The Ontario Securities Commission

OSC Bulletin

August 6, 2004

Volume 27, Issue 32

(2004), 27 OSCB

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

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

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

Published under the authority of the Commission by:
Carswell
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

416-609-3800 or 1-800-387-5164

Contact Centre - Inquiries, Complaints:	Fax: 416-593-8122
Capital Markets Branch:	Fax: 416-593-3651
- Registration:	Fax: 416-593-8283
Corporate Finance Branch:	
- Team 1:	Fax: 416-593-8244
- Team 2:	Fax: 416-593-3683
- Team 3:	Fax: 416-593-8252
- Insider Reporting	Fax: 416-593-3666
- Take-Over Bids:	Fax: 416-593-8177
Enforcement Branch:	Fax: 416-593-8321
Executive Offices:	Fax: 416-593-8241
General Counsel's Office:	Fax: 416-593-3681
Office of the Secretary:	Fax: 416-593-2318

The OSC Bulletin is published weekly by Carswell, under the authority of the Ontario Securities Commission.

Subscriptions are available from Carswell at the price of $549 per year.

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	$175
Outside North America	$400

Single issues of the printed Bulletin are available at $20 per copy as long as supplies are available.

ISSN 0226-9325

One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
World wide Web: http://www.carswell.com
Email: carswell.orders@thomson.com

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

AUGUST 6, 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

Telephone: 416-597-0681 Telecopier: 416-593-8348

CDS **TDX 76**

Late Mail depository on the 19th Floor until 6:00 p.m.

- -

THE COMMISSIONERS

David A. Brown, Q.C., Chair	—	DAB
Paul M. Moore, Q.C., Vice-Chair	—	PMM
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

August 24, 2004 (on or about)	**Brian Anderson and Flat Electronic Data Interchange ("F.E.D.I.")**
10:00 a.m.	s. 127
	K. Daniels in attendance for Staff
	Panel: HLM/RLS
September 20-22, 2004	**Brian Peter Verbeek** and Lloyd Hutchison Ebenezer Bruce
10:00 a.m.	s. 127
	K. Manarin in attendance for Staff
	Panel: TBD
September 29, 2004	**Cornwall *et al***
	s. 127
10:00 a.m.	K. Manarin in attendance for Staff
September 30, 2004 and October 1, 2004	Panel: HLM/RWD/ST
2:00 p.m.	
October 4, 5, 13-15, 2004	
10:00 a.m.	
October 18 to 22, 2004	**ATI Technologies Inc., Kwok Yuen Ho, Betty Ho, JoAnne Chang, David Stone, Mary de La Torre, Alan Rae and Sally Daub**
October 27 to 29, 2004	s. 127
November 2, 3, 5, 8, 10-12, 15, 17, 19, 2004	M. Britton in attendance for Staff
	Panel: PMM/MTM/PKB
10:00 a.m.	
October 31, 2004 (on or about)	**Mark E. Valentine**
	s. 127
10:00 a.m.	A. Clark in attendance for Staff
	Panel: TBD

November 24-25, 2004	Brian Peter Verbeek and **Lloyd Hutchison Ebenezer Bruce**
10:00 a.m.	s. 127
	K. Manarin in attendance for Staff
	Panel: TBD
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
10:00 a.m.	Panel: PMM/RWD/ST
May 30, June 1, 2, 3, 6, 7, 8, 9 and 10, 2005	**Buckingham Securities Corporation, David Bromberg*, Norman Frydrych, Lloyd Bruce and Miller Bernstein & Partners LLP (formerly known as Miller Bernstein & Partners)**
10:00 a.m.	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 Notice of Amendments to Schedule A to National Policy 12-201 Mutual Reliance Review System for Exemptive Relief Applications

NOTICE OF AMENDMENTS TO SCHEDULE A TO NATIONAL POLICY 12-201 MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS (THE SYSTEM)

The CSA has made non-material amendments to Schedule A to National Policy 12-201. The new Schedule A comes into effect August 6, 2004. Applications that are currently in the System will not be affected by the replacement.

The new Schedule A is published in Chapter 5 of the Bulletin.

1.2 Notices of Hearing

1.2.1 Andrew Currah et al. - ss. 127 and 127.1

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

AND

ANDREW CURRAH, COLIN HALANEN,
JOSEPH DAMM, NICHOLAS WEIR,
PENNY CURRAH AND WARREN HAWKINS

NOTICE OF HEARING
(Sections 127 and 127.1)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Securities Act (the "Act") at the Commission's offices on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on Tuesday, the 17th day of August at 2:30 p.m., or as soon thereafter as the hearing can be held, to consider:

i) **RE: ANDREW CURRAH, COLIN HALANEN, NICHOLAS WEIR AND PENNY CURRAH** whether, in the opinion of the Commission, it is in the public interest to make an order, pursuant to sections 127(1) and 127.1 of the Act that:

(a) trading in any securities by these respondents cease permanently or for such period as is specified by the Commission;

(b) any exemptions contained in Ontario securities law do not apply to these respondents permanently or for such period as is specified by the Commission;

(c) these respondents be prohibited from becoming or acting as an officer or director of any issuer permanently or for such period as specified by the Commission;

(d) these respondents be reprimanded;

(e) these respondents be ordered to pay the costs of the Commission investigation and the hearing;

(f) such other orders as the Commission may deem appropriate.

ii) **RE: WARREN HAWKINS AND JOSEPH DAMM** whether, in the opinion of the Commission, it is in the public interest to make an order pursuant to sections 127(1) and 127.1 of the Act that:

(a) trading in any securities by these respondents cease permanently or for such period as is specified by the Commission;

(b) any exemptions contained in Ontario securities law do not apply to these respondents permanently or for such period as is specified by the Commission;

(c) terms and conditions be placed on the registration of these respondents;

(d) these respondents be reprimanded;

(e) these respondents be ordered to pay the costs of the Commission investigation and the hearing;

(f) such other orders as the Commission may deem appropriate.

BY REASON of the allegations set out in the attached Statement of Allegations made by Staff of the Commission dated July 23, 2004;

AND TAKE FUTHER NOTICE THAT any party to the proceedings may be represented by counsel at the hearing;

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

July 23, 2004.

"Daisy G. Aranha"

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

AND

ANDREW CURRAH, COLIN HALANEN,
JOSEPH DAMM, NICHOLAS WEIR,
PENNY CURRAH AND WARREN HAWKINS

STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION

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

I. Background

1. Findore Minerals Inc. ("Findore") is an Ontario junior resource company that was listed on the Canadian Dealing Network ("CDN") on October 5, 1987. At all material times, Findore's common shares traded over-the-counter and were quoted on the CDN. Although Findore changed its name to Cantex Energy Inc. on December 17, 1997, the company will be referred to herein as Findore.

2. The respondent Andrew Currah is a resident of Oakville, Ontario. Andrew Currah was president of Findore between November 1994 and July 1997, secretary of Findore from September 1997 to December 1997, and a director of Findore from November 1994 to December 1997. After December 1997, Andrew Currah remained closely involved in the affairs of Findore, working from the same business premises and employing nominee officers and directors to manage Findore. Between 1996 and 1998, Findore issued 2,049,623 common shares from treasury to Andrew Currah or to companies controlled by Andrew Currah.

3. The respondent Colin Halanen ("Halanen") is a resident of Toronto, Ontario. Between June 1996 and September 1997, Halanen was a director and the treasurer of Findore. After September 1997, Halanen continued to work closely with, and in the same offices as, Andrew Currah and Findore. Between 1996 and 1999, Findore issued 624,300 common shares to Halanen from treasury.

4. The respondent Nicholas Weir ("Weir") is a resident of Toronto, Ontario. Between December 1997 and September 1998, Weir was the secretary-treasurer of Findore. Weir worked closely with, and in the same offices as, Andrew Currah, Halanen and Findore. In 1997 and 1998, Findore issued 393,476 common shares from treasury to Weir or to companies controlled by Weir.

5. The respondent Penny Currah is the spouse of Andrew Currah, and worked for Findore in a clerical capacity.

6. The respondents Warren Hawkins ("Hawkins") and Joseph Damm ("Damm") are registered representatives who, at all material times, were employed by Research Capital Corporation ("Research"). Research was approved by the CDN as market maker for Findore shares, with Hawkins and Damm carrying out the daily function of market maker for Findore.

II. Trading Activity of the Respondents in Findore Shares

7. Andrew Currah purchased a controlling interest, namely 471,000 common shares, in Findore in November 1994. Beginning in the summer of 1997, Andrew Currah and his business associates Halanen and Weir became heavily involved in promoting and trading the common shares of Findore. Their trading activity was augmented by substantial numbers of treasury shares issued to them by Findore. By late 1998, the promotional and trading activity of Andrew Currah, Halanen and Weir relating to Findore was subsiding.

8. In the period between July 1997 and December 1998, the respondents Andrew Currah, Halanen, Weir and Penny Currah (collectively, the "Currah Group"), individually and through companies that they controlled, were active traders in Findore's shares through the CDN. As described below, numerous trades in Findore shares among those respondents and their controlled companies were either prearranged between members of the Currah Group or involved no change in beneficial ownership of the shares. Those trades, viewed individually and collectively, were designed to create, and did create, a misleading appearance as to the value of and market activity in Findore's shares.

(1) Brokerage accounts used by the respondents

9. For their trading in Findore shares, the Currah Group used the following accounts:

   (a) Andrew Currah used 12 brokerage accounts at 5 brokerage houses in his own name and in the names of the following companies over which he held and exercised trading authority: Currah Capital Inc., Galaxy Galleria Inc., Findore Gold Resources Ltd. and 847751 Ontario Inc. (the "Currah Companies");

   (b) Colin Halanen used 12 brokerage accounts at 7 brokerage houses in his own name and in the names of the following companies over which he held and exercised trading authority: 937075

Ontario Ltd., Weblicity Inc. and Gaby Joyce Holdings Ltd. (the "Halanen Companies");

(c) Weir used 11 brokerage accounts at 6 brokerage houses in his own name and in the names of the following companies over which he held and exercised trading authority: Eclipse Mining Corporation and Weblicity Inc. (the "Weir Companies"); and

(d) Penny Currah used 9 brokerage accounts at 5 brokerage houses in her own name and in the names of the following companies over which she held and exercised trading authority: Currah and Sons Ltd. and Weblicity Inc. (the "Penny Currah Companies").

(2) Manipulative and Deceptive Trading by the Respondents

10. The Currah Group entered into numerous trades, which were reported to other investors via the CDN, when they knew or ought to have known that the trades would or may create a misleading appearance as to the volume of trading in Findore's common shares and as to the market price for those shares. Those misleading trades involved either:

(a) no change in beneficial ownership of the Findore shares (the "Wash Trades"); or

(b) entering an order to buy or sell Findore shares with knowledge that an offsetting order of substantially the same size and price has been or will be entered (the "Match Trades").

11. In the period between July 1997 and December 1998, the Currah Group conducted Wash Trades, as follows:

(a) On 15 occasions, Andrew Currah engaged in trades of Findore shares between himself and the Currah Companies, or among the Currah Companies. Three of those trades involved no change in ownership whatsoever. Of the 15 wash trades, 10 trades occurred at prices higher than the preceding reported trade, creating an "uptick" in the price of the Findore shares;

(b) On 18 occasions, Halanen engaged in trades of Findore shares between himself and the Halanen Companies, or among the Halanen Companies. Two of those trades involved no change in ownership whatsoever. Of those 18 wash trades, 14 trades created an uptick in the price of the Findore shares.

(c) On 9 occasions, Weir engaged in trades of Findore shares between himself and the Weir Companies, or among the Weir Companies. Of those trades, 8 trades involved no change in ownership whatsoever. Of the 9 wash trades, 5 created an uptick in the price of the Findore shares.

(d) On 4 occasions, Penny Currah engaged in trades of Findore shares that involved no change in ownership whatsoever. Of those 4 trades, 2 trades created an uptick in the price of the Findore shares.

12. In the same period, the Currah Group entered into match trades among themselves and the companies that they controlled. In total, the Currah Group executed numerous Match Trades, as follows:

(a) Andrew Currah or the Currah Companies were involved in more than 80 Match Trades;

(b) Colin Halanen or the Halanen Companies were involved in more than 30 Match Trades;

(c) Nicholas Weir and the Weir companies were involved in more than 40 Match Trades; and

(d) Penny Currah or the Penny Currah companies were involved in more than 50 Match Trades.

The majority of the Match Trades by the Currah Group created upticks in the price of the Findore shares.

13. The Currah Group used different techniques to mask their trading activity, including using brokerage accounts at different firms, trading through jitney arrangements and failing to file complete and accurate insider trade reports.

14. In addition, under the direction of Andrew Currah and Halanen, the Currah Group received, for no consideration, Findore shares which had been purchased from Findore using funds paid by Findore in purported satisfaction of third-party supplier invoices. These transactions had the effect of placing more shares in the hands of the Currah Group for their trading activities.

(3) The Role of the Market Makers

15. Hawkins and Damm (the "Market Makers") were registered representatives for 9 brokerage

accounts for the Currah Group, and carried out the day-to-day functions of a CDN-approved market maker for Findore's shares.

16. The Market Makers had an obligation to maintain reasonable liquidity for Findore's shares by making firm bids or offers for Findore's shares, as necessary to operate an orderly market for Findore's shares. As market makers, they only had an obligation to fill orders for one board lot of Findore's shares at the bid or offer price. In addition, the Market Makers were obliged to be fully independent from the issuer and promoters, and certified their independence when they made their application to become a market maker.

17. Notwithstanding these obligations, the Market Makers were involved as registered representatives for some of the Wash Trades and Match Trades listed above. In particular, they were involved as registered representatives for both the buyer and seller of Findore shares in:

    (a) 11 Wash Trades that involved no change in ownership of the Findore shares, 5 of which created an uptick in the market price of Findore's common shares; and

    (b) 26 match trades, 17 of which created an uptick in the market price of Findore's common shares.

18. In addition to the Match Trades and Wash Trades itemized in paragraph 17 above, the Market Makers acted as registered representatives for numerous other trades in Findore shares on behalf of the Currah Group, and were aware of the level of trading activity of the Currah Group in Findore shares.

19. In addition, the Market Makers entered trades of Findore shares on behalf of the Currah Group without specifying a brokerage account for the trade. At the end of the trading day, the Market Makers conducted telephone meetings with members of the Currah Group to determine the account to which the trades would be allocated.

20. Moreover, the Currah Group instructed the Market Makers as to their market making activities, including setting the bid and offer prices for Findore's shares. The Market Makers followed the instructions received from the Currah Group.

(4) Market Price of Findore's Shares

21. In June 1997, prior to the commencement of the respondents' trading activity described above, the common shares of Findore had been trading in the range of $0.10 to $0.14 per share. Trading in Findore's shares became very active, as reported on the CDN, in the latter part of July 1997 and by September 26, 1997, the share price reached $1.92. The stock peaked on April 3, 1998 at a high of $2.30 per share. The reported Findore share price stayed above $1.00 per share through to the fall of 1998, before declining markedly to its June 1997 levels in 1999. In the entire period, there were no material facts or material changes in Findore's affairs that would account for these price fluctuations.

22. In the period between July 1997 and December 1998, the Currah Group accounted for more than 30 percent of the market activity for Findore's shares. Their net proceeds from their trading activities were as follows:

    (a) Andrew Currah, approximately $1,000,000;

    (b) Colin Halanen, approximately $88,000;

    (c) Nicholas Weir, approximately $197,000;

    (d) Penny Currah, approximately $260,000.

III. Conduct Contrary to the Act and the Public Interest

23. The respondents' Wash Trades and Match Trades created the misleading impression that there was a higher volume of trading in Findore shares than there truly was. In addition, where trades occurred at prices that were higher than the preceding reported trade, the Wash Trades and Match Trades had the effect of making the Findore shares appear more valuable than they truly were. These trades, accordingly, interfered with the operation of a fair market for Findore's shares and were abusive of the capital markets.

24. The respondents knew or ought to have known that the Wash Trades and Match Trades would or may create a misleading appearance as to market activity for Findore shares or as to the price of those shares.

