset Management Inc.
TD Investment Services Inc.
Promoter(s):
TD Investment Services Inc.
Project #559546

Issuer Name:
TD Balanced Index Fund
TD Income Advantage Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 16, 2004 to Final Simplified Prospectuses and Annual Information Forms dated October 2, 2003
Mutual Reliance Review System Receipt dated July 19, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
TD Investment Services Inc.
Promoter(s):
-
Project #564959

Issuer Name:
TD Income Advantage Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 16, 2004 to Final Simplified Prospectus and Annual Information Form dated October 30, 2003
Mutual Reliance Review System Receipt dated July 19, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
TD Investment Services Inc.
Promoter(s):
TD Asset Management Inc.
Project #576933

Issuer Name:
Trinidad Energy Services Income Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated July 19, 2004
Mutual Reliance Review System Receipt dated July 19, 2004
Offering Price and Description:
$25,000,006.00- 3,205,129 Trust Units Price: $7.80 Per Trust Unit
Underwriter(s) or Distributor(s):
Raymond James Ltd.
CIBC World Markets Inc.
TD Securities Inc.
Haywood Securities Inc.
First Associates Investments Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
FirstEnergy Capital Corp.
Promoter(s):
Trinidad Drilling Ltd.
Project #666478

Issuer Name:
St. Genevieve Resources Ltd.
Principal Jurisdiction - Quebec
Type and Date:
Preliminary Prospectus dated April 30th, 2004
Withdrawn on July 20th, 2004
Offering Price and Description:
Minimum offering: $ * through the issuance of a minimum of * units
Maximum offering: $ * through the issuance of a maximum of * units
Price: $ * per unit (the Offered Securities) and 40,000,000 common shares and 40,000,000 common share purchase warrants to be issued upon the exercise of 40,000,000 previously issued special warrants
Underwriter(s) or Distributor(s):
Jones Gable & Company Limited
Promoter(s):
-
Project #637512

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Reinstatement	Navellier & Associates Inc.	International Adviser, Investment Counsel and Portfolio Manager	July 13, 2004
Name Change	From: Aeltus Investment Management, Inc. To: ING Investment Management Co.	International Adviser & Investment Counsel & Portfolio Manager	July 5, 2004
Name Change	From: GMP SECURITIES LTD. To: GMP SECURITIES LTD./VALEURS MOBILIÉRES GMP LTÉE	Investment Dealer	June 29, 2004
New Registration	CCFL Parklea Capital Inc.	Limited Market Dealer	July 20, 2004

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 TSX Market Making Reform - Notice of Amendments and Commission Approval

THE TORONTO STOCK EXCHANGE INC. (TSX)

MARKET MAKING REFORM

NOTICE OF AMENDMENTS AND COMMISSION APPROVAL

On July 9, 2004, the Commission approved amendments to the rules and policies of the TSX to implement reforms to the TSX's market making system. The amendments were published for comment on January 10, 2003, at (2003) 26 OSCB 154. A summary of comments received, and the response of the TSX, is attached to this notice, at Appendix A.

Some changes have been made, for clarification purposes, to the amendments since the publication for comment on January 10, 2003. The final form of the amendments is also attached to this notice, at Appendix B. The amendments have been blacklined to indicate the changes from the January 10, 2003, publication.

The amendments will be effective as of July 23, 2004. Questions may be referred to Deanna Dobrowsky, Legal Counsel, TSX Group, at (416) 947-4361.

APPENDIX "A"

LIST OF COMMENTERS

1. BMO Nesbitt Burns ("BMO")
2. Canadian Security Traders Association, Inc. ("CSTA")
3. Market Regulation Services Inc. ("RS")
4. National Bank Financial ("NBF")
5. Registered Traders' Group ("RTG")
6. RBC Capital Markets ("RBC")
7. TD Newcrest Inc. ("TD")

SUMMARY OF COMMENT LETTERS AND TSX RESPONSES

Capitalized terms used herein are as defined in the proposed Market Making Reforms that was published for comment (2003), 26 OSCB 275 on January 10, 2003 (the "Proposal").

ISSUE AND COMMENTER	PUBLIC COMMENT	TSX RESPONSE
A. MARKET MAKING ASSIGNMENTS TO FIRMS		
CSTA	The CSTA comments on the following statement in the Proposal: "While the overall TSX transaction value has been growing, the transaction size executed in the continuous book has been declining, with negative consequences for liquidity and the viability of TSX's central price discovery mechanism." The CSTA notes that, although orders are 22% larger in the U.S. (as cited by TSX in TSX Discussion Paper entitled "Proposed Principles of New Market Making System" dated January, 2002) this could be due to one of several factors including: customer size differences (institutions) or order filling preferences (working orders vs. trading blocks). Further, the CSTA believes that it does not detract from liquidity but may change the method of execution. This does not impair price discovery since smaller orders will still tend to gravitate to a "fair" price and there are block trades and new order types (icebergs) that "keep things on track".	TSX agrees that declining transaction sizes executed in a marketplace may have a significant impact upon the "destination" of order flow and execution. In this regard, declining transaction sizes have changed the execution methods of certain market participants away from TSX's continuous market. TSX believes that smaller orders will only tend to gravitate to a "fair" price as long as there is a large enough quantity of orders to ensure fair price discovery on that marketplace. Market makers also help to ensure a sufficient quantity of orders on the marketplace. TSX acknowledges the CSTA's comments regarding the relative size differences between Canadian and U.S. markets, and in particular, with respect to Canadian-based issues interlisted on U.S. markets. However, we note that there are over 1300 other non-interlisted securities on TSX that require sufficient liquidity to ensure that price discovery is fair. TSX believes that market making is a key area that can be reformed to augment the depth and liquidity of the continuous book.
	The CSTA also fears that assigning responsibilities to firms may result in a monopoly on market making by the bank-owned brokerage houses. The commenter notes that the new firm requirements may be too stringent for the smaller firms, forcing assignments to the larger dealers. The CSTA believes that it would not be in the best interest of the marketplace to have these firms controlling the market making on the majority of stocks, and thereby the marketplace.	TSX's market making reforms have been developed to ensure that those firms that presently engage in market making may continue to do so provided that they comply with ongoing performance obligations, and provided, with respect to those firms that currently do not meet the minimum number of security assignments, are willing to assume more assignments to attain the specified minimum of 50 assignments. In TSX's view, the best performing market making firms have, and will continue to, "cut across" different industry segments, including pro-trading only firms, large and small independent firms, and large-bank owned dealers. TSX has no pre-disposition to optimal firm type. In order to address the potential concentration of stocks of responsibility within any firm, TSX has introduced certain "concentration" requirements that will restrict firms from being assigned a specified percentage of stocks of responsibility within any given tier classification, unless otherwise permitted by TSX. TSX believes that this requirement will ensure that market making security assignments are distributed across firms, and that firms, regardless of size and affiliation, compete on an equitable basis.

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NBF	NBF supports, in principle, the proposed market making reforms. The general reforms, including assigning new listings to firms and the transfer of current assignments from individuals to firms, are strongly endorsed by NBF. The commenter notes that, as more markets around the world become fully electronic, significant investment in technology is required by exchanges in order to remain competitive. Market making firms must also invest in order to keep up with the exchange and the demands of the marketplace. NBF notes that the problem is that firms cannot afford to invest in new technologies if the assignments for which the technology is created leaves with a trader. The more assured a firm is of their future profitability, the more likely they are to commit capital for growth. NBF notes that another benefit in assigning stocks to firms instead of individuals is that it will improve the performance of individual market makers. Any attempt to discipline a trader for sub-performance increases the risk that the traders will simply leave (with his/her assignment) forcing the market to accept mediocrity. NBF believes that the proposed structure will enable participating firms to demand improvement from sub-performing traders or face dismissal. Traders would be forced to improve or risk losing their assignments.	TSX agrees that the movement of market making assignment to firms will increase the capital committed to market making, including the system and technological capital investments to facilitate these commitments which will promote more efficient markets. Under the proposed reforms, TSX believes that the incentives of capital providers will become better aligned with strong market maker performance, which will ultimately benefit the marketplace and the investing public. TSX agrees that the market making reforms will encourage movement towards a management structure where stronger focus on performance management is possible. As the commenter notes, firms currently may be reluctant to discipline a registered trader employed by the firm for fear of losing the registered trader's market making assignments.
RTG	RTG believes that the proposal to move to a firm (as opposed to individual) assignment of marketing making responsibilities puts the "cart squarely before the horse". The commenter notes that the current system of individual assignment provides no impediment to TSX implementing changes that would lead to enhanced market making performance. RTG further notes that there has never been any reason in the past not to: review and introduce a more effective performance management program; review and establish new service levels (spread goals and Minimum Guaranteed Fills or MGFs) in order to address changing market conditions; and there has been no impediment to TSX notifying market makers of substandard performance and meting out appropriate penalties (including the reassignment of issues) if their performance is not promptly remedied. RTG notes that it has not been a barrier to change, and on many occasions in the past, has informed TSX that it would welcome a review of the market making system. RTG believes that one can reasonably conclude that the market making system through RTs has been neglected	TSX agrees that certain structural reforms to the market making system are required in order that the system is more effective, including the assignment of market making responsibilities to firms. The market making system and its administration require strong management control of the numerous traders performing market making functions. TSX believes that these control systems are best implemented with the shared responsibility of TSX and market making firms. TSX plans to be more vigilant in monitoring market makers to ensure that they are carrying out their assigned responsibilities.

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	in the past and that a new structure is not necessary to correct TSX's "perceived lack of liquidity in the continuous market and the declining role of the market maker."	
TD Newcrest	TD Newcrest believes that TSX must move away from the current model in which RTs have migrated over time to PO's willing to pay RT's the highest percentage payout, the net result being little investment in resources to support a long term view in building a competitive capital market structure. The commenter notes that most of the current RTs are simply looking for the highest percentage payout and add little if no value to the Book. TD Newcrest is compelled to route a high percentage of their orderflow (retail and institutional) for manual handling to ensure its best execution obligations have been fulfilled.	Agreed. As noted above, TSX agrees that there is a direct relationship between the amount of long-term capital a firm is willing to commit to the marketplace and control over these assignments.
B. MARKET MAKERS LEAVING SECURITIES OF RESPONSIBILITY		
CSTA	The CSTA notes that proposed Rule 4-606 relates to a market maker relinquishing responsibility for a security, and notes that the rule states that at least 60 days prior notice must be provided by the market maker to TSX. The CSTA believes that TSX should find a replacement market maker as soon as possible (prior to expiry of the 60-day period) since the existing market maker is probably no longer motivated to do a good job.	Pursuant to proposed Policy 4-601(4), a security assignment may, on a case-by-case basis, be assigned by TSX on a temporary basis to another market making firm pending the permanent assignment of such security prior to the expiry of the 60-day notice period. In general, unless the firm is exiting the market making business entirely, it is anticipated that the firm will be motivated to satisfy its performance obligations as the abandonment of its duties will reflect poorly on its market making evaluation scores, and lead to a potential reduction in assignments to the firm in the future.
RTG	RTG questions how TSX will ensure continuity of market making responsibilities, and minimize the disruption to the marketplace, when a firm decides to withdraw from market making either in a particular issue or all issues? RTG notes that this is an important question that TSX does not fully address, other than requiring firms to provide TSX with a "notice of intention" to withdraw at least 60 days before withdrawing. RTG questions whether TSX will facilitate the transfer of the experienced and heretofore satisfactory Approved Traders who are actually undertaking the market making responsibilities? What is TSX's position when an experienced and satisfactory Approved Trader is able to arrange a transfer to another market making firm on his/her own? Will this new firm receive the market making appointment? RTG believes that it is quite important that TSX develop a firm set of rules and procedures to govern withdrawal from market making.	TSX will ensure the continuity of market making responsibilities if a firm decides to withdraw from a particular issue through the reappointment of that issue. As noted above, pursuant to proposed Policy 4-604(4), on a periodic rotating basis, market making firms are required to assume temporary responsibility for market making duties with respect to newly listed securities, and security assignments that have been discharged (including to address conflict of interest situations faced by a market making firm), until such time as those securities have been permanently assigned to a market maker. This rotating "caretaking" role will facilitate the continuity of market making responsibilities pending the permanent assignment of such securities. The minimum 60 day notice period is intended to facilitate the transfer of market making security assignments. As noted in the Request for Comment, the transfer of existing market making responsibilities from individuals to the firms that employ them will proceed upon the expiry of an appropriate individual notice period. In conjunction with this

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		transfer, the firm at which the RT is employed will be granted the opportunity to accept the individual RT's market making assignments provided that the firm meets the market making firm qualifications. In the event that an RT moves to another qualified market making firm prior to the expiry of their individual notice period, the market making assignment may be transferred to such firm. After the expiration of the individual RTs notice period, if a firm withdraws from market making, the assignments of that firm will be reposted for availability by TSX. At its discretion, to ensure continuity, TSX may facilitate transfers of certain security assignments by assigning the security of responsibility to the firm in which the applicable Responsible Designated Trader becomes employed (should such individual choose to leave the firm withdrawing from market making).
C. TRANSFER OF SECURITY ASSIGNMENTS FROM RT'S TO FIRMS		
BMO	Under the Proposal, the transfer of existing market making responsibilities from individuals to the firms that employ them will proceed upon expiry of an appropriate notice period. BMO notes that clearly the "appropriate notice period" will be the most important factor in creating an effective transition to the new market making model, and awaits further details.	As noted in the Request for Comments, the notice period provided to RTs will be assessed on an individual basis. The notice period for each RT will be primarily dependent upon their length of service as RTs and the amount of non-RT work they perform. TSX intends to facilitate this transition with the mininum amount of disruption to RTs and the marketplace. In this regard, RTs may continue to perform their market making obligations with the firm that they are employed provided such firm satisfies the minimum market making requirements.
NBF	See NBF comments above in the section entitled "Market Making Assignments to Firms".	See above response to NBF's comments in the section entitled "Market Making Assignments to Firms".
TD Newcrest	With respect to the transfer of market making assignments from individuals to firms, TD Newcrest believes that these transfers to PO's should take place as soon as possible. The commenter notes that the marketplace cannot afford a lengthy transfer period. TD Newcrest suggests no longer than three months to complete these transfers.	TSX acknowledges the commenter's desire to effect the transfer of security assignments as expeditiously as possible. TSX anticipates that a large proportion of security assignments may be transferred within a 3–month period after notice has been provided by TSX to the RTs. See also above response to BMO's comments in this section.
D. QUALIFICATIONS AND RESPONSIBILITIES OF MARKET MAKERS		
GENERAL		
RBC	RBC notes that the current allocation methodology takes into consideration the performance of the individual on current assignments. Although this has a bearing on current assignments, it should not have a bearing	To clarify, it is the performance of a firm that is paramount regarding the future assignment of securities. In connection with "restricted" securities, and the

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	on future assignments. Since the firm is responsible for meeting specific spread and MGF goals, it should be the firm that is disciplined not the individual. RBC notes that other considerations that do not affect some of the smaller houses are the fact that they are often restricted in certain stocks during the performance measurement period. The commenter questions how can you hold a firm responsible for trading in a specific issue if they are restricted based upon other activity of the firm?	ability of a firm to effect its market making responsibilities, such firm may request from TSX the removal of such securities from their performance scores for a limited time. However, should a market making firm find that it is continuously restricted to the extent that it significantly impedes its ability to carry out its market marking obligations, the firm will be requested to relinquish the responsibility in such security.
TD Newcrest	TD Newcrest suggests further details be provided on market making qualifications, including capital requirements, to ensure that existing market making firms and potential new entrants may determine whether they have the ability to support a market making infrastructure under the new rules.	All existing firms that employ an RT currently satisfy TSX's proposed capital requirements. The proposed firm capital requirements will be equal to the aggregate of the capital requirements of each of its individual assignments as follows: Tier A1 - $500,000 Tier A2 - $200,000 Tier A3 - $20,000 Tier B4 - $10,000 The capital requirements refer to firm equity capital, and will not be required to be separately allocated by the firm. The principle underlying TSX's capital requirement is that only firms with certain minimum economic resources should be permitted to assume and steward market making responsibilities. In this regard, TSX's proposed minimum capital requirements are not intended to distinguish between firms meeting the minimum standard (only as between those firms that meet the minimum standard and those that do not). TSX intends to review the capital requirements on an ongoing periodic basis to assess whether they should be revised based on market conditions.
QUALIFICATIONS		
1. CAPITAL REQUIREMENTS		
BMO	BMO believes that capital requirements should not be limited solely to actual assignments but should take into account additional contingent requirements relating to participation in temporary assignments of new securities or discharged securities.	Agreed. All assignments, temporary or permanent, will be taken into account in calculating a market making firm's minimum capital requirements.
CSTA	The commenter refers to proposed Policy 4-602(3) whereby a firm is required to notify TSX promptly in the event that they fail to meet the capital requirements determined by the Exchange from time to time. The CSTA questions whether "promptly" means the next day, next week or next month and recommends that a definition of "promptly" be adopted since it	TSX views the term "promptly" to mean "without delay", and thus would expect that market making firms notify TSX immediately upon determining that the capital requirements have been violated, both for individual and successive failures. TSX expects that firms will have compliance procedures in place to ensure that the capital requirements are being satisfied.

