The Ontario Securities Commission

OSC Bulletin

October 29, 2004

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

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

OCTOBER 29, 2004

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

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- -

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Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

November 1, 2004 **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

November 2, 2004 **Yama Abdullah Yaqeen**

10:00 a.m. s. 8(2)

J. Superina in attendance for Staff

Panel: RLS/ST/DLK

November 15 to 19, 2004 **Robert Cassels, Murray Hoult Pollitt, Pollitt & Co. Inc.**

10:00 a.m. s. 127

K. Daniels 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

December 6 – 10, 2004 **Brian Peter Verbeek** and Lloyd Hutchison Ebenezer Bruce

10:00 a.m. s. 127

K. Manarin in attendance for Staff

Panel: RLS/ST

TBA	**Cornwall *et al***
	s. 127
	K. Manarin 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
10:00 a.m.	Panel: PMM/RWD/ST
March 29-31, 2005 April 1, 4, 6-8, 11-14, 18, 20-22, 25-29, 2005 May 2, 4, 12, 13, 16, 18-20, 30, 2005 June 1-3, 2005	**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
10:00 a.m.	Panel: SWJ/HLM/MTM
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**
10:00 a.m.	**(formerly known as Miller Bernstein & Partners)**
	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 11-740, International Joint Forum Publishes Consultation Report on Credit Risk Transfer

OSC STAFF NOTICE 11-740

INTERNATIONAL JOINT FORUM PUBLISHES CONSULTATION REPORT ON CREDIT RISK TRANSFER

On October 21, 2004, the International Joint Forum[1] published a consultation report, *Credit Risk Transfer*. The report responds to a request by the Financial Stability Forum (FSF)[2] that the International Joint Forum undertake a study in this area. In particular, the FSF asked the International Joint Forum to consider:

- whether credit risk transfer (CRT) instruments and transactions accomplish a clean risk transfer from one institution to another;
- the degree to which CRT market participants understand the risks involved;
- whether CRT activities are leading to undue concentrations of credit risk inside or outside the regulated financial sector;
- whether there is a need for enhanced reporting by regulated financial institutions to their supervisors;
- whether there is a need for improved public disclosures by regulated financial institutions; and

[1] The Basel Committee on Banking Supervision, the International Association of Insurance Supervisors and the International Organization of Securities Commissions established the International Joint Forum in 1996. It focuses on issues of common interest to the three financial sectors. Because it brings together regulators from different financial sectors and countries, the International Joint Forum is particularly interested in: (1) identifying core regulatory principles that are common to all three sectors; (2) identifying differences in regulation across the sectors; (3) assessing the potential for these differences to lead to regulatory gaps, or regulatory arbitrage; and (4) examining the supervision of large, complex financial groups, such as financial services firms that operate in several sectors and countries. The Ontario Securities Commission is a member of the International Joint Forum.

[2] The FSF was established in 1999 to promote international financial stability through information exchange and international cooperation in financial supervision and surveillance. The FSF brings together on a regular basis national authorities responsible for financial stability in significant financial centres, as well as international financial institutions, sector-specific international groups of regulators and supervisors (such as IOSCO and the International Joint Forum) and committees of central bank experts.

- whether there is a need for further information on credit risks that are transferred to unregulated institutions.

The report considers these issues, as well as the trends in credit risk transfer, market developments, and the extent and sources of risk transfer.

The report also includes seventeen recommendations for market participants and their supervisors. These recommendations address risk management practices, disclosure and supervisory approaches to CRT activities.

Copies of the consultation report and associated press release have been posted on the Ontario Securities Commission's website at **www.osc.gov.on.ca** (International Affairs – Current Consultations) and on the website of the International Organization of Securities Commissions at www.iosco.org. (Library – Public Document #174).

The Commission encourages the Canadian investment industry to comment on the consultation paper. The comment period will remain open until January 28, 2005. Please submit comments by email to baselcommittee@bis.org. Please include in the subject line of the email "Public Comment on Consultation Report: *Credit Risk Transfer*".

Please do not submit comments to the Commission.

More information about the International Joint Forum, IOSCO and the Commission's participation in these organizations can be found on the Commission's website at **www.osc.gov.on.ca** (International Affairs -- Who's Who).

Questions may be referred to:

Janet Holmes
Manager, International Affairs
Ontario Securities Commission
Tel: (416) 593 8282
Fax: (416) 593 8241
email: jholmes@osc.gov.on.ca

1.1.3 Notice of Request for Comment - Proposed National Policy 58-201 Corporate Governance Guidelines and Proposed National Instrument 58-101 Disclosure of Corporate Governance Practices, Form 58-101F1 and Form 58-101F2 and Proposed Amendments to Multilateral Instrument 52-110 Audit Committees, Form 52-110F1, Form 52-110F2, and Companion Policy 52-110CP

NOTICE OF REQUEST FOR COMMENT

PROPOSED NATIONAL POLICY 58-201 CORPORATE GOVERNANCE GUIDELINES AND PROPOSED NATIONAL INSTRUMENT 58-101 DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES, FORM 58-101F1 AND FORM 58-101F2

AND

PROPOSED AMENDMENTS TO MULTILATERAL INSTRUMENT 52-110 AUDIT COMMITTEES, FORM 52-110F1, FORM 52-110F2, AND COMPANION POLICY 52-110CP

Request for Public Comment

Corporate Governance

The Commission is publishing for a 45-day comment period the materials outlined below in today's Bulletin. We request comments on these proposed materials by **December 13, 2004**.

- proposed National Policy 58-201 *Corporate Governance Guidelines*, and
- proposed National Instrument 58-101 *Disclosure of Corporate Governance Practices*, Form 58-101F1 and Form 58-101F2.

Audit Committees

The Commission is also publishing for a 90-day comment period the materials outlined below in today's Bulletin. We request comments on these proposed materials by **January 27, 2005**.

- proposed Amendments to Multilateral Instrument 52-110 *Audit Committees*, Form 52-110F1, Form 52-110F2, and Companion Policy 52-110CP.

The materials are published in Chapter 6 of the Bulletin.

1.3 News Releases

1.3.1 OSC Publishes Guidelines for Disclosure of Investigations

FOR IMMEDIATE RELEASE
October 21, 2004

OSC PUBLISHES GUIDELINES FOR DISCLOSURE OF INVESTIGATIONS

TORONTO – The Ontario Securities Commission (OSC) has published guidelines that staff use when deciding if it is appropriate to disclose an ongoing investigation. The guidelines have been reviewed by the Commission and OSC advisory groups.

"These guidelines confirm our current practices that are designed to protect investors and promote confidence in our capital markets," said Michael Watson, Director of Enforcement. "In publishing these guidelines, we are enhancing transparency in our processes."

"Investors and our markets are best served when correct material information is available to all stakeholders on a timely basis. These guidelines outline the circumstances in which we feel that the value in disclosing an investigation outweighs any risk associated with the disclosure," added Mr. Watson.

In most circumstances and in keeping with current practices, there will be no public disclosure by OSC staff of an ongoing or closed investigation to avoid prejudicing an investigation, prejudicing individuals under investigation, or where confidentiality restrictions of the *Securities Act* apply. However, in certain circumstances, OSC staff may notify a market participant that the existence and nature of an investigation ought to be disclosed. Except in exceptional circumstances, it is anticipated that the relevant parties will be given an opportunity to make an announcement about an investigation before OSC staff take any steps to disclose the investigation.

The circumstances in which an investigation may be disclosed include:

- the need to protect investors from fraudulent behaviour such as an on-going scam;
- where related investigations by criminal law authorities or other regulators are disclosed;
- when confidence in the capital markets could be harmed by a failure to confirm that a matter is under regulatory consideration; and
- to confirm a disclosure by a market participant that they are under investigation or to correct any misleading information or denial of the existence of an investigation by that market participant.

The guidelines also provide for notification of market participants and other relevant stakeholders of the completion of an investigation that had been publicly disclosed if no proceedings are to be taken.

Staff Notice 15-703 "Guidelines for Staff Disclosure of Investigations" is available on the OSC's web site (**www.osc.gov.on.ca**).

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

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 TD Asset Management Inc. - MRRS Decision

Headnote

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

Statutes Cited

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

October 22, 2004

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

AND

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

AND

IN THE MATTER OF
TD ASSET MANAGEMENT INC. (THE FILER)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application (the Application) from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for relief for the publicly offered mutual funds that are managed from time to time by the Filer or any of its affiliates or associates (the Funds) and broker dealers or mutual fund dealers (Distributors) who distribute securities of the Funds from the requirements in the Legislation:

- to deliver the latest prospectus and any amendment to the prospectus, and
- to be bound by an agreement of purchase and sale

(together, the “Delivery Requirement”)

in respect of a purchase and sale of securities of the Funds pursuant to a pre-authorized investment plan, including employee purchase plans, capital accumulation plans, pre-authorized purchase plans or any other contract or arrangement for the purchase of a specified amount of securities on a regularly scheduled basis (an Investment Plan).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

(a) the Ontario Securities Commission is the principal regulator for this Application, and

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

Interpretation

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

Representations

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

1. The Filer is a wholly-owned subsidiary of The Toronto-Dominion Bank (TD Bank) and is registered under the *Securities Act* (Ontario) as an adviser in the categories of investment counsel and portfolio manager and as a limited market dealer, and under the *Commodity Futures Act* (Ontario) in the category of commodity trading manager.

2. The Filer acts as manager of the groups of mutual funds that currently consist of the Funds set out in Schedule A.

3. The Funds are, or will be, reporting issuers in one or more of the Jurisdictions. Securities of the Funds are, or will be, offered for sale on a continuous basis pursuant to a simplified prospectus.

4. Securities of each of the Funds are or will be distributed through Distributors which may or may not be affiliated with the Filer.

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

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

7. An investor who establishes an Investment Plan (a Participant) receives a copy of the current simplified prospectus relating to the applicable Funds at the time an Investment Plan is established, unless already provided. A Participant who switches an investment decision under the Investment Plan to Fund(s) not included when the Investment Plan was established or under a previous amendment to the Investment Plan will receive the current simplified prospectus relating to the applicable Fund(s) at the time of the amendment to the Investment Plan, unless already provided.

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

9. Pursuant to the Legislation, an agreement referred to in paragraph (8) is not binding on the purchaser if a Distributor receives notice of the intention of the purchaser not to be bound by the agreement of purchase and sale within a specified time period.

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

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

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

13. Securityholders of the Funds who are currently Participants will be sent a notice (the Notice) advising them:

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

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

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

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

    (e) that they will not have a right to withdraw (a Withdrawal Right) from an agreement of purchase and sale in respect of or purchase pursuant to an Investment Plan, but that they will have a right (a Misrepresentation Right) of action for damage or rescission in the event the Renewal Prospectus contains a misrepresentation, whether or not they request the Renewal Prospectus; and

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

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

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

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

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

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

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

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met.

The decision of the Decision Makers under the Legislation is that:

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

(a) Participants who are current securityholders of the Funds are sent the Notice described in paragraph 13 above containing the information described in paragraph 13 above, together with the Request Form referred to in paragraph 13 above;

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

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

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

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

(a) Participants are advised, in the simplified prospectus of the applicable Funds or in the documents they receive in respect of their participation in the Investment Plan, of the information described in paragraph 14 above;

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

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

(d) The Misrepresentation Right in the Legislation of a Jurisdiction is maintained in respect of a Participant whether or not a Renewal Prospectus is requested or received; and

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

“Paul Moore” “H. Lorne Morphy”

SCHEDULE A
LIST OF FUNDS

TD MUTUAL FUNDS

TD Canadian T-Bill Fund
TD Canadian Money Market Fund
TD Premium Money Market Fund
TD U.S. Money Market Fund
TD Short Term Bond Fund
TD Mortgage Fund
TD Canadian Bond Fund
TD Real Return Bond Fund
TD Global RSP Bond Fund
TD High Yield Income Fund
TD Monthly Income Fund
TD Balanced Fund
TD Balanced Income Fund
TD Balanced Growth Fund
TD Global Asset Allocation Fund
TD Income Advantage Portfolio
TD Dividend Income Fund
TD Dividend Growth Fund
TD Canadian Blue Chip Equity Fund
TD Canadian Equity Fund
TD Canadian Value Fund
TD Canadian Small-Cap Equity Fund
TD U.S. Blue Chip Equity Fund
TD U.S. Blue Chip Equity RSP Fund
TD U.S. Equity Fund
TD AmeriGrowth RSP Fund
TD U.S. Large Cap Value Fund
TD U.S. Mid-Cap Growth Fund
TD U.S. Small-Cap Equity Fund
TD U.S. Equity Advantage Portfolio
TD Global Select Fund
TD Global Select RSP Fund
TD International Equity Fund
TD International Growth Fund
TD European Growth Fund
TD European Growth RSP Fund
TD Japanese Growth Fund
TD Asian Growth Fund
TD AsiaGrowth RSP Fund
TD Emerging Markets Fund
TD Emerging Markets RSP Fund
TD Latin American Growth Fund
TD Resource Fund
TD Energy Fund
TD Precious Metals Fund
TD Entertainment & Communications Fund
TD Entertainment & Communications RSP Fund
TD Science & Technology Fund
TD Science & Technology RSP Fund
TD Health Sciences Fund
TD Health Sciences RSP Fund
TD Canadian Government Bond Index Fund
TD Canadian Bond Index Fund
TD Balanced Index Fund
TD Canadian Index Fund
TD Dow Jones Industrial Average Index Fund
TD U.S. Index Fund
TD U.S. RSP Index Fund

TD Nasdaq RSP Index Fund
TD International Index Fund
TD International RSP Index Fund
TD European Index Fund
TD Japanese Index Fund

TD MANAGED ASSETS PROGRAM PORTFOLIOS

TD Managed Income Portfolio
TD Managed Income & Moderate Growth Portfolio
TD Managed Balanced Growth Portfolio
TD Managed Aggressive Growth Portfolio
TD Managed Maximum Equity Growth Portfolio
TD Managed Income RSP Portfolio
TD Managed Income & Moderate Growth RSP Portfolio
TD Managed Balanced Growth RSP Portfolio
TD Managed Aggressive Growth RSP Portfolio
TD Managed Maximum Equity Growth RSP Portfolio
TD FundSmart Managed Income Portfolio
TD FundSmart Managed Income & Moderate Growth Portfolio
TD FundSmart Managed Balanced Growth Portfolio
TD FundSmart Managed Aggressive Growth Portfolio
TD FundSmart Managed Maximum Equity Growth Portfolio
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TD FundSmart Managed Income & Moderate Growth RSP Portfolio
TD FundSmart Managed Balanced Growth RSP Portfolio
TD FundSmart Managed Aggressive Growth RSP Portfolio
TD FundSmart Managed Maximum Equity Growth RSP Portfolio
TD Managed Index Income Portfolio
TD Managed Index Income & Moderate Growth Portfolio
TD Managed Index Balanced Growth Portfolio
TD Managed Index Aggressive Growth Portfolio
TD Managed Index Maximum Equity Growth Portfolio
TD Managed Index Income RSP Portfolio
TD Managed Index Income & Moderate Growth RSP Portfolio
TD Managed Index Balanced Growth RSP Portfolio
TD Managed Index Aggressive Growth RSP Portfolio
TD Managed Index Maximum Equity Growth RSP Portfolio

EMERALD FUNDS

Emerald Canadian Short Term Investment Fund
Emerald Canadian Bond Index Fund
Emerald Global Government Bond Index Fund
Emerald Balanced Fund
Emerald Canadian Equity Index Fund
Emerald U.S. Market Index Fund
Emerald International Equity Index Fund

2.1.2 Barrick Gold Corporation - s. 13.1 of NI 51-102 and s. 121(2)(a)(ii) of the Act

Headnote

Parent reporting issuer (Parentco) proposes to file an amended and restated short form base shelf prospectus to add a wholly owned subsidiary (Subco) as a potential issuer of debt securities under the shelf prospectus – Subco has no more than minimal operations that are independent of Parentco and functions essentially as a special purpose division of Parentco – Parentco and Subco may issue from time to time certain debt securities under the shelf prospectus – any debt securities issued by Subco will be fully, unconditionally and irrevocably guaranteed by Parentco – application by Parentco and Subco for an order pursuant to section 13.1 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) exempting Subco from the requirements of NI 51-102, and section 121(2)(a)(ii) of the Securities Act (Ontario), exempting each insider of Subco from the requirements of Part XXI of the Act – relief granted on conditions substantially analogous to the conditions contained in the s. 13.4 of NI 51-102.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 121(2)(a)(ii).

Applicable Ontario Rules

National Instrument 51-102 Continuous Disclosure Obligations, ss. 13.1 and 13.4.
National Instrument 55-102 System for Electronic Disclosure by Insiders.

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

AND

IN THE MATTER OF
BARRICK GOLD CORPORATION

AND

BARRICK GOLD FINANCE COMPANY

DECISION DOCUMENT
(Section 13.1 of NI 51-102 and section 121(2)(a)(ii) of the Act)

WHEREAS upon the application of Barrick Gold Corporation ("Barrick") and its wholly-owned indirect subsidiaries, Barrick Gold Inc. ("BGI") and Barrick Gold Finance Company ("BGFC") (collectively, the "Filer") to the Ontario Securities Commission (the "Commission") for an order pursuant to

(i) section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102") exempting BGFC from the requirements of NI 51-102, and

(ii) section 121(2)(a)(ii) of the *Securities Act* (Ontario) (the "Act"), exempting each insider of BGFC from the requirements of Part XXI of the Act, (together with NI 51-102, the "Legislation")

subject to certain terms and conditions;

AND WHEREAS upon considering the application and the recommendation of the staff of the Commission;

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

1. Barrick was formed by the amalgamation of three mining companies on July 14, 1984 under the *Business Corporations Act* (Ontario). Its head office is located at BCE Place, Canada Trust Tower, Suite 3700, 161 Bay Street, P.O. Box 212, Toronto, ON M5J 2S1.

2. The authorized capital of Barrick consists of (i) an unlimited number of common shares, (ii) an unlimited number of first preferred shares, issuable in series of which one has been designated as first preferred shares, series C special voting share, and (iii) an unlimited number of second preferred shares, issuable in series. As of June 30, 2004, Barrick had 531,473,923 common shares, one first preferred share series C special voting share and no second preferred shares outstanding.

3. As at June 30, 2004, Barrick had approximately U.S. $696 million in long-term debt outstanding. All rated debt of Barrick, including the US$500,000,000 of redeemable non-convertible debentures issued by Barrick Gold Finance Inc., a wholly-owned subsidiary of Barrick, on April 22, 1997 and fully and unconditionally guaranteed by Barrick, is currently rated "A" by Standard & Poor's and "A3" by Moody's Investor Services.

4. Barrick is a reporting issuer (or equivalent) in each of the provinces and territories of Canada and is not on the list of reporting issuers in default in any of those jurisdictions.

5. The Barrick common shares are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the Swiss Exchange and the Paris Bourse.

6. BGFC is an unlimited liability company governed by the *Companies Act* (Nova Scotia).

7. BGFC is a wholly-owned indirect subsidiary of Barrick.

8. The authorized capital of BGFC consists of 100,000,000 common shares. As of June 30, 2004, 1,299,800 common shares were

outstanding. All of BGFC's outstanding shares are held by Barrick and its affiliates.

9. BGFC is not currently a reporting issuer (or equivalent) in any Province or Territory of Canada.

10. BGFC has no more than minimal operations that are independent of Barrick and is an entity that functions as essentially as a special purpose division of Barrick.

11. BGFC proposes to file a preliminary short form base shelf prospectus (the "Preliminary Shelf Prospectus") and Barrick, BGI and BGFC propose to file an amended and restated short form base shelf prospectus (the "Amended and Restated Shelf Prospectus"), which will be a final short form base shelf prospectus for BGFC and will amend and restate the final short form base shelf prospectus filed on June 27, 2003 by Barrick and BGI, pursuant to National Instruments 44-101 and 44-102 (collectively, the "Shelf Requirements"), pursuant to which Amended and Restated Shelf Prospectus Barrick, BGI and BGFC may issue up to a fixed aggregate principal amount of debentures, notes and/or other similar evidences of indebtedness ("Debt Securities") from time to time over the period of effectiveness of the Amended and Restated Shelf Prospectus. Any Debt Securities so issued by BGFC will be fully, unconditionally and irrevocably guaranteed by Barrick as to payment of principal, interest and other amounts due thereunder.