25. The Market Makers were subject to the Rules of the Canadian Dealing Network, which specified that:

    (a) accessing the CDN for the purpose of market making in a CDN security was restricted to market makers that had been approved by the Board of the CDN;

    (b) disclosure was required by market makers of any direct or indirect association, dealings or arrangements with any promoter, insider, associate or affiliate of the issuer of the CDN security or with the issuer itself;

    (c) approved market makers shall not use or knowingly participate in the use of any

manipulative or deceptive methods of trading in connection with the purchase or sale of a CDN security that creates or may create a false or misleading appearance of trading activity or an artificial price for a CDN security.

By surrendering their market making function to the Currah Group and participating in their manipulative trading activity, the Market Makers breached these CDN Rules.

26. The respondents benefited financially from their misconduct.

27. The respondents' conduct was contrary to Ontario Securities law, and the public interest.

28. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

July 23, 2004.

1.3 News Releases

1.3.1 OSC Releases Report on Stakeholder Satisfaction: "Strong, Necessary Organization"

FOR IMMEDIATE RELEASE
July 29, 2004

OSC RELEASES REPORT ON STAKEHOLDER SATISFACTION: "STRONG, NECESSARY ORGANIZATION"

TORONTO – The Ontario Securities Commission (OSC) released a report today on stakeholder satisfaction and key issues facing the organization. The report, third in a series conducted by Ipsos-Reid Public Affairs Canada since May 2000, included surveys of more than 1,300 individuals registered with the OSC, companies that issue securities in Ontario, people who have contacted the OSC's contact centre, and investors from the general population.

"We want to serve our stakeholders as best we can and we are pleased that they seem to recognize the effort," said Charlie Macfarlane, OSC Executive Director. "It is key to our accountability that we conduct such surveys and make the results public. Our senior management team will be dissecting the results to find areas where we can improve our performance and continue to target areas of importance to the people we serve."

Overall, the OSC's stakeholder satisfaction grade is slightly reduced from results in the second wave of the survey in 2001, from an "A-" to a "B to B+" -- similar to results of the initial wave done in 2000. The particular strengths identified are the OSC's core competencies of regulation and enforcement. Some areas requiring improvements include reducing "red tape" and the regulation of new financial products.

"As markets emerge from a protracted period of controversy and change, our research demonstrates that the OSC continues to be seen as a strong, necessary organization by its key stakeholders," said Darrell Bricker, President and COO, Ipsos-Reid Public Affairs North America. "Again this year the OSC receives positive ratings from all its key stakeholders and low negative scores that would be the envy of other regulatory bodies."

In addition to questions on the OSC's performance, this year's survey included questions on key issues facing the securities industry. In particular, more than 75% of market participants strongly support replacing the existing 13 securities regulators with a single national securities regulator, with uniform securities legislation across Canada. Maintaining the status quo in this area received support from less than 4% of market participants. Similarly, 69% of inquiry line users and 49% of general population respondents prefer a single national regulatory body, with just 5% and 11% respectively supporting the status quo.

In the enforcement area, more than six in 10 market participants and people who have contacted the OSC's contact centre believe the OSC is a strong enforcer of the Ontario *Securities Act*, while general population awareness levels were lower. The top enforcement priority cited is proactively preventing violations, followed by punishing violators with fines or imprisonment. The top investigation priority cited was fraud, followed by falsified financial statements.

Meanwhile, almost 80% of people who contacted the OSC's inquiry centre and members of the general population agree strongly that all firms and individuals under investigation by the OSC should be required to inform the public and their clients about the investigation as soon as they become aware of it.

Questions probing awareness of the OSC's investor confidence initiatives found very strong awareness among reporting issuers (96%) and registrants (86%) and among those aware respondents, found that further steps are required (57% of registrants, 32% of issuers).

"We thank the people who responded to the survey this year," added Mr. Macfarlane. "Rest assured, your contribution will be put to good use as we study the survey results and focus on building on our service delivery."

The report is available on the OSC's web site (**www.osc.gov.on.ca**).

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

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

1.3.2 OSC Upholds RS Decision in the Matter of Donald Greco

FOR IMMEDIATE RELEASE
August 3, 2004

OSC UPHOLDS RS DECISION
IN THE MATTER OF DONALD GRECO

TORONTO – The Commission released its reasons for decision today in the matter of the Universal Market Integrity Rules and Donald Greco. The reasons follow the hearing and review held June 24, 2004 by the Commission of the decision of the hearing panel of Market Regulation Services Inc. (the RS Panel) dated July 15, 2003.

The Commission up-held the decision of the RS Panel that Greco traded in a security with knowledge of an undisclosed client order, which order could reasonably be expected to affect the market price of such security, where such trade could be expected to be affected by such change in the market price contrary to Rule 4-204(1) of the Rules of the Exchange. The Commission agreed with the RS Panel that risk and disadvantage to the client are not elements of a breach of Rule 4-204(1). The Commission found that the RS Panel did not proceed on an incorrect principle, did not err in law, nor did it overlook material evidence. The Commission further confirmed the sanction imposed by the RS Panel.

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

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

1.3.3 OSC Proceedings in Respect of Andrew Currah, Colin Halanen, Nicholas Weir, Penny Currah, Warren Hawkins and Joseph Damm

FOR IMMEDIATE RELEASE
August 3, 2004

OSC PROCEEDINGS IN RESPECT OF
ANDREW CURRAH, COLIN HALANEN,
NICHOLAS WEIR, PENNY CURRAH,
WARREN HAWKINS AND JOSEPH DAMM

Toronto – The Ontario Securities Commission has issued a Notice of Hearing and related Statement of Allegations in respect of Andrew Currah, Colin Halanen, Nicholas Weir, Penny Currah, Warren Hawkins and Joseph Damm.

The Statement of Allegations alleges that during the period from June 1997 to December 1998, Andrew Currah, Penny Currah, Halanen and Weir engaged in numerous manipulative and misleading trades in the common shares of Findore Minerals Inc. (subsequently known as Cantex Energy Inc.). Staff alleges two types of manipulative trading: wash trading, which involves no change in beneficial ownership of the shares; and match trading, which involves entering an order to buy or sell shares with knowledge that an offsetting order of substantially the same size and price has been or will be entered. It is further alleged that the majority of these trades occurred at prices higher than the preceding reported trade.

Staff alleges that Hawkins and Damm, who were registered representatives employed by Research Capital Corporation, were involved as brokers for both the buyer and seller of Findore shares in numerous wash and match trades. The majority of those trades occurred at prices higher than the previous reported trade. In addition, Research Capital Corporation was an approved market maker for Findore's shares on the Canadian Dealing Network, with Hawkins and Damm carrying out the day-to-day function of market maker for Findore's shares. It is alleged that, in carrying out the market making function, Hawkins and Damm improperly took instructions from the other respondents.

Staff alleges that the match and wash trading created a misleading appearance as to the volume of trading in Findore shares and as to the market price for the shares, and was therefore contrary to Ontario securities law and the public interest.

The set date appearance for the respondents is scheduled for August 17, 2004 at 2:30 p.m. in the Main Hearing Room of the Commission's offices, located on the 17th floor, 20 Queen Street West, Toronto.

Copies of the Notice of Hearing and Statement of Allegations are available at **www.osc.gov.on.ca**.

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

Wendy Dey
Director, Communications
416-593-8120

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Boardwalk Real Estate Investment Trust and Boardwalk REIT Limited Partnership - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – real estate investment trust exempt from prospectus and registration requirements in connection with issuance of units to existing unit holders pursuant to distribution reinvestment plan whereby distributions are reinvested in additional units of the trust, subject to certain conditions – first trade in additional units deemed a distribution unless made in compliance with MI 45-102.

Applicable Ontario Statutory Provisions

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

Ontario Rules

Multilateral Instrument 45-102 Resale of Securities.

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

AND

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

AND

IN THE MATTER OF
BOARDWALK REAL ESTATE INVESTMENT TRUST AND BOARDWALK REIT LIMITED PARTNERSHIP

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the "Jurisdictions") has received an application from Boardwalk Real Estate Investment Trust ("Boardwalk REIT") and Boardwalk REIT Limited Partnership (the "Partnership"), for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file a preliminary prospectus and a final prospectus and obtain receipts therefor (the "Prospectus Requirement") shall not apply to certain trades in trust units of Boardwalk REIT ("REIT Units") and certain trades in class B limited partnership units of the Partnership ("LP Class B Units") under a distribution reinvestment plan (the "DRIP");

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

3. AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions* or in Autorité des Marchés Financiers Notice 14-101;

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

4.1 Boardwalk REIT is an unincorporated open-ended real estate investment trust established under the laws of Alberta pursuant to a declaration of trust dated January 9, 2004 (the "Declaration of Trust"), as amended and restated on May 3, 2004 (the "Effective Date"). The head office of Boardwalk REIT is located in Calgary, Alberta.

4.2 Boardwalk REIT became a reporting issuer or the equivalent in each of the Provinces of Canada where such a concept exists on the Effective Date by virtue of the Arrangement (as defined below).

4.3 Under the Declaration of Trust, Boardwalk REIT is authorized to issue an unlimited number of two classes of units, REIT Units and special voting units ("Special Voting Units"), of which there were 48,753,274 REIT Units and 4,475,000 Special Voting Units issued and outstanding on May 5, 2004.

4.4 Each REIT Unit represents an equal fractional undivided beneficial interest in Boardwalk REIT; in distributions made by Boardwalk REIT, whether of net income,

net realized capital gains or other amounts; and in the event of a liquidation, dissolution, winding-up or other termination of Boardwalk REIT, in the net assets of Boardwalk REIT after satisfaction of all liabilities.

4.5 The REIT Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol "BEI.UN".

4.6 On May 3, 2004, Boardwalk REIT indirectly acquired substantially all of the assets and business of Boardwalk Equities Inc. ("BEI"). The acquisition of BEI was part of a transaction (the "Arrangement") effected, in part, by way of a statutory plan of arrangement involving BEI and its shareholders that resulted in the acquisition of all of the issued and outstanding shares of BEI by 1098369 Alberta Ltd., a corporation incorporated immediately prior to the Effective Date ("Newco") as a wholly-owned subsidiary of the former principal shareholder of BEI, Boardwalk Properties Company Limited ("BPCL"). In connection with the Arrangement, BEI changed its name to BPCL Holdings Inc. ("BPCL Holdings").

4.7 The Partnership is a limited partnership formed under the laws of the Province of British Columbia, of which Boardwalk Real Estate Management Ltd. ("GP") is the sole general partner. All of the outstanding shares of GP are held by Boardwalk REIT. The head office of the Partnership is located in Calgary, Alberta.

4.8 The Partnership is authorized to issue an unlimited number of: (a) LP Class A Units; (b) LP Class B Units; and (c) LP Class C Units, and, subject to certain restrictions, such other classes of partnership interests as GP may decide from time to time.

4.9 All of the LP Class A Units are indirectly held by Boardwalk REIT.

4.10 All of the issued and outstanding LP Class B Units and LP Class C Units are held, directly or indirectly, by BPCL Holdings.

4.11 Each LP Class B Unit may be surrendered for or, if such surrender cannot be effected, indirectly exchanged for one REIT Unit at any time by the holder thereof.

4.12 The Partnership is not a reporting issuer (or its equivalent) in any of the Jurisdictions.

4.13 The LP Class B Units are not listed or posted for trading on any stock exchange.

4.14 In connection with the Arrangement, one Special Voting Unit was issued by Boardwalk REIT in respect of each issued and outstanding LP Class B Unit. The purpose of the Special Voting Units of Boardwalk REIT is to provide a means by which holders of LP Class B Units ("LP Class B Unitholders") may vote at meetings of unitholders of Boardwalk REIT.

4.15 LP Class B Units are intended to be, to the greatest extent practicable, the economic equivalent of REIT Units and were created solely for Canadian tax purposes. Holders of LP Class B Units are entitled to receive distributions paid by the Partnership, which distributions are equal, to the greatest extent practicable, to distributions paid by Boardwalk REIT to holders of REIT Units ("REIT Unitholders"). LP Class B Units are exchangeable for an equal number of REIT Units at any time and are required to be exchanged for an equal number of REIT Units in certain circumstances.

4.16 Boardwalk REIT is not a "mutual fund" as defined in the Legislation because the Unitholders are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of Boardwalk REIT as contemplated in the definition of "mutual fund" contained in the Legislation.

4.17 Under the DRIP, Boardwalk REIT intends to make monthly cash distributions out of its distributable income on or about the 15th day of a given month to persons who are REIT Unitholders on the last business day of the immediately preceding month and the Partnership intends to make identical monthly cash distributions out of its distributable income on the same conditions to persons who are LP Class B Unitholders on the last business day of the immediately preceding month (subject to an LP Class B Unitholder being entitled to elect to receive such amounts in the form of non-interest bearing loans rather than as distributions).

4.18 Boardwalk REIT has established the DRIP to permit REIT Unitholders and LP Class B Unitholders, other than such holders who are resident in the United States, at their discretion, to automatically reinvest the cash distributions paid on their REIT Units (or LP Class B Units, as the case may be) in additional REIT Units ("DRIP Units"), in the case of REIT Unitholders, and additional LP Class B Units ("DRIP B Units" and collectively with the DRIP Units the "Plan Units") in the case of LP Class B Unitholders, as an alternative to receiving cash distributions.

4.19 Following enrolment in the DRIP by a REIT Unitholder or LP Class B Unitholder (a "DRIP Participant"), distributions due to DRIP Participants will be automatically paid to Computershare Trust Company of Canada in its capacity as agent under the DRIP (in such capacity, the "DRIP Agent") and applied to the purchase of DRIP Units directly from Boardwalk REIT, or in the case of LP Class B Unitholders to the purchase of DRIP B Units directly from the Partnership.

4.20 Distributions due to DRIP Participants will be automatically reinvested in Plan Units at a price per Plan Unit to be determined by Boardwalk REIT, but which is expected to be calculated by reference to the weighted average closing price of REIT Units on the TSX preceding the relevant distribution payment date. DRIP Participants will be entitled to receive a further distribution of Plan Units equal in value to 3% of each distribution that is reinvested under the DRIP.

4.21 No commissions, service charges or brokerage fees will be payable by DRIP Participants in connection with the DRIP. The DRIP Agent's fees for administering the DRIP will be paid by Boardwalk REIT out of its assets.

4.22 DRIP Participants may terminate their participation in the DRIP by providing written notice to the DRIP Agent no later than the business day immediately preceding the applicable record date. Such notice, if actually received no later than the business day immediately preceding the applicable record date, will have effect for the distribution associated with that record date, and if not so received will have effect for the next following distribution. After such termination is processed, distributions by Boardwalk REIT or the Partnership, as the case may be, will thereafter be payable to such REIT Unitholder or LP Class B Unitholder, as the case may be, in cash or otherwise in the form declared by Boardwalk REIT or the Partnership, as the case may be.

4.23 Boardwalk REIT reserves the right to amend, suspend or terminate the DRIP at any time in its sole discretion, in which case DRIP Participants and the DRIP Agent will be sent written notice thereof in accordance with the DRIP.

4.24 Except in Alberta, Boardwalk REIT is unable to rely on the exemptions from the Registration Requirement and Prospectus Requirement for reinvestment plans contained in the Legislation (the "Reinvestment Exemptions") for the purposes of distributing the DRIP Units pursuant to the DRIP because:

4.24.1 such exemptions are generally limited to plans that provide for the distribution of one or more of the following:

4.24.1.1 dividends;

4.24.1.2 interest;

4.24.1.3 capital gains; or

4.24.1.4 earnings or surplus.

4.25 The Partnership is unable to rely on the Reinvestment Exemptions for the purposes of distributing the DRIP B Units pursuant to the DRIP because the LP Class B Units are not publicly traded securities.

4.26 In addition, while Legislation in the Jurisdictions generally provide exemptions for the issuance of securities by an issuer on the exchange of securities of that same issuer, because the DRIP B Units are securities of the Partnership, the exemptions are not available for the issuance of REIT Units in exchange for DRIP B Units.

