The Ontario Securities Commission

OSC Bulletin

January 7, 2005

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

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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

JANUARY 7, 2005

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

SCHEDULED OSC HEARINGS

TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: RLS/ST/DLK
January 14, 2005 10:00 a.m.	**Brian Peter Verbeek** and Lloyd Hutchinson Ebenezer Bruce* s. 127 K. Manarin in attendance for Staff Panel: WSW/ST * Lloyd Bruce settled November 12, 2004.
January 24, 2005 10:00 a.m.	**Andrew Campbell** s. 127 & 127.1 G. Mackenzie in attendance for Staff Panel: PMM/ST/DLK
January 24, 2005 10:00 a.m.	**Wells Fargo Financial Canada Corporation** s. 127 & 127.1 G. Mackenzie in attendance for Staff Panel: PMM/ST/DLK
January 24 to March 4, 2005, except Tuesdays and April 11 to May 13, 2005, except Tuesdays 10:00 a.m.	**Philip Services Corp. *et al*** s. 127 K. Manarin in attendance for Staff Panel: PMM/RWD/ST
January 26, 27 31 and February 1, 2 and 3, 2005 10:00 a.m.	**Cornwall *et al*** s. 127 K. Manarin in attendance for Staff Panel: HLM/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 10:00 a.m.	**ATI Technologies Inc., Kwok Yuen Ho, Betty Ho, JoAnne Chang, David Stone, Mary de La Torre, Alan Rae and Sally Daub** s. 127 M. Britton in attendance for Staff Panel: SWJ/HLM/MTM
May 30, June 1, 2, 3, 6, 7, 8, 9 and 10, 2005 10:00 a.m.	**Buckingham Securities Corporation, David Bromberg*, Norman Frydrych, Lloyd Bruce* and Miller Bernstein & Partners LLP (formerly known as Miller Bernstein & Partners)** s. 127 J. Superina in attendance for Staff Panel: TBA * David Bromberg settled April 20, 2004 * Lloyd Bruce settled November 12, 2004

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

Andrew Keith Lech

S. B. McLaughlin

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

1.1.2 Notice of Request for Comment - Proposed Repeal and Replacement of National Instrument 44-101 Short Form Prospectus Distributions, Form 44-101F3 Short Form Prospectus, Companion Policy 44-101CP Short Form Prospectus Distributions

NOTICE OF REQUEST FOR COMMENT

PROPOSED REPEAL AND REPLACEMENT OF NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS*, FORM 44-101F3 *SHORT FORM PROSPECTUS*, COMPANION POLICY 44-101CP *SHORT FORM PROSPECTUS DISTRIBUTIONS*

Request for Public Comment

The Commission is publishing for a 90-day comment period the following material in today's Bulletin:

- proposed amended and restated National Instrument 44-101 *Short Form Prospectus Distributions*;
- proposed amended and restated Form 44-101F1 *Short Form Prospectus*;
- proposed amended and restated Companion Policy 44-101CP *Short Form Prospectus Distributions.*

These materials, together with accompanying request for comment notice, are being published in Chapter 6 of the Bulletin. Blacklines of the materials showing proposed changes to the applicable existing instrument, form, and companion policy, are available on the Commission's website at www.osc.gov.on.ca. We request comments on the proposed materials by **April 8, 2005**.

1.1.3 Notice of Request for Comment - Proposed Amendment Instruments for National Instrument 44-102 Shelf Distributions, National Instrument 44-103 Post-Receipt Pricing, and National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities and Proposed Amendments to Companion Policy 44-102CP Shelf Distributions, Companion Policy 44-103CP Post-Receipt Pricing, National Policy 43-201 Mutual Reliance Review System for Prospectuses and Annual Information Forms, and Companion Policy 51-101CP Standards of Disclosure for Oil and Gas Activities

NOTICE OF REQUEST FOR COMMENT

PROPOSED AMENDMENT INSTRUMENTS FOR NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS*, NATIONAL INSTRUMENT 44-103 *POST-RECEIPT PRICING*, AND NATIONAL INSTRUMENT 51-101 *STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES*

AND

PROPOSED AMENDMENTS TO COMPANION POLICY 44-102CP *SHELF DISTRIBUTIONS*, COMPANION POLICY 44-103CP *POST-RECEIPT PRICING*, NATIONAL POLICY 43-201 *MUTUAL RELIANCE REVIEW SYSTEM FOR PROSPECTUSES AND ANNUAL INFORMATION FORMS*, AND COMPANION POLICY 51-101CP *STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES*

Request for Public Comment

In conjunction with the publication of the proposed repeal and replacement of National Instrument 44-101, *Short Form Prospectus Distributions*, including Form 44-101F3, *Short Form Prospectus*, and Companion Policy 44-101CP, *Short Form Prospectus Distributions*, the Commission is publishing for a 90-day comment period the following material in today's Bulletin:

- proposed Amendment Instrument for National Instrument 44-102 *Shelf Distributions*;
- proposed Amendments to Companion Policy 44-102CP *Shelf Distribution*s;
- proposed Amendment Instrument for National Instrument 44-103 *Post-Receipt Pricing*;
- proposed Amendments to Companion Policy 44-103CP *Post-Receipt Pricing*;
- proposed Amendments to National Policy 43-201 *Mutual Reliance Review System for Prospectuses and Annual Information Forms*;
- proposed Amendment Instrument for National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**);
- proposed Amendments to Companion Policy 51-101CP *Standards of Disclosure for Oil and Gas Activities* (**51-101CP**).

These materials, together with accompanying request for comment notice, are being published in Chapter 6 of the Bulletin. Blacklines of the materials, other than for NI 51-101 and 51-101CP, showing proposed changes to the applicable existing instruments, companion policies, and policy, are available on the Commission's website at www.osc.gov.on.ca. We request comments on the proposed materials by **April 8, 2005**.

1.1.4 Notice of Ministerial Approval National Instrument 44-101 Short Form Prospectus Distributions and Form 44-101F3

NOTICE OF MINISTERIAL APPROVAL
NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS* AND FORM 44-101F3

On November 25, 2004, the Chair of Management Board of Cabinet approved amendments to National Instrument 44-101 *Short Form Prospectus Distributions* and Form 44-101F3. The amendments will come into force on January 4, 2005.

The amendments and related material are published in Chapter 5.

January 7, 2005.

1.1.5 Notice of Rule/Regulation National Instrument 31-101 National Registration System, National Policy 31-201 National Registration System

NOTICE OF RULE/REGULATION
NATIONAL INSTRUMENT 31-101 *NATIONAL REGISTRATION SYSTEM*,
NATIONAL POLICY 31-201 *NATIONAL REGISTRATION SYSTEM*

The Commission is publishing in today's Bulletin National Instrument 31-101 *National Registration System* and National Policy 31-201 *National Registration System* with a Notice respecting the National Instrument and the National Policy.

The National Instrument and the materials required by the *Securities Act*, Ontario (the **Act**) to be delivered to the Minister responsible for the administration of the Act were delivered on December 21, 2004. If the Minister approves the National Instrument, does not reject the National Instrument or return it to the Commission for further consideration, it will come into force on April 4, 2005.

The Notice and text of the National Instrument and National Policy are published in Chapter 5 of this Bulletin.

1.1.6 Notice of Commission Approval - IDA Proposed By-law No. 17.19 - Business Continuity Plan Requirement

THE INVESTMENT DEALERS ASSOCIATION OF CANADA (IDA)

PROPOSED BY-LAW NO. 17.19 - BUSINESS CONTINUITY PLAN REQUIREMENT

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved proposed IDA By-law No. 17.19 regarding business continuity plan requirement. In addition, the Alberta Securities Commission approved and the British Columbia Securities Commission did not object to the proposed by-law. The purpose of the proposed by-law is to require each IDA member to establish and maintain a business continuity plan, such that the member can stay in business in the event of a significant business disruption and can meet obligations to its customers and other capital markets counterparts. A copy and description of the proposed by-law were published on June 25, 2004, at (2004) 27 OSCB 6105. No comments were received.

1.1.7 Notice of Proposed Amendments to the Securities Act and Commodity Futures Act

NOTICE OF PROPOSED AMENDMENTS TO THE SECURITIES ACT AND COMMODITY FUTURES ACT

The Commission is publishing in Chapter 9 of today's Bulletin parts of the *Budget Measures Act (Fall), 2004*, (formerly Bill 149) which include amendments to the *Securities Act* and the *Commodity Futures Act*.

1.1.8 Notice of Commission Approval – Amendments to MFDA By-law No. 1, Regarding the Enforcement Process

THE MUTUAL FUND DEALERS ASSOCIATION (MFDA)

AMENDMENTS TO MFDA BY-LAW NO. 1 REGARDING THE ENFORCEMENT PROCESS

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved the amendments to MFDA By-law No.1 regarding the Enforcement Process. In addition, the Alberta Securities Commission, Nova Scotia Securities Commission and Saskatchewan Financial Services Commission approved, and the British Columbia Securities Commission did not object to the amendments. The amendments are to clarify the procedural aspects of the enforcement process so that hearings may be conducted in a more cost-effective, efficient and flexible manner that better serves the interests of the MFDA, the parties and the public. A copy and description of these amendments were published on October 1, 2004 at (2004) 27 OSCB 8336. No comments were received.

1.2 Notices of Hearing

1.2.1 Firestar Capital Management Corp. et al. - s. 127

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

AND

IN THE MATTER OF
FIRESTAR CAPITAL MANAGEMENT CORP.,
KAMPOSSE FINANCIAL CORP.,
FIRESTAR INVESTMENT MANAGEMENT GROUP,
MICHAEL CIAVARELLA AND MICHAEL MITTON

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended, at the offices of the Commission, 20 Queen Street West, 17th Floor, Main Hearing Room, Toronto, Ontario on a date to be set by the Commission.

TO CONSIDER whether, in the opinion of the Commission, it is in the public interest to make an order that:

(a) under clause 2 of s.127(1) of the *Act*, trading in securities by the Respondents cease permanently or for such other period as specified by the Commission;

(b) under clause 3 of s. 127(1) of the *Act*, any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such a period as the Commission may order;

(c) under clause 7 of s.127(1) of the *Act*, the respondents Ciavarella and Mitton resign any positions they may hold as a director or officer of any issuer;

(d) under clause 8 of s.127(1) of the *Act*, the respondents Ciavarella and Mitton are prohibited from becoming or acting as a director or officer of any issuer;

(e) under clause 9 of s. 127(1) of the *Act*, the Respondents or any one of them to pay an administrative penalty of not more than $1 million for each failure to comply;

(f) under clause 10 of s.127(1) of the *Act*, the Respondents disgorge any amounts obtained by them as a result of non-compliance with Ontario securities law;

(g) under clause 6 of s.127(1) of the *Act*, that the Respondents be reprimanded;

(h) under s.127.1 of the *Act*, the Respondents pay the costs of Staff's investigation and the costs of or related to the hearing that are incurred by or on behalf of the Commission; and

(i) such further orders as the Commission considers appropriate.

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

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

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

December 21, 2004.

"Daisy G. Aranha"
per John Stevenson
A/Secretary to the Commission

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Solicitors for Michael Ciavarella, Firestar Capital Management Corp., and Firestar Investment Management Group

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Solicitors for Michael Mitton

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

AND

IN THE MATTER OF
FIRESTAR CAPITAL MANAGEMENT CORP.,
KAMPOSSE FINANCIAL CORP.,
FIRESTAR INVESTMENT MANAGEMENT GROUP,
MICHAEL CIAVARELLA AND MICHAEL MITTON

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission make the following allegations:

The Respondents

1. Michael Ciavarella is an individual who resides in the Province of Ontario.

2. Michael Mitton is an individual who resides in British Columbia and/or Ontario. Mitton has been convicted of at least 103 counts of fraud, many of which have involved securities fraud. Mitton and his wife, Janet Mitton, are currently subject to a 20 year cease trade order in British Columbia.

3. Kamposse Financial Corp. ("Kamposse") is a corporation incorporated in Ontario with its head office in Richmond Hill, Ontario.

4. Firestar Investments Management Group ("Firestar Investments") is a corporation incorporated in Ontario with its head office in Sudbury, Ontario. Michael Ciavarella is President and a Director of Firestar Investments.

5. Firestar Capital Management Corp. ("Firestar Capital") is a corporation incorporated in Ontario with its head office in Toronto, Ontario. Michael Ciavarella is President, Secretary and a Director of Firestar Capital.

Background

6. Pender International Inc. ("Pender") is a company incorporated in Ontario with its head office in Thornhill, Ontario. Pender trades on the National Association of Securities Dealers Over the Counter Bulletin Board.

7. Pender has the same address and phone number as Kamposse.

8. Armistice Resources Ltd. ("Armistice") is a corporation incorporated in Ontario with its head office in Thornhill, Ontario.

9. In July of 2004, Pender completed a private placement of US$1.6 million at US $0.50 per share. By press release dated October 27, 2004, Pender announced that those funds were used to acquire IMM Investments Inc., a private company, which became a wholly owned subsidiary of Pender. IMM owns approximately 30% of Armistice with rights to purchase up to 55%.

10. Pender acquired IMM from KJ Holding Inc. ("KJ Holding"), an Ontario corporation. As a result of the acquisition, KJ Holding acquired 36.5% of Pender's issued and outstanding common stock. KJ Holding is wholly owned by Kalano Jang, the father of Kalson Jang, who is a director of Pender.

11. The only asset of Armistice and Pender is a mine in northern Ontario near Kirkland Lake. The mine is currently flooded with water. The financial statements of Armistice for the three month period ending September 30, 2004 reveal a deficit of $29,598,630.

12. By press release dated October 28, 2004, Pender announced that it would be engaging Atlas Dewatering to dewater the mine, and it was expected that the dewatering would be completed in 4-6 weeks.

13. Pender has not released any further information about efforts to dewater the mine.

14. The only other substantive press release during the period June to November 2004 was the announcement that Pender, on October 25, 2004, had appointed Ciavarella as President and Director of Pender, and had appointed a new Board of Directors.

The Accounts

15. Firestar Capital maintains an account at HSBC Securities (Canada) Inc. ("HSBC Securities") and HSBC Bank Canada ("HSBC Bank"). Ciavarella has trading authority over the Firestar Capital account at HSBC Securities. Ciavarella and Kalson Jang are the principals of the Firestar Capital account at HSBC Bank.

16. Ciavarella maintains an account in his own name at HSBC Securities, Desjardins Securities Inc. ("Desjardins") and TD Waterhouse Canada Inc. ("TD Waterhouse").

17. Firestar Investment maintains an account at Desjardins and CIBC World Markets Inc. Ciavarella has trading authority over those accounts.

18. Kamposse maintains an account at HSBC Bank, RBC Dominion Securities Inc. ("RBC DS") and CIBC World Markets. Ciavarella referred Kamposse to RBC DS. Karen Lam and Gwen

Jang are the principals of the Kamposse account at HSBC Bank. Karen Lam and Gwen Jang have trading authority over the Kamposse account at RBC DS. Karen Lam, Ciavarella and Gwen Jang have trading authority over the account at CIBC World Markets.

19. All of the above accounts (which will be referred to collectively as the "Accounts") are related to each other and/or related to insiders of Pender.

Trading in Pender

20. In July of 2004, Pender was trading at approximately US $0.08 per share. Prior to October 14, 2004, there had been no trading in the shares of Pender for some time. On October 14, 2004, the shares opened at US $0.30 and closed at the same price on a volume of 12,000 shares traded. Over the next 35 trading days, the shares traded as high as US $11.35 on a volume of over 2 million shares trading. This represents an increase in price of the shares of Pender of 3,783%.

21. None of the news releases issued by Pender were significant enough to cause the dramatic increase in the price and volume of Pender shares traded. Even if the news releases did have a marginal effect on the price, Pender did not release any news after October 28, 2004. There is therefore nothing to explain the rise in the share price after that date.

22. The increase in the share price of Pender was artificial and was caused by trading that was arranged between the Accounts.

23. Significantly, the Accounts largely stopped trading shares of Pender after the share price peaked at US $11.35 on November 18, 2004. When the Accounts stopped trading the shares of Pender, the share price of Pender dropped dramatically.

24. Although all of the Accounts traded and/or funded the purchase of Pender stock, the main purchasing account was the Firestar Capital account at HSBC Securities and the main selling account was the Kamposse account at RBC DS. Funds from Kamposse were transferred to the Firestar Capital account at HSBC Securities in order to finance the purchase of Pender shares.

25. As at September 30, 2004, the Kamposse account at RBC DS contained 318,000 shares of Pender with a market value of C $26,087.61. During October and November of 2004, those shares were sold and total funds of US $953,378 and C $1,603,000 were withdrawn from the account.

26. In November of 2004, the Firestar Capital account at HSBC Securities purchased 392,000 shares of Pender, of which it sold 17,500, at a net cost of US $3,557,343.37. It also deposited 200,000 shares of Pender into the same account. Four cheques totaling US $2,324,000 that were deposited to the Firestar Capital account at HSBC Securities to pay for the purchases of the Pender shares were subsequently returned unpaid. As at November 30, 2004, the Firestar Capital US dollar account at HSBC was in a debit position of US $2,822,700.75, which was offset by a credit position in the Firestar Capital CDN dollar account of $293,590.

The Involvement of Mitton

27. Ciavarella gave verbal instructions to the investment adviser to take trading instructions from Mitton for the Firestar Capital account at HSBC Securities. Mitton was present when the Kamposse account at RBC DS was opened. Mitton has claimed that the Kamposse account at HSBC Bank is his account.

28. At times, Mitton provided funds for the Firestar Capital account which included cheques drawn on the account of Kamposse at HSBC Bank. Mitton has claimed that at least some of the money being deposited to the Firestar Capital account to fund the purchases of Pender shares was his money.

29. When dealing with the Firestar Capital account at HSBC Securities and the Kamposse account at RBC DS, Mitton took steps to conceal his true identity, including using the alias "Michael Douglas".

30. Profits from the RBC DS account were deposited into Kamposse's bank account. Several payments were made from Kamposse's bank account to Janet Mitton.

Market Manipulation

31. Staff allege that the above conduct was contrary to Ontario securities law and contrary to the public interest in that during the material time, trading in the shares of Pender was dominated by trading that was arranged between the Accounts in a way that created a misleading appearance of trading activity and artificially increased the share price of Pender.

32. Staff reserves the right to make such further allegations as Staff may advise and the Commission may permit.

December 21, 2004.

1.3 News Releases

1.3.1 In the Matter of Michael Ciavarella, Kamposse Financial Corp., Firestar Capital Management Corp., Firestar Investment Management Group, and Michael Mitton OSC Extends Temporary Cease Trade Orders

FOR IMMEDIATE RELEASE
December 20, 2004

IN THE MATTER OF
MICHAEL CIAVARELLA,
KAMPOSSE FINANCIAL CORP.
FIRESTAR CAPITAL MANAGEMENT CORP.,
FIRESTAR INVESTMENT MANAGEMENT GROUP,
AND MICHAEL MITTON

OSC EXTENDS TEMPORARY CEASE TRADE ORDERS

Toronto – The Ontario Securities Commission ("OSC") announced today that the hearing to consider whether the Temporary Cease Trade Orders in this matter should be continued until the final disposition of the matter was adjourned, on consent, until February 4, 2005. On consent, the Commission continued the Temporary Cease Trade Orders against Michael Ciavarella, Kamposse Financial Corp., Firestar Capital Management Corp. and Firestar Investment Management Group preventing them from trading in the shares of Pender International Inc. until the hearing on February 4, 2005. The Commission continued and extended the Temporary Cease Trade Order against Michael Mitton, such that he is prevented from trading any securities until the hearing on February 4, 2005.

Copies of the Temporary Cease Trade Orders and the Notice of Hearing are available on the OSC's website (**www.osc.gov.on.ca**).

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

1.3.2 OSC Opposes Motion of Jurgen von Anhalt

FOR IMMEDIATE RELEASE
December 21, 2004

OSC OPPOSES MOTION OF JURGEN VON ANHALT

TORONTO – On Friday, December 17, 2004, the Ontario Securities Commission opposed a motion by Jurgen von Anhalt to set aside an interim consent order that prohibited him from calling a shareholders meeting to elect a new Board of Directors. After hearing submissions from counsel, Madam Justice Pepall reserved decision on the motion.

The Ontario Securities Commission has applied pursuant to s. 128 of the *Securities Act* to prohibit Jurgen von Anhalt and Emilia von Anhalt from exercising their voting and other rights as shareholders in Lydia Diamond Exploration of Canada Ltd. ("Lydia").

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1.3.3 OSC Initiates Simplified Process

FOR IMMEDIATE RELEASE
December 22, 2004

OSC INITIATES SIMPLIFIED PROCESS

- **OSC commences Proceedings against Wells Fargo Financial Canada Corporation and Andrew Campbell.**
- **Hearing date set for of January 24, 2005**

TORONTO – The Ontario Securities Commission (OSC) has adopted new procedures to quickly identify, investigate and bring to a hearing those cases which involve clear breaches of Ontario securities law.

"In certain cases, the facts are straightforward and the misconduct is easily identified," said Michael Watson, OSC Director of Enforcement. "These cases, which do not require a complicated investigation, should be brought forward and heard quickly. Accelerating these cases will free up resources within the OSC and contribute to a faster, stronger enforcement presence in our capital markets."

Simplified process cases involve offences which are demonstrable, such as missed filing deadlines or failure to obtain required registration or certification. Once identified by front-line staff, these cases will be brought swiftly to a hearing.

The first two cases (described below) brought under the simplified process involve alleged breaches of Ontario securities law which occurred in the last three to seven months. These cases, commenced today, will proceed to a hearing at 10 a.m. on Monday, January 24, 2005 in the main hearing room at the OSC's Offices located on the 17th floor, 20 Queen Street West, Toronto.

1. OSC commences Proceedings against Wells Fargo Financial Canada Corporation

The OSC has issued a Notice of Hearing and related Statement of Allegations in respect of Wells Fargo Financial Canada Corporation (Wells Fargo).

Staff allege that Wells Fargo failed to file prospectus supplements as required by Canadian Securities Administrators' National Instrument 44-102 for distributions of debt securities known as medium term notes. Staff allege that on four occasions between February, 2003, and October, 2004, Wells Fargo was late in filing prospectus supplements for medium term notes totalling $950 million. These acts, if proven, are contrary to the public interest and in violation of Ontario securities law.

Copies of the Notice of Hearing and Statement of Allegations in the matter of Wells Fargo are available at the OSC's web site (**www.osc.gov.on.ca**).

2. OSC commences Proceedings against Andrew Campbell

The OSC has issued a Notice of Hearing and related Statement of Allegations in respect of Andrew Campbell.

Staff allege that Mr. Campbell, a chartered accountant, provided audit services to reporting issuers in Ontario contrary to Canadian Securities Administrators' National Instrument 52-108 / Auditor Oversight, which took effect on March 30, 2004. It requires auditors of reporting issuers in Ontario to obtain registration from the Canadian Public Accountability Board (CPAB). Staff allege that between March 31, 2004 and May 17, 2004, Mr. Campbell prepared auditor's reports for six reporting issuers in Ontario without obtaining CPAB registration. These acts, if proven, are contrary to the public interest and in violation of Ontario securities law.

Copies of the Notice of Hearing and Statement of Allegations in the matter of Andrew Campbell are available at the OSC's web site (**www.osc.gov.on.ca**).

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1.3.4 OSC to Seek to Extend Order in the Matter of Terrence William Marlow, Marlow Group Private Portfolio Management Inc. and Marlow Group Securities Inc.

FOR IMMEDIATE RELEASE
December 22, 2004

OSC TO SEEK TO EXTEND ORDER IN THE MATTER OF TERRENCE WILLIAM MARLOW, MARLOW GROUP PRIVATE PORTFOLIO MANAGEMENT INC. AND MARLOW GROUP SECURITIES INC.

TORONTO – The Ontario Securities Commission (OSC) issued a temporary cease trade and suspension order on December 17, 2004 in the matter of Terrence William Marlow, Marlow Group Private Portfolio Management Inc. and Marlow Group Securities Inc. The OSC issued an amended temporary order today which permits trading in certain client accounts. A hearing will be held at the OSC's offices in the large hearing room, 17th Floor, 20 Queen Street West, Toronto, Ontario at 10 a.m. on January 4, 2004, for the Commission to consider whether it is in the public interest to extend the temporary order.