12. In connection with any offering of Debt Securities (any such offering, an "Offering"):

    (a) the Amended and Restated Shelf Prospectus and a prospectus supplement or supplements (collectively, the "Prospectus") will be prepared pursuant to the Shelf Requirements, with the disclosure required by:

        (i) Item 4.1 of Form 44-103F3 being addressed by including the required disclosure with respect to Barrick only;

        (ii) Item 7 of Form 44-101F3 being addressed by including the required disclosure with respect to Barrick only;

        (iii) Item 12 of Form 44-101F3 being addressed by incorporating by reference Barrick's public disclosure documents, including Barrick's most recent annual report; and

        (iv) Item 13 of Form 44-101F3 being addressed by incorporating by reference the audited annual financial statements of Barrick for the year ended December 31, 2003, including the note thereto which contains a summary of selected consolidated financial information for BGI, including information as to its consolidated revenues and other income, costs and expenses, income before taxes, net income, current assets, non-current assets, current liabilities and non-current liabilities;

    (b) a separate application has been made to the Commission contemporaneously herewith and a decision granted permitting the variation from the requirements of Form 44-101F3 described in clauses (a)(i) through (a)(iv) above as they relate to BGFC in connection with the filing of the Amended and Restated Shelf Prospectus, and such relief was granted with respect to BGI in connection with the filing by BGI and Barrick of a final short form base shelf prospectus on June 27, 2003;

    (c) the Prospectus will include all material disclosure required by the Shelf Requirements concerning Barrick and BGFC;

    (d) the Prospectus will incorporate by reference Barrick's current and future public disclosure documents as required by Item 12 of Form 44-101F3 and will state that purchasers of BGFC Debt Securities will not receive separate continuous disclosure information regarding BGFC;

    (e) Barrick will fully, unconditionally and irrevocably guarantee payment of the principal and interest on any BGFC Debt Securities, together with any other amounts that may be due under any provisions of the trust indenture relating to such BGFC Debt Securities;

    (f) the Debt Securities will have an approved rating (as defined in National Instrument 44-101);

    (g) Barrick will sign the Prospectus as issuer and credit supporter; and

    (h) Barrick will continue to file with the securities regulatory authorities in each of the Jurisdictions all documents

required to be filed by it under the Legislation.

AND WHEREAS the Commission is satisfied that the test contained in the Act that provides the Commission with the jurisdiction to make the Decision has been met;

IT IS ORDERED, pursuant to section 13.1 of NI 51-102, that BGFC be exempt from the requirements of NI 51-102 so long as

(a) Barrick remains a reporting issuer in Ontario;

(b) Barrick remains the indirect or direct beneficial owner of all the issued and outstanding voting securities in the capital of BGFC;

(c) BGFC continues to have only minimal operations that are independent of Barrick and is an entity that functions essentially as a special purpose division of Barrick;

(d) Barrick continues to comply with all timely and continuous disclosure filing requirements of the Legislation;

(e) BGFC does not issue any securities other than

(i) designated credit support securities (as defined in section 13.4 of NI 51-102) in respect of which Barrick is acting as credit supporter ("Designated Credit Support Securities"),

(ii) securities issued to Barrick or Barrick's affiliates, or

(iii) debt securities issued to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions;

(f) Barrick continues to unconditionally guarantee the BGFC Debt Securities and the Designated Credit Support Securities, if any;

(g) Barrick sends to all holders of BGFC Debt Securities (and any other Designated Credit Support Securities of BGFC that include debt) all disclosure material that would be required to be furnished to holders of non-convertible debt securities with an approved rating (as defined in NI 51-102) issued by Barrick, at the time and in the manner that such material would be required to be furnished to such holders of debt securities issued by Barrick; and

(h) Barrick sends to all holders of Designated Credit Support Securities that include preferred shares all disclosure material that would be required to be furnished to holders of non-convertible preferred shares of Barrick with an approved rating (as defined in NI 51-102), at the time and in the manner that such material would be required to be furnished to such holders of preferred shares issued by Barrick;

September 10, 2004.

"Charlie MacCready"

AND IT IS FURTHER ORDERED, pursuant to section 121(2)(a)(ii) of the Act, that each insider of BGFC be exempt from the requirements of Part XXI of the Act and the requirement to file an insider profile under National Instrument 55-102 *System for Electronic Disclosure by Insiders*, so long as

(a) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning Barrick before the material facts or material changes are generally disclosed;

(b) the insider is not an insider of Barrick in any capacity other than by virtue of being an insider of BGFC;

(c) Barrick remains the indirect or direct beneficial owner of all the issued and outstanding voting securities in the capital of BGFC;

(d) Barrick remains a reporting issuer in Ontario and continues to comply with all timely and continuous disclosure filing requirements of the Legislation; and

(e) BGFC does not issue any securities other than

(i) Designated Credit Support Securities,

(ii) securities issued to Barrick or Barrick's affiliates, or

(iii) debt securities issued to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions;

September 10, 2004.

"Wendell S. Wigle" "Robert L. Shirriff"

2.1.3 EMJ Data Systems Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted from the requirement to provide prospectus-level disclosure in an information circular for a restructuring transaction (amalgamation) – Redeemable preferred shares and another class of voting preferred shares to be issued pursuant to the amalgamation – Redeemable preferred shares will be redeemed two business days after the date of amalgamation – Voting preferred shares identical in all respects to voting preferred shares of pre-amalgamation operating company.

Rules Cited

National Instrument 51-102 – Continuous Disclosure Obligations, Part 9 and section 13.1(2) and Form 51-102F5 – Information Circular, item 14.2.

October 27, 2004

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR, NUNAVUT, AND YUKON TERRITORY
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
EMJ DATA SYSTEMS LTD.
(the Filer)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for a decision that the Filer be exempt from the requirement in the Legislation to include prospectus level disclosure in a management proxy circular of the Filer relating to the meeting of its shareholders to consider, and if deemed advisable to approve, among other things, the amalgamation of the Filer with another company in accordance with the Legislation (the **Requested Relief**).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

(a) the Ontario Securities Commission is the principal regulator for the Application; and

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

Interpretation

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

Representations

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

1. Synnex Canada Acquisition Limited (**SCAL**) is a corporation incorporated under the laws of the Province of Ontario and is a wholly-owned subsidiary of Synnex Canada Limited.

2. SCAL owns 8,232,834 common shares in the capital of the Filer (**Common Shares**), all of such shares having been acquired by SCAL on September 18, 2004 pursuant to the offer to purchase all Common Shares for $6.60 cash per Common Share made by SCAL and dated August 9, 2004 (the **SCAL Offer**). Such shares represent approximately 87.7% of all issued and outstanding Common Shares calculated on a fully-diluted basis.

3. SCAL conducts no business other than its holding of Common Shares.

4. Synnex Canada Limited is a corporation incorporated under the laws of the Province of Ontario and owns all of the common shares in the capital of SCAL. Synnex Canada Limited is not a reporting issuer in any of the provinces or territories of Canada where such status exists.

5. The Filer is a corporation existing under the laws of the Province of Ontario and is a reporting issuer in all provinces and territories of Canada where such status exists. To the knowledge of the Filer, it is not in default of any of the requirements of the Legislation.

6. As of September 23, 2004, the authorized share capital of the Filer consisted of an unlimited number of Common Shares, an unlimited number of first preference shares and an unlimited number of second preference shares; and as of the close of business on September 23, 2004 there were issued and outstanding 8,801,547 Common Shares, 1,056,500 First Preference Shares Series A of the Filer (the **Series A Shares**) (each convertible into one Common Share), 109,500 warrants (each exercisable to purchase, at the election of the holder, one Series A Share or $8.00 principal amount of Convertible Debentures (defined below)), and $11,148,000 aggregate principal amount of convertible unsecured subordinated debentures of the Filer (the **Convertible Debentures**) convertible into Common Shares at a conversion price of $8.00 per share.

7. The Common Shares are listed on the Toronto Stock Exchange and trade under the symbol, “EMJ”.

8. The Filer proposes to hold its annual and special meeting (the **Meeting**) of shareholders on or about November 17, 2004. At the Meeting, the Filer will seek the requisite approval of the shareholders of the Filer in respect of a special resolution to approve the amalgamation (the **Amalgamation**) of the Filer with SCAL under the *Business Corporations Act* (Ontario) (the **OBCA**) to form a company called EMJ Data Systems Limited (**Amalco)**.

9. In connection with the Meeting, the Filer expects to mail, on or about October 18, 2004, to each shareholder of the Filer (i) a notice of the Meeting; (ii) a form of proxy; and (iii) a management proxy circular prepared in accordance with the OBCA and applicable securities laws.

10. Under the Amalgamation, among other things, the Filer and SCAL will amalgamate to form Amalco, holders of Common Shares (other than SCAL) will receive one redeemable preferred share in the capital of Amalco (the **Preferred Shares**) for each Common Share held immediately prior to the Amalgamation, holders of Series A Shares will receive one First Preference Share Series A in the capital of Amalco (the **Amalco Series A Shares**) for each Series A Share held immediately prior to the Amalgamation, and Synnex Canada Limited or an affiliate will receive 8,801,547 common shares in the capital of Amalco.

11. The Amalgamation will be a business combination within the meaning of Ontario Securities Commission Rule 61-501 *Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions* (**Rule 61-501**) and will be a subsequent acquisition transaction following the completion of the SCAL Offer, as Synnex Canada Limited or an affiliate will be the sole holder of common shares of Amalco following completion of the Amalgamation.

12. The terms and conditions of the Amalco Series A Shares will be identical to those of the Series A Shares.

13. On the second business day following completion of the Amalgamation, each Preferred Share will be redeemed for Cdn. $6.60 in cash, which is the same consideration paid by SCAL for EMJ Shares under the SCAL Offer.

14. The consideration paid by Amalco on redemption of the Preferred Shares will be funded directly or indirectly by Synnex Canada Limited and/or Synnex Corporation, the sole shareholder of Synnex Canada Limited.

15. Synnex Canada Limited has advised that it intends to ensure that Amalco will have sufficient funds to pay in full the aggregate redemption price on the redemption of the Preferred Shares.

16. Under the OBCA and the articles of the Filer, the special resolution authorizing the Amalgamation (the **Special Resolution**) will require the approval of at least two thirds of the votes cast by holders of Common Shares and Series A Shares, voting together. Holders of Common Shares and Series A Shares are entitled to dissent and be paid the fair value of their shares.

17. In the circumstances and because the Amalco Series A Shares will be identical to the Series A Shares, the OBCA does not provide for a separate class vote for holders of Series A Shares in respect of the Special Resolution.

18. Under Rule 61-501, the Special Resolution will also require minority approval of the holders of Common Shares, voting separately as a class (**Minority Approval**).

19. Because of the number of Common Shares deposited under the SCAL Offer and by virtue of the MRRS Decision dated September 13, 2004 *In the Matter of Synnex Canada Limited and Synnex Canada Acquisition Limited*, the Common Shares held by SCAL will be sufficient to pass the Special Resolution and obtain Minority Approval.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the Filers comply with all other provisions of the Legislation applicable to the management proxy circular in respect of the Meeting.

"Charlie MacCready"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.2 Orders

2.2.1 Seitel, Inc. - s. 83

Headnote

Issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

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

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

AND

IN THE MATTER OF
SEITEL, INC.

ORDER
(Section 83)

WHEREAS the Ontario Securities Commission (the Commission) has received an application (the Application) of Seitel, Inc. (Seitel or the Applicant) for an order pursuant to Section 83 of the Act that the Applicant be deemed to have ceased to be a reporting issuer for the purposes of the Act;

AND WHEREAS the Applicant has represented to the Commission that:

1. Seitel is a corporation governed by the laws of the State of Delaware and its management and head office are located in Houston, Texas.

2. Seitel is currently subject to a plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code (the Plan). The Plan was confirmed by a U.S. bankruptcy court on March 18, 2004. Pursuant to the Plan, among other things, on July 2, 2004 (the Effective Date) each holder of record as of June 25, 2004 (the Record Date) of Seitel's common shares (the "Common Shares") received for each Common Share owned by them on the Record Date: (1) a newly issued share of Seitel's common stock (the Reorganized Common Shares); and (ii) a warrant **(**Stockholder Warrant**)** to purchase 4.926 Reorganized Common Shares at an exercise price of U.S. $0.60 per share within thirty days of the Effective Date (the Exercise Period). The Stockholder Warrants enable each holder to retain a percentage interest in reorganized Seitel substantially equivalent to such holder's percentage in Seitel immediately prior to the Effective Date.

3. Under the Plan, Seitel has the authority to issue 400,000,000 Reorganized Common Shares, par value U.S.$0.01, and up to 5,000,000 shares of

voting preferred stock, par value U.S.$0.01 (the Reorganized Preferred Shares). On the Effective Date, the 25,375,683 issued and outstanding Common Shares were cancelled and replaced with 25,375,683 Reorganized Common Shares. As of the date of this application, there have been no provisions for the issuance of any series of Reorganized Preferred Shares.

4. Based on the shareholder registers of Seitel provided by Seitel's transfer agent as of the Record Date, Seitel had approximately 200 registered and beneficial shareholders. Approximately 20 beneficial owners of Common Shares holding an aggregate of 38,720 Common Shares were held by persons with addresses in Ontario and approximately 1 registered and 52 beneficial holders of Common Shares holding an aggregate of 56,540 Common Shares were held by persons with addresses in Canada, representing approximately 0.15% and 0.22% respectively.

5. Seitel entered into agreements with standby purchasers to acquire any and all unexercised Stockholder Warrants after the expiry of the Exercise Period, such that 150,375,683 Reorganized Common Shares are issued and outstanding after the Exercise Period.

6. Based on the shareholder registers of Seitel as of the Record Date and including the dilution which occurred with the exercise of the Stockholder Warrants, the Common Shares held by persons with addresses in Ontario and Canada represent approximately 0.026% and 0.039% respectively.

7. Prior to March 17, 2003, the Common Shares were traded on the New York Stock Exchange (the NYSE) but were delisted due to the inability of Seitel to meet the NYSE's listing requirements relating to minimum share price and market capitalization. Following the delisting from the NYSE, the Common Shares commenced trading on the OTC Bulletin Board (the OTCBB).

8. Seitel is a reporting issuer under the Act and is not in default of any requirements thereof. Seitel is not a reporting issuer in any other jurisdiction in Canada.

9. Seitel became a reporting issuer under the Act on July 31, 2000 through the listing of its Common Shares on the Toronto Stock Exchange (the TSX). Seitel listed its Common Shares on the TSX to allow Canadian investors and clients to trade Seitel's Common Shares in their own currency and to highlight its presence in the Canadian seismic market through its wholly owned subsidiary Olympic Seismic Ltd.

10. Seitel has never offered securities to the public in Ontario or in any other jurisdiction in Canada either by way of a public offering in accordance with the prospectus requirements or privately in accordance with an exemption from the prospectus requirements.

11. Seitel only attracted a *de minimis* number of Canadian investors and the volume of trading of Seitel's Common Shares on the TSX was low. Accordingly, effective June 25, 2004, Seitel voluntarily delisted its Common Shares from the TSX.

12. Seitel has no intention of listing its Reorganized Common Shares on any Canadian securities exchange or any Canadian or U.S. inter-dealer quotation system, however, market makers have listed Seitel's Reorganized Common Shares and Stockholder Warrants on the OTCBB.

13. Seitel has no plans to seek financing by a pubic offering of its securities in Canada.

14. Seitel is subject to the continuous disclosure requirements of the *Securities Exchange Act of* 1934 (U.S.), (the 1934 Act), and continuous disclosure materials which are provided to holders of securities of Seitel in the United States pursuant to the 1934 Act will be provided to holders of securities in Canada. Seitel will continue to post its disclosure materials which may be accessed by Canadian holders on the EDGAR website maintained by the SEC. Seitel will also post selected continuous disclosure documentation on its website at www.seitel-inc.com.

AND WHEREAS the Commission is satisfied that the test contained in the Act that provides the Commission with the jurisdiction to make this Order has been met;

THE DECISION of the Commission under the Act is that Seitel, Inc. is deemed to have ceased to be a reporting issuer under the Act.

October 22, 2004.

"Suresh Thakrar" "Harold P. Hands"

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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
Consolidated Care Point Medical Centres Ltd.	18 Oct 04	29 Oct 04		
Healthtrac, Inc.	18 Oct 04	29 Oct 04		
RTICA Corporation	21 Oct 04	02 Nov 04		
Snow Leopard Resources Inc.	19 Oct 04	29 Oct 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
Aavdex Corporation	21 Oct 04	3 Nov 04			
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		

4.3.1 Issuer CTO's Revoked

Company Name	Date of Revocation
Wardley China Investment Trust	**18 Oct 2004**

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Chapter 6

Request for Comments

6.1.1 Notice - Request for Comment - Proposed National Policy 58-201 Corporate Governance Guidelines and Proposed National Instrument 58-101 Disclosure of Corporate Governance Practices, Form 58-101F1 and Form 58-101F2

NOTICE
REQUEST FOR COMMENT

PROPOSED NATIONAL POLICY 58-201
CORPORATE GOVERNANCE GUIDELINES

AND

PROPOSED NATIONAL INSTRUMENT 58-101
DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES,
FORM 58-101F1 AND FORM 58-101F2

This Notice accompanies proposed National Policy 58-201 *Corporate Governance Guidelines* (the **Proposed Policy**) and proposed National Instrument 58-101 *Disclosure of Corporate Governance Practices,* Form 58-101F1 and Form 58-101F2 (together, the **Proposed Instrument**).

On January 16, 2004, the securities regulatory authorities in Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Yukon Territory, the Northwest Territories and Nunavut published for comment proposed Multilateral Policy 58-201 *Effective Corporate Governance* and proposed Multilateral Instrument 58-101 *Disclosure of Corporate Governance Practices* (the **January Proposal**). On April 23, 2004, the securities regulatory authorities in British Columbia, Alberta and Québec published for comment proposed Multilateral Instrument 51-104 *Disclosure of Corporate Governance Practices* (the **April Proposal**). The Proposed Policy and the Proposed Instrument that we are publishing today are an initiative of every securities regulatory authority in Canada, and reflect elements of, and the comments received on, each of the January Proposal and the April Proposal.

The purpose of the Proposed Policy is to provide guidance on corporate governance practices. The purpose of the Proposed Instrument is to provide greater transparency for the marketplace regarding issuers' corporate governance practices.

We expect the Proposed Policy to be adopted as a policy in every jurisdiction in Canada. We expect the Proposed Instrument to be adopted as a rule in British Columbia, Alberta, Manitoba, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador, as a Commission regulation in Saskatchewan, as a regulation in Québec, as a policy in Prince Edward Island and the Yukon Territory, and as a code in the Northwest Territories and Nunavut.

Summary and Discussion of the Proposed Policy and the Proposed Instrument

The Proposed Policy

The Proposed Policy provides guidance on corporate governance practices. Although the Proposed Policy applies to all reporting issuers, the guidelines in the Proposed Policy are not intended to be prescriptive; rather, we encourage issuers to consider the guidelines in developing their own corporate governance practices.

The following corporate governance guidelines are contained in the Proposed Policy:

- maintaining a majority of independent directors on the board of directors (the **board**)
- appointing a chair of the board or a lead director who is an independent director
- holding regularly scheduled meetings of independent directors at which members of management are not in attendance
- adopting a written board mandate

- developing position descriptions for the chair of the board, the chair of each board committee, and the chief executive officer
- providing each new director with a comprehensive orientation, and providing all directors with continuing education opportunities
- adopting a written code of business conduct and ethics (a **code**)
- appointing a nominating committee composed entirely of independent directors
- adopting a process for determining what competencies and skills the board as a whole should have, and applying this result to the recruitment process for new directors
- appointing a compensation committee composed entirely of independent directors
- conducting regular assessments of board effectiveness, as well as the effectiveness and contribution of each board committee and each individual director

The Proposed Instrument

The Proposed Instrument applies to reporting issuers, other than investment funds, issuers of asset-backed securities, designated foreign issuers, SEC foreign issuers, certain exchangeable security issuers, certain credit support issuers and certain subsidiary issuers. The Proposed Instrument establishes both disclosure requirements and the requirement to file any written code that the issuer has adopted.

The Proposed Instrument requires an issuer to disclose those corporate governance practices it has adopted. The specific disclosure items are set out in Form 58-101F1. However, because we appreciate that many smaller issuers will have less formal procedures in place to ensure effective corporate governance, the Proposed Instrument requires issuers that are "venture issuers" to disclose only those items identified in Form 58-101F2.

The Proposed Instrument requires every issuer that has a written code to file a copy of the code (or any amendment to the code) on SEDAR no later than the date on which the issuer's next financial statements must be filed, unless a copy of the code or amendment has previously been filed.

We recognized that corporate governance is in a constant state of evolution. Consequently, we intend to review both the Proposed Policy and the Proposed Instrument periodically following their implementation to ensure that the guidelines and disclosure requirements continue to be appropriate for issuers in the Canadian marketplace.

Summary of Written Comments Received

We received submissions from 34 commenters regarding the January Proposal. In addition, 15 commenters provided written submissions regarding the April Proposal. We have considered all the comments received and thank all the commenters. The names of the commenters are contained in Schedule A of this Notice.

A significant number of commenters on both the January Proposal and the April Proposal urged us to adopt a national corporate governance initiative. Many commenters were generally supportive of the January Proposal, but were also supportive of the broader disclosure requirements of, and the flexibility afforded by, the April Proposal.

In the notices that accompanied the January Proposal and the April Proposal, we posed a number of specific questions for consideration. Some commenters provided responses with specific reference to the questions set out in the notice that accompanied the January Proposal. The questions, together with a summary of the responses we received, is contained in Schedule B of this Notice. A summary of the comments we received, generally, and our responses to those comments, is contained in Schedule C of this Notice.

Upon considering the comments, we determined to incorporate into the Proposed Policy and the Proposed Instrument elements of both the January Proposal and the April Proposal. A summary of the significant changes to each of the proposals is set out below.

