The Ontario Securities Commission

OSC Bulletin

September 17, 2004

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

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

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

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One Corporate Plaza
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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
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General Counsel's Office:	Fax: 416-593-3681
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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

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

SEPTEMBER 17, 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

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- -

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Paul K. Bates	—	PKB
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Harold P. Hands	—	HPH
David L. Knight, FCA	—	DLK
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

September 17, 2004 10:00 a.m.	Brian Anderson, Leslie Brown, Douglas Brown, **David Sloan** and Flat Electronic Data Interchange ("F.E.D.I.") s. 127 K. Daniels in attendance for Staff Panel: SWJ/RWD
September 20-22, 2004 10:00 a.m.	**Brian Peter Verbeek** and Lloyd Hutchison Ebenezer Bruce s. 127 K. Manarin in attendance for Staff Panel: TBA
September 28, 2004 2:30 p.m.	**Robert Cassels, Murray Hoult Pollitt and Pollitt & Co. Inc.** s.127 J. Naster in attendance for Staff Panel: TBA
September 29, 2004 10:00 a.m. September 30, 2004 and October 1, 2004 2:00 p.m. October 4, 5, 13-15, 2004 10:00 a.m.	**Cornwall *et al*** s. 127 K. Manarin in attendance for Staff Panel: HLM/RWD/ST
October 18 to 22, 2004 November 2, 3, 5, 8, 10-12, 15, 17, 19, 2004 10:00 a.m.	**ATI Technologies Inc., Kwok Yuen Ho, Betty Ho, JoAnne Chang, David Stone, Mary de La Torre, Alan Rae and Sally Daub** s. 127 M. Britton in attendance for Staff Panel: SWJ/HLM/MTM

October 30, 2004 (no later than)	**Brian Anderson and Flat Electronic Data Interchange ("F.E.D.I.")**
10:00 a.m.	s. 127
	K. Daniels in attendance for Staff
	Panel: HLM/RLS
October 31, 2004 (on or about)	**Mark E. Valentine**
	s. 127
10:00 a.m.	A. Clark in attendance for Staff
	Panel: TBA
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: TBA
November 26, 2004	**Andrew Currah, Colin Halanen, Joseph Damm, Nicholas Weir, Penny Currah and Warren Hawkins**
10:00 a.m.	s. 127
	J. Waechter in attendance for Staff
	Panel: TBA
January 24 to March 4, 2005, except Tuesdays and April 11 to May 13, 2005, except Tuesdays	**Philip Services Corp. *et al***
	s. 127
	K. Manarin in attendance for Staff
	Panel: PMM/RWD/ST
10:00 a.m.	
May 30, 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: TBA
	* 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 OSC Staff Notice 11-737 Securities Advisory Committee - Vacancies (originally published on August 27, 2004)

OSC STAFF NOTICE 11-737
SECURITIES ADVISORY COMMITTEE - VACANCIES

The Commission formally established the Securities Advisory Committee to the Commission ("SAC") many years ago. SAC meets on a regular basis, at least monthly, and provides advice to the Commission and staff on a variety of legal matters, including amendments to the Act and Regulations, formulation of rules, Commission policies and staff notices, and other operational or transactional matters currently before the Commission and staff. SAC is also expected to provide general advisory services to the Commission and staff on an informal basis relating to emerging trends in the marketplace. SAC is asked to report to the Commission at least annually on its work over the previous year and identify issues that SAC considers should be addressed by the Commission.

The Commission is now looking for prospective candidates to serve on SAC for a three-year term beginning in January 2005. Prospective candidates are encouraged to review OSC Policy 11-601 for further information about SAC.

Those who make a commitment to serve on SAC must be in a position to devote the time necessary to attend meetings, be an active participant, and undertake the work involved, which sometimes must be dealt with on an urgent basis. SAC members must have an excellent knowledge of the legislation and policies for which the Commission is responsible, and have significant practice experience in the securities area. Expertise in an area of special interest to the Commission at the time an appointment is made will also be a factor in selection. SAC members are expected to have excellent technical abilities and a strong interest in the development of securities regulatory policy. SAC members will be selected in part to ensure that SAC is reasonably representative of the full spectrum of securities law practice.

Individual practitioners, with the support of their firms, are invited to apply in writing for membership on SAC to the Office of the General Counsel of the Commission, indicating areas of practice and relevant experience.

SAC's membership currently consists of twelve Ontario solicitors practising in the area of securities law plus one U.S. securities lawyer. The present members of SAC are:

Robert D. Chapman
McCarthy Tétrault LLP

Helen A. Daley
Wardle Daley LLP

Carol Hansell
Davies Ward Phillips & Vineberg LLP

Robert H. Karp
Torys LLP

Edwin S. Maynard
Paul,Weiss, Rifkind, Wharton & Garrison LLP

Rosalind Morrow
Borden Ladner Gervais LLP

Sheila A. Murray
Blake, Cassels & Graydon LLP

Robert W.A. Nicholls
Stikeman Elliott LLP

Dale R. Ponder
Osler, Hoskin & Harcourt LLP

Jeffrey P. Roy
Cassels Brock & Blackwell LLP

Cathy B. Singer
Ogilvy Renault

Thomas A. Smee
Royal Bank of Canada

Philippe Tardif
Lang Michener

The Commission is very grateful to SAC members for their able assistance and valuable input.

Applications for SAC membership will be considered if received on or before October 15, 2004. Applications should be submitted in writing to:

Monica Kowal
General Counsel
Tel: (416) 593-3653
Fax: (416) 593-3681
mkowal@osc.gov.on.ca

Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
M5H 3S8

September 17, 2004.

1.1.3 Notice of Request for Comments – Proposed OSC Rule 14-502 (Commodity Futures Act) Designation of Additional Commodities and Companion Policy 14-502CP

NOTICE OF REQUEST FOR COMMENTS

PROPOSED ONTARIO SECURITIES COMMISSION RULE 14-502 (*COMMODITY FUTURES ACT*) DESIGNATION OF ADDITIONAL COMMODITIES AND COMPANION POLICY 14-502CP

The Commission is publishing in today's Bulletin proposed OSC Rule 14-502 (*Commodity Futures Act*) Designation of Additional Commodities and Companion Policy 14-502CP for comment for 90 days.

The Notice, Rule and Companion Policy are published in Chapter 6 of this Bulletin.

1.1.4 Notice of Commission Approval – Housekeeping Amendments to MFDA By-law No. 1, Sections 1, 11.6.1, 13.8, 20.5, 20.7, 24.3.3 and 37

THE MUTUAL FUND DEALERS ASSOCIATION (MFDA)

AMENDMENTS TO MFDA BY-LAW NO. 1 SECTIONS 1, 11.6.1, 13.8, 20.5, 20.7, 24.3.3 AND 37

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved the amendments to MFDA By-law No. 1, Sections 1, 11.6.1, 13.8, 20.5, 20.7, 24.3.3 and 37. In addition, the Alberta Securities Commission, Nova Scotia Securities Commission and Saskatchewan Financial Services Commission approved, and the British Columbia Securities Commission did not object to the amendments. The amendments correct inaccurate cross-references or obsolete references in By-law No. 1. The amendments are housekeeping in nature. The description and a copy of the amendment is contained in Chapter 13 of this Ontario Securities Commission Bulletin.

1.1.5 Notice of Commission Approval – Canadian Trading and Quotation System Inc. – Amendments to CNQ's Listing Statement (Form 2A)

CANADIAN TRADING AND QUOTATION SYSTEM INC. (CNQ)

AMENDMENTS TO CNQ'S LISTING STATEMENT (FORM 2A)

NOTICE OF COMMISSION APPROVAL

CNQ has filed with the Commission amendments to CNQ's Listing Statement (Form 2A). The amendments have been made to reflect revisions to Management's Discussion and Analysis (MD&A), as contained in Part 5 of National Instrument 51-102 *Continuous Disclosure Obligations* and related Form 51-102F1 *Management's Discussion and Analysis*. The amendments have been filed as "housekeeping" amendments pursuant to the Rule Review Process set out in Appendix B of CNQ's recognition order and are deemed to have been approved upon filing. CNQ's notice of amendments and the amendments themselves are being published in Chapter 13 of this Bulletin.

1.1.6 Notice of Commission Approval – Housekeeping Amendments to IDA By-law No. 20 Regarding Association Hearing Processes

THE INVESTMENT DEALERS ASSOCIATION (IDA)
NOTICE OF COMMISSION APPROVAL
HOUSEKEEPING AMENDMENTS TO
IDA BY-LAW NO. 20
REGARDING ASSOCIATION HEARING PROCESSES

The Ontario Securities Commission approved amendments to IDA By-law No. 20 regarding hearing processes. In addition, the Alberta Securities Commission did not disapprove and the British Columbia Securities Commission did not object to these amendments. The amendments are housekeeping in nature. The amendments ensure that By-law No. 20 meets the requirements of Quebec law for hearings related to Quebec members and approved persons. The description and a copy of the amendments are contained in Chapter 13 of this Ontario Securities Commission Bulletin.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Integra Capital Limited - MRRS Decision

Headnote

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

Applicable Ontario Legislation

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

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

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 local securities regulatory authority or regulator (the **Decision Maker**) in each of the Provinces of Ontario, Alberta and Nova Scotia (the **Jurisdictions**) has received an application from Integra Capital Limited (**Integra**) for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that certain of the conflict provisions contained in applicable legislation, namely:

(a) the requirements that a registrant prepare a conflict of interest rules statement (or the equivalent) (the **Conflicts Statement**) in the required form, revise its Conflicts Statement in the event of any significant change in the information, provide a copy of the current version of its Conflicts Statement and any revision of its Conflicts Statement to its customers and clients and file its Conflicts Statement and any revision of its Conflicts Statement with the applicable Decision Makers (the **Disclosure Requirement**); and

(b) the restriction that a registrant acting as an adviser, exercising discretionary authority with respect to the investment portfolio or account of a client, must not purchase or sell securities of a related issuer, or in the course of an initial distribution or distribution (depending on the Jurisdiction), securities of a connected issuer, of the registrant, unless it provides certain disclosure to the client and obtains the requisite specific and informed written consent of the client (the **Consent Requirement**);

should not apply to Integra in connection with the distribution of units of mutual funds established or to be established by Integra and managed by Integra, its affiliates, or associates, subject to certain conditions.

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

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

AND WHEREAS Integra has represented to the Decision Makers that:

1. Integra is a corporation incorporated under the laws of Ontario and is registered in Ontario as an adviser in the categories of investment counsel and portfolio manager, and in equivalent categories in British Columbia, Alberta, New Brunswick and Nova Scotia. In addition, Integra is registered in Ontario as a limited market dealer.

2. Integra is the manager, portfolio adviser and promoter of mutual funds which are sold pursuant to a prospectus or on a private placement basis in each of the Jurisdictions.

3. Integra manages some of its clients' assets on a discretionary basis with segregated, separate portfolios of securities for each client and may trade in the securities of one or more mutual funds managed or to be managed by Integra or an affiliate or associate of Integra (the **Funds**). Integra may also act as an adviser to clients who have not entered into discretionary management agreements with Integra in connection with such clients' investment in one or more Funds.

4. Discretionary management clients of Integra enter into a discretionary investment management account agreement with Integra. Each discretionary investment management account agreement will contain specific disclosure of the relationship between Integra and the Funds and each discretionary management client will specifically consent in writing to Integra investing in one or more of the Funds; Integra believes that in the circumstances the consent of its discretionary management clients is informed.

5. All clients of Integra receive a Conflicts Statement which lists the related issuers of Integra. These related issuers include the Funds. In the event of a significant change in the Conflicts Statement, Integra will provide to each of its clients a copy of the revised version of, or amendment to, the Conflicts Statement.

6. Units of each of the Funds may be offered on a continuous basis and will be acquired by residents of the Jurisdictions either under a prospectus filed by the Fund or on a private placement basis.

7. Integra does not and will not act as an adviser, dealer or underwriter in respect of securities of Integra or of a related issuer of Integra, or in the course of a distribution, in respect of securities of connected issuers of Integra other than in connection with the distribution of units of the Funds; the Funds do not hold and will not hold securities of any related issuer of Integra, or in the course of a distribution, securities of a connected issuer of Integra, other than the securities of another Fund.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that Integra is exempt from the Consent Requirement and the Disclosure Requirement under the applicable Legislation in respect of the exercise of discretionary management authority to invest in the securities of the Funds set out in Integra's Conflicts Statement provided Integra has secured the specific and informed consent of the discretionary management client in advance of the exercise of discretionary authority in respect of the Funds.

August 4, 2004.

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

2.1.2 Fairmont Hotels & Resorts Inc. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

Securities Act, as amended, s. 107, 108 and ss. 121(2).

Rules Cited

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

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

AND

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

AND

IN THE MATTER OF
FAIRMONT HOTELS & RESORTS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (collectively, the Jurisdictions) has received an application from Fairmont Hotels & Resorts Inc. (FHR) for a decision pursuant to the securities legislation of the Jurisdictions (the Legislation) that the requirement contained in the Legislation to file insider reports shall not apply to certain individuals who are insiders of FHR by reason of having the title Vice President;

AND WHEREAS under the Mutual Release 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 FHR has represented to the Decision Makers that:

1. FHR is a corporation subsisting under the *Canada Business Corporations Act*.

2. FHR is one of North America's leading owner/operators of luxury hotels and resorts. FHR's managed portfolio consists of 82 luxury and first-class properties with more than 33,000 guestrooms in the United States, Canada, Mexico, Bermuda, Barbados and the United Arab Emirates.

3. FHR is a reporting issuer or the equivalent, as applicable, in each province and territory of Canada, is registered with the U.S. Securities and Exchange Commission in the United States and FHR's common shares are listed and posted for trading on the Toronto Stock Exchange and the New York Stock Exchange.

4. To the best of its knowledge, information and belief, FHR is not in default of its reporting requirements under the Legislation.

5. Currently, twenty-six (26) individuals are insiders of FHR by reason of being a senior officer or director of FHR or a major subsidiary of FHR and are not otherwise exempt from the insider reporting requirements of the Legislation by reason of existing orders and/or the exemptions contained in National Instrument 55-101 – *Exemption from certain Insider Reporting Requirements* (NI 55-101).

6. FHR has developed a corporate disclosure policy (the Disclosure Policy) which includes procedures governing insider trading that apply to all insiders of FHR. The Disclosure Policy also applies to employees of FHR who have knowledge of material undisclosed information. FHR has also established a disclosure committee (the Disclosure Committee) to oversee compliance with the Disclosure Policy.

7. Pursuant to the Disclosure Policy, individuals with knowledge of material undisclosed information may not trade in securities of FHR. In addition, insiders of FHR generally may not trade in securities of FHR during "black-out" periods around the preparation of financial results or any other "black-out" period as determined from time to time.

8. The Disclosure Committee (comprised of the chief executive officer, chief operating officer, chief financial officer, the investor relations officer and the Executive Vice President, Law and Administration of FHR) has considered the job requirements and principal functions of the insiders of FHR to determine which of them met the definition of "nominal vice president" contained in Canadian Securities Administrators Staff Notice 55-306 – *Applications for Relief from the Insider Reporting Requirements by Certain Vice Presidents* (the Staff Notice).

9. Pursuant to this Decision (as defined below), FHR is seeking relief from the insider reporting requirement for certain individuals (Exempted VPs) who meet the following criteria (the Exempted VP Criteria) set out in the Staff Notice:

   (a) the individual is a vice president of FHR or a major subsidiary of FHR;

   (b) the individual is not in charge of a principal business unit, division or function of FHR or a major subsidiary of FHR;

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

   (d) the individual is not an insider of FHR in any capacity other than as a vice president.

10. At present, there are 16 individuals, who, in the opinion of the Disclosure Committee, satisfy the Exempted VP Criteria.

11. The Disclosure Committee will apply the same analysis each time a new vice president of FHR or one of its major subsidiaries is appointed or promoted and it will review and update FHR's Exempted VP analysis annually.

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

13. Insider reports for some individuals who satisfy the Exempted VP Criteria were inadvertently not filed when required, although such individuals satisfied the Exempted VP Criteria at all relevant times.

14. FHR has filed with the Decision Makers a copy of the Disclosure Policy.

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

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

THE DECISION of the Decision Makers under the Legislation is that the requirement contained in the Legislation to file insider reports shall not apply to insiders of FHR who satisfy the Exempted VP Criteria for so long as such insiders satisfy the Exempted VP Criteria provided that:

(a) FHR agrees to make available to the Decision Makers, upon request, a list of all individuals who are relying on the exemption granted by this Decision as at the time of the request; and

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

September 2, 2004.

"Paul K. Bates" "Robert L. Shirriff"

2.1.3 Yellow Pages Income Fund and YPG Holdings Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Issuer of debt securities and subsidiary of income fund previously granted relief from requirements to file financial statements, MD&A and AIF. Issuer exempted from the requirements to file annual certificates and interim certificates under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, subject to conditions.

Instrument Cited

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

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

AND

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

AND

IN THE MATTER OF
YELLOW PAGES INCOME FUND
AND
YPG HOLDINGS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of Ontario, Alberta, Saskatchewan, Manitoba, Nova Scotia, Newfoundland and Labrador, New Brunswick, the Northwest Territories, Yukon and Nunavut (collectively, the Jurisdictions) has received an application (the Application) from Yellow Pages Income Fund (the Fund) and YPG Holdings Inc. (YPG Holdings) for a decision pursuant to the securities legislation (the Legislation) of each of the Jurisdictions, that the requirements contained in the Legislation to:

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

(b) file interim certificates (Interim Certificates, and together with the Annual Certificates, the Certification Filings) with

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

shall not apply to YPG Holdings, subject to certain terms and conditions;

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

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

AND WHEREAS, pursuant to a Mutual Reliance Review System decision document dated July 16, 2004 (the Previous Decision), YPG Holdings is exempt from the requirements of securities legislation in the jurisdictions of Ontario, Alberta, Saskatchewan, Manitoba, British Columbia, Québec, Nova Scotia, Newfoundland and Labrador and New Brunswick, as applicable, concerning the preparation, filing and delivery, as applicable, of (i) interim financial statements, audited annual financial statements and the auditor's report or annual report containing such statements, (ii) an information circular and form of proxy, (iii) an annual information form (an AIF), (iv) annual and interim management's discussion and analysis of the financial condition and results of operation of YPG Holdings (MD&A) and (v) news releases and reports upon the occurrence of a material change (unless there is a material change in respect of YPG Holdings that is not a material change in respect of the Fund);

AND WHEREAS the Fund and YPG Holdings represented to the Decision Makers that:

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

2. The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the province of Ontario. The Fund became a reporting issuer on July 25, 2003 following the issue of a final MRRS decision document for a prospectus which qualified the distribution of 93,500,000 units of the Fund.

3. YPG Holdings is a reporting issuer or the equivalent in each of the Jurisdictions providing for such a regime and is not in default of any requirement under the Legislation.