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

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

7 THE DECISION of the Decision Makers under the Legislation (excluding Alberta in paragraph 7.1 only insofar as it pertains to trades by Boardwalk REIT of DRIP Units) is that:

7.1 The Registration Requirement and Prospectus Requirement contained in the Legislation shall not apply to trades by Boardwalk REIT of DRIP Units or by the Partnership of DRIP B Units, in each case, for the account of DRIP Participants pursuant to the DRIP, provided that:

7.1.1 at the time of the trade Boardwalk REIT is a reporting issuer or the equivalent under the Legislation and is not in default of any requirements of the Legislation;

7.1.2 no sales charge is payable in respect of the trade;

7.1.3 Boardwalk REIT has caused to be sent to the person or company to whom the Plan Units are traded, not more than 12 months before the trade, a copy of the DRIP which contains a statement describing:

7.1.3.1 their right to withdraw from the DRIP and to make an election to receive cash instead of Plan Units on the making of a distribution of income by Boardwalk REIT or the Partnership, as the case may be (the "Withdrawal Right"); and

7.1.3.2 instructions on how to exercise the Withdrawal Right;

7.1.4 except in Quebec, the first trade or resale of Plan Units acquired pursuant to the DRIP in a Jurisdiction shall be deemed to be a distribution or primary distribution to the public under the Legislation unless the conditions set out in paragraphs 1 through 5 of subsection 2.6(3) of MI 45-102 are satisfied at the time of such first trade or resale; and

7.1.5 in Quebec, the first trade (alienation) of Plan Units acquired pursuant to the DRIP shall be deemed to be a distribution or primary distribution to the public unless:

7.1.5.1 at the time of the first trade, Boardwalk REIT is a reporting issuer in Quebec and is not in default of any of the requirements of the Legislation in Quebec;

7.1.5.2 no unusual effort is made to prepare the market or to create a demand for the Plan Units;

7.1.5.3 no extraordinary commission or consideration is paid to a person or company other than the vendor of the Plan Units in respect of the trade; and

7.1.5.4 the vendor of the Plan Units, if an insider of Boardwalk REIT, has no reasonable grounds to believe that Boardwalk REIT is in default of any requirement of the Legislation in Quebec; and

7.2 The Registration Requirement and Prospectus Requirement contained in the Legislation shall not apply to trades by Boardwalk REIT of REIT Units on the exchange of DRIP B Units, provided that:

7.2.1 at the time of the trade Boardwalk REIT is a reporting issuer or the equivalent under the Legislation and is not in default of any requirements of the Legislation;

7.2.2 no sales charge is payable in respect of the trade;

7.2.3 Boardwalk REIT has caused to be sent to the person or company to whom the REIT Units are traded, not more than 12 months before the trade, a

copy of the DRIP which contains a statement describing:

7.2.1.1 their right to withdraw from the DRIP and to make an election to receive cash instead of Plan Units on the making of a distribution of income by Boardwalk REIT or the Partnership, as the case may be (the "Withdrawal Right"); and

7.2.1.2 instructions on how to exercise the Withdrawal Right;

7.2.4 except in Quebec, the first trade or resale of REIT Units acquired by Class B Unitholders on the exchange of DRIP B Units in a Jurisdiction shall be deemed to be a distribution or primary distribution to the public under the Legislation unless the conditions set out in paragraphs 1 through 5 of subsection 2.6(3) of MI 45-102 are satisfied at the time of such first trade or resale; and

7.2.5 in Quebec, the first trade (alienation) of REIT Units acquired by Class B Unitholders on the exchange of DRIP B Units, shall be deemed to be a distribution or primary distribution to the public unless:

7.2.5.1 at the time of the first trade, Boardwalk REIT is a reporting issuer in Quebec and is not in default of any of the requirements of the Legislation in Quebec;

7.2.5.2 no unusual effort is made to prepare the market or to create a demand for the REIT Units issued on the exchange of DRIP B Units;

7.2.5.3 no extraordinary commission or consideration is paid to a person or company other than the vendor of the REIT Units issued on the exchange of DRIP B Units, in respect of the trade; and

7.2.5.4 the vendor of the REIT Units issued on the exchange of DRIP B Units, if an insider of Boardwalk REIT, has no reasonable grounds to believe that Boardwalk REIT is in default of any requirement of the Legislation in Quebec.

July 14, 2004.

"Stephen P. Sibold" "Stephen R. Murison"

2.1.2 Merriman Curhan Ford & Co. - ss. 6.1(1) of MI 31-102 and s. 6.1 of OSC Rule 13-502

Headnote

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

Rules Cited

Multilateral Instrument 31-102 National Registration Database, 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
MERRIMAN CURHAN FORD & CO.

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 Merriman Curhan Ford & Co. (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 organized under the laws of the state of California 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 dealer. The head office of the Applicant is located in San Francisco, California.

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 (the 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 28, 2004.

"David M. Gilkes"

2.1.3 Stone 2004 Flow-Through Limited Partnership - MRRS Decision

Headnote

Issuer exempted from interim financial reporting requirements for first and third quarter of each financial year - issuer also exempted from requirements to file annual information forms and management's discussion and analysis - exemption terminates upon the occurrence of a material change in the business affairs of the issuer unless the Decision Makers are satisfied that the exemption should continue.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules

OSC Rule 51-501- AIF and MD&A, (2000) 23 OSCB 8365, as am., ss. 1.2(2), 2.1(1), 3.1, 4.1(1), 4.3 and 5.1.

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

AND

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

AND

IN THE MATTER OF
STONE 2004 FLOW-THROUGH LIMITED PARTNERSHIP

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of British Columbia, Alberta, Saskatchewan, Ontario, and Nova Scotia (the Jurisdictions) has received an application from Stone 2004 Flow-Through Limited Partnership (the Partnership) for:

1. a decision pursuant to the securities legislation of each of the Jurisdictions (the Legislation) that the requirements contained in the Legislation that the Partnership file with the Decision Makers and send to its security holders (the Limited Partners) the Partnership's interim financial statements for each of the first and third quarters of each financial year of the Partnership (the First & Third Quarter Interim Financials), shall not apply to the Partnership; and

2. a decision in Ontario and Saskatchewan only, under the securities legislation of Ontario and

Saskatchewan that the requirements to file and send to the Limited Partners, its:

(a) annual information form (the AIF);

(b) annual management discussion and analysis of financial condition and results of operations (the Annual MD&A); and

(c) interim management discussion and analysis of financial condition and results of operations (the Interim MD&A),

shall not apply to the Partnership.

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Application (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 Partnership has represented to the Decision Makers that:

1. The Partnership is a limited partnership formed pursuant to the *Limited Partnership Act* (Ontario) on February 18, 2004.

2. The Partnership has a general partner (the General Partner) that is responsible for the management of the Partnership in accordance with the terms and conditions of an amended and restated limited partnership agreement dated May 19, 2004 (the Partnership Agreement).

3. The Partnership was formed to invest in certain common shares (Flow-Through Shares) of companies engaged primarily in oil and gas and mineral exploration in Canada (Resource Companies).

4. The Partnership will enter into agreements (Flow-Through Agreements) with Resource Companies and under the terms of each Flow-Through Agreement, the Partnership will subscribe for Flow-Through Shares of the Resource Company and the Resource Company will incur and renounce to the Partnership, in amounts equal to the subscription price of the Flow-Through Shares, expenditures in respect of resource exploration and development which qualify as Canadian Exploration Expense (as such term is defined in the *Income Tax Act* (Canada)).

5. On May 21, 2004, the Decision Makers, together with the securities regulatory authority or regulator for Manitoba, New Brunswick, and the Northwest Territories (jurisdictions in which no legislative requirement exists to file first and third quarter interim financial statements), issued a final receipt under the System for the (final) prospectus of the Partnership dated May 19, 2004 (the Prospectus) relating to a maximum offering of up to 1,200,000 units of the Partnership (the Partnership Units).

6. The Prospectus contained disclosure that the Partnership intends to apply for an order from the Decision Makers exempting it from the requirements to file and distribute financial statements and management discussion and analysis of the Partnership in respect of the first and third quarters of each fiscal year of the Partnership.

7. The Partnership Units will not be listed or quoted for trading on any stock exchange or market.

8. At the time of purchase or transfer of Partnership Units, each purchaser or transferee consents to the application by the Partnership for an order from the Decision Makers exempting the Partnership from the requirements to file and distribute financial statements and management discussion and analysis of the Partnership in respect of the first and third quarters of each fiscal year of the Partnership.

9. On or about May 31, 2006, the Partnership will be liquidated and the Limited Partners will receive their *pro rata* share of the net assets of the Partnership. It is the current intention of the General Partner to propose prior to the dissolution that the Partnership exchange its assets for securities of a mutual fund corporation, and distribute such securities to the Limited Partners and General Partner.

10. Since its formation on February 18, 2004, the Partnership's activities primarily included or will include (i) collecting the subscriptions from the Limited Partners, (ii) investing the available Partnership funds in Flow-Through Shares of Resource Companies, and (iii) incurring expenses to maintain the fund.

11. Unless a material change takes place in the business and affairs of the Partnership, the Limited Partners will obtain adequate financial information concerning the Partnership from the semi-annual financial statements and the annual report containing audited financial statements of the Partnership together with the auditors' report thereon distributed to the Limited Partners and that the Prospectus and the semi-annual and annual financial statements provide sufficient background materials and the explanations necessary for a Limited Partner to understand the Partnership's business, its financial position and its future plans, including dissolution on or about May 31, 2006.

12. Given the limited range of business activities to be conducted by the Partnership and the nature of

the investment of the Limited Partners in the Partnership, the provision by the Partnership of the First & Third Quarter Interim Financials, the AIF, the Annual MD&A and the Interim MD&A will not be of significant benefit to the Limited Partners and may impose a material financial burden on the Partnership.

13. Each of the Limited Partners has, by subscribing for the Partnership Units in accordance with the Prospectus, agreed to the irrevocable power of attorney contained in Article XIX of the Partnership Agreement scheduled to the Prospectus and has thereby, in effect, consented to the making of this application for the exemption requested herein.

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 of the opinion 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 requirements contained in the Legislation to file and send to the Limited Partners its First & Third Quarter Interim Financials shall not apply to the Partnership provided that this exemption shall terminate upon the occurrence of a material change in the affairs of the Partnership unless the Partnership satisfies the Decision Makers that the exemptions should continue, which satisfaction shall be evidenced in writing.

July 26, 2004.

"Susan Wolburgh Jenah" "Paul Bates"

THE FURTHER DECISION of the securities regulatory authority or securities regulator in each of Ontario and Saskatchewan is that the requirements contained in the legislation of Ontario and Saskatchewan to file and send to its Limited Partners its AIF, Annual MD&A and Interim MD&A shall not apply to the Partnership provided that this exemption shall terminate upon the occurrence of a material change in the affairs of the Partnership unless the Partnership satisfies the Decision Makers that the exemptions should continue, which satisfaction shall be evidenced in writing, or upon National Instrument 81-106 – Investment Fund Continuous Disclosure coming into force.

July 26, 2004.

"Susan Silma"

2.1.4 CI Mutual Funds Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Application – Extension of mutual fund lapse date for some funds. Continued distribution beyond the lapse date of some funds.

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

AND

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

AND

IN THE MATTER OF
CI CANADIAN EQUITY FUND
CI TACTONICS FUND
CI TACTONICS RSP FUND
LANDMARK GLOBAL SECTOR FUND
LANDMARK GLOBAL RSP FUND
LANDMARK CANADIAN FUND
(collectively, the "CI Funds")

SYNERGY GLOBAL MOMENTUM CLASS
SYNERGY GLOBAL VALUE CLASS
SYNERGY GLOBAL VALUE RSP FUND
SYNERGY AMERICAN GROWTH CLASS
SYNERGY AMERICAN GROWTH RSP FUND
SYNERGY GLOBAL GROWTH CLASS
SYNERGY GLOBAL GROWTH RSP FUND
SYNERGY EUROPEAN MOMENTUM CLASS
SYNERGY EUROPEAN MOMENTUM RSP FUND
SYNERGY GLOBAL SHORT-TERM INCOME CLASS
SYNERGY GLOBAL STYLE MANAGEMENT CLASS
(collectively, the "Synergy Funds")

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces and territories of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory and Nunavut (the "Jurisdictions") has received an application (the "Application") from CI Mutual Funds Inc. ("CI"), the manager of the CI Funds and the Synergy Funds (collectively, the "Funds"), for a decision pursuant to securities legislation of the Jurisdictions (the "Legislation") that the time limits pertaining to the distribution of securities under the simplified prospectus and annual information form dated July 15, 2003 of the CI Funds, as amended

from time to time, (collectively, the "CI Prospectus"), and the simplified prospectus and annual information form dated August 25, 2003 of the Synergy Funds, as amended from time to time, (collectively, the "Synergy Prospectus") be extended to permit the continued distribution of securities of the Funds until September 3, 2004;

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 the Funds have represented to the Decision Makers that:

1. On or about September 3, 2004, CI intends to merge 15 Funds into other mutual funds managed by CI in order to rationalize the line-up of funds managed by CI and thereby eliminate duplicative funds and reduce carrying costs. On that same day, CI intends to convert 2 additional Funds into newly created classes of shares of CI Sector Fund Limited in order to provide investors with a broader choice of mutual funds into which they may switch their assets on a tax-deferred basis. Such mergers and conversions are hereinafter referred to collectively as the "Mergers".

2. Each Fund is a reporting issuer as defined in the Legislation and is not in default of any of the requirements of such Legislation.

3. Each CI Fund currently distributes its securities in each of the Jurisdictions pursuant to the CI Prospectus. The earliest lapse date of the CI Prospectus under the Legislation is July 15, 2004.

4. Each Synergy Fund currently distributes its securities in each of the Jurisdictions pursuant to the Synergy Prospectus. The earliest lapse date of the Synergy Prospectus under the Legislation is August 25, 2004.

5. There have been no material changes in the affairs of any CI Fund since the filing of the CI Prospectus other than those for which amendments have been filed. Accordingly, the CI Prospectus represents current information regarding each CI Fund. The requested extension will not affect the accuracy of information in the CI Prospectus and therefore will not be prejudicial to the public interest.

6. There have been no material changes in the affairs of any Synergy Fund since the filing of the Synergy Prospectus other than those for which amendments have been filed. Accordingly, the Synergy Prospectus represents current information regarding each Synergy Fund. The requested extension will not affect the accuracy of information in the Synergy Prospectus and therefore will not be prejudicial to the public interest.

7. The Mergers will be effected in accordance with the requirements of National Instrument 81-102 including, without limitation, obtaining the approval of securityholders of the Funds and the approval of the Canadian securities administrators to the extent not already provided by section 5.6(1) of such National Instrument.

8. A pro forma renewal simplified prospectus and annual information form (the "Renewal Prospectus") for a large number of mutual funds managed by CI (including the Funds) was previously filed. The pro forma Renewal Prospectus currently includes the Funds because CI had not yet made the decision to proceed with the Mergers at the time the pro forma Renewal Prospectus was filed. In order to reduce expenses of the Funds for the benefit of their securityholders, it is CI's intention to remove the Funds from the final version of the Renewal Prospectus and request a refund from the Canadian securities administrators of the fees that were submitted with the pro forma Renewal Prospectus in respect of the Funds.

9. In order to achieve the cost savings described above, the Funds will be removed from the final version of the Renewal Prospectus with the result that the securities of the CI Funds will cease to be qualified for distribution after July 15, 2004 and the securities of the Synergy Funds will cease to be qualified for distribution after August 25, 2004.

10. If the lapse date extension requested herein to September 3, 2004 is not granted, the Funds will be required to remain in the final version of the Renewal Prospectus (which currently is expected to be filed on SEDAR on or about July 23, 2004) and forego any refunds of filing fees, notwithstanding that the Funds will be terminated on or about September 3, 2004. Retaining the Funds within the Renewal Prospectus also may cause confusion among investors who may assume that the Funds continue to be available for purchase after September 3, 2004.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the time periods provided in the Legislation as they apply to a distribution of securities under the CI Prospectus and Synergy Prospectus are hereby extended to permit the continued distribution of securities of the Funds pursuant to the CI Prospectus and Synergy Prospectus until September 3, 2004, given that

prospectus amendments have been filed to disclose the pending Mergers.

July 28, 2004.