Staff allegations include that Marlow Group Private Portfolio Management Inc. failed to file its audited financial statements for its year ended December 31, 2003, and have failed to maintain proper books and records. The alleged conduct is contrary to Ontario securities law and contrary to the public interest.

Copies of the Notice of Hearing and the Statement of Allegations are available on the OSC's web site (**www.osc.gov.on.ca**).

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

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

1.3.5 OSC Approves Settlement Agreement Concerning Mark Edward Valentine

FOR IMMEDIATE RELEASE
December 23, 2004

OSC APPROVES SETTLEMENT AGREEMENT CONCERNING MARK EDWARD VALENTINE

Toronto – Today the Ontario Securities Commission approved a settlement agreement which was reached between Staff of the Commission and Mark Edward Valentine at the conclusion of a joint investigation by the OSC and the Investment Dealers' Association ("IDA"). At the time of the events described in the settlement agreement, Valentine was the Chairman, a director and the largest shareholder of Thomson Kernaghan & Co. Ltd ("TK"), an investment dealer headquartered in Toronto. Valentine was also the directing mind of four private investment funds housed within TK's offices. The investors in these funds were primarily individual retail clients of TK.

In the settlement agreement, Valentine agreed that he had failed to act in the best interests of the funds' investors in the course of two transactions, one involving the shares of Chell Group Corporation, and the other involving a debenture issued by IKAR Minerals. In both transactions, Valentine took actions which placed his own interests ahead of those of his clients.

Valentine further admitted that he certified a document filed with the IDA which misrepresented TK's financial status and solvency. Finally, Valentine acknowledged that in March of 2004, he pleaded guilty to one count of securities fraud in the United States District Court for the Southern District of Florida.

Staff of the Commission had obtained a temporary order against Valentine on June 17, 2002, suspending his registration as a stockbroker and prohibiting him from trading in certain securities. The temporary order has been in place since that date.

In approving the settlement agreement, the Commission made a new order permanently prohibiting Valentine from being registered under Ontario securities law, and permanently prohibiting him from acting as an officer or director of any issuer in Ontario. In addition, he is prohibited from trading in securities for a period of 15 years, with the exception that after 5 years he may engage in specified trading. As part of the settlement agreement, Valentine consented to a similar order being made by any other Canadian securities commission, and promised to never re-apply for membership in the IDA. Finally, he was ordered to pay $100,000 towards the costs of Staff's investigation of this matter.

In commenting on the settlement agreement, Director of Enforcement Michael Watson said "This is an appropriate conclusion to a lengthy and complicated investigation. With the assistance of the IDA, we have responded to a significant violation of Ontario securities law and abuse of investors' trust. The national scope of this settlement

agreement is unprecedented. Mr. Valentine will never hold a licensed position in the Canadian capital markets again. The Commission has sent a message that people in positions of authority in the securities industry must be held to high standards of honesty and fair dealing."

Copies of the Settlement Agreement and Order are available on the Commission's website at **www.osc.gov.on.ca**.

For Media Inquiries: Kelley McKinnon
Chief Litigation Counsel
416-204-8975

Eric Pelletier
Manager, Media Relations
416-595-8913

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Acclaim Energy Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications. Issuer exempt from registration and prospectus requirements in connection with the distribution of the issuer's units pursuant to a distribution reinvestment plan. MRRS decision document formatted in accordance with revised Schedule A to National Policy 12-201 Mutual Reliance Review System for Exemptive Relief Applications.

Applicable Ontario Statutory Provisions

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

Applicable National Policies and Instruments

National Policy 12-201 Mutual Reliance Review System for Exemptive Relief Applications.
National Instrument 14-101 Definitions.

December 15, 2004

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, MANITOBA, ONTARIO,
QUEBEC, NOVA SCOTIA, PRINCE EDWARD ISLAND
AND NEWFOUNDLAND AND LABRADOR (THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
ACCLAIM ENERGY TRUST (THE FILER)

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer under the securities legislation of the Jurisdictions (the Legislation), for an exemption (the Requested Relief) from the requirements contained in the Legislation to be registered to trade in a security and to file and obtain the receipt for a preliminary prospectus and a prospectus (the Prospectus and Registration Requirements) with respect to certain trades in units of the Filer (Units) issued pursuant to a distribution reinvestment and optional trust unit purchase plan (the Plan).

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

   (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

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

Representations

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

   (a) The Filer is an open-end unincorporated trust established under the laws of Alberta pursuant to the amended and restated trust indenture dated April 20, 2001 as amended as of May 31, 2003.

   (b) The Filer is a reporting issuer in each of the provinces of Canada. To its knowledge, the Filer is not in default of any requirements under the Legislation.

   (c) Acclaim Energy Inc. (the "Manager") is a wholly-owned subsidiary and the manager of the Filer pursuant to an administration agreement dated April 20, 2001.

   (d) The head office and principal place of business of each of the Filer and the Manager is located at 1900, 255 – 5th Avenue S.W., Calgary, Alberta, T2P 3G6.

   (e) The Filer currently makes and expects to continue to make monthly cash distributions ("Cash Distributions") to the holders of Units ("Unitholders"), which is

dependent upon the amount of distributable cash generated from the Filer's assets.

(f) The Filer is not a "mutual fund" under the Legislation as the holders of Units are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the Filer, as contemplated by the definition of "mutual fund" in the Legislation.

Distribution Reinvestment and Trust Unit Purchase Plan

(g) The Filer has authorized the establishment of the Plan pursuant to which Unitholders may elect to (i) reinvest their cash distributions in new Units (the "Distribution Reinvestment Option"), and (ii) acquire new Units by making optional cash payments (the "Cash Payment Option").

(h) Except as described below, a registered holder of Units is eligible to join the Plan at any time by completing an enrollment and authorization form and sending it to Computershare Trust Company of Canada (the "Plan Agent").

(i) A registered holder shall become a participant (a "Participant") in the Plan in regard to the investment of distributions as of the first distribution record date (a "Record Date") following receipt by the Plan Agent of a duly completed enrollment and authorization form no later than five (5) business days prior to the Record Date. Beneficial owners of Units which are registered through a nominee in the name of CDS & Co., or its nominee, must deliver such authorization form to CDS & Co. no later than five (5) business days prior to such Record Date and also prior to such other deadline as may be set by CDS & Co. from time to time.

(j) Under the Cash Payment Option, Participants in the Plan may make further payments of not less than $2,000 per remittance and not more than $100,000 per calendar year by forwarding a certified cheque or money order to the Plan Agent in Canadian dollars payable to the Plan Agent together with an optional cash payment form.

(k) The number of Units which may be issued each fiscal year pursuant to the Cash Payment Option will not be more than 2% of the number of issued and outstanding Units.

(l) The Plan is not available to persons who are "non-residents" within the meaning of the *Income Tax Act* (Canada) and the regulations thereunder.

(m) Cash distributions payable on the Units registered in the Plan, will be applied automatically on each Cash Distribution Date to the purchase of Units either from treasury or, at the discretion of the Manager, through the facilities of the TSX following the Cash Distribution Date.

(n) Optional cash payments to the Plan will be applied to the purchase of additional new Units on the Cash Distribution Date following Record Dates where a completed enrollment and authorization form and optional cash payment form has been received.

(o) Where the Trust issues Units from treasury under this Plan, the price of such Units to Participants shall be (i) in the case of investment by the Cash Payment Option, the weighted average closing price of the Units on the TSX for each of the ten (10) trading days immediately preceding the Cash Distribution Date (the "Treasury Purchase Price"), and (ii) in the case of investment by the Distribution Reinvestment Option, 95% of the Treasury Purchase Price.

(p) Where the Manager determines to apply cash distributions or optional cash payments, or both, to the purchase of Units through the facilities of the TSX, the price of such Units to Participants will be equal to the average price of all Units acquired through the facilities of the TSX for the purposes of this Plan during the period beginning on the Cash Distribution Date and ending on the date that is three (3) business days prior to the next applicable Record Date. Where the Plan Agent is unable, or is directed by the Manager not to purchase sufficient Units through the TSX, additional Units will be issued from treasury to Participants at a price equal to the average price of all Units acquired through the TSX as described in the foregoing sentence.

(q) There is no charge to Participants for reinvesting distributions. The Plan Agent's fees for handling the reinvestment of distributions will be paid by the Manager. There will be no

brokerage charges with respect to Units either issued directly from treasury or purchased in the open market.

(r) Participation in the Plan may be terminated by duly completing a termination request form and delivering it to the Plan Agent, signed by the registered holder or his or her agent.

(s) Legislation in certain of the Jurisdictions provides exemptions from the Registration and Prospectus Requirements for distribution reinvestment plans. Such exemptions are not available for trades under the Plan for technical reasons in certain of the Jurisdictions.

Decision

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

6. The Decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that:

(a) at the time of the trade the Filer is a reporting issuer or the equivalent under the Legislation and is not in default of any requirements of the Legislation;

(b) no sales charge is payable in respect of the trade;

(c) the Filer has caused to be sent to the person or company to whom the Units under the Plan are traded, not more than 12 months before the trade, a statement describing:

(i) their right to withdraw from the Plan and to make an election to receive cash instead of Units on the applicable distribution payment date (the "Withdrawal Right"), and

(ii) instructions on how to exercise the Withdrawal Right;

(d) the aggregate number of Units issued under the Cash Payment Option of the Plan in any financial year of the Filer shall not exceed 2% of the aggregate number of Units outstanding at the start of that financial year;

(e) except in Québec, the first trade in Units acquired pursuant to this Decision will be a distribution or primary distribution to the public unless the conditions in subsection 2.6(3) of Multilateral Instrument 45-102 - Resale of Securities are satisfied; and

(f) in Québec, the alienation (or first trade) in Units acquired pursuant to this Decision will be a distribution unless:

(i) the issuer is and has been a reporting issuer in Québec for the 4 months preceding the alienation;

(ii) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the alienation;

(iii) no extraordinary commission or other consideration is paid in respect of the alienation;

(iv) if the seller of the securities is an insider of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of any requirement of securities legislation;

(v) disclosure of the initial distribution of Units pursuant to this Decision is made to the relevant Jurisdictions by providing particulars of the date of the distribution of such Units, the number of such Units and the purchase price paid or to be paid for such Units in:

(A) an information circular or take over bid circular filed in accordance with the legislation; and

(B) a letter filed with the Decision Maker in the relevant Jurisdiction by a person or company certifying that the person or company has knowledge of the facts contained in the letter.

"Suresh Thakrar"
Commissioner
Ontario Securities Commission

"Paul K. Bates"
Commissioner
Ontario Securities Commission

2.1.2 Rogers Communications Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - take-over bid exempted from requirement in legislation that consideration offered under the bid must be at least equal to and in the same form as consideration offered in any purchase not generally available and made within the 90-day period immediately preceding the take-over bid – payment of Class B common shares in lieu of cash permitted because (i) Class B common shares are highly liquid; (ii) market price of Class B common shares is at a substantial premium to cash price paid under prior transaction; and (iii) value of payment in Class B common shares is within the valuation range of prices for a share of the Target.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990 c. S.5, as am., ss. 94(5)(a) and 104(2)(c).

December 10, 2004

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

AND

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

AND

IN THE MATTER OF
ROGERS COMMUNICATIONS 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 from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the requirement under the Legislation that an offeror making a take-over bid must offer consideration for the securities deposited under the bid that is at least equal to and in the same form as the highest consideration paid in a transaction that took place within the 90-day period preceding the bid and that was not generally offered to all holders (the Pre-Bid Integration Rule) shall not apply to the take-over bid dated November 24, 2004 made by the Filer (the RCI Offer) to purchase all of the issued and outstanding Class B Restricted Voting Shares (the RWCI Class B Shares) in the capital of Rogers Wireless

Communications Inc. (RWCI) in respect of the Prior Transaction (as defined below) (the Requested Relief).

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 British Columbia corporation and is a reporting issuer (or equivalent) in each of the provinces of Canada and, to the best of its knowledge, is not in default of any requirement of the Legislation. The Filer's head office is located in Ontario.

2. The authorized share capital of the Filer consists of 56,240,494 Class A Voting Shares (the RCI Class A Shares), without par value, 1.4 billion RCI Class B Shares with a par value of $1.62478 per share and 400,000,000 Preferred Shares (the RCI Preferred Shares), issuable in one or more series. As at November 11, 2004 there were outstanding 56,235,394 RCI Class A Shares and 189,437,217 RCI Class B Shares. The Filer has three authorized series of RCI Preferred Shares and Shares of the Series XXVII Preferred Shares, Series XXX Preferred Shares and Series XXXI Preferred Shares are currently outstanding.

3. The RCI Class A Shares are listed and traded on the Toronto Stock Exchange (the TSX). The RCI Class B Shares are listed and traded on the TSX and the New York Stock Exchange (the NYSE).

4. RWCI is continued under the *Canada Business Corporations Act* and is a reporting issuer (or equivalent) in each of the provinces of Canada and, to the best of its knowledge, is not in default of any requirement of the Legislation.

5. The authorized capital of RWCI consists of an unlimited number of Class A Voting Shares (the RWCI Class A Shares), without par value, an unlimited number of RWCI Class B Shares, without par value, and an unlimited number of First Preferred Shares (the RWCI Preferred Shares), issuable in series, without par value. As at November 11, 2004, 62,820,371 RWCI Class A Shares, 80,388,481 RWCI Class B Shares and no RWCI Preferred Shares were issued and outstanding.

6. The RWCI Restricted Voting Shares are listed and traded on the TSX and the NYSE.

7. On October 13, 2004, RWCI Acquisition Inc., a wholly-owned subsidiary of RCI acquired 48,594,172 RWCI Class B Shares in a private transaction from JVII General Partnership (JVII), a partnership owned by AT&T Wireless Services, Inc., at price of $36.37 per RWCI Class B Share payable in cash (the Prior Transaction.)

8. Under the RCI Offer, the Filer is offering to purchase all of the RWCI Class B Shares not currently owned by the Filer which are tendered to the Offer. As consideration for each RWCI Class B Share to be taken up pursuant to the RCI Offer, the Filer will offer 1.75 RCI Class B Shares.

9. There is a "liquid market", as that term is defined in Ontario Securities Commission Rule 61-501, for RCI Class B Shares.

10. Based on the November 10, 2004 closing prices of the RWCI Class B Shares and the RCI Class B Shares on the TSX, the Offer represents an implied price per RCI Class B Share of $50.23 and a premium of 16% over the market price of the RWCI Class B Shares. The Offer also represents a premium of approximately 38% over the consideration paid in the Prior Transaction.

11. As a result of RCI's ownership of more than 10% of the outstanding RWCI Class B Shares, the RCI Offer is an "insider" bid for the purposes of provincial securities legislation. The RCI Offer will be made in compliance with the take-over bid requirements of the legislation.

12. The Board of Directors of RWCI established an independent committee to supervise preparation of a formal independent valuation of the RWCI Class B Shares. The independent committee retained BMO Nesbitt Burns Inc. (the Valuator) to prepare that valuation and deliver a fairness opinion. The Valuator delivered a valuation and fairness opinion in which it concluded that as of November 22, 2004 the fair market value of the RWCI Class B Shares is in the range of $46 to $54 per RWCI Class B Share and that the consideration under the Offer is fair, from a financial point of view, to holders of RWCI Class B Shares other than RCI and its affiliates.

13. The consideration to be received by holders of RWCI Class B Shares pursuant to the RCI Offer represents a significant premium over the consideration paid by RCI to JVII, which sold its RWCI Class B Shares at $36.37 per share pursuant to the Prior Transaction.

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.

"Paul M. Moore"
Commissioner
Ontario Securities Commission

"Robert W. Davis"
Commissioner
Ontario Securities Commission

2.1.3 Air Canada - MRRS Decision

Headnote

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

Ontario Statutes

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

Montreal, December 16, 2004

Stikeman Elliott LLP
1155 René-Lévesque Blvd. West
40th Floor
Montréal, Québec
H3B 3V2

Attention : Mrs. Sarah Landry Maltais

Re: Air Canada (the "Applicant") – Application to cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Newfoundland and Labrador (the "Jurisdictions")

Dear Madam,

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

As the Applicant has represented to the Decision Makers that:

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

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

(s) Eve Poirier
La Chef du Service du financement des sociétés
L'Autorite des marches financiers

2.1.4 CH2M Hill Companies, Ltd. (CH2M USA) and CH2M Hill Canada, Limited (CH2M Canada) - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration and prospectus requirements granted in connection with trades of shares by eligible employees, senior officers, directors, consultants and permitted transferees over internal market managed by broker engaged by issuer, where exemption not available under MI 45-105 Trades to Employees, Senior Officers, Directors and Consultants because trading price not established by a formula contained in a written agreement.

Statutes Cited

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

Instruments Cited

Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors and Consultants.

December 10, 2004

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

AND

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

AND

**IN THE MATTER OF
CH2M HILL COMPANIES, LTD. (CH2M USA) AND
CH2M HILL CANADA, LIMITED (CH2M CANADA) (THE
FILERS)**

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 Filers for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the dealer registration requirement and the prospectus requirement of the Legislation with respect to trades of common shares of CH2M USA made in accordance with the rules for the internal market of CH2M

USA, provided that certain conditions as set forth herein are met (the Requested Relief).

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. The following terms have the following meanings:

"Class E Shares" means Class E Preferred Shares of CH2M Canada;

"Common Shares" means shares of common stock, $0.01 par value per share, of CH2M USA;

"Consultant" means a person or company, other than an employee, senior officer or director of CH2M USA or an affiliate of CH2M USA, that spends or will spend a significant amount of time and attention on the affairs and business of CH2M USA or an affiliate of CH2M USA or, in the case of a consultant resident outside of Canada, that provides strategic services to the directors or senior management of CH2M USA or an affiliate of CH2M USA;

"Eligible Employee" means an employee, senior officer, director or Consultant of CH2M USA or an affiliate of CH2M USA;

"Independent Broker" means the independent broker that manages the Internal Market from time to time, currently Neidiger, Tucker and Bruner, Inc.;

"Internal Market" means the internal market managed by an independent broker engaged by CH2M USA through which Common Shares may be traded;

"Permitted Assign" means:

(a) a trustee, custodian or administrator acting on behalf, or for the benefit, of an Eligible Employee;

(b) a person or company that is controlled by an Eligible Employee;

(c) a registered retirement savings plan or registered retirement income fund (each as defined in the *Income Tax Act* (Canada)) of an Eligible Employee;

(d) a spouse of an Eligible Employee;

(e) a person or company that is controlled by a spouse of an Eligible Employee;

(f) a trustee, custodian or administrator acting on behalf, or for the benefit, of a spouse of an Eligible Employee; or

(g) a registered retirement savings plan or registered retirement income fund (each as defined in the *Income Tax Act* (Canada)) of a spouse of an Eligible Employee;

"Preferred Shares" means shares of Class A preferred stock, $0.02 par value per share, of CH2M USA;

"SEC" means the United States Securities and Exchange Commission; and

"Trade Date" means the pre-determined dates on which Common Shares may be traded on the Internal Market.

Representations

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

1. CH2M USA is an employee-owned, Oregon corporation founded in 1946. CH2M USA has over 14,400 employees working in over 150 offices worldwide.

2. CH2M USA provides engineering, consulting, design, construction, procurement, infrastructure development, operations and maintenance and project management services.

3. The head and principal offices of CH2M USA, as well as its registered office, are located at 9191 South Jamaica Street, Englewood, Colorado 80112-5946.

4. CH2M USA's authorized share capital consists of 150,000,000 shares of capital stock, of which 100,000,000 are Common Shares and 50,000,000 are Preferred Shares. As at September 3, 2004, being the last Trade Date, CH2M USA had issued and outstanding 31,076,403.776 Common Shares and no Preferred Shares.

5. CH2M USA is not a reporting issuer in any jurisdiction of Canada. The Common Shares are not listed on any exchange and are not traded publicly. CH2M USA is subject to the information and reporting requirements of the United States *Securities Exchange Act of 1934* including substantive requirements imposed by the *Sarbanes-Oxley Act* on United States public companies.

6. Ownership of Common Shares is restricted to employees, directors, eligible consultants and employee benefit plans. All Common Shares

which are held of record by a person who is an employee or director of, or a consultant to, CH2M USA or any of its affiliates are subject to the right of CH2M USA, as set forth in its by-laws, to repurchase all of such shares in the event that the holder's affiliation with CH2M USA as an employee, director or consultant is terminated. The by-laws also provide CH2M USA with a right of first refusal if at any time a holder of Common Shares desires to sell such shares other than through the Internal Market.

7. The Common Shares may be traded through the Internal Market. The rules of the Internal Market are included as an exhibit to the registration statement of CH2M USA filed in 1999 with the SEC and are incorporated by reference in its current registration statement on Form S-8.

8. Except for sales in the Internal Market or for repurchases made by CH2M USA in accordance with the provisions of the by-laws, the by-laws of CH2M USA prohibit a holder of Common Shares from selling, assigning, pledging, transferring or otherwise disposing of or encumbering any Common Shares without the prior written approval of CH2M USA**.**

9. The Internal Market permits shareholders, certain employees, directors, eligible consultants and benefit plans to buy and sell Common Shares up to four times each year on pre-determined Trade Dates. The Trade Dates are expected to occur approximately 75 days after the end of each fiscal quarter.

10. The Internal Market is managed by the Independent Broker which is registered under applicable securities laws, rules and regulations of the SEC and the National Association of Securities Dealers, Inc. It acts upon the instructions from buyers and sellers to effect trades at the stock price set by the board of directors of CH2M USA and in accordance with the Internal Market rules. The Independent Broker acts on an unsolicited agency basis only. It does not provide any investment advice to participants in the Internal Market regarding investments in Common Shares, it does not make any recommendations to purchase, sell or hold Common Shares and it is not involved in the determination of the price of the Common Shares. Sellers on the Internal Market pay a commission equal to two percent of the proceeds from such sales. No commissions are paid by buyers on the Internal Market.

11. All purchases of Common Shares on the Internal Market are restricted to employees, directors and eligible consultants of CH2M USA or one of its affiliates, trustees of the benefit plans of CH2M USA and the administrator of CH2M USA's payroll deduction stock purchase plan.

12. Approximately four weeks prior to an applicable Trade Date, the Board of Directors of CH2M USA determines the stock price for use on such Trade Date using the valuation methodology set forth below which has been disclosed in a number of prospectuses, registration statements and continuous disclosure documents filed by CH2M USA with the SEC since 1999. The stock price so determined is intended to be the fair market value of the Common Shares.

13. In order to determine the fair market value of the Common Shares in the absence of a public trading market, the Board of Directors of CH2M USA has developed a valuation methodology. The price per share is generally equal to [(7.8 x M x P) + (SE)] /CS where:

    13.1 "M" is the market factor established at the discretion of the board to reflect factors generally believed relevant in determining the fair market value of Common Shares, including the market for publicly traded equity securities of comparable companies, the merger and acquisition market for comparable companies, prospects for future performance, general economic and capital market conditions and other factors that the board considers relevant. The board may also take into account company appraisal information prepared by an independent appraiser engaged by the trustees of CH2M USA's benefit plans. In setting the price, the board compares the total of the going concern and book value components used in the valuation methodology to such appraisal information. Since the inception of the Internal Market in January 2000, the sum total of the going concern and book value components used by the board in setting the price has always been within the appraised enterprise value of the company. "M" greater than one would increase the price per share and "M" less than one would decreases the price per share. From the inception of the Internal Market program in 2000 to the date hereof, the board has elected to keep the "M" factor at 1.0 for each trade. However, in its discretion, the board may change the market factor as provided above.

    13.2 "P" is the consolidated net income of CH2M USA for the four fiscal quarters immediately preceding the Trade Date, provided that the directors have the discretion to exclude from the calculation nonrecurring or unusual transactions.

13.3 "SE" is total shareholders' equity, which includes intangible items, as set forth on CH2M USA's most recently available quarterly or annual financial statements, provided that the directors have the discretion to exclude nonrecurring or unusual transactions.

13.4 "CS" is the weighted average number of Common Shares outstanding during the four fiscal quarters immediately preceding the Trade Date, calculated on a fully diluted basis.

13.5 The constant 7.8 is a multiple which was required in order for the stock price derived by the methodology to approximate the historical pre-Internal Market stock price of the Common Shares and to allow for the use of a market factor of 1.0 at the inception of the Internal Market.

14. The Independent Broker delivers information relating to the stock price to be used on an applicable Trade Date to all shareholders, employees, directors and eligible consultants. In addition, CH2M USA discloses the stock price, and all components used in determining such price, on Form 8-K filed with the SEC prior to the applicable Trade Date.