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	is subject to interpretation. Also, the CSTA questions should it be reported for a single or continued failures, and who will check for violations?	TSX reserves the right to audit firms for non-compliance of TSX Rules and Policies, including adherence to TSX's proposed capital requirements for market making firms.
NBF	NBF supports TSX's proposed market making reforms in principle. The commenter notes that some of the specific points of the proposed reforms have yet to be quantified, including capital requirements.	See also above response to TD Newcrest in the section entitled "Qualifications And Responsibilities Of Market Makers – General"
RBC	RBC notes that, under TSX's proposed capital requirement reforms applicable to market makers, it is mentioned that there will be an aggregated minimum capital required for all market making firms. The commenter notes that, although this is prudent from an inter-day point of view, they question how does TSX plans on monitoring this on an intra-day basis? The problem that currently exists only becomes relevant on an intra-day basis. Most firms have ample inter-day capital given that they can flatten out their positions at the end of the day. Where a problem may manifest itself is when a large capitalized stock becomes halted during the day and does not re-open before the close. The commenter questions whether TSX has a real-time risk management system that can access capital commitment on either a regulatory or total capital basis?	This capital requirements proposed by TSX refers to aggregate firm capital, and not to risk-adjusted capital (i.e. adjustments for margin, etc.). Accordingly, a real-time risk management system is not necessary as the volatility in aggregate firm capital is not material on an intra-day basis. See also above response to TD Newcrest in the section entitled "Qualifications and Responsibilities of Market Makers – General".
RTG	RTG notes that TSX, as a primary justification for its proposed market making model, states that "[t]he current market making assignment model has significantly limited the capital commitments made to market making, and the systems and technology investments to facilitate these commitments." RTG does not believe this to be the case. The current model places no formal limitations on the commitment of capital, and it only provides a minimum commitment.	See above response to TD Newcrest in the section entitled "Qualifications and Responsibilities of Market Makers – General".
	The commenter notes that it is TSX's belief that the proposed new system will lead to more capital being committed to the market. RTG asserts that it is well known that capital is committed commensurate with its potentially profitable use. In this regard, RTG references an article, and appears to question whether further significant capital commitments will be made as a result of TSX's market making reform efforts.	TSX notes that capital is committed commensurate with its potentially profitable use given an entity's economic opportunity cost of capital. Individuals or firms will not invest below their cost of capital over the long term. Firms generally have lower costs of capital than individual traders. Accordingly, TSX believes that firms will be willing to commit more capital.
	RTG is unaware of any RTs who are hampered in their ability to meet their obligations because of lack of capital, and all RTs are funded in excess of TSX-mandated minimums. Further, RTG believes that firms will continue to commit capital to meet the needs of any future regime TSX may wish to implement if they see an opportunity to deploy it profitably, even if the	While RTs may not be hampered in their ability to meet their "minimum" performance obligations because of a lack of capital, TSX notes that, since the assignment of new responsibilities to firms, service level commitments have significantly improved. Firms have expressed to TSX that until the systematic risk of loss of assignments is removed, capital commitments to

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	individual appointment model is maintained.	market making will be hampered. It is not TSX's intention to impede smaller firms from competing with larger firms with respect to market making assignments. Strong performance, irrespective of firm size, will be rewarded with more assignments. TSX believes that it is in the best interests of the marketplace for market makers to compete for assignments based on their strength of their market making performance measures.
	RTG does not believe that market maker effectiveness can be correlated to the amount of capital available at the firm. RTG disagrees with TSX's inference that the firm appointments in S&P TSX 60 Index Participation Units ("XIU") and TSX Group Inc. ("X") have led to overall better markets than an individual appointment. While there can be no doubt that XIUs exhibit good depth of continuity in the Book, it is a derivative product and therefore represents a completely different risk profile than a single equity issue. RTG believes that the same cannot be said for the book in X. While reasonable liquidity exists in the book for X at, and immediately around the current quote, RTG notes that there regularly exist large areas of price discontinuity for lengthy periods of time.	For the reasons outlined above, TSX believes that overall the system of market making will be improved based on the implementation of minimum capital requirements. With respect to the liquidity for X, as with all new issues, market makers require a few months to develop an understanding of the trading patterns of the particular issue. TSX will continue to monitor the trading activity and market making performance of X, and all other issues, on an ongoing basis.
	RTG submits that there is a heavy onus on TSX to establish that better market making is performed by capital-rich firms as compared to firms with less total capital but which deliberately devote capital to support the activities of RTs. RTG believes that this onus has not been met. The commenter notes that TSX's proposal is silent as to TSX's intentions with respect to tying capital to market making appointments or how TSX will monitor compliance to ensure the capital is used for that purpose.	Under TSX's proposed reforms, TSX's capital requirement represents a minimum firm capital requirement to ensure that firms of a reasonable size and scale are committed to the responsibility of making markets which benefits the marketplace. TSX notes that all existing firms that engage in market making (either directly, or indirectly through the employment of an existing RT) currently satisfy the proposed capital requirements. The capital requirements also represent continuing qualification requirements that must be satisfied. If a firm does not comply with such requirements, it will be provided with the opportunity to remedy such deficiency (either by raising more firm capital, or by discharging market making assignments).
2. MINIMUM ASSIGNMENTS		
RBC	Pursuant to proposed Policy 4-602(2), RBC questions how TSX proposes to maintain a minimum ratio of Tier B securities for each tier A security? Does that mean that firms like RBC, that have an abundance of capital will be assigned more Tier A securities or are these discrepancies going to be balanced by taking away Tier B securities. RBC notes that it would welcome the opportunity to be assigned more	TSX's proposed minimum ratio requirement is based on the fact that presently there are approximately 5.67 Tier B securities for every Tier A security on the Exchange. TSX envisions that firms would be required to steward a minimum of 4 Tier B securities for every Tier A security. TSX's proposed minimum Tier B to Tier A ratio requirement is intended to remove "cherry-picking" of Tier A market making

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	Tier A securities but do not relish the fact that it would be required to give up any of its current assignments.	assignments. Firms will not be allowed to manage a disproportionate number of Tier A securities without managing a certain level of more difficult to manage, illiquid Tier B securities. This requirement will help to ensure that market makings firms will be viewed from a more equal playing field in terms of evaluating their performance. The minimum Tier B to Tier A ratio will be updated and revised by TSX based on cyclical and secular trading trends. TSX does not intend to remove market makers' Tier A securities for the purposes of maintaining the minimum tier assignment ratio.
RTG	RTG is unclear as to the introduction of the proposed requirement that a market maker have a minimum number of security assignments as determined by the Exchange. By inference, RTG believes that this proposal can only be successfully implemented in one of two ways, the first being the reallocation of market making responsibilities away from firms having "too many" (e.g. National Bank Financial), or the forced withdrawal from market making by firms having "too few" assignments. Should the former be the case, RTG believes that the "firm commitments" TSX is relying upon will not be forthcoming; should the latter be the case, RTG questions what "public interest" benefit is served by reducing the number of willing and competitive market making firms at TSX? RTG believes that greater details of TSX's intentions are required with respect to this issue.	TSX does not intend to remove market making status based on a minimum number of security assignments. However, firms that do not currently satisfy the minimum number of assignments, and do not demonstrate to TSX a plan to be in the market making business and reach this minimum level in a reasonable time period, will not continue to qualify as TSX market makers. TSX does not agree that the minimum security assignment requirement imposed on market makers will result in too "few" players in the marketplace. In this regard, the New York Stock Exchange currently has only 6 specialist firms versus approximately twelve TSX PO firms that currently satisfy the minimum security requirement. TSX believes in establishing a fair playing field with the ability of new players to enter the market making business. TSX does not intend to target and maintain a specific number of firms to perform market making duties at TSX but rather permit a competitive equilibrium to be established in the marketplace. TSX believes that the focus should be on performance, with a view to attracting and maintaining those firms that are best positioned and able to deliver on their market making expectations. TSX proposes that the minimum level of assignments to be handled by market making firms be established at 50 assignments, which represents approximately 3% of the number of issues on TSX's stock list. Accordingly, TSX does not believe that this requirement is unduly onerous. New entrants who seek to enter the market making business may present TSX with a proposed business plan, and, if acceptable, TSX will endeavour to provide them with new issues to meet the minimum requirement. Existing firms will have one year to remedy any deficiency in minimum assignment levels. Presently, approximately half of existing market making

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		firms currently satisfy this minimum security requirement (calculated on the basis that existing RTs continue to stay with their current firm after the expiration of the individual notice period).
3. MISCELLANEOUS		
CSTA	The CSTA comments on Rule 4-602(1) relating to market making qualifications and experience, noting that it is assumed that all existing RTs would be grandfathered to qualify as a market maker. However, unless there is some form of designation or work experience requirement, this would suggest that TSX will interview all new market makers. With the transfer of market maker responsibility to a firm, the firm should determine who will have market maker responsibilities. The CSTA notes that the role of TSX should be to continuously monitor the success of market maker firms in their duties.	Proposed Policy 4-601(3) states that the firm will determine who the Responsible Designated Trader will be with respect to the firm's market making assignments. In particular, a market maker that is a PO will be required to designate an Approved Trader within the firm for each security that has been assigned by TSX to such market maker. The market maker firm will continue to be responsible for the market making obligations relating to the securities assigned to the firm. TSX intends to be more vigilant in monitoring market makers to ensure that they are carrying out their assigned responsibilities.
	The CSTA comments on proposed TSX Policy 4-602(2) relating to the Exchange discretion to remove market making assignments. The commenter notes that the Exchange may remove assignments under certain circumstances. However, it is not indicated if there is a notice period, nor how long that notice period might be.	As is currently the case, assignments may be removed based on three consecutive months of non-performance. TSX may, in certain limited cases, remove market making assignments without notice.
	The CSTA notes that Policy 4-604(1) relates to a market maker's obligation to assist Market Surveillance Officials by reporting unusual activity, price changes or transactions to market surveillance. The CSTA notes that this should be unnecessary and the policy changed given that market surveillance has access to the same electronic quote and trade information that is available to all market participants. In the commenter's view, this access, along with their state-of-the-art analytics, should enable market surveillance to determine unusual trading activity. The CSTA notes that the policy further states that a market maker shall assist traders in matching offsetting orders. When a trade size is above MGF, it is currently the role of either a participating organization, a liability trader, or the price discovery mechanism built into the exchange. Members from other firms are unlikely to phone a market maker to determine potential orders that are not in the book. In the CSTA's view, such information flow could detract from best execution practices.	Through their daily interaction with their specific securities of responsibility, market makers are uniquely positioned to identify and report unusual activity, price changes or transactions, and assist Market Regulation Services Inc. in carrying out its regulatory function of the marketplace. TSX believes that this function cannot be completely replaced through technological means. Accordingly, TSX intends to maintain Policy 4-604(1). The existing Rule is to address circumstances when a market maker may be contacted. It is optional and not mandatory.
RS	RS notes that, under the proposed definition of a "Market Maker" both an Approved Trader and a Participating Organization will be able to seek Exchange approval. However, the proposed	Yes. Approved Traders acting as market makers (i.e. RTs) will not be required to meet the minimum capital requirements during the transition period relating to the movement of

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	changes to "qualifications" under Rule 4-602 set out only criteria for Participating Organizations. Does this mean that an Approved Trader that acts as a market maker is exempt from the minimum capital requirements?	assignments from RTs to firms.
	Paragraphs 5 and 6 of Policy 4-604 deal with client priority, frontrunning and client-principal trading. These matters are covered by the Universal Market Integrity Rules ("UMIR") and, therefore, RS' suggestion is that these paragraphs should be deleted. Similarly, RS believes that the phrase "and certain exemptions from the short sale rule" at the end of the introduction to paragraph 3 of the Policy should be deleted as the exemption is provided for under in Rule 3.1(2)(b) of UMIR.	TSX intends to incorporate RS' drafting suggestions.
	The word "Responsible" should be deleted in Rule 4-702(4) as a definition of "Responsible Market Maker" is not proposed.	TSX believes that no drafting changes are required given that there is no reference to "Responsible Market Maker" in proposed Rule 4-702(4).
	The second sentence under Rule 4-802(1)(a) should be deleted (as the matter is covered by subsection (2) and the disclosure does not represent the current participation rights of Registered Traders).	TSX intends to incorporate RS' drafting suggestions.
RESPONSIBILITIES		
1. RESPONSIBLE DESIGNATED TRADERS		
RBC	RBC notes that, pursuant to proposed Policy 4-601(3), they are not in favour of the market making firm having to designate an Approved Trader prior to the assignment being awarded. Under the current assignment process, RBC believes that assignments have been allocated based on personal friendships rather than MGF and spread considerations. The commenter notes that, if the goal of the market making reform is to assign the responsibilities to firms rather than individuals, there is no need to apply with individual names for assignments.	The Responsible Designated Trader has to be designated prior to awarding the assignment to a qualified market making firm to ensure that the trader is acceptable to TSX. Further, as a practical matter, a "TraderID" code has to be assigned which enables TSX to monitor the individual's market making performance. Firms will not be required to inform TSX which Approved Trader they intend to assign to a particular market making security assignment until such time that the firm has successfully secured such assignment from TSX.
2. BACK-UP PROCEDURES		
BMO	Under the Proposal, market makers must ensure that their securities of responsibility are continuously monitored during the trading day under amended proposed Policy 4-604(2). In this regard, adequate back-up procedures must be in place to ensure coverage by qualified individuals in the event of absences due to illness, vacation or other reasons. BMO questions how the Exchange will measure the adequacy of back-up procedures before the fact?	TSX's proposed back-up procedures mean that a firm must assign a back-up trader (and TraderID), along with the Responsible Designated Trader, immediately upon the appointment of the security assignment by TSX. The back-up trader must provide adequate coverage in the event that the Responsible Designated Trader is not able to perform its duties because of absences due to illness, vacation or other reasons.