"Robert L. Shirriff" "H. Lorne Murphy"

2.1.5 Integra Capital Limited - 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, NEW BRUNSWICK, NOVA SCOTIA,
PRINCE EDWARD ISLAND, AND NEWFOUNDLAND
AND LABRADOR

AND

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

AND

IN THE MATTER OF
INTEGRA CAPITAL LIMITED

MRRS DECISION DOCUMENT

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

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

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

AND WHEREAS Integra 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.

(b) Securities of each of the Funds are or will be distributed through broker dealers or mutual fund dealers ("Distributors") that may or may not be affiliated with Integra.

(c) Each of the Funds may offer investors the opportunity to invest in a Fund on a regular or periodic basis pursuant to an Investment Plan.

(d) Under the terms of an Investment Plan, an investor instructs a Distributor to accept additional contributions on a pre-determined frequency and/or periodic basis and to apply such contributions on a scheduled investment date to additional investments in specified Funds (which instructions may be amended from time to time). The investor authorizes a Distributor to debit a specified account or otherwise makes funds available in the amount of the additional contributions. An investor may terminate the instructions at any time.

(e) An investor who establishes an Investment Plan (a "Participant") receives a copy of the current simplified prospectus relating to the Funds at the time an Investment Plan is established.

(f) Pursuant to the Legislation, a Distributor not acting as agent of the purchaser, who receives an order or subscription for a security of a Fund offered in a distribution to which the Delivery Requirement applies, must, unless it has previously done so, send by prepaid mail or deliver to the purchaser the latest prospectus and any amendment to the prospectus filed either before entering into an agreement of purchase and sale resulting from the order or subscription or not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays, after entering into such agreement.

(g) Pursuant to the Legislation, an agreement referred to in paragraph (f) is not binding on the purchaser if a Distributor receives notice of the intention of the purchaser not to be bound by the agreement of purchase and sale within a specified time period.

(h) The terms of an Investment Plan are such that an investor can terminate the instructions to the Distributor at any time. Therefore, there is no agreement of purchase and sale until a scheduled investment date arrives and the instructions have not been terminated. At this point the securities are purchased.

(i) A Distributor not acting as agent for the applicable investor is required pursuant to the Legislation to mail or deliver to all Participants who purchase securities of Funds pursuant to an Investment Plan, the current simplified prospectus of the applicable Funds at the time the investor enters into the Investment Plan and thereafter, any new prospectus or amendment thereto (a "Renewal Prospectus") filed pursuant to the Legislation.

(j) There is significant cost involved in the annual printing and mailing or delivery of the Renewal Prospectus to Participants. The annual cost of production of a Renewal Prospectus is borne by the applicable Fund. In addition, mailing costs are incurred.

(k) Securityholders of the Funds who are currently Participants would be sent notice (the "Notice") advising them:

(i) of the terms of the relief and that Participants will not receive any Renewal Prospectus of the applicable Funds, unless they request it;

(ii) that they may request the Renewal Prospectus by calling a toll-free phone number, by email or by fax, and Integra will send the Renewal Prospectus to any Participant that requests it. Participants will receive with the Notice a request form (the "Request Form") under which the Participant may request, at no cost to the Participant, to receive the Renewal Prospectus;

(iii) that the Renewal Prospectus and any amendments thereto may be found either on the SEDAR website or on the applicable Fund's website;

(iv) that they can subsequently request the current Renewal Prospectus and any amendments thereto by contacting the applicable Distributor and the Notice will provide a toll-free telephone number for this purpose;

(v) that they will not have a right to withdraw (a "Withdrawal Right") from an agreement of purchase and sale in respect of 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

(vi) that they will continue to have the right to terminate the Investment Plan at any time before a scheduled investment date.

(l) Future investors who choose to become Participants and invest in any Funds in respect of which the relief hereby sought applies will be advised:

(i) in the documents they receive in respect of their participation in the Investment Plan or in the simplified prospectus of the Funds (in the section of the prospectus that describes the Investment Plan) of the terms of the relief and that they will not receive a Renewal Prospectus unless they request it at the time they decide to enrol in the Investment Plan or subsequently request it from the applicable Distributor;

(ii) that a Renewal Prospectus and any amendments thereto may be found either on the SEDAR website or on the Fund's website;

(iii) that they will not have a Withdrawal Right in respect of purchases pursuant to an Investment Plan, other than in respect of the initial purchase and sale, but they will have a Misrepresentation Right, whether or not they request the Renewal Prospectus; and

(iv) that they will have the right to terminate the Investment Plan at any time before a scheduled investment date.

(m) Participants will be advised annually in writing (in an account statement sent by the Distributor or otherwise) how they can request the current Renewal Prospectus and any amendments thereto and that they have a Misrepresentation Right.

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

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

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

(i) Participants who are current securityholders of the Funds are sent the Notice containing the information described in paragraph (k) above, together with the Request Form referred to in paragraph (k) above;

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

(iii) Participants are advised annually in writing (in an account statement sent by the Distributor or otherwise) how they can request the current Renewal Prospectus and any amendments thereto and that they have a Misrepresentation Right; and

(iv) the Misrepresentation Right in the Legislation of a Jurisdiction is maintained in respect of a Participant whether or not a Renewal Prospectus is requested or received.

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

(i) Participants are advised, in the simplified prospectus of the applicable Funds or in the documents they receive in respect of their participation in the Investment Plan, of the information described in paragraph (l) above;

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

(iii) Participants are advised annually in writing (in an account statement sent by the Distributors or otherwise) how they can request the current Renewal Prospectus and any amendments thereto and that they have a Misrepresentation Right; and

(iv) the Misrepresentation Right in the Legislation of a Jurisdiction is maintained in respect of a Participant whether or not a Renewal Prospectus is requested or received.

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

July 28, 2004.

"Paul M. Moore" "Suresh Thakrar"

2.2 Orders

2.2.1 Merrill Lynch, Pierce, Fenner & Smith Incorporated - s. 218 of Reg. 1015

Headnote

Order granted pursuant to section 218 of Regulation 1015 of the Securities Act (Ontario), that the requirement in section 213 of the Regulation that a registered dealer, if not an individual, must be a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada, does not apply to the Applicant. The order sets out the terms and conditions applicable to a non-resident limited market dealer.

Applicable Statutes

Ontario Regulation 1015, R.R.O. 1990, sec. 213, 218.

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

AND

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

AND

IN THE MATTER OF
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

ORDER
(Section 218 of the Regulation)

UPON the application (the "Application") of Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order, pursuant to section 218 of the Regulation, exempting the Applicant from the requirement in section 213 of the Regulation that the Applicant be incorporated, or otherwise formed or created, under the laws of Canada or a province or territory of Canada, in order for the Applicant to be registered under the Act as a dealer in the category of "limited market dealer";

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a corporation formed under the laws of the State of Delaware and is a wholly owned subsidiary of Merrill Lynch & Co., Inc. The head office of the Applicant is located in New York, New York.

2. The Applicant is registered under the Act as an international dealer and an international adviser. The Applicant is also registered as a broker-dealer and an investment adviser with the United States Securities and Exchange Commission.

3. The Applicant provides investment, financing, and related services to individuals and institutions on a global basis. Services provided to clients include securities brokerage, trading, and underwriting; investment banking, strategic services, including mergers and acquisitions, and other corporate finance advisory activities; origination, brokerage, dealer and related activities; securities clearance and settlement services and investment advisory and related record keeping services.

4. The Applicant has applied to the Commission for registration under the Act as a dealer in the category of limited market dealer.

5. Section 213 of the Regulation provides that a registered dealer that is not an individual must be a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.

6. The Applicant was formed under the laws of Delaware in 1958 and has carried on business in the United States and elsewhere since that time.

7. The Applicant does not require a separate Canadian company in order to carry out its proposed limited market dealer activities in Ontario. It is more efficient and cost-effective to carry out those activities through the existing company.

8. In the absence of this Order, the Applicant would not meet the requirements of the Regulation for registration as a dealer in the category of limited market dealer as it is not a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.

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

IT IS ORDERED, pursuant to section 218 of the Regulation, that, in connection with the registration of the Applicant as a dealer under the Act in the category of "limited market dealer", the Applicant is exempt from the provisions of section 213 of the Regulation requiring that the Applicant be a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada, provided that:

1. The Applicant appoints an agent for service of process in Ontario.

2. The Applicant shall provide to each client resident in Ontario a statement in writing disclosing the non-resident status of the Applicant, the

Applicant's jurisdiction of residence, the name and address of the agent for service of process of the Applicant in Ontario, and the nature of risks to clients that legal rights may not be enforceable.

3. The Applicant will not change its agent for service of process in Ontario without giving the Ontario Securities Commission 30 days' prior notice of such change by filing a new Submission to Jurisdiction and Appointment of Agent for Service of Process.

4. The Applicant and each of its registered directors, officers or partners irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial, and administrative tribunals of Ontario and any administrative proceedings in Ontario, in any proceedings arising out of or related to or concerning its registration under the Act or its activities in Ontario as a registrant.

5. Securities, funds, and other assets of the Applicant's clients in Ontario will be held as follows:

   (a) by the client; or

   (b) by a custodian or sub-custodian:

      (i) that meets the guidelines prescribed for acting as a sub-custodian of the portfolio securities of a mutual fund in Part 6 of National Instrument 81-102 - Mutual Funds;

      (ii) that is:

         (A) subject to the agreement announced by the Bank for International Settlements (BIS) on July 1, 1988 concerning international convergence of capital measurement and capital standards; or

         (B) exempt from the requirements of paragraph 3.7(1)(b)(ii) of OSC Rule 35-502 – *Non Resident Advisers*; and

      (iii) if such securities, funds and other assets are held by a custodian or sub-custodian that is the Applicant or an affiliate of the Applicant, that custodian holds such securities, funds and other assets in compliance with the requirements of the Regulation.

6. Ontario client's securities may be deposited with or delivered to a recognised depository or clearing agency.

7. The Applicant will inform the Director immediately upon the Applicant becoming aware:

   (a) of it ceasing to be registered as a broker-dealer with the United States Securities and Exchange Commission,

   (b) of its registration in any other jurisdiction not being renewed or being suspended or revoked,

   (c) that it is the subject of an investigation or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority,

   (d) that the registration of its salespersons, officers, directors, or partners' who are registered in Ontario have not been renewed or has been suspended or revoked in any Canadian or foreign jurisdiction, or

   (e) that any of its salespersons, officers, directors, or partners who are registered in Ontario are the subject of an investigation or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority in any Canadian or foreign jurisdiction.

8. The Applicant will pay the increased compliance and case assessment costs of the Ontario Securities Commission due to the Applicant's location outside Ontario, including the cost of hiring a third party to perform a compliance review on behalf of the Ontario Securities Commission.

9. The Applicant will make its books and records outside Ontario, including electronic records, readily accessible in Ontario, and will produce physical records for the Ontario Securities Commission within a reasonable time if requested.

10. If the laws of the jurisdiction in which the Applicant's books and records are located prohibit production of the books and records in Ontario without the consent of the relevant client the Applicant shall, upon a request by the Commission:

   (a) so advise the Commission; and

(b) use its best efforts to obtain the client's consent to the production of books and records.

11. The Applicant, upon the Commission's request, provides a representative to assist the Commission in compliance and enforcement matters.

12. The Applicant and each of its registered directors, officers or partners will comply, at the Applicant's expense, with requests under the Commission's investigation powers and orders under the Act in relation to the Applicant's dealings with Ontario clients, including producing documents and witnesses in Ontario, submitting to audit or search and seizure process or consenting to an asset freeze, to the extent such powers would be enforceable against the Applicant if the Applicant were resident in Ontario.

13. If the laws of the Applicant's jurisdiction of residence that are otherwise applicable to the giving of evidence or production of documents prohibit the Applicant or the witnesses from giving the evidence without the consent or leave of the relevant client or any third party, including a court of competent jurisdiction, the Applicant shall:

(a) so advise the Commission; and

(b) use its best efforts to obtain the client's consent to the giving of the evidence.

14. The Applicant will maintain appropriate registration and SRO membership, in the jurisdiction of its principal operations and if required, in its jurisdiction of residence.

June 25, 2004.

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

This page intentionally left blank

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decision

3.1.1 Donald Greco

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

AND

IN THE MATTER OF
THE DECISION OF THE HEARING PANEL
OF MARKET REGULATION SERVICES INC.
DATED JULY 15, 2003

AND

IN THE MATTER OF
THE UNIVERSAL MARKET INTEGRITY RULES

AND

IN THE MATTER OF
DONALD GRECO

Hearing:	June 24, 2004	
Panel:	Paul M. Moore, Q.C.	Vice-Chair of the Commission (Chair of the Panel)
	Susan Wolburgh Jenah	Vice-Chair of the Commission
	Robert L. Shirriff, Q.C.	Commissioner
Counsel:	David C. Moore Kenneth G.G. Jones	For Donald Greco
	Jane P. Ratchford	For Market Regulation Services Inc.
	Alexandra S. Clark	For Staff of the Commission

DECISION AND REASONS

[1] This matter comes before us as an application for a hearing and review of a decision of the hearing panel of Market Regulation Services Inc. (the RS Panel) dated July 15, 2003, pursuant to sections 21.7 and 8(2) of the Ontario Securities Act, R.S.O. 1990, c.S.5 (the Act). The moving party in this matter is Donald Greco (Greco) and the responding party is staff of Market Regulation Services Inc. (RS).

I. BACKGROUND

(a) The Allegation Against Greco

[2] In a Notice of Hearing dated March 14, 2003, RS alleged that Greco contravened Rule 4-204(1) of the Rules of the Toronto Stock Exchange (the Exchange). The heart of the allegation is found in the second paragraph of the Notice of Hearing and reads as follows:

> On November 22, 2001, with knowledge of an undisclosed client order for shares of Abitibi-Consolidated Inc. which order could reasonable [*sic*] be expected to affect the market price of such security, you traded in this security, where such trade could be expected to be affected by such change in the market price contrary to Rule 4-204(1) of the Rules of the Exchange.

[3] Rule 4-204(1) reads:

> A Participating Organization, Approved Person or person associated with a Participating Organization shall not with knowledge of an undisclosed client order for a listed security or securities which order could reasonably be expected to affect the market price of such a security or securities trade in equities or derivatives on any stock exchange or market, including any over-the-counter market, where such trade could be expected to be affected by a change in the market price.

(b) Agreed Facts

[4] The parties agreed upon the following facts, both at the hearing before the RS Panel (the RS Hearing) and this hearing before the Commission.

[5] Greco has been employed as a registered trader with Griffiths McBurney & Partners (GMP) since 1997.

[6] Garett Steven Prins (Prins) was employed as a registered trader with GMP from March 1999 to September 18, 2001, when he moved to Sprott Securities Inc. (Sprott). At Sprott, Prins worked as an institutional trader and dealt with institutional clients only. Prins knew Greco personally from his employment at GMP.

[7] On November 22, 2001, Prins was assigned several orders in the buy program of a Sprott client, AGF Funds Inc., one of which consisted of 10,100 shares of Abitibi-Consolidated Inc. (Abitibi). After receiving his assignments in the buy program from the head trader, Prins completed and time-stamped a ticket to buy 10,100 shares of Abitibi at 9:51 a.m.

[8] Between 9:51 and 10:35 a.m. that day, Prins and Greco discussed the Abitibi order.

[9] Greco entered a short sale at 10:35:51 a.m. for 10,100 shares of Abitibi. At 10:36:02 a.m. he entered a buy order for 8,000 shares of Abitibi at $10.80, which was filled for a total of 6,800 shares at $10.75, $10.78, and $10.80 from available offers. As a result, the remaining 1,200 shares from Greco's 8,000 share bid at $10.80 became best bid and his offer for 10,100 shares at $10.82 became the next best ask.

[10] Four seconds after Greco's offer became the best ask, Prins hit the offer for 10,100 shares, thereby filling his client's buy order at $10.82 per share.

[11] Greco earned a profit of $511 trading the 10,100 shares. He received 50% of this amount; GMP received the other 50%.

[12] Greco had not traded Abitibi previously in October or November of 2001. He had not entered a trade in Abitibi on November 22, 2001 until he offered the 10,100 shares at 10:35:51 that day. Apart from the Abitibi trades he made that day, he did not trade in Abitibi again until December 18, 2001.