15. CH2M USA may, but is not obligated to, purchase Common Shares on the Internal Market on any Trade Date at the price in effect on the Trade Date, but only to the extent that the number of Common Shares offered for sale by shareholders exceeds the number of shares sought to be purchased by authorized buyers. In addition, to the extent that the aggregate number of Common Shares sought to be purchased on a particular Trade Date exceeds the aggregate number of Common Shares offered for sale, CH2M USA may, but is not obligated to, sell authorized but unissued Common Shares from treasury to satisfy purchase demands.

16. CH2M USA distributes the most current prospectus for its Common Shares filed with the SEC, which includes a summary of the material provisions of the Internal Market, and its audited annual financial statements to all shareholders, as well as other employees, directors and eligible consultants. Such information is distributed at the same time as CH2M USA's annual reports and proxy information and solicitations are distributed for voting instructions.

17. CH2M Canada is incorporated pursuant to the Canada Business Corporations Act.

18. The head and registered offices of CH2M Canada are located at 255 Consumers Road, Toronto, Ontario M2J 5B6.

19. CH2M Canada employs approximately 500 individuals in 12 offices across Canada.

20. The authorized capital of CH2M Canada consists of an unlimited number of Class A Shares, an unlimited number of Class B Shares, 21,800 Class C Preferred Shares, 28,610 Class D Preferred Shares and an unlimited number of Class E Shares. As at September 1, 2004, CH2M Canada had issued and outstanding 100 Class A Shares, 100,001 Class B Shares and 366,596,116 Class E Shares. No Class C Preferred Shares or Class D Preferred Shares are outstanding.

21. The Class A Shares are held as to 51% by a private Canadian corporation and as to 49% by CH2M USA, all of the Class B Shares are held by CH2M USA and all of the Class E Shares are held directly or indirectly by employees and former employees of CH2M Canada. Only the Class A Shares are regularly entitled to vote at meetings of shareholders.

22. CH2M Canada is not a reporting issuer in any jurisdiction of Canada and there is no market through which its shares may be traded.

23. The Articles of CH2M Canada contain restrictions on share transfer as does the Restated Shareholders Agreement made as of August 31, 2000 (the Restated Shareholders Agreement).

24. Pursuant to the Restated Shareholders Agreement, CH2M Canada has the right to repurchase Class E Shares in the event that the holder ceases to be an employee of CH2M Canada. The repurchase price of such Class E Shares is tied to the trading price in effect for the Common Shares under CH2M USA's Internal Market.

25. Currently, six employees of CH2M Canada hold shares of CH2M USA. CH2M USA is proposing to complete a restructuring whereby it will make an offer to holders of Class E Shares to purchase such shares in exchange for Common Shares.

26. In conjunction with the restructuring, CH2M USA wishes to expand participation in some of its employee benefit plans to permit employees of CH2M Canada to acquire Common Shares as part of a performance bonus or through periodic payroll deductions.

27. Employees of CH2M Canada who acquire Common Shares of CH2M USA pursuant to the restructuring or as a result of participation in the employee benefit plans established by CH2M USA will be subject to all of the ownership and

transfer restrictions pertaining to the Common Shares set forth in the by-laws and Articles of CH2M USA and will be eligible to participate in the Internal Market of CH2M USA, subject to compliance with applicable securities legislation.

28. There is no available exemption from the Dealer Registration Requirement or the Prospectus Requirement for trades in Common Shares on the Internal Market made by directors, officers, employees or consultants of CH2M Canada because the trading price for the Common Shares in the Internal Market is not established by a generally applicable formula contained in a written agreement among some or all of the shareholders of CH2M USA.

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 Dealer Registration Requirement and the Prospectus Requirement shall not apply to a trade of Common Shares by a:

   (a) current or former Eligible Employee, or

   (b) Permitted Assign of a current or former Eligible Employee;

to an Eligible Employee or to a Permitted Assign provided that:

   (c) participation in the trade is voluntary;

   (d) CH2M USA is not a reporting issuer in any jurisdiction in Canada;

   (e) the trade is made in accordance with the rules for the Internal Market;

   (f) holders of Common Shares residing in Canada receive all of the same continuous disclosure documentation, including each prospectus for the Common Shares filed with the SEC, as holders of Common Shares residing in the United States; and

   (g) except in Manitoba and Yukon Territory, the first trade of a Common Share acquired in accordance with this decision is a distribution unless made in compliance with this decision or the conditions of section 2.6 of Multilateral Instrument 45-102 *Resale of Securities* are satisfied.

2. The Dealer Registration Requirement shall not apply to the first trade of a Common Share acquired in accordance with this decision if the conditions in section 2.14 of Multilateral Instrument 45-102 *Resale of Securities* are satisfied.

"David L. Knight, FCA"
Commissioner
Ontario Securities Commission

"H. Lorne Morphy, Q.C."
Commissioner
Ontario Securities Commission

2.1.5 Macquarie Capital Partners LLC - ss. 6.1(1) of MI 31-102 and s. 6.1 of OSC Rule 13-502

Headnote

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

Rules Cited

Multilateral Instrument 31-102 National Registration Database (2003) 26 O.S.C.B. 926, s. 6.1.
Ontario Securities commission Rule 13-502 Fees (2003) 26 O.S.C.B. 867, ss. 4.1 and 6.1.

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

AND

IN THE MATTER OF
MACQUARIE CAPITAL PARTNERS LLC.

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

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

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

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

1. The Applicant is a limited liability company carrying on business in Chicago, Illinois in the United States of America. The Applicant is not a reporting issuer. The Applicant is seeking registration under the Act as an International Dealer. The head office of the Applicant is located in Chicago, Illinois.

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

3. The Applicant anticipates encountering difficulties in setting up its own Canadian based bank account for purposes of fulfilling the EFT Requirement.

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

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

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

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

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

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

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

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

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

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

international adviser or in an equivalent registration category;

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

December 17, 2004.

"David M. Gilkes"

2.1.6 BG Group PLC - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from the requirement in MI 52-109 to file interim certificates; relief from the condition in MI 52-109 that issuer must file annual U.S. certificates on SEDAR to be eligible to rely on exemption provided by s. 4.1(1) of MI 52-109; relief from NI 51-101.

Applicable Rules

MI 52-109, NI 51-101.

Citation: BG Group PLC, 2004 ABASC 1054

December 3, 2004

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

AND

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

AND

IN THE MATTER OF
BG GROUP PLC

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the "Decision Maker", and collectively the "Decision Makers") in each of Alberta, Ontario, Quebec, and British Columbia (collectively, the "Jurisdictions") has received an application on behalf of BG Group plc ("BG Group"), for a decision under the securities legislation of the Jurisdictions (the "Legislation") for:

   1.1 an exemption from the requirement to file interim certificates ("Interim Certificates") with the Decision Makers, other than British Columbia and Quebec, under section 3.1 of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("MI 52-109");

   1.2 an exemption from paragraph 4.1(1)(b) of MI 52-109 insofar as it imposes the condition, for eligibility to rely on subsection 4.1(1) of MI 52-109, that annual certificates be filed on SEDAR;

1.3 an exemption from the requirement to file continuous disclosure that complies with the standards of disclosure for oil and gas activities under National Instrument 51-101 *Standards for Disclosure for Oil and Gas Activities* ("NI 51-101"); and

1.4 an exemption from the requirement to comply with the oil and gas reporting requirements in Quebec under National Policy Statement No. 2-B *Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Security Administrators* ("NP 2-B") until such time as NI 51-101 comes into force in Quebec;

(the "Requested Relief").

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

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

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

Interpretation

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

Representations

4. This decision is based on the following facts represented by BG Group:

4.1 BG Group is a reporting issuer in each of the Jurisdictions;

4.2 BG Group is a public company incorporated under the laws of England and Wales;

4.3 BG Group's principal office is located at 100 Thames Valley Park Drive, Reading, Berkshire, United Kingdom;

4.4 The management team of BG Group is located in the United Kingdom;

4.5 BG Group's ordinary shares are listed on the London Stock Exchange and its American Depositary Shares ("ADSs") are listed on the NYSE;

4.6 BG Group does not have any of its securities listed on any stock exchange in Canada;

4.7 The BG Group shareholders resident in Canada currently number 1109 and the number of BG Group ordinary shares and ADSs owned by resident Canadians is 506,113, which is less than 0.015% of BG Group's issued and outstanding ordinary shares and ADSs;

4.8 Under National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* ("NI 71-102"), BG Group is classified as an "SEC foreign issuer";

4.9 Under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* ("NI 13-101"), BG Group is a "foreign issuer (SEDAR)". As a result, BG Group is not required to comply with NI 13-101. BG Group does not file documents on SEDAR and has no current plan to commence doing so;

4.10 Pursuant to previous exemption orders granted to British Gas plc dated August 20, 1996, October 1, 1996, August 9, 1996 and September 3, 1996 from relevant Canadian securities regulators in the Jurisdictions (collectively, the "Previous Decision Makers") and thereafter extended to BG Group in 2000 (the "Previous Orders"), BG Group is exempted, on certain terms and conditions, from the requirements of the securities legislation in the Jurisdictions concerning the preparation, filing and delivery of current and annual reports (including annual audited financial statements) so long as BG Group complies with the applicable provisions of the US securities laws relating thereto and files all materials filed with the SEC and with the New York Stock Exchange ("NYSE") with each Previous Decision Maker;

4.11 The Previous Orders from Ontario and Alberta ceased to be operative upon NI 71-102 coming into force on March 30, 2004;

4.12 BG Group has been relying on NI 71-102 in Ontario and Alberta since March 30, 2004;

4.13 BG Group has filed a notice with the applicable securities regulatory authorities or regulators under section 13.2(2) of National Instrument 51-102 *Continuous Disclosure Obligations* stating that it intends to rely on the Previous Orders in British Columbia and Quebec to the same extent and on the

same conditions as contained in the Previous Orders of British Columbia and Quebec;

4.14 BG Group files annual CEO and CFO certifications ("US Annual Certificates") pursuant to sections 302 and 906 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") and is not required to file interim certificates under US securities laws and Sarbanes-Oxley ("US Interim Certificates");

4.15 The exemptions from MI 52-109 in Part 4 of MI 52-109 do not apply to BG Group;

4.16 The Previous Order of Quebec and NI 71-102 in Ontario and Alberta exempt BG Group from making interim and annual financial statement filings that comply with the requirements of the Jurisdictions, provided that BG Group files its current and annual reports with each of the Jurisdictions that comply with the US securities laws and the SEC disclosure requirements, and in the case of Ontario and Alberta, BG Group otherwise complies with the requirements of NI 71-102, and therefore, it would not be meaningful or relevant for BG Group to have to make and file its own Interim Certificates in Alberta and Ontario;

4.17 Under subsection 4.1(1) of MI 52-109, BG Group would be exempt from the requirement to file Annual Certificates under MI 52-109 if (a) it was in compliance with U.S. federal securities laws implementing the annual report certification requirements in section 302(a) of Sarbanes-Oxley and (b) its signed certificates relating to its annual report for its most recently completed financial year are filed through SEDAR as soon as reasonably practicable after they are filed with the SEC. As indicated in section 4.9 above, BG Group does not and will not satisfy the latter condition;

4.18 As a result of being a SEC foreign issuer under NI 71-102, the certification exemption for foreign issuers in section 4.2 of MI 52-109 is not available to BG Group; and

4.19 BG Group prepares consolidated reserve data and oil and gas disclosure in accordance with the requirements of the 1934 Act and the rules and regulations of the SEC and the NYSE (collectively, the "US Rules").

Decision

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

6. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the following conditions are met:

6.1 the requirement to file Interim Certificates and to use SEDAR to file Annual Certificates with the Decision Makers in the Jurisdictions, other than British Columbia and Quebec, shall not apply to BG Group for so long as:

6.1.1 BG Group remains a reporting issuer, or the equivalent, under the Legislation;

6.1.2 less than 10% of the number of registered and beneficial holders of BG Group ordinary shares and ADSs are resident in Canada;

6.1.3 less than 10% of the aggregate of the outstanding BG Group ordinary shares and ADSs are held by residents of Canada;

6.1.4 BG Group is in compliance with U.S. federal securities law implementing the certification requirements in section 302(a) of Sarbanes-Oxley applicable to BG Group;

6.1.5 BG Group files with the Decision Makers in the Jurisdictions, other than British Columbia and Quebec, the US Interim Certificates, if any, that it files with the SEC, as soon as reasonably practicable after they are filed with the SEC;

6.1.6 BG Group files with the Decision Makers in the Jurisdictions, other than British Columbia and Quebec, the US Annual Certificates that it files with the SEC as soon as reasonably practicable after they are filed with the SEC; and

6.1.7 BG Group pays all filing fees that are payable by BG Group in connection with the filing of the documents referred to in this Decision;

6.2 NI 51-101 shall not apply to BG Group for so long as:

6.2.1 less than 10% of the number of registered and beneficial holders of BG Group ordinary shares and ADSs are resident in Canada;

6.2.2 less than 10% of the aggregate of the outstanding BG Group ordinary shares and ADSs are held by residents of Canada;

6.2.3 BG Group complies with NI 71-102 in Ontario and Alberta and the Previous Orders in British Columbia and Quebec, including any amendments thereto;

6.2.4 BG Group is subject to and complies with the disclosure requirements of the US Rules in connection with its oil and gas activities; and

6.2.5 BG Group files in Canada what it is required to file under the US Rules in connection with its oil and gas activities.

6.3 in Quebec, until such time as NI 51-101 comes into force in Quebec, BG Group is exempt from the requirements of NP 2-B and may satisfy requirements under the Legislation of Quebec that refer to NP 2-B by complying with the requirements of NI 51-101 as varied by this Decision. After NI 51-101 comes into force in Quebec, BG Group is exempt from the requirements of NI 51-101 as set out above.

"Glenda A. Campbell, Q.C."
Vice-Chair
Alberta Securities Commission

"Stephen R. Murison"
Vice-Chair
Alberta Securities Commission

2.1.7 Ketch Resources Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – (i) relief from the requirement to provide three years of audited financial statements in an information circular in respect of a business for which securities are being distributed in connection with a restructuring transaction; and (ii) relief from the requirement to provide three years of audited financial statements in an information circular in respect of a business being acquired in connection with a restructuring transaction.

Rule / Instrument / Notice Cited

National Instrument 44-101, Short Form Prospectus Distributions.
National Instrument 51-102, Continuous Disclosure Obligations.
Ontario Securities Commission Rule 41-501, General Prospectus Requirements.
CSA Staff Notice 42-303 Prospectus Requirements.

Citation: Ketch Resources Ltd., 2004 ABASC 1189

December 14, 2004

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

AND

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

AND

**IN THE MATTER OF
KETCH RESOURCES LTD.**

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario and Quebec (the "Jurisdictions") has received an application from Ketch Resources Ltd. ("Ketch") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Ketch be exempt from section 14.2 of Form 51-102F5 *Information Circular* ("Form 51-102F5") of National Instrument 51-102, *Continuous Disclosure Obligations* ("NI 51-102") and in Quebec by a revision of the general order that will provide the same result as an exemption order, which (i) requires Ketch to include three years of audited financial statements

in an information circular in respect of a business for which securities are being distributed in connection with a restructuring transaction; and (ii) requires Ketch to include three years of audited financial statements in an information circular in respect of a business being acquired in connection with a restructuring transaction (the "Requested Relief").

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

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

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

Interpretation

3. Unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 – *Definitions*.

Representations

4. Ketch has represented to the Decision Makers that:

4.1 Ketch was incorporated under the laws of the Province of Alberta and Ketch's head office is located in Calgary, Alberta;

4.2 The common shares of Ketch are listed and posted for trading on the Toronto Stock Exchange under the trading symbol "KER";

4.3 Ketch is a reporting issuer in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario and Quebec;

4.4 To its knowledge, Ketch is not in default of any of the requirements of the applicable securities legislation in any of the provinces in which it is a reporting issuer;

4.5 911150 Alberta Ltd. ("911150") is incorporated under the laws of the Province and its head office is located in Edmonton, Alberta;

4.6 911150 was established for the manufacture and sale of chemical products and sold its chemical business and has had no substantive activity since December of 2000;

4.7 911150 is not a reporting issuer in any jurisdiction of Canada, nor are its shares listed for trading on any stock exchange or other market;

4.8 909612 Alberta Ltd. ("909612") is incorporated under the laws of the Province of Alberta and its head office is located in Edmonton, Alberta;

4.9 909612 was in the pipe coating business. Its operations were not successful and its parent, the Westaim Corporation (“Parent”), publicly announced the discontinuance of its business on May 28, 2002 and this process was completed in February of 2003;

4.10 909612 is not a reporting issuer in any jurisdiction of Canada, nor are its shares listed for trading on any stock exchange or other market;

4.11 911150 and 909612 are wholly owned subsidiaries of The Westaim Corporation, a public company listed on the Toronto Stock Exchange and NASDAQ;

4.12 Ketch and Bear Creek Energy Ltd. ("Bear Creek") have entered into an arrangement agreement dated October 26, 2004 pursuant to which the two companies have agreed to combine under a plan of arrangement (the "Arrangement") whereby they will be reorganizing their businesses to create a new oil and gas trust (the "Trust") and two public exploration-focused producers: Kereco Energy Ltd. ("Kereco") and Bear Ridge Resources Ltd. ("Bear Ridge");

4.13 Pursuant to the Arrangement, Kereco will acquire certain assets (the "Assets") from Ketch and Bear Ridge will acquire certain assets from Bear Creek;

4.14 The acquisition of the Assets by Kereco will constitute a "significant acquisition" for Kereco under the Legislation;

4.15 As a result of the proposed Arrangement, shareholders of Ketch will receive one trust unit of the Trust and 0.4 of a share in each of Kereco and Bear Ridge and Bear Creek shareholders will receive 0.5 of a trust unit of the Trust and 0.2 of a share in each of Kereco and Bear Ridge;

4.16 Ketch and Parent have agreed that pursuant to an agreement to be entered into between Ketch and Parent, 911150 and 909612, 911150 and 909612 among other things, will amalgamate on January 1, 2005 to form Kereco and Kereco will

participate in the Arrangement with Ketch and Bear Creek;

4.17 Ketch and Bear Creek are preparing an information circular (the "Information Circular") in connection with meetings of their securityholders which are expected to be held in early January, 2004. At the meetings, the Ketch and Bear Creek securityholders will be given the opportunity to vote on the Arrangement which includes the Acquisition;

4.18 Pursuant to Section 14.2 of NI 51-102F5, because Kereco will be the entity resulting from the amalgamation of 911150 and 909612, and the securityholders of each of Bear Creek and Ketch will receive securities of Kereco pursuant to the Arrangement, Ketch and Bear Creek will be required to include financial statement disclosure in the Information Circular in respect of each of 911150 and 909612, including audited statements of income, retained earnings and cash flows for a three year period;

4.19 The combination of the following factors render the audit of financial statements of 909612 and 911150 for the 2001 year impracticable to conduct:

(a) in 2001, 909612 was fully operating as an industrial coatings business with revenues of over $3 million and a loss of $16.7 million. At that time 909612 was relatively immaterial to the Parent for consolidated audit purposes and audit procedures such as inventory counts and valuation testing were not completed to the extent needed to satisfy a "stand alone audit". This results in a scope limitation;

(b) Parent has confirmed that although 909612 may have basic source documents relating to this period, it does not have all the detailed supporting analysis;

(c) All of the management and staff of 909612 involved in 2001 were severed so no one is available to answer auditor questions or help reconstruct supporting information related to this period;

(d) 911150 has been inactive for a number of years. The company was also relatively immaterial to the Parent for consolidated audit purposes and audit procedures were not completed to the extent needed to satisfy a "stand alone audit;

(e) Parent has confirmed that although 911150 may have basic source documents relating to this period, it does not have all the detailed supporting analysis; and

(f) All of the management and staff of 909612 and 911150 involved in 2001 are no longer with the companies so no one is available to answer auditor questions or help reconstruct supporting information related to this period.

4.20 Pursuant to Section 14.2 of NI 51-102F5, because the Acquisition will be a "significant acquisition" for Kereco, Ketch is required to include certain annual and interim financial statement disclosure in the Information Circular in respect of the Acquisition, including annual financial statements for each of the three most recently completed financial years for the Assets;

4.21 Pursuant to Canadian Securities Administrators ("CSA") Staff Notice 42-303 (the "Staff Notice"), Ketch may submit an application to the provincial and territorial securities regulatory authorities requesting relief from certain requirements of the prospectus rules that are not consistent with NI 51-102;

4.22 Pursuant to the Staff Notice, the CSA have indicated that they are prepared to recommend that the relief be granted on the condition that the issuer provides the financial statements specified in Item 8.5 of NI 51-102;

4.23 Ketch proposes to include in the Information Circular audited operating statements for the two years ended December 31, 2003 and 2002 and unaudited operating statements for the nine months ended September 30, 2004 and 2003 in respect of the Acquisition in accordance with Section 8.5 of NI 51-102 and in accordance with Section 3.20(6)(a) of Companion Policy 41-

501CP to Ontario Securities Commission Rule 41-501.

4.24 As of the date of the Application, Parent is not, to the best of its knowledge and belief, in default of securities legislation in any of the Jurisdictions.

Decision

5. Each of the Decision Makers is satisfied that the Decision Maker has the jurisdiction to make the Decision;

6. The Decision of the Decision Makers under the Legislation for the purposes of the Information Circular is that:

6.1 the requirement contained in the Legislation to include in the Information Circular annual statements of income, retained earnings and cash flows in respect of 909612 for the financial years ended December 31, 2003, 2002 and 2001 and an auditor's report thereon and a balance sheet in respect of 909612 as at December 31, 2003 and 2002 and an auditor's report thereon shall not apply to Ketch, provided that Ketch shall include in the Information Circular: (i) annual statements of income, retained earnings and cash flows in respect of 909612 for the financial years ended December 31, 2003 and 2002 and an auditor's report thereon; (ii) a balance sheet in respect of 909612 as at December 31, 2003 and 2002 and an auditor's report thereon; and (iii) interim statements of income, retained earnings and cash flows in respect of each of 909612 for the nine months ended September 30, 2004 and 2003; and an interim balance sheet in respect of each of 909612 as at September 30, 2004;

6.2 the requirement contained in the Legislation to include in the Information Circular annual statements of income, retained earnings and cash flows in respect of 911150 for the financial years ended December 31, 2003, 2002 and 2001 and an auditor's report thereon and a balance sheet in respect of 911150 as at December 31, 2003 and 2002 and an auditor's report thereon shall not apply to Ketch, provided that Ketch shall include in the Information Circular: (i) annual statements of income, retained earnings and cash flows in respect of 911150 for the financial years ended December 31, 2003 and 2002 and an auditor's report thereon; (ii) a balance sheet in respect of 911150 as at December 31, 2003 and 2002 and an auditor's report thereon; and (iii) interim statements of income, retained earnings and cash flows in respect of each of 911150 for the nine months ended September 30, 2004 and 2003; and an interim balance sheet in respect of each of 911150 as at September 30, 2004; and

6.3 the requirement contained in the Legislation to include in the Information Circular audited operating statements relating to the Assets to be acquired by Kereco pursuant to the Acquisition for three year period ending December 31, 2003 and unaudited operating statements relating to the properties to be acquired by Kereco pursuant to the Acquisition for the nine months ended September 30, 2004 and 2003 shall not apply to Ketch provided that Ketch shall include in the Information Circular: (i) audited operating statements relating to the Assets to be acquired by Kereco pursuant to the Acquisition for the two years ended December 31, 2003 and 2002; and (ii) unaudited operating statements relating to the Assets to be acquired by Kereco pursuant to the Acquisition for the nine months ended September 30, 2004 and 2003.

"Agnes Lau, CA"
Deputy Director, Capital Markets
Alberta Securities Commission

2.1.8 Medisys Health Group Inc. et al. - MRRS Decision

Ontario Jurisdication

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer participating in plan of arrangement to form itself into income fund – fund deemed to be a reporting issuer.

Applicable Ontario Statutory Provisions

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

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF MANITOBA, ONTARIO,
THE NORTHWEST TERRITORIES, THE YUKON TERRITORY
AND NUNAVUT (THE "JURISDICTIONS")

AND

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

AND

IN THE MATTER OF
MEDISYS HEALTH GROUP INC.,
MEDISYS HEALTH GROUP INCOME FUND,
MEDISYS HEALTH GROUP TRUST,
MEDISYS HOLDING LP,
MEDISYS GP LIMITED,
4267478 CANADA LIMITED,
4267486 CANADA LIMITED,
MEDISYS HEALTH GROUP LP
AND MEDISYS MEDICAL IMAGING INC.