4. YPG Holdings became a reporting issuer on April 8, 2004 upon the filing in all Jurisdictions of a final short-form base shelf prospectus qualifying the issuance of up to $1 billion of medium term notes (Notes). Any Notes issued pursuant to the short-form base shelf prospectus are fully and unconditionally guaranteed by the Fund as to the payments required to be made by YPG Holdings to the holders of the Notes.

5. The outstanding securities of YPG Holdings consist of: (i) Class A Common Shares, (ii) Class B Common Shares, (iii) Notes, (iv) debt securities under YPG Holdings' commercial paper program and (v) options issued to participants of YPG Holdings' stock purchase and option plan for employees of YPG Holdings and its subsidiaries.

6. The Fund indirectly holds 100% of the issued and outstanding Class A Common Shares and Class B Common shares of YPG Holdings.

7. The Fund has no independent business operations, interests in other businesses or material assets other than its indirect investment in YPG Holdings and its subsidiaries.

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

9. The business of YPG Holdings is the same as the business of the Fund, in that the Fund does not hold a material interest, whether directly or indirectly, in a business other than YPG Holdings and its subsidiaries, and the financial results of YPG Holdings and its subsidiaries are included in the consolidated financial statements of the Fund. As a result, information regarding the affairs and financial condition of the Fund is meaningful to holders of YPG Holdings' securities and it is appropriate that the Fund's Certification Filings be available to such security holders of YPG Holdings in lieu of the Certification Filings of YPG Holdings.

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

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

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

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

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

shall not apply to YPG Holdings for so long as:

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

(ii) the Fund files with the Decision Makers, in electronic format under YPG Holdings' SEDAR profile, the Fund's Annual Certificates and Interim Certificates at the same time as such documents are required under the Legislation to be filed by the Fund; and

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

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

September 10, 2004.

"John Hughes"

2.1.4 Legg Mason Canada Inc. - MRRS Decision

Headnote

Exemptions granted from the mutual fund conflict of interest investment restrictions and reporting requirements of the Securities Act (Ontario) to permit a fund of fund structure.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(2)(c), 111(3), 113, 117(1)(a), 117(1)(d), and 117(2).

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

AND

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

AND

IN THE MATTER OF
LEGG MASON CANADA INC.
(THE "MANAGER")
AND
LEGG MASON BALANCED ALPHA POOL
(THE "BALANCED POOL")

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia, New Brunswick and Newfoundland and Labrador, (the "Jurisdictions") has received an application from the Manager, as manager of the Balanced Pool for following decisions:

1. in Alberta and Ontario only, a decision pursuant to the securities legislation of Alberta and Ontario (the "Alberta and Ontario Legislation") that the following investment restriction (the "Investment Restriction") shall not apply to the Balanced Pool and other mutual funds managed by the Manager from time to time that are not reporting issuers (the "Top Funds"), in respect of each Top Fund's investment in securities of the Underlying Funds (as defined in Schedule "A"):

   (a) the restrictions contained in the Alberta and Ontario Legislation that prohibit a mutual fund from knowingly making or holding an investment, in any person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security

holder; or in an issuer in which, any officer or director of the mutual fund, its management company or distribution company or an associate of any of them, or any person or company who is a substantial security holder of the mutual fund, its management company or its distribution company, has a significant interest; and

2. a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following reporting requirement (the "Reporting Requirement") shall not apply to the Manager and the Top Funds, in respect of each Top Fund's investment in securities of the Underlying Funds:

   (a) the requirements contained in the Legislation that require a management company, or in British Columbia, a mutual fund manager, to file a report relating to a purchase and sale of securities between a mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, a mutual fund is a joint participant with one or more of its related persons or companies.

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

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

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

1. Legg Mason is a company incorporated under the laws of Canada.

2. Legg Mason is registered as an adviser in the categories of investment counsel and portfolio manager in British Columbia, Alberta, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick and Newfoundland, as a commodity futures manager under the *Commodity Futures Act (Ontario),* a limited market dealer in Newfoundland and as a dealer in the category of mutual fund dealer in Ontario, British Columbia and Manitoba, but is exempt from membership with the Mutual Fund Dealers Association of Canada.

3. Legg Mason is the trustee and manager of the Top Funds and the Underlying Funds.

4. The Top Funds and each Underlying Fund is or will be an open-end mutual fund trust established under the laws of Ontario by declaration of trust or trust agreement.

5. Units of the Top Funds will be distributed on a private placement basis only pursuant to available prospectus exemptions in each of the provinces of Canada.

6. Units of the Underlying Funds are or will be distributed on a private placement basis pursuant to available prospectus exemptions or be offered pursuant to a prospectus in each of the provinces of Canada.

7. It is anticipated that certain officers of Legg Mason will be the investors with significant interests in certain of the Underlying Funds.

8. Legg Mason intends to invest a certain portion of the assets of the Top Funds in the Underlying Funds. The percentages invested in each Underlying Fund may fluctuate on a daily basis based on the investment decisions made by Legg Mason in order to meet the investment objectives of each Top Fund.

9. The actual weightings of the investments by each Top Fund in the Underlying Funds will be reviewed on a regular basis and adjusted to ensure that the investment weightings continue to be appropriate for that Top Fund's investment objectives. Legg Mason will actively manage the investments made by each Top Funds in the Underlying Funds on a regular basis.

10. The annual financial statements of the Top Funds, which are provided to unitholders together with an auditors report will include summary disclosure of the securities held by the Underlying Funds. In addition the annual report will contain information about how to obtain a copy of the Legg Mason Canada Funds simplified prospectus, annual information form and annual and semi-annual financial statements, which will be sent to the requesting unitholder free of charge.

11. No charges will be payable in connection with the acquisition or disposition by the Top Funds of units of the Underlying Funds.

12. No management fee or incentive fees are payable by the Top Funds that, to a reasonable person, would duplicate a fee payable by the Underlying Fund for the same service.

13. Where a matter relating to an Underlying Fund requires a vote of securityholders of the Underlying Fund, Legg Mason will not cause the securities of the Underlying Fund held by a Top Fund to be voted at such meeting.

14. In the absence of the Decision, the Investment Restriction prohibits the Top Funds from

knowingly making or holding an investment in an Underlying Fund.

15. In the absence of the Decision, the Reporting Requirement requires the Applicant to file a report on every purchase or sale of securities of any Underlying Fund by a Top Fund, if the Underlying Fund is a reporting issuer.

16. The investments by the Top Funds in the securities of the Underlying Funds represent the business judgement of Responsible Persons uninfluenced by considerations other than the best interests of the funds.

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

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

THE DECISION of the Decision Makers in Alberta and Ontario pursuant to the Alberta and Ontario Legislation is that the Investment Restriction shall not apply to the Top Funds, in respect of each Top Fund's investment in securities of the Underlying Funds;

AND THE DECISION of the Decision Makers under the Legislation is that the Reporting Requirement shall not apply to the Manager, in respect of each Top Fund's investment in securities of the the Underlying Funds;

PROVIDED THAT, the following conditions are met:

(a) the annual report and annual financial statements for each of the Top Funds discloses:

  (i) the intent of the Top Fund to invest a portion of its assets in securities of the Underlying Funds;

  (ii) the manager of the Underlying Funds;

  (iii) the name of the Underlying Funds; and

  (iv) the investment objectives, investment strategies, risks and restrictions of the Underlying Funds;

(b) the arrangements between or in respect of a Top Fund and the Underlying Funds are such as to avoid the duplication of management and performance fees;

(c) the Manager does not vote the securities of the Underlying Funds held by a Top Fund at any meeting of holders of such securities; and

(d) in addition to receiving the annual and the interim financial statements of a Top Fund, unitholders of the Top Fund have received appropriate summary disclosure in respect of the Top Fund's holdings of securities of the Underlying Funds in the financial statements of the Top Fund.

September 3, 2004.

"Paul K. Bates" "Robert L. Shirriff"

SCHEDULE "A"

Underlying Funds

Legg Mason Canadian Equity Alpha Pool
Legg Mason Canadian Fixed Income Alpha Pool
Legg Mason Private Capital Management U.S. Equity Pool
Legg Mason U.S. Value Rp Pool
Legg Mason T-Plus Fund
Legg Mason Private Client Canadian Bond Portfolio
Legg Mason Canadian Index Plus Bond Fund
Legg Mason Canadian Active Bond Fund
Legg Mason Private Client Canadian Equity Portfolio
Legg Mason Canadian Core Equity Fund
Legg Mason Canadian Sector Equity Fund
Legg Mason North American Equity Fund
Legg Mason Canadian Growth Equity Fund
Legg Mason Brandywine Fundamental Value U.S. Equity Fund
Legg Mason Batterymarch U.S. Equity Fund
Legg Mason U.S. Value Fund
Legg Mason International Equity Fund
Legg Mason Canada Liquidity Plus Pool
Legg Mason Canada Treasury Plus Pool
Legg Mason Canada Income Plus Pool

and other mutual funds managed by the manager from time to time.

2.1.5 Morgan Stanley DW Inc. - ss. 6.1(1) of MI 31-102 and s. 6.1 of OSC Rule 13-502

Headnote

International dealer and adviser exempted from the electronic funds transfer requirement pursuant to subsection 6.1(1) of Multilateral Instrument 31-102 National Registration Database and the activity fee contemplated under section 4.1 of Ontario Securities Commission Rule 13-502 Fees is 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
MORGAN STANLEY DW INC.

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

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

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

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

1. The Applicant is incorporated under the laws of Delaware in the United States of America. The Applicant is not a reporting issuer. The Applicant intends to apply for registration under the Act as an international dealer and as an international adviser. The head office of the Applicant is located in New York, New York.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

September 13, 2004.

“David M. Gilkes”

2.1.6 Legg Mason Canada Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from the portfolio manager's requirement to obtain specific and informed written consent from its clients once in each twelve-month period with respect to the client's investment in certain funds that are related issuers of the portfolio manager – subject to conditions.

Applicable Ontario Legislation

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

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

AND

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

AND

IN THE MATTER OF
LEGG MASON CANADA INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of Alberta, Ontario, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application (the "Application") from Legg Mason Canada Inc. ("LMC") for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the restriction against an adviser exercising discretionary authority with respect to a client's account to purchase or sell the securities of a related issuer of the registrant without the specific and informed written consent of the client once in each twelve month period after the adviser has disclosed to the client all relevant facts and obtained the initial written consent of the client (the "Annual Consent Requirement") not apply to one or more pooled funds and mutual funds managed or to be managed by LMC (the "Funds") subject to certain conditions.

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

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

AND WHEREAS it has been represented by LMC to the Decision Makers that:

1. LMC is a corporation incorporated under the laws of Canada with its head office in Toronto, Ontario, is registered as an adviser in the categories of investment counsel and portfolio manager and is registered as a dealer in the category of mutual fund dealer in Ontario and has an equivalent adviser registration in each of the Jurisdictions. LMC is also registered as a limited market dealer in Newfoundland.

2. LMC is a wholly owned subsidiary of Legg Mason Canada Holdings Ltd. ("LM Holdings") which, in turn, is a subsidiary of Legg Mason, Inc. (" Legg Mason"). LM Holdings, Legg Mason and the Funds are the only related issuers or connected issuers of LMC.

3. LMC manages some of its client's assets on a discretionary basis with segregated, separate portfolios of securities for each client which includes of securities of one or more of the Funds. All discretionary clients of LMC enter in to an investment management agreement with LMC in which the client specifically consents to LMC exercising its discretion under the agreement to trade in the securities of one or more of the Funds.

4. The Funds are, or will be, open-end mutual fund trusts created under the laws of Ontario. Units of the Funds are offered on a continuous basis and are either reporting issuers in each of the Jurisdictions or distributed to residents of a Jurisdiction on a private placement basis.

5. Currently, other than in connection with the distribution of units of the Funds, LMC does not act as an adviser, dealer or underwriter in respect of securities of LMC, a related issuer of LMC, or in the course of a distribution, a connected issuer of LMC.

6. Other than investments in other Funds, none of the Funds invest in securities of LMC, issuers that are related issuers of LMC, or in the course of a distribution, issuers that are connected issuers of LMC.

7. All clients of LMC receive a Statement of Policies which lists the related issuers and connected issuers of LMC. In the event of a significant change in its Statement of Policies, LMC will provide to each of its clients a copy of the revised version of, or amendment to, the Statement of Policies.

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

THE DECISION of the Decision Makers pursuant to the Legislation is that LMC is exempt from the Annual

Consent Requirement under the Legislation in respect of the exercise of discretionary authority to invest in the securities of the Funds set out in LMC's Statement of Policies provided LMC has secured the specific and informed consent of the client in advance of the exercise of discretionary authority in respect of the Funds.

September 13, 2004.

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

2.1.7 Strata Income Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exchange-traded investment fund exempt from prospectus requirements in connection with the sale of units repurchased from existing unitholders pursuant to market purchase programs, call right or redemption – first trade in repurchased 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. 1(1), 53 and 74(1).

Rules Cited

Multilateral Instrument 45-102 Resale of Securities.

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

AND

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

AND

IN THE MATTER OF
STRATA INCOME FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "**Decision Maker**") in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador and Yukon (the "**Jurisdictions**") has received an application from STRATA *Income Fund* (the "**Trust**") for a decision, pursuant to the securities legislation of the Jurisdictions (the "**Legislation**"), that the requirement contained in the Legislation to file and obtain a receipt for a preliminary prospectus and a final prospectus (the "**Prospectus Requirements**") shall not apply to the distribution of units of the Trust (the "**Units**") and preferred securities (the "**Preferred Securities**") which have been repurchased by the Trust pursuant to the mandatory market purchase program, the discretionary market purchase program, the call right in respect of the Preferred Securities, or by way of redemption of Units and Preferred Securities at the request of holders thereof, nor to the first trade or resale of such repurchased Units and Preferred Securities (collectively, the "**Repurchased Securities**") which have been distributed by the Trust;

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

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

AND WHEREAS THE TRUST has represented to the Decision Makers that:

1. The Trust is an unincorporated closed-end investment trust established under the laws of the Province of Ontario by a declaration of trust dated as of January 29, 2004 (the "**Declaration of Trust**").

2. The Trust filed a final long form prospectus dated January 29, 2004 (the "**Prospectus**") with the securities regulatory authorities in each of the Jurisdictions and became a reporting issuer or the equivalent thereof in the Jurisdictions on January 30, 2004 upon obtaining a receipt for the Prospectus. As of the date hereof, the Trust is not in default of any requirements under the Legislation.

3. The Trust is not considered to be a "mutual fund" as defined in the Legislation because the holders of the Units ("**Unitholders**") and holders of Preferred Securities ("**Securityholders**") 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 the Trust as contemplated in the definition of "mutual fund" in the Legislation.

4. The Units and Preferred Securities are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the trading symbols "STW.UN" and "STW.PR.A" respectively. As at August 31, 2004, 8,250,800 Units and 8,539,300 Preferred Securities were issued and outstanding.

5. Each Unit represents an equal, undivided beneficial interest in the net assets of the Trust. Preferred Securities are debt instruments and Securityholders are entitled to receive fixed quarterly interest payments of $0.15 per Preferred Security or 6.0% per annum.

6. Middlefield STRATA Administration Limited (the "**Administrator**"), which was incorporated pursuant to the *Business Corporations Act* (Ontario), is the administrator and the trustee of the Trust.

7. In order to enhance liquidity and to provide market support for the Units, pursuant to the Declaration of Trust and the terms and conditions that attach to the Units, the Trust shall, subject to compliance with any applicable regulatory requirements, be obligated to purchase (the "**Mandatory Purchase Program**") any Units offered in the market on a business day at the then prevailing market price if, at any time after the closing of the Trust's initial public offering pursuant to the Prospectus, the price at which Units are then offered for sale is less than 95% of the net asset value per Unit of the Trust as at the close of business in Toronto, Ontario on the immediately preceding business day, provided that:

   (a) the maximum number of Units that the Trust shall purchase in any calendar quarter will be 1.25% of the number of Units outstanding at the beginning of each such calendar quarter; and

   (b) the Trust shall not be required to purchase Units pursuant to the Mandatory Purchase Program if:

      (i) the Administrator reasonably believes that the Trust would be required to make an additional distribution in respect of the year to Unitholders of record on December 31 of such year in order that the Trust will generally not be liable to pay income tax after the making of such purchase;

      (ii) in the opinion of the Administrator, the Trust lacks the cash, debt capacity or resources in general to make such purchases;

      (iii) in the opinion of the Administrator, the making of any such purchases by the Trust would adversely affect the ongoing activities of the Trust or the remaining Unitholders; or

      (iv) the Trust is unable to repurchase an equivalent number of Preferred Securities either in the market or pursuant to the Trust's call right described below (the "**Call Right**")

8. Pursuant to the Call Right, Preferred Securities may be called by the Trust prior to their maturity date, at a price which until December 31, 2004 is equal to $11.00 per Preferred Security and which declines by $0.20 at the beginning of each calendar year thereafter until it is equal to $10.00 on and after January 1, 2009, together with accrued and unpaid interest thereon, at any time the number of Preferred Securities outstanding exceeds the number of Units outstanding. The Call Right may be exercised only to the extent that

an equal number of Preferred Securities and Units will be outstanding following the exercise thereof.

9. In addition, the Declaration of Trust and the trust indenture governing the Preferred Securities (the "**Trust Indenture**") respectively provide that the Trust, subject to applicable regulatory requirements and limitations, shall have the right, but not the obligation, exercisable in its sole discretion, at any time, to purchase outstanding Units or Preferred Securities in the market at prevailing market prices (the "**Discretionary Purchase Program**"). Such discretionary purchases may be made through the facilities and under the rules of any exchange or market on which the Units or Preferred Securities are listed (including the TSX) or as otherwise permitted by applicable securities laws.

10. Pursuant to the Declaration of Trust and the Trust Indenture, and subject to the Trust's right to suspend redemptions, a Unit or a Unit together with a Preferred Security (a "**Combined Security**") may be surrendered for redemption (the "**Redemption Program**" and, together with the Mandatory Purchase Program, the Call Right and the Discretionary Purchase Program, the "**Repurchase Programs**") by a Unitholder in any month on any day that is at least 15 business days prior to the last day of each month but will be redeemed only on the last day of each month (the "**Redemption Valuation Date**"). A Unitholder who surrenders a Unit or Combined Security for redemption on the November Redemption Valuation Date of any year commencing in 2005 will receive an amount calculated with reference to the net asset value of the Trust. If the Unit or Combined Security is surrendered for redemption on any other Redemption Valuation Date, the Unitholder will receive an amount calculated with reference to the market price of the Unit or Combined Security (the amount to be received by a Unitholder on the November Redemption Valuation Date or any other Redemption Valuation Date, being referred to as the "**Redemption Price**"). Any such Units or Combined Securities so surrendered will, subject to an investment dealer finding purchasers for Units or Combined Securities properly surrendered for redemption be redeemed by the Trust pursuant to the Redemption Program for the applicable Redemption Price.