(c) Contested Facts

[13] At the RS Hearing, as well as this hearing, Greco contested the alleged facts and inferences surrounding the substance of his conversation with Prins on the morning of November 22, 2001. Greco submitted that the proper inference to be drawn from the evidence on the record is that Prins asked Greco to facilitate the trade in Abitibi because he was too busy with his client's other buy orders to conduct the trade himself. RS responded that there is no evidence to support this inference.

[14] Greco did not call any witnesses and did not testify at the RS Hearing. His counsel advised the RS Panel that Greco had no recollection of a conversation with Prins on the morning in question. Prins did testify; however, he too had no recollection of the conversation. RS called expert witness Gordon Neil Winchester (Winchester), a retired manager of market surveillance at the Exchange, who wrote a report on the trading activity and gave expert evidence on the Abitibi trade.

(d) The Prins Settlement

[15] On March 7, 2003, Prins settled the RS matter against him in respect of the Abitibi share transaction of November 22, 2001.

[16] At the RS Hearing, Prins confirmed the following agreed fact in the settlement agreement:

> On November 22, 2001, Prins acted contrary to just and equitable principles in violation of Exchange Rule 7-106(1)(b) when he informed an inventory trader, Donald Greco, a registered trader at another Participating Organization, of a client order in Abitibi-Consolidated Inc., thereby enabling Donald Greco to buy shares in this security which Prins then bought from Donald Greco for the client order.

[17] Under the terms of the settlement agreement, Prins agreed to pay RS a fine of $10,000, to be suspended from the Exchange for three months, and to pay $15,000 towards costs of the RS investigation.

II. THE RS PROCEEDING

[18] The RS Panel heard the matter on July 15, 2003, and delivered its decision and reasons orally. The reasons of RS Panel are set out here in their entirety:

> The Panel finds that, on the evidence, Mr. Prins got an order to buy 10,100 Abitibi, that a conversation occurred thereafter between himself and Mr. Greco about this order.
>
> Mr. Greco put in a short sale for this exact amount of 10,100 Abitibi at $10.82. Within seconds he bought all of the existing offering of 6,800, which would exist in the market. Some four seconds later Mr. Prins hits his offering at $10.82. We note that Mr. Prins did not bid prior to this. Mr. Greco then filled the rest of his order – he covered the rest of his short position, I should say, in the market. Prior to this Mr. Greco had no position in the stock and had not recently been active in the stock.
>
> We have heard much discussion about risk and disadvantaging the client, but we note that neither of these is an element in the offence set out in Rule 4-204(1).
>
> > *"The offence as charged was on November 22nd, 2001, with knowledge of an undisclosed client order for shares of Abitibi Consolidated Inc., which order could reasonably be expected to affect the market price of such security, you traded in this security where such trade could be expected to be affected by such change in the market price contrary to Rule 4-204(1) of the Rules of the Exchange."* [emphasis in the original transcript]
>
> We find that this charge has been established, and I observe in passing that the essential evidence in this case has been agreed and we are satisfied that it meets the clear and cogent requirement for a conviction. We therefore find Mr. Greco guilty as charged.

[19] The RS Panel made the following endorsement on the Notice of Hearing:

> For oral reasons, we find Mr. Greco guilty as charged. As to penalty, we impose a fine of

$15,000.00, $10,000.00 for costs, disgorgement of $250.00 and suspension of 1 month commencing immediately.

III. POSITIONS OF THE PARTIES BEFORE THE COMMISSION

(a) Greco

(i) Fairness

[20] Counsel for Greco submits that Greco was denied procedural fairness and natural justice. Greco was prejudiced, his counsel argues, because the matter was decided upon a fundamentally different basis from that on which it was presented. He submits that RS framed the allegation in its Notice of Hearing and argued the matter in such a way that Greco believed that intention to disadvantage the client was an element of Rule 4-204(1). Greco responded to the allegations on that basis. The RS Panel did not decide the matter on that basis, holding that neither risk nor disadvantage to the client is an element of the offence set out in the Rule. Greco, therefore, did not have notice of the actual case that he had to meet.

[21] Counsel for Greco quotes several passages from the RS Hearing transcript in which counsel for RS spoke of "taking advantage of a client order" and acting "to the disadvantage of a client order."

(ii) Error of Law in Interpreting Rule 4-204(1)

[22] Counsel for Greco submits that the RS Panel erred in law in its interpretation of frontrunning under Rule 4-204(1). His submission is two-fold. First, the RS Panel erred by finding that risk and disadvantage to the client are not "elements of the offence" in Rule 4-204(1). Second, as a result of that finding, the RS Panel erred in failing to consider an inference that could have been made from evidence on the record that the contact between Prins and Greco may have been for the proper purposes of facilitating a trade at a fair price for the benefit of Prins' client.

[23] Counsel for Greco submits that Rule 4-204(1) must be interpreted within the context in which it developed, and not only its current wording. Rule 4-204(1), he concedes, does not contain the phrase "taking advantage"; however, the phrase is found in several past and present commentaries and policies to which he referred us:

- from the *Toronto Stock Exchange Equities Trading Manual* (1998), section *11.19A Frontrunning*: "a member shall not take advantage of a client order by trading ahead of it in the same or a related market."
- from the commentary on frontrunning in the same *Manual*: "Frontrunning occurs if a member…executes or causes to be executed any transaction described below to take advantage of non-public information concerning imminent transactions that can reasonably be expected to change prices. The following exceptions are covered: …if a transaction is made for the benefit of a client for whose account the imminent transaction is being made, or for purposes of entering into a bona fide hedge of a position that a member has assumed or agreed to assume in facilitating the execution of a client order."
- from the same commentary, this note about tipping: "if a person associated with a member tips another person…about a material order to be executed for one of the member's clients, that person has breached a legal duty to the client and would be considered to have engaged in conduct that is unbecoming or inconsistent with just and equitable principles of trade, which is a violation of the General By-law. If a person associated with a member takes advantage of undisclosed material market information based on a tip received from another person concerning an order to be executed for the tipper's client by trading ahead in the same or a related manner, the tippee would be in violation of the prohibition on frontrunning."
- from the *Toronto Stock Exchange Policies* (1999): "Section 11.19A prohibits members, approved persons and persons associated with a member from taking advantage of non-public information concerning imminent transactions … if the trade would reasonably be expected to move the market in which the frontrunning trade is made. … Members, approved members and persons associated with a member are prohibited from taking advantage of a client's order from trading ahead of it in the same or related market."
- from *The Toronto Stock Exchange Policies* (2000): "Rule 4-204 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 for futures markets. … Participating Organizations, approved persons and persons associated with the Participating Organization are prohibited from taking advantage of a client's order by trading ahead of it in the same or related market."

- from the *Trader Training Course* of the Canadian Securities Institute: "No one is allowed to take advantage of a client's order by trading ahead of it. This includes traders of both the firm accepting the order and any trader of a competing firm with advance knowledge of the order. This applies to trades in the same security or a related security such as a convertible or option, trading ahead of, and to the disadvantage of a client order is known as frontrunning."

[24] Counsel for Greco argues that we must determine the nature of the underlying harm that the prohibition against frontrunning is intended to address. He submits that it is meant to cover situations where there has been impropriety. Specifically, counsel for Greco argues that frontrunning necessitates an element of obtaining an improper advantage by trading to the disadvantage of the client.

[25] Counsel for Greco asserts that there was no such impropriety in this case. He submits that the purpose of Greco's involvement was to facilitate the trade in Abitibi for Prins' client at a reasonable price because Prins was too busy dealing with the other buy orders for the same client. Although there was no direct evidence on this point, he argues that there was sufficient evidence and argument on the record for the RS Panel to have inferred the above scenario, or at least consider it as a possibility.

[26] Counsel for Greco argues that there was no evidence that Prins had time or inclination to engage in the Abitibi trade himself. The Panel did not make a finding on this point. Prins conceded during the RS Hearing that it was possible that he did not have time due to the number of client buy orders that he was assigned that morning.

[27] Counsel for Greco refers us to several passages of cross-examination in the transcript in which he presented hypothetical conversations based on the above inference to Prins and Winchester. Prins agreed that this type of conversation sometimes takes place between traders looking to accommodate each other. Prins also said that the following hypothetical statements could have been part of his conversation with Greco:

- "I've just received a series of allocations of orders that I've got to deal with in some way and would you be interested in doing a trade involving Abitibi?"

- "I've got a bunch of different things on my plate which I've got to attend to, if you're willing – if you're a seller of Abitibi that would facilitate a transaction that I want to enter into."

- "Abitibi may be trending upwards, I don't have time to engage in the detailed trading myself, I'm looking for a position of the amount in question, if you're a seller at the low 10.80's that's a transaction I'll be content to proceed with."

- "I've got a number of things on my plate, one of them involves Abitibi, there's some stock available apparently in the low 10.80's, but not all, if you're a seller in the low 10.80's that would be a reasonable price as far as I'm concerned."

[28] Counsel for Greco put the following hypothetical situation to Winchester during cross-examination:

> And a reason in this context, I'm talking about the trading pattern and evidence in the case, where a conversation might take place, I suggest to you, would be if Mr. Prins was up to his eyeballs with other orders, he was not in a position to follow Abitibi, to deal with Abitibi, he was approaching a colleague to see if there was any interest on being on the other side of the trade; isn't that a possibility?

[29] Winchester agreed with counsel for Greco that the hypothetical situation was possible.

[30] Counsel for Greco submitted that the element of risk in Greco's trade further supports the likelihood of the inference and is evidence of the lack of impropriety, his counsel contends. He maintains that when Greco sold short 10,100 shares of Abitibi he "had assumed a risk, and it was entirely possible that he might have lost on the trading activity, and it was done in order to facilitate an appropriate request from Mr. Prins to assist him. [That] is the antithesis of the underlying gravamen of the offence of frontrunning."

[31] Counsel for Greco distinguishes Greco's trade from what he calls "classic frontrunning" in *In the Matter of Biscotti et al.* (1992), 16 O.S.C.B. 31 (*Biscotti*). In *Biscotti*, he argues, the respondent's frontrunning trades were risk-free because Biscotti "went long on a stock, knew that an order was going to be filled at a higher price, and just crossed the block and pocketed a guaranteed profit." Greco did not act that way. In order to facilitate the trade for Prins' client, his counsel contends, he sold short and took a risk that he would lose on the transaction.

[32] Counsel for Greco also distinguishes *Biscotti* as a case where there was impropriety in trading due to the use of jitneys and other mechanisms for concealing the illicit trades. There was no such impropriety in Greco's trade.

(iii) Sanction

[33] Counsel for Greco submits that the sanction imposed by the RS Panel was excessive because the RS Panel did not conclude that Greco had benefited from or disadvantaged Prins' client. Unlike in *Biscotti*, there was no morally blameworthy conduct. He argues that the appropriate sanction would be a reprimand.

(b) RS

(i) Standard of Review

[34] Counsel for RS submits that the standard for review of an RS decision is that set out in *In the Matter of Taylor Shambleau* (2002), 25 O.S.C.B. 1850 (*Shambleau*). She submits that the RS Panel did not proceed on an incorrect principle, err in law, or overlook material evidence. There is no new or compelling evidence presented to the Commission, and RS' perception of the public interest did not conflict with that of the Commission.

(ii) Fairness

[35] Counsel for RS responds that there was no unfairness in this case. The RS Panel, she argues, heard evidence in the form of witnesses, agreed facts, and documents. It held that evidence relating to risk and disadvantage to the client was not relevant to the determination it had to make with respect to a breach under Rule 4-204(1). She notes that the Notice of Hearing tracks the language of Rule 4-204(1). She submits that the process was not unfair: Greco knew the case he had to meet and the evidence he should call to meet that case.

[36] Counsel for RS further submits that she did not argue that this case is based on disadvantaging, advantaging, or risk at the RS Hearing. She says that disadvantage to Prins' client was alleged as a fact in the case, and that evidence was led that Prins' client overpaid for the Abitibi shares by $202 due to the involvement of Greco.

(iii) Error of Law in Interpreting Rule 4-204(1)

[37] Counsel for RS submits that the RS Panel properly determined that risk and disadvantage to the client are not legal requirements for establishing a breach of Rule 4-204(1). She asserts that Rule 4-204(1) does not require the trade in question to be risk-free, nor does it require disadvantage to the client or profit for the trader. She submits, citing the evidence of Winchester, that Greco's manner of trading actually minimized risk in this case. In response to the submissions on *Biscotti*, she argues that Rule 4-204(1) also does not require the use of a jitney or an attempt to hide the trades. Furthermore, *Biscotti* is not helpful because it was a decision under the *Securities Act*, R.S.O. 1990, c.5 (the Act) and not under Rule 4-204(1).

[38] Counsel for RS acknowledges that a defence to frontrunning is available under subsection (3) of Rule 4-204. She concedes that if a transaction caught by Rule 4-204(1) is made solely for the benefit of the client, then there is no frontrunning. She submits, however, that there was no evidence presented to the RS Panel that would allow Greco to avail himself of that defence. She argues that any inference about the conversation advanced by counsel for Greco is pure speculation.

[39] Counsel for RS submits that the reasonableness of the inference that counsel for Greco is advocating must be evaluated by examining the trade and the market. She maintains that, as per Winchester's expert evidence, there was no reason for Greco's intervention. First, Prins did not need to ask Greco to facilitate the trade because there were sufficient shares of Abitibi in the market at the time. All Prins needed to do was place the order. Second, there was no reason for Prins to think that Greco might be interested in selling him shares in Abitibi. Greco had not traded in Abitibi in October or November of 2001, and he was not in the market for Abitibi that morning. Third, Greco was not the registered trader for Abitibi, the type of person that an institutional trader like Prins would contact if he could not find shares to fill the order. In any case, there would be no reason to do so here because, as the trading records in evidence show, Abitibi was a very actively traded stock.

[40] Counsel for RS contends that the cross-examination of Winchester is not evidence that would support the inference. She submits that the passage quoted to us by counsel for Greco was taken out of context. She refers us to several pages earlier in the cross-examination transcript, where Winchester was asked about the situations in which one trader would speak to another about facilitating a trade. He replied that registered traders should not discuss or break up client trades. A trader who learns about a client order is prohibited from trading ahead of that order in any significant volume. Winchester then qualified his statement, noting two situations where it is permissible to speak to another registered trader. First, a registered trader may contact the registered trader responsible for a particular stock issue when no other stock can be found to fill an order. Second, under similar conditions, an institutional trader may contact another institutional trader who has been active in selling the stock in question.

[41] Counsel for RS submits that neither of these situations applied in this case. Greco was not in the market as a seller of Abitibi until Prins contacted him. Greco's assistance was also not required, according to Winchester, because there were 10,100 shares of Abitibi available in the market for Prins to buy on his own. For the same reasons, counsel for RS submits that the hypothetical conversations posed by counsel for Greco to Prins cannot be supported.

[42] Accordingly, counsel for RS submits, there was no evidence before the RS Panel to allow it to make the inference proposed by counsel for Greco.

(iv) Sanction

[43] Counsel for RS submits that the sanction imposed by the RS Panel was warranted because of the serious nature of frontrunning. She argues that the dollar amounts in this case may be small, but that should not be the determining factor because of the potential harm that frontrunning poses to the market. She submits that the sanction is proportional to those in other frontrunning cases and is appropriate from the perspective of general and specific deterrence.

IV. ANALYSIS

(a) Standard of Review

[44] We agree with the submission of counsel for RS and Commission staff that the appropriate standard of review is that set out in *Shambleau*. Commission staff also refers us to the lengthier discussion of the standard of review found in the recent decision of this Commission in *In the Matter of Dimitrios Boulieris* (2004), 27 O.S.C.B. 1597 (*Boulieris*).

[45] In *Boulieris*, the Commission noted that it exercises original jurisdiction under a section 21.7 hearing and review. The Commission may "confirm the decision under review or make such other decision as the Commission considers proper." However, the Commission will accord deference to the factual determinations central to the RS Panel's specialized competence, and will not substitute its own view of the evidence for that taken by the RS Panel just because the Commission might have reached a different conclusion.

[46] In practice, the Commission may interfere with a decision of the RS Panel:

(a) if the RS Panel proceeded on an incorrect principle;

(b) if the RS Panel erred in law;

(c) if the RS Panel overlooked material evidence;

(d) if new and compelling evidence is presented to the Commission that was not presented to the RS Panel;

(e) if the RS Panel's perception of the public interest conflicts with that of the Commission.