Summary of Principal Changes to the January Proposal

Proposed Policy

The Proposed Policy differs from the January Proposal in a number of ways. In particular, the Proposed Policy:

- clarifies that the guidelines are not mandatory; instead, we encourage issuers to consider the guidelines in developing their own corporate governance practices; (see paragraph 1.1)
- clarifies how the guidelines may be applied to issuers that are income trusts; (see paragraph 1.2)
- deletes guidance contained in the January Proposal which recommended that a board's mandate set out (i) decisions which require prior approval of the board, and (ii) the board's expectations of management; (see paragraph 3.4)
- deletes the guideline recommending that the board develop a written position description for directors, but adds guidance recommending that the board mandate set out expectations and responsibilities of directors; (see paragraphs 3.4 and 3.5)
- adds guidance regarding conduct of directors and executive officers that violates an issuer's code, reminding issuers that a material departure from a code will likely constitute a "material change" within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations*; guidance has also been added regarding the content of a material change report filed in that regard; (see paragraph 3.9)
- revises the "two step" nomination process recommended in the January Proposal to clarify that the process may be applied flexibly; (see paragraph 3.12)
- clarifies that a compensation committee may either determine the CEO's compensation level or make a recommendation regarding the compensation level to the board; (see paragraph 3.17) and
- adds flexibility to guidance regarding regular board assessments. (see paragraph 3.18)

Proposed Instrument

Similarly, the Proposed Instrument differs from the January Proposal in the following manner:

- the definition of independence contained in the Proposed Instrument both (i) clarifies the appropriate cross reference to Multilateral Instrument 52-110 *Audit Committees*, and (ii) adds a definition of independence applicable to British Columbia reporting issuers; (see section 1.2) [1]
- the Proposed Instrument contains an exemption applicable to wholly-owned subsidiaries, similar to the exemption currently found in Multilateral Instrument 52-110; (see section 1.3)
- the Proposed Instrument requires issuers to include their corporate governance disclosure principally in their management proxy circulars, rather than their annual information forms; (see sections 2.1 and 2.2)
- the requirement in the January Proposal that issuers file a press release where the board grants a waiver of its code in favour of a director or officer of the issuer has been removed; (see section 2.3)
- the Proposed Instrument requires disclosure for issuers (other than venture issuers) both in connection with specific corporate governance guidelines and also more generally; (see Form 58-101F1)
- the Proposed Instrument requires issuers to disclose the identity of any independent directors on the board; in addition, issuers will also be required to disclose the identity of any non-independent directors and to describe the basis for that determination; (see Item 1 of Form 58-101F1, see also Item 1 of Form 58-101F2)
- the Proposed Instrument requires issuers to disclose any other directorships held by its directors, as well as the identity and function of any other board committees; (see Items 1 and 8 of Form 58-101F1, see also Items 2 and 7 of Form 58-101F2)

[1] We are also proposing certain changes to Multilateral Instrument 52-110's definition of independence. See "Consequential Amendments to Multilateral Instrument 52-110 *Audit Committees*", below.

- the Proposed Instrument requires venture issuers to provide disclosure regarding their corporate governance practices, generally, in the manner put forward for consideration in the April Proposal. (see Form 58-101F2)

Summary of Principal Changes to the April Proposal

Proposed Policy

The April Proposal did not include a policy containing corporate governance guidelines.

Proposed Instrument

The Proposed Instrument differs from the April Proposal in the following manner:

- for issuers, other than venture issuers, the Proposed Instrument requires disclosure of corporate governance practices relative to specific corporate governance guidelines as well as broader disclosure of the issuer's practices; (see Form 58-101F1, generally)

- the Proposed Instrument contains an exemption applicable to wholly-owned subsidiaries, similar to the exemption currently found in Multilateral Instrument 52-110; (see section 1.3)

- the Proposed Instrument requires issuers that have a written code to file a copy of the code on SEDAR, along with any amendments to that code; (see section 2.3)

- the Proposed Instrument requires issuers to disclose any other directorships held by its directors. (see Item 1 of Form 58-101F1, see also Item 2 of Form 58-101F2)

Consequential Amendments to Multilateral Instrument 52-110 *Audit Committees*

The securities regulatory authorities in every jurisdiction other than British Columbia are also proposing changes to the definition of independence contained in Multilateral Instrument 52-110. Because the Proposed Instrument and the Proposed Policy largely incorporate the concept of independence set out in Multilateral Instrument 52-110, readers are encouraged to consult these proposed amendments and the accompanying notice.

Authority for the Instrument — Ontario

In Ontario, securities legislation provides the Ontario Securities Commission (the **OSC**) with rule-making or regulation-making authority regarding the subject matter of the Proposed Instrument.

- Paragraph 143(1)22 of the *Securities Act* (Ontario) (the **Act**) authorizes the OSC to prescribe requirements in respect of the preparation and dissemination and other use, by reporting issuers, of documents providing for continuous disclosure that are in addition to the requirements under the Act, including requirements in respect of an annual information form.

- Paragraph 143(1)39 of the Act authorizes the OSC to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by the Act, the regulations or the rules and all documents determined by the regulations or the rules to be ancillary to the documents.

- Paragraph 143(1)44 of the Act authorizes the OSC to vary the Act to permit or require the use of an electronic or computer-based system for the filing, delivery or deposit of (a) documents or information required under or governed by the Act, the regulations or rules, and (b) documents determined by the regulations or rules to be ancillary to documents required under or governed by the Act, the regulations or rules.

Related Instruments

The Proposed Instrument is related to National Instrument 51-102 *Continuous Disclosure Obligations,* National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* and Multilateral Instrument 52-110 *Audit Committees*.

Anticipated Costs and Benefits of Proposed Instrument

The Proposed Instrument will provide greater transparency for the marketplace regarding the nature and adequacy of issuers' corporate governance practices. We anticipate that the benefits of such transparency, including enhanced investor confidence in Canadian capital markets, will exceed the relatively nominal cost for issuers to provide the disclosure required by the Proposed Instrument. We note that many issuers currently incur equivalent costs to comply with the corporate governance disclosure requirements of the Toronto Stock Exchange and the TSX Venture Exchange.

Reliance on Unpublished Studies, Etc.

In developing the Proposed Policy and Proposed Instrument, we did not rely upon any significant unpublished study, report or other written materials.

Comments

Interested parties are invited to make written submissions on the Proposed Policy and Proposed Instrument. Submissions received by December 13, 2004 (December 28, 2004 in Manitoba) will be considered.

Submissions should be addressed to:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

Please deliver your comments to the addresses below. Your comments will be distributed to the other participating CSA members.

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
Fax: (416) 593-8145
E-mail: jstevenson@osc.gov.on.ca

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

A diskette containing the submissions (in Windows format, preferably Word) should also be submitted.

Comment letters submitted in response to requests for comments are placed on the public file and form part of the public record, unless confidentiality is requested. Comment letters will be circulated among the securities regulatory authorities, whether or not confidentiality is requested. Although comment letters requesting confidentiality will not be placed in the public file, freedom of information legislation may require securities regulatory authorities to make comment letters available. Persons submitting comment letters should therefore be aware that the press and members of the public may be able to obtain access to any comment letters.

Questions may be referred to the following people:

Rick Whiler
Ontario Securities Commission
Telephone: (416) 593-8127
E-mail: rwhiler@osc.gov.on.ca

Michael Brown
Ontario Securities Commission
Telephone: (416) 593-8266
E-mail: mbrown@osc.gov.on.ca

Susan Toews
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E-mail: bshourounis@sfsc.gov.sk.ca

Bob Bouchard
Manitoba Securities Commission
Telephone: (204) 945-2555
E-mail: bbouchard@gov.mb.ca

Sylvie Anctil-Bavas
Autorité des marchés financiers
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E-mail: Sylvie.Anctil-Bavas@lautorite.qc.ca

The text of the Proposed Policy and the Proposed Instrument follow.

October 29, 2004.

SCHEDULE A

List of Commenters

January Proposal

Institute of Corporate Directors
Canadian Society of Corporate Secretaries
NAV Canada
Gilbert S. Bennett
Winpak Ltd.
Purdy Crawford, O.C.
The Institute of Internal Auditors
Canadian Investor Relations Institute
Association for Investment Management and Research
Hammurabi Consulting
Transparency International Canada Inc.
EnCana Corporation
Ethics Practitioners' Association of Canada
EthicScan Canada Ltd.
Canadian Coalition for Good Governance
MVC Associates International
Davies Ward Phillips & Vineberg LLP
Embersoft Inc.
Ogilvy Renault
The Canadian Centre for Ethics & Corporate Policy
Canadian Bankers Association
TSX Group*
Shareholder Association for Research and Education (SHARE)
Torys LLP*
Osler, Hoskin & Harcourt LLP
Power Corporation of Canada
Social Investment Organization
Goodmans LLP
The Ethical Funds Company
AGF Management Limited
Aliant Inc.
Talisman Energy Inc.*
Pension Investment Association of Canada

April Proposal

Canadian Imperial Bank of Commerce
Talisman Energy Inc.*
Canadian Listed Company Association
TSX Group*
Torys LLP*
Canadian Investor Relations Institute
Osler, Hoskin & Harcourt LLP
Ogilvy Renault
Canadian Bankers Association
Roger Levens
Eel Resources
Pacific Opportunities
Canadian Society of Corporate Secretaries
J.G. Stewart
Power Corporation of Canada

* These commenters included comments respecting both proposals in one letter.

SCHEDULE B

Summary of Responses to Specific Questions

In the notice which accompanied the publication of the January Proposal, we posed five specific questions for consideration. The questions, and a summary of the responses we received, are set out below.

1. ***Proposed Multilateral Policy 58-201 (MP 58-201) and Proposed Multilateral Instrument 58-101 (MI 58-101) describe best practices and require issuers to make disclosure in relation to those best practices.***

(a) Will these initiatives provide useful guidance to issuers?
(b) Will these initiatives provide meaningful disclosure to investors?

Eight commenters believed that the initiatives would provide useful guidance to issuers and meaningful disclosure to investors.

One commenter suggested that issuers with alternative structures (such as income trusts and limited partnerships) might find it useful to receive more extensive guidance on the application of MP 58-201 and MI 58-101 to such structures.

Another commenter submitted that the publication of non-mandatory best practices would provide useful guidance to issuers and investors but that it was important, given the diversity of issuers to which the best practices and disclosure requirements relate, to allow issuers flexibility to adopt practices which reflect their own particular circumstances.

One commenter believed that the initiatives would provide solid guidance to issuers, but argued that the proposed "best practices" would be significantly more effective if they were mandatory. The commenter also submitted that the initiatives will provide meaningful disclosure, but that the effectiveness of MP 58-201 would be enhanced if timely monitoring, assessment and feedback processes were also required.

Another commenter noted that if issuers are motivated to comply based on regulatory compliance as opposed to the need to provide meaningful disclosure, the quality of disclosure may suffer.

(c) Would disclosure be more meaningful to investors if issuers were required to describe their practices by reference to certain categories of governance principles rather than by reference to the best practices described in MP 58-201?

Seven commenters favoured disclosure made in reference to best practices rather than to certain categories of governance principles. A number of these commenters noted that a requirement for a description with reference to mere categories would leave too much latitude for boilerplate responses.

Four commenters, however, noted that the danger of a list of "best practices" is that issuers would not necessarily consider what is best for their particular situation. One of these commenters suggested blending the two approaches. Another commenter noted that the risk that issuers will develop a "check-the-box" mentality was mitigated by allowing issuers to deviate from best practices when a good reason is provided. This commenter did not feel that innovation will be stifled by MP 58-201, and did not expect issuers to be penalized by the market when they adopt other practices that are better suited to their needs if they clearly articulate their reasons for doing so. The commenter believed that the lack of a benchmark against which to compare practices would not encourage innovation, but rather would permit those issuers who do not take governance seriously to pay less attention to their practices. The commenter also believed that it is often difficult for directors to stand-up to a dominating personality unless they have a legal "stick", and that the best practices contained in MP 58-201 would provide this stick. Finally, the commenter noted that to abandon a comparison with best practices approach would negatively impact the credibility of the Canadian markets internationally.

(d) What will be the effect on market participants, including investors and issuers, of our publishing best practices in Canada?

Two commenters believed that the effect on market participants would be positive and would lead to the adoption of best practices by more issuers.

Another commenter submitted that publishing best practices would provide "aspirational goals" for market participants, but would not accomplish meaningful adoption and confidence of investors unless the best practices were made mandatory.

One commenter noted that, to the extent provisions not previously established by the Toronto Stock Exchange or the New York Stock Exchange were introduced, issuers would need to devote additional time to integrating these areas into their existing governance practices.

Another commenter feared that securities regulation would become further fragmented if the commissions proceed with publishing MP 58-201 and MI 58-101 on a multilateral, rather than a national, basis.

2. MI 58-101 does not require an issuer to adopt a code of ethics, but issuers who do not have one must explain why they do not. If an issuer does adopt a code, MI 58-101 requires the issuer to file the code, as well as any amendments on SEDAR. It also requires an issuer to prepare and file a news release respecting any express or implied waiver of the code.

(a) ***Will the text of the code of ethics provide useful disclosure for investors?***

Eight commenters agreed that disclosure of the text would contribute to clarity and transparency.

One commenter believed that the specific contents of a code might not be useful (as such codes were becoming increasingly standardized) but the fact that an issuer has a code of ethics in place would be insightful as it would reflect the result of a positive corporate process. Another commenter suggested that the text of a code of ethics, which would be the result of extensive legal discussions and careful phraseology, would probably not provide significant utility for the average investor, but that disclosure would nevertheless aid in the overall transparency of the governance model.

(b) ***Will disclosure of waivers from the code provide useful disclosure for investors?***

Four commenters agreed that disclosure would provide useful guidance and could create a deterrent to granting a waiver.

Four other commenters believed that waivers should be disclosed, but that the provisions governing the disclosure should be refined. Two of these commenters believed that the disclosure should be made only with respect to waivers in favour of directors and executive officers. Five commenters suggested that waivers should only be press released if the waiver was material, as the marketplace may draw adverse inferences from otherwise immaterial press releases.

One commenter disagreed with the principle of waivers. They believed that if there was a significant problem, the issuer should fix its code, and that if there was a minor problem, the issuer should "disclose the explanation of the action taken".

(c) ***Since there is no requirement to have a code of ethics, will the obligations respecting the filing of the code and any amendments and reporting waivers from the code have the effect of discouraging issuers from adopting a code of ethics?***

Two commenters suggested that the filing and reporting requirements would not discourage issuers from adopting a code of ethics. A third commenter was of the view that the obligations may discourage some issuers, but suggested that issues of time and expense are likely to be more significant considerations.

Three commenters believed that the obligations may discourage adoption. One of these three commenters suggested that issuers should therefore be required to adopt a code. The other two commenters recommended that the issuers should post the code on their websites.

One commenter submitted that as MI 58-101 requires an issuer to file a code only if the issuer has chosen to adopt such a code, it will create a dual standard, with the result that issuers who chose to adopt a code being subject to a higher regulatory review than those who chose not to comply with the best practice.

3. MI 58-101 does not require issuers to have a compensation committee, nor does it require that committee to be entirely independent or to have a charter, but if an issuer does not have these structures, it must explain why not. An issuer is required to state whether it has a compensation committee, whether that committee is independent and whether it has a compensation committee charter. If there is a charter, the text of the charter

must be disclosed. Additionally, MI 58-101 requires an issuer to disclose the process used to determine compensation, but that disclosure is only required if the issuer does not have a compensation committee.

(a) Would it be useful to investors for the issuer to disclose the process used to determine compensation, regardless of whether it has a compensation committee?

Seven commenters believed that this disclosure would be useful and would promote accountability.

Two commenters noted that disclosure regarding the process for determining compensation is already required in an issuer's report on executive compensation and that additional or duplicative disclosure would not be helpful. One of these commenters also suggested that disclosure be provided regarding the process used to determine the compensation of senior officers other than the CEO and directors, as this disclosure is not required in Form 51-102 F6. The commenter also noted that there is no definition of "compensation committee" (or "nominating committee") which could lead issuers to establish such committees in name but without any substantive authority.

(b) ***Is disclosure of the text of the compensation committee's charter useful to investors?***

Six commenters agreed that such disclosure would be useful to investors. One of the commenters also believed that establishing accountability in the absence of disclosure of the process used to determine compensation would be of limited value in discouraging inappropriate compensation practices or creating transparency or confidence.

Another commenter submitted that if disclosure was made regarding the process used to compensate senior officers and directors, there would be no additional value in requiring disclosure of the charter.

4. ***MI 58-101 does not require issuers to have a nominating committee, nor does it require that committee to be entirely independent or to have a charter, but if an issuer does not have these structures, it must explain why not. An issuer is required to state whether it has a nominating committee, whether any such committee is independent and whether it has a nominating committee charter. If there is a charter, the text of the charter must be disclosed. Additionally, MI 58-101 requires an issuer to disclose the process by which candidates are selected for board nomination, but that disclosure is only required if the issuer does not have a nominating committee.***

(a) ***Would it be useful to investors for the issuer to disclose the process by which candidates are selected for board nomination, regardless of whether it has a nominating committee?***

Eight commenters agreed that such disclosure would be useful to investors. Two of these commenters noted that such disclosure would promote rigor and due care in the nomination of qualified candidates that will lead to improved confidence. One of these commenters submitted that establishing accountability in the absence of disclosure of the process used to determine qualifications and selection of appropriate candidates would be of limited value in discouraging inappropriate nominations or creating transparency or confidence.

(b) ***Is disclosure of the text of the nominating committee's charter useful to investors?***

Five commenters agreed that such disclosure would be useful.

5. ***MI 58-101 requires an issuer to disclose the process used to assess the performance of the board, committee chairs and CEO, but that disclosure is only required if the issuer does not have written position descriptions for those roles. Would it be useful for investors for the issuer to disclose the assessment process, regardless of whether it has written position descriptions?***

Six commenters believed that such disclosure would be useful to investors regardless of whether or not the issuer has written position descriptions. Another commenter noted that disclosure would only be useful to the extent it encourages a board to have an assessment process and demonstrates to investors that an issuer has such a process.

One commenter believed that position descriptions should be required and that, in addition, it would be useful to disclose the assessment process for these roles.

SCHEDULE C

Summary of Comments

A. General Comments on the January Proposal and the April Proposal

No.	Section/Topic	Comment	Response
A.1	General Support	Eleven commenters believed that issuers would benefit from a uniform approach to corporate governance adopted and applied by all jurisdictions across Canada. Six commenters expressly agreed with the "comply or explain" approach. Five commenters suggested that the Proposed Policy be clarified with respect to the freedom of issuers to adopt their own practices that differ from "best practices". One commenter suggested that issuers need flexibility to adopt appropriate requirements as opposed to comparing themselves to "best practices". Another commenter suggested that MP 58-201 and MI 58-101 be less prescriptive and more flexible for small cap and closely-held companies and noted that the guidelines should, in general, allow companies the flexibility to achieve good corporate governance in a way that meets each issuer's needs and circumstances. Three commenters supported the approach proposed in MI 51-104 for all of the specific areas outlined in the request for comments. One of these commenters noted that MI 51-104 provided sufficient flexibility to accommodate the needs of different industries. Another commenter endorsed the starting point that MI 51-104 applies to all reporting issuers.	The Proposed Policy and the Proposed Instrument are the initiative of every securities regulatory authority in Canada. The proposals reflect elements of, and the comments received on, both the January Proposal and the April Proposal. In particular, • the Proposed Policy clarifies that issuers are not required to adopt the guidelines; instead, issuers should consider each of the guidelines in developing their own corporate governance practices; • the Proposed Instrument requires issuers, other than venture issuers, to provide disclosure not only with respect to specific guidelines, but about their corporate governance practices, generally; and • the Proposed Instrument requires venture issuers to provide disclosure only about their corporate governance practices, in the manner contemplated by the April Proposal.
		Three commenters believed that the guidelines in MP 58-201 should be made mandatory.	We believe that making the guidelines mandatory would detract from the flexibility which, in our view, must be afforded Canadian issuers given their diversity, particularly small issuers and closely held companies.
		One commenter suggested that corporate governance guidelines and the related disclosure instrument remain with the Toronto Stock Exchange, since, as a single body, it could adapt to change more quickly, and would regulate more consistently, than 13 separate regulators. Also, the commenter noted that an "exchange-based" approach would be more consistent with the U.S. and Australia.	We disagree. In our view, it is more appropriate that corporate governance guidelines and the related disclosure instrument remain with the CSA for two reasons. First and foremost, this regulation is inconsistent with the business model of the Toronto Stock Exchange. Second, the CSA have a broader array of sanctions at their disposal to enforce the related disclosure requirements. We also note that international practice in this area is mixed. For example, in the UK, the authority for corporate governance resides with the Financial Services Authority.