11. A Unitholder who has surrendered Units or Combined Securities for redemption will be paid the Redemption Price for such Units or Combined Securities by the fifteenth business day following the applicable Redemption Valuation Date (the "**Redemption Payment Date**").

12. Purchases of Units or Preferred Securities made by the Trust under the Repurchase Programs are exempt from the issuer bid requirements of the Legislation pursuant to exemptions contained therein.

13. The Trust disclosed in the Prospectus that, subject to receiving all necessary regulatory approvals, the Trust could arrange for one or more securities dealers to find purchasers for any Repurchased Securities.

14. It is the intention of the Trust to resell, in its sole discretion and at its option, any Repurchased Securities primarily through one or more securities dealers and through the facilities of the TSX (or such other exchange on which the Units and Preferred Securities are then listed).

15. All Repurchased Securities will be held by the Trust for a period of 4 months after the repurchase thereof by the Trust (the "**Holding Period**"), prior to the resale thereof.

16. Repurchased Securities that the Trust does not resell within 12 months after the Holding Period (or 16 months after the date of repurchase) will be cancelled by the Trust.

17. Prospective purchasers who subsequently acquire Repurchased Securities will have equal access to all of the continuous disclosure documents of the Trust, which will be filed on SEDAR, commencing with the Prospectus.

18. Legislation in some of the Jurisdictions provides that a trade by or on behalf of an issuer in previously issued securities of that issuer that have been purchased by that issuer is a distribution subject to the Prospectus Requirements.

19. Legislation in some of the Jurisdictions provides that the first trade or resale of Repurchased Securities acquired by a purchaser will be a distribution subject to the Prospectus Requirements unless such first trade is made in reliance on an exemption therefrom.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the trades of Repurchased Securities pursuant to the Repurchase Programs shall not be subject to the Prospectus Requirements of the Legislation provided that:

(a) the Repurchased Securities are sold by the Trust through the facilities of and in

accordance with the regulations and policies of the TSX or the market on which the Units and Preferred Securities are then listed;

(b) the Trust complies with the insider trading restrictions imposed by securities legislation with respect to the trades of Repurchased Securities;

(c) the Trust complies with the conditions of paragraphs 1 through 5 of subsection 2.8(2) of Multilateral Instrument 45-102 with respect to the sale of the Repurchased Securities; and

(d) the first trade or resale of Repurchased Securities acquired by a purchaser from the Trust in a Jurisdiction shall be deemed a distribution or primary distribution to the public under the Legislation unless the conditions of paragraphs 1 through 5 of subsection 2.6(3) of Multilateral Instrument 45-102 are satisfied.

September 13, 2004.

"Paul Moore" "Wendell S. Wigle"

2.1.8 Great Plains Exploration Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – securities exchange take-over bid circular requires prospectus level disclosure – relief requested from the requirement to provide three year audited statements of certain acquired assets that constitute a significant acquisition. The relief requested is consistent with the requirements CSA Staff Notice 42-303 Prospectus Requirements and National Instrument 51-102 Continuous Disclosure Obligations – exemption granted.

Rule/Instrument/Notice Cited

OSC Rule 41-501 General Prospectus Requirements.
National Instrument 51-102 Continuous Disclosure Obligations.
CSA Staff Notice 42-303 Prospectus Requirements.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA AND ONTARIO
(THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
GREAT PLAINS EXPLORATION INC. (THE FILER)

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer be exempt from certain financial disclosure obligations in connection with a take-over bid for all of the outstanding securities of Energy Explorer Inc. (EnEx).

2. Under the Mutual Reliance Review System for Exemptive Relief Applications (MRRS)

   2.1 the Alberta Securities Commission is the principal regulator for this application; and

   2.2 this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

3. Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are otherwise defined in this decision.

Representations

4. This Decision is based on the following facts represented by the Filer:

4.1 The Filer was incorporated under the *Canada Business Corporations Act* on March 4, 2004.

4.2 The head office of the Filer is located in Calgary, Alberta.

4.3 The authorized share capital of the Filer consists of an unlimited number of common shares of which 16,292,686 common shares (the Filer's Shares) are issued and outstanding as at the date hereof.

4.4 The Filer is a reporting issuer or the equivalent in each of the jurisdictions of Canada and is not in default of any requirements under the securities legislation of such jurisdictions.

4.5 The Filer's Shares are listed on the Toronto Stock Exchange under the trading symbol "GPX".

4.6 EnEx was incorporated under the *Business Corporations Act* (Alberta) on November 29, 2000.

4.7 The head office of EnEx is located in Calgary, Alberta.

4.8 The authorized share capital of EnEx consists of an unlimited number of common shares, of which 21,511,065 common shares (the EnEx Shares) are issued and outstanding as at the date hereof.

4.9 EnEx is a reporting issuer in Alberta and is not in default of any requirements under the securities legislation of Alberta.

4.10 The EnEx Shares are not listed or posted for trading on any marketplace or exchange.

4.11 The Filer and EnEx entered into a Pre-Acquisition Agreement dated as of July 7, 2004 (the Agreement). Pursuant to the Agreement, the Filer proposed to make an offer to purchase all of the EnEx Shares at a price per share of: (i) $0.67 cash; or (ii) 0.6155 of a Filer's Share; or (iii) a combination thereof (the Take-over Bid). The cash portion of the Take-over Bid is limited to a maximum amount of $4,850,000.

4.12 The Take-over Bid will be conducted as a formal take-over bid under the Legislation.

4.13 Effective June 11, 2004, the Filer completed the acquisition of certain, but not all, of the Canadian-based oil and gas assets (the Assets) of Eurogas Corporation (Eurogas) pursuant to a plan of arrangement (the Plan of Arrangement).

4.14 The acquisition of the Assets by the Filer constitutes a "significant acquisition" under the Legislation (the Significant Acquisition).

4.15 The Filer has prepared a take-over bid circular (the Circular) in connection with the Take-over Bid and as a result of the Significant Acquisition, the Legislation requires that the Filer include in the Circular audited financial statements for the Assets for the last three completed fiscal years (the Financial Statement Requirement), but the Filer is unable to comply with the Financial Statement Requirement.

4.16 Although there are audited financial statements for the year ended December 31, 2001 for all of the Canadian-based oil and gas assets owned by Eurogas (the Eurogas 2001 Statements), the Filer is unable to prepare and include audited financial statements solely for the Assets for the year ended December 31, 2001 based on the information in the Eurogas 2001 Statements (the 2001 Asset Statements) because

4.16.1 Eurogas changed its auditor from Deloitte & Touche LLP (Deloitte) to Ernst & Young LLP (E&Y) in 2002 and, as a result, Deloitte audited Eurogas' 2001 financial statements and E&Y audited Eurogas' 2002 and 2003 financial statements;

4.16.2 Eurogas no longer has accounting personnel familiar with, or who assisted in the preparation of Eurogas' 2001 financial statements; and

4.16.3 as a result of the Plan of Arrangement, the Filer has a newly formed management team with no history in respect of its 2001 financial information.

4.17 The inability of the Filer to prepare the 2001 Asset Statements is outside of its control.

4.18 In lieu of the financial statements for the Assets for the last three completed fiscal years, the Filer proposes to include in the Circular audited financial statements of the Great Plains Exploration Division, a segment of Eurogas, as at December 31, 2003 and 2002 and for the years then ended and selected financial information, including operating revenues, operating and royalty expenses for the Assets for the period 2003 to 2001 and information with respect to reserves estimates and estimates of future net revenues and production volumes for the Assets (the Alternative Disclosure).

Decision

5. 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.

6. The Decision of the Decision Makers under the Legislation is that Great Plains shall be exempt from the requirement under the Legislation to include in the Circular audited financial statements for the Assets for the last three completed fiscal years provided that the Circular includes the Alternative Disclosure.

August 30, 2004.

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

2.1.9 CI Mutual Funds Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief granted to permit mutual fund mergers from the prohibition that a mutual fund shall not knowingly entering into any contract or other arrangement that results in its being directly or indirectly liable or contingently liable in respect of any investment in a person or company in which it is prohibited from making an investment and from the prohibition on a purchase or sale of any securities in which an investment counsel or any partner, officer or associate of an investment counsel has a direct or indirect beneficial interest from or to any portfolio managed or supervised by the investment counsel.

Statutes Cited

Securities Act, R.S.O., c. S.5, as amended, ss. 112, 113, and 147.

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 115(6).

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

AND

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

AND

IN THE MATTER OF
CI MUTUAL FUNDS INC.
CI SECTOR FUND LIMITED
AND
SYNERGY GLOBAL FUND INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "**Decision Maker**") in each of British Columbia, Alberta, Saskatchewan, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador (the "Jurisdictions") has received an application (the "**Application**") from CI Mutual Funds Inc. ("**CI**") on its own behalf and on behalf of Synergy Global Momentum Class, Synergy Global Value Class, Synergy American Growth Class, Synergy Global Growth Class, Synergy European Momentum Class, Synergy Global Style Management Class and Synergy Global Short-Term Income Class (the "**Terminating Funds**") and Synergy Global Momentum Sector Fund, CI Global Value Sector Fund, CI Value Trust Sector Fund, CI Global Sector Fund, CI European Sector Fund, CI Global Bond Sector Fund and Synergy Global Style Management Sector Fund (the "**Continuing Funds**" and, together with the Terminating Funds, the "**Funds**") for a decision (the "**Decision**") under the securities legislation of the Jurisdictions (the "**Legislation**") that the following provisions of the Legislation (the "**Applicable Requirements**") shall not apply to the steps relating to an amalgamation of Synergy Global Fund Inc. ("**Synergy Global**" and a wholly-owned subsidiary ("**Newco**") of CI Sector Fund Limited ("**CI Sector**"):

(a) restrictions contained in the Legislation prohibiting a mutual fund from knowingly entering into any contract or other arrangement that results in its being directly or indirectly liable or contingently liable in respect of any investment in a person or company in which it is prohibited from making an investment; and

(b) restriction contained in the Legislation, as applicable, prohibiting a purchase or sale of any securities in which an investment counsel or any partner, officer or associate of an investment counsel has a direct or indirect beneficial interest from or to any portfolio managed or supervised by the investment counsel,

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

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

AND WHEREAS it has been represented by CI to the Decision Makers that:

1. CI intends to merge each Terminating Fund into the Continuing Fund identified opposite its name below:

Terminating Fund	Continuing Fund
Synergy Global Momentum Class	Synergy Global Momentum Sector Fund
Synergy Global Value Class	CI Global Value Sector Fund
Synergy American Growth Class	CI Value Trust Sector Fund
Synergy Global Growth Class	CI Global Value Sector Fund
Synergy European Momentum Class	CI European Sector Fund
Synergy Global Short-Term Income Class	CI Global Bond Sector Fund
Synergy Global Style Management Class	Synergy Global Style Management Sector Fund

(individually a "**Merger**" and, collectively, the "**Mergers**").

2. Each Fund is a reporting issuer as defined in the Legislation.

3. Each Terminating Fund is a class of shares of Synergy Global. Synergy Global is a mutual fund corporation subsisting under the laws of the Province of Ontario which currently offers multiple mutual funds to the public using a multiple class structure.

4. Each Continuing Fund is one or more classes of shares of CI Sector referable to the same portfolio of securities. Similar to Synergy Global, CI Sector is a mutual fund corporation subsisting under the laws of the Province of Ontario which offers multiple mutual funds to the public using a multiple class structure.

5. The common shares of CI Sector and Synergy Global have voting rights attached to them. All other shares issued by CI Sector and Synergy Global are non-voting shares. All of the voting shares of CI Sector and Synergy Global are owned, directly or indirectly, by CI.

6. As a result of the Mergers, investors in the Terminating Funds will be provided with a broader choice of mutual funds into which they may switch their assets on a tax-deferred basis.

7. The Merger of each Terminating Fund into its Continuing Fund will be effected by amalgamating (the "**Amalgamation**") Synergy Global with Newco. Pursuant to the Amalgamation, investors in each series of shares of a Terminating Fund will receive equivalent shares of its Continuing Fund on a dollar-for-dollar basis. Shareholders of Synergy Global will be asked to approve the Amalgamation at a special meeting of shareholders to be held on or about September 2, 2004.

8. The Mergers will be effected by implementing the following steps of the Amalgamation:

   Step 1: Pre-Amalgamation Reorganization: CI will incorporate Newco. The directors and officers of Newco will be comprised of persons who also are directors and/or officers of CI. The capital structure of Newco will include a class or series of shares (the "**Look-Through Shares**") that corresponds with every class of shares that will be issued by the Continuing Funds as part of the Mergers.

   Step 2: Amalgamation: Synergy Global, Newco and CI Sector will enter into an amalgamation agreement (the "**Amalgamation Agreement**") pursuant to which the parties will agree to file articles of amalgamation and implement the steps described below. Upon the filing of articles of amalgamation, Synergy Global and Newco will amalgamate and continue as a new Ontario corporation ("**Amalco**"). The assets of Amalco will consist of the investment portfolios of the Terminating Funds (collectively, the "**Synergy Portfolios**") and a nominal amount of cash ($100) received by Newco when it issued common shares to CI Sector. Like Synergy Global, the articles of Amalco will provide that the Synergy Portfolio of each Terminating Fund will be allocated to its corresponding class of Look-Through Shares. Pursuant to the Amalgamation Agreement, CI Sector will issue shares of each Continuing Fund to the former shareholders of its corresponding Terminating Fund on a dollar-for-dollar basis. In consideration for issuing the shares of each Continuing Fund, CI Sector will receive one or more shares of each class or series of Look-Through Shares, which Look-Through Shares will be allocated to the appropriate investment portfolios of the Continuing Funds (collectively, the "**CI Portfolios**").

Step 3: Winding-Up and Dissolution: Immediately following the completion of Step 2 above, Amalco will wind-up for tax purposes and commence proceedings to voluntarily dissolve for corporate law purposes. These proceedings involve the immediate transfer and assignment of all the assets and liabilities of Amalco to its shareholders.

Step 4: Completion of Dissolution: Following the completion of Step 3 above, Amalco will continue to proceed expeditiously with voluntarily dissolving for corporate law purposes.

9. Each Merger satisfies all of the criteria for pre-approved reorganizations and transfers set forth in section 5.6 of National Instrument 81-102.

10. Though described as separate steps, Step 3 of the Amalgamation will be effected immediately following the completion of Step 2 of the Amalgamation so that this Decision is required only for a moment in time on the date that the Mergers are implemented.

11. During each moment of the Mergers for which this Decision is sought, the full value of each Synergy Portfolio will be reflected in the net asset value of its Continuing Fund through the use of the Look-Through Shares.

12. In the absence of this Decision, pursuant to the Legislation, CI and the Funds are prohibiting from effecting the steps associated with implementing the Amalgamation.

AND WHEREAS under the System, this MRRS Decision Document evidences the Decision of each Decision Maker;

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 under the Legislation is that the Applicable Requirements shall not apply to the steps associated with implementing the Amalgamation.

September 3, 2004.

“Paul K. Bates” “Robert L. Shiriff”

2.2 Orders

2.2.1 Miller Tabak + Co., LLC - s. 211 of Reg. 1015

Headnote

Application in connection with application for registration as an international dealer, for an order pursuant to section 211 of the Regulation exempting the applicant from the requirement in subsection 208(2) of the Regulation that it carry on the business of an underwriter in a country other than Canada to be able to register in Ontario as an international dealer.

Statutes Cited

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

Regulations Cited

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

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

AND

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

AND

IN THE MATTER OF
MILLER TABAK + CO., LLC

ORDER
(Section 211 of the Regulation)

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

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant has filed an application for registration as a dealer under the Act in the category of "international dealer" in accordance with section 208 of the Regulation. The Applicant is not presently registered in any capacity under the Act.

2. The Applicant is a limited liability corporation formed under the laws of the State of New York in the United States of America (USA), and having its principal place of business at 331 Madison Avenue, New York, New York 10017, USA.

3. The Applicant is registered as a broker-dealer with the United States Securities and Exchange Commission and with the appropriate state securities authorities in 42 U.S. states and the District of Columbia. The Applicant is also a member of the National Association of Securities Dealers, the Chicago Board Options Exchange, the International Securities Exchange, the New York Stock Exchange, the Pacific Stock Exchange and the Philadelphia Stock Exchange.

4. The Applicant carries on the business of a full service institutional broker-dealer, specializing in stock purchases and sales, portfolio rebalancings and listed options.

5. The Applicant does not currently act as an "underwriter" (as defined in subsection 1(1) of the Act) in the USA. The Applicant does not currently act as an underwriter in any jurisdiction outside of the USA.

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

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

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

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

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

(b) notwithstanding subsection 100(3) of the Regulation, the Applicant shall not act as an underwriter in Ontario.

August 10, 2004.

"Susan Wolburgh Jenah" "Harold P. Hands"

2.2.2. Mackenzie Financial Corporation - s. 147 and ss. 80(b)(iii)

Headnote

Item E(1) of Appendix C of OSC Rule 13-502 Fees – exemption for pooled funds from paying an activity fee of $5,500 in connection with an application brought under subsection 147 of the Act, provided an activity fee be paid on the basis that the application be treated as an application for other regulatory relief under item E(3) of Appendix C of the Rule.

Rules Cited

Ontario Securities Commission Rule 13-502, Fees, (2003) 26 OSCB 891.
Securities Act, R.S.O. 1990, c. S.5, as am., ss. 77(2) and ss. 78(1).
National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR), s. 2.1(1)1.

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

AND

IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION
AND
MACKENZIE ALTERNATIVE STRATEGIES FUND
(The "Existing Pooled Fund")

ORDER
(Section 147 and subsection 80(b)(iii) of the Act)

UPON the application (the "Application") of Mackenzie Financial Corporation ("Mackenzie"), the manager and trustee of the Existing Pooled Fund and any other pooled fund managed by Mackenzie from time to time (collectively the "Pooled Funds"), to the Ontario Securities Commission (the "Commission") for the following:

(i) an order pursuant to Section 147 of the Act exempting Mackenzie and the Pooled Funds from: (i) the requirement to deliver comparative annual financial statements and interim financial statements (collectively, "Financial Statements") of the Pooled Funds to registered and beneficial owners who hold securities of the Pooled Funds ("Securityholders") as prescribed by Subsection 79(1) of the Act unless they have requested to receive them; and

(ii) an order pursuant to subsection 80(b)(iii) exempting Mackenzie from the requirement to file with the Commission the Financial Statements as prescribed by Subsections 77(2) and 78(1), respectively, of the Act.

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

AND UPON Mackenzie having represented to the Commission as follows:

1. Mackenzie is a corporation existing under the laws of Ontario with its registered office in Toronto, Ontario. Mackenzie is, or will be, the manager and/or the manager and trustee of the Pooled Funds. Mackenzie is registered with the Commission under the Act as an advisor under the categories of Investment Counsel & Portfolio Manager and as a dealer under the category of Limited Market Dealer, as well as registered under the *Commodity Futures Act* (Ontario) in the categories of Commodity Trading Counsel & Commodity Trading Manager.