[47] We have reviewed the reasons of the RS Panel, the record of the RS Hearing, the factums and argument on behalf of the parties and Commission staff before us. We agree with the decision of the RS Panel.

(b) Fairness

[48] We disagree with counsel for Greco that there was any unfairness to Greco at the RS Hearing. The Notice of Hearing set out the proper basis for the proceeding, namely the alleged breach of Rule 4-204(1). We note that the wording of the allegation in the Notice of Hearing closely parallels the wording the Rule. Greco knew the allegation that he had to answer and the legal basis upon which the allegation was grounded. He had notice of the case he had to meet.

[49] We further disagree with counsel for Greco that the RS Panel decided the matter upon a different basis from that which was argued by the parties. Our view from reading the transcript of that proceeding and hearing argument of counsel before us is that RS did not argue that disadvantage to Prins' client was an element of the breach of Rule 4-204(1). There were no new allegations or surprises in RS' arguments at the RS Hearing. However, even if RS had argued its case in that way, it was open to Greco to present his case and call evidence in a manner that addressed Rule 4-204(1) and established a defence under subsection (3). It appears that this did not occur.

[50] The RS Panel's reasons expressly refer to the allegation in the Notice of Hearing. The RS Panel did not decide the matter on a novel ground. The RS Panel simply did not accept Greco's arguments. There was no unfairness in that. Accordingly, we reject counsel for Greco's argument that the conclusions of the RS Panel raise issues of unfairness or a breach of natural justice.

(c) Error of Law in the Interpretation of Rule 4-204(1)

[51] The RS Panel did not err in law in interpreting Rule 4-204(1). The RS Panel properly based its interpretation on the wording of the current Rule, rather than on the past rule, policies, and commentaries to which counsel for Greco referred us. We agree with its finding that risk and disadvantage to the client are not elements of a breach of Rule 4-204(1). We also agree with counsel for RS that *Biscotti* is not determinative in interpreting Rule 4-204(1), because it was brought and decided under the general duty found in the Regulation to the Act.

[52] We note, as the RS Panel did, that the agreed facts and concessions before the RS Panel comprise the mechanics of the trade between Greco and Prins. The evidence was clear and convincing.

[53] Did the Panel err by overlooking material evidence on the record in that it failed to consider the inference about the substance of the conversation between Greco and Prins? The bulk of Greco's arguments, both before the RS Panel and the Commission, related to the risk taken by Greco to execute the trade and the lack of disadvantage to Prins' client. They were aimed at supporting the inference that the substance of the conversation was to set up a trade for the benefit of Prins' client and not for the purposes of frontrunning. We note that both arguments were put forward by counsel for Greco. The RS Panel did consider and refer to Greco's arguments when it stated: "[w]e have heard much discussion about risk and disadvantaging the client, but we note that neither of these is an element in the offence set out in Rule 4-204(1)."

[54] Rule 4-204(1) sets out a strict-liability offence, and the agreed facts of this case are sufficient for a finding of liability. Greco's arguments are more relevant to subsection (3) of the same rule, which provides for a defence where a breach of Rule 4-204(1) has been established. Rule 4-204(3) provides:

> Rules 4-204(1) and (2) shall not apply to a transaction that is made solely for the purpose of providing a benefit to a client for whom the imminent transaction is made, or to enter into a

> hedge of a position that the Participating Organization has assumed or agreed to assume from a client where the hedge is commensurate with the risk assumed by the Participating Organization.

[55] At the Commission hearing, we asked counsel for Greco whether his arguments were not more properly framed under Rule 4-204(3). He maintained that they were applicable to the interpretation of Rule 4-204(1) and did not refer to Rule 4-204(3) or to a defence *per se*.

[56] Neither Greco nor RS presented new evidence at the Commission hearing.

[57] The hypothetical conversations put to Prins and Winchester by counsel for Greco were speculation unsupported by evidence. Winchester's expert evidence was more convincing. Winchester not only described situations in which communications between traders is appropriate and likely, but also dealt with the specific circumstances of this case. In his opinion, which we were given no reason to question, the timing of the trade and market conditions were such that Prins would not have needed Greco's assistance to facilitate the trade for the benefit of his client.

[58] Weighing the evidence, we find that the inference proposed by counsel for Greco, that the purpose of the conversation between Greco and Prins was in furtherance of a trade solely for the benefit of Prins' client, is not a reasonable one in the circumstances. We draw the opposite inference: the purpose of the conversation was for Prins to advise Greco about a client order in Abitibi that could reasonably have been expected to affect the market price in this stock. Greco traded ahead of this order contrary to Rule 4-204(1).

[59] Accordingly, a defence under Rule 4-204(3) to a breach of Rule 4-204(1) was not established.

(e) Conclusion

[60] We affirm the decision of the RS Panel. The RS Panel did not proceed on an incorrect principle, did not err in law in its interpretation of Rule 4-204(1), and did not overlook material evidence in failing to make the inference proposed by Greco. There was no new and compelling evidence presented to us that was not before the RS Panel. Finally, there is no basis to conclude that the RS Panel's perception of the public interest conflicted with that of the Commission.

[61] We confirm the sanction order of the RS Panel. The sanction imposed by the RS Panel was warranted because of the serious nature of frontrunning. A reprimand would not be sufficient.

[62] For the reasons above, we deny the application of Greco to set aside the order of the RS Panel in this matter.

July 29, 2004.

"Paul M. Moore"
"Susan Wolburgh Jenah"
"Robert L. Shirriff"

This page intentionally left blank

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
AFM Hospitality Corporation	22 Jul 04	03 Aug 04	03 Aug 04	
Fantom Technologies Inc.	20 Jul 04	30 Jul 04	30 Jul 04	
McWatters Mining Inc.	29 Jul 04	10 Aug 04		
The Tanbridge Corporation	30 Jul 04	11 Aug 04		
Transpacific Resources Inc.	03 Aug 04	13 Aug 04		
Wenzel Downhole Tools Ltd.	29 Jul 04	10 Aug 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
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
Cabletel Communications Corp.	25 May 04	07 Jun 04	07 Jun 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		29 Jul 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	30 Jul 04		

This page intentionally left blank

Chapter 5

Rules and Policies

5.1.1 CSA Notice of Updated Schedule A to National Policy 12-201 Mutual Reliance Review System for Exemptive Relief Applications

CANADIAN SECURITIES ADMINISTRATORS NOTICE

UPDATED SCHEDULE A TO NATIONAL POLICY 12-201
***MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS* (THE SYSTEM)**

Introduction

Part 11 of National Policy 12-201 deals with MRRS decision documents. According to Part 11.2, the MRRS decision document will be in the form of Schedule A. The CSA have decided to replace Schedule A with a plain language version that is easier to read and understand. The amendments to Schedule A do not make any material changes to the Policy. The new Schedule A comes into effect August 6, 2004. Applications that are currently in the System will not be affected by the replacement.

Schedule A

The text of the updated Schedule A follows and can also be found on the securities commission websites listed below:

- www.albertasecurities.com
- www.bcsc.bc.ca
- www.lautorite.qc.ca
- www.msc.gov.mb.ca
- www.gov.ns.ca/nssc/
- www.osc.gov.on.ca
- www.ssc.gov.sk.ca

Questions

Please refer your questions to any of:

Noreen Bent
British Columbia Securities Commission
Telephone: (604) 899-6741 or (800) 373-6393 (in B.C.)
e-mail: nbent@bcsc.bc.ca

Marsha Manolescu
Alberta Securities Commission
Telephone: (403) 297-2091
e-mail: Marsha.Manolescu@seccom.ab.ca

Dean Murrison
Saskatchewan Financial Services Commission
Telephone: (306) 787-5879
e-mail: dmurrison@sfsc.gov.sk.ca

Chris Besko
The Manitoba Securities Commission
Telephone: (204) 945-2561
e-mail: cbesko@gov.mb.ca

Paul Hayward
Ontario Securities Commission
Telephone: (416) 593-3657
e-mail: phayward@osc.gov.on.ca

Rhonda Goldberg
Ontario Securities Commission
Telephone: (416) 593-3682
e-mail: rgoldberg@osc.gov.on.ca

Sylvie Lalonde
Autorité des marchés financiers
Telephone: (514) 395-0337 ext. 2408
e-mail: sylvie.lalonde@lautorite.qc.ca

Josée Deslauriers
Autorité des marchés financiers
Telephone: (514) 395-0337 ext. 4371
e-mail: josee.deslauriers@lautorite.qc.ca

Shirley Lee
Nova Scotia Securities Commission
Telephone: (902) 424-5441
e-mail: leesp@gov.ns.ca

August 6, 2004.

5.1.2 Amendments to Schedule A to National Policy 12-201 Mutual Reliance Review System for Exemptive Relief Applications

AMENDMENTS TO SCHEDULE A TO
NATIONAL POLICY 12-201 MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS (THE SYSTEM)

SCHEDULE A

[Citation:[**neutral citation**] [**Date of decision document**]][1]

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF **[names of jurisdictions participating in this decision document (the Jurisdictions)]**

AND

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

AND

IN THE MATTER OF **[name(s) of filer(s) and relevant parties, including definitions as required, collectively, the Filer]**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer(s) for a decision under the securities legislation of the Jurisdictions (the Legislation) for [**describe the requested relief (the Requested Relief) in words following the examples below - do not use statutory references - include defined terms as necessary:**

- **an exemption from the dealer registration requirement and the prospectus requirements of the Legislation**
- **a waiver from the valuation requirements of the Legislation**
- **that the Filer is deemed to have ceased to be a reporting issuer]**

Under the Mutual Reliance Review System for Exemptive Relief Applications

(a) the **[name of the principal regulator]** is the principal regulator for this application, and

(b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 Definitions have the same meaning in this decision unless they are defined in this decision. [**add additional definitions here**]

Representations

This decision is based on the following facts represented by the Filer(s):

> **[Insert material representations necessary to explain why the Decision Makers came to this decision and include the location of the Filer's head office. Do not use statutory references. It may be appropriate to refer to national or multilateral instruments.]**

[1] The citation and date of decision will be completed by staff after the opt-out period has expired

Decision

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 Requested Relief is granted provided that:

> **[Insert numbered terms and conditions. These should be generic and without statutory references to the Legislation of the Jurisdictions where this application was filed**
>
> **If the effective date of any head of relief differs from the date of the decision document, state here. For example, designating an issuer to be a reporting issuer as of the closing of transaction]**

_____(Name(s) of Decision Maker(s))

_____(Title)

_____(Name of Principal Regulator)
(*justify signature block*)

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
16-Jul-2004 to 21-Jul-2004	18 Purchasers	1609060 Ontario Inc. - Common Shares	3,284,000.00	8,210,000.00
30-Jun-2004	25 Purchasers	Acuity Funds Ltd. - Notes	2,281,976.54	228,198.00
07-Jul-2004	Sunja Son William Whetstone	Adanac Gold Corp. - Units	6,500.00	25,000.00
22-Jul-2004	5 Purchasers	Avenue Financial Corporation - Units	215,790.00	2,157,900.00
14-Jul-2004	8 Purchasers	Birch Mountain Resources Ltd. - Flow-Through Shares	1,051,600.20	1,752,667.00
13-Jul-2004	Jacob Birbrager	CareVest First Mortgage Investment Corporation - Preferred Shares	50,000.00	50,000.00
14-Jul-2004	29 Purchasers	CDP Financial Inc. - Notes	462,000,000.00	462,000,000.00
28-Jun-2004 to 06-Jul-2004	8 Purchasers	Centaur Bond Fund - Units	2,288,171.72	200,028.00
28-Jun-2004 to 06-Jul-2004	8 Purchasers	Centaur Canadian Equity - Units	2,288,171.72	200,028.00
25-Jun-2004	28 Purchasers	Cervus Financial Group Inc. - Subscription Receipts	4,411,500.00	4,411,500.00
22-Jul-2004	BNY Trust Company of Canada	CNH Capital Canada Receivables Trust - Notes	160,000,000.00	1.00
07-Jul-2004	Fund 321 Limited Partnership	CrossOff Incorporated - Debentures	2,600,000.00	2,600,000.00
07-Jul-2004	The VenGrowth II Investment The VenGrowth Traditional Industries Fund Inc.	CrossOff Incorporated - Special Warrants	0.00	2,181,818.00
12-Jul-2004	Trilon Bancorp Inc.	Cunningham Lindsey Canada Limited - Notes	105,000,000.00	105,000,000.00
23-Jul-2004	CCFL Subordinated Debt III Limited Partnership	DBG Group Ltd. - Warrants	0.00	290,220.00
16-Jul-2004	5 Purchasers	eNGENUITY TECHNOLOGIES INC. - Units	1,962,750.00	1,962,750.00

12-Jul-2004	6 Purchasers	Energy Exploration Technologies - Units	195,000.00	750,000.00
23-Jul-2004	3 Purchasers	Expatriate Resources Ltd. - Flow-Through Shares	170,000.00	680,000.00
13-Jul-2004	RV Investments Zeev Vered	GangaGen Life Sciences Inc. - Preferred Shares	100,000.00	333,334.00
30-Jun-2004	458284 Ontario Inc.	Giraffe Capital Limited Partnership - Limited Partnership Units	100,000.00	81.00
27-Apr-2004	Micheal Salomon	Giraffe Capital Limited Partnership - Limited Partnership Units	200,000.00	158.00
22-Jul-2004	3 Purchasers	Global Link Data Solutions Ltd. - Common Shares	842,000.00	2,105,000.00
16-Jul-2004	19 Purchasers	HMZ Metals Inc. - Warrants	335,500.00	671,000.00
20-Jul-2004	13 Purchasers	Hornby Bay Exploration Limited - Flow-Through Shares	880,000.00	2,200,000.00
22-Jul-2004	3 Purchasers	H.A.L. Concepts Ltd. - Units	2,250,000.00	11,250,000.00
29-Jul-2004	Business Development Bank of Canada	IceFyre Semiconductor Corporation - Shares	832,685.85	1,805,768.00
08-Jul-2004	Geological Solutions Chris Dundas	Iciena Ventures Inc. - Units	52,140.00	434,499.00
12-Jul-2004 to 20-Jul-2004	9 Purchasers	IMAGIN Diagnostic Centres, Inc. - Common Shares	80,000.00	80,000.00
30-Jul-2004	Bernard Laurent	International CHS Resource Corporation - Common Shares	75,000.00	1,500,000.00
23-Jul-2004	Desjardins Securities Inc.	Killam Properties Inc. - Common Shares	2,052,950.00	1,080,500.00
14-Jul-2004 to 16-Jul-2004	Jim Walker Arthur Biffs	Limelight Entertainment Inc. - Common Shares	22,000.00	11,000.00
22-Jul-2004	4 Purchasers	Loews Cineplex Entertainment Corp. - Notes	5,284,800.00	4,000,000.00
23-Jul-2004	IBK Capital Corp.	MacDonald Mines Exploration Ltd. - Common Shares	0.00	45,000.00
23-Jul-2004	Stone Asset Management Ltd.	MacDonald Mines Exploration Ltd. - Flow-Through Shares	200,000.00	1,000,000.00
16-Jul-2004	19 Purchasers	MacDonald Mines Exploration Ltd. - Units	1,450,000.00	7,250,000.00
30-Jul-2004	CBC Pension Board of Trustee	Morguard Industrial Properties (I) Inc. - Common Shares	20,000.00	20,000.00