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from Medisys Health Group Inc. ("Medisys"), Medisys Health Group Income Fund (the "Fund"), Medisys Health Group Trust (the "Holding Trust"), Medisys Holding LP (the "Holding LP"), Medisys GP Limited (the "Holding LP General Partner"), 4267478 Canada Limited ("AcquisitionCo"), 4267486 Canada Limited ("OptionCo"), Medisys Health Group LP ("New Medisys LP") and Medisys Medical Imaging Inc. ("MMI") (the "Filers") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

(a) the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file a preliminary prospectus and a prospectus, and to receive receipts therefor to distribute a security (the "Prospectus Requirements"), in the Jurisdictions other than Ontario, shall not apply to the Trades (as defined below) to be made in connection with a proposed plan of arrangement (the "Arrangement") under section 192 of the *Canada Business Corporations Act* (the "CBCA") involving the Filers and certain other subsidiaries of Medisys and MMI (the "Arrangement Relief"); and

(b) the Fund be deemed or declared a reporting issuer at the effective date (the "Effective Date") of the Arrangement for the purposes of the Legislation in Ontario (the "Reporting Issuer Relief" and together with the Arrangement Relief, the "Requested Relief").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

(a) the Manitoba Securities Commission is the principal regulator for this application; and

(b) the 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

The decision is based on the following facts represented by the Filers:

(a) Medisys is a corporation existing under the CBCA. Medisys' registered office and executive office is located at 500 Sherbrooke Street West, 11th Floor, Montréal, Québec, H3A 3C6.

(b) Medisys was founded in 1987 and is a leading Canadian provider of healthcare and medical imaging services to corporations and individuals and of health-related underwriting support services to insurance companies.

(c) The authorized capital of Medisys consists of an unlimited number of subordinate voting shares ("Subordinate Voting Shares"), an unlimited number of multiple voting shares ("Multiple Voting Shares", together with Subordinate Voting Shares, "Medisys Shares") and an unlimited number of preferred shares issuable in series. As of November 19, 2004, there were 8,663,606 Subordinate Voting Shares, 5,673,969 Multiple Voting Shares and no preferred shares outstanding. As of November 19, 2004, there were options ("Options") outstanding to acquire 567,276 Subordinate Voting Shares. All of the outstanding Multiple Voting Shares are owned or

controlled directly or indirectly, by Dr. Sheldon Elman, Chairman, President and Chief Executive Officer of Medisys. Each Subordinate Voting Share entitles its holder to one vote and each Multiple Voting Share entitles its holder to six votes on a ballot at any meeting of shareholders.

(d) Medisys completed its initial public offering of Subordinate Voting Shares on December 23, 2002. The Subordinate Voting Shares are listed on the Toronto Stock Exchange (the "TSX").

(e) Medisys is a reporting issuer not in default in the Provinces of Ontario, British Columbia, Alberta, Québec and Manitoba. Following the Effective Date, the Subordinate Voting Shares will be delisted from the TSX and Medisys will apply to cease to be a reporting issuer, where applicable.

(f) The Fund was established as an open-ended mutual fund trust governed by the laws of the Province of Ontario pursuant to a Declaration of Trust dated November 19, 2004.

(g) Beneficial interests in the Fund have been divided into two classes of units, fund units ("Fund Units") and special voting units ("Special Voting Units").

(h) Each Fund Unit is transferable and represents an equal undivided beneficial interest in any distribution paid by the Fund and in the net assets of the Fund in the event of termination or winding-up of the Fund. The Fund Units issued pursuant to the Arrangement entitle the holder thereof to one vote at all meetings of unitholders, for each Fund Unit held.

(i) Holders of Special Voting Units will not be entitled to any distributions of any nature whatsoever from the Fund and will be entitled to one vote at all meetings of unitholders, for each Special Voting Unit held.

(j) Medisys has applied to and received conditional approval from the TSX to list the Fund Units issuable in connection with the Arrangement on the TSX, subject to, among other things, completion of the Arrangement.

(k) The Holding Trust was established as an open-ended mutual fund trust governed by the laws of the Province of Ontario pursuant to a Declaration of Trust dated November 19, 2004.

(l) Following the Arrangement, the Fund will be the owner of all of the issued and outstanding units of the Holding Trust and all of the outstanding notes of the Holding Trust.

(m) The Holding LP was established as a limited partnership under the laws of Ontario on November 19, 2004.

(n) Following the Arrangement, the Holding LP General Partner will hold a 0.01% general partnership interest in the Holding LP, the Holding Trust will own Class A LP Units of the Holding LP, the Significant Holder (as defined below) will own Class B LP Units of the Holding LP and Bryant Tse will own Class C LP Units of the Holding LP.

(o) The Holding LP General Partner was incorporated under the laws of Canada on November 18, 2004.

(p) The Holding LP General Partner is the general partner of the Holding LP.

(q) Following the Arrangement, the Significant Holder will own special shares of the Holding LP General Partner carrying six votes per share and the Holding Trust will own common shares of the Holding LP General Partner carrying one vote per share.

(r) AcquisitionCo was incorporated under the laws of Canada on November 12, 2004.

(s) All of AcquisitionCo's outstanding common shares are owned by the Holding LP.

(t) Pursuant to the Arrangement, AcquisitionCo will amalgamate with Medisys, MMI and certain other subsidiaries of Medisys and MMI to form New Medisys.

(u) New Medisys LP was established as a limited partnership under the laws of Ontario on November 19, 2004.

(v) The general partner of New Medisys LP is AcquisitionCo and, following the Arrangement, will be New Medisys. The Holding LP holds, and following the Arrangement will continue to hold, all of the limited partnership interests of New Medisys LP.

(w) Following the Arrangement, New Medisys LP will carry out the business currently carried out by Medisys and its subsidiaries, other than that related to insurance medical services and occupational health and safety software, which will continue to be carried out by subsidiaries of New Medisys.

(x) OptionCo was incorporated under the laws of Canada on November 12, 2004 and is a wholly-owned subsidiary of Medisys.

(y) OptionCo was incorporated for the purposes of the Arrangement step described in paragraph 0 below. Following the Arrangement, OptionCo will be wholly-owned by the Holding Trust.

(z) MMI is a corporation incorporated under the laws of Canada on September 26, 2003.

(aa) MMI carries on the business of Medisys' medical imaging segment.

(bb) Immediately prior to the Arrangement, Medisys will own 93.1% of the outstanding common shares of MMI and Bryant Tse, the Executive Vice President of Medisys, will own the remaining 6.9% of the outstanding common shares.

(cc) Pursuant to the Arrangement, MMI will amalgamate with Medisys, AcquisitionCo and certain other subsidiaries of Medisys and of MMI to form New Medisys.

(dd) A notice of meeting and information circular (the "Information Circular") dated November 22, 2004 was mailed to holders (collectively, "Shareholders") of outstanding Subordinate Voting Shares and Multiple Voting Shares on November 29, 2004 in advance of the meeting of Shareholders which will be held on December 20, 2004 (the "Meeting") to consider the Arrangement. Subject to satisfying all closing conditions and obtaining all applicable approvals, it is anticipated that the closing of the Arrangement will occur on January 1, 2005 on which date the Arrangement will become effective (the "Effective Date").

(ee) Each of the steps in the Arrangement will occur, or will be deemed to occur, in the order set forth below on the Effective Date:

(i) All outstanding Options to acquire Subordinate Voting Shares will be cancelled and, in exchange, holders of Options will receive options to acquire OptionCo common shares. The options of OptionCo will have the same exercise price as the cancelled Options and will entitle the holder to purchase the same number of OptionCo common shares as Subordinate Voting Shares that were issuable pursuant to the cancelled Options. Immediately following such exchange, the Holding Trust will purchase all of the outstanding shares of OptionCo from Medisys for $1.00. The OptionCo options will then be cancelled and, in exchange, holders of OptionCo options will receive options from the Fund ("Fund Options") entitling the holder to purchase one Fund Unit for every 2.5 common shares of OptionCo that the holder would have otherwise been entitled to acquire under the cancelled OptionCo options. The exercise price per Fund Unit pursuant to the Fund Option will be equal to 250% of the exercise price per OptionCo common share pursuant to the cancelled OptionCo option.

(ii) The Subordinate Voting Shares held by Shareholders who have exercised their right to dissent under the CBCA which remain valid immediately before the Effective Date will be deemed to have been transferred to Medisys and will be cancelled and cease to be outstanding, and such dissenting Shareholders will cease to have any rights as Shareholders other than the right to be paid the fair value of their Subordinate Voting Shares.

(iii) Shareholders holding Subordinate Voting Shares will transfer their Subordinate Voting Shares to the Fund, receiving one Fund Unit in exchange for every 2.5 Subordinate Voting Shares.

(iv) The Fund will transfer the Subordinate Voting Shares received from Shareholders to the Holding Trust in exchange for units of the Holding Trust (having a value equal to 10% of the value of such Subordinate Voting Shares) and notes of the Holding Trust (in an aggregate principal amount equal to 90% of the value of such Subordinate Voting Shares).

(v) The Holding Trust will transfer the Subordinate Voting Shares received from the Fund to the Holding LP in exchange for one Class A LP Unit of the Holding LP for every 2.5 Subordinate Voting Shares.

(vi) Shareholders holding Multiple Voting Shares will transfer: (i) 99.99% of their Multiple Voting Shares to the Holding LP, receiving one Class B LP Unit of the Holding LP and one Special Voting Unit (as defined below) in exchange for every 2.5 Multiple Voting Shares; and (ii) 0.01% of their Multiple Voting Shares to the Holding LP General Partner for 2,269,588 special shares of the Holding LP General Partner entitling the holder to six votes per share.

(vii) The Holding LP General Partner will transfer the Multiple Voting Shares received from Shareholders to the Holding LP to maintain its 0.01% general partnership interest in the Holding LP.

(viii) Bryant Tse, the Executive Vice President of Medisys, will transfer his shares of MMI to the Holding LP for 184,372 Class C LP Units of the Holding LP and 184,372 Special Voting Units.

(ix) The Holding LP will transfer all of the Medisys Shares that it holds to AcquisitionCo in exchange for common shares and notes of AcquisitionCo.

(x) AcquisitionCo, Medisys, MMI and certain subsidiaries of Medisys will amalgamate (such amalgamated corporation being referred to as "New Medisys") and the Holding LP will receive common shares of New Medisys, in replacement of the common shares of AcquisitionCo, and notes of New Medisys, in replacement of the notes of AcquisitionCo.

(xi) New Medisys will transfer all of the assets and liabilities associated with its insurance medical services segment to a wholly-owned subsidiary in exchange for common shares of such subsidiary.

(xii) New Medisys will transfer all of its business operations (other than its shares of subsidiaries carrying out its insurance medical services and occupational health and safety software businesses) to New Medisys LP in exchange for a promissory note of New Medisys LP and general partnership interests of New Medisys LP. The liabilities of New Medisys will remain with New Medisys and will not be assumed by New Medisys LP.

(xiii) New Medisys will assign the promissory note of New Medisys LP to the Holding LP in order to repay a portion of the notes of New Medisys.

(xiv) The Holding LP will subscribe for additional New Medisys LP limited partnership units by assigning the promissory note of New Medisys LP to New Medisys LP, and such promissory note will be cancelled;

(all trades in securities described above in connection with the Arrangement are referred to herein as the "Trades").

(ff) Certain of the Trades are not exempt from the Prospectus Requirements and Registration Requirements under the Legislation.

(gg) Immediately following the Arrangement:

(i) all of the issued and outstanding Fund Units will be held by the former owners of the Subordinate Voting Shares and will represent approximately 58.5% of the votes attached to all outstanding Fund Units and Special Voting Units (collectively, the "Voting Units");

(ii) all of the issued and outstanding Special Voting Units will be held by former holders of Multiple Voting Shares (the "Significant Holder") and Bryant Tse and will represent approximately 41.5% of the votes attached to all outstanding Voting Units;

(iii) the Fund will be the indirect owner of approximately 58.5% of the issued and outstanding shares of New Medisys, approximately 58.5% of the partnership interests in New Medisys LP and common shares of the Holding LP General Partner representing approximately 20.3% of the votes attached to all outstanding shares of the Holding LP General Partner;

(iv) options to acquire Fund Units will be outstanding and held by the respective holders of Options outstanding prior to the Effective Date, with the exercise price and number of securities subject to option effectively adjusted to give effect to the Arrangement, based on the exchange ratio of one Fund Unit for every 2.5 Subordinate Voting Shares; and

(v) the Significant Holder, together with Bryant Tse, will be the owner of approximately 41.5% of the partnership interests in the Holding LP and the Significant Holder will be the owner of special shares of the Holding LP General Partner representing approximately 79.7% of the votes attached to all outstanding shares of the Holding LP General Partner.

(hh) Immediately following the Arrangement and assuming that the Requested Relief is granted, the Fund will be a reporting issuer in British Columbia, Alberta, Manitoba, Ontario and Québec.

(ii) The Significant Holder and Bryant Tse will be entitled, pursuant to the exchange agreement to be entered into among the Fund, the Holding Trust, the Holding LP, the Holding LP General Partner and the holders of Class B and Class C LP Units of the Holding LP and special shares of the Holding LP General Partner (the "Exchange Agreement"), to exchange a Class B or Class C LP Unit of the Holding LP (together with a special share of the Holding LP General Partner, in the case of an exchange by the Significant Holder) for Fund Units on a one-for-one basis (subject to adjustment in certain circumstances). Upon the issue of Fund Units pursuant to the Exchange Agreement, a corresponding number of Special Voting Units owned by the exchanging party will be cancelled.

(jj) The Information Circular contains (or incorporates by reference therein) prospectus-level disclosure regarding the Arrangement, the Fund Units and the business of New Medisys, New Medisys LP, the Holding LP, the Holding LP General Partner, the Holding Trust and the Fund, including financial information pertaining to Medisys and the Fund.

(kk) The Arrangement will require the approval by:

(i) at least two-thirds of the votes cast by the holders of Subordinate Voting Shares (other than the Subordinate Voting Shares owned, directly or indirectly, by the Significant Holder and Bryant Tse) present in person or represented by proxy at the Meeting; and

(ii) at least two-thirds of the votes cast by the holders of Multiple Voting Shares present in person or represented by proxy at the Meeting.

(ll) The Arrangement is also subject to the receipt of a final order of the Ontario Superior Court of Justice (the "Court") and the Court, in considering whether to approve the Arrangement, will consider whether the Arrangement is fair to Shareholders. The Board of Directors of Medisys has received a fairness opinion from Dlouhy Merchant Group Inc., its financial advisor, that the consideration received by the Shareholders under the Arrangement is fair to the Shareholders from a financial point of view.

(mm) Registered Shareholders are entitled to exercise dissent rights in connection with the Arrangement and to be paid the fair value of their Subordinate Voting Shares.

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.

1. The decision of the Decision Makers under the Legislation, other than in Ontario is that the Arrangement Relief is granted provided that:

(a) the first trade in securities distributed under this Decision (other than first trades which are themselves Trades) shall be deemed to be a distribution or primary distribution to the public;

(b) the Prospectus Requirements contained in the Legislation of Manitoba, the Northwest Territories, the Yukon Territory and Nunavut shall not apply to the first trade in Fund Units acquired by Shareholders under the Arrangement or upon the exercise of Fund Options, provided that the conditions in subsection (3) of section 2.6 of Multilateral Instrument 45-102 - Resale of Securities ("MI 45-102") are satisfied and, for the purposes of determining the period of time that the Fund has been a reporting issuer under section 2.6 of MI 45-102, the period of time that Medisys was a reporting issuer in a jurisdiction of Canada immediately before the Arrangement may be included; and

(c) the Fund is deemed to be a reporting issuer for purposes of the Legislation in Manitoba at the Effective Date of the Arrangement.

2. The further decision of the Decision Maker in Ontario is that the Fund is deemed or declared a reporting issuer at the Effective Date of the Arrangement for the purposes of the Legislation in Ontario.

Chris Besko
Deputy Director
Manitoba Securities Commission

2.1.9 The Business, Engineering, Science & Technology Discoveries Fund Inc. - s. 9.1 of NI 81-105

Headnote

Variation of a prior order to permit a labour sponsored investment fund to pay certain specified distribution costs out of fund assets contrary to section 2.1 of National Instrument 81-105 Mutual Fund Sales Practices. Variation granted on the condition that the distribution costs are included in the management expense ratio.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5., as am., s. 144.

Rules Cited

National Instrument 81-105 Mutual Fund Sales Practices.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF ONTARIO

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 81-105
MUTUAL FUND SALES PRACTICES

AND

IN THE MATTER OF
THE BUSINESS, ENGINEERING, SCIENCE &
TECHNOLOGY DISCOVERIES FUND INC.

DECISION DOCUMENT

WHEREAS the Ontario Securities Commission (the "Commission") has received an application from The Business, Engineering, Science & Technology Discoveries Fund Inc. (the "Fund") for a decision pursuant to section 9.1 of National Instrument 81-105 Mutual Fund Sales Practices ("NI 81-105") that the prohibition contained in section 2.1 of NI 81-105 against the making of certain payments by the Fund or the Fund's manager to registered dealers shall not apply to the Fund;

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

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

1. The Fund is a corporation formed under the laws of Canada by articles of incorporation on November 21, 1996, as amended December 31, 1996, January 30, 1998 and January 4, 2002.

2. The Fund is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), and is not on the list of defaulting reporting issuers maintained pursuant to subsection 72(9) of the Act.

3. B.E.S.T. Investment Counsel Limited (the "Manager") is a corporation incorporated under the laws of Ontario on November 4, 1998. The Manager has been retained by the Fund pursuant to an agreement to manage and administer the affairs of the Fund.

4. The Fund has retained B.E.S.T. Investment Counsel Limited to source investments for the Fund.

5. The Fund is registered as a labour sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario), as amended (the "CSBIF Act") and as such is a prescribed labour-sponsored venture capital corporation under the *Income Tax Act* (Canada), as amended (the "Federal Act").

6. The sponsor of the Fund is the International Federation of Professional and Technical Engineers-Local 164.

7. The Fund is a mutual fund as defined in section 1(1) of the Act that makes investments in small and medium-sized Ontario-based businesses that are eligible investments for the Fund under the CSBIF Act and the Federal Act.

8. The authorized capital of the Fund consists of an unlimited number of Class A Shares issuable in series, 25,000 Class B Shares and an unlimited number of Class C Shares, issuable in series, of which three series of Class A Shares have been designated, the Series I Shares, the Series II Shares and the Series III Shares, and no series of Class C Shares have been designated. As at November 30, 2004, the Fund had 6,477,307.105 Series I Class A Shares, 628,315.029 Series II Class A Shares, 9,819.201 Series III Class A Shares, one Class B Share and 500,000 Class C Shares issued and outstanding.

9. As disclosed in the prospectus of the Fund dated January 6, 2004 the Fund intends to pay the costs of distributing its shares directly to dealers.

10. The Fund pays a sales commission to registered dealers on sales of Class A Shares of the Fund as follows:

    (a) Series I Shares: A commission of 6.25% of the original issue price is paid by the Fund to registered dealers selling Series I Shares (the "6.25% Series I Commission");

    (b) Series II Shares: A commission of 10% is paid by the Fund to registered dealers

selling Series II Shares (the "10% Series II Commission"). The commission consists of a 6.25% sales commission (the "6.25% Series II Component") plus an additional 3.75% sales commission of the original issue price of the Series II Shares (the "3.75% Series II Component"). The 3.75% Series II Component is in lieu of any service fees payable before the eighth anniversary of the date of issue of the shares; and

(c) Series III Shares: No commission is paid to registered dealers selling Series III Shares.

11. The Fund pays service fees to registered dealers selling Class A Shares of the Fund as follows:

(a) Series I Shares: A service fee equal to 0.50% of the Net Asset Value of the Series I Shares held by the customers of the sales representatives of the registered dealers, calculated daily and paid quarterly in arrears (the "Series I Service Fee");

(b) Series II Shares: No annual service fee is paid to registered dealers before the eighth anniversary of the date of issue of the Series II Shares. Following the eighth anniversary of the issue date of the Series II Shares, the Fund will pay an annual service fee equal to 0.50% of the Net Asset Value of the Series II Shares held by the customers of the sales representatives of the registered dealers, calculated daily and paid quarterly in arrears (the "Series II Service Fee"); and

(c) Series III Shares: A service fee equal to 1.25% of the Net Asset Value of the Series III Shares held by the customers of the sales representatives of the registered dealers, calculated daily and paid quarterly in arrears for the first eight years from the date of issue (the "Series III Service Fee"). After the eighth anniversary of the date of issue of the Series III Shares such dealers will be paid a service fee equal to 0.50% annually of the Net Asset Value of the Series III Shares held by the customers of the sales representatives of the registered dealers, calculated daily and paid quarterly in arrears (the "Series III Trailing Service Fee").

12. The Fund or the Manager enters into co-operative advertising programs with registered dealers providing for the reimbursement of expenses incurred by the registered dealers in promoting sales of Class A Shares, which include advertising, mailing and other expenses (the "Co-Op Expenses"). The Manager or the Fund pays no more than 50% of such expenses.

13. The payment of commissions on the sale of the Class A Shares by the Fund is contemplated by the CSBIF Act and the Federal Act, and assists in ensuring that the entire subscription price paid by the investor is taken into consideration for the applicable federal and provincial tax credits in connection with the purchase of the Class A Shares of the Fund.

14. Section 2.1 of NI 81-105 prohibits the Fund, in connection with the distribution of securities, from making payments or providing benefits to participating dealers or representatives of such dealers, including the payment of commissions and other distribution costs to a participating dealer or a representative of such dealer.

15. Section 2.3(4) of the Companion Policy to NI 81-105 stipulates that applicable securities regulatory authorities will entertain applications from labour-sponsored venture capital corporations for relief from the provision of NI 81-105 which proscribes the payment of distribution costs directly by such funds.

16. The Fund expenses the 6.25% Series I Commission and the 6.25% Series II Component to retained earnings as a share issue cost as they occur, which is consistent with Section 1100 of the CICA handbook.

17. The Fund expenses the Co-op Expenses, the Series I Service Fee, the Series II Service Fee, the 3.75% Series II Component, the Series III Service Fee and the Series III Trailing Service Fee in the fiscal period when incurred.

18. The prospectus of the Fund discloses the 6.25% Series I Commission, the 10% Series II Commission, the Co-op Expenses, the Series I Service Fee, the Series II Service Fee, the Series III Service Fee and the Series III Trailing Service Fee (collectively, the "Distribution Costs") in detail and that the Fund or the Manager, as described herein, will be responsible for the payment of such expenses.

19. The Fund undertakes to comply with all other provisions of NI 81-105. In particular, the Fund undertakes that all Distribution Costs paid by it or the Manager will be compensation permitted to be paid to participating dealers under NI 81-105.

AND WHEREAS the Commission is satisfied that to do so would not be prejudicial to the public interest;

THE DECISION of the Commission under section 9.1 of NI 81-105 is that the Fund shall be exempt from section 2.1 of NI 81-105 to permit the Fund or the Manager,

as described herein, to pay the Distribution Costs, provided that:

(a) the Distribution Costs are otherwise permitted by, and paid in accordance with, NI 81-105;

(b) the Distribution Costs are being included in the Fund's calculation of its management expense ratio;

(c) the Fund, in its financial statements, will expense the 6.25% Series I Commission and the 6.25% Series II Component to retained earnings as a share issue cost as they occur and expense the Co-op Expenses, the Series I Service Fee, the Series II Service Fee, the 3.75% Series II Component, the Series III Service Fee and the Series III Trailing Service Fee in the fiscal period when incurred;

(d) the summary section (the "Summary Section") of the prospectus of the Fund has full, true and plain disclosure explaining to investors that they indirectly support the payment of the 6.25% Series I Commission and the 10% Series II Commission as the Fund pays such commissions out of the proceeds from the sale of Class A Shares of the Fund, and the Summary Section must be placed within the first 10 pages of the prospectus;

(e) the Fund shall include in the Summary Section a summary table of fees and expenses payable by the Fund in the following format:

Summary of Fees and Expenses Payable by the Fund and Annual Performance Data

Type and Amount of Fee / Description;

(f) the summary table in the prospectus shall also include the annual management expense ratio of the Fund for each of the last five completed financial years of the Fund with a brief description of the method of calculating the management expense ratio, and the annual returns of the Fund for each of the last five completed financial years of the Fund; and

(g) this exemption shall cease to be operative on the date that a rule or regulation replacing or amending section 2.1 of NI 81-105 comes into force.