2. The Pooled Funds are, or will be, open-end mutual fund trusts or mutual fund corporations established under the laws of the Province of Ontario. The Pooled Funds will not be reporting issuers in any province or territory of Canada. Securities of the Pooled Funds are, or will be, distributed in each of the provinces and territories of Canada without a prospectus pursuant to exemptions from the registration and prospectus delivery requirements of applicable securities legislation.

3. All Securityholders are "accredited investors" as that term is defined in Ontario Securities Commission Rule 45-501, or its equivalent in other legislation in other provinces, or have invested the minimum amount pursuant to private placement exemption provisions.

The Requirement to Deliver Financial Statements

4. The Pooled Funds fit within the definition of "mutual fund in Ontario" in Section 1(1) of the Act and are thus required to required to deliver annually to each Securityholder, comparative financial statements within 140 days of its financial year-end, and interim financial statements within 60 days of the date to which they are made up, pursuant to Subsection 79(1) of the Act.

5. If the requested Order is granted, Mackenzie would send to Securityholders, a notice advising them that they will not receive the annual financial statements of the Pooled Funds or interim financial statements unless they request same, and providing them with a request form to send back, by fax or prepaid mail, if they wish to receive the annual financial statements or interim financial statements. The notice will advise the Securityholders how Financial Statements can be obtained (including through the Mackenzie website or by calling a toll-free number). Mackenzie would send the Financial Statements to any Securityholder who requests them in response to such notice or who subsequently requests them.

6. Securityholders will also be able to access Financial Statements of the Pooled Funds on the Mackenzie website at www.mackenziefinancial.com and through other easily accessible means, including by requesting a copy by calling Mackenzie toll-free in either English or French.

7. There would be substantial cost savings if the Pooled Funds are not required to print and mail Financial Statements to those Securityholders who do not want them.

8. The Canadian Securities Administrators have published for comment proposed National Instrument 81-106 ("NI 81-106"), which, among other things, in Section 2.11 would permit the Pooled Funds not to deliver Financial Statements to those of its Securityholders who do not request them, if the Pooled Funds initially provide each Unitholder with a request form under which the Unitholder may request, at no cost to the Unitholder, to receive the Pooled Fund's Financial Statements for the relevant periods.

9. Securityholders (and potential investors) in the Pooled Funds will be able to access the Financial Statements of the Pooled Funds on the Mackenzie website and through other easily accessible means, including calling the Mackenzie toll-free numbers in English or French. The Pooled Funds will send a copy of the annual financial statements and/or interim financial statements to any Unitholder who requests one whether in response to the request form or subsequently, regardless of their response to the request form.

The Requirement to File Financial Statements

10. As the Pooled Funds fit within the definition of "mutual fund in Ontario" in Section 1(1) of the Act, they are also subject to the requirement to file with the Commission interim financial statements under Subsection 77(2) of the Act and comparative financial statements under Subsection 78(1) of the Act.

11. Sections 89 and 92 of the *General Regulation,* R.R.O.1990. Reg.1015, as amended (the "Regulation"), require that the Financial Statements filed pursuant to Subsections 77(2) and 78(1) of the Act include a statement of portfolio transactions. Pursuant to Subsection 94(1) of the Regulation, a mutual fund may omit the statement of portfolio transactions required by sections 89 and 92 of the Regulation from its Financial Statements, if, among other conditions, the statement of portfolio transactions is filed with the Commission prior to or concurrently with the

filing of the Financial Statements. Mackenzie and the Pooled Funds will continue to rely on Subsection 94(1) of the Regulation and will omit the statement of portfolio transactions from the Financial Statements.

12. Section 2.1(1) of National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR) ("NI 13-101"), requires that every issuer required to file Financial Statements with the Commission must make its filing through SEDAR. The Financial Statements and the statement of portfolio transactions filed with the Commission thus become available to the general public through the SEDAR website.

13. As such, the statement of portfolio transactions will necessarily reveal key proprietary information regarding the specific strategies and positions developed by the portfolio managers of the Pooled Funds, which may detrimentally impact the Pooled Funds and their Securityholders.

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

AND UPON the Commission being satisfied that to do so will not adversely affect the rule-making process with respect to proposed National Instrument 81-106;

IT IS ORDERED by the Commission pursuant to Section 147 of the Act that the Pooled Funds be exempted from the requirements in Subsection 79(1) of the Act to deliver the Financial Statements to Securityholders other than to those Securityholders that have requested to receive them, and pursuant to subsection 80(b)(iii) that Mackenzie and the Pooled Funds be exempted from the requirements in Subsections 77(2) and 78(1) of the Act to file the Financial Statements with the Commission, provided that:

(a) Mackenzie shall file on SEDAR, under the relevant financial statements category, confirmation of mailing of the request forms that have been sent to the Securityholders as described in clause (5) of the representations within 90 days of mailing the request forms;

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

(c) Mackenzie shall record the number and summary of complaints received from Securityholders about not receiving the Financial Statements and shall file on SEDAR, under the relevant financial statements category, this information within 30 days after the end of each quarterly period beginning from the date of mailing the request forms and ending 12 months from the date of mailing;

(d) Mackenzie shall, if possible, measure the number of "hits" on the annual financial statements or interim financial statements, as the case may be, of the Pooled Funds on Mackenzie's website and shall file on SEDAR, under the relevant financial statements category, this information within 30 days after the end of each quarterly period beginning from the date of mailing the request forms and ending 12 months from the date of mailing;

(e) Mackenzie shall file on SEDAR, under the relevant financial statements category, estimates of the cost savings resulting from the granting of this Order within 90 days of mailing the request forms;

(f) This decision, as it relates to the delivery of Financial Statements, would be limited to the Pooled Funds' Financial Statements for financial years until such time as proposed NI 81-106 comes into force;

(g) Mackenzie will retain the Financial Statements indefinitely;

(h) Mackenzie will provide the Financial Statements to the Commission or any member, employee or agent of the Commission immediately upon request of the Commission or any member, employee or agent of the Commission;

(i) Mackenzie will provide a list of the Pooled Funds relying on this Order to the Investment Funds Branch of the Commission on an annual basis;

(j) Securityholders will be notified that the Pooled Funds are exempted from the requirements in Subsections 77(2) and 78(1) of the Act to file the Financial Statements with the Commission;

(k) In all other aspects, the Pooled Funds will comply with the requirements of Ontario securities law for Financial Statements; and

(l) This decision, as it relates to the filing of Financial Statements with the Commission, will terminate after the coming into force of any legislation or rule of the Commission dealing the matters regulated by Subsections 77(2) and 78(1) of the Act.

September 3, 2004.

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

2.2.3 Hedman Resources Limited - s. 144

Headnote

Cease-trade order revoked where the issuer has remedied its default in respect of disclosure requirements under the Act.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1)2, 127(5), 127(8), 144.

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

AND

**IN THE MATTER OF
HEDMAN RESOURCES LIMITED**

**ORDER
(Section 144)**

WHEREAS the securities of Hedman Resources Limited (the **"Corporation**") currently are subject to a Temporary Order made by the Director on behalf of the Ontario Securities Commission (the "**Commission**") dated May 25, 2004 pursuant to paragraph 2 of subsections 127(1) and 127(5) of the Act and extended by a further Order of the Director dated June 4, 2004 made under subsection 127(8) of the Act (collectively, the "**Cease Trade Order**") directing that trading in the securities of the Corporation cease until the Cease Trade Order is revoked by a further order of revocation;

AND WHEREAS the Cease Trade Order was made by reason of the Corporation's failure to file with the Commission its audited annual statements for the year ended December 31, 2003 (the "**Annual Financial Statements**");

AND WHEREAS the Corporation has made an application to the Director pursuant to section 144 of the Act for a revocation of the Cease Trade Order;

AND WHEREAS the Corporation has represented to the Director that:

1. The Corporation was incorporated under the Business Corporations Act (Ontario) on August 10, 1956 and is a reporting issuer in the Provinces of Ontario, British Columbia, and Alberta.

2. The Cease Trade Order was issued by reason of the failure of the Corporation to file with the Commission its Annual Financial Statements, as required by the Act.

3. The common shares of the Corporation were halted from trading on the TSX Venture exchange

on January 29, 2004 at the request of the Corporation.

4. On August 26, 2004, the Corporation filed the Annual Financial Statements and its interim financial statements for the period ended March 31, 2004 (the "**Interim Financial Statements**") with the Commission through SEDAR. The Corporation has also filed certificates from the CFO and CEO with respect to the Interim Financial Statements in Form 52-109FT2. The Corporation has now brought its continuous disclosure filings up-to-date.

5. The Corporation was subject to a cease trade order issued by the British Columbia Securities Commission on June 2, 2004, and such order is to be revoked automatically upon the documents listed in paragraph 4 above being filed on SEDAR.

6. The Corporation is subject to a cease trade order issued by the Alberta Securities Commission on June 30, 2004 and application has been made to have that order revoked.

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

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

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order is revoked.

September 13, 2004.

"John Hughes"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decision

3.1.1 Leslie Brown and Douglas Brown

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

AND

IN THE MATTER OF
BRIAN ANDERSON, LESLIE BROWN, DOUGLAS BROWN,
DAVID SLOAN AND FLAT ELECTRONIC DATA INTERCHANGE
(a.k.a. F.E.D.I.)

Hearing: April 26, 2004

Panel:	H. Lorne Morphy, Q.C.	-	Commissioner (Chair of the Panel)
	Robert L. Shirriff, Q.C.	-	Commissioner
Counsel:	Kathryn Daniels		For the Staff of the Ontario Securities Commission
	Douglas Brown	-	Unrepresented and Present only to observe
	Leslie Brown	-	Unrepresented and not present
	Daniel Bernstein	-	For David Sloan
	Derek J. Ferris	-	For Brian Anderson

DECISION AND REASONS
REGARDING THE RESPONDENTS,
LESLIE BROWN AND DOUGLAS BROWN

A. Background

1. In June 2003, a meeting was held in a hotel in Etobicoke at which about 17 persons attended.

2. At the outset of the meeting, the Respondent, Brian Anderson introduced himself as leading the meeting and then referred to certain other people, including the Browns, as being those who were part of the organization of the seminar.

3. Two of those present at the meeting were Brian Clarkin and another member of the Staff of the Commission. Clarkin, at the time of the hearing, was assistant manager, Investigations and in June 2003, at the time that he attended the seminar, he was a senior forensic accountant within the Investigations unit. They attended the meeting using assumed names as a result of a call from the RCMP advising that a seminar was going to take place at the hotel at which securities were to be offered for sale to the public.

4. Following the introduction, Anderson offered to those present an investment opportunity in what he described as "a new exchange" which was called "the Flat Electronic Data Interchange or F.E.D.I. for short". One could invest in F.E.D.I. by acquiring "desks" or "seats" which were available at a price of U.S. $125,000 per desk. Anderson indicated that there were only 20 desks of an original 300 available for sale as the others had already been sold. Anderson also indicated that if an investor did not have or want to invest a full U.S. $125,000, he could pool the funds with other investors to purchase a single desk.

5. Anderson further advised those at the seminar that F.E.D.I. was a scriptural-based public trust which was being funded by contributions made by major Arab families. There were three elements of the business that F.E.D.I. was involved in. One was sales from Arab-initiated purchases of goods and services, the second was sales being generated from web cafes and electronic debit cards and the third element had to do with project financing that was going to be made available to third world countries to create labour within those countries.

6. The attendees were told that if they chose to invest, it had to be done by June 7, 2003 – within 3 days after the meeting.

7. The Respondent, Sloan, also participated in the meeting by explaining some of the documents relating to the mechanism for investing.

8. At one point in the meeting, Leslie Brown also spoke to the group. Clarkin testified "she stressed to the attendees the unique nature of the investment that was being offered to them and stressed again the fact that there was a need for immediate action if, in fact, anyone was going to invest."

9. When asked whether Mr. Brown participated in any way, Clarkin responded by stating "other than leading us or directing us to the appropriate room and being in the room and providing what would appear to be some administrative support, no, he did not have further involvement".

10. Sloan first met Anderson in the fall of 2000 at a seminar in the Bahamas. The following spring, Anderson told Sloan about F.E.D.I. and he invested in it.

11. In March 2003, Sloan who knew the Browns, introduced them to the concept of F.E.D.I. as an investment opportunity. This led to a meeting between the Browns and Anderson in the United States in April 2003 to discuss the F.E.D.I. investment opportunity. Following that meeting, Anderson sent to Sloan an e-mail thanking him for arranging the meeting with the Browns.

12. Sloan gave evidence that the meeting of June 4, 2003 came about as a result of the Browns inviting friends and colleagues to the meeting and asking Sloan if he could contact Anderson to "see if he would be able to come and conduct the meeting".

13. Sloan stated that the Browns were responsible for "constructing the invite list" and sending out the invitations.

14. When asked as to the involvement of the Browns at the June 4 meeting, Sloan confirmed the accuracy of Clarkin's testimony in that regard.

B. The Hearing

15. Leslie Brown, who is the wife of Douglas Brown, did not attend at the hearing nor was she represented.

16. Douglas Brown, while present at the hearing, advised that he was there only to observe and did not wish to testify or take any part in the hearing. He also was not represented.

17. Douglas Brown did admit that he and his wife had received notice of the hearing.

18. The only two witnesses called by Staff were Brian Clarkin and the Respondent, Sloan.

19. Staff counsel filed certificates pursuant to section 139 of the Act that the records of the Ontario Securities Commission disclosed that the Respondents, Leslie and Douglas Brown have not been registered under the *Securities Act*. Also, that Flat Electronic Data Interchange, also known as F.E.D.I. has never filed any documents with the Ontario Securities Commission that are required to be filed including never filing a prospectus or preliminary prospectus.

C. Statement of Allegations

20. In the Statement of Allegations, it is alleged that the Browns, together with the other Respondents, acted contrary to sections 25 and 53 of the *Securities Act* R.S.O. 1990, c.S.5 (the "Act").

21. In the Statement of Allegations:

    (a) paragraph 5 states "on the evening of June 4, 2003, the individual Respondents conducted a presentation (the "Presentation") in respect of the Flat Electronic Data Interchange ("F.E.D.I.") at the Wyndham Bristol Place Hotel, Etobicoke;

    (b) paragraph 6 lists the documents that were made available to persons attending the seminar; and

    (c) paragraph 7 outlines what those attending the seminar were told concerning F.E.D.I. and investing in it.

    No other conduct is alleged concerning the Browns or any of the other Respondents.

D. Submissions of Staff

22. Staff submitted that it was required to demonstrate that:

    (a) the F.E.D.I. "desks" are securities under the Act;

    (b) Leslie and Douglas Brown traded or committed acts in furtherance of a trade in respect of the F.E.D.I. desks;

    (c) Leslie Brown and Douglas Brown were not registered under the *Securities Act* at the time they committed the trades or acts in furtherance of the trade;

    (d) F.E.D.I. did not qualify for desks for sale in Ontario by obtaining a receipt for a prospectus.

23. Staff further submitted the following as constituting acts by the Browns in furtherance of trade:

    (a) the Browns invited the attendees to the June 4, 2003 F.E.D.I. presentation;

    (b) both Browns were part of the organizing group;

    (c) Leslie Brown spoke at the meeting and urged attendees to note the unique opportunities afforded by the program.

E. Analysis

24. It should be noted, but for possibly the submission that the Browns were part of the organizing group, that none of the acts of the Browns which are submitted by Staff in its submissions as constituting acts in furtherance of trade are set out in the Statement of Allegations. This is troubling

in that it means we are being asked to find that the Browns acted contrary to the Act on three acts in furtherance of trade – two of which are not set out in the Statement of Allegations.

25. It is now well established that the rules of natural justice and procedural fairness necessitate that a respondent be given notice of the conduct that has been called into question and will be the subject matter of the hearing. To give such notice is a function of the Statement of Allegations.

26. But for our disposition of this matter, we would have required further submissions from Staff concerning the effect of this lack of notice in the Statement of Allegations of the specific acts, relied on by Staff in its submissions, as acts by the Browns in furtherance of a trade.

27. This is an unusual proceeding in that it was the Respondent Anderson, not the Browns, who was endeavouring to sell the desks of F.E.D.I. It is Staff's position that the acts of the Browns were acts in furtherance of the trade by Anderson of the F.E.D.I. desks.

28. In support of that position, Staff submits the words "any act in furtherance" as found in the definition of trade in the Act can be given a broad interpretation. See Securities Law and Practice (3rd), Borden Ladner Gervais, LLP, Carswell, 2004, definition of "Trade" at page 4.

29. Staff further refers to the Commission decision in *Re: Luccis & Company* – Broker Dealer, June, 1969 OSCB1 cited in support of the above commentary. That case involved a suspension of the broker-dealer registration of *Luccis & Company* for activities contrary to the securities laws. As part of its activities the respondent used a list of names supplied to it by a "local promoter". The report gives few details and does not indicate whether or not the promoter received consideration for supplying the list to the broker or whether there was any other arrangement between them with respect to the activities in question. The Commission stated:

> "The person supplying the list of names is guilty of illegal trading, in view of the broad statutory definition of trading which includes, under section 1(u)(v) 'any act, advertisement, conduct in negotiation directly or indirectly in furtherance of any of the foregoing'. In other words, any act in furtherance of trading as the term is commonly understood, constitutes trading within the meaning of the *Securities Act*."

As the promoter was not a respondent in this hearing, the above statement is obiter.

30. Staff maintains arranging for the people to attend the meeting, as the Browns did, is equal to or greater as an act in furtherance of trade than the provision of a list of names to a broker as in *Re Luccis.*

31. There is, however, a significant distinction. In *Re Luccis,* the local promoter supplied the list of names to the *Luccis & Company* for the purpose of furthering its improper trading activities. The Commission in its reasons, stated that it was common knowledge that similar lists were being sold to local promotional houses by persons in the United States to further or promote illegal trading in that country.

32. In this case, the Browns initiated the meeting and invited people to attend, not at the request of Anderson, but for what would appear to be in order that their friends could hear about F.E.D.I. as an investment opportunity. It was the Browns who initiated the idea of having a meeting for their friends and it was the Browns who asked Sloan to attempt to get Anderson to speak to them at that meeting.

33. In so doing, the Browns were not acting on behalf of or in furtherance of Anderson's trading activities. Consistent with this, Leslie Brown, when speaking at the meeting was not necessarily advocating to those present to buy the "desks" but rather stressed the "unique nature of the investment that was being offered to them" and "the fact that there was a need for immediate action if, in fact, anyone was going to invest".