14-Jul-2004	CBC Pension Board of Trustee	Morguard Industrial Properties (I) Inc. - Notes	200,000.00	200,000.00
20-Jul-2004	FNX Mining Company Inc.	Nevada Star Resource Corp. - Common Shares	19,500.00	50,000.00
30-Jul-2004	3 Purchasers	PanAmSat Corporation - Notes	5,981,850.00	4,500,000.00
20-Jul-2004	15 Purchasers	Pinpoint Selling Inc. - Common Shares	500,570.00	10,650,426.00
07-Jul-2004	The VenGrowth II Investment The VenGrowth Traditional Industries Fund Inc.	Polar Bear Software Corporation - Debentures	2,400,000.00	2,400,000.00
19-Jul-2004	Front Street Investment Management Inc.	Quinsam Capital Corporation - Common Shares	150,000.00	1,500,000.00
19-Jul-2004	Desjardins Securities Inc.	Quinsam Capital Corporation - Option	15,000.00	150,000.00
16-Jul-2004	8 Purchasers	Sawtooth International Resources Inc. - Common Shares	667,499.00	785,293.00
16-Jul-2004	30 Purchasers	Sawtooth International Resources Inc. - Flow-Through Shares	2,460,499.40	2,460,499.00
12-Jul-2004	9 Purchasers	Shear Minerals Ltd. - Common Shares	2,993,400.00	3,741,750.00
21-Jul-2004	Gowlings Canada Inc.	Sonic Mobility Inc. - Common Shares	25,252.50	10,101.00
16-Jul-2004	Terry Marlow	Stealth Minerals Limited - Stock Option	55,500.00	185,000.00
30-Jun-2004	Marilynne Day-Linton	The Halifax Film Company Limited - Common Shares	100,000.00	100,000.00
23-Jul-2004	The WB Family Foundation	Tishman Speyer Strategic Investments (Europe) I, LLC - Limited Partnership Units	1,601,823.10	1,601,823.00
11-Jul-2004	The Toronto-Dominion Bank TD Capital Mezzanine Partners L.P.	Trident Exploration Corp. - Warrants	73,512.40	367,562.00
14-Jul-2004 to 15-Jul-2004	17 Purchasers	Win Energy Corporation - Common Shares	4,512,920.00	4,512,920.00
14-Jul-2004 to 15-Jul-2004	8 Purchasers	Win Energy Corporation - Units	6,290,720.00	2,222,250.00
16-Jul-2004	Harmony Americans Small Cap Growth Equity Pool	Workstream Inc. - Common Shares	252,860.77	85,880.00

This page intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Black Hat Capital Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated July 26, 2004
Mutual Reliance Review System Receipt dated July 28, 2004
Offering Price and Description:
$300,000 - 1,500,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
First Associates Investments Inc.
Promoter(s):
Mark P. Brennan
Anthony M. Croll
Project #670579

Issuer Name:
BMO Canadian Equity Class
BMO Dividend Class
BMO U.S. Dollar Monthly Income Fund
BMO U.S. Equity Class
BMO Greater China Class
BMO Global Monthly Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated July 30, 2004
Mutual Reliance Review System Receipt dated August 3, 2004
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
BMO Investments Inc.
BMO Investments Inc.
Promoter(s):
-
Project #672076

Issuer Name:
Cascadero Copper Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated July 29, 2004
Mutual Reliance Review System Receipt dated August 3, 2004
Offering Price and Description:
Units: Minimum Offering: 3,000,000 Units at $0.50
Maximum Offering: 4,000,000 Units at $0.50
Flow-Through Shares: Minimum Offering: 4,000,000 Flow-Through Shares at $0.65
Maximum Offering: 6,250,000 Flow-Through Shares at $0.65
Underwriter(s) or Distributor(s):
Pacific International Securities Inc.
Promoter(s):
Stealth Minerals Limited
Project #672192

Issuer Name:
Centurion Energy International Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated July 29, 2004
Mutual Reliance Review System Receipt dated July 30, 2004
Offering Price and Description:
$19,999,999.80 - 6,060,606 Common Shares Price: $3.30 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities Ltd.
Promoter(s):
-
Project #671694

Issuer Name:
Clarington U.S. Dividend Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 29, 2004
Mutual Reliance Review System Receipt dated July 29, 2004
Offering Price and Description:
Series A and F Units
Underwriter(s) or Distributor(s):
ClaringtonFunds Inc.
ClaringtonFunds Inc.
Promoter(s):
ClaringtonFunds Inc.
Project #671269

Issuer Name:
Dynamic Diversified Real Asset Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 29, 2004
Mutual Reliance Review System Receipt dated August 3, 2004
Offering Price and Description:
Series A, F and I Units
Underwriter(s) or Distributor(s):
Goodman & Company, Investment Counsel Ltd.
Goodman & Company, Investment Counsel Ltd.
Promoter(s):
Goodman & Company, Investment Counsel Ltd.
Project #670003

Issuer Name:
Peru Copper Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated July 28, 2004
Mutual Reliance Review System Receipt dated July 28, 2004
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Promoter(s):
J. David Lowell
Catherine E. McLoed-Seltzer
David E. De Witt
Project #671100
Mackenzie Financial Corporation
Project #642542

Issuer Name:
TD Managed Income RSP Portfolio
TD FundSmart Managed Income RSP Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated July 30, 2004
Mutual Reliance Review System Receipt dated July 30, 2004
Offering Price and Description:
Mutual Fund Net Asset Value
Underwriter(s) or Distributor(s):
TD Investment Services Inc.
TD Asset Management Inc.
Promoter(s):
-
Project #671993

Issuer Name:
Wasaga Capital Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated July 28, 2004
Mutual Reliance Review System Receipt dated July 28, 2004
Offering Price and Description:
Maximum: 15,000,000 Common Shares ($1,500,000);
Minimum: 5,000,000 Common Shares ($500,000) at $0.10 per Common Share
Underwriter(s) or Distributor(s):
Octagon Capital Corporation
Promoter(s):
Theodore Rousseau
Project #671069

Issuer Name:
West Fraser Timber Co. Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated July 30, 2004
Mutual Reliance Review System Receipt dated July 30, 2004
Offering Price and Description:
$ * -* Subscription Receipts, each representing the right to receive one Common Share
Price: $ * per Subscription Receipt
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Raymond James Ltd.
Salman Partners Inc.
Promoter(s):
-
Project #672081

Issuer Name:
AGS Energy 2004 Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 28, 2004
Mutual Reliance Review System Receipt dated July 29, 2004
Offering Price and Description:
$25,000,000 (Maximum) (1,000,000 Units) - Subscription Price: $25.00 Minimum Purchase: 200 Units
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
First Associates Investments Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
FirstEnergy Capital Corp.
Tristone Capital Inc.
Promoter(s):
AGS Resource 2004 GP Inc.
Project #662515

Issuer Name:
AltaGas Income Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated July 29, 2004
Mutual Reliance Review System Receipt dated July 29, 2004
Offering Price and Description:
$230,087,500.00 - 11,650,000 Trust Units Price: $19.75 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Clarus Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
FirstEnergy Capital Corp.
Peters & Co. Limited
Promoter(s):
-
Project #668623

Issuer Name:
BMONT Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 29, 2004
Mutual Reliance Review System Receipt dated July 29, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Raymond James Ltd.
Promoter(s):
Scotia Capital Inc.
Project #664602

Issuer Name:
Broadway Credit Card Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 29, 2004
Mutual Reliance Review System Receipt dated July 30, 2004
Offering Price and Description:
1. $500,000,000 Credit Card Receivables-Backed Class A Floating Rate Notes, Series 2004-3 Expected Final Payment Date of July 17, 2007;
2. $45,454,545 4.225% Credit Card Receivables-Backed Class B Notes, Series 2004-3 Expected Final Payment Date of July 17, 2007;
3. $22,727,273 4.425% Credit Card Receivables-Backed Class C Notes, Series 2004-3 Expected Final Payment Date of July 17, 2007
Underwriter(s) or Distributor(s):
TD Securities Inc.
Merrill Lynch Canada Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Promoter(s):
CITI Cards Canada Inc.
Project #669114

Issuer Name:
Burgundy American Equity Fund
Burgundy Balanced Income Fund
Burgundy Bond Fund
Burgundy Canadian Equity Fund
Burgundy European Equity Fund
Burgundy European Foundation Fund
Burgundy Focus Canadian Equity Fund
Burgundy Foundation Trust Fund
Burgundy Money Market Fund
Burgundy Partners Equity RSP Fund
Burgundy Partners' Fund
Burgundy Partners' RSP Fund
Burgundy T-Bill Fund
Burgundy U.S. Money Market Fund
Burgundy U.S. T-Bill Fund
Type and Date:
Final Simplified Prospectuses dated July 16, 2004
Receipted on July 29, 2004
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Burgundy Asset Management Ltd.
Promoter(s):
Burgundy Asset Management Ltd.
Project #658715

Issuer Name:
Chartwell Seniors Housing Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 29, 2004
Mutual Reliance Review System Receipt dated July 30, 2004
Offering Price and Description:
$70,312,500.00 - 6,250,000 Units Price: $11.25 Per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
-
Project #669092

Issuer Name:
Fiber Optic Systems Technology, Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 30, 2004
Mutual Reliance Review System Receipt dated August 3, 2004
Offering Price and Description:
A Minimum of 2,727,273 Common Shares and a Maximum of 5,454,546 Common Shares @ $0.55 per Common Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
First Associates Investments Inc.
Promoter(s):
Gary Jolly
Project #652212

Issuer Name:
MD Balanced Fund
MD Bond Fund
MD Bond and Mortgage Fund
MD Dividend Fund
MD Equity Fund
MD Global Bond Fund
MD Growth Investments Limited
MD Growth RSP Fund
MD International Growth Fund
MD International Growth RSP Fund
MD International Value Fund
MD Money Fund
MD Select Fund
MD US Large Cap Growth Fund
MD US Large Cap Growth RSP Fund
MD US Large Cap Value Fund
MD US Large Cap Value RSP Fund
MD US Small Cap Growth Fund
MDPIM Canadian Equity Pool
MDPIM US Equity Pool
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 22, 2004
Mutual Reliance Review System Receipt dated July 29, 2004
Offering Price and Description:
Mutual Funds Units and Class A Units @ Net Asset Value
Underwriter(s) or Distributor(s):
MD Management Limited
Promoter(s):
-
Project #662177

Issuer Name:
Merrill Lynch Canada Finance Company
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated July 28, 2004
Mutual Reliance Review System Receipt dated July 28, 2004
Offering Price and Description:
Cdn.$5,000,000,000.00 - Medium Term Notes (Unsecured)
Unconditionally guaranteed as to payment of principal, premium (if any) and interest by Merrill Lynch & Co., Inc.
Underwriter(s) or Distributor(s):
Merrill Lynch Canada Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Laurentian Bank Securities Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #668977

Issuer Name:
Mersington Capital Inc.
Principal Regulator - Quebec
Type and Date:
Final CPC Prospectus dated July 26, 2004
Mutual Reliance Review System Receipt dated July 28, 2004
Offering Price and Description:
Minimum Offering: $750,000 or 3,750,000 Common Shares; Maximum Offering: $1,890,000 or 9,450,000 Common Shares Price: $0.20 per Common Share
Minimum Subscription: $1,000 or 5,000 Common Shares
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #663423

Issuer Name:
Motapa Diamonds Inc.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated July 30, 2004
Mutual Reliance Review System Receipt dated July 30, 2004
Offering Price and Description:
4,800,000 Units (C$6,000,000) consisting of one Common Share and one-half of a Common Share Purchase Warrant
Offering Price: C$1.25 per Unit and 6,626,025 Common Shares issuable upon the exercise of previously issued Special Warrants
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Paradigm Capital Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #660223

Issuer Name:
Paramount Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated July 30, 2004
Mutual Reliance Review System Receipt dated July 30, 2004
Offering Price and Description:
$96,275,005 7,795,547 Subscription Receipts, each representing the right to receive one trust unit and $48,000,000 8.0% Convertible Extendible Unsecured Subordinated Debentures Subscription Receipts
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
TD Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
FirstEnergy Capital Corp.
Peters & Co. Limited
First Associates Investments Inc.
GMP Securities Ltd.
Raymond James Ltd.
Promoter(s):
-
Project #669048

Issuer Name:
RBC Canadian Money Market Fund
RBC Canadian Short-Term Income Fund
RBC Bond Fund
RBC Advisor Canadian 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 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 Blue Chip Canadian Equity Fund
RBC Canadian Equity Fund
RBC U.S. Equity Fund
RBC European Equity 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 dated July 29, 2004
Mutual Reliance Review System Receipt dated July 30, 2004
Offering Price and Description:
Advisor Series Units and Series F Units
Underwriter(s) or Distributor(s):
RBC Asset Management Inc.
RBC Dominion Securities Inc.
RBC Asset Management Inc.
Promoter(s):
RBC Asset Management Inc.
Project #663699

Issuer Name:
Ribbon Capital Corp.
Principal Regulator - Ontario
Type and Date:
Amended and Restated CPC Prospectus dated June 23, 2004
Mutual Reliance Review System Receipt dated July 28, 2004
Offering Price and Description:
Minimum Offering: $600,000 or 4,000,000 Common Shares
Maximum Offering: $750,000 or 5,000,000 Common Shares
Price $0.15 per Common Share
Underwriter(s) or Distributor(s):
First Associates Investments Inc.
Promoter(s):
-
Project #629968

Issuer Name:
Seder Capital Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated July 27, 2004
Mutual Reliance Review System Receipt dated July 29, 2004
Offering Price and Description:
Minimum Offering: $999,999 or 3,333,330 Common Shares; Maximum Offering: $1,889,997 or 6,299,990 Common Shares Price: $0.30 per Common Share
Underwriter(s) or Distributor(s):
Research Capital Corporation
First Associates Investments Inc.
Canaccord Capital Corporation
Promoter(s):
G. Michael Newman
Project #660438

Issuer Name:
Stone & Co. Dividend Growth Class
Stone & Co. Flagship Growth & Income Fund Canada
Stone & Co. Flagship Stock Fund Canada
Stone & Co. Flagship Global Growth Fund
Stone & Co. Flagship Growth Industries Fund
Stone & Co. Health Sciences Fund
Stone & Co. Flagship Money Market Fund Canada
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 27, 2004
Mutual Reliance Review System Receipt dated August 3, 2004
Offering Price and Description:
Shares and Units in Series A, B, C and F
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #661001

Issuer Name:
BPI American Equity Fund
BPI American Equity RSP Fund
BPI American Equity Sector Fund
BPI Global Equity Fund
BPI Global Equity RSP Fund
BPI Global Equity Sector Fund
BPI International Equity Fund
BPI International Equity RSP Fund
BPI International Equity Sector Fund
CI American Managers™ Sector Fund
CI American Managers™ RSP Fund
CI American Small Companies Fund
CI American Small Companies RSP Fund
CI American Small Companies Sector Fund
CI American Value Fund
CI American Value Sector Fund
CI American Value RSP Fund
CI Asian Dynasty Fund
CI Canadian Investment Fund
CI Canadian Investment Sector Fund
CI Canadian Small Cap Fund
CI Emerging Markets Fund
CI Emerging Markets RSP Fund
CI Emerging Markets Sector Fund
CI European Fund
CI European RSP Fund
CI European Sector Fund
CI Explorer Fund
CI Explorer Sector Fund
CI Global Fund
CI Global RSP Fund
CI Global Sector Fund
CI Global Biotechnology Sector Fund
CI Global Biotechnology RSP Fund
CI Global Consumer Products Sector Fund
CI Global Consumer Products RSP Fund
CI Global Energy Sector Fund
CI Global Energy RSP Fund
CI Global Financial Services Sector Fund
CI Global Financial Services RSP Fund
CI Global Health Sciences Sector Fund
CI Global Health Sciences RSP Fund
CI Global Managers® Sector Fund
CI Global Managers® RSP Fund
CI Global Small Companies Fund
CI Global Small Companies RSP Fund
CI Global Small Companies Sector Fund
CI Global Science & Technology Sector Fund
CI Global Science & Technology RSP Fund
CI Global Value Fund
CI Global Value RSP Fund
CI Global Value Sector Fund
CI International Fund
CI International RSP Fund
CI International Sector Fund
CI International Value Fund
CI International Value RSP Fund
CI International Value Sector Fund
CI Japanese Sector Fund
CI Japanese RSP Fund
CI Pacific Fund
CI Pacific RSP Fund
CI Pacific Sector Fund
CI Value Trust Sector Fund
CI Value Trust RSP Fund
Harbour Fund
Harbour Sector Fund
Harbour Foreign Equity Sector Fund
Harbour Foreign Equity RSP Fund
Signature Canadian Resource Fund
Signature Canadian Resource Sector Fund
Signature Canadian Small Cap Class (formerly called Synergy Canadian Small Cap Class)
Signature Select Canadian Fund
Signature Select Canadian Sector Fund
Synergy American Momentum Fund (formerly called Landmark American Fund)
Synergy American Momentum RSP Fund (formerly called Landmark American RSP Fund)
Synergy American Momentum Sector Fund (formerly called Landmark American Sector Fund)
Synergy Canadian Momentum Class
Synergy Canadian Momentum Sector Fund (formerly called Landmark Canadian Sector Fund)
Synergy Canadian Style Management Class
Synergy Canadian Value Class
Synergy Extreme Canadian Equity Fund
Synergy Extreme Global Equity Fund
Synergy Extreme Global Equity RSP Fund
Synergy Global Momentum RSP Fund
Synergy Global Momentum Sector Fund
Synergy Global Style Management RSP Fund
Synergy Global Style Management Sector Fund
CI Canadian Asset Allocation Fund
CI Global Boomernomics. Sector Fund
CI Global Boomernomics. RSP Fund
CI International Balanced Fund
CI International Balanced RSP Fund
CI International Balanced Sector Fund
Harbour Foreign Growth & Income Sector Fund
Harbour Foreign Growth & Income RSP Fund
Harbour Growth & Income Fund
Signature Canadian Balanced Fund
Signature Canadian Income Fund
Signature Income & Growth Fund (formerly called Synergy Canadian Income Fund)
Synergy Tactical Asset Allocation Fund
CI Canadian Bond Fund
CI Canadian Bond Sector Fund
CI Short-Term Bond Fund
CI Long-Term Bond Fund
CI Money Market Fund
CI US Money Market Fund
CI Short-Term Sector Fund
CI Short-Term US$ Sector Fund
CI Global Bond Fund
CI Global Bond RSP Fund
CI Global Bond Sector Fund
Signature Corporate Bond Fund
Signature Corporate Bond Sector Fund
Signature Dividend Fund
Signature Dividend Sector Fund
Signature High Income Fund
Signature High Income Sector Fund