December 17, 2004.

"Paul Moore" "David L. Knight"

2.1.10 Guild Stationers Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted from registration and prospectus requirements in respect of trades in shares of a non-reporting issuer to members. Issuer provides business services to members, all of whom are engaged in the office products business. Shares acquired for a business purpose and not with investment intent.

Statutes cited

Securities Act, R.S.O. 1990, c. S.5, as am, ss. 25, 53.

Instruments cited

Multilateral Instrument 45-102 Resale of Securities.

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

AND

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

AND

IN THE MATTER OF
GUILD STATIONERS LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador and Nunavut (the Jurisdictions) has received from Guild Stationers Limited (Guild) an application for a decision pursuant to the securities legislation of the Jurisdictions (the Legislation) that the requirements contained in the Legislation to be registered to trade in a security and to file a preliminary prospectus and prospectus (the Registration and Prospectus Requirements) shall not apply to the issuance, from time to time, of Guild's common shares (Common Shares) to Dealers (as defined below).

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

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

AND WHEREAS Guild has represented to the Decision Makers that:

1. Guild was created pursuant to the laws of Ontario by Articles of Amalgamation dated September 30, 1981, under the name "Stationers Warehousing Limited", and changed its name to "Guild Stationers Limited" pursuant to Articles of Amendment dated June 29, 1983.

2. Guild is not a "reporting issuer" or the equivalent in any Jurisdiction and no securities of Guild are listed or quoted on any stock exchange or market.

3. Guild's registered and principal executive offices are located at 180 Columbia Street West, Waterloo, Ontario.

4. Guild is authorized to issue an unlimited number of Common Shares, an unlimited number of Class A Shares, an unlimited number of Class B Shares and an unlimited number of Class C Shares (the Common Shares, Class A Shares, Class B Shares and Class C Shares together referred to as Shares) of which there were issued and outstanding as of December 31, 2003, 87,000 Common Shares, 138,081 Class A Shares, 56,000 Class B Shares and 222,362 Class C Shares.

5. Guild was incorporated to act as a buying group for its member dealers (Dealers) who are small businesses that sell stationery, office products, office furniture and related products and services, which have applied to be part of the Guild buying group in order to pool respective purchasing power and to negotiate volume rebates and discounts from suppliers.

6. Guild operates a warehouse and purchases inventory in bulk for resale to Dealers. Guild also provides advertising and marketing services to Dealers.

7. Guild only issues Shares to Dealers. To be eligible as a Dealer, the Dealer must have been engaged for a minimum of two years in the office products business and must have the ability to purchase at least $200,000 worth of stationery products from Guild each year.

8. The Common Shares are the only voting shares of Guild. Currently no Dealer may hold more than 1,000 Common Shares.

9. The total net profit of Guild, if any, is distributed annually to the holders of Common Shares, Class C Shares and Class A Shares.

10. The Class A, B and C shares were previously issued to Dealers as a method of returning rebates obtained from volume purchases from vendor orders to Dealers by way of dividend.

Guild currently has no plans to issue additional Class A, B or C shares.

11. Each prospective Dealer is required to enter into an agreement with Guild (the Dealer Agreement), which contains restrictions on the transfer of Common Shares by Dealers as well as certain matters in respect of the conduct of the Dealer's business, and requires each Dealer to purchase 1,000 Common Shares at $2.00 per Common Share.

12. Pursuant to the terms of the Dealer Agreement, upon the termination of a Dealer Agreement by Guild or the respective Dealer, Guild agrees to repurchase the Common Shares of the respective Dealer within 6 months of such termination.

13. Proceeds of the sale of Common Shares to Dealers are used to create shareholders' equity in Guild, which shareholders' equity is used to secure loans for working capital purposes in order to enable it to operate its business.

14. According to the terms of the Dealer Agreement, each Dealer must, within 90 days of the of the execution of the Dealer Agreement, display identification materials showing the "Guild Stationers" symbol or logo in the Dealer's place of business.

15. The articles of Guild provide that the Common Shares may not be transferred without the express consent of a majority of the board of directors of Guild, and only to a person or company (an Eligible Transferee) as follows:

    (i) Guild;

    (ii) a spouse, child, daughter-in-law or son-in-law of a Dealer; or

    (iii) a pledgee or mortgagee to secure a bona fide loan.

16. There are currently 85 Dealers across Canada.

17. Upon liquidation or dissolution of Guild, the holders of Common Shares will share rateably in the amounts available for distribution after payment of debts, and satisfaction of any redemption or liquidation amount payable on outstanding shares ranking ahead of the Common Shares.

18. Guild previously received exemptive relief orders in respect of the issuance of the Shares from the securities regulatory authorities of each of Ontario, Manitoba, New Brunswick, Nova Scotia, Saskatchewan and Alberta (the orders with respect to previous Share issues).

19. Guild has been able to locate evidence that suggests that at approximately the same time as relief orders were requested from the above mentioned Jurisdictions, application was made to the securities regulatory authority of British Columbia with respect to issuances of the Shares and believes that a similar application was made to the securities regulation authority of Newfoundland and Labrador, but has been unable to confirm the receipt of exemptive relief orders from such Jurisdictions.

20. Guild has also issued and outstanding $640,328.00 principal amount of Notes. Notes were issued to Dealers, persons that were, at the time of issuance, Dealers or the shareholders of Dealers, or to a spouse, parent, child, brother or sister of any such shareholder. The Notes were issued to fund certain capital expenditures of Guild in the operation of its business.

21. Guild received an exemptive relief order in respect of the issuance of the Notes from the securities regulatory authority of Ontario on December 15, 1983 (the order with respect to previous Note issues). The current management of Guild is unaware as to whether application was made to the local securities regulatory authorities of the Jurisdictions, other than Ontario with respect to the issue of the Notes. Guild does not intend to issue further Notes and is currently in the process of making provisions for the repayment of the Notes.

22. Other than the possibility that Guild did not obtain relief in the Jurisdictions as described above for the offering of its Shares and Notes to date, Guild is not in default of any requirements under the Legislation.

23. Guild intends to amend the terms of the Dealer Agreements to provide that prospective Dealers will be required to purchase 3,000 Common Shares at $2.00 per Common Share, providing $6,000 of equity capital to Guild per Dealer. The Dealer Agreement will also require existing Dealers to purchase an additional 2,000 Common Shares thereby increasing their equity capital in Guild to $6,000.

24. The proposed increase in capital to $6,000 per Dealer will provide Guild with increased equity necessary to improve its purchasing power, which will allow it to provide an increased level of service to Dealers and will also provide for adjustments relative to the increase in prices of over time due to inflation. The proposed increase will also allow Guild to improve its debt-equity ratio and obtain bank financing on approved terms.

25. Each Dealer, as part of the decision to become a Dealer, voluntarily chooses whether or not to subscribe for Common Shares of Guild.

26. The primary purpose of owning Common Shares in Guild is not for investment, but to facilitate the business operations of each Dealer and Guild.

27. Guild will prepare and send to each Dealer annual audited financial statements as required by the *Business Corporations Act* (Ontario).

28. No public market currently exists and none is expected to develop for the Common Shares.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the issue of Guild's Common Shares to a Dealer will not be subject to the Registration and Prospectus Requirements, provided that:

1. Common Shares shall not be offered to or issued to, and subscriptions shall not be accepted from, any person other than a Dealer;

2. Each prospective Dealer, prior to becoming a Dealer, and all present Dealers of Guild shall execute a copy of the Dealer Agreement;

3. Guild shall send to each of its Dealers entitled to notice of a meeting of shareholders an information circular consistent with the form required by the Legislation with or prior to the giving of notice of such meeting;

4. Guild shall deliver to each Dealer and prospective Dealer, before such prospective Dealer shall become a shareholder of Guild:

   (a) its articles of amalgamation and by-laws and any amendments to such documents;

   (b) the most recent audited annual financial statements;

   (c) this Decision Document; and

   (d) a statement to the effect that as a result of this decision certain protections, rights and remedies provided by the Legislation including statutory rights of rescission or damages will not be available to Guild shareholders.

5. All Common Share certificates shall be engrossed with a legend indicating that every trade of such shares by the holder thereof is prohibited except in accordance with this decision document;

6. The first trade in any securities acquired pursuant to this Decision to a person or company who is not an Eligible Transferee shall be deemed to be a distribution to the public unless such trade is made in compliance with section 2.5 of Multilateral Instrument 45-102 *Resale of Securities*; and

7. From the date of this Decision, Guild does not rely on the orders with respect to previous Share issues or the order with respect to previous Note issues, for the purpose of issuing further Shares or Notes.

December 23, 2004.

"Paul M. Moore" "David L. Knight"

2.1.11 Trojan Technologies Inc. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

MRRS DECISION DOCUMENT – Letter Granting the Relief

December 22, 2004

Frédéric Brassard
Stikeman Elliot LLP
1155 René-Lévesque Blvd West
40th Floor
Montreal, PQ H3B 3V2

Dear Mr. Brassard:

Re: Trojan Technologies Inc (the Applicant) - application to cease to be a reporting issuer under the securities legislation of Ontario, Quebec, Alberta, Saskatchewan, New Brunswick, Nova Scotia, Newfoundland and Labrador (the Jurisdictions)

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

As the Applicant has represented to the Decision Makers that:

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

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

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

2.1.12 International Royalty Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Issuer exempt from requirements contained in National Instrument 43-101 – Standards of Disclosure for Mineral Projects to conduct a site visit and to comply with all of the form requirements of Form 43-101F1 – Issuer's interest in mineral project limited to right to receive a royalty payment from a reporting issuer only – terms of royalty negotiated prior to NI 43-101 coming into force – Issuer to file a technical report that otherwise complies with NI 43-101 including requirement that it be prepared by an independent qualified person.

Rules Cited

National Instrument 43-101 – Standards of Disclosure for Mineral Projects, ss. 4.3, 6.2, and 9.1.

December 22, 2004

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

AND

THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

INTERNATIONAL ROYALTY CORPORATION
(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).

The Filer has requested that in filing a technical report in conjunction with the Filer's preliminary prospectus and final prospectus (the Prospectus) for its initial public offering, the Filer be exempt from: (a) the requirement in section 6.2 of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) that the qualified person preparing or supervising the preparation of the Filer's technical report shall have conducted a site visit to the property which is the subject of the technical report; and (b) the requirement in section 4.3 of NI 43-101 that the technical report be in the prescribed form thereby eliminating the requirement that the qualified person preparing or supervising the preparation of the technical report to have independently sampled and assayed portions of the deposit which is the subject of the technical report and to have reviewed: (i) geological investigations, reconciliation studies, independent check assaying and independent audits; (ii) estimates and classification of mineral resources and mineral reserves, including the methodologies applied by the mining company in determining such estimates and classifications, such as check calculations; and (iii) life of mine plan and supporting documentation and the associated technical-economic parameters, including assumptions regarding future operating costs (the Requested Relief).

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* or NI 43-101 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 currently a non-reporting issuer incorporated pursuant to the laws of the Yukon Territory on May 7, 2003 and continued under the *Canada Business Corporations Act* on November 12, 2004.

2. The Filer is planning to become a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (collectively the Jurisdictions) by filing and obtaining a receipt for the Prospectus in the Jurisdictions.

3. The Filer is planning to list its shares for trading on the Toronto Stock Exchange (the TSX) in conjunction with the completion of an initial public offering (IPO) pursuant to the Prospectus.

4. Archean Resources Ltd. (Archean), a private company incorporated pursuant to the laws of Newfoundland and Labrador, indirectly owns a 2.7% net smelter returns royalty over the Voisey's Bay nickel deposit (the Voisey's Bay Mine) currently being developed by Inco Limited (Inco) (the Voisey's Bay Royalty).

5. The Filer has entered into an agreement with the two shareholders of Archean to purchase 100% of

the issued shares of Archean, subject to the fulfillment of certain conditions including the completion of an IPO by the Filer.

6. The Filer plans to file a preliminary prospectus which will disclose information on the Voisey's Bay Royalty as the Filer's only material asset. Under NI 43-101 the Filer is required to file a technical report in respect of the Voisey's Bay Mine.

7. Although the preliminary prospectus will contain disclosure in respect of other royalties the Filer has or will have acquired at the time of the IPO, the size of the Voisey's Bay Royalty will make any other royalty immaterial relative to the Voisey's Bay Royalty and therefore NI 43-101 reports will not be filed in respect of the other royalties.

8. The agreement Archean and its shareholders have with Inco was entered into on May 18, 1993 prior to NI 43-101 coming into force. The agreement does not contain provisions that would enable the Filer to obtain access to the Voisey's Bay Mine or to all of the information held by Inco.

9. Inco filed on SEDAR a NI 43-101 report dated August 31, 2003 in respect to the Voisey's Bay Mine (the Inco Report).

10. The Filer will file its own current NI 43-101 technical report on the Voisey's Bay Mine (the Filer's Technical Report) authored by an independent qualified person hired by the Filer (the Qualified Person).

11. The Filer's Technical Report and the Prospectus will include the following cautionary statement (the Cautionary Statement)

> NI 43-101 contains certain requirements relating to disclosure of technical information in respect of mineral projects. Pursuant to an exemption order granted to the Filer by the Canadian securities regulatory authorities, the information contained herein with respect to the Voisey's Bay Mine is primarily extracted from the Inco Report as well as general information available in the public domain including the Filer's complete database of public domain data, Inco Annual Reports, Inco Annual Information Forms, information available on the Inco website and information available on other websites. The Qualified Person did not conduct a site visit, did not independently sample and assay portions of the deposit and did not review the following items prescribed by NI 43-101: (i) geological investigations, reconciliation studies, independent check assaying and independent audits; (ii) estimates and classification of mineral resources and mineral reserves, including the methodologies applied by the mining company in determining such estimates and classifications, such as check calculations; or (iii) life of mine plan and supporting documentation and the associated technical-economic parameters, including assumptions regarding future operating costs, capital expenditures and saleable metal for the mining asset.

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:

(a) the Filer's Technical Report and Prospectus contain the Cautionary Statement; and

(b) the Filer is unable to access the Voisey's Bay Mine to conduct a site visit, obtain the samples or review the information that is the subject of the Requested Relief.

"Iva Vranic"
Manager, Corporate Finance
Ontario Securities Commission

2.1.13 Telus Corporation - MRRS Decision

Headnote

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

Statutes Cited

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

Regulations Cited

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

Rules Cited

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

December 16, 2004

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC, NOVA SCOTIA
AND NEWFOUNDLAND & LABRADOR (THE "JURISDICTIONS")

AND

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

AND

IN THE MATTER OF
TELUS CORPORATION (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 an exemption from the insider reporting requirements of the Legislation for certain Vice-Presidents of the Filer and its major subsidiaries (the "Requested Relief").

Under the Mutual Reliance Review System for Exemptive Relief Applications

(a) the Alberta 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 was incorporated under the *Company Act* (British Columbia) on October 26, 1998, as BCT.TELUS Communications Inc. and on May 3, 2000 changed its name to TELUS Corporation.

2. The Filer's executive office is located at Floor 8, 555 Robson Street, Vancouver, British Columbia and its registered office is located at Floor 21, 3777 Kingsway, Burnaby, British Columbia.

3. The Filer is the second largest Canadian telecommunications provider, offering a full range of communication services.

4. The authorized capital of the Filer consists of 4,000,000,000 shares divided into 1,000,000,000 Common Shares, 1,000,000,000 Non-Voting Shares, 1,000,000,000 First Preferred Shares without par value and 1,000,000,000 Second Preferred Shares without par value. As at October 31, 2004, 193,322,918 Common Shares, 164,068,002 Non-Voting Shares, no First Preferred Shares and no Second Preferred Shares were issued and outstanding.

5. The Filer is a reporting issuer or its equivalent in each of the Jurisdictions.

6. The Filer's Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX"). The Filer's Non-Voting Shares are listed and posted for trading on the TSX and the New York Stock Exchange.

7. Each of TELUS Communications Inc. ("TCI") and TELE-MOBILE COMPANY ("TELUS Mobility") is a "major subsidiary" of the Filer (as that term is defined in National Instrument 55-101) *Exemption from Certain Insider Reporting Requirements* ("NI 55-101")).

8. Currently, the Filer has approximately 141 persons who are "insiders" of the Filer under the Legislation by reason of being a director or senior officer of the Filer or a major subsidiary of the Filer (the "Insiders").

9. None of the Insiders is exempt from the insider reporting requirements contained in the

Legislation by reason of an existing exemption such as NI 55-101 or a previous decision or order.

10. The Filer has made this application to seek the requested relief in respect of approximately 104 individuals who, in the opinion of the General Counsel of the Filer, satisfy the Exempt Officer Criteria (as defined below).

11. The Filer has developed an insider trading policy (the "Policy") that applies to all the Insiders and other employees who have knowledge of material undisclosed information.

12. The Policy was developed to ensure that its directors, officers and employees who are "Insiders" under the Legislation are aware of their responsibilities under the Legislation and to assist them in complying with the Legislation.

13. Under the Policy, the Insiders and other employees with knowledge of material undisclosed information may not trade in securities of the Filer during "blackout" periods as determined by the Filer and may not trade in shares or other securities of the Filer or any other company while in possession of material undisclosed confidential information relating to the shares being traded.

14. The General Counsel of the Filer considered the job requirements and principal functions of the Insiders to determine which of them met the definition of "nominal vice president" contained in Canadian Securities Administrators Staff Notice 55-306 *Applications for Relief from the Insider Reporting Requirements by Certain Vice-Presidents* (the "Staff Notice") and has compiled a list of those Insiders who, in the opinion of the Filer, meet the criteria set out in the Staff Notice (the "Exempted Officers").

15. Each of the Exempted Officers satisfies the following criteria (the "Exempt Officer Criteria"):

    (a) the individual is a vice president of the Filer, TCI or TELUS Mobility;

    (b) the individual is not a member of the Filer's executive team and is not appointed by the board of directors;

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

    (d) the individual does not, in the ordinary course, receive or have access to information regarding material facts or changes concerning the Filer or its major subsidiaries before the material facts or material changes are generally disclosed; and

    (e) the individual is not an insider of the Filer or its major subsidiaries in any capacity other than vice president.

16. The General Counsel of the Filer will assess any future employee of the Filer who has the title of vice president on the same basis as set out above, and will re-assess all Exempted Officers who experience a change in job requirements or functions, to determine if such individuals meet, or continue to meet, the Exempt Officer Criteria.

17. If an individual who is designated as an Exempted Officer no longer satisfies the Exempt Officer Criteria, as a result of which the individual is subject to a renewed obligation to file insider reports, the Filer will immediately inform such individual of such renewed obligation.

18. The Filer has filed with the Decision Makers a copy of the Policy.

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:

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

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

"Mavis Legg, CA"
Manager, Securities Analysis
Alberta Securities Commission

2.2 Orders

2.2.1 Sionna Investment Managers Inc. - s. 147

Headnote

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

Statutes Cited

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

Regulations Cited

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

Rules Cited

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

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

AND

IN THE MATTER OF
SIONNA INVESTMENT MANAGERS INC.

AND

SIONNA CANADIAN EQUITY POOLED FUND
SIONNA BALANCED POOLED FUND
(TOGETHER THE "EXISTING POOLED FUNDS")

ORDER
(Section 147 of the Act)

UPON the application (the "Application") of Sionna Investment Managers Inc. ("Sionna"), the manager of the Existing Pooled Funds and any other pooled fund established and managed by Sionna from time to time (collectively the "Pooled Funds") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 147 of the Act exempting the Pooled Funds from filing with the Commission the interim and comparative financial statements prescribed by subsections 77(2) and 78(1), respectively, of the Act;

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

AND UPON Sionna having represented to the Commission that:

1. Sionna is a corporation subsisting under the laws of Canada with its registered office in Toronto, Ontario. Sionna is, or will be the manager of the Pooled Funds. Sionna is registered under the Act as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the category of limited market dealer.

2. The Pooled Funds will not be reporting issuers in any province or territory of Canada. Units of the Pooled Funds are, or will be, distributed in certain provinces of Canada without a prospectus pursuant to exemptions from the prospectus delivery requirements of applicable securities legislation.

3. Each Pooled Fund is, or will be, an open-ended mutual fund trust created under the laws of Ontario and a "mutual fund in Ontario" as defined in section 1(1) of the Act. The Pooled Funds are thus required to file with the Commission, interim financial statements under subsection 77(2) of the Act and comparative financial statements under subsection 78(1) of the Act (collectively, the "Financial Statements").

4. Unitholders of the Pooled Funds (the "Unitholders") receive the Financial Statements for the Pooled Funds they hold. The Financial Statements are prepared and delivered to Unitholders in the form and for the periods required under the Act and the Regulation and rules made thereunder (the "Regulation"). Sionna and the Pooled Funds will continue to rely on subsection 94(1) of the Regulation and will omit statements of portfolio transactions from the Financial Statements (such statements from which the statement of portfolio transactions have been omitted, the "Permitted Financial Statements").

5. As required by subsection 94(1) of the Regulation, the Permitted Financial Statements will contain a statement indicating that additional information as to portfolio transactions will be provided to a Unitholder without charge on request to a specified address and,

   (a) the omitted information shall be sent promptly and without charge to each unitholder that requests it in compliance with the indication; and

   (b) where a person or company requests that such omitted information be sent routinely to that Unitholder, the request will be carried out while the information continues to be omitted from the subsequent Financial Statements until the Unitholder requests, or agrees to, termination of the arrangement or is no longer a Unitholder.

6. Subsection 2.1(1)1 of National Instrument 13-101 - System for Electronic Document Analysis and Retrieval (SEDAR), requires that every issuer

required to file a document under securities legislation make its filing through SEDAR. The Financial Statements and statements of portfolio transactions filed with the Commission thus become publicly available.

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

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

(a) that in the absence of other regulatory relief, the Pooled Funds will prepare and deliver to the Unitholders of the Pooled Funds the Permitted Financial Statements, in the form and for the periods required under the Act and Regulations;

(b) the Pooled Funds will retain the Financial Statements indefinitely;

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

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

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

(f) in all other aspects, the Pooled Funds will comply with the requirements of Ontario securities law for financial statements; and

(g) this decision, as it relates to the Commission, will terminate after the coming into force of any legislation or rule of the Commission dealing with the matters regulated by subsections 77(2) and 78(1) of the Act.

December 3, 2004.

"Paul Moore" "Robert Davis"

2.2.2 Macquarie Capital Partners LLC - s. 211 of Reg. 1015

Headnote

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

Statutes Cited

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

Regulations Cited

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

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

AND

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

AND

IN THE MATTER OF
MACQUARIE CAPITAL PARTNERS LLC

ORDER
(Section 211 of the Regulation)

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

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

AND UPON the Applicant having represented to the Commission that:

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

2. The Applicant is a limited liability company formed under the laws of the State of Delaware in the United States, and carrying on business in Chicago, Illinois.

3. The Applicant is a member of the U.S. National Association of Securities Dealers Inc.

4. The Applicant's principal business is confined primarily to acting as placement agent for private placements of real estate related investments.

5. The Applicant does not currently act as an underwriter in the United States or in any other jurisdiction outside of the United States.

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

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

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

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

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

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

December 17, 2004.