34. For a person to act in furtherance of a sale or disposition of a security that is in fact being sold or disposed of by someone else, there must be at a minimum something done by that person for the purpose of furthering or promoting the sale or disposition of the security by the one engaged in that activity, in this case Anderson. The receipt of consideration or some other direct or indirect benefit, although not a necessary component, could be a strong indication of such a purpose. There is no evidence here to show that in arranging for the meeting and inviting their friends to attend, the Browns were doing so for such a purpose. Rather, it would appear the meeting was convened by the Browns simply in order for their friends to have an opportunity to become acquainted with F.E.D.I.

35. Accordingly, we find the Browns did not act contrary to sections 25 and 53 of the Act.

36. Having regard to this determination, it is not necessary for us to decide if the "desks" F.E.D.I. being offered for sale are securities as defined in the Act.

July 7, 2004.

"H. Lorne Morphy" "Robert L. Shirriff"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Revoke
Canada's Pizza Delivery Corp.	03 Sep 04	15 Sep 04		
Guest-Tek Interactive Entertainment Ltd.	02 Sep 04	14 Sep 04		
Mississauga Teachers Retirement Village Limited Partnership	02 Sep 04	14 Sep 04	14 Sep 04	
Valucap Investments Inc.	03 Sep 04	15 Sep 04	15 Sep 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		
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		
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		

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Chapter 6

Request for Comments

6.1.1 Request for Comment on Proposed OSC Rule 14-502 Designation of Additional Commodities

REQUEST FOR COMMENT ON
PROPOSED OSC RULE 14-502
DESIGNATION OF ADDITIONAL COMMODITIES

I. Introduction

The Commission is publishing for comment proposed OSC Rule 14-502 *Designation of Additional Commodities* and Companion Policy 14-502CP (together, Proposed Rule). The Commission is also proposing to revoke section 2 of the Regulation (Regulation) made under the *Commodity Futures Act* (Ontario) (CFA).

The CFA applies to exchange-traded futures and options on futures contracts. For a contract to be either a commodity futures contract or a commodity futures option as defined under the CFA, the underlying interest of the contract must fit within CFA's the definition of "commodity" and the contract must be traded on a commodity futures exchange, among other things. Section 2 of the Regulation designates certain goods, articles, services, rights and interests as commodities. The Proposed Rule will clarify and update this section, thereby bringing the list of underlying assets that are considered to be commodities up to date.

II. Substance and Purpose

(a) Evolution of the Commodity Futures Market

Commodity-based exchange traded derivatives products have evolved in a number of ways.

- The underlying products upon which exchange traded derivatives contracts are based are no longer limited to agricultural and basic financial products. Derivatives based on a number of new underlying assets have emerged in recent years. This has led to commodity futures exchanges offering commodity futures contracts and commodity futures options (together, contracts) based on commodities that are currently not listed under the CFA. For example, many exchanges offer single-stock futures or electricity-based contracts.[1]

- Contracts that were once bilateral are now fungible, standardized and traded on commodity futures exchanges both in Canada and around the world. These products are becoming more popular and more easily accessible.

- When the CFA was introduced, most contracts were physically settled. However, many contracts that are now traded are cash settled in lieu of physical delivery.

The Commission believes that generally, for the purposes of ensuring market integrity and investor protection, similar products should be regulated similarly, and that all contracts traded on a commodity futures exchange should be regulated in a consistent manner, regardless of the underlying interest. The Proposed Rule designates as commodities underlying interests that form the basis of contracts now, or are anticipated to do so in the future. The Proposed Rule updates the list of underlying assets that are considered to be commodities under the CFA and the Regulation in order to bring the list up-to-date with market evolution.

In addition, the Proposed Rule aims to clarify the Commission's view that commodities include an underlying interest that is a physical commodity as well as an interest that is valued with reference to any commodity, good, article, service, right or interest, or the relationship between, or any combination, thereof.

(b) Regulation in Other Jurisdictions

By including these additional commodities, the Commission is using an approach that is consistent with most other jurisdictions that regulate such products.

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[1] In other jurisdictions, such as the USA and UK, electricity-based futures products are regulated in a similar way to other agricultural and financial futures products.

In the United States, the definition of "commodity" is included in the Commodity Exchange Act. Although the definition lists specific agricultural products, it is broader than the definition in the CFA and includes:

> "…all other goods and articles...and all services, rights, and interests in which contracts for future delivery are presently or in the future dealt in."

This flexible definition ensures that the regulatory model in the United States can adapt to innovation and new products.

The *Securities Act* (Alberta) also provides for a similarly broad interpretation of what a commodity is, as does the *Commodity Futures Act* (Manitoba) which, in its drafting, acknowledges the concept that commodity futures trading has evolved from its traditionally agricultural based roots.

III. Summary of the Proposed Rule

The Proposed Rule clarifies the current list of commodities included in section 2 of the Regulation and designates some new commodities.

(a) Energy and fuel, including gas, oil, electricity and energy-related products whether in their original or processed state, and any by-products thereof

The designation of energy as a commodity has been included to take into account the expansion of exchange-traded futures based on gas, electricity and other energy products.

(b) Weather, including temperatures, precipitation levels, hours of sunshine, or humidity, or any other natural occurrence

The Commission has designated weather as a commodity in order to capture existing products that currently trade on foreign commodity futures exchanges.

(c) A product based on environmental quality, including emissions or emission credits

The designation of environment-based products as commodities takes into account the developing markets in emission credits and other environment-based markets.

(d) Water

Water has been designated as a commodity in anticipation of products referencing water being introduced.

(e) An interest rate

Interest rates are currently a commodity under section 2, paragraph 5(iii) of the Regulation.[2] To clarify the application of the definition, the Commission has designated an interest rate and an interest, right or value that is determined with reference to an interest rate.

(f) A credit or mortgage obligation

The designation of credit and mortgage obligations takes into account the development of securitisation structures and their ability to be listed, priced and offered to a wide range of investors through standardized contracts.

(g) A security as the term is defined under the Securities Act (Ontario), except for a security described in paragraph (p) of the definition

The definition of commodity has been expanded to include all securities as defined in the *Securities Act* (Act), with the exception of paragraph (p). Currently, paragraph 4 of section 2 of the Regulation designates as a commodity "equity securities deliverable under a contract providing for the future delivery of equity securities traded on a commodity futures exchange registered by the Commission under section 19 of the Act".

We are of the view that it is inappropriate to continue to tie the designation of an equity security as a commodity to whether the commodity futures contract or commodity futures option trades on a registered

[2] Paragraph 5(iii) of section 2 designates as a commodity "interests that are cash values deliverable under contracts traded on a commodity futures exchange, the amounts of which are determined with reference to...a rate of interest."

commodity futures exchange. A number of commodity futures exchanges offer single-stock futures products to Ontario investors and we are of the view that securities-based contracts should be sold through registrants and should be treated in the same manner as other commodities-based contracts.

In addition, because of this change, we have removed the specific references to types of securities that had been in paragraphs 1, 2 and 3 of section 2 of the Regulation.[3]

(h) An index, economic indicator, series or any other numeric reference

Currently, paragraphs 5(i) and (ii) of section 2 of the Regulation refer to indices and paragraph 5(iv) refers to an average of quotations.[4] The Commission is of the view that the designation in the Regulation is unduly narrow and does not capture products that are currently trading.

(i) The occurrence of an identified specific future act or event

We have designated event-based products as commodities to recognise the development of a number of markets that are offering futures based on the occurrence of a specific act or event (for example, an election or credit default).

(j) Interests that are values determined with reference to any commodity, good, article, service, right or interest, or the relationship between any or any combination, thereof

This section clarifies existing section 2, paragraphs 5 and 6 of the Regulation.

Authority for the Proposed Rule

The Commission has the authority to make this Proposed Rule under subsection 65(1)16 of the CFA which enables the Commission to make rules

> "prescribing requirements in respect of the acceptance of the form of contracts, including designating any goods, article, service, right, interest, security, financial instrument, currency, interest rate, foreign exchange rate, economic indicator, index, basket, agreement or other benchmark of any kind, and the relationship between any of the foregoing, as a commodity"

Alternatives Considered

There were two alternatives considered to the Proposed Rule.

The first was to make no changes to the current version of the Regulation. This option was rejected because the Commission recognises that the current list of commodities contained in the CFA and Regulation is out of date and new products not envisaged at the time of enactment have been developed. As a result, the products based on commodities that are not covered by the CFA are being traded by, or on behalf of, investors without the investor protection mechanisms that should be in place. In addition, in order to maintain a level playing field, it is important to regulate similar contracts similarly regardless of the underlying interest.

The second option was to consider legislative change. Given the timeframes involved in legislative change it was decided that this proposed Rule was the most appropriate response in the short term to deal with the regulatory gap caused by the outdated definition.

In the long term, it is the intention of the Commission to review the regulation of single-stock futures and examine the provisions of the CFA with a view to modernizing the regulatory framework.

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3 Specifically, Government National Mortgage Association Certificates, treasury bills, bonds and other evidences of indebtedness of the government of a country or a political subdivision thereof and commercial paper.

4 Paragraph 5(i) refers to "interests that are cash values deliverable under contracts traded on a commodity futures exchange, the amounts of which are determined with reference to,
(i) indices of rates of interest;
(ii) indices of prices or values, pertaining to any commodities, goods, articles, services, rights or interests or any combination thereof;
(iii) a rate of interest, or
(iv) an average of quotations for a rate of interest or for a series of rates of interest"

Anticipated Costs and Benefits

We expect the Proposed Rule to provide clarification of the Commission's views about underlyers where there was ambiguity about whether they were considered to be a commodity. We also expect that consistent application of the CFA will benefit markets, participants and investors by creating legal certainty and a more level playing field, as well as providing consistent regulation. In regulating similar products in a consistent manner we will be providing certainty to applicants wishing to offer commodity futures and options to Ontario residents where previously there was ambiguity about whether these products were considered as commodities under the CFA or, in some cases, securities under the *Act*.

There are some costs to the industry, but these are not considered to be significant. There will be a cost for applying for appropriate regulation for those firms and exchanges offering products that were previously not designated as commodities under the CFA, but this cost has already been borne by most firms and exchanges, who offer products currently caught by the current definition of commodity.

Related Amendments

The Commission proposes to revoke section 2 of the Regulation made under the CFA and replace it with this Proposed Rule.

Request for Comments

We request your comments on the proposed rule, and the companion policy. We also welcome your comments about the proposed revocation of section 2 of the Regulation made under the CFA.

Please submit your comments in writing on or before December 16, 2004 to:

John Stevenson
Secretary
Ontario Securities Commission
20 Queen Street West
18th Floor, Box 55
Toronto, Ontario
M5H 3S8
jstevenson@osc.gov.on.ca

An electronic copy of your comments (in MS Word for Windows) should also be submitted. If you are not delivering your electronic copy by email to jstevenson@osc.gov.on.ca, a diskette containing your comments is required.

Please note that, we cannot keep submissions confidential, as the CFA requires that a summary of written comments received during the comment period be published.

Questions

Please refer your questions to any of:

Andrew Baker
Derivatives Specialist
(416) 593-2324
abaker@osc.gov.on.ca

or

Tracey Stern
Senior Legal Counsel
(416) 593-8167
tstern@osc.gov.on.ca

September 17, 2004.

6.1.2 OSC Rule 14-502 (Commodity Futures Act) Designation of Additional Commodities

OSC RULE 14-502 (*COMMODITY FUTURES ACT*)
DESIGNATION OF ADDITIONAL COMMODITIES

PART 1 – DESIGNATION OF ADDITIONAL COMMODITIES

1.1 Designation of Additional Commodities

In addition to the commodities listed in section 1 of the Act each of the following is designated as a commodity:

a) Energy and fuel, including gas, oil, electricity and energy-related products whether in their original or processed state, and any by-products thereof;

b) Weather, including temperatures, precipitation levels, hours of sunshine, or humidity, or any other natural occurrence;

c) A product based on environmental quality, including emissions or emission credits;

d) Water;

e) An interest rate;

f) A credit or mortgage obligation;

g) A security as the term is defined under the *Securities Act*, except for a security described in paragraph (p) of the definition;

h) An index, economic indicator, series or any other numeric reference;

i) The occurrence of an identified specific future act or event; or

j) Any interest that is a value determined with reference to any commodity, good, article, service, right or interest, or the relationship between any or any combination, thereof.

PART 2 - EFFECTIVE DATE

2.1 Effective Date

This Rule comes into effect on ●.

COMPANION POLICY 14-502CP (*COMMODITY FUTURES ACT*)
DESIGNATION OF ADDITIONAL COMMODITIES

PART 1 PURPOSE OF THE COMPANION POLICY

1.1 **Purpose** - The purpose of this companion policy is to state the views of the Commission on various matters related to OSC Rule 14-502 Designation of Additional Commodities (Rule), including

(a) a discussion of the rationale for the Commission implementing the Rule, the general approach taken and the regulatory purpose of the Rule, and

(b) providing more detail and interpretation of various terms and provisions of the Rule.

PART 2 PURPOSE OF THE RULE

2.1 **Purpose of the Rule** - Commodity derivatives markets have evolved from their historical agricultural roots to offer products based on a wide ranging and diverse set of underlyers. The designation of commodities in the Rule and the revocation of section 2 of the Regulation (Regulation) made under the *Commodity Futures Act* (CFA) is designed to take these market developments into account and provide the Commission with the ability to deal with them in a timely and efficient manner.

PART 3 COMMODITIES

3.1 **Discussion of Designated Commodities** – The following paragraphs describe the items that are designated as commodities in the Rule. Some of the designated items are new and others are clarifications and revisions to matters that were included in section 2 of the Regulation that was revoked when the Rule came into effect. The Commission believes that contracts based on these commodities should be regulated under the CFA in a manner that is consistent with the approach to products based on commodities currently captured by the definition. In addition the regulation of these products will protect the integrity of capital markets, especially the futures markets and their participants, and ensure the Commission pursues an approach that is in keeping with a large number of other jurisdictions that regulate such products.

(a) Energy and fuel, including gas, oil, electricity and energy-related products whether in their original or processed state, and any by-products thereof

Since the deregulation of energy markets a number of exchanges have been established to trade a wide range of energy-based derivative products.

This paragraph includes, but is not limited to, wind, solar and tidal power, energy produced from household or industrial waste, and energy produced from nuclear, coal, wood, oil, gas, hydro-electric and sustainable fuel sources.

(b) Weather, including temperatures, precipitation levels, hours of sunshine, or humidity, or any other natural occurrence

Weather derivatives have evolved over recent years from bilaterally negotiated, over-the-counter (OTC) transactions into more standardized products. As a result weather based products are being listed on foreign exchanges.

(c) A product based on environmental quality, including emissions or emission credits

The OTC market in emission credits has evolved with contracts becoming more standardized. Although environment-based products are not currently actively traded on exchange platforms, the Commission has designated products based on environmental quality as commodities in anticipation of their migration to on-exchange trading.

This paragraph includes, but is not limited to, emission credits and other industrial emission-based products.

(d) Water

Water is being designated as a commodity in anticipation of the trading of futures contracts based on water quality or water supply.

This paragraph includes, but is not limited to, water sanitation and filtration and the supply of drinking water.

(e) An interest rate

Interest rates include, but are not limited to, central bank interest rates and commercial interest rates including benchmark interest rates such as Bankers Acceptances, Eurodollar and Euribor.

(f) A credit or mortgage obligation

Securitisation of credit receivables is now common practice in financial markets with the products upon which these receivables are based becoming increasingly standardized. The Commission has designated these obligations as commodities in anticipation of futures contracts being based upon them.

This includes, but is not limited to, mortgages, credit card receivables and car loans.

(g) A s*ecurity as the term is defined under the Securities Act, except for a security described in paragraph (p) of the definition*

This includes, but is not limited to, all securities including equities, bonds, warrants or options on securities. This also clarifies that Single Stock Futures are regulated under the CFA.

(h) An index, economic indicator, series or any other numeric reference

The trading of both narrow- and broad-based equity indices has become increasingly popular over recent years. The expansion to include economic indicators and other references is designed to take into account products based on economic data and other benchmarks used in derivative transactions.

This paragraph includes, but is not limited to, narrow- and broad-based indices, inflation rates, consumer prices and job data.

(i) The occurrence of an identified specific future act or event

Event-based derivatives are becoming increasingly common with a number of niche exchanges offering futures products based on specific events such as election results and credit defaults.

This includes, but is not limited to, credit default obligations.

(j) Any interest that is a value determined with reference to any commodity, good, article, service, right or interest, or the relationship between any or any combination, thereof

Many contracts that are now traded do not involve the physical delivery of the commodity and are often cash settled in lieu of physical delivery. Commodities include both an underlying interest that is a commodity and an interest that is a value, interest or right relating to a physical commodity, or any combination of or relationship between commodities.

This includes, but is not limited to, a cash settled futures contract and contracts for differences.