B. Comments Specifically About the January Proposal

No.	January Proposal Section/Topic	Comment	Response
	General Comments		
B.1	**Application of MI 58-101**	Four commenters suggested there be an exemption for a subsidiary issuer that is a reporting issuer if it has no equity securities trading on a marketplace and its parent company complies with MI 58-101 or the comparable U.S. rules. This exemption would parallel an existing exemption in paragraph 1.2(e) of Multilateral Instrument 52-110 Audit Committees (**MI 52-110**).	We agree. We have included this exemption in the Proposed Instrument.
B.2	**Application to Non-Corporate Entities**	One commenter suggested that additional guidance be provided regarding application of the principles to non-corporate issuers. Two commenters suggested that, with respect to income trusts, disclosure be made in respect of the underlying business as opposed to the reporting issuer which is separate from the underlying business.	Although the Proposed Policy and the Proposed Instrument have been drafted in contemplation of a corporate issuer, we expect that non-corporate issuers will apply the guidelines and disclosure requirements flexibly. We have provided additional guidance with respect to the application of the Proposed Policy and the Proposed Instrument to income trusts. Specifically, income trust issuers should apply the guidelines and disclosure requirements in a manner which recognizes that certain functions of a corporate issuer, its board and its management may be performed by any or all of the trustees, the board and management of a subsidiary of the trust, or the board, management or employees of a management company. For the purposes of the Proposed Policy and Proposed Instrument, references to "the issuer" include not only the trust but also any underlying entities, including the operating entity.
B.3	**Location of Disclosure**	Several commenters suggested that the disclosure required by proposed Form 58-101F1 be included in either the issuer's proxy circular or annual report, rather than its AIF. Another commenter suggested that the disclosure be included in an issuer's proxy circular or posted on its website with a notice in its annual report or proxy circular. One commenter suggested that disclosure be required on a guideline by guideline basis, perhaps in tabular format.	The Proposed Instrument now requires issuers to provide the disclosure primarily in their management information circulars. We do not believe it is necessary to prescribe the format of the disclosure.
B.4	**Venture Issuers**	One commenter was of the view that venture issuers should have an open-ended approach to disclosure rather than a "comply or explain" approach. The commenter supported the exemption for venture issuers from many of the disclosure requirements in MI 58-101. Another commenter suggested that guidelines be more explicit regarding the unique challenges facing smaller issuers.	We recognize that it may not be productive to require venture issuers to comply with the same disclosure requirements applicable to larger issuers. The venture issuer disclosure requirements in the Proposed Instrument have therefore been modelled on those in the April Proposal, which require disclosure of an issuer's corporate governance practices, generally, rather than against specific guidelines.

No.	January Proposal Section/Topic	Comment	Response
		Two commenters suggested that there be no modified disclosure for venture issuers.	
B.5	**Meaning of Independence**	A number of commenters made suggestions regarding the definition of independence. Four commenters suggested that the definition of independence appear in either MI 58-101 or MP 58-201, rather than being cross-referenced to MI 52-110. One commenter also suggested that more explanation be provided for having different measures of independence for the audit committee and for the board.	We have published, concurrently with the publication of this Notice, amendments to the definition of independence in MI 52-110. These amendments were designed (i) to make the cross-reference in the Proposed Instrument to the definition of independence in MI 52-110 easier to follow; and (ii) to more closely harmonize our definition of independence with corresponding requirements in the United States. For more details relating to these changes, see the notice accompanying the proposed amendments to MI 52-110 (the **Audit Committee Amendment Notice**).
B.6	**Controlled Companies**	Two commenters suggested that it would be helpful to provide guidance on how shareholding impacts independence. Two other commenters suggested that MP 58-201 clearly state that independence means independence from management. A fifth commenter suggested that guidelines be more explicit regarding the unique challenges facing controlled companies. One commenter also suggested that MP 58-201 state that controlled companies need not have either a majority of independent directors or a chair/lead director who is independent from the controlling shareholder. Another commenter recommended that the exemptions regarding audit committees found in sections 3.2 through 3.6 of MI 52-110 also apply to other board committees.	Although shareholding alone may not interfere with the exercise of a director's independent judgement, we believe that other relationships between an issuer and a shareholder may constitute material relationships with the issuer, and should be considered by the board when determining a director's independence. In our view, these proposed revisions are unnecessary. Unlike MI 52-110, which generally requires issuers to have an independent audit committee, the guidelines are not mandatory, and so issuers are free to adopt those corporate governance practices that they determine to be appropriate for their particular circumstances. Issuers are only required to disclose the corporate governance practices that they have adopted. Furthermore, we note that many of the exemptions from the independence requirements of MI 52-110 referred to by the one commenter also require an issuer to disclose that they are relying on such exemptions.
	Comments on Specific Guidelines and Disclosure Requirements		
B.7	**Majority of Independent Directors – Guideline and Disclosure Requirement**	One commenter suggested that each issuer's board be required to have a majority of independent directors.	We believe that these recommendations would be inconsistent with the objective of flexibility afforded by the "comply or explain" approach which underlies the Proposed Policy and the Proposed Instrument. We have therefore not adopted these suggestions.

No.	January Proposal Section/Topic	Comment	Response
		Another commenter suggested that the guidelines recommend that two-thirds of the directors on each board be independent.	We believe that recommending two-thirds of the directors on a board be independent would be inappropriate and out-of-step with international standards.
		Three commenters suggested that issuers identify independent directors and explain why each one is independent. Another commenter suggested that issuers disclose which directors are not independent, together of an explanation as to why they are not.	We agree that issuers should identify both independent and non-independent directors. We also agree that issuers should disclose their basis for determining that a director is not independent. However, we believe that requiring issuers to disclose the basis for determining that a director is independent would be impractical. We have revised the Proposed Instrument accordingly.
		Three commenters suggested that issuers publish a list of boards on which directors serve. One commenter also suggested that there should be disclosure of director attendance at board and committee meetings.	We agree that issuers should publish a list of boards on which directors serve and have included this requirement in the Proposed Instrument. However, in light of the other guidelines and disclosure requirements, we do not believe it to be necessary to require all issuers to disclose directors' attendance.
B.8	**Independent Chair or Lead Director – Guideline and Disclosure Requirement**	One commenter suggested that the guidelines be amended to provide that if the chair is not an independent director, a lead director should be appointed. However, the commenter further suggested that the lead director's role be limited to matters involving independent directors.	The guideline now recommends that where a chair is not independent, an independent director should be appointed to act as a lead director. However, the guideline continues to recommend that the independent lead director act as an effective leader of the board, and ensure that the board's agenda will enable it to successfully carry out its duties. We note that this guidance is consistent with the recommendations set out in the Saucier Report (2001).
		Another commenter suggested that MP 58-201 require that the chair be an independent director.	See paragraph 1 of the response to Item B.7, above.
B.9	**Meetings of Independent Directors – Guideline and Disclosure Requirement**	Two commenters suggested that the guideline recommending that independent board members hold separate, regularly scheduled meetings be amended to conform to the NYSE listing requirements, which only require these meetings to be held by non-management (rather than independent) directors. In the view of one of these commenters, the failure to make such a change would result in a "two-tier board". In the view of the other commenter, the change would promote cross-border harmonization and further the goal of empowering non-management directors.	We believe that it is appropriate for independent directors to hold regularly scheduled meetings at which members of management are not in attendance. We believe this properly empowers the independent directors. We fail to see how it would will result in a greater risk of developing a "two-tier board".

No.	January Proposal Section/Topic	Comment	Response
		Two commenters recommended that issuers disclose the number of meetings held by the independent directors. One of these commenters also recommended that issuers be required to disclose attendance records for such meetings.	The Proposed Instrument now requires issuers to disclose the number of meetings held by the independent directors over the preceding 12 month period. However, we do not believe that it is necessary to mandate disclosure of attendance at these meetings. See also paragraph 4 of the response to Item B.7, above.
B.10	**Board Mandate – Guideline and Disclosure Requirement**	One commenter recommended that boards be required to draft a written board mandate. Six commenters suggested that the level of board involvement contemplated was inappropriate (*e.g.*, directors should not be responsible for policing compliance with ethics codes; boards should not be directly responsible for risk identification and management or succession planning). The commenters generally recommended that the guidelines be revised to coincide with directors' obligations under corporate law. However, another commenter noted that while management must have the right to manage on a day-to-day basis, closer supervision by directors should be an objective. One commenter suggested that we recognize the right and responsibility of directors to monitor ethical decisions by directors. Another commenter suggested that the board's mandate include clearly defining the level of accountability of a CEO (including metrics and a time horizon during which to achieve objectives). Another commenter recommended that the board mandate also include ensuring the compensation of the CEO and senior officer is not constructed in such a way as to encourage unethical behaviour. Three commenters recommended that more guidance be provided with respect to the steps used in assessing the integrity of a CEO and senior officers. Three commenters suggested that more guidance be given with respect to measures for receiving feedback from security holders.	See paragraph 1 of the response to Item B.7, above. We believe it is fundamental to any system of corporate governance that the board assume explicit responsibility for those areas identified in paragraph 3.4 of the Proposed Policy. We note that subsection 102(1) of the *Canada Business Corporations Act* provides that, subject to any unanimous shareholder agreement, the directors shall manage, or supervise the management of, the business and affairs of a corporation. In light of this, we fail to see how the level of board involvement contemplated by the guidelines is inconsistent with a director's corporate law obligations. Furthermore, we note that these guidelines are substantially similar to the guidelines adopted by the TSX in 1995. The Proposed Policy recommends that the board monitor compliance with its code, including compliance by its own directors. We believe this guideline adequately addresses the concerns raised by the commenter. The guidelines recommend that the board, together with the CEO, develop a clear position description for the CEO and that the board develop or approve the corporate goals and objectives that the CEO is responsible for meeting. The guidelines also recommend that the compensation committee review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and determine or make recommendations to the board with respect to CEO compensation based on this evaluation. We believe that these guidelines adequately address the concerns raised by the commenter. We believe that any determination of the steps that should be taken must be made on a case by case basis, and that any statement regarding these steps, even on a generic basis, would likely only foster a "check-list mentality". The relevant guideline now provides an example of a measure for receiving feedback from shareholders.

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		Two commenters disliked the recommendation that the board mandate set out decisions requiring pre-approval by the board. The commenters noted that this could result in extensive disclosure that would be confusing to investors. Furthermore, one commenter suggested that this information could, in some circumstances, also be proprietary.	We have deleted this recommendation from the Proposed Instrument.
		One commenter suggested that, to avoid increased printing costs for an issuer's AIF, the written mandate for the board be disclosed by posting it on the issuer's website or by filing it on SEDAR. Another commenter recommended that, in addition, the mandate also be published in the issuer's circular every three years.	We do not believe that the cost of including the board's mandate in an issuer's AIF or management information circular will be onerous. Consequently, we have not revised the Proposed Instrument.
B.11	**Position Descriptions – Guideline and Disclosure Requirement**	Five commenters suggested that it was unnecessary to have a position description for each director because either (i) the director's duties were already imposed by law, or (ii) this information would be contained in the board mandate. One commenter suggested that, as an alternative, the board set out its expectations of its directors, either in the board mandate or in a separate document.	We have deleted the guideline recommending that the board develop a written position description for directors, but have added guidance recommending that the board mandate set out expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials. This guidance is now substantially similar to the requirements of the NYSE.
		Several commenters were concerned that the guidelines suggested each individual director have their own position description tailored to their particular skills and competencies. The commenters believed that this would inappropriately focus attention on individual directors, rather than the board as a whole.	
		Three commenters suggested that it was not necessary to have a position description for "chairs" of board committees, as the responsibilities of the chairs would be contained in the committee charter.	The charter of a committee may set out an adequate position description for a committee chair. In such a case, we believe that this would be sufficient for an issuer to have satisfied the "position description" guideline.
		One commenter suggested that the phrase "delineating management's responsibilities" be clarified in connection with the position description for the CEO.	We believe that the phrase "delineating management's responsibilities" is sufficiently clear. We have not therefore revised this guideline.
B.12	**Orientation and Continuing Education – Guideline and Disclosure Requirement**	One commenter recommended that the guideline regarding continuing education be flexible as opposed to prescriptive.	We believe the guideline, as written, is flexible.
		One commenter suggested that the guidelines recommend that investor relations form part of director orientation and ongoing board briefings. Two other commenters recommended that director education	As currently drafted, the guideline suggests that all new directors should receive a "comprehensive orientation". The guideline goes on to specifically suggest that directors should understand the role of the board, the contribution

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		specifically include a component on ethics.	that individual directors are expected to make, and the nature and operations of the issuer's business. We do not believe it is necessary to specifically recommend other areas that should be included in a director's "comprehensive orientation", as that is best left to the discretion of the board.
		Two commenters suggested we clarify what it means for a director to "fully understand" an issuer's business. The commenters believed that it was unrealistic to expect all new directors to fully understand the nature and operations of an issuer's business, at least in the short term.	We agree and have amended the guideline accordingly.
		One commenter suggested that more guidance be given on the type of disclosure that is expected regarding director orientation and continuing education.	We believe the additional guidance is unnecessary.
B.13	**Code of Business Conduct and Ethics – Guideline – General**	One commenter recommended that the preamble to MP 58-201 include a reference to the promotion of integrity throughout the organization and not just deterring wrongdoing.	We have amended the guidelines respecting the code of business conduct and ethics (a **code**) to specifically encourage the promotion of integrity.
		A number of commenters suggested that a code be mandatory for issuers.	See paragraph 1 of the response to Item B.7, above.
		Three commenters suggested that the provisions relating to codes be bolstered Three commenters suggested that the code include social and environmental aspects. One commenter recommended that the code specifically prohibit corrupt behaviour.	The guidelines relating to the code were drafted to be broadly applicable. However, issuers are not precluded from including additional provisions in their own codes.
		One commenter suggested that the board undertake a periodic review of the code to determine its adequacy and effectiveness. Another commenter suggested that a "chief ethics officer" be designated.	While we agree that these measures would be useful in facilitating an ethical corporate culture, we are of the view that these measures would be encompassed in the board's mandate in connection with the creation of a culture of integrity throughout the organization.
B.14	**Code of Business Conduct and Ethics – Guideline – Monitoring Compliance with the Code**	One commenter suggested that issuers be required to report on how they integrate codes into their decision-making (*e.g.* training). Another commenter recommended that issuers report on their "ethical management structure" and specific ethics and governance tools that are in place. Two commenters recommended that the board be required to disclose the steps or mechanisms used for monitoring the code.	We believe that the measures underlying these proposed reporting requirements, together with other measures, would be considered by the board in fulfilling its mandate in connection with the creation of a culture of integrity throughout the organization. In addition, the Proposed Instrument now requires that issuers describe any steps their board takes to encourage and promote a culture of ethical business conduct. In our view, these measures adequately address the commenters concerns.
B.15	**Code of Business Conduct and Ethics –**	One commenter suggested that the voluntary adoption of a code puts issuers who have chosen to adopt a code under greater regulatory scrutiny that those issuers who do	We do not intend to place issuers who adopt a code under greater regulatory scrutiny. However, we acknowledge that issuers who do not adopt a code may be subject to greater

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	Disclosure – Filing of Code	not adopt one. Five commenters suggested that codes be posted on issuers' websites rather than filed on SEDAR. Two of these commenters also recommended that codes be published in proxy circulars, either annually or every three years.	market scrutiny. As not all reporting issuers have websites, the Proposed Instrument requires issuers to file a copy of their code on SEDAR. As the code would always be available on SEDAR, we do not believe that it need also be published in an issuer's proxy circular.
B.16	**Code of Business Conduct and Ethics – Disclosure – Disclosure of Waivers from Code**	Two commenters disagreed in principle with the concept of waivers from the code, as there should be an expectation that deviation from the code is not acceptable. Another commenter believed that boards should only grant waivers if they explain the reasons for their decision. One commenter considered that a press release would be appropriate if a waiver of the code was granted. Five commenters suggested that waivers of the code should only be the subject of a press release if the waiver would be material to the issuer. One of these commenters suggested that, if regulators decide that press releases were necessary for every waiver that is granted, issuers should not be required to disclose the name of the individual to whom the waiver was granted. Another of these commenters suggested that waivers be disclosed in quarterly reports, together with the rationale for any waivers. Four commenters suggested that only waivers to executive officers should be disclosed (to be consistent with U.S. requirements). Two commenters noted that there is an inconsistency between the requirement under MI 58-101 to disclose waivers (which includes any granted to directors and officers of an issuer or subsidiary) and the requirement in an AIF which only requires disclosure of waivers granted to directors and officers of an issuer. One of these commenters also noted that there is an inconsistency between MP 58-201, which recommends that any waivers granted to the issuer's directors or senior officers be granted by the board and the disclosure requirement to disclose waivers granted to directors and officers of the issuer or a subsidiary. Two commenters suggested that the definition of "implicit waiver" should refer to a failure by the issuer as opposed to the board of directors to take action within a reasonable time.	We believe that, in some circumstances, it may be both necessary and appropriate for a provision of a code to be waived. We recognize that it may be inappropriate for issuers to press release every waiver of a code, and have therefore revised the Proposed Instrument to remove this requirement. We believe that conduct of a director or an executive officer that constitutes a material departure from the code will likely constitute a material change within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) We note this guidance is largely consistent with that articulated in Part IV of National Policy 51-201 *Disclosure Standards*. Form 51-102F3 requires every material change report to include a full description of the material change. Where a departure from the code constitutes a material change to the issuer, we expect that the material change report will disclose, among other things: • the date of the departure • the party(ies) involved in the departure • the reasons why the board has or has not sanctioned the departure • any measures the board has taken to address or remedy the departure
B.17	**Nomination of Directors and Nominating**	Two commenters suggested that nominating committees be comprised of a majority of independent directors. Another commenter	Because the nomination process is a fundamental element of corporate governance, we believe that nominating committees should

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	Committees – Guideline and Disclosure Requirement	made this same suggestion, but only until further study is conducted. A fourth commenter suggested that nominating committees be composed entirely of independent directors, while a fifth commenter recommended that a fully independent nominating committee be required. Another commenter submitted that controlled companies should not have to limit nominating committee membership to independent directors.	be composed entirely of independent directors. As a result, we have not revised the guideline. With respect to controlled companies, see the response to Item B.6, above.
		Five commenters suggested that the two-step nominating process needed to be more flexible. One of these commenters, however, suggested that if greater flexibility is given, issuers should disclose the processes they have used in nomination and recruitment.	While we believe that the two-step process is important, we have modified the guideline to clarify that the two steps need only form part of the nomination process. In addition, the Proposed Instrument now requires issuers to disclose the process by which their boards identify new candidates.
		One commenter suggested that nominating committees consider the independence status of nominees. Another commenter suggested that nominating committees look beyond traditional candidates in their searches for directors. A third commenter recommended that the committee focus on integrity and reputation in making its recommendations. A fourth commenter suggested that the guidelines recommend that investor advocates and investment professionals be considered for nomination.	We believe it is sufficient for the guideline to state that a nominating committee consider both the competencies and skills the board requires, and the competencies and skills that candidates will bring to the boardroom. This does not suggest, however, that additional considerations (*i.e.*, independence) should not also form part of the committee's considerations. These additional considerations, however, should be based upon the issuer's own circumstances and needs.
		One commenter suggested that the charter of the nominating committee be posted on an issuer's website and disclosed in its proxy circular every three years, with any significant changes to such policy being published in the next proxy circular and posted on the issuer's website.	We have removed the requirement that an issuer disclose the text of its nominating committee charter (if any). Instead, we now propose that issuers disclose in their management information circulars the responsibilities, powers and operation of the nominating committee. We believe that this disclosure requirement will provide sufficient transparency to the marketplace while relieving issuers of the burden to reproduce, on a regular basis, the text of the nominating committee charter.
B.18	**Compensation and Compensation Committees – Guideline and Disclosure Requirement**	Two commenters suggested that compensation committees be comprised of a majority of independent directors. Another commenter made this same suggestion, but only until further study was conducted. A fourth commenter suggested that compensation committees be composed entirely of independent directors, while a fifth commenter recommended that a fully independent compensation committee be required. Another commenter submitted that controlled companies should not have to limit compensation committee membership to independent directors.	Because the compensation process is a fundamental element of corporate governance, we believe that compensation committees should be composed entirely of independent directors. Therefore, we have not revised the Proposed Instrument as suggested. With respect to controlled companies, see the response to Item B.6, above.

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		Two commenters suggested that the compensation committee be permitted to both determine and approve the CEO's compensation, or to make recommendations to the board regarding such compensation. Another commenter suggested that MP 58-201 should clearly state that the responsibility for determining director compensation falls to the compensation committee.	We have revised the applicable guideline to clarify that the compensation committee may either determine the CEO's compensation or make a recommendation to the board regarding the CEO's compensation.
		Three commenters suggested that an issuer's compensation principles and philosophy be disclosed. Two commenters recommended that the compensation committee disclose the metrics it uses to determine compensation.	The Proposed Instrument now requires issuers to describe the process by which their board determines the compensation for their company's directors and officers.
		One commenter suggested that all forms of executive compensation be disclosed, including estimates of the present value of pensions for "named executive officers".	We believe that the disclosure of executive compensation has been appropriately dealt with in the context of National Instrument 51-102 *Continuous Disclosure Obligations*.
		One commenter recommended that the provisions of the Proposed Policy relating to compensation include a statement of principle that the design of a compensation plan is more important than the size of total remuneration. Another commenter suggested that MP 58-201 provide more guidance on best practices relating to compensation policies, and that MP 58-201 recommend that the compensation committee select a "defensible peer group" from which to benchmark and establish equitable executive compensation. A further commenter recommended that the committee review the CEO's contribution to a culture of integrity in making its determination regarding recommended compensation.	The guidelines recommend that, in developing a position description for the CEO, the board should develop or approve the corporate goals and objectives that the CEO is responsible for meeting. Further, the guidelines also suggest that, in recommending or determining the CEO's compensation, the compensation committee also review goals and objectives relevant to the CEO's compensation and evaluate the CEO's performance in light of these goals and objectives. We have drafted the guidelines to be flexible and broadly applicable; consequently, we have not revised the guideline to include some of the more specific suggestions provided by the commenters.
		One commenter suggested that all disclosure relating to compensation should be centralized, perhaps in Form NI 52-102 F6 *Statement of Executive Compensation*.	Nothing in the Proposed Instrument requires an issuer to repeat disclosure in more than one location in a document.
		One commenter suggested that the charter of the compensation committee be posted on an issuer's website and disclosed in its proxy circular every three years, with any significant changes to such charter being published in the next proxy circular and posted on the issuer's website.	The Proposed Instrument no longer requires the text of the charter of the compensation committee to be disclosed. Instead, we are now proposing that issuers disclose the responsibilities, powers and operation of the compensation committee. We believe this disclosure requirement will provide sufficient transparency to the marketplace while relieving issuers of the burden to reproduce, on a regular basis, the text of the compensation committee charter.
B.19	**Regular Board Assessments – Guideline and Disclosure Requirement**	One commenter suggested that the board be assessed as a whole and that it was not necessary to assess individual directors.	We disagree. We believe that the performance of individual directors is integral to the effective functioning of the board.