"Paul M. Moore" "David L. Knight"

2.2.3 Allan Eizenga et al. - ss. 127(1) and s. 127.1

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

AND

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

ORDER
(Subsection 127(1) and section 127.1)

WHEREAS on September 24, 1998, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Robert Louis Rizzuto ("Rizzuto") and others and issued Amended Notices of Hearing against Rizzuto and others on February 7, 2003 and May 21, 2004;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Rizzuto and others, such Temporary Order that was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Rizzuto and Staff of the Commission entered into a Settlement Agreement executed on June 30, 2004 and July 6, 2004 (the "Settlement Agreement") in which they agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND WHEREAS the attached Settlement Agreement includes the term that Rizzuto will make a voluntary payment of $9,000.00 to the Commission for allocation to, or for the benefit of, third parties as may be approved by the Minister under s. 3.4(2)(b) of the Act;

AND UPON reviewing the Settlement Agreement and the Amended Statement of Allegations of Staff of the Commission and upon hearing submissions from counsel for Rizzuto and from Staff of the Commission, the Commission is of the opinion that it is in the public interest to make the following Order pursuant to subsection 127(1) and section 127.1 of the Act;

IT IS ORDERED THAT:

1. The attached Settlement Agreement is approved;

2. Pursuant to s. 3.4(2)(b) of the Act, the $9,000.00 voluntary payment to the Commission is allocated to, or for the benefit of, third parties as may be approved by the Minister;

3. Pursuant to subsection 127(1), paragraph 1, Rizzuto's registration with the Commission is

suspended for six months commencing on July 7, 2004;

4. Pursuant to subsection 127(1), paragraph 2, trading in any securities by Rizzuto cease for six months commencing on July 7, 2004;

5. Pursuant to subsection 127(1), paragraph 1, Rizzuto must successfully complete the Canadian Securities Course in order for his registration to be reinstated following the suspension;

6. Pursuant to subsection 127(1), paragraph 6, Rizzuto is reprimanded;

7. The Temporary Order as against Rizzuto no longer has any force or effect; and

8. Pursuant to section 127.1, Rizzuto pay to the Commission costs in the amount of $8,000.00.

August 17, 2004.

"H. Lorne Morphy" "Robert W. Davis"

IN THE MATTER OF
THE SECURITIES ACT, R.S.O. 1990, C. S.5

AND

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

SETTLEMENT AGREEMENT BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION AND ROBERT LOUIS RIZZUTO

I. INTRODUCTION

1. By Notice of Hearing dated September 24, 1998, amended February 7, 2003 and May 21, 2004 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider, among other things:

   (a) whether, pursuant to subsection 127(1) and section 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), it is in the public interest for the Commission to make an order:

      (i) that the registration of Robert Louis Rizzuto ("Rizzuto") be terminated or suspended or restricted for such period as specified by the Commission or that terms and conditions be imposed on his registration;

      (ii) that trading in any securities by Rizzuto cease permanently or for such period as is specified by the Commission;

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

      (iv) prohibiting Rizzuto from becoming or acting as a director or officer of any issuer permanently or for such period as specified by the Commission;

      (v) reprimanding Rizzuto; and

      (vi) requiring Rizzuto to pay the costs of the Commission's investigation and the hearing and/or any such other orders as the Commission deems appropriate.

2. By Temporary Order dated September 24, 1998, the Commission ordered that trading in securities by Rizzuto cease immediately except for trades in mutual fund securities and trades for his personal account (the "Temporary Order"). The Temporary Order was extended by Commission Orders dated October 9, 1998 and February 4, 1999.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission ("Staff") agrees to recommend settlement of the proceeding respecting Rizzuto initiated by the Notice of Hearing in accordance with the terms and conditions set out below. Rizzuto consents to the making of an order against him in the form attached as Schedule "A" based on the facts set out in Part III of this Settlement Agreement.

III. STATEMENT OF FACTS

Acknowledgement

4. Solely for the purposes of this proceeding, and of any other proceeding commenced by a securities regulatory agency, Staff and Rizzuto agree with the facts set out in paragraphs 5 through 23 of this Settlement Agreement.

The Saxton Securities

5. Saxton Investments Ltd. ("Saxton") was incorporated on January 13, 1995. Allan Eizenga ("Eizenga") was an officer and director of Saxton. Saxton and Eizenga established numerous offering corporations, as listed below (the "Offering Corporations"). Eizenga was the president and a director of each of these companies.

The Saxton Trading Corp.
The Saxton Export Corp.
The Saxton Export (II) Corp.
The Saxton Export (III) Corp.
The Saxton Export (IV) Corp.
The Saxton Export (V) Corp.
The Saxton Export (VI) Corp.
The Saxton Export (VII) Corp.
The Saxton Export (VIII) Corp.
The Saxton Export (IX) Corp.
The Saxton Export (X) Corp.
The Saxton Export (XI) Corp.
The Saxton Export (XII) Corp.
The Saxton Export (XIII) Corp.
The Saxton Export (XIV) Corp.
The Saxton Export (XV) Corp.
The Saxton Export (XVI) Corp.
The Saxton Export (XVII) Corp.
The Saxton Export (XVIII) Corp.
The Saxton Export (XIX) Corp.
The Saxton Export (XX) Corp.
The Saxton Export (XXI) Corp.
The Saxton Export (XXII) Corp.
The Saxton Export (XXIII) Corp.
The Saxton Export (XXIV) Corp.
The Saxton Export (XXV) Corp.
The Saxton Export (XXVI) Corp.
The Saxton Export (XXVII) Corp.
The Saxton Export (XXVIII) Corp.
The Saxton Export (XXIX) Corp.
The Saxton Export (XXX) Corp.
The Saxton Export (XXXI) Corp.
The Saxton Export (XXXII) Corp.
The Saxton Export (XXXIII) Corp.
The Saxton Export (XXXIV) Corp.
The Saxton Export (XXXV) Corp.
The Saxton Export (XXXVI) Corp.
The Saxton Export (XXXVII) Corp.
The Saxton Export (XXVIII) Corp.

6. Saxton and the Offering Corporations represented to the public that they were investing principally in businesses relating to the development and manufacture of beverage and food products for the hospitality and tourist industries in Cuba and elsewhere in the Caribbean.

7. The primary function of every Offering Corporation was to raise investment capital for the businesses in Cuba and elsewhere by the sale of shares (the "Saxton Securities"). Investors associated their investments with "Saxton", not the Offering Corporations.

8. The Offering Corporations prepared Offering Memoranda. These Memoranda were virtually identical and provided little information about the Cuban and other operations (into which funds invested in the Offering Corporations would flow) other than their geographic locations. The Offering Memoranda described the Saxton Securities as "speculative" and stated that there was no market for the shares.

9. Although, in fact, investors purchased shares, the Saxton Securities were marketed and sold as a "GIC", a "Fixed Dividend Account" product and an "Equity Dividend Account" product. Such Securities were sold as RRSP-eligible.

10. The Fixed Dividend Account product promised investors either a 10.25% annual return for a three year term compounded or a 12% annual return for a five year term compounded. Investors in the Equity Dividend Account product were told to expect 25% to 30% annual growth in their investment.

11. On or about October 7, 1998, the Court appointed KPMG Inc. ("KPMG") as the custodian of Saxton's assets. In early 1999, KPMG reported that the Offering Corporations had raised approximately $37 million from investors. All funds invested in the Offering Corporations had been transferred to Saxton. At that time, KPMG held the view that the value of the Saxton assets, at its highest (as reported by a related company, Sussex Group

Ltd. ("Sussex")) was approximately $5.5 million. Sussex currently is being wound down by a court-appointed manager.

Rizzuto's Conduct

12. During the material time, Rizzuto was registered with the Commission under the Act to sell mutual fund securities and limited market products. Rizzuto was first registered with the Commission in September 1992.

13. Between April 1997 and April 1998, Rizzuto sold the Saxton Securities to seven Ontario investors for a total amount sold of approximately $750,000. Two of the seven investors were business associates of Rizzuto. One of such associates was registered with the Commission. Another investor purchased approximately $500,000 worth of the Saxton Securities.

14. The Offering Corporations were incorporated pursuant to the laws of Ontario. Rizzuto's sales of the Saxton Securities constituted trades in securities of an issuer that had not been previously issued.

15. The distributions of the Saxton Securities contravened Ontario securities law. None of the Offering Corporations filed a preliminary prospectus or prospectus with the Commission. None of the Offering Corporations filed an Offering Memorandum or a Form 20 with the Commission. By selling the Saxton Securities to his clients, Rizzuto traded in securities, which trades were distributions, without a prospectus being filed or receipted by the Commission and with no exemption from the prospectus requirements of Ontario securities law being available.

16. Rizzuto failed to provide his clients with access to substantially the same information concerning the Saxton Securities that a prospectus filed under the Act would provide. Among other things, none of Rizzuto's clients received an Offering Memorandum prior to purchasing the Saxton Securities.

17. Rizzuto told certain clients that he had investigated Saxton and that it looked like a good investment that offered a high return. He also told clients that they could redeem their investment at any time. Rizzuto told clients that he had invested his personal funds in the venture.

18. Rizzuto failed to assess adequately the suitability of his clients' purchases of the Saxton Securities.

19. Rizzuto received commissions of approximately $24,000 on the sales described in paragraph 13 above.

20. In addition, Rizzuto received a further commission of $20,000, relating to a client's investment in Sussex International Limited ("Sussex International"). Sussex International raised funds to finance the same Cuban businesses supported by sales of the Saxton Securities. The distribution of the Sussex International securities also contravened Ontario securities law.

21. Rizzuto failed to inform his sponsoring firm that he was selling the Saxton Securities or the Sussex International securities, or that he received the commissions referred to in paragraphs 19 and 20 above.

22. Rizzuto co-operated with the Commission's investigation respecting the Saxton matter.

23. Rizzuto's conduct was contrary to Ontario securities law and the public interest.

IV. RIZZUTO'S POSITION

24. Rizzuto takes the position and informs Staff that:

(i) His client that was a large investor in the Saxton Securities (referenced in paragraph 13) requested an off-shore investment and spoke extensively with Eizenga prior to purchasing the Securities; and

(ii) He invested approximately $55,000 of his own funds in the Saxton Securities, of which he lost his entire investment.

V. TERMS OF SETTLEMENT

25. Rizzuto agrees to the following terms of settlement:

(a) The making of an Order:

(i) approving this settlement;

(ii) suspending Rizzuto's registration with the Commission for six months;

(iii) that trading in any securities by Rizzuto cease for six months;

(iv) that, prior to his registration being reinstated after the suspension referred to in paragraph 25(a)(ii), Rizzuto must write and pass the Canadian Securities Course as a term and condition of his registration;

(v) reprimanding Rizzuto;

(vi) that the Temporary Order no longer has any force or effect; and

(vii) that Rizzuto will pay costs to the Commission in the amount of $8,000.00; and

(b) Rizzuto will make a voluntary payment to the Commission in the amount of $9,000.00, such payment to be allocated to or for the benefit of third parties as may be approved by the Minister under subsection 3.4(2) of the Act. Rizzuto agrees that he is responsible personally for the $9,000.00 voluntary payment.

VI. STAFF COMMITMENT

26. If this settlement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Rizzuto in relation to the facts set out in Part III of this Settlement Agreement.

VII. APPROVAL OF SETTLEMENT

27. Approval of the settlement set out in this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for July 7, 2004 or such other date as may be agreed to by Staff and Rizzuto (the "Settlement Hearing"). Rizzuto will attend in person at the Settlement Hearing.

28. Counsel for Staff or Rizzuto may refer to any part, or all, of this Settlement Agreement at the Settlement Hearing. Staff and Rizzuto agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.

29. If this settlement is approved by the Commission, Rizzuto agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.

30. Staff and Rizzuto agree that if this settlement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.

31. If for any reason whatsoever this settlement is not approved by the Commission, or an order in the form attached as Schedule "A" is not made by the Commission:

(a) the Settlement Agreement and its terms, including all discussions and negotiations between Staff and Rizzuto and his counsel leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Rizzuto;

(b) Staff and Rizzuto shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Agreement or the settlement discussions/negotiations;

(c) The terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Rizzuto or as may be required by law; and

(d) Rizzuto agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement, the settlement discussions/negotiations or the process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias or appearance of any bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VIII. DISCLOSURE OF SETTLEMENT AGREEMENT

32. Except as permitted under paragraph 28 above, this Settlement Agreement and its terms will be treated as confidential by Staff and Rizzuto until approved by the Commission, and forever, if for any reason whatsoever this settlement is not approved by the Commission, expect with the consent of Staff and Rizzuto, or as may be required by law.

33. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission.

IX. EXECUTION OF SETTLEMENT AGREEMENT

34. This Settlement Agreement may be signed in one or more counterparts that together shall constitute a binding agreement.

35. A facsimile copy of any signature shall be as effective as an original signature.

June 30, 2004.

"Robert Rizzuto"
Robert Louis Rizzuto

July 6, 2004.

Staff of the Ontario Securities Commission

"Michael Watson"
Director, Enforcement Branch

SCHEDULE "A"

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

AND

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

**ORDER
(Subsection 127(1) and section 127.1)**

WHEREAS on September 24, 1998, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") respecting Robert Louis Rizzuto ("Rizzuto") and others and issued Amended Notices of Hearing against Rizzuto and others on February 7, 2003 and May 21, 2004;

AND WHEREAS on September 24, 1998, the Commission made a Temporary Order as against Rizzuto and others, such Temporary Order that was extended by Commission Orders dated October 9, 1998 and February 5, 1999 (the "Temporary Order");

AND WHEREAS Rizzuto and Staff of the Commission entered into a Settlement Agreement executed on June 30, 2004 and July 6, 2004 (the "Settlement Agreement") in which they agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND WHEREAS the attached Settlement Agreement includes the term that Rizzuto will make a voluntary payment of $9,000.00 to the Commission for allocation to, or for the benefit of, third parties as may be approved by the Minister under s. 3.4(2)(b) of the Act;

AND UPON reviewing the Settlement Agreement and the Amended Statement of Allegations of Staff of the Commission and upon hearing submissions from counsel for Rizzuto and from Staff of the Commission, the Commission is of the opinion that it is in the public interest to make the following Order pursuant to subsection 127(1) and section 127.1 of the Act;

IT IS ORDERED THAT:

1. The attached Settlement Agreement is approved.

2. Pursuant to s. 3.4(2)(b) of the Act, the $9,000.00 voluntary payment to the Commission is allocated to, or for the benefit of, third parties as may be approved by the Minister.

3. Pursuant to subsection 127(1), paragraph 1, Rizzuto's registration with the Commission is suspended for six months commencing on July 7, 2004;

4. Pursuant to subsection 127(1), paragraph 2, trading in any securities by Rizzuto cease for six months commencing on July 7, 2004;

5. Pursuant to subsection 127(1), paragraph 1, Rizzuto must successfully complete the Canadian Securities Course in order for his registration to be reinstated following the suspension;

6. Pursuant to subsection 127(1), paragraph 6, Rizzuto is reprimanded;

7. The Temporary Order as against Rizzuto no longer has any force or effect; and

8. Pursuant to section 127.1, Rizzuto pay to the Commission costs in the amount of $8,000.00.

DATED at Toronto this day of , 2004

_____ _____

2.2.4 Terence William Marlow, Marlow Group Private Portfolio Management Inc. and Marlow Group Securities Inc. - s. 127

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

AND

IN THE MATTER OF
TERRENCE WILLIAM MARLOW,
MARLOW GROUP PRIVATE PORTFOLIO MANAGEMENT INC. AND MARLOW GROUP SECURITIES INC.

AMENDED TEMPORARY ORDER
SECTION 127

WHEREAS it appears to the Ontario Securities Commission (the "Commission") that:

1. Terrence William Marlow ("Marlow") is an individual residing in the province of Ontario and is the President of both Marlow Group Private Portfolio Management Inc. ("MGPPM") and Marlow Group Securities Inc. ("MGS");

2. MGPPM is a corporation incorporated pursuant to the laws of Ontario and is registered with the Commission as an investment counsel and portfolio manager ("ICPM") and limited market dealer ("LMD");

3. MGS is a corporation incorporated pursuant to the laws of Ontario and is registered with the Commission as a dealer in the category of investment dealer. MGS is a member of the Investment Dealers Association of Canada;

4. Marlow is registered with the Commission as a director and advising and trading officer of MGPPM. He is also the Ultimate Responsible Person and Chief Compliance Officer in respect of MGPPM's ICPM registration and he is the Designated Compliance Officer in respect of MGPPM's LMD registration. Marlow is also currently registered with the Commission as a trading officer and director of MGS;

5. Marlow is a trading officer of both MGPPM and MGS;

6. MGPPM has not filed its audited financial statements for its year ended December 31, 2003 with the Commission in contravention of sections 112 and 139 of the Regulation to the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act");

7. There are deficiencies in the books and records of MGPPM and MGS (the "Books and Records"), including that client trust accounts and portfolios have not been reconciled for several months;

8. The Respondents have provided Staff with a Client Account Balance Reconciliation (the "Reconciliation") which details a deficiency between the client trust cash balance and the actual trust bank account balance;

9. The Respondents are continuing to review the Books and Records and there may be further adjustments to the Reconciliation;

AND WHEREAS the Respondents have consented to the making of this Order;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order;

AND WHEREAS the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest;

AND WHEREAS by Commission Order made March 15, 2004, pursuant to section 3.5(3) of the Act, any one of David A. Brown, Paul Moore or Susan Wolburgh Jenah, acting alone, is authorized to make orders under section 127 of the Act;

IT IS ORDERED pursuant to subsections 127(5) of the Act that:

1. pursuant to paragraph 1 of subsection 127(1), the registration of each of the Respondents under Ontario securities law is hereby suspended;

2. pursuant to paragraph 2 of subsection 127(1), trading in any securities by the Respondents cease, provided that :

   (i) Dundee Securities Corporation may, in the place of MGS, execute trades in MGS client named accounts on the condition that any such trades shall be directed by the client who is the holder of the account; and

   (ii) Custodians of MGPPM client named accounts may, in the place of MGPPM, permit the execution of trades held in such client accounts, on the condition that any such trade shall be executed through a registered dealer;

IT IS FURTHER ORDERED that a person or company affected by this Order may apply to the Commission for an order revoking or varying the terms of this Order pursuant to s. 144 of the Act;

IT IS FURTHER ORDERED that pursuant to subsection 127(6) of the *Act* this order shall take effect immediately and shall expire on the fifteenth day after the making of the Temporary Order, dated December 17, 2004 unless extended by the Commission.

December 22, 2004.

"David Brown"

2.2.5 Mark Edward Valentine - s. 127

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

AND

IN THE MATTER OF
MARK EDWARD VALENTINE

ORDER
(Section 127)

WHEREAS on June 17, 2002 the Ontario Securities Commission (the "Commission") made a Temporary Order in this matter pursuant to section 127(1) of the *Securities Act*, R.S.O. 1990, c. S-5 as amended (the "Temporary Order");

AND WHEREAS the Temporary Order was extended on July 8, 2002, January 31, 2003, February 14, 2003, July 28, 2003, February 2, 2004, July 27, 2004, October 29, 2004 and December 14, 2004;

AND WHEREAS on January 29, 2004 Staff of the Commission issued an Amended Amended Statement of Allegations in this matter (the "Statement of Allegations");

AND WHEREAS Valentine has entered into a settlement agreement with Staff of the Commission dated December 16, 2004 in relation to the matters set out in the Statement of Allegations (the "Settlement Agreement") ;

AND WHEREAS the Commission issued a Notice of Hearing dated December 16, 2004 setting out that it proposed to consider the Settlement Agreement (the "Notice of Hearing");

AND WHEREAS, in addition to the terms of the order below, Valentine has undertaken as follows:

(a) to never re-apply for registration or recognition of any kind under Ontario securities law or any other Canadian securities legislation;

(b) to never seek membership in, or approval in any capacity from, the Investment Dealers' Association of Canada; and

(c) to consent to an Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in paragraphs 4, 5 and 6 below. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law;

UPON reviewing the Statement of Allegations, Settlement Agreement and Notice of Hearing, and upon

hearing submissions from counsel for Valentine and for Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED that:

1. The Settlement Agreement, a copy of which is attached to this Order, is hereby approved.

2. The Temporary Order is hereby rescinded.

3. Valentine's registration under Ontario securities law is hereby terminated.

4. The exemptions contained in Ontario securities law do not apply to Valentine, and Valentine must cease trading in securities for a period of 15 years, with the exception that:

   (a) within 30 days, Valentine may sell up to 1,000 of the shares of Ericsson Telephone Company currently held in his Registered Retirement Savings Plan; and

   (b) after 5 years, Valentine may trade in the securities specified below through an account held solely in his name if:

      (i) the securities are securities referred to in clause 1 of subsection 35(2) of the Act; or

      (ii) in the case of securities other than those referred to in paragraph (i) above:

         (a) the securities are listed and posted for trading on The Toronto Stock Exchange or the New York Stock Exchange (or their successor exchanges); and

         (b) Valentine does not own directly, or indirectly through another person or company or through any person or company acting on his behalf, more than one (1) percent of the outstanding securities of the class or series of the class in question.

5. Valentine shall resign all positions that he holds as director or officer of an issuer.

6. Valentine is permanently prohibited from becoming or acting as a director or officer of any issuer.

7. Valentine shall pay the sum of $100,000.00 towards the costs of Staff's investigation into the matters set out in the Statement of Allegations.

December 23, 2004.

"Paul M. Moore"

"Wendell S. Wigle"

"Paul K. Bates"

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

AND

IN THE MATTER OF
MARK EDWARD VALENTINE

SETTLEMENT AGREEMENT

I INTRODUCTION

1. In a Notice of Hearing to be issued, the Ontario Securities Commission (the "Commission") will announce that it will hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the "Act"), it is in the public interest for the Commission to make an order regarding Mark Edward Valentine ("Valentine") that:

   (a) this settlement agreement be approved;

   (b) the registration of Valentine under securities law be suspended or restricted or terminated, or that terms and conditions be imposed on his registration;

   (c) trading in securities by Valentine cease permanently or for such period as the Commission may order;

   (d) the exemptions contained in Ontario securities law do not apply to Valentine permanently or for such period as the Commission may order;

   (e) Valentine resign all positions that he holds as director or officer of an issuer;

   (f) Valentine be prohibited from becoming or acting as a director or officer of an issuer; and

   (g) pursuant to section 127.1 of the Act, Valentine pay the costs of the investigation into his conduct as set out in the Amended Amended Statement of Allegations dated January 29, 2004.

II JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding against Valentine in accordance with the terms and conditions set out below. Valentine consents to the making of an order against him in the form attached as Schedule "A" on the basis of the facts set out below.

III AGREED FACTS

3. For the purposes of this settlement agreement, Valentine agrees with the facts set out in Part III.

A. Background

(i) Mark Valentine

4. At all relevant times, Valentine was the Chairman, a Director and the largest shareholder of Thomson Kernaghan & Co. Ltd. ("TK"). Valentine was also a Registered Representative with the Investment Dealers' Association ("IDA"). He resides in Toronto, Ontario.

5. TK is a corporation incorporated pursuant to the laws of Ontario and was registered with the IDA as an Investment Dealer in the provinces of Ontario, British Columbia, Alberta and Quebec.

(ii) The Funds

6. Valentine is the President, Director and a shareholder of VMH Management Ltd. ("VMH"), an Ontario corporation. VMH held trading accounts at TK. Valentine was the Registered Representative assigned to those accounts and held trading authority over them.

7. VMH was the General Partner of the Canadian Advantage Limited Partnership ("CALP"), an Ontario limited partnership which operated as a private investment fund.

8. Advantage (Bermuda) Fund Ltd. ("CALP Offshore Fund") is a mutual fund company incorporated under the laws of Bermuda and is CALP's corresponding offshore fund.

9. Valentine is the President, Director and a shareholder of VC Advantage Limited ("VC Ltd."), an Ontario corporation. VC Ltd. was the General Partner of the VC Advantage Fund Limited Partnership ("VC Fund"), an Ontario limited partnership which operated as a private investment fund.

10. VC Advantage (Bermuda) Fund Ltd. ("VC Offshore Fund") is a mutual fund company incorporated under the laws of Bermuda and is the VC Fund's corresponding offshore fund.

11. Collectively, CALP, CALP Offshore Fund, VC Fund and VC Offshore Fund will be referred to as the "Funds".

12. Pursuant to written partnership agreements and offering memoranda, Valentine, acting through VMH and VC Ltd. (together, the "General Partners"), was authorized to recommend, advise on and enter into all investments on behalf of the Funds and he did so.

13. The majority of the limited partners (unitholders) of the Funds were individual retail clients of TK. The Funds performed all of their securities transactions through trading accounts held at TK. Valentine was the Registered Representative at TK for all of these trading accounts.

14. Neither Valentine nor the General Partners were registered with the Commission as Investment Counsel/Portfolio Managers.

(iii) Hammock Group Ltd.

15. Valentine has a beneficial interest in Hammock Group Ltd., a corporation registered pursuant to the laws of Bermuda. Hammock had a trading account at TK. Valentine was the Registered Representative for that account. The Hammock account was not designated as a pro account on the books and records of TK.

B. TK's Financial Difficulties

(i) The Trilon Loans

16. By the spring of 2001, TK was in financial difficulty. In particular, it was at least $3,000,000 short of the risk-adjusted capital ("RAC") that it was required by the IDA to maintain for the protection of its clients. Valentine, along with other senior officers of TK, approached Trilon Bancorp Inc. to obtain a short-term loan on the basis that this would permit TK to meet its RAC requirement.