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

Transaction Date	Purchaser	Security	Total Purchase Price ($)	Number of Securities
30-Jun-2004	4 Purchasers	2048806 Ontario Inc. - Common Shares	2,428,429.30	24,284,293.00
01-Sep-2004	6 Purchasers	ABC American -Value Fund - Units	875,000.00	98,028.00
01-Sep-2004	Dr. Sehdev Kumar	ABC Fully-Managed Fund - Units	214,996.87	21,475.00
01-Sep-2004	20 Purchasers	ABC Fundamental - Value Fund - Units	5,239,610.78	280,673.00
01-Sep-2004 to 02-Sep-2004	761199 Ontario Inc. Donna Carl	Acuity Pooled Canadian Equity Fund - Trust Units	644,000.00	30,521.00
01-Sep-2004	761199 Ontario Inc.	Acuity Pooled Canadian Small Cap Fund - Trust Units	500,000.00	27,356.00
02-Sep-2004	Lou Fallico	Acuity Pooled Conservative Asset Allocation - Trust Units	163,728.39	11,309.00
24-Aug-2004	401 Fountain Street Ltd. 4074530 Canada Inc.	Acuity Pooled Growth and Income Fund - Trust Units	670,000.00	66,402.00
01-Sep-2004 to 03-Sep-2004	5 Purchasers	Acuity Pooled Growth and Income Fund - Trust Units	1,092,000.00	107,799.00
25-Aug-2004 to 31-Aug-2004	12 Purchasers	Acuity Pooled High Income Fund - Trust Units	1,510,333.83	85,089.00
01-Sep-2004 to 07-Sep-2004	16 Purchasers	Acuity Pooled High Income Fund - Trust Units	2,549,000.00	143,202.00
25-Aug-2004	Fryston Holdings Ltd.	Acuity Pooled Income Trust Fund - Trust Units	100,000.00	6,513.00
01-Sep-2004	Leona K. Bell	Airesurf Networks Holdings Inc. - Shares	5,000.00	20,000.00
19-Aug-2004	CMP 2004 Resource L.P. Canada Dominion Resources 2004 L.P.	AIM PowerGen Corporation - Common Shares	1,050,000.00	70,000.00
30-Aug-2004	Steve Rochefort	Arctic Star Diamond Corp. - Units	10,000.00	25,000.00

01-Sep-2004	14 Purchasers	Axonwave Software Inc. - Preferred Shares	1,895,801.76	1,662,984.00
31-Aug-2004	5 Purchasers	Bariview Investment Corporation - Common Shares	490,000.00	4,900.00
27-Aug-2004	Trutta Resources Inc.	Birch Mountain Resources Ltd. - Units	75,000.00	125,000.00
03-Sep-2004	8 Purchasers	Bronco Energy Ltd. - Common Shares	133,799.70	382,285.00
08-Sep-2004	4 Purchasers	Burmis Energy Inc. - Common Shares	2,514,850.00	1,934,500.00
09-Sep-2004	Wayne Goreski Heather & Kurt Oelschlagel	CareVest Blended Mortgage Investment Corporation - Preferred Shares	177,996.00	177,996.00
24-Aug-2004	Kevin Wright	CareVest First Mortgage Investment Corporation - Units	1,000.00	100.00
24-Aug-2004	John Lockwood	CareVest Second Mortgage Investment Corporation - Preferred Shares	10,000.00	10,000.00
24-Aug-2004	7 Purchasers	CareVest Second Mortgage Investment Corporation - Preferred Shares	307,788.00	307,788.00
13-Aug-2004 to 19-Aug-2004	Centaur Balanced Fund	Centaur Balanced Fund - Units	101,679.33	7,828.00
06-Aug-2004 to 12-Aug-2004	Centaur Bond Fund	Centaur Bond Fund - Units	63,402.25	6,391.00
13-Aug-2004 to 19-Aug-2004	Centaur Bond Fund	Centaur Bond Fund - Units	20,561.32	2,072.00
06-Aug-2004 to 12-Aug-2004	Centaur Canadian Equity	Centaur Canadian Equity - Units	101,086.50	1,187.00
20-Aug-2004 to 26-Aug-2004	Centaur Canadian Equity	Centaur Canadian Equity - Units	169.50	2.00
13-Aug-2004 to 19-Aug-2004	Centaur Canadian Equity	Centaur Canadian Equity - Units	29,736.65	346.00
06-Aug-2004 to 12-Aug-2004	Centaur International Fund	Centaur International Fund - Units	27,945.76	3,574.00
13-Aug-2004 to 19-Aug-2004	Centaur International Fund	Centaur International Fund - Units	8,240.27	1,064.00

06-Aug-2004 to 12-Aug-2004	Centaur Money Market	Centaur Money Market - Units	173,889.27	17,389.00
20-Aug-2004 to 26-Aug-2004	Centaur Money Market	Centaur Money Market - Units	136,468.14	13,647.00
13-Aug-2004 to 19-Aug-2004	Centaur Money Market	Centaur Money Market - Units	477,758.10	47,776.00
06-Aug-2004 to 12-Aug-2004	Centaur Small Cap	Centaur Small Cap - Units	397.35	7.00
13-Aug-2004 to 19-Aug-2004	Centaur Small Cap	Centaur Small Cap - Units	4,002.50	70.00
06-Aug-2004 to 12-Aug-2004	Centaur US Equity	Centaur US Equity - Units	30,155.14	754.00
13-Aug-2004 to 19-Aug-2004	Centaur US Equity	Centaur US Equity - Units	14,119.04	352.00
31-Aug-2004	Mavrix Resource Fund 2004 NCE Flow-Through (2004) Limited Partnership	Claude Resources Inc. - Common Shares	1,249,999.50	833,333.00
01-Sep-2004	Oakwest Corporation Limited	Cogient Corp - Debentures	150,000.00	150,000.00
01-Sep-2004	C.M. Brock Mason	Cogient Corp - Debentures	25,000.00	25,000.00
25-Aug-2004	Guiseppe Nardone Pierre Lassonde	Conporec Inc. - Units	174,825.00	666.00
31-Aug-2004	11 Purchasers	Cranston, Gaskin, O'Reilly & Vernon - Trust Units	338,840.37	27,681.00
31-Aug-2004	Donald Cranston Lynda Cranston & David Le Gallais	Cranston, Gaskin, O'Reilly & Vernon - Trust Units	1,080.02	80.00
26-Aug-2004 to 31-Aug-2004	4 Purchasers	Cranston, Gaskin, O'Reilly & Vernon - Trust Units	1,360,136.61	148,578.00
31-Aug-2004	6 Purchasers	Cranston, Gaskin, O'Reilly & Vernon - Trust Units	977,154.14	78,008.00
01-Sep-2004	5 Purchasers	Discovery Drilling Funds VI Limited Partnership - Limited Partnership Units	275,000.00	275.00
01-Jan-2003 to 31-Mar-2003	TD Asset Management Inc.	Emerald Canadian Bond Index Fund - Units	0.00	312,436,563.00

01-Jan-2003 to 31-Mar-2003	TD Asset Management Inc.	Emerald Canadian Equity Index Fund - Units	0.00	222,018,239.00
01-Jan-2003 to 31-Mar-2003	TD Asset Management Inc.	Emerald Canadian Large Cap Pooled Fund Trust - Units	0.00	37,057,539.00
01-Jan-2003 to 31-Mar-2003	TD Asset Management Inc.	Emerald Global Government Bond Index Fund - Units	0.00	9,362,375.00
01-Jan-2003 to 31-Mar-2003	TD Asset Management Inc.	Emerald International Equity Fund - Units	0.00	74,198,494.00
27-Feb-2003 to 02-Jan-2004	TD Asset Management Inc.	Emerald U.S. Market Index Fund - Units	0.00	68,485,811.00
01-Sep-2004	11 Purchasers	Fortress Minerals Corp. - Units	319,000.00	797,500.00
25-Aug-2004	W. Alan Whitten	Gold Canyon Resources Inc. - Units	11,000.00	20,000.00
25-Aug-2004	Co-operator Investment Scotia Cassels Investment Counsel Ltd	Honda Canada Finance Inc. - Debentures	55,000,000.00	55,000.00
03-Sep-2004	8 Purchasers	InterOil Corporation - Debentures	4,900,000.00	4,900,000.00
03-Sep-2004	8 Purchasers	InterOil Corporation - Warrants	0.00	25,140.00
26-Aug-2004	23 Purchasers	Kodiak Oil & Gas Corp. - Warrants	0.00	2,587,675.00
17-Aug-2004	Alan Moore	Lucid Entertainment Inc. - Stock Option	936,849.00	936,849.00
17-Aug-2004	TSE Trust	Lucid Entertainment Inc. - Stock Option	303,526.00	303,526.00
01-Sep-2004	Hayley Matus	MCAN Performance Strategies - Limited Partnership Units	37,000.00	369.00
26-Aug-2004	31 Purchasers	Medical Miners Flow-Through Limited Partnership - Units	920,000.00	920,000.00
09-Sep-2004	Mortile Acquisition Corp.	Mortile Industries Ltd. - Shares	4,470,660.00	1,500,000.00
31-Aug-2004	3 Purchasers	Nayarit Gold Inc. - Units	72,000.00	1,200,000.00
12-Aug-2004	Marret Asset Management Inc.	Nortek, Inc. - Notes	1,311,000.00	1,000.00
02-Sep-2004	4 Purchasers	Oleum West Capital L.P. - Units	181,000.00	181.00
18-Jun-2004	3 Purchasers	One Signature Financial Corporation - Units	275,000.00	366,666.00
31-Aug-2004	Loewen, Ondaatje, Limited	ORTHOsoft Holdings Inc. - Warrants	0.00	66,000.00

26-Aug-2004	3 Purchasers	Ozz Corporation - Option	0.00	180,000.00
27-Aug-2004	4 Purchasers	Ozz Corporation - Units	3,000,000.00	3,000,000.00
03-Sep-2004	5 Purchasers	PantraNet Inc. - Notes	55,000.00	55,000.00
03-Sep-2004	8 Purchasers	PantraNet Inc. - Preferred Shares	85,000.00	60,714.00
31-Aug-2004	18 Purchasers	Patricia Mining Corp. - Units	852,500.00	1,705,000.00
27-Aug-2004	Andrew Best	Pristine Power Inc. - Common Shares	75,000.00	150,000.00
27-Aug-2004	Caplay Canada Holdings Inc.	Private Equity Trading System Canada Inc. - Preferred Shares	100,000.00	25,000,000.00
19-Aug-2004	Roynet Capital Inc.	Radcliffe Systems Inc. - Debentures	0.00	1,823,722.00
19-Aug-2004	Roynat Capital Inc.	Radcliffe Systems Inc. - Warrants	0.00	1,607,740.00
25-Aug-2004	Bruce Mitchell Novadan Capital GP	Rentcash Inc. - Common Shares	280,000.00	140,000.00
19-Aug-2004	17 Purchasers	Romlight International Inc. - Warrants	420,000.00	840,000.00
01-Sep-2004	Black Ice Capital Corp.	Royal Capital Management Corp. - Debentures	15,000,000.00	1.00
09-Jul-2004	David Farquharson	Schneider Power Inc. - Flow-Through Shares	12,000.00	100,000.00
08-Sep-2004	3 Purchasers	Seabridge Gold Inc. - Common Shares	2,272,500.00	505,000.00
26-Aug-2004	4 Purchasers	Secunda International Limited - Notes	13,568,981.70	13,568,982.00
02-Aug-2004	6 Purchasers	Sedex Mining Corp. - Units	110,000.00	1,100,000.00
31-Aug-2004	6 Purchasers	Stacey RSP Fund - Trust Units	464,178.38	47,511.00
25-Aug-2004	Stone Asset Management Shawn Kimel	Terra Energy Corp. - Flow-Through Shares	325,000.00	250,000.00
31-Aug-2004	9 Purchasers	The McElvaine Investment Trust - Trust Units	890,000.00	43,901.00
25-Aug-2004	Hospitals of Ontario Pension Plan	Total Fitness Group Limited - Shares	434,529.88	438,875.00
25-Aug-2004	Hospitals of Ontario Pension Plan	Total Fitness Holdings (UK) Limited - Bonds	23,216,681.91	23,448,849.00
27-Aug-2004	9 Purchasers	Toxin Alert Inc. - Common Shares	201,000.00	335,000.00
23-Aug-2004	Football Canada	Trafalgar Trading Limited - Units	50,000,000.00	26,860,930.00

25-Aug-2004	The Toronto-Dominion Bank	Trident Resources Corp - Common Shares	1,385,250.00	67,560.00
27-Aug-2004	5 Purchasers	Venture Steel Inc. - Preferred Shares	600,000.00	600,000.00
31-Aug-2004	5 Purchasers	Wildcat Exploration Ltd. - Units	945,000.00	2,362,500.00
03-Sep-2004	9 Purchasers	Woodruff Capital Management Inc. - Flow-Through Shares	1,799,999.50	2,769,230.00
03-Sep-2004	The Jodamada Foundation	Woodruff Capital Management Inc. - Units	202,500.00	311,539.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Breaker Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated September 8, 2004
Mutual Reliance Review System Receipt dated September 9, 2004
Offering Price and Description:
Minimum: 8,000 Units ($8,000,000); Maximum: 9,500 Units ($9,500,000) Price: $1,000 per Unit
Minimum Subscription: 5 Units ($5,000)
Underwriter(s) or Distributor(s):
FirstEnergy Capital Corp.
Canaccord Capital Corporation
Orion Securities Inc.
Tristone Capital Inc.
Promoter(s):
P. Daniel O'Neil
Robert Leach
Project #688468

Issuer Name:
Connors Bros. Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 10, 2004
Mutual Reliance Review System Receipt dated September 10, 2004
Offering Price and Description:
$93,406,500 - 5,610,000 Units Price: $16.65 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
GMP Securities Ltd.
Promoter(s):
-
Project #688906

Issuer Name:
E-L Financial Corporation Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 10, 2004
Mutual Reliance Review System Receipt dated September 10, 2004
Offering Price and Description:
$100,000,000.00 - (4,000,000 shares) 5.30% Non-Cumulative Redeemable Series B Preference Shares
Price: $25.00 per Share to yield 5.30%
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.
Promoter(s):
-
Project #688925

Issuer Name:
Financial 15 Split Corp. II
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated September 8, 2004
Mutual Reliance Review System Receipt dated September 8, 2004
Offering Price and Description:
$ * (Maximum) * Preferred Shares and * Class A Shares
Price: $10.00 per Preferred Share and $15.00 per Class A Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Bieber Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
First Associates Investments Inc.
Raymond James Ltd.
Promoter(s):
Quadravest Capital Management Inc.
Project #688268

Issuer Name:
Gienow Windows & Doors Income Fund
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated September 10, 2004
Mutual Reliance Review System Receipt dated September 13, 2004
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Promoter(s):
Gienow Building Products Ltd.
Project #689084

Issuer Name:
Mavrix Small Companies Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated September 7, 2004
Mutual Reliance Review System Receipt dated September 9, 2004
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mavrix Fund Management Inc.
Project #688588

Issuer Name:
NCE Diversified Flow-Through (04) Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated September 9, 2004
Mutual Reliance Review System Receipt dated September 10, 2004
Offering Price and Description:
$50,000,000.00 - (Maximum Offering) $10,000,000.00 (Minimum Offering) A maximum of 2,000,000 and a minimum of 400,000 Limited Partnership Units Subscription Price: $25 per Unit Minimum Subscription: 200 Units
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Berkshire Securities Inc.
Desjardins Securities Inc.
First Associates Investments Inc.
Jory Capital Inc.
Wellington West Capital Inc.
Promoter(s):
Petro Assets Inc.
Project #688805

Issuer Name:
Schooner Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 8, 2004
Mutual Reliance Review System Receipt dated September 9, 2004
Offering Price and Description:
$332,445,000 (approximate) COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES,
SERIES 2004-CF2
Underwriter(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
-
Project #688488

Issuer Name:
Sprott Gold and Precious Minerals Fund
Sprott Canadian Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated September 7, 2004
Mutual Reliance Review System Receipt dated September 13, 2004
Offering Price and Description:
Series I and F Units
Underwriter(s) or Distributor(s):
Sprott Asset Management Inc.
Sprott Securities Inc.
Promoter(s):
Sprott Asset Management Inc.
Project #688388

Issuer Name:
Westport Innovations Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated September 13, 2004
Mutual Reliance Review System Receipt dated September 14, 2004
Offering Price and Description:
$12,960,000 - 7,200,000 Units Price: $1.80 per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
National Bank Financial Inc.
CIBC World Markets Inc.
Raymond James Ltd.
TD Securities Inc.
Promoter(s):
-
Project #689459

Issuer Name:
Bissett All Canadian Focus Fund
(Formerly Bissett Canadian Fund)
Franklin Templeton Canadian Small Cap Fund
(Formerly Canadian Small Cap Fund)
Bissett All Canadian Focus Tax Class
(Formerly Bissett Canadian Tax Class) of Franklin Templeton Tax Class Corp.
Franklin Templeton Canadian Growth Tax Class Portfolio of Franklin Templeton Tax Class Corp.
Franklin Templeton Canadian Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated September 3, 2004
Mutual Reliance Review System Receipt dated September 9, 2004
Offering Price and Description:
Series A, F and O Units and Series A, F and O Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
Franklin Templeton Investment Corp.
Franklin Templeton Investments Corp.
Promoter(s):
-
Project #675205

Issuer Name:
Chou Associates Fund
Chou RRSP Fund
Chou Europe Fund
Chou Asia Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated September 9, 2004
Mutual Reliance Review System Receipt dated September 13, 2004
Offering Price and Description:
Mutual Fund Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #682408

Issuer Name:
Cominar Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated September 10, 2004
Mutual Reliance Review System Receipt dated September 10, 2004
Offering Price and Description:
$100,000,000.00 - Series A 6.30% Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Scotia Capital Inc.
Desjardins Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #687001

Issuer Name:
Dynamic Canadian Government Bond Fund
Dynamic Canadian Bond Fund
Dynamic RSP Far East Value Fund
Commonwealth RSP World Balanced Fund
Dynamic Focus+ Global Financial Services Class
Dynamic Global Bond Fund
Dynamic U.S. Small Cap Value Fund
Principal Regulator - Ontario
Type and Date:
Amendment #4 dated September 2, 2004 to Final Simplified Prospectuses and Annual Information Forms dated January 22, 2004
Mutual Reliance Review System Receipt dated September 10, 2004
Offering Price and Description:
Mutual Fund Net Asset Value
Underwriter(s) or Distributor(s):
Gooodman & Company, Investment Counsel Ltd.
Goodman & Company, Investment Counsel Ltd.
Promoter(s):
Gooodman & Company, Investment Counsel Ltd.
Project #586034

Issuer Name:
Franklin U.S. Small Cap Growth Fund
Franklin U.S. Small Cap Growth RSP Fund
Franklin U.S. Small Cap Growth Tax Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 7, 2004 to Final Simplified Prospectuses and Annual Information Forms dated May 28, 2004
Mutual Reliance Review System Receipt dated September 14, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Franklin Templeton Investments Corp.
Bissett Investment Management, a division of Franklin Templeton Investments Corp.
Franklin Templeton Investmetns Corp.
Promoter(s):
-
Project #633130

Issuer Name:
Gateway Casinos Income Fund
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated September 9, 2004
Mutual Reliance Review System Receipt dated September 9, 2004
Offering Price and Description:
$113,611,695.00 - 6,567,150 Units Price: $17.30 per Offered Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
First Associates Investments Inc.
Scotia Capital Inc.
Sprott Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #686992

Issuer Name:
Longford Corporation
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus (CDNX) dated September 9, 2004
Mutual Reliance Review System Receipt dated September 10, 2004
Offering Price and Description:
MINIMUM OFFERING: $400,000 or 4,000,000 Common Shares; MAXIMUM OFFERING: $500,000 or 5,000,000 Common Shares PRICE: $0.10 per Common Share
Underwriter(s) or Distributor(s):
First Associates Investments Inc.
Promoter(s):
Gerald McCarvill
Project #667291

Issuer Name:
Manitoba Telecom Services Inc.
Principal Regulator - Manitoba
Type and Date:
Final Short Form Shelf Prospectus dated September 7, 2004
Mutual Reliance Review System Receipt dated September 8, 2004
Offering Price and Description:
$350,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #680417

Issuer Name:
York Capital Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated September 2, 2004
Mutual Reliance Review System Receipt dated September 9, 2004
Offering Price and Description:
$300,000.00 - 1,500,000 Common Shares PRICE: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Promoter(s):
Brian W. Courtney
Project #663121

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change of Name	From: J.C. Clark Ltd. To: JC Clark Ltd.	Investment Dealer	August 24, 2004
Change in Category	Northwood Private Counsel Inc.	From: Limited Market Dealer To: Investment Counsel and Portfolio Manager	Sept. 8, 2004

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA Disciplinary Hearing in the Matter of Esther Inglis

NEWS RELEASE
For immediate release

NOTICE TO PUBLIC: DISCIPLINARY HEARING

IN THE MATTER OF ESTHER INGLIS

September 14, 2004 (Toronto, Ontario) – The Investment Dealers Association of Canada announced today that a hearing is scheduled to take place on Wednesday November 3rd, 2004, before a panel of the Ontario District Council of the Association in respect of matters for which Esther Inglis may be disciplined by the Association.