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		Another commenter suggested that the board should implement a process to carry out assessments but that the nominating or other appropriate committee should then carry out the process. A further commenter suggested that individual committees conduct performance assessments of the chairs of committees.	The Proposed Policy now permits flexibility regarding who conducts the assessment.
		One commenter suggested that the assessment process used by issuers be flexible and disclosed annually. Another commenter suggested that the assessment process be disclosed with sufficiently high level of detail to assure investors that a strong and viable program was in place.	The Proposed Instrument requires issuers to disclose whether or not the board, its committees and directors are regularly assessed. If assessments are regularly conducted, issuers are required to disclose the process used for the assessments. We expect that issuers will provide a sufficiently high level of detail in their disclosure to permit a reader to understand the issuer's assessment process.
		One commenter suggested that issuers perform board, committee and individual assessments on an annual basis and include summaries in the proxy circular.	We do not believe it necessary to mandate this disclosure for all issuers.
	Miscellaneous Comments		
B.20	**Miscellaneous Comments – Other Corporate Offices**	One commenter noted that neither MP 58-201 nor MI 58-101 addressed who should have the principal responsibility for corporate governance matters. One commenter suggested that an issuer's internal auditors be responsible for monitoring compliance with the best practices outlined in MP 58-201. Two other commenters suggested that issuers appoint corporate governance officers. One of these commenters recommended that such role be played by the corporate secretary.	We believe that the responsibility for developing an issuer's approach to corporate governance lies with the board. Where appropriate, the board may appoint a corporate governance committee to specifically consider corporate governance issues.
		Two commenters recommended that issuers have a corporate governance committee comprised of independent directors (or a majority of independent directors and an independent chair). One of these commenters also recommended that similar disclosure standards apply to this committee as apply to the nominating and compensation committees.	
		One commenter suggested that MP 58-201 require reporting to shareholders on an issuer's corporate governance standards and practices and its evaluation of the effectiveness of such standards and practices.	We believe the disclosure obligations contained in the Proposed Instrument will provide sufficient transparency to shareholders. We do not believe that a requirement for a separate report to the shareholders is therefore justified.
B.21	**Miscellaneous Comments – Fiduciary Duties, Etc.**	One commenter noted that the January Proposal did not discuss the alignment of interests between board members and shareholders or the fiduciary duty of board members to shareholders. Further, the commenter noted that there were no specific guidelines on takeover protection or	In our view, other legislation and policy (such as the *Canada Business Corporations Act* and OSC Rule 61-501 *Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions*) provide appropriate guidance and discussion regarding these topics. Consequently, we have not revised the Proposed

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		shareholder rights.	Policy to reflect these concerns.
B.22	**Miscellaneous Comments – Compliance**	Two commenters noted that MP 58-201 did not identify how the guidelines would be monitored or how compliance would be assessed. Three commenters suggested that the enforcement mechanisms which the regulators propose to use be set out in the Instrument.	We do not believe that this disclosure is necessary or appropriate.
B.23	**Miscellaneous Comments -- Other**	One commenter recommended that the auditor's engagement letter be published in the issuer's management discussion and analysis. One commenter recommended permitting votes FOR or AGAINST individual directors, as in the case in the United Kingdom proxy ballots. The commenter noted that this would require a change from WITHOLD to AGAINST and a requirement to vote each director separately rather than slates. The commenter also was in favour of not allowing custodians that hold shares for investors to vote for incumbent directors without the permission of the actual owners. Another commenter suggested that consideration be made of dual-level board structures, as seen in Germany and Ireland.	We believe that this requirement goes beyond the scope of the Proposed Instrument and the Proposed Policy. Consequently, we have not addressed this issue here. Because these comments touch on matters of corporate law, we have not addressed this issue here. See above.

C. Comments About the April Proposal

No.	April Proposal Section/Topic	Comment	Response
	General Comments		
C.1	**Venture Issuers**	One commenter was of the view that venture issuers should have an open-ended approach to disclosure as opposed to using a "comply or explain" approach.	The Proposed Instrument now permits an open-ended approach to disclosure for venture issuers.
C.2	**Application**	Two commenters suggested there be an exemption for a subsidiary issuer that is a reporting issuer if it has no equity securities trading on a marketplace and its parent company complies with the rule or the comparable U.S. rules. This exemption would parallel an existing exemption in paragraph 1.2(e) of MI 52-110.	We agree, and have included the exemption in the Proposed Instrument.
C.3	**Meaning of Independence**	One commenter suggested that, for consistency, all jurisdictions should use the same definition of independence. Another commenter questioned why BC-only reporting issuers should use the definition of "independent director" set out in MI 51-104, and noted that it would introduce an added	By using the meaning of independence set out in MI 52-110, we have ensured that there is only one set of criteria for the vast majority of issuers. Unfortunately, as MI 52-110 was not adopted by the British Columbia Securities Commission, issuers that are reporting issuers in only BC must apply a different independence standard.

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		layer of uncertainty for such reporting issuers. A third commenter suggested that the BC definition of independence was too general, and suggested different tests for independence	
		One commenter also noted that it was inappropriate for the BC-only definition of independence to refer to independence of any significant shareholder. The commenter noted that this was wrong from a public policy basis and was a material departure from other definitions of independence.	We are of the view that ownership of an issuer's voting securities may, in some circumstances, affect independence. In harmony with the BC-only definition, we have added guidance to the companion policy to MI 52-110 to clarify this. For more information, see the response to B.6, above.
C.4	**Disclosure and Filing Requirements**	Three commenters agreed that the required disclosure should be contained in an issuer's management proxy circular or MD&A. Another commenter suggested greater flexibility by giving the issuer the option to make its corporate governance disclosure in its management information circular or in its annual report or on its web site with notice in its annual report or management information circular that the information is on its website and available in print upon request.	The Proposed Instrument now requires issuers to generally provide the disclosure primarily in their management information circulars.
		One commenter noted that NI 51-102 recently introduced the flexibility of allowing issuers to incorporate by reference other continuous disclosure filings. It would be inconsistent with the reasoning behind this recent change to preclude issuers from incorporating governance disclosure by reference.	Nothing in the Proposed Instrument prohibits an issuer from incorporating disclosure by reference.
		One commenter noted that it was inappropriate to require issuers to include the disclosure in the annual MD&A, as this is required to be certified by the CEO and CFO and it is not appropriate to require such officers to certify corporate governance disclosure.	The Proposed Instrument requires issuers to include the required disclosure in their management information circulars. Non-venture issuers that are not required to send a management information circular must provide the required disclosure in their AIF. Venture issuers that are not required to send a management information circular may include the required disclosure in an AIF or their MD&A. Both the AIF and MD&A are included in the definition of "annual filings" under Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filing*s. We do not see a difference between the certification requirement as it relates to corporate governance disclosure and as it relates to any other disclosure required to be included in an AIF or MD&A.
	Comments on Specific Disclosure Requirements		
C.5	**Format of Disclosure**	One commenter suggested providing the required disclosure in chart format.	We do not believe it is necessary to prescribe the format of the disclosure.

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C.6	**Board of Directors**	Three commenters suggested that issuers should be required to indicate which directors are independent. Two commenters recommended that, for each director who is not independent, the issuer should disclose the relationship that makes the director not independent.	We agree. These comments have been reflected in the Proposed Instrument.
C.7	**Board Committees**	One commenter did not believe it necessary or useful to describe all other committees of a board, provided that the disclosures respecting how the board addresses its responsibilities with respect to compensation and director nomination matters, whether through a committee or otherwise are already included. Another commenter added that most of the large issuers already disclose all of their board committees and membership, therefore, the disclosure requirement is not onerous and they supported mandating this requirement.	We disagree. The principal objective of the Proposed Instrument is to promote transparency to the marketplace regarding an issuer's corporate governance practices. We believe it to be important that investors understand the governance structures, including its committee structure. We agree. We have included this requirement in the Proposed Instrument.
C.8	**Ethical Business Conduct**	One group of commenters noted that the wording of this provision is too vague. They suggested deleting this provision as well as the corresponding instruction, and amending the section to be more closely harmonized with MI 58-101 and MP 58-201.	Instruction 3 in Form 58-101F2 now provides a cross-reference to paragraph 3.8 of the Proposed Policy for guidance.
C.9	**Assessment**	One commenter noted that information on the board and committee assessment process is useful for the investor, regardless of whether written position descriptions exist. A description of the assessment process will communicate to investors that the performance of the board, committee chairs, CEO and directors are assessed against written position descriptions. This will provide comfort to the investor that the people occupying these positions are meeting the obligations of their position. Another commenter suggested harmonizing the assessment provision in MI 51-104 with the corresponding NYSE rule 9 and not requiring the assessment of each director on an individual basis. This group also suggested the deletion of sections 5(1)(c) and 5(2)(b) and (c).	We agree. We have included this requirement in the Proposed Instrument. We disagree, as the performance of individual directors is integral to the effective functioning of the board. However, the Proposed Policy now permits significant flexibility regarding who conduct the assessments.
C.10	**Compensation**	One group of commenters noted that, regardless of whether the issuer has a compensation committee or not, investors need to understand the process used to determine compensation. Whether this process is described in the compensation committee charter or elsewhere, it should be disclosed in any event, particularly as it relates to the process to determine director	We agree. We have included this requirement in the Proposed Instrument.

No.	April Proposal Section/Topic	Comment	Response
		compensation. Another commenter suggested that the disclosure of any steps taken to determine compensation for the directors and chief executive officer is too far reaching. They added that existing law adequately addresses compensation disclosure, therefore, they suggested that this provision be deleted.	 We disagree.
C.11	**Nomination of Directors**	One commenter recommended that the investor be able to understand the process for selection of board candidates, regardless of whether there is nominating committee. Another commenter noted that the requirement to disclose any steps taken to identify new candidates for board nomination and the process for identifying new candidates is too prescriptive and may require unnecessarily detailed disclosure. One commenter noted that the charter for the nominating committee is an important document. Proper disclosure would entail posting it on the issuer's web site and publishing every three years in the information circular. If significant changes to the charter occur within the three year period, the changes should be posted on the issuer's web site and in the issuer's next information circular.	We agree. We have included this requirement in the Proposed Instrument. We disagree. We have removed the requirement that an issuer disclose the text of its nominating committee charter (if any). Instead, we now propose that issuers disclose in the management information circulars the responsibilities, powers and operation of the nominating committee. We believe that this disclosure requirement will provide sufficient transparency to the marketplace while releasing issuers from the burden to reproduce, on a regular basis, the text of the nominating committee charter.

NATIONAL POLICY 58-201
CORPORATE GOVERNANCE GUIDELINES

PART 1 PURPOSE AND APPLICATION

1.1 **Purpose of this Policy –** This Policy provides guidance on corporate governance practices which have been formulated to:

- achieve a balance between providing protection to investors and fostering fair and efficient capital markets and confidence in capital markets;
- be sensitive to the realities of the greater numbers of small companies and controlled companies in the Canadian corporate landscape;
- take into account the impact of corporate governance developments in the U.S. and around the world; and
- recognize that corporate governance is evolving.

The guidelines in this Policy are not intended to be prescriptive. We encourage issuers to consider the guidelines in developing their own corporate governance practices.

1.2 **Application –** This Policy applies to all reporting issuers, other than investment funds. Consequently, it applies to both corporate and non-corporate entities. Reference to a particular corporate characteristic, such as a board of directors (the **board**), includes any equivalent characteristic of a non-corporate entity. For example, in the case of a limited partnership, we recommend that a majority of the directors of the general partner should be independent of the limited partnership (including the general partner).

Income trust issuers should, in applying these guidelines, recognize that certain functions of a corporate issuer, its board and its management may be performed by any or all of the trustees, the board or management of a subsidiary of the trust, or the board, management or employees of a management company. For this purpose, references to "the issuer" refer to both the trust and any underlying entities, including the operating entity.

PART 2 MEANING OF INDEPENDENCE

2.1 **Meaning of Independence –** For the purposes of this Policy, a director is independent if he or she would be independent for the purposes of National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

PART 3 CORPORATE GOVERNANCE GUIDELINES

Composition of the Board

3.1 The board should have a majority of independent directors.

3.2 The chair of the board should be an independent director. Where this is not appropriate, an independent director should be appointed to act as "lead director". However, either an independent chair or an independent lead director should act as the effective leader of the board and ensure that the board's agenda will enable it to successfully carry out its duties.

Meetings of Independent Directors

3.3 The independent directors should hold regularly scheduled meetings at which members of management are not in attendance.

Board Mandate

3.4 The board should adopt a written mandate in which it explicitly acknowledges responsibility for the stewardship of the issuer, including responsibility for:

(a) to the extent feasible, satisfying itself as to the integrity of the chief executive officer (the **CEO**) and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization;

(b) adopting a strategic planning process and approving, on at least an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the business;

(c) the identification of the principal risks of the issuer's business, and ensuring the implementation of appropriate systems to manage these risks;

(d) succession planning (including appointing, training and monitoring senior management);

(e) adopting a communication policy for the issuer;

(f) the issuer's internal control and management information systems; and

(g) developing the issuer's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the issuer.[1]

The written mandate of the board should also set out:

(i) measures for receiving feedback from security holders (*e.g.*, the board may wish to establish a process to permit security holders to directly contact the independent directors), and

(ii) expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials.

In developing an effective communication policy for the issuer, issuers should refer to the guidance set out in National Policy 51-201 *Disclosure Standards*.

For purposes of this Policy, "executive officer" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*.

Position Descriptions

3.5 The board should develop clear position descriptions for the chair of the board and the chair of each board committee. In addition, the board, together with the CEO, should develop a clear position description for the CEO, which includes delineating management's responsibilities. The board should also develop or approve the corporate goals and objectives that the CEO is responsible for meeting.

Orientation and Continuing Education

3.6 The board should ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and energy that the issuer expects from its directors).[2] All new directors should also understand the nature and operation of the issuer's business.

3.7 The board should provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the issuer's business remains current.

Code of Business Conduct and Ethics

3.8 The board should adopt a written code of business conduct and ethics (a **code**). The code should be applicable to directors, officers and employees of the issuer. The code should constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing. In particular, it should address the following issues:

(a) conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest;

(b) protection and proper use of corporate assets and opportunities;

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1 Issuers may consider appointing a corporate governance committee to consider these issues. A corporate governance committee should have a majority of independent directors, with the remaining members being "non-management" directors.

2 Issuers should only recruit individuals who have sufficient time and energy to devote to the task.

(c) confidentiality of corporate information;

(d) fair dealing with the issuer's security holders, customers, suppliers, competitors and employees;

(e) compliance with laws, rules and regulations; and

(f) reporting of any illegal or unethical behavior.

3.9 The board should be responsible for monitoring compliance with the code. Any waivers from the code that are granted for the benefit of the issuer's directors or executive officers should be granted by the board (or a board committee) only.

Although issuers must exercise their own judgement in making materiality determinations, the Canadian securities regulatory authorities consider that conduct by a director or executive officer which constitutes a material departure from the code will likely constitute a "material change" within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations*. National Instrument 51-102 requires every material change report to include a full description of the material change. Where a material departure from the code constitutes a material change to the issuer, we expect that the material change report will disclose, among other things:

- the date of the departure(s),
- the party(ies) involved in the departure(s),
- the reason why the board has or has not sanctioned the departure(s), and
- any measures the board has taken to address or remedy the departure(s).

Nomination of Directors

3.10 The board should appoint a nominating committee composed entirely of independent directors.

3.11 The nominating committee should have a written charter that clearly establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members and subcommittees), and manner of reporting to the board. In addition, the nominating committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties. If an issuer is legally required by contract or otherwise to provide third parties with the right to nominate directors, the selection and nomination of those directors need not involve the approval of an independent nominating committee.

3.12 Prior to nominating or appointing individuals as directors, the board should adopt a process involving the following steps:

(A) Consider what competencies and skills the board, as a whole, should possess. In doing so, the board should recognize that the particular competencies and skills required for one issuer may not be the same as those required for another.

(B) Assess what competencies and skills each existing director possesses. It is unlikely that any one director will have all the competencies and skills required by the board. Instead, the board should be considered as a group, with each individual making his or her own contribution. Attention should also be paid to the personality and other qualities of each director, as these may ultimately determine the boardroom dynamic.

The board should also consider the appropriate size of the board, with a view to facilitating effective decision-making. In carrying out each of these functions, the board should consider the advice and input of the nominating committee.

3.13 The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees for the next annual meeting of shareholders.

3.14 In making its recommendations, the nominating committee should consider:

(a) the competencies and skills that the board considers to be necessary for the board, as a whole, to possess;

(b) the competencies and skills that the board considers each existing director to possess; and

(c) the competencies and skills each new nominee will bring to the boardroom.

Compensation

3.15 The board should appoint a compensation committee composed entirely of independent directors.

3.16 The compensation committee should have a written charter that establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members or subcommittees), and the manner of reporting to the board. In addition, the compensation committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.

3.17 The compensation committee should be responsible for:

(a) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the board with respect to) the CEO's compensation level based on this evaluation;

(b) making recommendations to the board with respect to non-CEO officer and director compensation, incentive-compensation plans and equity-based plans; and

(c) reviewing executive compensation disclosure before the issuer publicly discloses this information.

Regular Board Assessments

3.18 The board, its committees and each individual director should be regularly assessed regarding his, her or its effectiveness and contribution. An assessment should consider

(a) in the case of the board or a board committee, its mandate or charter, and

(b) in the case of an individual director, the applicable position description(s), as well as the competencies and skills each individual director is expected to bring to the board.

NATIONAL INSTRUMENT 58-101
DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

PART 1 DEFINITIONS AND APPLICATION

1.1 Definitions – In this Instrument,

"AIF" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"CEO" means a chief executive officer;

"code" means a code of business conduct and ethics;

"executive officer" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations*;

"marketplace" has the same meaning as in National Instrument 21-101 *Marketplace Operation*;

"MD&A" has the same meaning as in National Instrument 51-102 *Continuous Disclosure Obligations;*

"SEDAR" has the same meaning as in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*;

"U.S. marketplace" means an exchange registered as a 'national securities exchange' under section 6 of the 1934 Act, or the Nasdaq Stock Market;

"venture issuer" means an issuer that does not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America.

1.2 Meaning of Independence –

(1) Except in British Columbia, a director is independent if he or she would be independent within the meaning of section 1.4 of Multilateral Instrument 52-110 *Audit Committees*.

(2) In British Columbia, a director is independent

(a) unless a reasonable person with knowledge of all the relevant circumstances would conclude that the director is in fact not independent of management or of any significant shareholder, or

(b) if the issuer is a reporting issuer in a jurisdiction other than British Columbia, and the director is independent under subsection (1).

1.3 Application – This Instrument applies to a reporting issuer other than:

(a) an investment fund or issuer of asset-backed securities, as defined in National Instrument 51-102;

(b) a designated foreign issuer or SEC foreign issuer, as defined in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;

(c) a credit support issuer or exchangeable security issuer that is exempt under Part 13 of National Instrument 51-102; and

(d) an issuer that is a wholly-owned subsidiary of another entity, if

(i) the issuer does not have equity securities (other than non-convertible, non-participating preferred securities) trading on a marketplace, and

(ii) the entity that owns the issuer is

(A) subject to the requirements of this Instrument, or

(B) an issuer that (1) has securities listed or quoted on a U.S. marketplace and (2) is in compliance with the corporate governance requirements of that U.S. marketplace.

PART 2 DISCLOSURE AND FILING REQUIREMENTS

2.1 Required Disclosure –

(1) If management of an issuer, other than a venture issuer, solicits proxies from the security holders of the issuer for the purpose of electing directors to the issuer's board of directors, the issuer must include in its management information circular the disclosure required by Form 58-101F1.

(2) An issuer, other than a venture issuer, that is not required to send a management information circular to its security holders must provide the disclosure required by Form 58-101F1 in its AIF.