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RS	Clause (e) of Rule 4-604 provides that a Market Maker arrange for a "back-up" Market Maker to carry out their responsibilities under this "Policy". In RS' view, this clause would not appear to be appropriate in the case of a Market Maker that is a Participating Organization (as the qualification under Rule 4-602 requires adequate personnel with market making experience). RS believes that it may be appropriate to qualify the clause to circumstances where the Market Maker is an Approved Trader. On an editorial level, RS notes that the reference to "Policy" should more properly read "Rule".	TSX intends to incorporate RS' drafting suggestions.
3. "CARETAKER" ROLE		
BMO	Under the Proposal, market making firms will be required, on a periodic rotating basis, to assume temporary responsibility for market making duties with respect to newly issued securities, and security assignments that have been discharged, until such time as those securities have been permanently assigned to a market maker. BMO requests clarification of "periodic rotating basis" and "temporary responsibility." The commenter questions what will happen in the event that a market making firm does not have the capital available to take on responsibility for newly issued securities and discharged security assignments even on a temporary basis? Will all market making firms be required to maintain a capital "cushion" so that each firm can be expected to participate on an equal or at least pro rata basis?	The "periodic rotating basis" and "temporary responsibility" refers to the "caretaker" role that TSX proposes to require market-making firms to provide. Each month, TSX posts for appointment approximately 10 market making assignments. In most cases, market making functions must be performed before a "permanent" market maker is appointed for such securities. Under the current regime, TSX from time to time requests, on a volunteer basis, RTs to make a market on those issues on a temporary basis until a permanent market maker is appointed. These measures are necessary from time to time when a market making assignment is discharged either voluntarily (e.g. retirement, conflict of interest situation) or involuntarily (e.g. death). TSX proposes to rotate the "caretaker" role every month. The temporary role will last until a permanent market maker is appointed for the assigned securities, regardless of whether a new "caretaker" is appointed at the beginning of the following month. Temporary responsibilities generally last weeks, but in some cases may extend to a few months. The purpose of the rotating "caretaker" role is to facilitate shared responsibility of market making coverage.
E. MGF & SPREAD GOALS		
CSTA	The CSTA refers to Policy 4-604(3)2 which relates to relief from spread goals. The commenter notes that the consequences of being unable to maintain a spread is not explicit in this section, rather it is open to negotiation with the Exchange. The CSTA believes that one possible consequence should be the reassignment of that security. The CSTA also strongly urges TSX to establish standardized spreads.	TSX will be establishing standardized spread goals on a month-to-month basis. This process requires flexibility, given that with a market comprising of over 1500 issues, there are numerous exceptions where spread goals may change, even on a daily basis (i.e. after take-over bids, share buybacks, changes in company fundamentals, etc.). TSX will reassign securities that fail to meet TSX's performance standards, including spread maintenance.

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TD Newcrest	TD Newcrest would like to see TSX move away from the current MGF system to a spread goal based methodology. Requiring market making firms to further place orders in the book will increase overall market visibility. The commenter believes the current MGF based methodology does little to attract liquidity.	TSX accepts the commenter's movement towards a spread goal based methodology. TSX will consider moving towards this objective in future reform efforts.
RTG	RTG notes that it wishes to reiterate the point that it has made to TSX on numerous occasions that MGFs have declined for two main reasons. The first is the move to finer trading increments (from 1/8th of a dollar to 1/100th of a dollar). This was foreseen by TSX when it proposed narrowing increments, as the risk to a market maker would increase, and TSX determined that the benefits of smaller increments more than offset reductions in service levels. The second reason is that TSX itself mandated a reduction in MGF size as part of the order exposure initiative of the late 1990s. TSX and the large dealers were concerned that RTs would disproportionately benefit from the new order flow going to the book, through their right to participate in small trades if MGFs were kept high (the upper limit to the size of order with which the RT is allowed to participate is the MGF). RTG questions whether increased MGFs negate the beneficial effects of the order exposure rule, which has increased the vitality of the Book in the price discovery process? If the market makers are not to be compensated for increased MGFs by increased participation rights, how will they be compensated? Will MGF levels even be increased? RTG believes that TSX needs to define their intentions in specific and detailed terms and provide an analysis of the ramifications of those intentions. Further, the commenter believes that TSX needs to analyze the practicability of any new scheme and how it can be implemented.	TSX has no plans to unilaterally increase MGF levels.
F. PERFORMANCE MANAGEMENT		
CSTA	The CSTA agrees that the performance of each market maker should be reviewed at least once a year. However, should a significant number of complaints be received by RS or TSX, the CSTA believes that a market maker's performance should be reviewed at the earliest possible date.	As is currently the case, TSX intends to review the performance of market makers on a continuous basis, including, but not limited to, review of performance scores which are calculated on a monthly basis and are available to market makers to review. TSX will take immediate action to respond to complaints regarding market making activities.
RBC	RBC believes that another consideration that needs to be evaluated is the amount of non-market making work performed by individual firms. RBC notes that it is often in excess of 30% of the total daily volume ex blocks in stocks	TSX will measure performance in those trades and stocks that are pursuant to market making activities only. TSX notes that percentage of daily volume is already accounted for in participation scores.

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	that they are not the RT in. If TSX plans to introduce a more effective performance management program, RBC questions how does percentage of daily volume get accounted for in this model? Also, if there are processes to address deficiencies, what are they? Lastly, at what point will assignments be taken away for non-performance? Will there be an adjudication process before sanctions are imposed?	As is currently the case, three consecutive months of non-performance may result in loss of applicable security assignments. In most cases, TSX does not anticipate the imposition of sanctions (i.e. fines, penalties) for market maker sub-performance. In such circumstances, TSX would provide the party with an opportunity to be heard.
RTG	RTG endorses a move to a more effective market maker performance management system, provided it is done in an open and transparent manner. RTG believes that the current scheme is “crude” given the parameters under which it operates and does not fully capture and measure the contributions made by market makers. The commenter notes that the current system measures only "outputs" (e.g. spread size, price continuity and RT participation) without taking "inputs" into account. No credit is given to an RT who lines the book with bids and offerings to bridge liquidity gaps and ensure that orders that trade through the bid or offer do not subsequently trade at unreasonable prices. Further, no credit is given to RTs who facilitate timely execution of special terms orders that do not trade with orders in the book, even if they are at a better price. No credit is given to RTs in interlisted issues who ensure, through calling tighter markets, that TSX remains a viable price discovery mechanism rather than a secondary market merely offering arbitrage opportunities.	TSX currently provides credit to an RT who “lines the book” to bridge liquidity gaps. The liquidity performance metric (which determines whether trades are done within a spread goal) sufficiently measures the filling of liquidity gaps. TSX will consider introducing performance metrics that account for interlisted securities and the execution of special terms orders.
TD Newcrest	TD Newcrest believes that more details should be provided regarding TSX’s performance monitoring system. The commenter also believes that TSX must become more vigilant in the monitoring and enforcement of non-performing issues. TD Newcrest believes that far too often RT's are not living up to their responsibilities to the detriment of the marketplace.	TSX monitoring systems are being upgraded so that reviews of market making activities and performance can take place on a daily versus monthly basis. TSX is also being more vigilant about the enforcement of performance scores on a symbol (i.e. per security assignment) score basis. The adoption of these measures have seen a dramatic 40% decrease (from 200 to 112) on the number of individual under performing symbols. The principles of liquidity, participation and spread attainment in measuring market making performance will be the same for firms as they are for RTs today.
G. CONFLICTS OF INTEREST		
BMO	BMO notes that, under the proposed TSX Rule 4-602(b), a market maker will only be approved if it “has installed a terminal acceptable to the Exchange, that will permit the expeditious handling of both the Participating Organization’s client orders and the proper carrying out of all market-making responsibilities” The commenter believes that this statement seems at odds with the current regulatory and	TSX will revise proposed TSX Rule 4-602(b) to more clearly provide for the clear separation of market making activities and the handling of the firm’s client orders.

ISSUE AND COMMENTER	PUBLIC COMMENT	TSX RESPONSE
	compliance regime that has sought to divide responsibility for client orders and market making to avoid conflicts. At a minimum, BMO believes that the wording should be reworked so that there is no longer the implication that a single individual would be simultaneously responsible for both.	
CSTA	The CSTA notes that the majority of its members believe that the interests of the retail investor are best served by maintaining a market making system, but are "leery" of assigning these responsibilities to firms rather than individuals. The CSTA believes that the change in the market making rules presents a conflict of interest to participating organizations for the following reasons: • How does a market maker put investors' interests first when their firm's capital is on the line? It may appear that the market maker is working not in the best interest of the marketplace, but for their firm. • Market makers may eventually become part of the institutional trading desk giving their firm too much power in individual stocks, and may not focus on the needs of investors. Will market makers eventually become liability traders who must maintain an orderly market?	TSX believes that the continued movement towards firm assignments will not increase the potential for conflicts of interest that exist today. In most cases, existing Registered Traders use firm capital to discharge their market making responsibilities. Accordingly, TSX believes, that, in substance, no different incentives will exist under a firm-based market-making regime. Moreover, both firms and individuals are generally subject to the same marketplace rules governing market integrity. Further, it should be noted that we understand that every other stock exchange in North America currently assigns market making responsibilities to firms and not individuals. It should also be noted that TSX's market making role is comparatively (versus the U.S.) more "passive" in nature given that no particular trading or informational advantages are provided to market makers on TSX under the existing Commission approved rules. TSX therefore believes that movement towards a firm-based market making regime will not raise any material conflict of interest concerns. TSX notes that liability trading and market making are two different functions and businesses in the marketplace. Each function requires different skill sets and focuses on different styles of trading and responsibilities. As is currently the case, if TSX determines that a market making firm is not carrying on its activities in its own self-interest, and not in the best interests of the marketplace, TSX will take corrective action, including the removal of market making assignments.
	The CSTA refers to Policy 4-604(5) relating to client priority. The policy states that market makers may participate in their firm's client trades if the client gives permission. The CSTA is greatly concerned with this rule. UMIR Rule 5.3 requires PO's to execute their client orders ahead of any non-client orders at the same price. Market makers are not clients. The commenter notes that allowing market makers to participate in trading with one or more of their firm's client orders as long as the PO obtains the consent of the client will be impossible to monitor. If the PO is not aware, or neglects to reveal market maker participation, how will their client know that a market maker participated in his or her trade?	Existing Policy 4-604(5) will be deleted from TSX's market making reform proposal as the subject matter is governed by UMIR.

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	What record will exist that will allow a client to check his or her trade to see if a market maker participated in a trade without his approval? The CSTA believes that the rule also encourages the market maker and the trading desk to work in close proximity. This may lead to perceived (or real) leakage of information of an order or perceived front-running of the order with that PO and would encourage people to either use a different PO or trade the stock on a U.S. exchange.	
RTG	RTG notes that today each RT is a professional with a contractual relationship to TSX to perform certain functions and meet certain standards. Each RT is monitored and must satisfactorily meet the requirements of TSX. Concurrently, the commenter notes that each RT is an independent businessperson performing market making within a larger business (i.e. a securities firm) that may also conduct underwriting, institutional and retail brokerage, proprietary trading and arbitrage. RTG asserts that all of these other departments impact the market and may come into conflict with an associated RTs market making activities. For example, an RT may be restricted to passive market making under UMIR Rule 7.7 because his firm is involved in a distribution of the issuer's securities. Institutional investors, seeing bids or offers an RT has placed in the book in furtherance of his market making obligations, may believe (without basis) that the RT is frontrunning their order and complain. Although these issues exist today, RTG believes that they will be greatly exacerbated in a firm appointment scheme.	Performance of market making at all times will be paramount to the assignment of issues. If any firm, large or small, cannot fulfill its market making responsibilities, those duties will be revoked. TSX is aware of these potential conflict of interest issues and intends to maintain a balance of large, independent, small and trading only firms as market makers. Further, as noted above, currently most RTs are currently employed or affiliated with firms. Their freedom of movement with stocks of responsibility is granted at the discretion of TSX. Accordingly, the movement to a firm based regime does not significantly alter the landscape with respect to these conflict of interest-type issues.
	RTG further notes that currently an RT can make temporary arrangements for a trader in another firm to take over responsibility if he or she is subject to UMIR Rule 7.7 (restrictions on trading during a distribution, which limit the market maker to "passive" activities) or similar trading restrictions. He or she can relinquish a stock entirely if internal firm pressure makes it impossible to properly fulfill his or her responsibilities. Ultimately, he or she can move to another firm if the conflicts are insurmountable. RTG believes that in a regime of firm appointments, they do not believe that this can occur.	TSX believes these situations to be rare. If a firm does not fulfill its responsibilities, TSX will remove and re-assign security assignments to a different firm. TSX believes that firms are just as capable as individual market makers of meeting their marketplace responsibilities, including compliance with TSX's Rules and Policies, as well as UMIR. TSX does not view the current individual RT appointment regime provides specific advantages in preventing or minimizing conflicts of interest.
	RTG notes that faced with complaints from institutional clients about perceived frontrunning, a firm may order the trader acting as market maker to back off and call wider markets so as not to arouse suspicion. Going to another firm	TSX believes that providing a wider market than necessary will either be self-corrected by the marketplace or be reflected in a traders performance score. Further, the firm will risk the forefeitureof the other issues for which it is