17. On March 30, 2001, Trilon advanced the sum of $5,000,000 to TK Holdings Inc. These funds were used by TK Holdings to purchase $5,000,000 worth of preferred shares of TK. The loan was to be repaid in full by June 30, 2001. This transaction was properly reported to the IDA. On July 3, 2001, the loan was repaid in full.

18. In July of 2001, Valentine and other senior officers of TK approached Trilon for a further loan to assist TK in relation to its RAC requirement. Trilon agreed to provide a US$5,000,000 loan facility with an initial advance of US$3,000,000. The funds were advanced to Valentine personally. The loan facility was to be repaid in full by December 31, 2001. TK guaranteed all of Valentine's obligations under the loan facility.

19. On July 31, 2001, US $3,000,000 was advanced to Valentine. US $816,945 ($1,250,579.41) of this sum was placed in a trading account at TK held in the name of Trilon Securities Corp. TK reported to the IDA that the $1,250,579.41 represented a subordinated loan made by Valentine to TK. TK did not disclose to the IDA that further funds had been advanced by Trilon to Valentine. TK also did not disclose to the IDA that it had guaranteed Valentine's entire obligation to Trilon. Valentine signed the mandatory quarterly report filed with the IDA which disclosed the $1,250,579.41 "subordinated loan", certifying that the report contained full and accurate disclosure of TK's liabilities.

20. Valentine was unable to repay the US $3,000,000 advance by the due date of December 31, 2001. He therefore negotiated several further advances of funds and extensions of the repayment deadline under the loan facility, the last of which expired on July 15, 2002. As of that date, the amount outstanding on the loan was approximately US $5,600,000. Valentine defaulted on the loan on July 15, 2002.

C. The March 28, 2002 Transactions

21. On March 28, 2002, Valentine conducted two series of transactions. Each series of transactions involved numerous trades and included trading in the Funds' accounts, in Valentine's personal accounts and in the accounts of other TK clients. These two series of transactions form the basis for the majority of the allegations of wrongdoing by Valentine.

22. At the time of these transactions, the Funds were not permitted to acquire further securities due to amendments made to their partnership agreements.

(i) The Chell Corp. Transaction

23. Chell Group Corporation ("Chell Corp.") was a Canadian company whose shares traded on the NASDAQ exchange.

24. On March 28, 2002, Valentine's pro account received 1,060,000 shares of Chell Corp. that belonged to CALP without any cash payment by Valentine. Valentine claimed that the shares were provided to repay a debt of US $1,060,000 owed by CALP to him personally. The shares were thus transferred at a value of US $1 per share.

25. Valentine's explanation for CALP's debt to him was that CALP had borrowed US $360,000 from him in July 2001, and another US $700,000 from him in January 2002. The $360,000 that was transferred to CALP came from the proceeds of the Trilon loan, described above.

26. Also on March 28, 2002, pursuant to sell orders placed March 26, 2002, after receiving the Chell Corp. shares from CALP, Valentine effected the following transactions:

(a) Valentine sold 1,000,000 Chell Corp. shares at a price of US $2 per share to his inventory account;

(b) Valentine sold 375,000 Chell Corp. shares at a price of US $2 per share from his inventory account to the VC Fund;

(c) Valentine sold 375,000 Chell Corp. shares at a price of US $2 per share from his inventory account to the VC Offshore Fund;

(d) Valentine sold 250,000 Chell Corp. shares at a price of US $2 per share from his inventory account to another TK retail client; and

(e) Of the US $2 million in proceeds in his pro account from these sales, Valentine transferred US $450,000 ($717,000) to his trader receivable account to reduce his liabilities to TK.

(f) On April 30, 2002, the VC Fund sold 200,000 shares of Chell Corp. at a price of US $2.09 per share.

27. At the time, there was an agreement between Valentine and the VC Fund that Valentine would buy 250,000 shares of Chell Corp. per quarter from the VC Fund commencing July 1, 2002 at a price of US $2.20 per share. The agreement was purportedly guaranteed by the General Partners.

28. Valentine cannot produce evidence of a loan of US $700,000 to CALP in January of 2002 (as referenced in paragraph 25, above). No evidence of the loan can be found in the books and records of TK that were provided to Staff.

29. TK reported to the IDA that the Chell Corp. transactions affected its RAC by creating excess margin in Valentine's own accounts of $1,412,189, and by creating a margin requirement in the Funds' accounts of $434,000. Further, the amount owing in Valentine's trader receivable account was decreased by $717,000 (US $450,000).

(ii) The IKAR Transaction

30. On March 28, 2002, CALP paid US $1.3 million to Hammock to purchase a debenture issued by a company named IKAR Minerals. The debenture was dated March 1998 and had expired in March of 2000.

31. Valentine stated that the rationale for the transaction was to settle a debt that CALP owed to Hammock of US $1,582,830. The debt related to transactions in the shares of JAWZ Inc., a Canadian company whose shares traded on the NASDAQ exchange. Valentine explained that this debt had been incurred as follows:

(a) In July, 2001, Hammock paid CALP US $537,068 for 652,573 shares of JAWZ at a price of US $0.823 per share. JAWZ shares were then trading at a price of US $0.59 per share. Valentine explained this step as Hammock assisting CALP in meeting its margin requirement at TK. In consideration for its help, CALP guaranteed the JAWZ investment by promising that any losses Hammock might suffer from its eventual sale of the JAWZ shares would be reimbursed by CALP;

(b) Over the next three weeks, Hammock sold the JAWZ shares at an average price of US $0.218 per share, generating a loss of US $386,895.54 which Valentine claimed that CALP was obliged to reimburse pursuant to its "guarantee";

(c) In a separate transaction, Valentine stated that CALP had sold 900,000 shares of a firm called Global Path short to Hammock at a price of US $1.33 per share for net proceeds of US $1,196,500. Valentine claimed that CALP made the short sale "believing that it was to receive Global Path shares as partial compensation for its JAWZ losses";

(d) CALP was unable to deliver the Global Path shares and was therefore indebted to Hammock for total of US $1,582,830 as a result of the JAWZ guarantee and the undeliverable Global Path shares;

32. "To allow Hammock to recoup the bulk of its out of pocket cost in supporting the funds", Valentine stated that he took the following steps;

(a) Valentine's company VMH was the owner of the IKAR debenture which it "gifted" to Hammock;

(b) Hammock in turn sold the debenture to CALP for US $1.3 million as payment for the "debt" which CALP owed to Hammock;

(c) The debenture had value because IKAR's principal had recently promised Valentine to make up the US $1.3 million loss by converting the IKAR debenture into shares of the renamed company, Patriot Energy Corporation. This promise was later set out in a letter addressed to Valentine by the President of Patriot Energy. This promise was purportedly given because Valentine had personally made a US $250,000 private placement investment in Patriot Energy; and

(d) Valentine claimed that as a result, CALP was the beneficiary of a "gift" from him through VMH of the IKAR position.

33. The evidence does not support this explanation. Hammock did not purchase JAWZ shares from CALP but rather from Valentine's inventory account. Therefore CALP did not guarantee Hammock's JAWZ investment, and correspondingly was not liable for Hammock's US $386,330.70 loss in the JAWZ transaction.

34. CALP did not sell 900,000 shares of Global Path to Hammock but rather sold 1,000,000 shares of Global Path to Valentine's inventory account. The price per share and net proceeds of this transaction were not US $1.33 and US $1,196,500 respectively, but rather US $0.65 and US $635,000.

35. Hammock did not purchase 900,000 Global Path shares at a price of US $1.33 per share from CALP but rather from Valentine's inventory account. The price per share and net proceeds of this transaction were not US $1.33 and US $1,196,500 respectively but rather US $1.05 and US $945,000.

36. The Global Path trade did not fail as delivery slips confirm the transfer of share certificates.

(iii) TK's Investigation

37. On May 7, 2002, TK's Management Committee requested an explanation from Valentine about the Chell Corp. and IKAR transactions and commenced an internal investigation into the trades.

38. On June 13, 2002, as a result of its internal investigation, TK took disciplinary actions against Valentine. Valentine volunteered a 30 day suspension of his employment and TK agreed to the suspension. At that time, TK also took steps to exclude him from TK's premises.

39. On June 19, 2002, TK delivered to the IDA its Investigation Report setting out its findings into the impugned transactions.

40. TK's investigation found:

(a) that the propriety of certain of the trades was "questionable";

(b) that there was "inadequate documentation" for other trades;

(c) that Valentine had failed to provide any documents to support still other trades; and

(d) that "the rationale was not supportable" for one entire series of trades.

41. On June 19, 2002 TK decided to reverse the Chell Corp. and IKAR transactions, and later did so.

D. TK's Bankruptcy

42. On July 11, 2002, TK informed the IDA that it could no longer meet its outstanding liabilities to its clients and its registration as an Investment Dealer was suspended. On the same date, the Canadian Investor Protection Fund brought a motion for an order declaring TK bankrupt and appointing Ernst & Young Inc. as the trustee of its estate. The motion was granted and a receiving order was made on July 12, 2002.

E. Valentine's Criminal Conviction

43. On Wednesday March 10, 2004, in the United States District Court for the Southern District of Florida, Valentine pleaded guilty to one count of securities fraud, contrary to sections 78(b) and 78(ff) of Title 15 of the United States Criminal Code.

44. As part of his guilty plea, Valentine agreed that he had sold shares of SoftQuad Software Ltd. ("SoftQuad") to an undercover agent of the U.S. Federal Bureau of Investigations (the "Undercover Agent"). The Undercover Agent was posing as the portfolio manager of a mutual fund located in the United Kingdom. Shares of SoftQuad traded on the over-the-counter market of the NASDAQ stock exchange.

45. In his plea agreement, Valentine admitted that he had agreed to sell US$ 8 million dollars worth of SoftQuad shares to the Undercover Agent. Valentine also agreed to send 30% of the proceeds of the sale to the Undercover Agent as a hidden commission. The Undercover Agent requested an initial "test" purchase of US$10,000 worth of SoftQuad stock. On January 16, 2001, Valentine sold 3,278 shares of SoftQuad to the Undercover Agent for that amount through his TK account.

46. As a result of his guilty plea, Valentine was sentenced to a term of probation for 4 years, including 9 months of home detention, and deported from the United States. Valentine was permitted to serve his period of home detention at his residence in Toronto.

Conduct Contrary to Ontario Securities Law and the Public Interest

47. Valentine agrees that his conduct was contrary to the public interest and Ontario securities law for the reasons set out below.

A. The Chell Corp. Transactions

48. Valentine created a culture of conflict of interest and non-compliance at TK and breached Ontario securities law in respect of the Chell Corp. transactions by:

(a) playing multiple roles as the President of the Funds' General Partners, as the Registered Representative of the Funds' trading accounts, as the Chairman and controlling shareholder of TK and as a trader in Chell Corp. shares on his own behalf in his pro and inventory accounts at TK;

(b) failing to deal fairly, honestly and in good faith with his clients contrary to s. 2.1(2) of OSC Rule 31-505, by:

(i) appropriating shares belonging to his client CALP without supportable consideration;

(ii) causing his client CALP to provide shares to his pro account at a value of US $1 per share and immediately thereafter selling those shares to his inventory account at a price of US $2 per share;

(iii) causing his other clients the VC Fund and the VC Offshore Fund to immediately buy those shares from his inventory account at US $2 per share;

(iv) causing his client the VC Fund to sell shares at US $2.09 per share on April 26,2002 in the face of a put agreement at US $2.20 per share on July 1, 2002; and

(v) orchestrating the Chell Corp. transactions which provided a substantial benefit to TK's Risk Adjusted Capital and to his own accounts and which had a corresponding detrimental effect on his clients' accounts.

(c) breaching the fiduciary and contractual duties that Valentine owed to the unitholders of the Funds by:

(i) purportedly providing loans to the Funds;

(ii) placing shares belonging to CALP into his pro account without supportable consideration;

(iii) selling his shares of Chell Corp. to the VC Fund and the VC Offshore Fund;

(iv) selling shares of Chell Corp. to the VC Fund and the VC Offshore Fund at a price of US $2 per share when he had obtained them at a value of US $1 per share;

(v) entering into a put agreement to buy shares from the VC Fund;

(vi) causing the VC Fund to sell shares at a price of US $2.09 per share on April 26, 2002 in the face of a purported put agreement to buy the same shares at a price of US $2.20 per share beginning July 1, 2002; and

(vii) unnecessarily creating a margin requirement in the Funds' accounts.

49. Valentine failed to maintain the books and records necessary to record properly the business transactions and financial affairs which he carried out in the course of the Chell Group transaction, contrary to s. 19(1) of the Act and s. 113(1) of Ont. Reg. 1015.

B. The IKAR Transaction

50. Valentine created a culture of conflict of interest and non-compliance at TK and breached Ontario Securities laws in respect of the IKAR transaction by:

(a) playing multiple roles as the President of the Funds' General Partners, as the Registered Representative of the Funds' trading accounts, as the Chairman and controlling shareholder of TK, as the Registered Representative of Hammock's trading account, and as a beneficial owner of Hammock;

(b) failing to deal fairly, honestly and in good faith with his clients, contrary to s. 2.1(2) of OSC Rule 31-505, by:

(i) causing his client CALP to guarantee an investment made by another of his clients (Hammock) thereby placing one client's interests ahead of those of another;

(ii) causing his client CALP to guarantee an investment made by a company of which he is the beneficial owner (Hammock), thereby putting his own interests ahead of those of his client;

(iii) causing his client CALP to pay valuable consideration for a worthless security to another of his clients (Hammock), thereby placing one client's interests ahead of those of another; and

(iv) causing his client CALP to pay valuable consideration for a worthless security to a company of which he is a beneficial owner (Hammock), thereby placing his own interests ahead of those of his client.

(c) breaching the fiduciary and contractual duties that Valentine owed to the unitholders of the Funds by:

(i) causing CALP to guarantee an investment made by a company of which he is a beneficial owner (Hammock); and

(ii) causing CALP to give valuable consideration for a worthless security to a company of which he is a beneficial owner (Hammock).

51. In agreeing that CALP would reimburse any losses suffered by Hammock in its sale of shares of JAWZ, Valentine made representations that CALP would refund Hammock a portion of the purchase price of a security contrary to s. 38(1) of the Act.

52. Valentine failed to maintain the books and records necessary to record properly the business transactions and financial affairs which he carried out in the course of the IKAR transaction, contrary to s. 19(1) of the Act and s. 113(1) of Ont. Reg. 1015.

C. Other Conduct

53. Valentine failed to ensure that the terms of the second Trilon loan were properly disclosed to the IDA, as required by IDA By-law 17. This failure had the effect of hiding the poor financial circumstances of TK from the IDA.

54. Neither Valentine nor the General Partners are registered as Investment Counsel/Portfolio Managers, but nevertheless acted as advisors to the Funds in the Chell Corp. and IKAR transactions as detailed above, contrary to s. 25 of the Act.

55. Valentine failed to designate the Hammock account as a pro account, contrary to IDA Policy No. 2, Section II(C)(4).

56. Valentine agrees that it is in the public interest for the Commission to make the order set out in Schedule "A" to this agreement.

IV TERMS OF SETTLEMENT

57. Valentine agrees to the terms of settlement listed below.

58. The Commission will make an order:

(a) terminating his registration under Ontario securities law;

(b) declaring that the exemptions contained in Ontario securities law do not apply to him and requiring him to cease trading in securities for a period of 15 years commencing from the date of the order; provided that, after 5 years, Valentine may trade in the securities specified below through an account held solely in his name if:

(i) the securities are securities referred to in clause 1 of subsection 35(2) of the Act; or

(ii) in the case of securities other than those referred to in paragraph (i) above:

(1) the securities are listed and posted for trading on The Toronto Stock Exchange or the New York Stock Exchange (or their successor exchanges); and

(2) Valentine does not own directly, or indirectly through another person or company or through any person or company acting on his behalf, more than one (1) percent of the outstanding securities of the class or series of the class in question;

(c) requiring Valentine to resign all positions that he holds as director or officer of an issuer;

(d) permanently prohibiting Valentine from becoming a director or officer of any issuer; and

(e) requiring Valentine to pay the sum of $100,000.00 towards the costs of Staff's investigation into the matters set out in the Amended Amended Statement of Allegations dated January 29, 2004.

59. Valentine undertakes that he will consent to an Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in paragraphs (b), (c) and (d) above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

60. Valentine undertakes to never re-apply for registration or recognition of any kind under Ontario securities law or any other Canadian securities legislation.

61. Valentine undertakes to never seek membership in, or approval in any capacity from, the IDA.

V STAFF COMMITMENT

62. If this agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in relation to the facts set out in Part III of this agreement, subject to the provisions of paragraph 63 below.

63. If this settlement agreement is approved by the Commission and at any subsequent time Valentine fails to honour the undertakings and agreements contained in paragraphs 59, 60, 61 and 66 of the settlement agreement, Staff reserve the right to bring proceedings under Ontario securities law against Valentine based on the facts set out in Part III of this settlement agreement, as well as the breach of the undertakings and agreements.

VI PROCEDURE FOR APPROVAL OF SETTLEMENT

64. Approval of this settlement will be sought at a public hearing before the Commission scheduled for December 23, 2004 or such other date as may be agreed to by Staff and Valentine, in accordance with the procedures set out in this settlement agreement and the Commission's Rules of Practice.

65. Staff and Valentine agree that if this settlement agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted regarding Valentine's conduct in this matter, and Valentine agrees to waive his rights to a full hearing and appeal of this matter under the Act.

66. Staff and Valentine agree that if this settlement agreement is approved by the Commission, neither party will make any public statement that is inconsistent with this settlement agreement.

67. If this settlement agreement is not approved by the Commission, or an order in the form attached as Schedule "A" to this settlement agreement is not made by the Commission, each of Staff and Valentine will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Amended Amended Statement of Allegations dated January 29, 2004, unaffected by this agreement or the settlement negotiations; and

68. Whether or not this settlement agreement is approved by the Commission, Valentine agrees that he will not, in any proceeding, refer to or rely upon this agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII DISCLOSURE OF AGREEMENT

69. The terms of this settlement agreement will be treated as confidential by both parties until approved by the Commission. The terms of this settlement agreement will be treated as confidential forever if this settlement agreement is not approved by the Commission, except with the written consent of both Valentine and Staff or as may be required by law.

70. Any obligations of confidentiality will terminate upon approval of this settlement agreement by the Commission.

VIII EXECUTION OF SETTLEMENT AGREEMENT

71. This agreement may be signed in one or more counterparts which together will constitute a binding agreement.

72. A facsimile copy of any signature will be as effective as an original signature.

December 15, 2004.

MARK EDWARD VALENTINE

(Per) "Edward L. Greenspan"
Edward L. Greenspan Q.C.
Counsel to Mark Edward Valentine

December 16, 2004.

STAFF OF THE ONTARIO SECURITIES COMMISSION

(Per) "Michael Watson"
Michael Watson
Director, Enforcement Branch

Schedule "A"

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

AND

**IN THE MATTER OF
MARK EDWARD VALENTINE**

**ORDER
(Section 127)**

WHEREAS on June 17, 2002 the Ontario Securities Commission (the "Commission") made a Temporary Order in this matter pursuant to section 127(1) of the *Securities Act*, R.S.O. 1990, c. S-5 as amended (the "Temporary Order");

AND WHEREAS the Temporary Order was extended on July 8, 2002, January 31, 2003, February 14, 2003, July 28, 2003, February 2, 2004, July 27, 2004, October 29, 2004 and December 14, 2004;

AND WHEREAS on January 29, 2004 Staff of the Commission issued an Amended Amended Statement of Allegations in this matter (the "Statement of Allegations");

AND WHEREAS Valentine has entered into a settlement agreement with Staff of the Commission dated December 16, 2004 in relation to the matters set out in the Statement of Allegations (the "Settlement Agreement") ;

AND WHEREAS the Commission issued a Notice of Hearing dated December 16, 2004 setting out that it proposed to consider the Settlement Agreement (the "Notice of Hearing");

AND WHEREAS, in addition to the terms of the order below, Valentine has undertaken as follows:

(a) to never re-apply for registration or recognition of any kind under Ontario securities law or any other Canadian securities legislation;

(b) to never seek membership in, or approval in any capacity from, the Investment Dealers' Association of Canada; and

(c) to consent to an Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in paragraphs 4, 5 and 6 below. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law;

UPON reviewing the Statement of Allegations, Settlement Agreement and Notice of Hearing, and upon

hearing submissions from counsel for Valentine and for Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED that:

1. The Settlement Agreement, a copy of which is attached to this Order, is hereby approved.

2. The Temporary Order is hereby rescinded.

3. Valentine's registration under Ontario securities law is hereby terminated.

4. The exemptions contained in Ontario securities law do not apply to Valentine, and Valentine must cease trading in securities for a period of 15 years, with the exception that:

   (a) within 30 days, Valentine may sell up to 1,000 of the shares of Ericsson Telephone Company currently held in his Registered Retirement Savings Plan; and

   (b) after 5 years, Valentine may trade in the securities specified below through an account held solely in his name if:

      (i) the securities are securities referred to in clause 1 of subsection 35(2) of the Act; or

      (ii) in the case of securities other than those referred to in paragraph (i) above:

         (a) the securities are listed and posted for trading on The Toronto Stock Exchange or the New York Stock Exchange (or their successor exchanges); and

         (b) Valentine does not own directly, or indirectly through another person or company or through any person or company acting on his behalf, more than one (1) percent of the outstanding securities of the class or series of the class in question.

5. Valentine shall resign all positions that he holds as director or officer of an issuer.

6. Valentine is permanently prohibited from becoming or acting as a director or officer of any issuer.

7. Valentine shall pay the sum of $100,000.00 towards the costs of Staff's investigation into the matters set out in the Statement of Allegations.

December 23, 2004.

2.2.6 Starboard Capital Markets LLC - s. 211 of Reg. 1015

Headnote

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

Statutes Cited

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

Regulations Cited

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

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

AND

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

AND

IN THE MATTER OF
STARBOARD CAPITAL MARKETS LLC.

ORDER
(Section 211 of the Regulation)

UPON the application (the **Application**) of Starboard Capital Markets LLC (the **Applicant**) to the Ontario Securities Commission (the **OSC**) for an order, pursuant to section 211 of the Regulation, exempting the Applicant from the requirement in subsection 208(2) of the Regulation that the Applicant carry on the business of an underwriter in a country other than Canada in order for the Applicant to be registered under the Act as a dealer in the category of international dealer;

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

AND UPON the Applicant having represented to the Commission that:

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

2. The Applicant is a limited liability company formed under the laws of the State of Pennsylvania in the United States, and carrying on business in Pennsylvania.

3. The Applicant is registered as a broker-dealer with the Securities Exchange Commission and is a member of the U.S. National Association of Securities Dealers Inc.

4. The Applicant's principal business is acting as an introducing broker-dealer for fixed income and equity securities.

5. The Applicant does not currently act as an underwriter in the United States or in any other jurisdiction outside of the United States.

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

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

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

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

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

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

December 17, 2004.

"Paul M. Moore" "David L. Knight"

2.2.7 Knightsbridge London Limited Partnership 1993 - s. 144

Headnote

Section 144 – Revocation of cease trade order where issuer has brought filings of financial statements up to date.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O., c. S.5, as am., ss. 144.

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

AND

IN THE MATTER OF
KNIGHTSBRIDGE LONDON LIMITED PARTNERSHIP
1993

ORDER
(Section 144)

WHEREAS the securities of Knightsbridge London Limited Partnership 1993 ("**Knightsbridge**") are subject to a Cease Trade Order (the "**Cease Trade Order**") of the Manager made on behalf of the Ontario Securities Commission (the "**Commission**") pursuant to paragraph 2 of subsection 127(1) of the Act on September 19, 2003 directing that trading in the securities of Knightsbridge cease until the Cease Trade Order is revoked by a further order of revocation;

AND UPON Knightsbridge having applied to the Commission for revocation of the Cease Trade Order pursuant to section 144 of the Act;

AND UPON Knightsbridge having represented to the Commission that:

1. Knightsbridge is a limited partnership governed by the laws of Ontario and is a reporting issuer only in the Province of Ontario;

2. Twenty units held by fourteen partners are issued and outstanding as of the date hereof;

3. No securities of Knightsbridge are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

4. Knightsbridge is exempt from filing first and third quarter interim financial statements pursuant to an order of the Commission dated September 21, 1993.