2.2 Venture Issuers –

(1) If management of a venture issuer solicits proxies from the security holders of the venture issuer for the purpose of electing directors to the issuer's board of directors, the venture issuer must include in its management information circular the disclosure required by Form 58-101F2.

(2) A venture issuer that is not required to send a management information circular to its security holders must provide the disclosure required by Form 58-101F2 in its AIF or annual MD&A.

2.3 Filing of Code – If an issuer has adopted or amended a written code, the issuer must file a copy of the code or amendment on SEDAR no later than the date on which the issuer's next financial statements must be filed, unless a copy of the code or amendment has been previously filed.

PART 3 EXEMPTIONS AND EFFECTIVE DATE

3.1 Exemptions –

(1) The securities regulatory authority or regulator may grant an exemption from this rule, in whole or in part, subject to any conditions or restrictions imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant an exemption.

3.2 Effective Date – This Instrument comes into force on ●.

FORM 58-101F1
CORPORATE GOVERNANCE DISCLOSURE

1. Board of Directors —

(a) Disclose the identity of directors who are independent.

(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.

(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the **board**) does to facilitate its exercise of independent judgement in carrying out its responsibilities.

(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held during the preceding 12 months. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.

2. Board Mandate — Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

3. Position Descriptions —

(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

4. Orientation and Continuing Education —

(a) Briefly describe what measures the board takes to orient new directors regarding

(i) the role of the board, its committees and its directors, and

(ii) the nature and operation of the issuer's business.

(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary for them to meet their obligations as directors.

5. Ethical Business Conduct —

(a) Disclose whether or not the board has adopted a written code for its directors, officers and employees. If the board has adopted a written code:

(i) disclose how an interested party may obtain a copy of the written code;

(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board ensures compliance with its code; and

(iii) provide a cross-reference to any material change report(s) filed within the preceding 12 months that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

(b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.

(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

6. Nomination of Directors —

(a) Describe the process by which the board identifies new candidates for board nomination.

(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.

(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

7. Compensation —

(a) Describe the process by which the board determines the compensation for your company's directors and officers.

(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

8. Other Board Committees — If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

9. Assessments — Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that it, its committees, and individual directors are performing effectively.

INSTRUCTION:

(1) References to corporate governance practices in this Form are to the guidelines included in National Policy 58-201 Corporate Governance Guidelines.

(2) This Form applies to both corporate and non-corporate entities. Reference to a particular corporate characteristic, such as a board, includes any equivalent characteristic of a non-corporate entity.

Income trust issuers should provide disclosure in a manner which recognizes that certain functions of a corporate issuer, its board and its management may be performed by any or all of the trustees, the board or management of a subsidiary of the trust, or the board, management or employees of a management company. In the case of an income trust, references to "the issuer" refer to both the trust and any underlying entities, including the operating entity.

FORM 58-101F2
CORPORATE GOVERNANCE DISCLOSURE
(VENTURE ISSUERS)

1. **Board of Directors —** Disclose how the board of directors (the **board**) facilitates its exercise of independent supervision over management, including

   (i) the identity of directors that are independent, and

   (ii) the identity of directors who are not independent, and the basis for that determination.

2. **Directorships —** If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

3. **Orientation and Continuing Education —** Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.

4. **Ethical Business Conduct —** Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

5. **Nomination of Directors —** Disclose what steps, if any, are taken to identify new candidates for board nomination, including:

   (i) who identifies new candidates, and

   (ii) the process of identifying new candidates.

6. **Compensation —** Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

   (i) who determines compensation, and

   (ii) the process of determining compensation.

7. **Other Board Committees** — If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

8. **Assessments —** Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contributions. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that it, its committees, and individual directors are performing effectively.

INSTRUCTION:

(1) *This form applies to both corporate and non-corporate entities. Reference to a particular corporate characteristic, such as a board, includes any equivalent characteristic of a non-corporate entity.*

Income trust issuers should provide disclosure in a manner which recognizes that certain functions of a corporate issuer, its board and its management may be performed by any or all of the trustees, the board or management of a subsidiary of the trust, or the board, management or employees of a management company. In the case of an income trust, references to "the issuer" refer to both the trust and any underlying entities, including the operating entity.

(2) *The items referred to in section 3.4 of National Policy 58-201 Corporate Governance Guidelines may be considered in disclosure regarding your board made under Item 1 of this Form.*

(3) *The issues referred to in section 3.8 of National Policy 58-201 Corporate Governance Guidelines may be considered in disclosure regarding ethical business conduct made under Item 4 of this Form.*

(4) *Disclosure regarding board committees made under Item 7 of this Form may include the existence and summary content of any committee charter.*

6.1.2 Notice - Request for Comment - Proposed Amendments to Multilateral Instrument 52-110 Audit Committees, Form 52-110F1, Form 52-110F2, and Companion Policy 52-110CP

NOTICE
REQUEST FOR COMMENT

PROPOSED AMENDMENTS TO
MULTILATERAL INSTRUMENT 52-110 AUDIT COMMITTEES, FORM 52-110F1,
FORM 52-110F2, AND COMPANION POLICY 52-110CP

This Notice accompanies proposed amendments (the **Amendments**) to Multilateral Instrument 52-110 *Audit Committees*, Form 52-110F1 and Form 52-110F2 (collectively, the **Audit Committee Rule**) and to Companion Policy 52-110CP to Multilateral Instrument 52-110 *Audit Committees* (the **Companion Policy**). The Amendments are being published for a 90 day comment period by the securities regulatory authorities in every province and territory in Canada, other than British Columbia (the **Participating Jurisdictions**).

Background to the Audit Committee Rule

The Audit Committee Rule and the Companion Policy were initiatives of the Participating Jurisdictions. The Audit Committee Rule was adopted as a rule in each of Alberta, Manitoba, Ontario, Nova Scotia and Newfoundland and Labrador, as a Commission regulation in Saskatchewan, as a policy in New Brunswick, Prince Edward Island and the Yukon Territory, and as a code in the Northwest Territories and Nunavut. The Companion Policy was implemented as a policy in Alberta, Manitoba, Ontario, Nova Scotia, Newfoundland and Labrador, Saskatchewan, New Brunswick, Prince Edward Island, the Yukon Territory, the Northwest Territories and Nunavut. Both the Audit Committee Rule and the Companion Policy came into force on March 30, 2004. In Québec, the Audit Committee Rule will be adopted as a regulation made under section 331.1 of *The Securities Act* (Québec) once it is approved, with or without amendment, by the Minister of Finance, and will come into force on the date of its publication in the *Gazette officielle du Québec* or on any later date specified in the regulation. The Companion Policy will be implemented as a policy in Québec.

The purpose of the Audit Committee Rule is to encourage reporting issuers to establish and maintain strong, effective and independent audit committees. We believe that such audit committees enhance the quality of financial disclosure made by reporting issuers, and ultimately foster investor confidence in Canada's capital markets. The purpose of the Companion Policy is to provide interpretative guidance for the application of the Audit Committee Rule.

The Audit Committee Rule is based upon similar audit committee requirements applicable in the United States. In particular, it is derived from the audit committee requirements administered by the U.S. Securities and Exchange Commission (the **SEC**), as well as the listing requirements of the New York Stock Exchange (**NYSE**) and Nasdaq Stock Market.

Background to the Amendments

We have proposed the Amendments for two principal reasons:

(i) *Clarification of the Definition of Independence*

The Audit Committee Rule contains a definition of independence that is generally applicable to audit committee members. In developing this definition, we attempted to parallel, as much as possible, the definitions of independence applicable to members of audit committees of US listed companies. In the United States, for an audit committee member to be considered independent, the member must satisfy two distinct requirements:

(i) the member must be independent within the meaning of section (b)(1) of SEC Exchange Rule 10A-3 (the **SEC Independent Audit Committee Member Requirements**); and

(ii) the member must be an independent director as defined by the listing requirements of the applicable exchange or market (the **Exchange Independent Director Requirements**).

Our definition of independence (found in section 1.4 of the current Audit Committee Rule) was designed to incorporate into a single set of requirements the key elements of each of the SEC Independent Audit Committee Member Requirements and the Exchange Independent Director Requirements.

Concurrently with publishing this notice, the securities regulatory authorities in every jurisdiction in Canada have also published for comment proposed National Policy 58-201 *Corporate Governance Guidelines* (the **Governance Policy**) and proposed National Instrument 58-101 *Disclosure of Corporate Governance*

Practices (the **Governance Disclosure Rule**). The purpose of the Governance Policy is to provide guidance on corporate governance practices. The purpose of the Governance Disclosure Rule is to provide greater transparency for the marketplace regarding issuers' corporate governance practices. Both the Governance Policy and the Governance Disclosure Rule use a definition of independence that is consistent with the Exchange Independent Director Requirements.[1]

A primary purpose of the Amendments is to divide the existing definition of independence in section 1.4 of the Audit Committee Rule into two separate sets of requirements: one corresponding to the SEC Independent Audit Committee Member Requirements, and the other to the Exchange Independent Director Requirements. This division permits a convenient cross-reference in the Governance Disclosure Rule and the Governance Policy to the Exchange Independent Director Requirements contained in the Audit Committee Rule.

(ii) *Update to the Definition of Independence*

On August 3 and August 30, 2004, the NYSE filed SR-NYSE-2004-41 (the **NYSE Amendments**) with the SEC, which proposes amendments to the corporate governance rules set out in Section 303A of the NYSE Listed Company Manual. The NYSE Amendments make a number of changes to the NYSE's corporate governance rules, most importantly those dealing with "bright line tests" for director independence. The Amendments reflect changes to the definition of independence that correspond to the changes proposed in the NYSE Amendments.

We have taken this opportunity to also propose certain other minor amendments to the Audit Committee Rule and Companion Policy.

Summary and Discussion of the Amendments

The Amendments contain the following significant changes:

1. Subsection 1.3(4) of the Audit Committee Rule – Change to the "Safe Harbour"

Subsection 1.3(4) of the Audit Committee Rule provides a "safe harbour" in connection with the determination of a person or company's status as an "affiliated entity". Presently, that section states that a person will not be considered to be an affiliated entity of an issuer for the purposes of the Audit Committee Rule if the person:

(a) owns, directly or indirectly, ten per cent or less of any class of voting securities of the issuer; and

(b) is not an executive officer of the issuer.

However, as drafted, this "safe harbour" is broader than intended. The Amendments therefore revise this section by deleting the words "be an affiliated entity of" and substituting the word "control".

In light of this change, the Amendments also include a consequential change to section 3.3 of the Companion Policy.

2. Section 1.4 of the Audit Committee Rule – Definition of Independence

The Amendments replace section 1.4 of the Audit Committee Rule with two new sections dealing with the meaning of independence. As noted above, the existing definition of independence is an amalgam of the SEC Independent Audit Committee Member Requirements and the Exchange Independent Director Requirements. However, to facilitate the use of the Exchange Independent Director Requirements for both the Governance Disclosure Rule and Governance Policy, we re-drafted our definition of independence into two sections, section 1.4 (which contains the Exchange Independent Director Requirements) and section 1.5 (which contains the SEC Independent Audit Committee Member Requirements). To be considered independent for the purposes of the revised Audit Committee Rule, an audit committee member will be required to satisfy the requirements in both section 1.4 and 1.5.

In addition, the Amendments modify that portion of our definition derived from the Exchange Independent Director Requirements in the following manner:

- we have revised certain of the prescribed relationships to more closely parallel those proposed in the NYSE Amendments, (see subsection 1.4(3), generally, and paragraphs 1.4(3)(c) & (d) in particular)

[1] The SEC Independent Audit Committee Member Requirements apply only in the context of audit committees.

- we have clarified the definition as it applies to part time chairs and their immediate family members, (see subsection 1.4(7))

- we have removed the concept of a "prescribed period", and replaced it with a simpler, clearer transition provision which has the same effect, and (see subsection 1.4(4))

- we have added subsection 1.4(8), which indicates that for the purpose of section 1.4, a reference to an "issuer" includes an issuer's parent entity and subsidiary entities.

In light of these changes, the Amendments also include consequential changes to sections 3.1 and 3.2 of the Companion Policy.

3. Form 52-110F2 – Disclosure of Relevant Education and Experience

Form 52-110F2 has been revised to require venture issuers to provide additional disclosure regarding the education and experience of their audit committee members. Currently, this disclosure is only required for issuers other than venture issuers. However, we now believe that it would be useful for all issuers to provide this disclosure.

4. Companion Policy – Application of Audit Committee Rule to Income Trusts

The Amendments revise that portion of section 1.2 of the Companion Policy which deals with income trusts. The revisions harmonize the treatment of income trusts under the Audit Committee Rule with that proposed in the Governance Disclosure Rule and Governance Policy. The Amendments provide that issuers that are income trusts should apply the Audit Committee Rule in a manner which recognizes that certain functions of a corporate issuer, its board and its management may be performed by any or all of the trustees, the board or management of a subsidiary of the trust, or the board, management or employees of a management company. For this purpose, references to "the issuer" refer to both the trust and any underlying entities, including the operating entity.

Authority for the Audit Committee Rule -- Ontario

In Ontario, securities legislation provides the Ontario Securities Commission (the OSC) with rule-making or regulation-making authority regarding the subject matter of the Audit Committee Rule.

Paragraph 143(1)57 of the *Securities Act* (Ontario) authorizes the OSC to make rules requiring reporting issuers to appoint audit committees and prescribing requirements relating to the functioning and responsibilities of audit committees, including requirements in respect of the composition of audit committees and the qualifications of audit committee members, including independence requirements.

Related Instruments

The Audit Committee Rule is related to National Instrument 51-102 *Continuous Disclosure Obligations,* National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*. The Amendments are related to the Governance Disclosure Rule and the Governance Policy.

Anticipated Costs and Benefits of the Audit Committee Rule and the Companion Policy

The anticipated costs and benefits of implementing the Audit Committee Rule and the Companion Policy were previously outlined in a paper entitled *Investor Confidence Initiatives: A Cost Benefit Analysis*, which was published on June 27, 2003. Given the nature of the Amendments, we did not consider it necessary to conduct a further cost benefit analysis.

Reliance on Unpublished Studies, Etc.

In developing the Amendments, we did not rely upon any significant unpublished study, report or other written materials.

Comments

Interested parties are invited to make written submissions on the Amendments. Submissions received by January 27, 2005 will be considered. **Because of timing concerns, comments received after the deadline will not be considered.**

Submissions should be addressed to:

Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

Please deliver your comments to the addresses below. Your comments will be distributed to the other participating CSA members.

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A diskette containing the submissions (in Windows format, preferably Word) should also be submitted.

Comment letters submitted in response to requests for comments are placed on the public file and form part of the public record, unless confidentiality is requested. Comment letters will be circulated among the securities regulatory authorities, whether or not confidentiality is requested. Although comment letters requesting confidentiality will not be placed in the public file, freedom of information legislation may require securities regulatory authorities to make comment letters available. Persons submitting comment letters should therefore be aware that the press and members of the public may be able to obtain access to any comment letters.

Questions may be referred to the following people:

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Text of the Amendments

The text of the Amendments follows.

October 29, 2004.

AMENDMENTS TO
MULTILATERAL INSTRUMENT 52-110 AUDIT COMMITTEES

PART 1 AMENDMENTS

1.1 Meaning of Control – Subsection 1.3(4) of Multilateral Instrument 52-110 *Audit Committees* (the "Instrument") is amended by deleting the words "be an affiliated entity of" and substituting the word "control".

1.2 Meaning of Independence –

(1) Section 1.4 of the Instrument is deleted and replaced by the following:

"1.4 Meaning of Independence --

(1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.

(2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

(3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

(a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

(c) an individual who:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

(4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004.

(5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

(6) For the purposes of clause (3)(f), direct compensation does not include:

(a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and

(b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

(7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

(8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

1.5 Additional Independence Requirements –

(1) Despite any determination made under section 1.4, an individual who

(a) has a relationship with the issuer pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities,

is considered to have a material relationship with the issuer.

(2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

(a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

(3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service."

(2) Section 1.5 of the Instrument is re-numbered section 1.6

1.3 Controlled Companies – Paragraph (a) of subsection 3.3(2) is amended by deleting the words "paragraph 1.4(3)(g)" and substituting the words "paragraph 1.5(1)(b)".

1.4 Temporary Exemption for Limited and Exceptional Circumstances – Paragraph (a) of section 3.6 is amended by deleting the words “paragraph 1.4(3)(f)(i) or 1.4(3)(g)” and substituting the words “subsection 1.5(1)”

1.5 U.S. Listed Issuers – Section 7.1 of the Instrument is amended by

(i) deleting the word “a” as it appears before the words “issuers, other than foreign private issuers,”, and

(ii) deleting the words “paragraph 5 of Form 52-110F1” and substituting the words “paragraph 7 of Form 52-110F1”.

1.6. Replacement of "person" with "individual” –

(1) Paragraph 1.3(1)(b) is amended by deleting the words "or company" and substituting the words "is an individual who".

(2) Subsection 1.3(4) is amended by deleting the words "a person" and substituting the words "an individual" and by deleting the words “the person” and substituting the words “the individual”.

1.7 Form 52-110F1 – Paragraph (c) of Item 3 of Form 52-110F1 is amended by deleting the word "persons" and substituting the word "individuals".

1.8 Form 52-110F2 –

(1) Form 52-110F2 is amended by re-numbering Items 3 through 7 as Items 4 through 8, respectively, and adding the following as a new Item 3:

“3. Relevant Education and Experience

Describe the education and experience of each audit committee member that is relevant to the performance of his or her responsibilities as an audit committee member and, in particular, disclose any education or experience that would provide the member with:

(a) an understanding of the accounting principles used by the issuer to prepare its financial statements;

(b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;

(c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements, or experience actively supervising one or more individuals engaged in such activities; and

(d) an understanding of internal controls and procedures for financial reporting.”

(2) Form 52-110F2 is amended by deleting the words “this paragraph 5” in the instruction to Item 7 and substituting the words “this paragraph 7”.

PART 2 EFFECTIVE DATE

2.1 Effective Date — These amendments come into force on ●

AMENDMENTS TO COMPANION POLICY 52-110CP TO
MULTILATERAL INSTRUMENT 52-110 AUDIT COMMITTEES

1.1 Application to Non-Corporate Entities. Section 1.2 of 52-110CP is deleted and replaced by the following:

"1.2 Application to Non-Corporate Entities. The Instrument applies to both corporate and non-corporate entities. Where the Instrument or this Policy refers to a particular corporate characteristic, such as a board of directors, the reference should be read to also include any equivalent characteristic of a non-corporate entity. For example, in the case of a limited partnership, the directors of the general partner who are independent of the limited partnership (including the general partner) should form an audit committee which fulfils these responsibilities.

Income trust issuers should apply the Instrument in a manner which recognizes that certain functions of a corporate issuer, its board and its management may be performed by any or all of the trustees, the board or management of a subsidiary of the trust, or the board, management or employees of a management company. For this purpose, references to "the issuer" refer to both the trust and any underlying entities, including the operating entity.

If the structure of an issuer will not permit it to comply with the Instrument, the issuer should seek exemptive relief."

1.2 Meaning of Independence. Part Three of 52-110CP is amended by deleting Part Three and replacing it with the following:

"Part Three
Independence

3.1 Meaning of Independence. The Instrument generally requires every member of an audit committee to be independent. Subsection 1.4(1) of the Instrument defines independence to mean the absence of any direct or indirect material relationship between the director and the issuer. In our view, this may include a commercial, charitable, industrial, banking, consulting, legal, accounting or familial relationship, or any other relationship that the board considers to be material. Although shareholding alone may not interfere with the exercise of a director's independent judgement, we believe that other relationships between an issuer and a shareholder may constitute material relationships with the issuer, and should be considered by the board when determining a director's independence. However, only those relationships which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement should be considered material relationships within the meaning of section 1.4.

Subsection 1.4(3) and section 1.5 of the Instrument describe those individuals that we believe have a relationship with an issuer that would reasonably be expected to interfere with the exercise of the individual's independent judgement. Consequently, these individuals are not considered independent for the purposes of the Instrument and are therefore precluded from serving on the issuer's audit committee. Directors and their counsel should therefore consider the nature of the relationships outlined in subsection 1.4(3) and section 1.5 as guidance in applying the general independence requirement set out in subsection 1.4(1).

3.2 Derivation of Definition. In the United States, listed issuers must comply with the audit committee requirements contained in SEC rules as well as the director independence and audit committee requirements of the applicable securities exchange or market. The definition of independence included in the Instrument has therefore been derived from both the applicable SEC rules and the corporate governance rules issued by the New York Stock Exchange. The portion of the definition of independence that parallels the NYSE rules is found in section 1.4 of the Instrument. Section 1.5 of the Instrument contains additional rules regarding audit committee member independence that were derived from the applicable SEC rules. To be independent for the purposes of the Instrument, a director must satisfy the requirements in both sections 1.4 and 1.5.

3.3 Safe Harbour. Subsection 1.3(1) of the Instrument provides, in part, that a person or company is an affiliated entity of another entity if the person or company controls the other entity. Subsection 1.3(4), however, provides that an individual will not be considered to control an issuer if the individual:

(a) owns, directly or indirectly, ten per cent or less of any class of voting equity securities of the issuer; and

(b) is not an executive officer of the issuer.