ISSUE AND COMMENTER	PUBLIC COMMENT	TSX RESPONSE
	and keeping the stock will not be an option. A firm is unlikely to voluntarily offer an appointment, which is a potential source of profit, to a competitor, either on a temporary or permanent basis. In any event, such a decision will not be made by the trader actually making the markets but by one or more supervisors who do not trade the stock on a day-to-day basis and probably will not comprehend the detrimental effect on the market. Any performance issues may be dealt with by TSX reassigning the stock because of substandard performance, but by which time the damage will have been done. Furthermore, if TSX sets capital or other requirements so high that only the very largest firms can meet them, there is a very real possibility that in certain situations (e.g. a large public offering) there will be no firms that will be able to operate without restrictions. RTG is willing to provide examples where such conflicts have arisen and were solved by either reallocating the market making responsibilities to another trader at a different firm, or by the RT relocating to a firm with fewer or no such conflicts. RTG believes that it is essential for the health of the TSX marketplace that clear rules, policies and procedures be in place to govern situations where market making responsibilities come into conflict with the commercial exigencies of the firm's other activities. RTG advises that this is the prime reason it cannot endorse TSX's plans to assign market making responsibilities to firms.	responsible. Firms faced with a potential or real conflict, may request that the security in question be assigned to another "caretaking" firm as provided for in proposed Policy 4-604(4) on a temporary basis.
H. MISCELLANEOUS		
1. STABILIZING TRADES		
CSTA	Policy 4-605(2) relates to the exemption on stabilizing trades for certain interlisted securities. The CSTA believes that this "sets the bar too low." The commenter notes that there are a lot of interlisted stocks, especially large cap ones. If the market maker does not have to provide stabilizing trades, then their only function for these stocks is to provide MGF, odd lot trades and perform liability trading. Under that scenario, with a special status (reduced fees), the CSTA believes that they do not provide much value-added. The commenter believes that there should be no exemptions for interlisted stocks.	Market makers cannot provide stabilizing trades on certain interlisted securities at certain times (predominantly around the market open) where the securities are mostly traded in the U.S. given that they would be, in essence, be providing a free put to the U.S. market and exposing themselves to potential significant liability. TSX further notes that TSX's opening price is automated versus the New York Stock Exchange's opening price manually set by specialists. Accordingly, in certain circumstances, TSX's automation may not process new information at the open that is available on NYSE.
2. DELAYED OPENINGS		
CSTA	In Rule 4-702(1), the CSTA suggests that the wording be changed to "A security shall not	TSX confirms that it is possible that a security may never open for trading. Accordingly, TSX

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	immediately open for trading …". The CSTA notes that the current wording suggests it may never open.	does not believe any drafting revisions are required.
	The CSTA notes that Rule 4-702(2)(a) suggests that if the U.S. opening price on an interlisted security has changed significantly, then the Canadian opening could be delayed. The CSTA questions why this rule exists? The Canadian opening should be independent of the U.S. If they open at different levels, which one was right? They will soon normalize to the same or similar price level. The commenter questions, if Canadian pricing of stocks is based on the U.S. market, why bother having a market maker on an interlisted stock?	This existing TSX rule relates to delaying the opening to address market anomalies vis a vis other markets. TSX notes that the threshold for delays is relatively high, and is intended to prevent traders from arbitraging between markets that are open and those that are experiencing a delay. Opening delays are relatively infrequent, and openings in TSX securities are generally independent of U.S. markets. TSX believes that the existence of this rule does not undermine the need for market makers in interlisted issues, but simply recognizes the global nature of the markets in which traders operate.
	The commenter notes that, if Rule 4-702(2)(c) stands, then it renders rule 4-702 section Rule 4-702(2)(a) unnecessary.	TSX notes that Rule 4-702(2)(a) is broader than Rule 4-702(2)(c) through its comparison with other recognized exchanges.
3. WIDE DISTRIBUTIONS		
CSTA	The CSTA comments on Policy 4-103 "Wide Distributions" noting that the title reads "Rule" but it is in the policy column. The CSTA also notes that the example provided needs to be modified. In particular, 20% of 625,000 shares is 125,000 which is, in fact, the same number that is bid at $40 or higher (105,000) plus the 20,000 available to the market maker. Accordingly, in the example, the CSTA believes that there would be no rationing.	TSX will consider modifying or updating the example as required.
4. REFORM PROCESS		
BMO, RTG	The commenters believe that further details should be provided with respect to TSX's market making reform efforts to ensure that any rule changes are done on a fully-disclosed and transparent basis. In particular, RTG notes that further details should be provided with respect to capital, service levels and performance management.	As outlined above, TSX has provided more details relating to its reforms efforts, including those relating to capital, service levels and performance management. See above responses in the sections entitled "Qualifications – Capital Requirements", "MGF and Spread Goals" and "Performance Management"

APPENDIX "B"

MARKET MAKING REFORMS
RULE & POLICY AMENDMENTS

RULES	POLICIES
~~**PART 1 – INTERPRETATION**~~ ~~**1-101 Definitions (Proposed Changes to Market Making Related Definitions)**~~	
~~**"Market Maker"** means an Approved Trader or Participating Organization that has Exchange approval to act as a market maker.~~	
PART 1 – INTERPRETATION **1-101 Definitions**	
"Responsible Designated Trader" means an Approved Trader designated by a Market Maker Firm in accordance with Policy 4-601(3).	
"Market Maker" means a Market Maker Firm or an Approved Trader that has Exchange Approval to act as a market maker.	
"Market Maker Firm" means a Participating Organization that has Exchange Approval to act as a market maker.	
~~**PART 4 – TRADING OF LISTED SECURITIES**~~ **DIVISION 6 – MARKET MAKERS** **4-601 Appointment of Market Makers** (1) In order to have a reasonable market quoted for each listed security, the Exchange may from time to time allocate to a Market Maker specified securities of responsibility. (2) ~~**Proposed** **Repeal** **proposed August 9, 2002** **(Rule Book changes** **pending regulatory approval)**	**4-601 Appointment of Market Makers** (1) General Principles The primary responsibilities of Market Makers are to maintain a fair and orderly market in their securities of responsibility and generally to make a positive contribution to the functioning of the market. Each Market Maker must ensure that trading for the Market Maker's own account is reasonable under the circumstances, is consistent with just and equitable principles of trading, and is not detrimental to the integrity of the Exchange or the market. (2) Allocation of Securities The Exchange shall assign securities of responsibility to Market Makers. Since certain privileges are accorded to ~~the responsible~~ Market Makers, some securities may be regarded as desirable ones in which to have responsibility. Where two or more Market Makers are contending for assignment of responsibility, the Exchange shall make the determination. ~~In making such decisions, the Exchange shall apply the criteria established by the Board.~~

	The Exchange categorizes listed securities according to "tiers" for certain purposes. These tiers are determined ~~by~~based on the level of trading activity ~~of~~in the securities. The two major tier categories are Tier A and Tier B. Securities that fall into the Tier A category are the most ~~active~~actively traded securities. Tier B covers securities that, on average, trade less actively. The ~~tiers~~Tiers are further divided into subtiers, again based on the level of trading activity. ~~In making such assignments, the Exchange shall use the criteria determined by the Board.~~ Market Maker Firms are required to have a minimum number of security assignments as determined by the Exchange. Further, Market Maker Firms are required to maintain a minimum ratio of Tier B securities for each Tier A security that is assigned. The applicable ratio shall be adjusted periodically based on the ratio of the total number of Tier A securities to Tier B securities traded on the Exchange. Market Maker Firms are also not permitted to have greater than a specified percentage of security assignments within any given tier classification, unless otherwise permitted by the Exchange. The Exchange retains the discretion to remove market making assignments, including, but not limited to, in circumstances where a Market Maker has been found to be non-compliant in accordance with Policy 4-607, and, in the case of a Market Maker Firm, where the Market Maker Firm undergoes a change in control. (3) Responsible Designated Traders A Market Maker ~~that is a Participating Organization~~Firm is required to designate ~~an Approved~~a Responsible Designated Trader within the firm for each security that has been assigned by the Exchange to such Market Maker Firm. The Market Maker Firm must provide the Exchange with the names of ~~each of their responsible designated traders~~all Responsible Designated Traders and their security assignments, and forthwith advise the Exchange of any changes to such information. ~~The~~Notwithstanding the appointment of Responsible Designated Traders, the Market Maker ~~firm~~Firm will continue to be responsible for the market making obligations relating to the securities assigned to the firm. (4) Temporary Assignments On a periodic rotating basis (from month to month), Market Maker ~~firms~~Firms are required to assume temporary responsibility for market making duties with respect to newly listed securities, and security assignments that have been discharged, until such time as those specific securities assigned to them on a temporary basis have been permanently assigned to a Market Maker.
4-602 Qualifications (1) No person shall be approved as a Market Maker unless such person has demonstrated market making experience that is acceptable to the Exchange. (2) No Participating Organization shall be approved as a Market Maker Firm unless the Participating	**4-602 Qualifications** (1) Designated Market Maker Contact ~~Participating Organizations that apply to become a~~ Market Maker Firms are required to have experienced personnel to effectively perform the market making assignments. ~~A~~In addition to appointing a Responsible Designated Trader for each security of responsibility, a Market Maker ~~that is a~~

Organization: (a) has provided sufficient trading desk and operations area support staff~~;~~. (b) has installed a terminal acceptable to the Exchange~~,~~ that will permit ~~the expeditious handling of both the Participating Organization's client orders and the proper carrying out of all~~it to properly carry out its market making responsibilities~~;~~. and (c) satisfies the minimum capital requirements as determined by the Exchange in order for the Participating Organization to support its market making responsibilities. **Amended (April 3, 2000)**	~~Participating Organization~~Firm must designate an individual within the firm ~~who manages~~to manage the firm's market making responsibilities and to be the primary contact with the Exchange with respect to the firm's market making assignments. ~~(2) Market Maker Assignments~~ ~~Market Maker firms are required to have a minimum number of security assignments as determined by the Exchange. Further, such firms are required to maintain a minimum ratio of Tier B securities for each Tier A security that is assigned, and not have greater than a specified percentage of security assignments within any given tier classification, unless otherwise permitted by the Exchange.~~ ~~The Exchange retains the discretion to remove market making assignments, including, but not limited to, circumstances where a Market Maker that is a Participating Organization undergoes a change in control.~~ (2) ~~(3)~~ Capital Requirements Market Maker ~~firms~~Firms are required to satisfy and maintain minimum capital requirements as determined by the Exchange from time to time, and shall notify the Exchange promptly in the event of a failure to meet such capital requirements. An example of the financial data that must be provided by a Market Maker Firm is set out in the form provided on the TSX website. The Exchange believes that it is paramount that Market Maker ~~firms~~Firms have sufficient financial resources to effectively perform ~~its~~their market making responsibilities. Failure to satisfy the capital requirements may result in a reallocation of security assignments by the Exchange to another Market Maker.
4-603 Failure to Obtain Approval If an application for approval as a Market Maker is refused, no further application for the same person shall be considered within a period of 90 days after the date of refusal.	
4-604 Responsibilities of Market Makers Market Makers shall trade on behalf of their own accounts to a reasonable degree under existing circumstances, particularly when there is a lack of price continuity and lack of depth in the market or a temporary disparity between supply and demand and in each of their securities of responsibility shall: (a) contribute to market liquidity and depth, and moderate price volatility; (b) maintain a continuous two-sided market within the spread goal for the security agreed upon with the Exchange; (c) maintain a market for the security on the Exchange that is competitive with the market	**4-604 Responsibilities of Market Makers** (1) Assistance to Market Surveillance Officials and ~~Members~~Participating Organizations Market Makers shall report forthwith any unusual situation, rumour, activity, price change or transaction in any of their securities of responsibility to a Market Surveillance Official. As much as possible, Market Makers shall assist Participating Organizations' traders by providing them with information regarding recent trading activity and interest in their securities of responsibility. They shall assist traders in matching offsetting orders. Based on their knowledge of current market conditions, Market Makers shall, on a best efforts basis, identify anomalies in Participating Organizations' orders in the Book and bring them to the attention of those Participating Organizations or to the Exchange.

for the security on the other exchanges on which it trades;

(d) perform their duties in a manner that serves to uphold the integrity and reputation of the Exchange;

(e) in the case of a Market Maker Firm, arrange for a back-up Responsible Designated Trader for each security assignment, and in the case of a Market Maker that is an Approved Trader, arrange for a back-up Market Maker, who in their absence, will carry out the responsibilities set out in this ~~Policy~~Rule;

(f) guarantee fills for odd lot and mixed lot orders at the current board lot quotation;

(g) maintain the size of the Minimum Guaranteed Fill requirements agreed upon with the Exchange;

(h) comply with the Minimum Guaranteed Fill requirements agreed upon with the Exchange, which include guaranteeing an automatic and immediate "one price" execution of MGF–eligible orders;

(i) be responsible for managing the opening of their securities of responsibility in accordance with Exchange Requirements and, if necessary, for opening those securities or, if appropriate, requesting that a Market Surveillance Official delay the opening;

(j) assume responsibility for certain additional listed securities in accordance with applicable Exchange Requirements;

(k) assist Participating Organizations in executing orders; and

(l) assist the Exchange by providing information regarding recent trading activity and interest in their securities of responsibility.

(2) Availability and Coverage

Each Market Maker must ensure that its securities of responsibility are continuously monitored during the trading day. In this regard, Market Makers must have adequate back-up procedures and coverage by qualified individuals in cases of any absences due to illness, vacation or other reasons.

(3) Maintenance of a Two-Sided Market

Market Makers must call a continuous two-sided market in their securities of responsibility. In order to assist them in carrying out this responsibility, Market Makers are given certain privileges and ~~certain exemptions~~are exempted pursuant to Rule 3.1 of UMIR from the short sale rule when carrying out their market making obligations.

1. ***Spread Maintenance –*** Market Makers shall maintain the spread goal agreed upon with the Exchange in each of their securities of responsibility on a time-weighted average basis. The Exchange monitors spreads on an ongoing basis, and assesses the performance of Market Makers on a monthly basis.

2. ***Relief from Spread Goals -*** The initial establishment of a spread goal for a security is subject to negotiation between each ~~responsible~~ Market Maker and the Exchange. The Market Maker shall notify the Exchange if the Market Maker is unable to maintain ~~their~~its spread goal. Any further changes to the spread goal are also subject to negotiation.

3. ***Odd-lot Responsibilities –*** General - Market Makers shall maintain an odd lot market at the board lot quotation.

Expiring Rights and Warrants – Market Makers shall not be responsible for providing bids and offers for odd lots in rights and warrants within 10 days of the date of expiry of the right or warrant. If a Market Maker chooses to trade odd lots of such securities during this period, the Market Maker must do so at the board lot quotation unless prior consent of a Market Surveillance Official for a wider spread is obtained.

Special Circumstances - The above exemption is also available in any securities that are affected by special circumstances relative to that security. If a Market Maker wishes to call an odd-lot market at a different price than the board lot market, the prior consent of a Market Surveillance Official must be obtained.

4. ***Relief from Responsibilities in Unusual Situations –*** In extreme cases, such as illiquidity in a security on expiry of a take-over bid, a Market Surveillance Official may relieve a ~~responsible~~ Market Maker from ~~their~~its responsibility to maintain a posted bid or offer. This exemption is also available when a Market Maker's obligation to post an offer would require ~~him or her~~it to assume or to increase a short position in a security that the Market Maker cannot reasonably be expected to cover because of the relative liquidity of that security or lack of ~~security~~securities available for borrowing.