Synergy Canadian Short-Term Income Class
CI Canadian Income Portfolio
CI Canadian Conservative Portfolio
CI Canadian Balanced Portfolio
CI Canadian Growth Portfolio
CI Canadian Maximum Growth Portfolio
CI Global Conservative Portfolio
CI Global Conservative RSP Portfolio
CI Global Balanced Portfolio
CI Global Balanced RSP Portfolio
CI Global Growth Portfolio
CI Global Growth RSP Portfolio
CI Global Maximum Growth Portfolio
CI Global Maximum Growth RSP Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 23, 2004
Mutual Reliance Review System Receipt dated July 29, 2004
Offering Price and Description:
Class A, F, I , Y, Z and Insight Units and Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Mutual Funds Inc.
Project #665295

Issuer Name:
TransCanada Power, L.P.
Principal Regulator - Alberta
Type and Date:
Final Short Form Shelf Prospectus dated July 27, 2004
Mutual Reliance Review System Receipt dated July 28, 2004
Offering Price and Description:
$750,000,000.00 - Limited Partnership Units Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #667698

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Surrender of Registration	Ascendant Capital Inc.	Limited Market Dealer	July 29, 2004
Surrender of Registration	Ascendant Capital Management Inc.	Investment Counsel and Portfolio Manager	July 29, 2004
Change in Category	Royal Securities Corp.	From: Investment Counsel and Portfolio Manager To: Limited Market Dealer, Investment Counsel and Portfolio Manager	August 3, 2004
New Registration	Thomas Capital Group, LLC	International Dealer	August 3, 2004

This page intentionally left blank

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA Discipline Penalties Imposed on Marlow Group Securities Inc. – Violation of By-law 17.1

Contact:
Natalija Popovic
Enforcement Counsel
(416) 865-3039
npopovic@ida.ca

BULLETIN # 3316
July 28, 2004

DISCIPLINE

DISCIPLINE PENALTIES IMPOSED ON MARLOW GROUP SECURITIES INC. – VIOLATION OF BY-LAW 17.1

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Marlow Group Securities Inc. (Marlow), a Member of the Association.

By-laws, Regulations, Policies Violated

On July 22, 2004, the Ontario District Council considered, reviewed and accepted a Settlement Agreement negotiated between Marlow and Staff of the Association's Enforcement Department. Pursuant to the Settlement Agreement, Marlow admitted that on December 31, 2003, it failed to maintain its risk adjusted capital (RAC) at a level greater than zero in accordance with Association Form 1, contrary to Association By-law 17.1.

Penalty Assessed

The discipline penalty assessed against Marlow was a fine in the amount of $30,000. As well, Marlow was ordered to pay $4,000.00 toward the Association's costs of the investigation and prosecution of this matter.

Further, effective July 22, 2004, Marlow is to maintain a positive RAC in the amount of $100,000 for a period of 12 months. If at any time thereafter its RAC falls below $100,000, Marlow will maintain RAC in the amount $150,000 for the subsequent 12 month period. Any further capital deficiency may result in Staff bringing further disciplinary action against Marlow.

In addition, the Chief Financial Officer function for Marlow shall be executed by an individual other than Terrence W. Marlow while he holds any other executive position of Marlow including President and/or Chief Executive Officer.

Summary of Facts

Marlow is a Type I Introducing Broker. On January 23, 2004, Marlow filed a Monthly Financial Report (MFR) with the Association indicating a RAC of $44,000. Upon review of the MFR by Association staff, the following adjustments were made:

(a) exclusion of a $50,000 capital injection via an increase in subordinated loan until appropriate subordinated loan documentation, as prepared and provided by Marlow subsequent to February 3, 2004, had been approved by the Association;

(b) exclusion of a $50,000 corporation advisory fee receivable;

(c) exclusion of a $20,000 margin amount; and

(d) other miscellaneous exclusions of $3,000;

As a result, there was capital deficiency of $39,000.

Marlow corrected the capital deficiency effective February 11, 2004. No client funds were placed in jeopardy as a result of the deficiency.

The capital deficiency was the result of an inadvertent or careless error and there was no evidence of an intentional disregard for regulatory requirements on the part of Marlow.

Kenneth A. Nason
Association Secretary

13.1.2 Discipline Pursuant to IDA By-law 20 - Marlow Group Securities Inc. - Draft Settlement Agreement

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

RE: MARLOW GROUP SECURITIES INC.

DRAFT
SETTLEMENT AGREEMENT

I. INTRODUCTION

1. On February 6, 2004, staff of the Financial Compliance Division of the Investment Dealers Association of Canada (the Association) referred a financial compliance matter to staff (Staff) of the Enforcement Division of the Association.

2. The referral concerned a capital deficiency on the part of Marlow Group Securities Inc. (the Respondent) a Member of the Association.

3. Pursuant to By-law 20 of the Association, the Ontario District Council of the Association (the District Council) may penalize the Respondent by imposing discipline penalties for a breach of the By-laws, Regulations or Policies of the Association.

II. JOINT SETTLEMENT RECOMMENDATION

4. 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.

5. In accordance with By-law 20.26 of the Association, 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 (the Acceptance).

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

7. If at any time prior to the Acceptance, there are new facts or issues of substantial concern to Staff regarding this matter, Staff shall be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. STATEMENT OF FACTS

(i) Acknowledgement

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

(ii) Background

9. At all material times, the Respondent was a Member of the Association and a Type 1 introducing broker to Dundee Securities Corporation (Dundee), the carrying broker.

10. The Respondent is part of a related group of companies, styled Marlow Financial Group, Private Estate Builders Inc., Marlow Group Private Portfolio Management Inc., Marlow Group Inc. and Marlow Group Securities Inc. (collectively, the Related Group of Companies).

11. The purpose of the Related Group of Companies is to provide full financial planning services to its customers, including insurance, stocks, bonds, mutual funds, limited partnerships, and tax planning. The main business activity of the Related Group of Companies was conducted out of Marlow Group Private Portfolio Management Inc. where the managed accounts were invested primarily in mutual funds.

12. The Respondent was established to conduct the trading for the managed accounts and to also offer securities trading for non-managed accounts.

13. At all material times Terrence W. Marlow (Marlow) was the Chief Financial Officer (CFO) of the Respondent. Marlow is also the owner, President, Chief Executive Officer and CFO of each of the companies in the Related Group of Companies.

14. As CFO, Marlow was responsible for ensuring that the Respondent maintained an adequate level of capitalization.

15. While it was the intention of the Respondent to move the managed accounts from Marlow Group Private Portfolio Management Inc. to the Respondent, this has not as yet occurred. As a resultthere has been only minor activity in the Respondent.

(iii) Association Requirements Relating to the Capital Deficiency

16. By-law 17.1 of the Association provides that a member shall have and maintain at all times risk-adjusted capital (RAC) greater than zero. RAC is calculated in accordance with the Joint Regulatory Financial Questionnaire and Report, which has been adopted by the Association and designated as "Form 1".

(iv) Chronology of Events

17. The Respondent became a Member of the Association on February 28, 2003.

18. The Respondent has a history of an inadequate level of capitalization below the amount recommended to the Respondent by the Association of $100,000.

19. On January 23, 2004, the Respondent filed its December 31, 2003 Monthly Financial Report (MFR) with the Association indicating a RAC of $44,000. As a result of subsequent analysis, the Association concluded that the following adjustments were required, resulting in a capital deficiency of $39,000:

RAC as originally filed by the Respondent::		$44,000
Adjustments:		
a)	Capital injection/subordinated loan:	($50,000)

The RAC calculation in the December 31, 2003 MFR included a capital injection of $50,000 via an increase in a subordinated loan. This amount was excluded from the RAC calculation by the Association. Exclusion of this amount continued until appropriate subordinated loan documentation, as required by By-Law 5.2A and as prepared and provided by the Respondent subsequent to February 3, 2004, had been approved by the Association.

b)	Corporate Advisory Fee Receivable:	($50,000)

The Association excluded a $50,000 corporate finance receivable incorrectly reported by the Respondent in its RAC calculation as an allowable asset rather than a non-allowable asset.

c)	Margin:	$20,000

The Association excluded margin of $20,000 incorrectly provided for on commission fees owing to Dundee.

d)	Other-Misc.	($3,000)
		========
	Adjusted RAC at December 31, 2003	
	(Capital Deficiency)	($39,000)

20. The Respondent corrected the capital deficiency effective February 11, 2004.

IV. CONTRAVENTIONS

21. On December 31, 2003, Marlow Group Securities Inc., a Member of the Association, failed to maintain risk adjusted capital in excess of zero, calculated in accordance with the Joint Regulatory Financial Questionnaire, contrary to By-law 17.1 of the Association.

V. ADMISSION OF CONTRAVENTIONS AND FUTURE COMPLIANCE

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 PENALITIES

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

a) a fine in the amount of $30,000, payable within 30 days of the effective date of this Settlement Agreement;

b) an undertaking by the Respondent to maintain a positive RAC in the amount of $100,000 for 12 months, failing which RAC of $150,000 shall be maintained for a further 12 months. Any further capital deficiencies may result in Staff bringing further disciplinary action against the Respondent;

c) an undertaking by the Respondent that the CFO function for the Respondent shall be executed by an individual other than Terrence W. Marlow while he holds any other executive position of the Respondent including President and/or CEO.

d) as a condition of continued approval, in the event the Respondent fails to comply with any of these discipline penalties the District Council may, upon application by the Senior Vice President, Member Regulation and without further notice to the Respondent, suspend the approval of the Respondent until the Respondent complies with the penalties and costs herein.

VII. ASSOCIATION COSTS

24. The Respondent shall pay the Association's costs of this proceeding in the amount of $4,000 payable to the Association within 30 days of the effective date of this Settlement Agreement.

VIII. EFFECTIVE DATE

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

IX. WAIVER

26. 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

27. 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

28. 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

29. If the District Council rejects this Settlement Agreement:

a) the provisions of By-laws 20.10 to 20.24, inclusive, shall apply, provided that no member of the District Council rejecting this Settlement Agreement shall participate in any hearing conducted by the District Council with respect to the same matters which are the subject of the Settlement Agreement; and

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

AGREED TO by the Respondent at "Toronto", in the Province of Ontario, this "31st" day of "May", 2004.

"illegible"
Witness

"T. W. Marlow"
President and CEO Marlow Group Securities Inc.
Per: Terrence W. Marlow

AGREED TO by Staff at the City of Toronto, in the Province of Ontario, this "28th" day of "May", 2004

"N. Genova"
Witness

"Natalija Popovic"
Enforcement Counsel on behalf of the Staff of the Investment Dealers Association of Canada
Per: Natalija Popovic

ACCEPTED BY the Ontario District Council of the Investment Dealers Association of Canada, at the City of Toronto, in the Province of Ontario, this "22nd" day of "July", 2004.

Investment Dealers Association of Canada
(Ontario District Council)

Per: "Alvin B. Rosenberg"
Per: "David W. Kerr"
Per: "F. Michael Walsh"

Chapter 25

Other Information

25.1 Consents

25.1.1 BRC Development Corporation - ss. 4(b) of Reg. 289

Headnote

Consent given to OBCA corporation to continue under the Canada Business Corporations Act.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
THE REGULATION MADE UNDER
THE BUSINESS CORPORATIONS ACT, R.S.O. 1990, c.B.16, AS AMENDED (the "OBCA")
ONTARIO REG. 289/00 (the "Regulation")

AND

IN THE MATTER OF
BRC DEVELOPMENT CORPORATION

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application (the "Application") of BRC Development Corporation (the "Applicant") to the Ontario Securities Commission (the "Commission") requesting a consent from the Commission for the Applicant to continue in another jurisdiction, as required by subsection 4(b) of the Regulation;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant intends to apply (the "Application for Continuance") to the Director under the OBCA for authorization to continue under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "CBCA"), pursuant to section 181 of the OBCA.

2. Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation under the OBCA, the Application for Continuance must be accompanied by a consent from the Commission.

3. The Applicant was incorporated under the OBCA on August 7, 1990 and its registered office is located at Suite 7070, 1 First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1E3.

4. The Applicant is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act"). The Applicant is also a reporting issuer in the Provinces of British Columbia and Alberta. The Applicant's authorized share capital consists of an unlimited number of common shares and the Applicant's outstanding common shares are listed and posted for trading on the TSX Venture Exchange.

5. The Applicant intends to remain a reporting issuer in the Province of Ontario.

6. The Applicant is not in default of any of the provisions of the Act or the regulations or rules made thereunder and is not in default under the securities legislation of any other jurisdiction where it is a reporting issuer.

7. The Applicant intends to change its name to "BRC Diamond Corporation" by way of the said continuance.

8. The Applicant is not a party to any proceeding or, to the best of its knowledge, information and belief, pending proceeding under the Act.

9. The Applicant's shareholders authorized the continuance of the Applicant as a corporation under the CBCA by special resolution at a meeting of shareholders held on June 30, 2004.

10. The OBCA requires a majority of a corporation's directors be resident Canadians whereas the CBCA requires, subject to certain exceptions, only one-quarter of directors need be resident Canadians. The continuance of the Applicant under the CBCA has been proposed as the Applicant believes it to be in its best interest to conduct its affairs in accordance with the CBCA. The Applicant's management believes the interests of the Applicant will be better served under the CBCA by providing it with greater

flexibility in attracting experienced directors of any nationality to serve it.

11. The material rights, duties and obligations of a corporation governed by the CBCA are substantially similar to those of a corporation governed by the OBCA.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the CBCA.

July 27, 2004.

"Paul M. Moore" "Wendell S. Wigle"

25.2 Approvals

25.2.1 Pro-Hedge Funds Inc. - cl. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act -- application by manager for approval to act as trustee of a mutual fund trust.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., clause 213(3)(b).

July 30, 2004

McCarthy Tetrault LLP
Suite 4700
Toronto Dominion Bank Tower
Toronto, Ontario
M5K 1N2

Attention: Katherine Gurney

Dear Sirs/Mesdames:

Re: Pro-Hedge Funds Inc. (the Applicant)
Application pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) (the LTCA) for approval to act as trustee

Further to the application dated June 30, 2004, as supplemented by correspondence dated July 22, 2004 (collectively, 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 LTCA, the Commission approves the proposal that the Applicant act as trustee of Pro-Hedge Capital Preservation Fund and of other pooled funds that may be established and managed by the Applicant, the securities of which will be offered pursuant to a prospectus exemption.

“Susan Wolburgh-Jenah” “Paul K Bates”

This page intentionally left blank

Index