The hearing relates to allegations that Ms. Inglis, while a Registered Representative at TD Securities Inc., in Toronto, promised to reimburse a client for a deferred sales charge and then transferred funds from the client's brokerage account to his bank account in May 2000, without the knowledge or consent of the client or Member firm, contrary to By-law 29.1. It is also alleged that Ms. Inglis signed a client's name on an account guarantee in December 2001, without the client's knowledge or consent, contrary to By-law 29.1.

The hearing is scheduled to commence at 9:30 am on Wednesday November 3rd, 2004 at the offices of Atchison and Denman, court reporters, 155 University Avenue, Suite 302, Toronto, Ontario. The hearing is open to the public except as may be required for the protection of confidential matters. Copies of the Decision of the District Council will be made available.

The Investment Dealers Association of Canada is the national self-regulatory organization and representative of the securities industry. The Association's mission is to protect investors and enhance the efficiency and competitiveness of the Canadian capital markets. The IDA enforces rules and regulations regarding the sales, business and financial practices of its Member firms. Investigating complaints and disciplining Members are part of the IDA's regulatory role.

For further information, please contact:

Alex Popovic
Vice-President, Enforcement
(416) 943-6904 or apopovic@ida.ca

Jeff Kehoe
Director, Enforcement Litigation
(416) 943-6996 or jkehoe@ida.ca

13.1.2 Notice of Commission Approval – Housekeeping Amendments to MFDA By-law No. 1, Sections 1, 11.6.1, 13.8, 20.5, 20.7, 24.3.3 and 37

THE MUTUAL FUND DEALERS ASSOCIATION (MFDA)

AMENDMENTS TO MFDA BY-LAW NO. 1
SECTIONS 1, 11.6.1, 13.8, 20.5, 20.7, 24.3.3 AND 37

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved the amendments to MFDA By-law No. 1, Sections 1, 11.6.1, 13.8, 20.5, 20.7, 24.3.3 and 37. In addition, the Alberta Securities Commission, Nova Scotia Securities Commission and Saskatchewan Financial Services Commission approved, and the British Columbia Securities Commission did not object to the amendments. The amendments correct inaccurate cross-references or obsolete references in By-law No. 1. The amendments are housekeeping in nature. The description and a copy of the amendments is contained in Appendix "A".

APPENDIX "A"

MFDA NOTICE – HOUSEKEEPING AMENDMENTS TO MFDA BY-LAW NO. 1 SECTIONS 1, 11.6.1, 13.8, 20.5, 20.7, 24.3.3 AND 37

Current By-law

Section 1 of By-law No. 1 contains a definition of the phrase "previous director" which is no longer used in the By-law as a result of previous amendments.

By-law No. 1 also currently contains a number of cross-references to sections that are incorrect or have previously been re-numbered.

Reasons for Amendments

The proposed amendments to sections 1, 11.6.1, 13.8, 20.5, 20.7, 24.3.3 and 37 will address inconsistencies in cross-references and obsolete references that resulted from previous amendments to the By-Law.

Description of Amendment

Section 1 (Definitions)

The definition of "previous director" will be deleted from Section 1 as it is no longer relevant in light of previous amendments to By-law No. 1.

Section 11.6.1 (Hearing)

The reference to section 24 has been amended to reference section 20 to correct an inconsistency that resulted from previous amendments to By-law No. 1.

Section 13.8 (Ceasing to Carry on Business as a Mutual Fund Dealer)

The reference to section 24 has been amended to reference section 20 to correct an inconsistency that resulted from previous amendments to By-law No. 1.

Section 20.5 (Open to the Public)

The reference to section 20.2 has been amended to reference section 20 to correct an inconsistency that resulted from previous amendments to By-law No. 1.

Section 20.7 (Reasons)

The reference to section 20.1 has been amended to reference section 20 to correct an inconsistency that resulted from previous amendments to By-law No. 1.

Section 24.3.3 (Suspensions in Certain Circumstances – Cause of Financial Loss to the Public)

The second reference to section 24 has been amended to reference section 20 to correct an inconsistency that resulted from previous amendments to By-law No. 1.

Section 37 (Exemptions)

The reference to section 24.16.3 has been amended to reference section 24.5.3 to correct an inconsistency that resulted from previous amendments to By-law No. 1.

The amendments to sections 1, 11.6.1, 13.8, 20.5, 20.7, 24.3.3 and 37 are housekeeping in nature in that they involve only the correction of inaccurate cross referencing or obsolete references.

Effective Date

The amended sections of By-law No. 1 will be effective on a date to be subsequently determined by the MFDA.

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

MFDA By-law No. 1

On June 18, 2004, the Board of Directors of the Mutual Fund Dealers Association of Canada made and enacted the following amendment to MFDA By-law No. 1:

1. Definitions

~~**"previous director"** means a director referred to in Section 3.7.~~

11. Approval Process

11.6 **Hearing**

11.6.1 A hearing held pursuant to Section 11.5 shall be open to the public except where the Board of Directors determines that all or any part of the hearing should be held in camera in accordance with the principles set out in Section ~~24~~ 20. To the extent not otherwise specified in this Section 11, the procedures applicable to proceedings under Section ~~24~~ 20 shall be applicable to a hearing under this Section 11, mutatis mutandis.

13. Resignations, Reorganizations and Terminations

13.8 **Ceasing to Carry on Business as a Mutual Fund Dealer**

If a Member has ceased to carry on business as a mutual fund dealer or its business has been acquired by a person which is not a Member of the Corporation, the Board of Directors may, unless the Member has voluntarily resigned in accordance with this Section 13, terminate the Membership of the Member after the Member has been given the opportunity to be heard in accordance with the provisions of Section ~~24~~ 20. A former Member whose Membership has been terminated pursuant to the provisions of this Section 13.8 shall cease to be entitled to exercise any of the rights and privileges of Membership but shall remain liable to the Corporation for all amounts due to the Corporation from the former Member.

20. Disciplinary Hearings

20.5 **Open to the Public**

A hearing pursuant to Section 20~~.2~~ shall be open to the public except where the Hearing Panel is of the opinion that intimate financial or personal matters or other matters may be disclosed at the hearing which are of such a nature, having regard to the circumstances, that the desirability of avoiding disclosure thereof in the interests of any person affected or in the public interest outweighs the desirability of adhering to the principle that hearings be open to the public, in which case the Hearing Panel may hold the hearing *in camera*.

20.7 **Reasons**

Any decision of a Hearing Panel at a hearing held pursuant to Section 20~~.1~~ shall be in writing and shall contain a concise statement of the reasons for the decision. Notice of a decision shall be delivered to the Secretary who shall then promptly give notice, in the case of an individual, to the individual and to the Member concerned, or in the case of a Member, to the Member. A copy of the decision shall accompany the notice.

24. Discipline Powers

24.3.3 *Cause of Financial Loss to the Public*

Notwithstanding anything in Sections 21 to 24, inclusive, if, as a result of information received by the Chair or any Vice-Chair of the applicable Regional Council, such Chair or Vice-Chair after consultation with the President or one or more members of the Board of Directors is of the opinion that a Member has breached any By-law, Rule or Policy of the Corporation and that such breach or breaches is likely to result in financial loss to the public, the Chair or Vice-Chair may immediately suspend the rights and privileges of such Member and direct such Member to immediately cease dealing with the public. If the Chair or Vice-Chair of the Regional Council acts under the provisions of this Section 24.3.3, he or she shall summon the Member to appear before a hearing of the Hearing Panel of the applicable Regional Council to be held within 15 days upon notice to the Member, with such notice and hearing to be in accordance with the provisions of ~~this~~ Section ~~24~~ 20, as applicable.

37. Exemptions

The Board of Directors may exempt any Member, Approved Person, or any other person subject to the jurisdiction of the Corporation, or any group or class of the foregoing persons, from the requirements of any provision of the By-laws, Rules and Forms where it is satisfied that to do so would not be prejudicial to the interests of the Members, their clients or the public, and in granting such an exemption the Board of Directors may impose such terms and conditions as are considered necessary or desirable. The Board of Directors shall, in its discretion, determine whether it is appropriate for notice of the exemption to be given by all or any of the means specified in Section 24.5.3. ~~24.16.3.~~

13.1.3 CNQ Revised Management's Discussion and Analysis ("MD&A") in the Listing Statement (Form 2A)

CANADIAN TRADING AND QUOTATION SYSTEM INC.

REVISED MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
IN THE LISTING STATEMENT (FORM 2A)

On August 26, 2004, the Board of Directors of Canadian Trading and Quotation System Inc. ("CNQ") approved amendments to CNQ's Listing Statement.

Earlier this year, the Canadian Securities Administrators adopted National Instrument 51-102 *Continuous Disclosure Obligations* ("NI-51-102"). As part of an updating generally of continuous disclosure obligations of reporting issuers, new MD&A obligations were imposed. These are incorporated by reference into the requirements for a long form prospectus.

As the CNQ Listing Statement is intended to track the prospectus requirements, it must be amended to reflect any changes in those requirements. Because the only changes to the Listing Statement are those necessary to conform to the new requirements, which are the same requirements that currently apply to all CNQ Issuers pursuant to NI 51-102, the CNQ Board considers these to be "housekeeping" amendments (as defined in its recognition order from the Ontario Securities Commission) and has not published them for comment. The amendments are effective immediately. In order to accommodate listing applicants and their advisors who may have filed or be currently preparing a Listing Statement using the existing form, use of the revised Listing Statement will be optional until October 31, 2004. *As of November 1, 2004, all Listing Statements filed with or accepted by CNQ must contain the new MD&A disclosure.*

The CSA revised the MD&A to clarify its purpose. Some of the significant changes from the current Listing Statement disclosure requirements are the following:

- Selected annual information disclosure, which is primarily financial disclosure that shows investors trends in the issuer's operations, is now required. CNQ Issuers that prepared Annual Information Forms previously made such dislcosure in their AIF.

- Under the liquidity discussion, issuers must now also discuss lease payments.

- Issuers must discuss off-balance sheet arrangements. The description is consistent with the SEC's description of off-balance sheet arrangements.

- The MD&A has been revised to provide additional guidance for resource issuers when they are discussing the results of their operations.

The new MD&A requirements are attached as Appendix "A". Because the language has been substantially changed throughout (to conform to the prospectus requirements), they have not been blacklined against the existing requirements as such blacklining would not be easily understandable.

Please direct any questions to Mark Faulkner, Director, Listings & Regulation at 416.572.2000 x2305 or Timothy Baikie, General Counsel & Corporate Secretary at 416.572.2000 x2282 (Timothy.Baikie@cnq.ca).

APPENDIX "A"

Be it resolved that:

1. Item 6 of the Listing Statement (Form 2A) is repealed and replaced with the following:

6. Management's Discussion and Analysis

General Instructions and Interpretation

Provide MD&A for the most recent annual financial statements filed with the application for quotation (or filed since the last update of the quotation statement, and interim MD&A for each interim financial statement filed with the application for quotation (or filed since the last update of the quotation statement). The first interim MD&A will update the annual MD&A, and each subsequent interim MD&A will update the previous interim MD&A.

What is MD&A? — MD&A is a narrative explanation, through the eyes of management, of how the Issuer performed during the period covered by the financial statements, and of the Issuer's financial condition and future prospects. MD&A complements and supplements your financial statements, but does not form part of your financial statements. Management's objective when preparing the MD&A should be to improve the Issuer's overall financial disclosure by giving a balanced discussion of the Issuer's results of operations and financial condition including, without limitation, such considerations as liquidity and capital resources - openly reporting bad news as well as good news.

MD&A should help current and prospective investors understand what the financial statements show and do not show; discuss material information that may not be fully reflected in the financial statements, such as contigent liabilities, defaults under debt, off-balance sheet financing arrangements, or other contractual obligations; discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future; and provide information about the quality, and potential variability, of the Issuer's earnings and cash flow, to assist investors in determining if past performance is indicative of future performance.

Date of Information — In preparing the MD&A, management must take into account information available up to the date of the MD&A. If the date of the MD&A is not the date it is filed, management must ensure the disclosure in the MD&A is current so that it will not be misleading when it is filed.

Explain the Analysis — Explain the nature of, and reasons for, changes in the Issuer's performance. Do not simply disclose the amount of change in a financial statement item from period to period. Avoid using boilerplate language. The discussion should assist the reader to understand trends, events, transactions and expenditures.

Focus on Material Information —Management does not need to disclose information that is not material. Exercise judgment when determining whether information is material.

What is Material? — Would a reasonable investor's decision whether or not to buy, sell or hold the Issuer's securities likely be influenced or changed if the information in question was omitted or misstated? If so, the information is likely material. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

Forward-Looking Information — Management is encouraged to provide forward-looking information if it has a reasonable basis for making the statements. Preparing MD&A necessarily involves some degree of prediction or projection. For example, MD&A requires a discussion of known trends or uncertainties that are reasonably likely to affect the Issuer's business. However, MD&A does not require that the Issuer provide a detailed forecast of future revenues, income or loss or other information. All forward-looking information must contain a statement that the information is forward-looking, a description of the factors that may cause actual results to differ materially from the forward-looking information, management's material assumptions and appropriate risk disclosure and cautionary language.

The MD&A must discuss any forward-looking information disclosed in MD&A for a prior period which, in light of intervening events and absent further explanation, may be misleading. Forward looking statements may be considered misleading when they are unreasonably optimistic or aggressive, or lack objectivity, or are not adequately explained. Timely disclosure obligations might also require the Issuer to issue a news release and file a material change report.

Issuers Without Significant Revenues — If the Issuer is without significant revenues from operations, focus the discussion and analysis of results of operations on expenditures and progress towards achieving management's business objectives and milestones.

Reverse Takeover Transactions — When an acquisition is accounted for as a reverse takeover, the MD&A should be based on the reverse takeover acquirer's financial statements.

Foreign Accounting Principles — If the Issuer's primary financial statements have been prepared using accounting principles other than Canadian GAAP and a reconciliation is provided, the MD&A must focus on the primary financial statements.

Resource Issuers — If the Issuer has mineral projects, the disclosure must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects, including the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person. If the Issuer has oil and gas activities, the disclosure must comply with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

Annual MD&A

Date

6.1 Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the Issuer's most recently completed financial year.

Overall Performance

6.2 Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following:

(a) operating segments that are reportable segments as those terms are used in the Handbook;

(b) other parts of the business if

(i) they have a disproportionate effect on revenues, income or cash needs; or

(ii) there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;

(c) industry and economic factors affecting the Issuer's performance;

(d) why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and

(e) the effect of discontinued operations on current operations.

Instruction:

(1) When explaining changes in the Issuer's financial condition and results, include an analysis of the effect on the Issuer's continuing operations of any acquisition, disposition, write-off, abandonment or other similar transaction.

(2) Financial condition includes the Issuer's financial position (as shown on the balance sheet) and other factors that may affect the Issuer's liquidity and capital resources.

(3) Include information for a period longer than one financial year if it will help the reader to better understand a trend.

Selected Annual Information

6.3 Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;

(c) net income or loss, in total and on a per-share and diluted per-share basis;

(d) total assets;

(e) total long-term financial liabilities; and

(f) cash dividends declared per-share for each class of share.

6.4 Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer's business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

Instruction: Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.

Results of Operations

6.5 Discuss management's analysis of the Issuer's operations for the most recently completed financial year, including

(a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;

(b) any other significant factors that caused changes in net sales or total revenues;

(c) cost of sales or gross profit;

(d) for issuers that have significant projects that have not yet generated operating revenue, describe each project, including the Issuer's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;

(e) for resource issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;

(f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;

(g) commitments, events, risks or uncertainties that you reasonably believe will materially affect the Issuer's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;

(h) effect of inflation and specific price changes on the Issuer's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;

(i) a comparison in tabular form of disclosure you previously made about how the Issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on the Issuer's ability to achieve its business objectives and milestones; and

(j) unusual or infrequent events or transactions.

Instruction: The discussion under Item 6.5(d) should include

(i) whether or not management plans to expend additional funds on the project; and

(ii) any factors that have affected the value of the project(s) such as change in commodity prices, land use or political or environmental issues.

Summary of Quarterly Results

6.6 Provide the following information in summary form, derived from the Issuer's financial statements, for each of the eight most recently completed quarters:

(a) net sales or total revenues;

(b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and

(c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

Instruction:

(1) The most recently completed quarter is the quarter that ended on the last day of your most recently completed financial year. Information does not have to be provided for a quarter prior to the Issuer becoming a reporting issuer if the Issuer has not prepared financial statements for those quarters.

(2) For sections 1.2, 1.3, 1.4 and 1.5 consider identifying, discussing and analyzing the following factors:

(i) changes in customer buying patterns, including changes due to new technologies and changes in demographics;

(ii) changes in selling practices, including changes due to new distribution arrangements or a reorganization of a direct sales force;

(iii) changes in competition, including an assessment of the issuer's resources, strengths and weaknesses relative to those of its competitors;

(iv) the effect of exchange rates;

(v) changes in pricing of inputs, constraints on supply, order backlog, or other input-related matters;

(vi) changes in production capacity, including changes due to plant closures and work stoppages;

(vii) changes in volume of discounts granted to customers, volumes of returns and allowances, excise and other taxes or other amounts reflected on a net basis against revenues;

(viii) changes in the terms and conditions of service contracts;

(ix) the progress in achieving previously announced milestones; and

(x) for resource issuers with producing mines, identify changes to cash flow caused by changes in production throughput, head-grade, cut-off grade, metallurgical recovery and any expectation of future changes.

(3) Indicate the accounting principles that the financial data has been prepared in accordance with, the reporting currency, the measurement currency if different from the reporting currency and, if the underlying financial statements have been reconciled to Canadian GAAP, provide a cross-reference to the reconciliation that is found in the notes to the financial statements.

Liquidity

6.7 Provide an analysis of the Issuer's liquidity, including

(a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) trends or expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties;

(c) its working capital requirements;

(d) liquidity risks associated with financial instruments;

(e) if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;

(f) balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity;

(g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and

(h) defaults or arrears or anticipated defaults or arrears on

(i) dividend payments, lease payments, interest or principal payment on debt;

(ii) debt covenants during the most recently completed financial year; and

(iii) redemption or retraction or sinking fund payments,

and how the Issuer intends to cure the default or arrears.

Instruction:

(1) In discussing the Issuer's ability to generate sufficient amounts of cash and cash equivalents, describe sources of funding and the circumstances that could affect those sources that are reasonably likely to occur. Examples of circumstances that could affect liquidity are market or commodity price changes, economic downturns, defaults on guarantees and contractions of operations.