5. ***Client Priority and Frontrunning***

Client Priority ~~–~~ - The in-house client priority rule in UMIR Rule 5.3 requires Participating Organizations to execute their client orders ahead of any non-client orders at the same price. ~~The~~ This rule applies to trading by Market Makers. Market Makers may participate in trading with one or more of their firm' s client orders if the Participating Organization obtains the express consent of the client(s) involved. ~~**Proposed Amendment (Rule Book changes pending regulatory approval)**~~

Frontrunning Client Orders – UMIR Rule 4.1 prohibits Participating Organizations, Approved Persons and persons associated with a Participating Organization from taking advantage of non-public material information concerning imminent transactions in equities, options or futures markets. Information about a trade is material if the trade would reasonably be expected to move the market in which the frontrunning trade is made. The frontrunning restrictions apply to Market Makers. Participating Organizations, Approved Persons and persons associated with a Participating Organization are prohibited from taking advantage of a client's order by trading ahead of it in the same or a related market. A trade made solely for the benefit of the client for whom the imminent transaction will be made, and a trade that is a bona fide hedge of a position that the Participating Organization has ~~Agreed~~agreed to assume from a client, are exempt from the restrictions. ~~**Proposed Amendment (Rule Book changes pending regulatory approval)**~~

Frontrunning in Options and Futures ~~–~~ - The restrictions further prohibit a frontrunning trade in the options or futures markets with knowledge of an imminent undisclosed material transaction in any of the equities, options or futures markets, including transactions by another Participating Organization. Again, a trade made solely for the benefit of the client for whom the imminent transaction will be made, and a trade that is a bona fide hedge of a position that the Participating Organization has assumed or agreed to assume from a client, are exempt from the restrictions.

Tipping and Trading Ahead - ~~–~~Participating Organizations and Approved Persons and persons associated with a Participating Organization are prohibited from tipping others about an imminent undisclosed material order to be executed for one of the firm' s clients in any market, including the equities market.

The Participating Organization executing the order may, however, contact the Market Maker to ask for assistance (for example, to ask if the Market Maker knows of Participating Organizations who may want to take the other side of the trade). If details of an imminent material trade in one of their securities of responsibility have been disclosed by another Participating Organization to the Market Maker, the Market Maker is prohibited from trading ahead of that order unless the Market Maker receives the express consent of the Participating Organization involved.

6. ***Client-Principal Trading*** –

Trades by Market Makers with clients of their Participating Organization, whether made pursuant to their market-making obligations or not, must comply with all UMIR Requirements

	governing client-principal trading.~~ **Proposed Amendment (Rule Book changes pending regulatory approval)**
4-605 Stabilizing Trades (1) In this Rule, **"neutral trades"** means trades that would otherwise be destabilizing trades except that: (a) the Market Maker is unwinding a long or short position in a security taken previously; (b) the trade is made pursuant to the Market Maker's obligation to fill a MGF order; (c) the trade is made pursuant to the Market Maker's obligation to maintain a specific maximum spread between bid and ask quotes; or (d) the trade is made for the purpose of maintaining a proportionate market (based on the conversion ratio) in a security that another security is convertible into or in the convertible security; provided that, in the case of the exceptions in (b), (c), and (d) above, the Market Maker is on the passive side of the trade. (2) At least 70% of Market Makers' trades in their securities of responsibility shall be stabilizing or neutral trades.	**4-605 Stabilizing Trades** (1) Reporting and Performance Measurement In accordance with Rule 4-605(2), it is expected that at least 70% to 80% of Market Makers' trades in their securities of responsibility shall be stabilizing or neutral trades. Performance in this area will be measured periodically by the Exchange and reported to the Exchange. If 30% or more of a Market Maker's trades in their securities of responsibility are destabilizing trades, based on the number of transactions, share volume, dollar value of trading or any combination of those factors, the Market Maker's performance shall be considered unsatisfactory and the Market Maker may be subject to any of the penalties set out in this Policy. (2) Exemption for Certain Interlisted Securities In order to encourage trading in certain interlisted securities on the Exchange, Market Makers shall be exempt from the stabilization requirements in dealing in all U.S.-based interlisted issues and in those Canadian-based interlisted issues in which more than 25% of the trading occurred on exchanges in the United States or on NASDAQ in the preceding year. (3) Application of Stabilization Requirement to Trading in Other Markets The stabilization requirements apply to all trading ~~be~~by Market Makers in listed securities, whether on the Exchange or on another Canadian exchange. The exemptions contained in this Policy also apply to such trading.
4-606 Market Makers Leaving Securities of Responsibility A Market Maker intending to relinquish one or more securities of responsibility shall provide the Exchange with at least 60 days' prior notice in such form as may be required by Exchange.	**4-606 Market Makers Leaving Securities of Responsibility** Pursuant to Rule 4-606, a Market Maker intending to relinquish one or more securities of responsibility shall provide the Exchange with at least 60 days' prior notice. For purposes of assessing the performance of a Market Maker Firm, scores of assignments relinquished with notice will be incorporated into the aggregate score of the firm. Pursuant to Policy 4-601(4), a security assignment which has been relinquished may be assigned by the Exchange on a temporary basis to a Market Maker Firm pending permanent assignment.
4-607 Assessment of Market Maker Performance The Exchange shall review the approvals of all Market Makers at least once each calendar year and may review such approvals at other times.	**4-607 Assessment of Market Maker Performance** (1) Review of Performance The performance of each Market Maker shall be periodically reviewed by the Exchange, as provided in Rule 4-607. The Exchange shall determine whether the Market Maker is adhering to Exchange Requirements and shall assess the degree to which the Market Maker had made a positive

contribution to the market in ~~their~~its securities of responsibility over the period. In making this assessment, considerable weight shall be placed on the degree to which the Market Maker has:

(a) maintained a ~~fair and orderly~~two sided market in ~~their~~its securities of responsibility; ~~and~~

(b) ~~maintained adequate quotation and liquidity in their~~traded within the spread goals for its securities of responsibility~~, including maintaining the specific maximum spreads that the Market Maker is committed to maintain.~~;

(c) traded actively in its securities of responsibility such that trading liquidity has been improved;

(d) met such additional criteria as may be communicated by the Exchange.

(2) Criteria for Review

The Exchange shall consider such performance or conduct unsatisfactory if the Market Maker has:

(a) failed to meet the responsibilities set out in this Policy or to act in a manner that is consistent with the general intent of any of the Exchange Requirements relating to Market Makers; or

(b) engaged in any conduct, manner of proceeding, or method of carrying on business that is unbecoming of a Market Maker, that is inconsistent with just and equitable principles of trade, or that is detrimental to the Exchange or the public.

~~(3) The Exchange will notify the Market Maker of cases of non-performance or unsatisfactory conduct. The Exchange will provide the Market Maker with the opportunity to remedy such deficiency. Failure to address these deficiencies may result in penalties for non-compliance as specified herein.~~

(3) ~~(4)~~ Penalties for Non-Compliance

~~The~~Following a determination that a Market Maker has failed to satisfactorily perform its market making obligations, the Exchange may recommend that:

(a) a Market Maker's approval be suspended or revoked;

(b) a Market Maker's responsibility for one or more securities be removed and those reassigned; and

(c) an investigation into a Market Maker's trading or activities be carried out~~; and~~.

(d) **~~Proposed~~ Repeal proposed August 9, 2002 (~~Rule Book changes~~ pending regulatory approval)**

	Prior to making any such recommendation, the Exchange shall notify the Market Maker of cases of non-performance or unsatisfactory conduct and shall provide the Market Maker with the opportunity to remedy such deficiency. However, if the Exchange reasonably believes that the non-compliance of a Market Maker has compromised the fairness and integrity of the market, the Exchange may, in its discretion, remove the market making assignments from that Market Maker without delay.
~~**PART 4 – TRADING OF LISTED SECURITIES**~~ **DIVISION 7 – OPENING**	
4-702 Delayed Openings (1) A security shall not open for trading if, at the opening time: (a) orders that are guaranteed to be filled pursuant to Rule 4-701 cannot be completely filled by offsetting orders; or (b) the COP exceeds price volatility parameters set by the Exchange. (2) The Market Maker or Market Surveillance Official may delay the opening of a security for trading on the Exchange if: (a) the COP differs from the previous closing price for the security or from the anticipated opening price on any other recognized stock exchange where the security is listed by an amount greater than the greater of 5% of the previous closing price for the security and $0.05; (b) the opening of another recognized stock exchange where the security is interlisted for trading has been delayed; or (c) the COP is less than the permitted difference from the previous closing price for the security, but is otherwise unreasonable. (3) **~~Proposed~~ Repeal proposed August 9, 2002 (~~Rule Book changes~~ pending regulatory approval)** (4) If the opening of the listed security is delayed, the Market Maker or Market Surveillance Official, as the case may be, shall open the security for trading according to Exchange Requirements.	
~~**PART 4 – TRADING OF LISTED SECURITIES**~~ **DIVISION 8 – POST OPENING**	
~~**Rule 4-802**~~ **Allocation of Trades** (1) An order that is entered for execution on the Exchange may execute without interference from	**4-802 Allocation of Trades** (1) MGF Facility

any order in the Book if the order is:

(a) part of an internal cross; ~~or~~

(b) an unattributed order that is part of an intentional cross;

(c) part of an intentional cross entered by a Participating Organization in order to fill a client's Special Trading Session order ~~that was placed during the Regular Session; or~~;

(d) part of an exempt related security cross, provided that the order is exempt from interference only to the extent that there are no offsetting orders entered in the Book, at least one of which is an order entered by the same Participating Organization, which can fill both the client's order for the particular security, in whole or in part, and an equivalent volume of the client's order for the related security. Orders in the Book will only be considered to be offsetting orders if the related security spread on execution of the ~~client's~~clients' orders against orders in the Book is equal to or more beneficial than the related security spread offered by the Participating Organization for the contingent cross arrangement~~.~~; or

~~Proposed Amendment (Cross Interference Exempt Marker initiative pending regulatory approval)~~

(e) entered as part of a Specialty Price Cross.

(2) Subject to subsection (1), an intentional cross ~~is~~ executed ~~without~~on the Exchange will be subject to interference from orders in the Book~~, other than orders entered in the Book by~~ from the same Participating Organization according to time priority, provided that ~~the order~~such orders in the Book ~~is not an unattributed order~~are attributed orders.

(3) A tradeable order that is entered in the Book shall be executed on allocation in the following sequence:

(a) to offsetting orders entered in the Book by the Participating Organization that entered the tradeable order according to the time of entry of the offsetting order in the Book, provided that neither the tradeable order nor the offsetting order is an unattributed order; then

(b) to offsetting orders in the Book according to the time of entry of the offsetting order in the Book; then

(c) to the Market Maker if the tradeable order is eligible for a Minimum Guaranteed Fill.

Amended (August 26, 2003)

The MGF facility provides an automatic and immediate "one price" execution of Participating Organizations' client market orders and tradeable limit orders of up to the MGF in the security at the current market price.

(a) Obligations

Market Makers shall buy or sell the balance of an incoming MGF-eligible order at the current market price when there are not sufficient committed orders to fill the incoming order at that price. ~~In return, they are entitled to one-half of each incoming MGF eligible order after Participating Organizations crosses.~~ Market Makers shall also purchase or sell to any imbalance of MGF-eligible orders on the opening that cannot be filled by orders in the Book.

(a) Size of MGF

The minimum size of MGF is calculated as one share less than two board lots.

For example, for securities with a board lot size of 100 securities, the minimum is 199 securities. This minimum is acceptable for Tier A securities and Tier B securities. The calculated minimum MGF may; however, be set at a size that is higher than the minimum. For example, the minimum size of the MGF for Tier A securities is usually greater than 599 shares (for securities with a 100 share board lot).

(1) Market Maker Participation

At the option of the Market Maker, the Market Maker may participate in any immediately tradeable orders (including non-client orders) that are equal to or less than the size of the Market Maker's MGF for the security. The Market Maker may participate for 40% of the MGF order at the bid price, the ask price, or both. While the Market Maker is participating, all client orders that are equal to or less in size than the MGF for the security, including those marked "BK", shall be guaranteed a fill. If the Market Maker is not participating, only MGF-eligible orders shall be guaranteed a fill.

(3) Use of MGF by US Dealers

Orders on behalf of American securities dealers ("U.S. dealers") to buy or sell listed securities that are interlisted with NASDAQ are not eligible for entry into the MGF system. The orders (if they would otherwise be MGF-eligible) must be marked "BK" in order to avoid triggering the responsible Market Maker's MGF obligation. This Policy applies even if the U.S. dealer is paying a commission. Orders on behalf of clients of U.S. dealers are eligible for entry into the system. Participating Organizations accepting an order from a U.S. dealer must ascertain whether the order is on behalf of a client. If the Participating Organization is unable to determine the status of the order, the order is to be treated as ineligible for entry into the MGF system. Orders on behalf of U.S. dealers that are facilitating a trade for a client of that dealer are not eligible for entry into the MGF system and must be marked "BK".

4-803 – Repealed (August 7, 2001)	
4-804 Market Maker and Principal Account Orders All orders for listed securities for a Market Maker account or a principal account that better the bid or the ask shall be for at least the amount of the MGF for that listed security.	
~~**PART 4 – TRADING OF LISTED SECURITIES**~~ ~~**DIVISION 1 – MARKET FOR LISTED SECURITIES**~~ ~~**Rule** **4-103 Wide Distributions**~~ **No amendments to Rule 4-103 are proposed in connection with TSX's market making reforms.**	~~**Rule** **4-103 Wide Distributions**~~ ~~*~~ ~~*~~ * * Qualified Bids — At the announcement of the distribution, the market in the security shall be halted. All bids above the distribution price on the Exchange shall be filled at the distribution price. Bids at the distribution price shall be filled~~,~~; however, the distributing Participating Organization is only required to fill qualified bids at the distribution price until 20% of the distribution has been sold on the Exchange. This means that, of the total distribution, at least 20% must be made available to qualified bids and the Market Maker. However, all qualified bids above the distribution price must be filled, even if this represents more than 20% of the distribution. The distributing Participating Organization may increase the distribution price at any time before the Exchange announces the distribution. In addition to the qualified bids, a minimum of 10 times the Minimum Guaranteed Fill for the stock shall be made available to the Market Maker to enable the Market Maker to perform market making responsibilities, except as noted below. Less stock may be made available if the stock to be sold the Market Maker, when combined with the qualified bids that are filled, exceeds 20% of the distribution (in which case, stock only need be provided up to the 20% threshold). For example, a Participating Organization wishes to distribute 625,000 shares of ABC Co. at $40 (20% is 125,000 shares). At the time the distribution is announced, the following bids are on the Exchange at the close: 22,500 40.20 22,500 40.15 25,000 40.10 20,000 40.05 15,000 40.00 90,000 shares are required to fill qualified bids at above the distribution price. Assuming an MGF of 1099 on the stock, a total of 20,000 shares are to be made available to the Market Maker. This, added together to the 15,000 shares bid at the distribution price, would bring the total amount required to fill all qualified bids to 125,000 shares, or more than 20% of the total. Only 35,000 shares would be required to be made available to the qualified bids and to the Market Maker, and these would be

	allocated on an equal basis. If, in this example, the distributing Participating Organization wished to bring other Participating Organizations into the distribution to assist in selling, it would have to fill all bids at $40. Acceptance of shares by qualified bidders is not mandatory. *Note: The above paragraphs refer to entitlement of bidders on the Exchange to participation. If a distributing Participating Organization wishes to include other Participating Organizations at the same price after announcement of the distribution but before the end of the distribution period, such inclusion is not contrary to these rules, provided that all qualified bids at the distribution price have been filled and stock made available to the Market Maker. Equally, the distributing Participating Organization may take back any unsold shares or unwanted shares. Such flexibility is to emulate the practices used in underwritten distributions.* * * * * *

13.1.2 IDA Discipline Penalties Imposed on Robert Binnington – Violations of By-law 29.1

Contact:
Elsa Renzella
Enforcement Counsel
(416) 943-5877

BULLETIN # 3307
July 12, 2004

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON ROBERT BINNINGTON – VIOLATIONS OF BY-LAW 29.1

Person Disciplined

The Ontario District Council of the Investment Dealers Association ("the Association") has imposed discipline penalties on Robert Binnington, at the material times employed, either as a Registered Representative or Registered Representative Options, at the Hamilton office of CIBC World Markets Inc. or its predecessor, CIBC World Gundy Securities Inc. (both hereinafter referred to as 'CIBC")

By-laws, Regulations, Policies Violated

On June 30, 2004, the Ontario District Council considered, reviewed and accepted a Settlement Agreement negotiated between Mr. Binnington and Association Staff.