Subsection 1.3(4) is intended only to identify those individuals who are not considered to control an issuer. The provision is not intended to suggest that an individual who owns more than ten percent of an issuer's voting equity securities automatically controls an issuer. Instead, an individual who owns more than ten percent of an issuer's voting equity securities should examine all relevant facts and circumstances to determine if he or she controls the issuer and is therefore an affiliated entity within the meaning of subsection 1.3(1)."

1.3 Replacement of "person" with "individual". Subsection 4.2(2) of 52-110CP is amended by deleting the word "persons" and substituting the word "individuals", by deleting the words "A person" and substituting the words "An individual", and by deleting the word "person" and substituting the word "individual".

1.4 Effective Date. These amendments are effective on ●

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-Sep-2004	First Ontario Labour Sponsored Investment Fund Ltd.	3848574 Canada Inc. - Preferred Shares	2,500,000.00	6,250,000.00
07-Oct-2004	22 Purchasers	Accrete Energy Inc. - Common Shares	3,371,840.00	1,644,800.00
08-Oct-2004	M.M. Stewart Investments	Acuity Pooled Canadian Equity Fund - Trust Units	175,000.00	7,706,094.00
05-Oct-2004	Kim W. Scrimgeour	Acuity Pooled Canadian Small Cap Fund - Trust Units	25,000.00	1,266,079.00
21-Sep-2004 to 28-Sep-2004	18 Purchasers	Acuity Pooled High Income Fund - Trust Units	2,228,561.18	121,779.00
04-Oct-2004 to 08-Oct-2004	19 Purchasers	Acuity Pooled High Income Fund - Trust Units	2,500,731.77	133,018.00
07-Oct-2004	Richard Zaltz	Acuity Pooled High Income Fund - Trust Units	75,000.00	6,957.00
07-Oct-2004 to 08-Oct-2004	Dewattville Holdings M.M. Stewart Investments	Acuity Pooled Income Trust Fund - Trust Units	293,655.00	17,589.00
27-Sep-2004	6 Purchasers	Adsero Corp. - Special Warrants	236,812.00	187,500.00
06-Oct-2004	Leona K. Bell George A. Brown	Airesurf Networks Holdings Inc. - Units	30,000.00	120,000.00
15-Oct-2004	7 Purchasers	Airesurf Networks Holdings Inc. - Units	42,500.00	210,000.00
19-Oct-2004	Regent Securities Capital Corporation	Apollo Gold Corporation - Debentures	3,775,000.00	1.00
30-Sep-2004	3 Purchasers	Avotus Corporation - Preferred Shares	146,400.00	146,400.00
04-Oct-2004	Sun Life Assurance Company of Canada	Brilliant Power Corporation - Bonds	10,000,000.00	10,000,000.00
07-Oct-2004	Blair Franklin Goodman DDITF	B&G Foods Holdings Corp. - Units	12,279,729.00	818,649.00
08-Oct-2004	4 Purchasers	Camilion Solutions, Inc. - Preferred Shares	5,900,000.06	42,475,673.00

05-Oct-2004	6 Purchasers	CareVest First Mortgage Investment Corporation - Preferred Shares	211,601.00	211,601.00
01-Sep-2004	39 Purchasers	CAM Private Investment Fund L.P. - Limited Partnership Units	4,610,000.00	4,610,000.00
24-Sep-2004 to 30-Sep-2004	Centaur Balanced	Centaur Balanced Fund - Units	35,839.04	2,725.00
17-Sep-2004 to 24-Sep-2004	Centaur Balanced	Centaur Balanced Fund - Units	58,454.97	4,401.00
24-Sep-2004 to 30-Sep-2004	Centaur Bond Fund	Centaur Bond Fund - Units	164,857.50	16,469.00
17-Sep-2004 to 24-Sep-2004	Centaur Bond Fund	Centaur Bond Fund - Units	123,361.44	12,289.00
17-Sep-2004 to 24-Sep-2004	Centaur Canadian Equity	Centaur Canadian Equity - Units	162,304.00	1,812.00
17-Sep-2004 to 24-Sep-2004	Centaur Canadian Equity	Centaur Canadian Equity - Units	108,014.62	1,215.00
24-Sep-2004 to 30-Sep-2004	Centaur International	Centaur International Fund - Units	1,886.27	243.00
17-Sep-2004 to 24-Sep-2004	Centaur International	Centaur International Fund - Units	40,579.68	5,168.00
24-Sep-2004 to 30-Sep-2004	Centaur Money Market	Centaur Money Market - Units	261,551.46	26,155.00
10-Sep-2004 to 16-Sep-2004	Centaur Money Market	Centaur Money Market - Units	614,547.05	61,455.00
24-Sep-2004 to 30-Sep-2004	Centaur Small Cap	Centaur Small Cap - Units	16,450.00	268.00
17-Sep-2004 to 24-Sep-2004	Centaur Small Cap	Centaur Small Cap - Units	12,591.66	213.00
24-Sep-2004 to 30-Sep-2004	Centaur US Equity	Centaur US Equity - Units	94,038.50	2,379.00
17-Sep-2004 to 24-Sep-2004	Centaur US Equity	Centaur US Equity - Units	46,369.40	1,157.00

18-Oct-2004	CMB I Limited Partnhership	Cervus Financial Group Inc. - Common Shares	198,000.00	247,500.00
30-Sep-2004	8 Purchasers	Contemporary Investment Corp. - Common Shares	411,327.00	411,327.00
30-Sep-2004	38 Purchasers	Creststreet Windpower Development LP - Limited Partnership Units	1,080,000.00	108,000.00
29-Sep-2004	6 Purchasers	Discovery Drilling Funds VI Limited Partnership - Limited Partnership Units	210,000.00	210.00
01-Oct-2004	6 Purchasers	DNA Genotek Inc. - Common Shares	294,999.86	987,282.00
01-Oct-2004	6 Purchasers	DNA Genotek Inc. - Warrants	0.05	493,641.00
07-Oct-2004	5 Purchasers	eBuild.ca Inc. - Units	425,000.00	850,000.00
07-Oct-2004	4 Purchasers	eBuild.ca Inc. - Units	425,000.00	850,000.00
06-Oct-2004	16 Purchasers	Edgestone Capital Venture Fund II, L.P. - Limited Partnership Units	72,400,000.00	72,400.00
06-Oct-2004	Sky Investment	Electric Power Development Co., Ltd. - Shares	458,176.50	15,000.00
08-Oct-2004	3 Purchasers	Euston Capital Corp. - Common Shares	4,500.00	1,500.00
11-Oct-2004	Sherfam Inc.	Excalibur Limited Partnership - Limited Partnership Units	1,251,300.00	5.00
07-Oct-2004	4 Purchasers	Fronteer Development Group Inc. - Flow-Through Shares	900,000.00	720,000.00
08-Oct-2004	HOOPP Investment Manag Blair Franklin Capital Partners	General Mills, Inc. - Shares	424,190.70	9,385.00
30-Sep-2004	R. Earl Storie	Giraffe Capital Limited Partnership - Limited Partnership Units	500,000.00	411.00
07-Oct-2004	3 Purchasers	Goldbrook Ventures Inc. - Flow-Through Shares	778,250.00	1,415,000.00
30-Sep-2004	6 Purchasers	Golden Chalice Resources Inc. - Flow-Through Shares	92,500.00	462,500.00
24-Jun-2004	10 Purchasers	Golden Chief Resources Inc. - Units	285,000.00	5,700,000.00
05-Oct-2004	4 Purchasers	Goose River Resources Ltd. - Flow-Through Shares	1,643,850.00	2,529,000.00
30-Sep-2004	13 Purchasers	GPM Real Property (10) Ltd. - Common Shares	90,700,000.00	90,700,000.00

28-Sep-2004	3 Purchasers	GRC 2004 Limited Partnership, The - Limited Partnership Units	570,000.00	15.00
12-Oct-2004	XPV Angel Investor LP	iSee Media Inc. - Common Shares	25,000.00	100,000.00
06-Aug-2004	Catherine McGovern Realtec Canada Inc.	Immersive Media Corp. - Common Shares	90,000.00	150,000.00
25-Jun-2004	Adeva Investments	Immersive Media Corp. - Common Shares	60,000.00	100,000.00
01-Oct-2004	Canadian Medical Protective Association	Imperial Capital Acquisition Fund III (Institutional) 2 Limited Partnership - Limited Partnership Units	115,000.00	115,000.00
01-Oct-2004	Kensington Funds Of Funds;L.P.	Imperial Capital Acquisition Fund III (Institutional) 3 Limited Partnership - Limited Partnership Units	60,000.00	60,000.00
21-Oct-2004	4 Purchasers	Intrawest Corporation - Notes	7,715,143.29	6,000,000.00
06-Oct-2004	10 Purchasers	Intrawest Corporation - Notes	61,800,000.00	61,800,000.00
07-Oct-2004	George Cornell	Investoricare Senior Housing Corp. - Units	25,000.00	1.00
01-Oct-2004	QK Investments Inc.	Isacsoft Inc. - Common Share Purchase Warrant	0.00	862,700.00
01-Oct-2004	Ian Farquharson GATX Venture Finance Canada Inc.	Isacsoft Inc. - Common Shares	11,472.40	28,681.00
12-Oct-2004	CCJLB Limited	Jeffrey D. Stacey & Associates Ltd. - Common Shares	375,000.00	292,275.00
30-Sep-2004	5 Purchasers	KFA Balanced Pooled Fund - Units	1,477,000.00	138,607.00
30-Jun-2004	3 Purchasers	KFA Balanced Pooled Fund - Units	631,000.00	59,506.00
29-Jun-2004	75 Purchasers	KidsFutures Inc. - Warrants	4,226,800.00	4,226,800.00
04-Oct-2004	4 Purchasers	Limelight Entertainment Inc. - Common Shares	6,500.00	6,500.00
04-Oct-2004	5 Purchasers	Limelight Entertainment Inc. - Common Shares	20,000.00	10,000.00
13-Oct-2004	4 Purchasers	Logan Resources Ltd. - Units	20,685.00	82,740.00
06-Oct-2004	The Erin Mills Investment Corporation	Lorus Therapeutics Inc. - Common Share Purchase Warrant	0.00	4,000,000.00
06-Oct-2004	The Erin Mills Investment Corporation	Lorus Therapeutics Inc. - Debentures	5,000,000.00	5,000,000.00
06-Oct-2004	25 Purchasers	MCK Mining Corp. - Units	454,050.15	3,027,001.00

28-Sep-2004	6 Purchasers	Medworxx Inc. - Common Shares	118,498.85	239,998.00
04-Oct-2004	Fund 321 Limited Partnership	Meikle Group Inc. - Debentures	5,000,000.00	5,000,000.00
18-Oct-2004	Merrill Lynch Canada Inc.	Merrill Lynch Financial Assets Inc. - Certificate	14,111,215.00	255,294,214.00
30-Sep-2004	CPP Investment Board Private Holdings Inc.	MidOcean Partners, LP - Limited Partnership Interest	126,400,000.00	100,000,000.00
18-Oct-2004	17 Purchasers	Miramar Mining Corporation - Common Shares	14,044,000.00	7,022,000.00
12-Oct-2004	4 Purchasers	Natural Data Inc. - Common Shares	90,000.00	360,000.00
27-Aug-2004 to 13-Oct -2004	44 Purchasers	New Hudson Television Corp. - Shares	111,150.00	37,050.00
08-Oct-2004	Canada Mortgage and Housing Corporation	Nordea International Equity Fund - Units	150,000,000.00	21,428,571.00
07-Oct-2004	Ontario Teacher's Pension Plan Board	North American Oil Sands Corporation - Shares	3,750,003.00	1,250,001.00
23-Sep-2004	John Kutevicius Cathy Fox	Northern Continental Resources Inc. - Units	40,000.00	200,000.00
27-Sep-2004	8 Purchasers	Northern Continental Resources Inc. - Units	99,998.80	285,711.00
15-Oct-2004	Pinetree Capital Ltd.	Northwestern Mineral Ventures Inc. - Units	315,000.00	450,000.00
15-Oct-2004	3 Purchasers	O'Donnell Emerging Companies Fund - Units	230,000.00	34,175.00
14-Oct-2003 to 29-Oct-2004	465 Purchasers	Olympus United Funds Corporation - Shares	24,565,194.84	2,516,303.00
29-Sep-2004	Integrated Partners Limited Partnership One	Omega Insurance Holdings Inc. - Common Shares	10,000,000.00	10,000,000.00
12-Oct-2004	Rolland Poirier	Pelangio Mines Inc. - Common Shares	13,000.00	25,000.00
10-Feb-2004 to 24-Aug-2004	46 Purchasers	Petroworth Resources Inc. - Special Warrants	902,500.00	1,805,000.00
10-Feb-2004 to 24-Aug-2004	7 Purchasers	Petroworth Resources Inc. - Units	280,564.00	623,476.00
16-Aug-2004	33 Purchasers	Professional Networks L.P. #1 - Limited Partnership Units	820,000.00	82.00
08-Oct-2004	3 Purchasers	Pure Gold Minerals Inc. - Units	749,999.97	8,333,333.00

12-Oct-2004	Edgestone Capital Venture Fund II Nominee;Inc	PVELOCITY INC. - Convertible Preferred Shares	4,000,000.00	6,768,190.00
12-Oct-2004	Fusion Capital Partners Inc.	PVELOCITY INC. - Warrants	0.00	270,723.00
04-Oct-2004	22 Purchasers	Quadra Resources Inc. - Units	674,040.00	5,742,000.00
08-Oct-2004	Nursing Homes and Related Industries Pension Plan	Real Assets US Social Equity Index Fund - Units	3,973.34	562.00
15-Oct-2004	Nursing Homes and Related Industries Pension Plan	Real Assets US Social Equity Index Fund - Units	4,816.04	713.00
19-Oct-2004	Credit Risk Advisors	Reddy Ice Group, Inc. - Notes	2,501,218.43	3,000,000.00
08-Oct-2004	Edgestone Capital Venture Fund;L.P.	RSS Solutions Inc. - Convertible Debentures	750,000.00	750,000.00
04-Oct-2004	572 Purchasers	Second World Trader Inc. - Units	9,878,402.00	30,241.00
21-Sep-2004	1070 Purchasers	Second World Trader Inc. - Units	5,921,167.00	23,703.00
29-Sep-2004	3 Purchasers	SiGe Semiconductor Inc. - Preferred Shares	245,025.16	306,516.00
29-Sep-2004	3 Purchasers	SiGe Semiconductor Inc. - Shares	766,755.27	959,180.00
12-Oct-2004	SIR Royalty Income Fund	SIR Holdings Trust - Notes	10,050,000.00	1,005,000.00
12-Oct-2004	SIR Royalty Income Fund	SIR Holdings Trust - Units	1,116,660.00	111,666.00
12-Oct-2004	SIR Holdings Trust SIR Corp	SIR Royalty Limited Partnership - Limited Partnership Units	58,623,362.50	109,951,853.00
06-Oct-2004	6 Purchasers	Skyharbour Resources Ltd. - Units	27,500.00	600,000.00
05-Oct-2004	7 Purchasers	Sonora Gold Corp. - Units	150,000.00	1,500,000.00
06-Oct-2004	CMP 2004 Resource Limited Canada Dominion Resources 2004 Limited Partnership	Southern Cross Resources Inc. - Flow-Through Shares	675,000.00	500,000.00
07-Oct-2004	3 Purchasers	Stylus Exploration Inc. - Common Shares	322,000.00	161,000.00
07-Oct-2004	4 Purchasers	Stylus Exploration Inc. - Flow-Through Shares	840,000.00	350,000.00
30-Sep-2004	Theodore Joseph Vant Erve	Stylus Growth Fund - Units	150,000.00	13,939.00
30-Sep-2004	Ewout Heeraink	Stylus Momentum Fund - Units	1,000,000.00	96,406.00
30-Sep-2004	Theodore Joseph Vant Erve	Stylus Value with Income Fund - Units	160,000.00	15,361.00
30-Sep-2004	3 Purchasers	Tectura Corporation - Common Shares	749,999.25	428,571.00

14-Oct-2004	Ontario Teacher's Pension Plan Board	The Beach Fund (Caymon SPC) Limited - Shares	29,049,000.00	304,112.00
30-Sep-2004	5 Purchasers	The McElvaine Investment Limited Partnership - Units	3,005,000.00	79,051.00
05-Oct-2004	Mosaic Venture Partners II Edgestone Capital Venture Fund L.P.	Time Industrial, Inc. - Convertible Debentures	500,000.00	500,000.00
30-Sep-2004	Export Development Canada	Tira Wireless Inc. - Preferred Shares	1,000,000.00	3,000,000.00
07-Oct-2004	Linda M. Siemon Irving Ebert	Triacata Power Technologies Inc. - Common Shares	20,000.00	20,000.00
12-Oct-2004	17 Purchasers	Unigold Inc. - Units	925,000.00	3,700,000.00
12-Oct-2004	PowerOne Capital Markets Limited	Unigold Inc. - Warrants	0.00	0.00
15-Oct-2004	Foyston;Gordon & Payne Inc.	University of Ontario Institute of Technology - Debentures	21,141,750.00	21,000,000.00
05-Oct-2004	Vansco Electronics Holdings Inc.	Vansco Electronics LP - Units	11,500,000.00	11,500,000.00
16-Apr-2004 to 06-May-2004	58 Purchasers	Vena Resources Inc. - Common Shares	655,059.00	9,777,000.00
05-Oct-2004	12 Purchasers	Vena Resources Inc. - Units	801,000.00	2,002,500.00
30-Sep-2004	3 Purchasers	Vertex Fund - Trust Units	97,283.72	12,156.00
12-Oct-2004	Canadian Medical Discoveries Fund Inc.	ViOptix Canada Inc. - Convertible Debentures	5,311,200.00	1,991,700.00
12-Oct-2004	Canadian Medical Discoveries Fund Inc.	ViOptix Canada Inc. - Shares	5,311,200.00	9,104,524.00
07-Oct-2004	13 Purchasers	Vulcan Minerals Inc. - Flow-Through Shares	2,120,760.00	3,534,600.00
07-Oct-2004	3 Purchasers	Vulcan Minerals Inc. - Units	373,200.00	622,000.00
15-Oct-2004	Ross D. Lawrence William H. Shutt	Western Warrior Resources Ltd. - Units	42,960.00	429,600.00
30-Sep-2004	5 Purchasers	YGC Resources Ltd. - Common Shares	557,881.00	5,578,810.00
05-Sep-2004	The VenGrowth Advanced Life Sciences Fund Inc.	Zelos Therapeutics Inc. - Shares	2,196,426.00	366,071.00
07-Oct-2004	Marlen Cowpland	ZIM Corporation - Units	500,000.00	1,018,077.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Adulis Resources Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated October 21, 2004
Mutual Reliance Review System Receipt dated October 25, 2004
Offering Price and Description:
Up to $30,000,000 (* Common Shares) - $ * per Common Share Broker Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #699745

Issuer Name:
Atlantic Power Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Prospectus dated October 21, 2004
Mutual Reliance Review System Receipt dated October 22, 2004
Offering Price and Description:
$ * - * Income Participating Securities Price: $10.00 per IPS
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
HSBC Securities (Canada) Inc.
Lehman Brothers Inc.
Raymond James Ltd.
Promoter(s):
Teton Power Holdings, LLC
Epsilon Power Holdings, LLC
Umatilla Power Holdings, LLC
Project #696211

Issuer Name:
Central Fund of Canada Limited
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 21, 2004
Mutual Reliance Review System Receipt dated October 21, 2004
Offering Price and Description:
U.S.$ * - * non-voting, fully-participating Class A Shares Price: U.S.$ * per non-voting, fully-participating Class A Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
-
Project #699250

Issuer Name:
Chemokine Therapeutics Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated October 22, 2004
Mutual Reliance Review System Receipt dated October 25, 2004
Offering Price and Description:
Maximum Offering: Cdn$ * - 15,000,000 Common Shares; Minimum Offering: Cdn$ * - * Common Shares Price: Cdn$ * per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Jennings Capital Inc.
McFarlane Gordon Inc.
Wellington West Capital Inc.
Promoter(s):
Hassan Salari
Project #699759

Issuer Name:
Cowansville Capital Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary CPC Prospectus dated October 20, 2004
Mutual Reliance Review System Receipt dated October 22, 2004
Offering Price and Description:
Minimum of $500,000.00 (5,000,000 common shares); Maximum of $1,250,000.00 (12,500,000 common shares) Price: $0.10 per share
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Promoter(s):
Gilles Malette
Project #699443

Issuer Name:
Criterion Business Trust TA Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated October 22, 2004
Mutual Reliance Review System Receipt dated October 25, 2004
Offering Price and Description:
Maximum $ * (* Units) - Price: $10.00 per Unit; (Minimum Purchase: 200 Units)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc
CIBC World Markets Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Desjardins Securities Inc.
First Associates Investments Inc.
Raymond James Ltd.
Richardson Partners Financial Limited
Wellington West Capital Inc.
Promoter(s):
Criterion Investments Limited
Project #699841

Issuer Name:
Flaherty & Crumrine Investment Grade Fixed Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated October 25, 2004
Mutual Reliance Review System Receipt dated October 26, 2004
Offering Price and Description:
Maximum $ * (* Units) Price: $25.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
First Associates Investments Inc.
Raymond James Ltd.
Dundee Securities Corporation
Acadian Securities Incorporated
IPC Securities Corporation
Newport Securities Inc.
Research Capital Corporation
Wellington West Capital Inc.
Promoter(s):
Brompton FFI Management Limited
Project #699953