(2) In discussing trends or expected fluctuations in the Issuer's liquidity and liquidity risks associated with financial instruments, discuss

(a) provisions in debt, lease or other arrangements that could trigger an additional funding requirement or early payment. Examples of such situations are provisions linked to credit rating, earnings, cash flows or share price; and

(b) circumstances that could impair the Issuer's ability to undertake transaction considered essential to operations. Examples of such circumstances are the inability to maintain investment grade credit rating, earnings per-share, cash flow or share price.

(3) In discussing the Issuer's working capital requirements, discuss situations where the Issuer must maintain significant inventory to meet customers' delivery requirements or any situations involving extended payment terms.

(4) In discussing the Issuer's balance sheet conditions or income or cash flow items consider a summary, in tabular form, of contractual obligations including payments due for each of the next five years and thereafter. This summary and table is not, however, mandatory. An example of a table that can be adapted to the Issuer's particular circumstances follows:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Long Term Debt					
Capital Lease Obligations					
Operating Leases					
Purchase Obligations[1]					
Other Long Term Obligations [2]					
Total Contractual Obligations					

[1] "Purchase Obligation" means an agreement to purchase goods or services that is enforceable and legally binding on the Issuer that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

[2] "Other Long Term Obligations" means other long-term liabilities reflected on the Issuer's balance sheet.

The tabular presentation may be accompanied by footnotes to describe provisions that create, increase or accelerate obligations, or other details to the extent necessary for an understanding of the timing and amount of the Issuer's specified contractual obligations.

Capital Resources

6.8 Provide an analysis of the Issuer's capital resources, including

(a) commitments for capital expenditures as of the date of the Issuer's financial statements including

(i) the amount, nature and purpose of these commitments;

(ii) the expected source of funds to meet these commitments; and

(iii) expenditures not yet committed but required to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;

(b) known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of these resources; and

(c) sources of financing that the Issuer has arranged but not yet used.

Instruction:

(1) Capital resources are financing resources available to the Issuer and include debt, equity and any other financing arrangements that management reasonably considers will provide financial resources to the Issuer.

(2) In discussing the Issuer's commitments management should discuss any exploration and development, or research and development expenditures required to maintain properties or agreements in good standing.

Off-Balance Sheet Arrangements

6.9 Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments, including

(a) a description of the other contracting party(ies);

(b) the effects of terminating the arrangement;

(c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;

(d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require the Issuer to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and

(e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

Instruction:

(1) Off-balance sheet arrangements include any contractual arrangement with an entity not reported on a consolidated basis with the Issuer, under which the Issuer has

(a) any obligation under certain guarantee contracts;

(b) a retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for the assets;

(c) any obligation under certain derivative instruments; or

(d) any obligation under a material variable interest held by the Issuer in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Issuer, or engages in leasing, hedging or, research and development services with the Issuer.

(2) Contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.

(3) Disclosure of off-balance sheet arrangements should cover the most recently completed financial year. However, the discussion should address changes from the previous year where such discussion is necessary to understand the disclosure.

(4) The discussion need not repeat information provided in the notes to the financial statements if the discussion clearly cross-references to specific information in the relevant notes and integrates the substance of the notes into the discussion in a manner that explains the significance of the information not included in the MD&A.

Transactions with Related Parties

6.10 Discuss all transactions involving related parties as defined by the Handbook.

Instruction: In discussing the Issuer's transactions with related parties, the discussion should include both qualitative and quantitative characteristics that are necessary for an understanding of the transactions' business purpose and economic substance. Management should discuss

(a) the relationship and identify the related person or entities;

(b) the business purpose of the transaction;

(c) the recorded amount of the transaction and the measurement basis used; and

(d) any ongoing contractual or other commitments resulting from the transaction.

Fourth Quarter

6.11 Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

Proposed Transactions

6.12 Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

Changes in Accounting Policies including Initial Adoption

6.13 Discuss and analyze any changes in the Issuer's accounting policies, including

(a) for any accounting policies that management has adopted or expects to adopt subsequent to the end of the most recently completed financial year, including changes management has made or expects to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date,

(i) describe the new standard, the date the Issuer required to adopt it and, if determined, the date the Issuer plans to adopt it;

(ii) disclose the methods of adoption permitted by the accounting standard and the method management expects to use;

(iii) discuss the expected effect on the Issuer's financial statements, or if applicable, state that management cannot reasonably estimate the effect; and

(iv) discuss the potential effect on the Issuer's business, for example technical violations or default of debt covenants or changes in business practices; and

(b) for any accounting policies that management has initially adopted during the most recently completed financial year,

(i) describe the events or transactions that gave rise to the initial adoption of an accounting policy;

(ii) describe the accounting principle that has been adopted and the method of applying that principle;

(iii) discuss the effect resulting from the initial adoption of the accounting policy on the Issuer's financial condition, changes in financial condition and results of operations;

(iv) if the Issuer is permitted a choice among acceptable accounting principles,

(A) state that management made a choice among acceptable alternatives;

(B) identify the alternatives;

(C) describe why management made the choice that you did; and

(D) discuss the effect, where material, on the Issuer's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and

(v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to management's initial adoption of the accounting policy, explain management's decision regarding which accounting principle to use and the method of applying that principle.

Instruction: Management does not have to present the discussion under paragraph 6.13(b) for the initial adoption of accounting policies resulting from the adoption of new accounting standards.

Financial Instruments and Other Instruments

6.14 For financial instruments and other instruments,

(a) discuss the nature and extent of the Issuer's use of, including relationships among, the instruments and the business purposes that they serve;

(b) describe and analyze the risks associated with the instruments;

(c) describe how management manages the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;

(d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and

(e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

Instructions:

(1) "Other instruments" are instruments that may be settled by the delivery of non-financial assets. A commodity futures contract is an example of an instrument that may be settled by delivery of non-financial assets.

(2) The discussion under paragraph 6.14(a) should enhance a reader's understanding of the significance of recognized and unrecognized instruments on the Issuer's financial position, results of operations and cash flows. The information should also assist a reader in assessing the amounts, timing, and certainty of future cash flows associated with those instruments. Also discuss the relationship between liability and equity components of convertible debt instruments.

(3) For purposes of paragraph 6.14(c), if the Issuer is exposed to significant price, credit or liquidity risks, consider providing a sensitivity analysis or tabular information to help readers assess the degree of exposure. For example, an analysis of the effect of a hypothetical change in the prevailing level of interest or currency rates on the fair value of financial instruments and future earnings and cash flows may be useful in describing the Issuer's exposure to price risk.

(4) For purposes of paragraph 6.14(d), disclose and explain the income, expenses, gains and losses from hedging activities separately from other activities.

Interim MD&A

6.15 Specify the date of the interim MD&A.

6.16 Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4. This disclosure must include

(a) a discussion of management's analysis of

(i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;

(ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;

(iii) any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and

(b) a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.

Instruction:

(1) For the purposes of paragraph (b), do not duplicate the discussion and analysis of financial condition in the annual MD&A. For example, if economic and industry factors are substantially unchanged the interim MD&A may make a statement to this effect.

(2) For the purposes of subparagraph (a)(i), you should generally give prominence to the current quarter.

(3) In discussing the Issuer's balance sheet conditions or income or cash flow items for an interim period, you do not have to present a summary, in tabular form, of all known contractual obligations contemplated under

section 6.7. Instead, you should disclose material changes in the specified contractual obligations during the interim period that are outside the ordinary course of the Issuer's business.

(4) Interim MD&A is not required for the Issuer's fourth quarter as relevant fourth quarter content will be contained in the Issuer's annual MD&A.

Additional Disclosure for Issuers without Significant Revenue

6.17

(1) Unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of

(a) capitalized or expensed exploration and development costs;

(b) expensed research and development costs;

(c) deferred development costs;

(d) general and administration expenses; and

(e) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (a) through (d)

and if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis.

(2) The disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

Passed and enacted the 26th day of August, 2004 to become effective immediately as a "housekeeping" amendment pursuant to the Company's order recognizing it as a stock exchange in Ontario.

"Ian Bandeen"
Chairman

"Timothy Baikie"
Secretary

13.1.4 Notice of Commission Approval – Housekeeping Amendments to IDA By-law No. 20 Regarding Association Hearing Processes

THE INVESTMENT DEALERS ASSOCIATION (IDA)
NOTICE OF COMMISSION APPROVAL
HOUSEKEEPING AMENDMENTS TO
IDA BY-LAW NO. 20
REGARDING ASSOCIATION HEARING PROCESSES

The Ontario Securities Commission approved amendments to IDA By-law No. 20 regarding hearing processes. In addition, the Alberta Securities Commission did not disapprove and the British Columbia Securities Commission did not object to these amendments. The amendments are housekeeping in nature. The amendments ensure that By-law No. 20 meets the requirements of Quebec law for hearings related to Quebec members and approved persons. The description and a copy of the amendments are contained in Appendix "A" and Appendix "B" respectively.

"APPENDIX A"

INVESTMENT DEALERS ASSOCIATION OF CANADA – BY-LAW 20

I OVERVIEW

A -- Current Rules

By-law 20 is the primary rule for the IDA hearing processes. A substantial overhaul of By-law 20 was approved by the CSA April 2004.

B -- The Issue

The IDA is in the process of obtaining recognition as a self-regulatory organization in Quebec. Discussions entered into with the Autorite de Marches Financiers ("AMF") during the Recognition Process revealed the need to make certain changes to By-law 20 so as to ensure that it is in line with Bill 107 and meets with the approval of the AMF.

C -- Objective

The proposed changes seek to ensure that By-law 20 complies with Quebec law and the requirements of the AMF.

D -- Effect of Proposed Rules

The proposed rules will ensure that By-law 20 meets the requirements of Quebec law for hearings related to Quebec members and approved persons.

II DETAILED ANALYSIS

A -- Present Rules, Relevant History and Proposed Policy

The proposed amendments to By-law 20 are outlined below:

Proposed Amendments To By-Law 20

Increased Number Of Public Members & Former Judges On Quebec Hearing Committee

The number of public members to be appointed to the Hearing Committee in Quebec will be increased from three to four and the number of former judges will be increased from one to two. This change attempts to ensure that there are sufficient public members and former judges on the Quebec Hearing Committee to accommodate any Quebec hearings and appeals.

Increase In Number Of Quebec Residents Sitting On Board Panel Re Membership Hearings

The number of Quebec residents required on a Board Panel that presides over a Membership review hearing will be increased from one to two such that two-thirds of the Board Panel (comprised of three Board members) shall be Quebec residents.

Place and Language of Quebec Hearings

A rule has been added to By-law 20 providing that any hearing required to be held under By-law 20 shall be held in Quebec and that the parties may present their case in French, both verbally and in writing.

Composition of Appeals of Quebec Disciplinary Decisions

A rule has been added to By-law 20 that will require that all three members of the Appeal Panel that presides over appeals of disciplinary matters to be resident in Quebec.

Rule Re Public Nature of Proceedings

The rule pertaining to public and in camera proceedings has been modified as it pertains to proceedings held in Quebec. The new rule was added to By-law 20 so as to mirror the test and rule pertaining to public and in camera proceedings as set out in Bill 107 and as per the AMF's request.

B -- Issues and Alternatives Considered

Discussions were entered into with the AMF regarding By-law 20 and its' compatibility with Quebec Law, and in particular, Bill 107. The comments of the AMF and Bill 107 were considered.

C -- Comparison with Similar Provisions

The requirements of Bill 107 were considered when developing the proposed amendments to By-law 20.

D -- Systems Impact of Rule

The amendments to By-law 20 do not have any impact on systems.

E. -- Best Interests of the Capital Markets

The Board has determined that the housekeeping amendments to By-law 20 are not detrimental to the best interests of the capital markets.

F -- Public Interest Objective

The proposed amendments serve to ensure that By-law 20 complies with the requirements of the AMF and Bill 107.

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

The amendments are believed to be housekeeping in nature as they are intended to clarify existing rules for application in Quebec.

III COMMENTARY

A -- Filing in Other Jurisdictions

These proposed amendments will be filed for approval in Alberta, British Columbia and Ontario and will be filed for information in Nova Scotia and Saskatchewan.

B – Effectiveness

A thorough assessment of the effectiveness of the proposed rules in addressing the issues was undertaken.

C -- Process

Discussions were entered into with the AMF so as to determine what, if any, amendments were required to By-law 20 to ensure consistency with Quebec law.

IV SOURCES

Bill 107 was referred to and considered when developing the amendments to By-law 20.

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying Policy so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of the proposed amendments is housekeeping in nature. As a result, a determination has been made that these proposed rule amendments need not be published for comment.

Questions may be referred to:

Belle Kaura
Enforcement Policy Counsel
Enforcement Department
Investment Dealers Association of Canada
(416) 943-5878
bkaura@ida.ca

"APPENDIX B"

INVESTMENT DEALERS ASSOCIATION OF CANADA

PROPOSED AMENDMENTS TO BY-LAW 20

THE BOARD OF DIRECTORS of the Investment Dealers Association hereby makes the following amendments to the By-laws, Regulations, forms and Policies of the Association:

BY-LAW 20

1. By-law 20.10(5) is amended by:

   adding the word "and" immediately prior to the words "the Pacific; and

   deleting the words "and Quebec".

2. By-law 20.10(6) is re-numbered as By-law 20.10(7).

3. By-law 20.10(7) is re-numbered as By-law 20.10(8).

4. The following provision shall be added as By-law 20.10(6):

   "The Quebec District Council shall appoint a minimum of four public members, two of which shall be former judges, to its Hearing Committees."

5. By-law 20.22(3) is amended by:

   replacing the word "one" immediately preceding the phrase "of the members of the Board Panels shall be resident in Quebec" with the word "two".

6. By-law 20.51 is amended by adding the following two subsections immediately following subsection (1):

   (2) In Quebec, the Appeal Panel shall be comprised of three members resident in Quebec, one of them being a former judge appointed by the Quebec District Council as a Public Member.

   (3) Any hearing required by the present By-Law in Quebec should be held in Quebec and the parties could present in French both verbally and in writing.

PASSED AND ENACTED BY the Board of Directors this 13th day of June 2004, to be effective on a date to be determined by Association staff.

INVESTMENT DEALERS ASSOCIATION OF CANADA

PROPOSED AMENDMENTS TO BY-LAW 20

THE BOARD OF DIRECTORS of the Investment Dealers Association hereby makes the following amendments to the By-laws, Regulations, forms and Policies of the Association:

BY-LAW 20

1. By-Law 20.55 is amended by adding the following subsection immediately following subsection (2).

   (3) Notwithstanding subparagraph (1) and (2), in Quebec, any disciplinary or disciplinary appeal panel must be public. However, such disciplinary or disciplinary appeal panel may on its own initiative or on request, order a closed-door hearing or prohibit the publication or release of information or documents in the interest of good morals or public order.

PASSED AND ENACTED BY the Board of Directors this 21st day of July 2004, to be effective on a date to be determined by Association staff.

BY-LAW 20

ASSOCIATION HEARING PROCESSES

20.10 Appointment of Public Members to Hearing Committees

(1) The Nominating Committee shall nominate public members of the Hearing Committee.

(2) The Nominating Committee shall consider for nomination as a public member only those persons who are:

(a) resident in the District; and

(b) currently or have been qualified to practice law in any Canadian jurisdiction.

(3) No person shall be eligible to be appointed as a public member or be permitted to continue to serve his or her term of appointment as a public member if he or she represents any parties to hearings under By-law 20 during the course of his or her appointment to a Hearing Committee.

(4) The Nominating Committee shall review the suitability, fitness and qualifications of each person nominated as a public member of the Hearing Committee.

(5) The District Councils of Alberta, Ontario, and the Pacific ~~and Quebec~~ shall each appoint a minimum of three public members, one of which shall be a former judge, to their respective Hearing Committees.

(6) The Quebec District Council shall appoint a minimum of four public members, two of which shall be former judges, to its Hearing Committee.

(7~~6~~) The District Councils of Manitoba, New Brunswick, Nova Scotia and Saskatchewan shall each appoint a minimum of two public members, one of which shall be a former judge, to their respective Hearing Committees.

(8~~7~~) The District Councils of Newfoundland and Prince Edward Island shall each appoint a minimum of one public member to sit on their respective Hearing Committees, between the Hearing Committees of these two Districts, there shall be one former judge.

20.22 Review Hearings

(1) Association Staff or the Applicant may request a review of a membership approval decision by a Board Panel within thirty business days after release of the decision

(2) If a review is not requested within thirty business days after release of the decision, the membership approval decision becomes final.

(3) The review hearing shall be presided over by a panel of the Board of Directors comprised of one independent member of the Board of Directors and two industry members of the Board of Directors, and where the Applicant is a Quebec firm, at least two~~one~~ of the members of the Board Panel shall be resident in Quebec. No member of the Executive Committee of the Board of Directors who participated in the making of the membership approval decision shall be a member of the Board Panel.

(4) A review hearing held under this Part shall be held in accordance with the IDA Rules of Practice and Procedure.

(5) The Board Panel may:

(a) affirm the decision;

(b) quash the decision;

(c) vary or remove any terms and conditions imposed on Membership;

(d) limit the ability to re-apply for approval for such period of time as it determines just and appropriate; and

(e) make any decision that could have been made by the Executive Committee pursuant to By-law 20.21.

(6) No appeal shall be available from the decision of the Board Panel.

20.51 Composition of Appeal Panel

(1) The Appeal Panel shall be comprised of:

(a) one independent member of the Board of Directors;

(b) one industry member of the Board of Directors; and

(c) one former judge, who is a public member of a Hearing Committee of the District in which the disciplinary hearing or expedited review hearing was heard, or a former judge who is a public member of a Hearing Committee of a District, other than that in which the hearing or expedited review hearing was heard, if the two chairs of the respective Hearing Committees consent.

(2) In Quebec, the Appeal Panel shall be comprised of three members resident in Quebec, one of them being a former judge appointed by the Quebec District Council as a public member.

(3) Any hearing required by the present By-law in Quebec should be held in Quebec and the parties can present in French both verbally and in writing.

PART 12 - PUBLIC HEARINGS

20.55 Public Hearings

(1) The following types of hearings shall be open to the public subject to subsection (2):

(a) settlement hearings, after a Settlement Agreement has been accepted by Hearing Panel, pursuant to By-law 20.36;

(b) disciplinary hearings pursuant to By-law 20.33 and By-law 20.34;

(c) expedited review hearings pursuant to By-law 20.47; and

(d) enforcement appeal hearings pursuant to By-law 20.50.

(2) The hearings prescribed in subsection (1) shall be held in the absence of the public where the Hearing Panel or Appeal Panel is of the opinion that the desirability of avoiding disclosure, of intimate financial, personal or other matters, in the interests of any person affected or in the public interest outweighs the desirability of adhering to the principle that hearings be public.

(3) Notwithstanding subparagraph (1) and (2), in Quebec, any disciplinary or disciplinary appeal panel must be public. However, such disciplinary or disciplinary appeal panel may on its own initiative or on request, order a closed-door hearing or prohibit the publication or release of information or documents in the interest of good morals or public order.

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