Pursuant to the Settlement Agreement, Mr. Binnington acknowledged that:

(1) Between November 1998 and July 2002, inclusive, he misappropriated a total of approximately US$1.2 million and CDN$410,000 from three clients;

(2) Between January 1999 and December 2002, inclusive, he issued fictitious monthly account statements to the same three clients;

(3) For the years 1999, 2000, 2001 and 2002, he created fictitious tax documents for one client;

(4) In May 2001, he compensated one of three clients he misappropriated from, $2 million, an amount in excess of the funds misappropriated.

(5) Between October 1999 and August 2002, he compensated or undertook to compensate two other clients for losses incurred in their accounts.

Penalty Assessed

The discipline penalties assessed against Mr. Binnington are:

(1) a permanent prohibition from approval by the Association to act in any registered capacity with any Member of the Association; and

(2) a fine in the amount of $435,000.

In addition, Mr. Binnington is required to pay $10,000.00 towards the Association's costs of this matter.

Summary of Facts

Staff's investigation was initiated upon receipt of a Uniform Termination Notice ("UTN") from CIBC dated February 3, 2003. According to the UTN, Mr. Binnington was dismissed for cause on January 28, 2003 as a result of engaging in discretionary trading in several client accounts, providing personal funds to clients, and entering into a personal guarantee with a client. Following the discovery of these transgressions, CIBC conducted their own internal investigation, which revealed additional misconduct.

Clients JR and LR

JR and LR were long-standing financial planning and tax clients of Mr. Binnington. In late 1998, JR and LR sold their home in Aurora, Ontario and moved to Chicago, Illinois.

Despite relocating to the United States, JR and LR kept their existing CIBC accounts with Mr. Binnington. Their house sale proceeds of $212,109.02 were provided to him to be deposited into LR's CIBC account. However, instead of depositing these funds as indicated to the clients, on November 2, 1998, Mr. Binnington deposited the funds into an offshore account.

According to Mr. Binnington, it was his intention to essentially park the clients' funds in the offshore account until he could resolve some issues including the tax consequences relating to the clients' non-resident status in Canada. He also admitted that he wanted to make some extra money for both the client and himself by trading with their funds

During the next two years, Mr. Binnington provided the clients with fictitious monthly statements for LR's account that led the clients to mistakenly believe that the house sale proceeds were deposited in LR's CIBC account.

On November 2, 2000, Mr. Binnington satisfied the clients' request for funds by directly depositing $109,803.57 of his own personal monies into the clients' bank account.

Mr. Binnington also created fictitious tax documents for the taxation years 1999, 2000, 2001 and 2002, which the clients relied upon in preparing their income tax returns.

Client B. Barbados

In February 2000, B. Barbados, a long-standing client of Mr. Binnington, wished to open an account at CIBC in the name of B. Barbados and provided Mr. Binnington with US$1,200,000 as an initial deposit. Instead of opening the account as requested, on or about February 15, 2000, Mr. Binnington used the funds to open a margin account under a different corporate name, BBD.

Mr. Binnington's intention for setting up the BBD account was two-fold: (1) to trade on behalf B. Barbados; and (2) to generate trading profits, through the use of margin, that was to be used to compensate other clients, including JR and LR, for investment losses.

Between February 2000 and May 2001, inclusive, Mr. Binnington provided the client with fictitious monthly statements for the account of B. Barbados that led the client to mistakenly believe that such an account was opened and that trading was being executed in the account.

In May 2001, Mr. Binnington disclosed to the client, but not to CIBC, that he had been improperly utilizing the client's funds. Mr. Binnington then provided the client with personal funds in the amount of $2,000,000, which was used to open a new account at CIBC in the name of B. Barbados as originally intended by the client. These funds represented in excess of the original US$1, 200,000 deposit and the related profits generated in the BBD account on behalf of the client.

It was agreed by both Mr. Binnington and the client that they would not disclose these series of events to CIBC.

Client LS

LS was a long-standing financial planning and tax client of Mr. Binnington that pre-dated his employment at CIBC and included Mr. Binnington having a general Power of Authority over her financial affairs. Upon LS selling her home in Mississauga and moving to Florida, the client used her house sale proceeds and opened a corporate account at CIBC in the name of L. Productions on October 18, 1999.

LS arranged to have all her Canadian financial documents including the CIBC account statements mailed to a PO Box number located in Burlington, Ontario. Both the client and Mr. Binnington were signatories for this PO Box. It was Mr. Binnington's personal responsibility to mail all of the client's Canadian documents to her in Florida.

Between October 1999 and August 2002, Mr. Binnington removed the monthly account statements of L. Productions in the PO Box and replaced them with fictitious account statements. He then couriered these account statements, along with the other financial documents, to the client.

Between December 1, 1999 and July 2002, inclusive, Mr. Binnington misappropriated $197,912.80 from the L. Productions account.

Between May 2001 and July 2002, inclusive, Mr. Binnington also made several personal deposits into the L. Productions account totalling $140,000 in order to offset the trading losses in the account. Around this same period of time, Mr. Binnington also provided the client with approximately $153,000 of his own personal monies to satisfy her requests for funds.

Client KG

In April 1998, KG opened both a RRSP account and a margin account at CIBC with Mr. Binnington. In June 1998, at the suggestion of Mr. Binnington, KG obtained a $100,000 personal line of credit, which was to be used to invest in his margin account.

During 2000 and early 2001, the client regularly expressed concern over the investments held in the margin account. Initially, in the spring of 2000, Mr. Binnington verbally agreed to compensate the client for any future losses incurred in the account. As the market continued to decline in the year 2000, the client complained to Mr. Binnington and ultimately threatened to speak with management. In order to prevent the client from going to management, Mr. Binnington entered into a written agreement with the client in September 2001, that guaranteed a certain month-end balance in the account for a seven month period from September 2001 to March 2002.

Between December 2000 and June 2002, inclusive, pursuant to the both the verbal and written agreements entered into with the client, Mr. Binnington deposited a total of $197,500 of his own money into KG's margin account.

Despite the deposits made by Mr. Binnington, by the end of 2001, the account experienced significant losses. With such losses, the client became concerned about his ability to pay back the $100,000 borrowed from his personal line of credit. As a result, in January 2002, Mr. Binnington entered into a second written agreement, in which Mr. Binnington assumed full personal responsibility of the client's outstanding balance for his personal line of credit on the condition that the lender would consent to the transfer of the line. The lender never accepted the agreement and therefore, the agreement was never put into effect.

In January 2003, Mr. Binnington approached his branch manager and admitted that he provided personal funds to KG to compensate him for losses and personally guaranteed the value of KG's account. He also advised his branch manager that he entered into a verbal agreement with KG to exercise discretion in trading in his account.

It was these admissions that ultimately led to an internal CIBC investigation as previously noted and the discovery of the other regulatory violations.

Mr. Binnington has not been employed in the securities industry since his termination from CIBC.

Kenneth A. Nason
Association Secretary

13.1.3 Discipline Pursuant to IDA By-law 20 - Robert Binnington - Settlement Agreement

IN THE MATTER OF
DISCIPLINE PURSUANT TO BY-LAW 20
OF THE INVESTMENT DEALERS
ASSOCIATION OF CANADA

RE: ROBERT BINNINGTON

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 Robert Binnington ("the Respondent").

2. The Investigation discloses matters for which the District Council of the Association ("the District Council") may penalize the Respondent by imposing discipline penalties.

II. Joint Settlement Recommendation

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.

4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.

5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.

6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. Statement of Facts

(i) Acknowledgment

7. For the sole purpose of this proceeding, Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Factual Background

General

8. Between January 8, 1998 and January 28, 2003, the Respondent was employed at the Hamilton office of CIBC World Markets Inc. or its predecessor, CIBC Wood Gundy Securities Inc (both hereinafter referred to as "CIBC"). Initially, he was employed as a registered representative but as of March 4, 1999, his registration status changed to registered representative options.

11. Staff's investigation was initiated upon receipt of a Uniform Termination Notice ("UTN") from CIBC dated February 3, 2003. According to the UTN, the Respondent was dismissed for cause on January 28, 2003 as a result of engaging in discretionary trading in several client accounts, providing personal funds to clients, and entering into a personal guarantee with a client.

12. The Respondent has not been employed in the securities industry since his termination from CIBC.

Clients JR and LR

13. JR and LR were long-standing financial planning and tax clients of the Respondent. In late 1998, JR and LR sold their home in Aurora, Ontario and moved to Chicago, Illinois.

14. Despite relocating to the United States, JR and LR kept their existing CIBC accounts with the Respondent. Their house sale proceeds of $212,109.02 were provided to the Respondent who advised them that he was going to deposit these funds into LR's CIBC account. However, instead of depositing these funds as indicated to the clients, on November 2, 1998, the Respondent deposited the funds into an offshore account in the name of BigWin Investments Inc. ("BigWin").

15. According to the Respondent, it was his intention to essentially park the clients' funds in the BigWin account until he could resolve some issues including the tax consequences relating to the clients' non-resident status in Canada. He also admitted that he wanted to make some extra money for both the client and himself by trading with their funds

16. During the next two years, the Respondent provided the clients with fictitious monthly statements for LR's account that led the clients to mistakenly believe that the house sale proceeds were deposited in LR's CIBC account. While initially the fictitious account statements reflected the securities positions that were actually held in

the BigWin account and purchased with the clients' house sale proceeds, by late 2000, the fictitious account statements did not mirror the security positions that were actually held in the BigWin account on behalf of the clients.

17. On November 2, 2000, the Respondent satisfied the clients' request for funds from LR's account by directly depositing $109,803.57 of his own personal monies into the clients' bank account.

18. The Respondent also created fictitious tax documents for the taxation years 1999, 2000, 2001 and 2002, which the clients relied upon in preparing their income tax returns.

Client B. Barbados

19. In February 2000, B. Barbados, a long-standing client of the Respondent, wished to open an account at CIBC in the name of B. Barbados and provided the Respondent with USD$1,200,000 as an initial deposit. Instead of opening the account as requested, on or about February 15, 2000, the Respondent used the funds to open a margin account under a different corporate name, BBD.

20. The Respondent's intention for setting up the BBD account was two-fold: (1) to trade on behalf B. Barbados; and (2) to generate trading profits, through the use of margin, that was to be used to compensate other clients, including JR and LR, for investment losses. Between October 2000 and April 2001, the Respondent withdrew approximately $365,000 from the BBD account.

21. Between February 2000 and May 2001, inclusive, the Respondent provided the client with fictitious monthly statements for the account of B. Barbados that led the client to mistakenly believe that such an account was opened and that trading was being executed in the account.

22. In May 2001, the Respondent disclosed to the client, but not to CIBC, that he had been improperly utilizing the client's funds. The Respondent then provided the client with personal funds in the amount of $2,000,000, which was used to open a new account at CIBC in the name of B. Barbados as originally intended by the client. These funds represented in excess of the original USD$1, 200,000 deposit and the related profits generated in the BBD account on behalf of the client.

23. The Respondent advised the client and it was agreed by all that they would not disclose these series of events to CIBC.

24. Despite opening up the B. Barbados account in May 2001, the BBD account remained open and active. The Respondent continued to trade in this account and withdrew approximately $225,000 for his own benefit.

Client LS

25. LS was a long-standing financial planning and tax client of the Respondent that pre-dated his employment at CIBC and included the Respondent having a general Power of Authority over her financial affairs. Upon LS selling her home in Mississauga and moving to Florida, the client used her house sale proceeds and opened a corporate account at CIBC in the name of L. Productions on October 18, 1999.

26. LS arranged to have all her Canadian financial documents including the CIBC account statements mailed to a PO Box number located in Burlington, Ontario. Both the client and the Respondent were signatories for this PO Box. It was the Respondent's personal responsibility to mail all of the client's Canadian documents to her in Florida.

27. Between October 1999 and August 2002, the Respondent removed the monthly account statements of L. Productions in the PO Box and replaced them with fictitious account statements. He then couriered these account statements, along with the other financial documents, to the client.

28. Between December 1, 1999 and July 2002, inclusive, the Respondent misappropriated $197,912.80 from the L. Productions account.

29. Between May 2001 and July 2002, inclusive, the Respondent also made several personal deposits into the L. Productions account totalling $140,000 in order to offset the trading losses in the account. Around this same period of time, the Respondent also provided the client with approximately $153,000 of his own personal monies to satisfy her requests for funds.

Client KG

30. In April 1998, KG opened both a RRSP account and a margin account at CIBC with the Respondent. In June 1998, at the suggestion of the Respondent, KG obtained a $100,000 personal line of credit, which was to be used to invest in his margin account.

31. During 2000 and early 2001, the client regularly expressed concern over the investments held in the margin account. Initially, in the spring of 2000, the Respondent verbally agreed to compensate the client for any future losses incurred in the account. As the market continued to decline in the year 2000, the client complained to the Respondent and ultimately threatened to speak with management. In order to prevent the

client from going to management, the Respondent entered into a written agreement with the client in September 2001, that guaranteed a certain month-end balance in the account for a seven month period from September 2001 to March 2002.

32. According to the agreement, if the guaranteed levels were not reached, the Respondent undertook to pay the client the difference. If the month-end account balance exceeded the guaranteed level, the client undertook to pay the Respondent the excess amount. This was agreeable to both parties. The agreement was not disclosed by either the client or the Respondent to CIBC.

33. Between December 2000 and June 2002, inclusive, pursuant to the both the verbal and written agreements entered into with the client, the Respondent deposited a total of $197,500 of his own money into KG's margin account.

34. Despite the deposits made by the Respondent, by the end of 2001, the account experienced significant losses. With such losses, the client became concerned about his ability to pay back the $100,000 borrowed from his personal line of credit. As a result, in January 2002, the Respondent entered into a second written agreement in which the Respondent assumed full personal responsibility of the client's outstanding balance for his personal line of credit on the condition that the lender would consent to the transfer of the line. This agreement was never accepted by the lender and the agreement was never put into effect. This agreement was not disclosed by either the client or the Respondent to CIBC.

35. In January 2003, the Respondent approached his branch manager and admitted that he provided personal funds to KG to compensate him for losses and personally guaranteed the value of KG's account. He also advised his branch manager that he entered into a verbal agreement with KG to exercise discretion in trading in his account.

CIBC Internal Investigation

36. As a result of the Respondent's admissions to his branch manager in January 2003, CIBC conducted a further investigation into the Respondent's conduct. The Respondent was completely cooperative throughout the firm's investigation, making various admissions to management.