Issuer Name:
Frontera Copper Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated October 15, 2004
Mutual Reliance Review System Receipt dated October 20, 2004
Offering Price and Description:
$ * - * Common Shares - $ * per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Promoter(s):
-
Project #698792

Issuer Name:
Gold Reserve Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 20, 2004
Mutual Reliance Review System Receipt dated October 20, 2004
Offering Price and Description:
$20,020,000 - 3,575,000 Units Price: $5.60 per Unit
Underwriter(s) or Distributor(s):
Orion Securities Inc.
Sprott Securities Inc.
GMP Securities Ltd.
Promoter(s):
-
Project #698870

Issuer Name:
Grove Energy Limited
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated October 25, 2004
Mutual Reliance Review System Receipt dated October 26, 2004
Offering Price and Description:
* Common Shares $ * (price per share)
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #700083

Issuer Name:
Opta Minerals Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated October 20, 2004
Mutual Reliance Review System Receipt dated October 21, 2004
Offering Price and Description:
$ * - * Common Shares
Underwriter(s) or Distributor(s):
Loewen, Ondaatje, McCutcheon Limited
First Associates Investments Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #699009

Issuer Name:
Scorpio Capital Corp.
Type and Date:
Preliminary CPC Prospectus dated October 20, 2004
Receipted on October 21, 2004
Offering Price and Description:
Minimum Offering: $750,000 or 5,000,000 Common Shares; Maximum Offering: $1,900,000 or 12,666,667 Common Shares - Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Credifinance Securities Ltd.
Promoter(s):
-
Project #699006

Issuer Name:
Second Cup Royalty Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated October 25, 2004
Mutual Reliance Review System Receipt dated October 25, 2004
Offering Price and Description:
$ * - * Units - Price $10.00 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
TD Securities Inc.
Promoter(s):
Cara Operations Limited
Project #699820

Issuer Name:
Trinidad Energy Services Income Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 25, 2004
Mutual Reliance Review System Receipt dated October 25, 2004
Offering Price and Description:
$79,000,001.00 - 8,449,198 Trust Units Price: $9.35 Per Trust Unit
Underwriter(s) or Distributor(s):
Raymond James Ltd.
CIBC World Markets Inc.
TD Securities Inc.
Haywood Securities Inc.
First Associates Investments Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
FirstEnergy Capital Corp.
Promoter(s):
Trinidad Drilling Ltd.
Project #699966

Issuer Name:
UBS Total Return Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated October 25, 2004
Mutual Reliance Review System Receipt dated October 26, 2004
Offering Price and Description:
Maximum $ * (* Units) - $10.00 per Unit; Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc,
BMO Nesbitt Burns Inc.
Scotia Capital Inc
National Bank of Financial Inc.
Dundee Securities Corporation
Canaccord Capital Corporation
Desjardins Securities Inc.
First Associates Investments Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Research Capital Corporation
Wellington West Capital
Promoter(s):
UBS Global Asset Management (Canada) Co.
Project #700226

Issuer Name:
Yamana Gold Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 25, 2004
Mutual Reliance Review System Receipt dated October 25, 2004
Offering Price and Description:
$75,037,500 - 21,750,000 Common Shares Price: $3.45 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Sprott Securities Inc.
National Bank Financial Inc.
Harris Partners Limited
Westwind Partners Inc.
First Associates Inc.
Promoter(s):
Santa Elina Mines Corporation
Project #699899

Issuer Name:
Acuity Canadian Equity Fund
Acuity Clean Environment Equity Fund
Acuity Social Values Canadian Equity Fund
Acuity All Cap 30 Canadian Equity Fund
Acuity Clean Environment Science and Technology Fund
Acuity Global Equity Fund
Acuity Clean Environment Global Equity Fund
Acuity Social Values Global Equity Fund
Acuity G7 RSP Equity Fund
Acuity Canadian Balanced Fund
Acuity Clean Environment Balanced Fund
Acuity Growth & Income Fund
Acuity Income Trust Fund
Acuity High Income Fund
Acuity Fixed Income Fund
Acuity Money Market Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 22, 2004
Mutual Reliance Review System Receipt dated October 26, 2004
Offering Price and Description:
Class A and Class F Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Clean Environment Mutual Funds Ltd.
Promoter(s):
Acuity Funds Ltd.
Project #690063

Issuer Name:
Altamira Energy Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated October 20, 2004
Mutual Reliance Review System Receipt dated October 21, 2004
Offering Price and Description:
Mutual Fund Units at Net Asset Value
Underwriter(s) or Distributor(s):
Altamira Financial Services Ltd.
Altamira Financial Services Ltd.
Promoter(s):
-
Project #689722

Issuer Name:
CES Software plc
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated October 22, 2004
Mutual Reliance Review System Receipt dated October 22, 2004
Offering Price and Description:
£19,600,000 (Maximum) (Approximately Cdn$44,568,440)
14,000,000 Ordinary Shares - Price: £1.40 per Ordinary Share (Approximately Cdn$3.18 per Offered Share)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #694617

Issuer Name:
Fidelity Canadian Opportunities Class of Fidelity Capital Structure Corp.
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated October 18, 2004
Mutual Reliance Review System Receipt dated October 20, 2004
Offering Price and Description:
Series A and Series F Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
Fidelity Investments Canada Limited
Fidelity Investments Canada Limited
Promoter(s):
Fidelity Investments Canada Limited
Project #686405

Issuer Name:
Fidelity NorthStar Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 18, 2004 to Final Simplified Prospectus and Annual Information Form dated May 28, 2004
Mutual Reliance Review System Receipt dated October 25, 2004
Offering Price and Description:
Series A and Series F Shares
Underwriter(s) or Distributor(s):
Fidelity Investments Canada Limited
Fidelity Investments Canada Limited
Promoter(s):
Fidelity Investments Canada Limited
Project #635762

Issuer Name:
Mersington Capital Inc.
Principal Regulator - Quebec
Type and Date:
Amendment #1 dated October 20, 2004 to Final CPC Prospectus dated July 26, 2004
Mutual Reliance Review System Receipt dated October 25, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
First Associates Investments Inc.
Promoter(s):
-
Project #663423

Issuer Name:
Pan-Ocean Energy Corporation Limited
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 22, 2004
Mutual Reliance Review System Receipt dated October 22, 2004
Offering Price and Description:
Cdn$30,750,000.00 - 1,500,000 Class B Subordinate Voting Shares - Price: Cdn$20.50 per Class B Share
Underwriter(s) or Distributor(s):
GMP Securities Ltd.
Haywood Securities Inc.
Jennings Capital Inc.
Research Capital Corporation
Promoter(s):
-
Project #698243

Issuer Name:
RBC Private EAFE Equity Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 14, 2004 to Final Simplified Prospectus and Annual Information Form dated August 18, 2004
Mutual Reliance Review System Receipt dated October 21, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Asset Management Inc.
The Royal Trust Company
RBC Asset Management Inc.
Promoter(s):
RBC Asset Management Inc.
Project #667509

Issuer Name:
Real Estate Asset Liquidity Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 20, 2004
Mutual Reliance Review System Receipt dated October 20, 2004
Offering Price and Description:
$381,434,000.00 - (Approximate) Real Estate Asset Liquidity Trust (Issuer) Commercial Mortgage Pass-Through Certificates, Series 2004-1
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Credit Suisse First Boston Canada Inc.
TD Securities Inc.
Promoter(s):
Royal Bank of Canada
Project #695854

Issuer Name:
Social Housing Canadian Money Market Fund
Social Housing Canadian Short-Term Bond Fund
Social Housing Canadian Bond Fund
Social Housing Canadian Equity Fund
Type and Date:
Amended and Restated Annual Information Forms dated September 30, 2004 to Amending and Restating Annual Information Forms dated July 5, 2004
Receipted on October 21, 2004
Offering Price and Description:
Series A Units
Underwriter(s) or Distributor(s):
Phillips, Hager & North Investment Funds Ltd.
Philips, Hager & North Investment Funds Ltd.
Promoter(s):
SHSC Financial Inc.
Project #641093

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Name	From: Allianz Education Funds Inc. To: Heritage Education Funds Inc.	Scholarship Plan Dealer	Sept. 30, 2004
Change in Name	From: DeltaOne Asset Management Corp. To: Max Capital Markets Ltd.	Limited Market Dealer	Oct. 20, 2004
New Registration	Kidsfutures Investments Inc.	Scholarship Plan Dealer	Oct. 20, 2004
New Registration	Aberdeen Asset Management Asia Limited	Non-Canadian Adviser (Investment Counsel and Portfolio Manager)	Oct. 20, 2004
New Registration	Greenspire Linden Asset Management Ltd.	Investment Counsel and Portfolio Manager	Oct. 20, 2004
New Registration	GMP PRIVATE CLIENT LTD./GESTION PRIVEE GMP LTEE	Investment Dealer	Oct. 21, 2004
Surrender of Registration	Normandy Canada Limited	Investment Counsel and Portfolio Manager	Oct. 25, 2004
Suspension of Registration	Monarch Delaney Financial Inc.	Mutual Fund Dealer	Oct. 25, 2004

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 IDA By-Law 4.9, Amendment Regarding the Supervision of Branch Offices

INVESTMENT DEALERS ASSOCIATION OF CANADA – AMENDMENT TO BY-LAW 4.9 REGARDING THE SUPERVISION OF BRANCH OFFICES

I Overview

A Current Rules

By-law No. 4.6 requires that Members appoint a branch manager to be in charge of each branch office. Regulation 1300.2 establishes the requirements for designating persons to supervise the opening and operation of client accounts, including branch managers for accounts opened at branch offices. Policy No. 6, Part I establishes the proficiency requirements for branch managers.

B The Issue

Some Members maintain branch offices to deal solely with the accounts of institutional clients or that are not engaged in any sales activities. The proficiency courses for branch managers are designed for those supervising the opening and operation of retail accounts and are therefore inappropriate for those supervising only the opening and operation of institutional accounts or other non-sales activities.

C Objective

The objective of the rule change is to permit Members to appoint branch managers of branch offices having no retail sales activities without requiring that they meet branch manager proficiency requirements designed for retail account supervision.

D Effect of Proposed Rules

The proposed rules will enable Members to appoint qualified persons to supervise institutional or other non-retail branch offices without requiring that they meet irrelevant proficiency requirements. It will enable Members to fill vacancies in such positions more quickly and reduce regulatory costs.

II Detailed Analysis

A Present Rules, Relevant History and Proposed Policy

By-law No. 4.6 requires appointment of a branch manager to supervise each branch office of a Member. In order to obtain registration as a branch manager, a candidate must, pursuant to By-law No. 4.9, meet proficiency requirements set out in Policy No. 6, Part I, including the Branch Managers Course and, within 18 months of approval as a branch manager, the Effective Management Seminar. Both of these are designed to develop and test proficiency in the supervision of retail account opening and trading.

Some Members have offices in which they conduct only institutional business or other non-retail business such as investment banking or research. The appointment of a person qualified to supervise retail accounts is unnecessary for investor protection and may in fact result in the appointment of persons less qualified to supervise the type of activity actually conducted at the office.

The proposed change to By-law No. 4.9 will permit Members to appoint a Branch Manager (Non-Retail) to be in charge of a branch office whose business does not include the handling of retail accounts. For the purposes of defining non-retail accounts, the proposed amendment refers to the definition in By-law No. 18.8. Proposed Policy 4 – Minimum Standards for Institutional Account Supervision – includes a broader definition of institutional account, the By-law No. 18.8 definition having been devised largely for capital and margin purposes. Policy No. 4 has been passed by the Board of Directors and is currently awaiting approval by the securities commissions. When Policy No. 4 is approved and implemented, its definition will replace that in By-law No. 18.8 in the proposed amendment.

A branch office doing solely corporate finance or other non-trading business will also qualify for supervision by a Branch Manager (Non-Retail). Again, the investor protection provided to retail clients by the requirement for branch manager supervision is irrelevant to such offices.

However, in order to ensure adequate supervision of such activities as are carried on at such branches, Branch Managers (Non-Retail) will be required to have completed the Partners, Directors and Officers Qualifying Examination. In addition, the proposed amendment will require that such branch managers obtain the proficiency required to supervise options or commodity futures trading where those instruments are traded in the branch under their supervision.

B Issues and Alternatives Considered

No alternatives were considered.

C Comparison with Similar Provisions

Ontario Securities Commission Rule 31-502 requires that branch managers of dealers complete either the Branch Managers Course or the Partners, Directors and Senior Officers Qualifying Examination.

D Systems Impact of Rule

There is no systems impact.

E Best Interests of the Capital Markets

The Board has determined that the proposed Rule is not detrimental to the best interests of the capital markets.

III Commentary

A Filing in Other Jurisdictions

This proposed amendment will be filed for approval in Alberta, British Columbia, Manitoba, Ontario and Quebec will be filed for information in Nova Scotia and Saskatchewan.

B Process

The issue was raised by the Institutional Committee of the Compliance and Legal Section of the IDA and the proposed solution has been approved by that committee.

IV Sources

References:

- IDA By-law Nos. 4.6 and 4.9 and Policy No. 6, Part I
- Ontario Securities Commission Rule 31-502.

V OSC Requirement to Publish for Comment

The IDA is required to publish for comment the accompanying amendment.

The Association has determined that the entry into force of the proposed amendments would be in the public interest. Comments are sought on the proposed amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Lawrence Boyce, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Lawrence Boyce
Vice-President, Sales Compliance & Registration
Investment Dealers Association of Canada
(416) 943-6903
lboyce@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA

AMENDMENTS TO BY-LAW 4.9 REGARDING THE PROFICIENCY REQUIREMENTS FOR BRANCH MANAGERS OF BRANCHES HAVING ONLY NON-RETAIL ACCOUNTS

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby amends the By-laws, Regulations, Forms and Policies of the Association by amending By-laws 4.6, 4.9 and Policy 6, Part I, Section 1 as follows:

"4.6.

(a) Each Member shall appoint a branch manager to be in charge of each of its branch offices and, where necessary to ensure continuous supervision of the branch office, a Member may appoint one or more assistant or co-branch managers who shall have the authority of a branch manager in the absence or incapacity of the branch manager. ~~A Member shall notify the Association as required in accordance with By-law 40, of the opening and closure of a branch office.~~ A branch manager shall be normally present at the branch of which he or she is in charge.

(b) A Member having a branch office that has no client accounts other than accounts for non-retail clients as defined in By-law 18.8 may appoint a branch manager (non-retail) to be in charge of the branch and, where necessary to ensure continuous supervision of the branch office, a Member may appoint one or more assistant or co-branch managers (non-retail), who shall have the authority of a branch manager in the absence or incapacity of the branch manager. A branch manager (non-retail) shall be normally present at the branch of which he or she is in charge.

(c) A Member shall notify the Association as required in accordance with By-law 40, of the opening or closure of a branch office."

"4.9. No person shall act as a sales manager, branch manager, assistant branch manager, ~~or~~ co-branch manager, branch manager (non-retail), assistant branch manager (non-retail) or co-branch manager (non-retail) unless the person:

(a) Has satisfied the applicable proficiency requirements outlined in Part I of Policy No. 6; and

(b) Has been approved by the Association."

"Policy 6, Part I, Section 1:

1. Branch Managers and Sales Managers

(a) The proficiency requirements for a sales manager, branch manager, assistant or co-branch manager under By-law 4.9 are:

(i) Two years of experience as a securities dealer or working in the office of a broker or dealer in securities in various positions or such equivalent experience as may be acceptable to the applicable District Council;

(ii) Approval as a registered representative; and

(iii) Successful completion of

(A) The Branch Managers Course,

(B) The Options Supervisors Course if the Member trades options with the public and

(C) The Effective Management Seminar within 18 months of approval.

(b) The proficiency requirements for a branch manager (non-retail), assistant branch manager (non-retail) or co-branch manager (non-retail) under By-law 4.9 are:

(i) Successful completion of:

(A) The Branch Managers Course, or

(B) The Partners, Directors and Senior Officers Qualifying Examination, and

(ii) If the branch has any persons approved to trade with the public and the Member trades options with the public, successful completion of the Options Supervisors Course."

The Board of Directors also resolves that when proposed IDA Policy 4 – Minimum Industry Standards for Institutional Account Supervision is implemented, the words "non-retail clients as defined in By-law 18.8" in Paragraph (b) of revised By-law 4.6 shall be replaced by "institutional clients as defined in Policy 4".

PASSED AND ENACTED by the Board of Directors, this 20th day of October 2004, to be effective on a date to be determined by Association staff.

13.1.2 TSX Request for Comment - Corporate Governance Policy – Proposed New Disclosure Requirement

TORONTO STOCK EXCHANGE
REQUEST FOR COMMENT
CORPORATE GOVERNANCE POLICY – PROPOSED NEW DISCLOSURE REQUIREMENT

On September 28, 2004 the Board of Directors of Toronto Stock Exchange ("TSX") approved an amendment (the "Amendment") of the corporate governance disclosure requirement contained in the TSX Company Manual, applicable to TSX listed issuers. The Amendment is in response to proposed National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the "Proposed Instrument") and proposed National Policy 58-201 *Corporate Governance Guidelines* (the "Proposed Policy") being published for comment by all members of the Canadian Securities Administrators (the "CSA").

The Amendment will be effective when the Proposed Instrument is finalized and becomes effective. Comments should be in writing and delivered by December 13, 2004 to:

Robert M. Fabes
Senior Vice President
Toronto Stock Exchange
The Exchange Tower
130 King Street West
Toronto, Ontario M5X 1J2
Fax: (416) 947-4547
Email: robert.fabes@tsx.com

A copy should also be provided to the:

Manager
Market Regulation
Capital Markets
Ontario Securities Commission
20 Queen Street West
Toronto, Ontario M5H 3S8

Comments will be publicly available unless confidentiality is requested.

OVERVIEW

TSX has been advised by the Ontario Securities Commission (the "OSC") that the Proposed Instrument and the Proposed Policy are being published for public comment. The Proposed Instrument will require TSX issuers to disclose their corporate governance practices in their management information circular. Disclosure will be generally in reference to a number of governance guidelines contained in the Proposed Policy and issuers will have to either describe their compliance with the guidelines or explain how they otherwise achieve the objectives of the guidelines.

BACKGROUND

Since 1995, TSX has required its issuers to disclose annually, in either their annual report or management information circular, their corporate governance practices with specific reference to 14 TSX governance guidelines.

As a result of recent corporate scandals and the enactment of the U.S. Sarbanes-Oxley Act implementing industry wide governance requirements, the OSC, with other members of the CSA, since 2002 has been reviewing its regulation of reporting issuers' corporate governance activities. As part of that review, the OSC, with certain other of the provincial securities authorities, issued for comment, in early 2004, a proposed instrument requiring all reporting issuers to disclose their corporate governance practices in their annual information form. Disclosure for TSX issuers was proposed to be in reference to a number of recommended best practices set out in a proposed policy. As proposed, TSX issuers would have had to either disclose their compliance with the recommended best practices or explain why they believed that non-compliance was appropriate.

In September 2004, TSX was advised by the OSC that they, and all other members of the CSA, after review of comments received, will publish for comment the Proposed Instrument and the Proposed Policy.

It is TSX's view that the Proposed Instrument and the Proposed Policy:

1. largely duplicate the TSX governance disclosure requirement; and

2. replicate and add to existing TSX governance guidelines.

Accordingly, in order to avoid confusion in the marketplace and duplication of effort for TSX issuers and investors, TSX is proposing the Amendment.

SPECIFIC CHANGES

The Amendment will replace Sections 472 through 475 of the TSX Company Manual with the following:

"**Sec. 472** Each listed issuer subject to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, or any replacement of that instrument, is required to disclose its corporate governance practices in accordance with that instrument, or any replacement of that instrument.

TSX will monitor corporate governance disclosure of listed issuers. TSX will contact listed issuers who have not complied with this Section 472 to assist them in complying with the disclosure requirement. Non-complying listed issuers will be required to publish amended disclosure in the listed issuer's next quarterly report.

TSX will publish the names of those listed issuers failing to comply with a request for amended disclosure. Continuing non-compliance could result in suspension and de-listing.

Listed issuers who evidence a blatant and consistent disregard of TSX's disclosure requirement will be referred to the Ontario Securities Commission and may be subject to other legal proceedings."

The Amendment will require TSX issuers to disclose their governance practices in accordance with the Proposed Instrument. This will allow TSX to continue to monitor TSX issuers' disclosure in order to ensure that it remains consistent with TSX standards and its participants' expectations.

PUBLIC INTEREST ASSESSMENT

Given that the TSX corporate governance disclosure requirement has been part of Canadian securities regulation for almost a decade, TSX determined that it is in the public interest that the Amendment be published for public comment.

Accordingly, the Amendment is being published for comment concurrently with the publication for comment of the Proposed Instrument and the Proposed Policy.

The Amendment will become effective when the Proposed Instrument is finalized and becomes effective.

BY ORDER OF THE BOARD OF DIRECTORS

SHARON PEL
SENIOR VICE PRESIDENT, LEGAL AND BUSINESS AFFAIRS

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