37. During the course of this investigation, the Respondent also admitted to exercising discretion in thirteen other client accounts commencing as far back as September 1999 up until January 2003. These client accounts included the L. Productions and B. Barbados accounts, which are previously referred to in this Settlement Agreement.

38. According to the Respondent, all of the clients related to these thirteen accounts provided him with verbal authorization to exercise discretion in their accounts. However, these accounts were not approved as discretionary accounts as required by Association Regulation 1300.4.

39. It is noted that in October 1999, the Respondent had been internally disciplined by CIBC for engaging in similar misconduct, namely for exercising time discretion in six client accounts.

40. It is further noted that the Respondent made great personal efforts to provide restitution to clients as detailed in this Settlement Agreement.

41. The Respondent was also cooperative with Staff during its investigation into this matter.

IV. Contraventions

42. On or about November 2, 1998, the Respondent misappropriated $212,109.02 from his clients, JR and LR, thereby engaging in conduct unbecoming contrary to By-law 29. 1.

43. During the period from January 1999 to December 2002, the Respondent issued fictitious monthly account statements with the intent to mislead his clients, JR and LR, thereby engaging in conduct unbecoming contrary to By-law 29.1.

44. The Respondent created fictitious tax documents for the years 1999, 2000, 2001 and 2002 which were provided to his clients, JR and LR, thereby engaging in conduct unbecoming contrary to By-law 29.1.

45. On or about February 23, 2000, the Respondent misappropriated USD$1,200,0000 from his client, B. Barbados, thereby engaging in conduct unbecoming contrary to By-law 29.1.

46. During the period between February 2000 and May 2001, inclusive, the Respondent issued fictitious monthly account statements with the intent to mislead his client, B. Barbados, thereby engaging in conduct unbecoming contrary to By-law 29.1.

47. In May 2001, the Respondent compensated his client, B. Barbados, an amount in excess of the funds misappropriated from his client without the Member firm's knowledge or consent, thereby engaging in conduct unbecoming contrary to By-law 29.1.

48. During the period between December 1, 1999 and July 2002, inclusive, the Respondent misappropriated $197,912.80 from his client, LS, thereby engaging in conduct unbecoming contrary to By-law 29.1.

49. During the period between October 1999 and August 2002, inclusive, the Respondent issued fictitious monthly account statements with the intent to mislead his client, LS, thereby engaging in conduct unbecoming contrary to By-law 29.1.

50. During the period October 1999 and August 2002, the Respondent compensated his client, LS, for losses incurred in her corporate account, thereby engaging in conduct unbecoming contrary to By-law 29.1.

51. Between December 2000 and June 2002, the Respondent compensated or undertook to compensate his client, KG, for losses incurred his account, thereby engaging in conduct unbecoming contrary to By-law 29.1.

V. Admission of Contraventions and Future Compliance

52. 22. The Respondent admits the contravention of the Statutes or Regulations thereto, By-laws, Regulations, Rulings or Policies of the Association noted in Section IV of this Settlement Agreement. In the future, the Respondent shall comply with these and all By-laws, Regulations, Rulings and Policies of the Association.

VI. Discipline Penalties

53. The Respondent accepts the imposition of discipline penalties by the Association pursuant to this Settlement Agreement as follows:

(a) A permanent prohibition from approval to act in any registered capacity with any Member of the Association; and

(b) A global fine in the amount of $435,000.

VII. Association Costs

54. The Respondent shall pay the Association's costs of this proceeding in the amount of $10,000payable to the Association immediately upon the effective date of this Settlement Agreement.

VIII. Effective Date

55. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms as of the date of:

(g) its acceptance; or

(a) the imposition of a lesser penalty or less onerous terms; or

(b) the imposition, with the consent of the Respondent, of a penalty or terms more onerous,

by the District Council.

IX. Waiver

56. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives his right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

X. Staff Commitment

57. 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

58. If this Settlement Agreement becomes effective and binding:

(a) the Respondent shall be deemed to have been penalized by the District Council for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements; and

(b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

XII. Effect of Rejection of Settlement Agreement

59. 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

(a) the negotiations relating thereto shall be without prejudice and may not be used as evidence or referred to in any hearing.

AGREED TO by the Respondent at the "City" of "Toronto", in the Province of Ontario, this "21st" day of June, 2004.

"Hugh Lissaman"
Witness

"Robert Binnington"
Respondent

AGREED TO by Staff at the City of Toronto, in the Province of Ontario, this "24th" day of June, 2004.

"N.L. Noguera"
Witness

"Elsa Renzella"
Enforcement Counsel on behalf of Staff of the Investment Dealers Association of Canada
Per: Elsa Renzella

ACCEPTED by the Ontario District Council of the Investment Dealers Association of Canada, at the City of "Toronto" in the Province of Ontario, this "30th" day of "June", 2004.

Investment Dealers Association of Canada
(Ontario District Council)

Per: "Alvin B. Rosenberg"
Per: "David Kerr"
Per: "Robert Guilday"

13.1.4 IDA Discipline Penalties Imposed on David Loftus – Violations of By-law 29.1

Contact:
Kenneth J. Kelertas
Enforcement Counsel
(416) 943-5781

BULLETIN 3306
July 9, 2004

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON DAVID LOFTUS – VIOLATIONS OF BY-LAW 29.1

Person Disciplined

The Ontario District Council of the Investment Dealers Association (the Association) has imposed discipline penalties on David Loftus, at the relevant time a Vice-President, Director, and Registered Representative (Options), at Thomson Kernaghan and Co. Limited ("T.K."), a Member of the Association.

By-laws, Regulations, Policies Violated

On June 21st, 2004, the Ontario District Council considered, reviewed and accepted a Settlement Agreement negotiated between Mr. Loftus and Staff of the Enforcement Department of the Association.

Pursuant to the Settlement Agreement Mr. Loftus admitted that between September 1999 and January 2000 inclusive, he failed to ensure that investments in a private placement made on behalf two investment clubs complied with the provisions of the *Securities Act*, R.S.O. 1990 c. S. 5, as amended, and thereby engaged in business conduct or practice unbecoming a registered representative or detrimental to the public interest, contrary to Association By-law 29.1.

Penalty Assessed

The discipline penalties assessed against Mr. Loftus were:

- a fine in the amount of **$25,000**;
- a suspension from approval in any capacity with any Member of the Association for a period of eight weeks, commencing on June 28th, 20004 to August 20th, 2004 inclusive;
- within three (3) months of the effective date of the Settlement Agreement, rewrite 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
- costs of the Association's investigation and prosecution of this matter in the amount of **$7,500.**

Summary of Facts

At all material times, Mr. Loftus was employed at Thomson Kernaghan and Co. Limited ("T.K.") as a Vice-President, Director, and Registered Representative (Options). Upon the suspension of T.K. by the Association in July 2002, his employment was terminated. Mr. Loftus is currently employed as a Trading Officer (Vice-President) and Registered Representative (Options) at Canaccord Capital Corporation.

The violations of the Ontario *Securities Act* to which Mr. Loftus has admitted revolve around the investments made by two investment clubs that Mr. Loftus established at Thomson Kernaghan & Co. Limited in September and October 1999.

The first investment club consisted of 14 members, of all of whom (save one), had individual investment accounts with Loftus at T.K. The other investment club account was a pro-account. The members of the club were all T.K. employees.

The purpose of the investment club accounts was to invest in a private placement of debentures issued by EQuest One Corporation, a non-resident Delaware corporation (Equest) which owned 100% of eQuest Canada, a Canadian corporation.

The private placement was handled by T.K., and had been issued under the prospectus exemptions contained in subsections 72(1)(a), (c), (d) of the Ontario *Securities Act*.

The only exemption from the prospectus requirements under the *Securities Act* that applied to the members of the investment clubs was section 72(1)(d), which provides an exemption if the purchaser purchases as principal and the purchase is in a security which has an aggregate acquisition cost to each purchaser of not less than $150,000.

This exemption was more fully explained in Ontario Securities Commission Rule 45-501**.** Section 3.4 of that Rule provided that the registration and prospectus exemption provided in section 72(1)(d) of the *Act* was unavailable for a trade in a security if the purchasing entity is an investment club, unless the share or portion of each member of the investment club of the aggregate acquisition cost to the investment club of the securities being purchased is at least $150,000.

All of the individual investors in the investment club accounts invested less than $150,000 CDN. The total investment in EQuest by the 14 members of the first club amounted to $286,922.49 U.S., for an average investment per member of $20,494.46 U.S.. The total investment in EQuest by the eight participants in the pro account totaled $144,931.09 U.S., for an average investment per person of $18,116.39 U.S.

Loftus had been in the industry since November 1988, and as noted above was a Director at T.K. As an experienced registrant, Mr. Loftus should have known about the nature of the prospectus exemptions and should have known that they could not be circumvented through an investment club.

Pursuant to Standard D of the Registrant Code of Ethics set out in the Conduct and Practices Handbook Course, all registrants must act in accordance with the *Securities Act* of the province in which registration is held.

Given the explicit direction provided to market participants in OSC Rule 45-501, Loftus' management of the investment club accounts constituted conduct unbecoming a registered representative or detrimental to the public interest, contrary to Association By-law 29.1.

In terms of penalty, the Settlement Agreement as originally negotiated provided for a fine in the amount of $30,000, costs in the amount of $10,000, an eight week suspension from approval, and the requirement that Mr. Loftus successfully re-write the examination based on the Conduct and Practices Handbook for Securities Industry Professionals ("the CPH exam") within three months of the effective date of the Settlement Agreement. The Ontario District Council reduced the fine to $25,000, and the costs to $7,500, taking into account the cooperation of Mr. Loftus, and the fact that he did not have a prior disciplinary record. The other conditions -the suspension and the requirement to successfully re-write the CPH exam- were approved by the Ontario District Council as set out in the Settlement Agreement.

Kenneth A. Nason
Association Secretary

13.1.5 In the Matter of Discipline Pursuant to IDA By-law 20 - David Loftus - Settlement Agreement

IN THE MATTER OF
DISCIPLINE PURSUANT TO BY-LAW 20
OF THE INVESTMENT DEALERS ASSOCIATION OF CANADA

RE: DAVID LOFTUS

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 David Loftus ("the Respondent").

2. The Investigation discloses matters for which the District Council of the Association ("the District Council") may penalize the Respondent by imposing discipline penalties.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.

4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.

5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.

6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. STATEMENT OF FACTS

(i) Acknowledgement

1. Staff and the Respondent agree with the facts set out in this Section and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Facts

2. At all material times, the Respondent was employed at Thomson Kernaghan and Co. Limited (“T.K.”) as a Vice-President, Director, and Registered Representative (Options). Upon the suspension of T.K. by the Association in July 2002, the Respondent’s employment was terminated. The Respondent is currently employed as a Trading Officer (Vice-President) and Registered Representative (Options) at Canaccord Capital Corporation.

3. In September 1999, the Respondent opened an investment club account at T.K. in the name of S.B.I.. The S.B.I. investment club account was a pro-account, its members made up of eight T.K. employees, including the Respondent.

4. In October 1999, the Respondent solicited the opening of another investment club account in the name of E.I.C.. All fourteen members of the club (save and except for one) had individual investment accounts with the Respondent at T.K.

5. The sole purpose of the E.I.C. and S.B.I. accounts was to invest in a private placement of debentures issued by EQuest One Corporation (“EQuest”), a non-public Delaware corporation. EQuest owned 100% of eQuest Canada Limited, a Canadian corporation.

6. The private placement was facilitated by T.K..

7. The EQuest private placement had been issued pursuant to the prospectus exemptions contained under subsections 72 (1)(a)(c), or (d) of the Ontario *Securities Act.*

8. The only exemption available to the members of the investment clubs was subsection 72 (1)(d), which at the material time stated:

72(1) – Prospectus not required – Subject to the regulations, sections 53 and 62 do not apply to a distribution where,

…

(d) the purchaser purchases as principal, if the trade is in a security which has an aggregate acquisition cost to such purchaser of not less than $150,000.

9. Ontario Securities Commission Rule 45-501 in effect at the time stated:

3.4 Removal of Exemptions for Investment Clubs – The registration and prospectus exemptions contained in paragraph 5 of sub section 35(1) and clause 72(1)(d) of the Act and section 2.11 are not available for a trade in a security if the purchasing entity is an investment club unless the share or portion of each member of the investment club of the aggregate acquisition cost to the investment club of the securities being purchased is at least $150,000.

10. None of the individual members of the S.B.I and E.I.C. investment club accounts invested the required $150,000 CDN in the EQuest debentures:

S.B.I.

Name of Member	Deposit 1 (USD)	Date	Deposit 2 (USD)	Date
G. C.	$10,000.00	Sept. 21/99	$10,000.00	Jan. 13/00
M.W.F.	$10,000.00	Sept. 24/99	$10,000.00	Jan. 7/00
I.G.	$10,000.00	Sept. 29/99	$10,000.00	Jan. 13/00
D.G.			$25,000.00	Jan. 19/00
The Respondent	$15,000.00	Sept. 29/99	$15,000.00	Jan. 11/00
M.M.	$10,000.00	Sept. 24/99		
P.T.	$9,931.09	Oct. 18/99		
P.T.	$5,000.00	Sept. 22/99	$5,000.00	Jan. 7/00
Total Deposits	$69,931.09		$75,000.00	

E.I.C.

Name of Member	Deposit 1 (USD)	Date	Deposit 2 (USD)	Date
J.A.	$5,000.00	Oct. 13/99	$5,000.00	Jan. 11/00
J.B.	$20,070.92	Oct. 13/99	$30,000.00	Jan. 10/00
R.C.	$5,000.00	Oct. 13/99	$5,058.20	Feb. 8/00
J.F.	$10,000.00	Oct. 13/99	$10,000.00	Jan. 7/00
D.J.	$10,000.00	Oct. 13/99	$10,000.00	Jan. 11/00
C.M.	$5,017.73	Oct. 13/99	$5,043.18	Jan. 13/00
B.M.	$5,000.00	Oct. 13/99	$5,000.00	Jan. 19/00
C.M.	$6,690.31	Oct. 14/99	$20,000.00	Jan. 10/00
B.N.	$10,000.00	Oct. 19/99	$10,000.00	Jan. 19/00
G.R.	$10,000.00	Oct. 13/99	$10,000.00	Jan. 12/00

Name of Member	Deposit 1 (USD)	Date	Deposit 2 (USD)	Date
R.W.	$4,950.83	Oct. 13/99	$5,140.51	Jan. 11/00
R.W.	$4,950.83	Oct. 13/99	$5,000.00	Jan. 14/00
KRG M. Inc.	$20,000.00	Oct. 13/99	$20,000.00	Jan. 10 + Jan. 20
L.G. M. Inc.	$15,000.00	Oct. 15/99	$15,000.00	Jan. 12/00
Total Deposits	$131,680.60		$155,241.89	

11. Pursuant to Standard D of the Registrant Code of Ethics set out in the Conduct and Practices Handbook Course, all registrants must act in accordance with the *Securities Act* of the province in which registration is held.

12. The Respondent acknowledges and admits that he did not exercise due diligence to ensure that the investments in the EQuest debentures by the S.B.I. and E.I.C. investment clubs conformed with the requirements of the Ontario *Securities Act*.

IV. CONTRAVENTIONS

13. a) Between September 1999 and January 2000, the Respondent, a registered representative employed by a Member of the Association, failed to ensure that investments in a private placement made on behalf of the client S.B.I. complied with the provisions of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, and thereby engaged in business conduct or practice which is unbecoming a registered representative or detrimental to the public interest, contrary to By-law 29.1.

b) Between October 1999 and January 2000, the Respondent, a registered representative employed by a Member of the Association, failed to ensure that investments in a private placement made on behalf of the client E.I.C. complied with the provisions of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, and thereby engaged in business conduct or practice which is unbecoming a registered representative or detrimental to the public interest, contrary to By-29.1

V. ADMISSION OF CONTRAVENTIONS AND FUTURE COMPLIANCE

14. The Respondent admits to the contravention of the By-laws of the Association noted in Section IV of the 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

15. The Respondent accepts the discipline penalties imposed by the Association pursuant to this Settlement Agreement as follows:

(a) A fine in the amount of $25,000;

(b) A suspension from approval in any capacity with the Association for a period of eight (8) weeks, commencing on June 28, 2004 and ending on August 20, 2004; and

(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.

VII. ASSOCIATION COSTS

16. The Respondent shall pay the Association's costs of the investigation and prosecution of this proceeding in the amount of $7,500.

VIII. EFFECTIVE DATE

17. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms as of the date of:

(a) its acceptance; or
(b) the imposition of a lesser penalty or less onerous terms; or

(c) the imposition, with the consent of the Respondent, of a penalty or terms ore onerous,

by the District Council.

IX. WAIVER

18. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives his right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

X. STAFF COMMITMENT

19. 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

20. If this Settlement Agreement becomes effective and binding:

(a) the Respondent shall be deemed to have been penalized by the District Council for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements; and

(b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

XII. ACCEPTANCE OR REJECTION OF SETTLEMENT AGREEMENT

21. 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 "15th" day of June 2004.

"P. Ingleton"
Peter Ingleton
Witness

"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 at the City of Toronto, in the Province of Ontario, this 11th, day of June 2004.

"David Loftus"
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 "21st" day of "June", 2004.

Investment Dealers Association of Canada
(Ontario District Council)

Per: "Robert S. Montgomery"
Per: "Michael Walsh"
Per: "Guenther Kleberg"

13.1.6 Discipline Hearing Pursuant to IDA By-law 20 - David Loftus - Decision and Reasons

IN THE MATTER OF
A DISCIPLINE HEARING PURSUANT TO BY-LAW 20
OF THE INVESTMENT DEALERS ASSOCIATION OF CANADA

RE: DAVID LOFTUS

Heard: June 21, 2004.

District Council: The Honourable Robert S. Montgomery, Q.C.
Guenther W.K. Kleberg
F. Michael Walsh

Appearances: Enforcement Counsel: Kenneth J. Kelertas
Counsel for David Loftus: John S. Contini

DECISION AND REASONS

This hearing proceeded pursuant to a Settlement Agreement. The Settlement Agreement is reproduced below:

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 David Loftus ("the Respondent").

2. The Investigation discloses matters for which the District Council of the Association ("the District Council") may penalize the Respondent by imposing discipline penalties.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.

4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.

5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.

6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. STATEMENT OF FACTS

(i) Acknowledgement

1. Staff and the Respondent agree with the facts set out in this Section and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Facts

2. At all material times, the Respondent was employed at Thomson Kernaghan and Co. Limited (“T.K.”) as a Vice-President, Director, and Registered Representative (Options). Upon the suspension of T.K. by the Association in July 2002, the Respondent’s employment was terminated. The Respondent is currently employed as a Trading Officer (Vice-President) and Registered Representative (Options) at Canaccord Capital Corporation.

3. In September 1999, the Respondent opened an investment club account at T.K. in the name of S.B.I.. The S.B.I. investment club account was a pro-account, its members made up of eight T.K. employees, including the Respondent.

4. In October 1999, the Respondent solicited the opening of another investment club account in the name of E.I.C.. All fourteen members of the club (save and except for one) had individual investment accounts with the Respondent at T.K.

5. The sole purpose of the E.I.C. and S.B.I. accounts was to invest in a private placement of debentures issued by EQuest One Corporation ("EQuest"), a non-public Delaware corporation. EQuest owned 100% of eQuest Canada Limited, a Canadian corporation.

6. The private placement was facilitated by T.K..

7. The EQuest private placement had been issued pursuant to the prospectus exemptions contained under subsections 72 (1)(a)(c), or (d) of the Ontario *Securities Act.*

8. The only exemption available to the members of the investment clubs was subsection 72 (1)(d), which at the material time stated:

> **72(1) – Prospectus not required** – Subject to the regulations, sections 53 and 62 do not apply to a distribution where,
>
> …
>
> (d) the purchaser purchases as principal, if the trade is in a security which has an aggregate acquisition cost to such purchaser of not less than $150,000.

9. Ontario Securities Commission Rule 45-501 in effect at the time stated:

> **3.4 Removal of Exemptions for Investment Clubs** – The registration and prospectus exemptions contained in paragraph 5 of sub section 35(1) and clause 72(1)(d) of the Act and section 2.11 are not available for a trade in a security if the purchasing entity is an investment club unless the share or portion of each member of the investment club of the aggregate acquisition cost to the investment club of the securities being purchased is at least $150,000.

10. None of the individual members of the S.B.I and E.I.C. investment club accounts invested the required $150,000 CDN in the EQuest debentures:

S.B.I.

Name of Member	Deposit 1 (USD)	Date	Deposit 2 (USD)	Date
G. C.	$10,000.00	Sept. 21/99	$10,000.00	Jan. 13/00
M.W.F.	$10,000.00	Sept. 24/99	$10,000.00	Jan. 7/00
I.G.	$10,000.00	Sept. 29/99	$10,000.00	Jan. 13/00
D.G.			$25,000.00	Jan. 19/00
The Respondent	$15,000.00	Sept. 29/99	$15,000.00	Jan. 11/00
M.M.	$10,000.00	Sept. 24/99		
P.T.	$9,931.09	Oct. 18/99		
P.T.	$5,000.00	Sept. 22/99	$5,000.00	Jan. 7/00
Total Deposits	$69,931.09		$75,000.00	

E.I.C.

Name of Member	Deposit 1 (USD)	Date	Deposit 2 (USD)	Date
J.A.	$5,000.00	Oct. 13/99	$5,000.00	Jan. 11/00
J.B.	$20,070.92	Oct. 13/99	$30,000.00	Jan. 10/00
R.C.	$5,000.00	Oct. 13/99	$5,058.20	Feb. 8/00
J.F.	$10,000.00	Oct. 13/99	$10,000.00	Jan. 7/00

Name of Member	Deposit 1 (USD)	Date	Deposit 2 (USD)	Date
D.J.	$10,000.00	Oct. 13/99	$10,000.00	Jan. 11/00
C.M.	$5,017.73	Oct. 13/99	$5,043.18	Jan. 13/00
B.M.	$5,000.00	Oct. 13/99	$5,000.00	Jan. 19/00
C.M.	$6,690.31	Oct. 14/99	$20,000.00	Jan. 10/00
B.N.	$10,000.00	Oct. 19/99	$10,000.00	Jan. 19/00
G.R.	$10,000.00	Oct. 13/99	$10,000.00	Jan. 12/00
R.W.	$4,950.83	Oct. 13/99	$5,140.51	Jan. 11/00
R.W.	$4,950.83	Oct. 13/99	$5,000.00	Jan. 14/00
KRG M. Inc.	$20,000.00	Oct. 13/99	$20,000.00	Jan. 10 + Jan. 20
L.G. M. Inc.	$15,000.00	Oct. 15/99	$15,000.00	Jan. 12/00
Total Deposits	$131,680.60		$155,241.89	

11. Pursuant to Standard D of the Registrant Code of Ethics set out in the Conduct and Practices Handbook Course, all registrants must act in accordance with the *Securities Act* of the province in which registration is held.

12. The Respondent acknowledges and admits that he did not exercise due diligence to ensure that the investments in the EQuest debentures by the S.B.I. and E.I.C. investment clubs conformed with the requirements of the Ontario *Securities Act*.

IV. CONTRAVENTIONS

13. a) Between September 1999 and January 2000, the Respondent, a registered representative employed by a Member of the Association, failed to ensure that investments in a private placement made on behalf of the client S.B.I. complied with the provisions of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, and thereby engaged in business conduct or practice which is unbecoming a registered representative or detrimental to the public interest, contrary to By-law 29.1.

b) Between October 1999 and January 2000, the Respondent, a registered representative employed by a Member of the Association, failed to ensure that investments in a private placement made on behalf of the client E.I.C. complied with the provisions of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, and thereby engaged in business conduct or practice which is unbecoming a registered representative or detrimental to the public interest, contrary to By-29.1

V. ADMISSION OF CONTRAVENTIONS AND FUTURE COMPLIANCE

14. The Respondent admits to the contravention of the By-laws of the Association noted in Section IV of the 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

15. The Respondent accepts the discipline penalties imposed by the Association pursuant to this Settlement Agreement as follows:

(a) A fine in the amount of $30,000.00;

(b) A suspension from approval in any capacity with the Association for a period of eight (8) weeks, commencing on June 28, 2004 and ending on August 20, 2004; and

(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.

VII. ASSOCIATION COSTS

16. The Respondent shall pay the Association's costs of the investigation and prosecution of this proceeding in the amount of $10,000.00

VIII. EFFECTIVE DATE

17. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms as of the date of:

    (a) its acceptance; or

    (b) the imposition of a lesser penalty or less onerous terms; or

    (c) the imposition, with the consent of the Respondent, of a penalty or terms ore onerous,

    by the District Council.

IX. WAIVER

18. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives his right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

X. STAFF COMMITMENT

19. 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

20. If this Settlement Agreement becomes effective and binding:

    (a) the Respondent shall be deemed to have been penalized by the District Council for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements; and

    (b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

XII. ACCEPTANCE OR REJECTION OF SETTLEMENT AGREEMENT

21. 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.

Having read the Settlement Agreement, heard the submissions of counsel, perused the sanctions and guidelines and considered the cooperation of the member and the lack of prior offences, we consider that a fine of $25,000 and costs of $7,500 are more appropriate.

We do not vary the suspension for a period of eight (8) weeks agreed upon.

June 28, 2004.

"Robert S. Montgomery" "Guenther W. K. Kleberg" "F. Michael Walsh"

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Chapter 25

Other Information

25.1 Approvals

25.1.1 J.C. Clark Inc. - cl. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act. - application for approval to act as trustee.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., clause 213(3)(b).

Rules Cited

Ontario Securities Commission Approval 81-901, Approval of Trustees of Mutual Fund Trusts (1997), 20 OSCB 200.

July 9, 2004

Ogilvy Renault

Attention: Kruti Patel

Dear Sirs/Mesdames:

Re: J.C. Clark Inc. (the "Applicant") for approval to act as trustee of the J.C Clark Preservation Trust, the J.C. Clark Loyalist Preservation Trust, the J.C. Clark Commonwealth Preservation Trust, the J.C. Clark Commonwealth Loyalist Trust, the J.C. Clark Statistical Arbitrage Fund, the J.C. Clark Variable Hedge Trust, and any other pooled investment funds to be established by the Applicant from time to time (collectively, the "Funds")

Further to the application dated June 30, 2004 (the "Application") filed on behalf of the Applicant and based on the facts set out in the Application, pursuant to the authority conferred on the Ontario Securities Commission (the "Commission") in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of the Funds.

"Robert L. Shirriff" "Paul M. Moore"

1.1 Exemptions

25.2.1 McGee Capital Management Limited - s. 5.1 of OSC Rule 31-506

Headnote

Section 5.1 – OSC Rule 31-506 – exemption to mutual fund dealer from the requirement to be a member of the Mutual Fund Dealers Association of Canada – exemption for a limited period of time.

Applicable Ontario Rule

Ontario Securities Commission Rule 31-506 SRO Membership – Mutual Fund Dealers.

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

AND

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 31-506
SRO MEMBERSHIP - MUTUAL FUND DEALERS
(the "Rule")

AND

IN THE MATTER OF
McGEE CAPITAL MANAGEMENT LIMITED

EXEMPTION
(Section 5.1 of the Rule)

UPON the Director having received an application (the "Application") from McGee Capital Management Limited ("McGee") seeking a decision pursuant to section 5.1 of the Rule, to exempt McGee from the application of section 2.1 of the Rule, which would require McGee to be a member of the Mutual Fund Dealers Association of Canada (the "MFDA") on the condition that McGee or an affiliated entity is a member of the MFDA by September 30, 2003;

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

AND UPON McGee having represented to the Director that:

1. McGee is registered under the Act as a mutual fund dealer, limited market dealer and investment counsel/portfolio manager and has its head office in Ontario;

2. McGee filed a membership application with the MFDA in 2001;

3. the MFDA advised McGee that a MFDA member may not engage in portfolio management activities, as discretionary trading is prohibited under MFDA Rule 2.3.4;

4. McGee established an affiliated entity, McGee & Associates Inc. ("MAI"), that was to assume the mutual fund distribution activities of McGee;

5. MAI applied for registration as a mutual fund dealer with the Ontario Securities Commission and submitted an application for membership in the MFDA on November 26, 2002. By letter dated May 29, 2003 the MFDA informed MAI that its application for membership had been approved subject to certain terms and conditions;

6. MAI has concluded that it will not pursue its membership in the MFDA;

7. McGee has concluded that it will discontinue the operation of its mutual fund distribution business and will transfer this business to another dealer registrant;

8. McGee will not expand its mutual fund dealer operations and will work diligently to transfer the accounts of its mutual fund distribution business to another dealer registrant;

9. McGee will surrender its registration as a mutual fund dealer once the mutual fund distribution business has been transitioned to another dealer registrant;

10. neither McGee nor MAI is, to its knowledge, in breach of any requirements of the Act or the regulations or rules made thereunder;

1. McGee received an exemption on June 28, 2002 (the "Initial Exemption") from the requirement of section 2.1 of the Rule on the condition that McGee, or its affiliate was a member of the MFDA by December 1, 2002. It received a second exemption on November 30, 2002 (the "Second Exemption") from the requirement of section 2.1 of the Rule on the condition that McGee, or its affiliate, was a member of the MFDA by April 1, 2003. It received a third exemption on March 31, 2003 (the "Third Exemption") from the requirement of section 2.1 of the Rule on the condition that from and after July 2, 2003, so long as McGee is registered as a mutual fund dealer under the Act, McGee is a member of the MFDA; and

12. neither McGee nor MAI will be a member of the MFDA.

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

IT IS THE DECISION of the Director, pursuant to section 5.1 of the Rule, that McGee is exempt from the requirement of section 2.1 of the Rule, as modified by the Initial Exemption, the Second Exemption and the Third Exemption, on the condition that from and after September 30, 2003, so long as McGee is registered as a mutual fund dealer under the Act, McGee is a member of the MFDA.

July 2, 2003.

"David M. Gilkes"

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