5. The Cease Trade Order was issued by reason of the failure of Knightsbridge to file with the Commission its interim financial statements for the six-month period ended June 30, 2003 (the "**CTO Interim Financial Statements**") as required by the Act;

6. An Order granting partial revocation of the Cease Trade Order was granted on July 29, 2004, pursuant to Section 144 of the Act, to permit the trade of limited partnership units issued by Knightsbridge to 1450473 Ontario Inc.

7. Knightsbridge and the general partner of Knightsbridge, Knightsbridge Baseline Limited, have provided an undertaking to the Commission to file an application to have the Cease Trade Order revoked and to take all other necessary steps to have the Cease Trade Order revoked by September 15, 2004.

8. Knightsbridge filed with the Commission through SEDAR on September 15, 2004:

   (a) Annual financial statements for the year ended December 31, 2003;

   (b) Form 28 for the year 2003;

   (c) Form 13-502F1 for the year 2003,

   (d) The CTO Interim Financial Statements; and

   (e) Interim financial statements for the six-month period ended June 30, 2004.

9. Knightsbridge filed with the Commission through SEDAR on October 18, 2004:

   (a) Interim financial statements for the period ended June 30, 2004;

   (b) Management Discussion and Analysis on the interim financial statements for the period ended June 30, 2004;

   (c) Form 52-109FT2 Certification of Interim Filings – Chief Financial Officer; and

   (d) Form 52-109FT2 Certification of Interim Filings – Chief Executive Officer.

10. Knightsbridge filed with the Commission through SEDAR on November 15, 2004 revised interim financial statements for the period ended June 30, 2004;

11. Knightsbridge has brought its continuous disclosure filings up-to-date;

12. Except for the Cease Trade Order, Knightsbridge is not otherwise in default of any requirements of Ontario securities legislation;

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

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

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

December 23, 2004.

"Cameron McInnis"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decision

3.1.1 AGF Funds Inc. et al.

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

AND

IN THE MATTERS OF
AGF FUNDS INC., AIC LIMITED, I.G.
INVESTMENT MANAGEMENT, LTD.,
AND CI MUTUAL FUNDS INC.

Hearing: Thursday, December 16, 2004

Ontario Securities Commission Panel:

Paul M. Moore, Q.C.	-	Vice-Chair (Chair of the Panel)
Susan Wolburgh Jenah	-	Vice-Chair
Robert W. Davis	-	Commissioner

Manitoba Securities Commission Panel:

Robert G. McEwen	-	Chair of the Manitoba panel
Kathleen E. Hughes	-	Commission member
John Bowman	-	Commission member

Counsel:

Jane Waechter Melissa MacKewn	-	For Staff of the Ontario Securities Commission
Benjamin Zarnett Jonathan Lampe	-	For CI Mutual Funds Inc.
James Douglas Lynn McGrade	-	For AIC Limited
Joel Wiesenfeld James Tory	-	For AGF Funds Inc.
Jeffrey W. Galway David Jackson David Valentine	-	For IG Investment Management Ltd.
Chris Besko	-	For Staff of the Manitoba Securities Commission

The following statement has been prepared for purposes of publication in the Ontario Securities Commission Bulletin and is based on the transcript of the hearing. The transcript has been edited, supplemented and approved by the chair of the panel for the purpose of providing a public record of the panel's decision in the matter.

ORAL REASONS FOR DECISION

VICE CHAIR MOORE:

1. DECISION

[1] This is a hearing under section 127 of the Securities Act for the Commission to consider whether it is in the public interest to make orders approving four settlement agreements entered into between staff and AGF Funds Inc. (AGF), staff and CI Mutual Funds Inc (CI), staff and IG Investment Management, Ltd (IG), and staff and AIC Limited (AIC).

[2] We have on the line by way of conference call the Manitoba Securities Commission represented by Bob McEwen, as Chair of the Manitoba panel, Kay Hughes, commission member and John Bowman, commission member.

[3] They will be participating in this settlement hearing with respect to IG. In Manitoba, the hearing is pursuant to Section 8(1) of the Manitoba Securities Act which has a similar text to what is being considered by the Ontario Commission: whether it's in the public interest to approve the settlement agreement.

[4] The Manitoba Securities Commission approves the settlement agreement with IG as being in the public interest. We approve the four settlement agreements as being in the public interest for the following reasons.

2. OVERVIEW

[5] It is the Commission's mandate to foster fair and efficient capital markets and confidence in those capital markets. The mutual fund industry is an important participant in Ontario's capital markets. As of June 30, 2004, AGF had $24 billion of mutual fund assets under management. The figures for AIC and IG for the same period were $12 billion, and $ 42 billion, respectively. As of November 30, 2004 CI had $35 billion under management.

[6] In order for there to be fairness and confidence in Ontario's capital markets it is critical that mutual fund managers faithfully and diligently fulfill their duty to fully protect the best interest of their funds (and the investors in those funds) such that certain investors are not given preferential treatment to the detriment of others. Ontario's investors must be in a position to believe that their investments will be treated with the utmost care by those in whose trust they are placed.

[7] The terms of settlement provided for in the settlement agreements are investor focused. By way of the settlement payments, investors who have been harmed as a result of the failure of the respondents to fully protect the best interest of the funds in which they invested, will be compensated.

[8] The making of settlement payments of the magnitude proposed (in addition to the respondents' agreement to take on the future costs of ultimate distribution to affected investors), is in keeping with the purposes of the Act and the principles by which those purposes are to be achieved. We are satisfied that the imposition of further or different relief in the circumstances would not better serve the purposes of the Act.

3. AGREED FACTS AND ADMISSION

[9] The agreed facts in support of the proposed settlement are set out Part IV of the settlement agreements.

Market Timing and the Harm Caused by Market Timing

[10] Market timing involves short-term trading of mutual fund securities to take advantage of short term discrepancies between the stale values of securities within a mutual fund's portfolio and the current market value of those securities.

[11] Stale values can occur in mutual fund portfolios comprised, in whole or in part, of non-North American foreign equities. Stale values of those securities may result in stale values of the units of a mutual fund as a result of the way in which the net asset value of most mutual funds is calculated for the purpose of determining the price at which an investor may purchase or redeem (buy or sell) a unit of the fund.

[12] A market timer will attempt to take advantage of the difference between the stale value and an expected price movement of a fund the following day by trading in anticipation of those price movements.

[13] Significant harm may be incurred by a fund in which frequent trading market timing occurs. Any such harm would be borne by all investors in the fund. In addition to dilution1, market timing in a fund also may result in certain inefficiencies in that fund. Those inefficiencies, which will vary depending upon the particular fund, may involve increased transaction costs and disruption of a fund's portfolio management strategy (including the maintenance of cash or cash equivalents and/or monetization of investments to meet redemption requirements) and may impair a fund's long-term performance.

Market Timing in the Respondent's Funds

[14] With respect to AGF, in the period August 2000 to June 2003, six institutional investors holding accounts in the AGF's funds (the Market Timing Traders) have been identified as having profited, in total, in those accounts, in the approximate amount of $47.9 million, in part as a result of their use of frequent trading market timing strategies. The figures for AIC were $127 million with respect to three Market Timing Traders for the period January 1999 to September 2003. The figures for IG were $36 million with respect to one Market Timing Trader for the period October 2000 to November 2002. The figures for CI were $90.2 million with respect to five Market Timing Traders for the period September 1998 to September 2003.

[15] The Market Timing Traders also achieved a return on their overall investment in the funds that was significantly higher than the return that long-term investors would have achieved during the same time period.

[16] The respondents entered into agreements with certain Market Timing Traders which reduced but did not negate the harm caused by frequent trading market timing. The agreements were not publicly disclosed. The respondents failed to recognize all of the costs (and, in particular, dilution) resulting from the frequent trading market timing strategies being used by the Market Timing Traders and did not implement appropriate measures to protect the funds from all of the associated harm.

Principle Based Regulation vs. Rule Based Regulation

[17] The four matters before us today are examples of principle based regulation, rather than rule based regulation.

[18] There are no rules against market timing.

[19] Indeed, when the rules for mutual funds were devised, I doubt whether the regulators were aware of the abuse entailed in market timing.

[20] But the principles governing the conduct of mutual fund managers are set out in section 116 of the Securities Act.

[21] In the four matters, there is no violation of specific rules. But there have been clear violations of the principles of fairness to clients going to the question of appropriate conduct for a mutual fund manager.

[22] We have a public interest jurisdiction to intervene in the marketplace and to blow the whistle when conduct goes off side basic principles.

[23] We are mandated by the Act to step in and take action in the public interest.

[24] Specific statements contained in the prospectuses and annual information forms (AIFs) filed by AGF for the years 2000 to 2003 (although not identical from year to year) disclosed that AGF could require the payment of a short-term trading fee of up to 2% in circumstances where an investor seeks to either switch between AGF Funds or redeem units of an AGF Fund within 90 days of having purchased the units. No such fees were ever imposed with respect to the activities of the Market Timing Traders. Specific statements contained in the prospectuses and AIFs filed by AIC for the years for the years 1999 to 2003 (although not identical from year to year) disclosed that AIC could require the payment of a short-term trading fee of up to 2% in circumstances where an investor seeks to either switch between AIC Funds or redeem units of an AIC Fund within 90 days of having purchased the units. Specific statement contained in the prospectuses and AIFs filed by IG for the years 2000 to 2002 (although not identical from year to year) disclosed that IG (directly, and through its affiliated distributor) could take certain steps, including imposing a fee of up to 3%, or prohibiting the purchase of further IG Funds, in circumstances where it was determined by the distributors that excessive switching by an investor between IG Funds would have a detrimental effect on the IG Funds. No such fees were ever imposed in respect of the Market Timing Trader. Specific statements contained in the prospectuses and AIFs filed by CI for the years 1999 to 2003 (although not identical from year to year) disclosed that CI could take certain steps, including the imposition of a fee of up to 2%, payable to the fund, in circumstances where frequent trading would have a detrimental effect on the fund's performance.

The Respondents' Duty to Act in the Best Interest of the Fund

[25] A mutual fund manager is required by Ontario securities law to exercise the powers and discharge the duties of its office honestly and in good faith and in the best interests of the mutual fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. Compliance with this duty requires that a mutual fund manager have regard to the potential for harm to a fund from an investor seeking to employ a frequent trading market timing strategy and take reasonable steps to protect a mutual fund from such harm to the extent that a reasonably prudent person would have done in the circumstances.

Respondents' Admission

[26] Each of the respondents has admitted that its conduct in failing to protect fully the best interest of the funds in respect of the frequent trading market timing at issue in this proceeding was contrary to the public interest.

Steps to Eliminate Harmful Market Timing in Respondents Funds

[27] The settlement includes a representation by each of the respondents that it has adopted practices and procedures to prevent and detect frequent trading market timing that could reasonably be expected to be harmful to the respondents' mutual funds and unitholders of those funds. In addition, the settlement includes a representation by each of the respondents that its current monitoring of trades in its mutual funds indicates that these policies and procedures are working in that they have eliminated any potential adverse impact of frequent trading market timing.

4. THE PROPOSED SANCTIONS

[28] In this proceeding, staff and each of the respondents jointly request that the Commission make orders approving the settlement agreements which, by their terms, provide for the making of payments by the respondents for ultimate distribution to past and present unitholders of the respondents' mutual funds who were harmed by the frequent trading market timing at issue in this proceeding. The payments in respect of AGF will amount to $29.2 million, in the case of AIC will amount to $58.8 million, in the case of IG will amount to $19.2 million, and in the case of CI will amount to $49.3 million.

[29] The settlement payments represent a theoretical quantification of harm caused to the relevant funds and the unitholders of those funds that would have been prevented had the respondents fully protected the best interests of the relevant funds in respect of the frequent trading market timing activity at issue. The payments are also substantially greater than the profits that the respondents earned by way of management fees received in respect of the frequent trading market timing activity.

[30] In the cases before us the appropriate action is restitution to those who were harmed.

[31] The appropriate persons to make restitution are those companies who may not have profited to the same extent as those engaging in market timing but, nevertheless, on whose watch the harm was allowed to occur.

[32] Pursuant to Schedule "A" to the settlement agreements, the settlement payments are to be distributed in accordance with plans of distribution the terms of which will be subject to separate approval by staff and the Chair and a Vice-Chair of the Commission.

5. THE COMMISSION'S MANDATE

[33] The Commission's mandate in upholding the purposes of the Act is set out in s. 1.1 as follows:

(i) to provide protection to investors from unfair, improper or fraudulent practices; and

(ii) to foster fair and efficient capital markets and confidence in capital markets.

Securities Act, R.S.O. 1990, c.S.5, as amended, s 1.1.

[34] The primary means for fulfilling that mandate, as it relates to this case are the "requirements for the maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants."

Securities Act, s. 2.1 (2) (iii)

[35] In addition, section 2.1 of the Act provides that the Commission shall have regard to the fundamental principle that, "effective and responsive securities regulation requires timely, open and efficient administration of this Act by the Commission."

Securities Act, s. 2.1 (3)

[36] The purpose of the Commission's public interest jurisdiction is neither remedial nor punitive; it is protective and preventive, intended to be exercised to prevent likely future harm to Ontario's capital markets.

Re Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission) (2001), 199 D.L.R. (4th) 577 (S.C.C.) at pages 590-91

6. GUIDELINES FOR IMPOSING SANCTIONS

[37] Appropriate sanctions should be determined by taking into account the specific circumstances of each case. The public interest is paramount:

> We have a duty to consider what is in the public interest. To do that, we have to take into account what sanctions are appropriate to protect the integrity of the marketplace.
>
> In doing this, we have to take into account circumstances that are appropriate to the particular respondents. This requires us to be satisfied that proposed sanctions are proportionately appropriate with respect to the circumstances facing the particular respondents.
>
> *Re M.C.J.C. Holdings and Michael Cowpland (2002), 25 O.S.C.B. 1133 at 1134*

[38] In determining the nature and duration of sanctions, the Commission may consider a number of factors including:

- the seriousness of the allegations;
- the respondent's experience in the marketplace;
- the level of a respondent's activity in the market place;
- whether or not there has been a recognition of the seriousness of the improprieties;
- whether or not the sanctions imposed may serve to deter not only those involved in the case being considered, but any like-minded people from engaging in similar abuses of the capital markets; and
- any mitigating factors.

> *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746
> *Re M.C.J.C. Holdings and Michael Cowpland*, *supra* at 1135

[39] Other factors the Commission may consider include:

- the size of any profit (or loss avoided) from the illegal conduct;
- the size of any financial sanction or voluntary payment when considered with other factors;
- the effect any sanction might have on the livelihood of the respondent;
- the restraint any sanction may have on the ability of the respondent to participate without check in the capital markets;
- the reputation and prestige of the respondent; and
- the shame or financial pain that any sanction would reasonably cause to the respondent and the remorse of the respondent.

> *Re M.C.J.C. Holdings and Michael Cowpland, supra at 1136*

[40] The Commission may also consider whether the respondent is a registrant.

> *Re Donnini* (2002), 25 O.S.C.B. 6225 at 6255, sanctions var'd [2003] O.J. No. 3541 (Ont. Div. Ct.), leave to appeal to the CA granted

[41] The Supreme Court of Canada in *Re Cartaway Resources Corp.* [2004] S.C.J. No. 22 at 15 and 16 has recently affirmed that the Commission may properly impose sanctions which are a general deterrent. Also in *Re Dornford* (2004), 21 O.S.C.B. 7499 at 7505 the Commission stated:

> In our view, taking into account general deterrence, in the case before us, would not be for the purpose of punishing Dornford, as argued by Mr. Douglas, but rather for a prophylactic purpose, the future protection of the marketplace not only from actions by Mr. Dornford but also from breaches of trust by others. Although *Mithras* speaks of deterring future improper conduct of a respondent, it does note that the Commission is

> "here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient." It seems to us that *Warnes* does not in any way indicate that general deterrence can be taken into account for punitive purposes, but rather, in the securities law context, that it can be taken into account in determining what is necessary to restrain conduct by others that is likely to be prejudicial to the public interest in having capital markets that are fair and efficient.

[42] In addition to the foregoing factors the Commission has recently held that cooperation by a respondent which assists the Commission in meeting its objective of "timely and efficient administration and enforcement of the Act," is a significant mitigating factor to be taken account in assessing a proposed sanction.

> *Re Pollit (2004), 27 O.S.C.B. 9643 at para. 37*
> *Re Cassels* (2004), CarswellOnt 5006 at para. 32

[43] We also considered as precedents *Re Bonham* (2000), 23 O.S.C.B. 7767 and 7768 *Re King* (2001), 24 O.S.C.B. 1250 and 1273. These cases involved the failure of mutual fund managers to act in the best interest of their funds in the context of the valuation of funds.

[44] In reference to our mandate, and the guidelines and case law described above, we are guided by the following factors in determining the appropriate sanctions provided for in the settlement agreements before us:

a) The amount of the proposed settlement payments (together with the costs associated with distributing the funds to the affected investors) is significant and will undoubtedly act as specific deterrents with respect to frequent trading market timing activity. Given their magnitude, the settlement payments will also serve as a reminder for mutual fund managers of their obligation to protect the best interest of their funds through vigilant monitoring and supervision of the activities taking place within those funds;

b) Each of the respondents' reputation has been seriously affected as a result of this proceeding and the considerable amount of attention that the proceeding has been attracting in the media. Such reputational harm could be accompanied by additional financial consequences;

c) It is the Market Timing Traders who profited most significantly from the conduct at issue in this proceeding. The proposed settlement payments far exceeds the "profit" realized by the respondents as a consequence of their conduct;

d) Each of the respondents has cooperated fully with the Commission from outset of its investigation and as a consequence, has assisted the Commission in fulfilling its mandate of efficient and timely administration of the Act and proceedings brought thereunder;

e) It is a matter of public record that staff has made allegations concerning the failure of certain other mutual fund managers to implement measures to fully protect their funds from all of the harm caused by frequent trading market timing; and

f) Each of the respondents took steps to avoid some the harmful consequences of frequent trading market timing at the relevant time.

[45] In summary, the proposed terms of settlement are in the public interest because: (i) they are in keeping with the purposes of the Act and the principles through which those purposes are to be achieved; (ii) they will assist in restoring the confidence of investors in the mutual fund industry by directly compensating affected investors and providing significant public censure of the conduct at issue; and (iii) they will act as a general deterrent.

VICE-CHAIR WOLBURGH JENAH:

[46] I have a couple of observations to make. The settlement agreements which have been negotiated between Commission staff and the four respondents in these proceedings are, as we've heard, all investor focused. This would be, from our perspective, a compelling feature of any settlement agreement presented to the Commission for consideration and approval. It's particularly appropriate in these circumstances.

[47] The mutual fund industry is a vital and important component of our capital market, attracting a high level of retail investor participation in particular. It is for that reason, particularly fitting, that investors who have been harmed by the activity which is the subject of the agreed statement of facts which form the foundation of settlement agreements in these proceedings will be compensated by the respondents and that the respondents have agreed to bear the cost of developing and implementing the plan of distribution which will accomplish that objective.

[48] I would like to take the opportunity to commend staff of the Ontario Securities Commission for their excellent materials which anticipated and addressed the relevant issues in question which the panel might have in relation to the proposed settlement.

[49] I would also commend the respondents for their full cooperation with Commission staff in the investigation which has led up to these proceedings. This cooperation, as staff have noted in their materials, has enabled the Commission to fulfill its mandate to administer the Act in a fair and efficient manner and bring these proceedings to fruition in just over a year from when the staff's continuing investigation into the activities of late trading and market timing activity across 105 Canadian mutual fund companies was first launched.

[50] In these circumstances, approval of the settlement agreement is in the public interest.

MR. DAVIS:

[51] I have nothing to add.

VICE CHAIR MOORE:

[52] Manitoba Securities Commission, do you have any comments you would like to make?

MR. MCEWEN:

[53] No further comments, thank you.

Approved by the Chair of the panel
Paul Moore
December 16, 2004

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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
Algonquin Oil & Gas Limited	16 Dec 04	29 Dec 04	29 Dec 04	
Ampal-American Israel Corporation	15 Dec 04	24 Dec 04	24 Dec 04	
Bakbone Software Incorporated	08 Dec 04	20 Dec 04	20 Dec 04	
Doman Industries Limited	10 Dec 04	22 Dec 04	22 Dec 04	
The Loyalist Insurance Group Limited	07 Dec 04	17 Dec 04		21 Dec 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
MDC Partners Inc.	19 Nov 04	02 Dec 04	02 Dec 04	24 Dec 04	
Straight Forward Marketing Corporation	18 Nov 04	01 Dec 04	01 Dec 04		
Star Navigation Systems Group Ltd.	18 Nov 04	01 Dec 04	01 Dec 04	20 Dec 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		

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Chapter 5

Rules and Policies

5.1.1 National Instrument 44-101 Short Form Prospectus Distributions and Companion Policy 44-101CP

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

AMENDMENT INSTRUMENT

1. This Instrument amends National Instrument 44-101 *Short Form Prospectus Distributions*.

2. Section 1.1 is amended

   (a) by repealing the definitions of "auditor's report", "foreign auditor's report", "foreign GAAP", "foreign GAAS" and "U.S. GAAS";

   (b) by repealing the definition of "executive officer" and substituting the following:

   "executive officer" with respect to a person or company means an individual who is

   (a) a chair of the person or company,

   (b) a vice-chair of the person or company,

   (c) the president of the person or company,

   (d) a vice-president of the person or company in charge of a principal business unit, division or function including sales, finance or production,

   (e) an officer of the person or company or any of its subsidiaries, who performed a policy-making function in respect of the person or company, or

   (f) any other individual who performed a policy-making function in respect of the person or company;

   (c) by adding the following definitions:

   "issuer's GAAP" means the accounting principles used to prepare an issuer's financial statements, as permitted by NI 52-107;

   "NI 52-107" means National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

   "US GAAP" means generally accepted accounting principles in the United States of America that the SEC has identified as having substantial authoritative support as supplemented by Regulation S-X and S-B under the 1934 Act.

3. Subsection 1.2(9) is repealed and the following substituted:

   1.2(9) Application of Significance Tests – Accounting Principles and Currency – For the purposes of the significance tests in subsections (2) and (3), financial statements of the business or related businesses must be reconciled to the accounting principles used to prepare the issuer's financial statements and translated into the same reporting currency as that used in the issuer's financial statements.

4. Section 4.12 is amended by striking out "shall be accompanied by an auditor's report without a reservation of opinion" and substituting "must be audited".

5. Section 4.13 is repealed and the following substituted:

Despite section 4.12, interim financial statements of a business included in a short form prospectus under this Part do not have to be audited.

6. Section 4.14 is repealed and the following substituted:

Despite section 4.12, an issuer may omit from its short form prospectus an audit report for the annual financial statements referred to in subsection 4.8(3) if the financial statements have not been audited.

7. Section 4.15 is amended

(a) in paragraph (a) by striking out “auditor’s report” and substituting “audit report”, and

(b) by repealing paragraph (b) and substituting “the financial statements have not been audited”.

8. Section 5.6 is amended by striking out “shall be accompanied by an auditor’s report without a reservation of opinion” and substituting “must be audited”.

9. Section 5.7 is repealed and the following substituted:

Despite section 5.6, interim financial statements of a business included in a short form prospectus under this Part do not have to be audited.

10. Section 5.8 is repealed and the following substituted:

Despite section 5.6, an issuer may omit from its short form prospectus an audit report for the annual financial statements referred to in subsection 5.3(2) if the financial statements have not been audited.

11. The title to Part 7 is repealed and the following substituted:

Part 7 Audit Requirement for Financial Statements of an Issuer

12. Section 7.1 is repealed and the following substituted:

7.1 Audit Requirement

The financial statements of an issuer included in a short form prospectus must be audited.

13. Section 7.2 is repealed.

14. Section 7.3 is repealed and the following substituted:

7.3 Exception to Audit Requirement — Despite section 7.1, the following financial statements do not have to be audited:

1. Comparative interim financial statements required to be incorporated by reference under paragraph (1)3 of Item 12.1 or paragraph 2 of 12.2 of Form 44-101F3.

2. The comparative annual financial statements of the issuer for the most recently completed financial year if

(a) the financial statements are required to be incorporated by reference in a short form prospectus solely by reason of paragraph (1) 5 of Item 12.1 of Form 44-101F3;

(b) the auditor of the issuer has not issued an audit report on the financial statements; and

(c) comparative financial statements for the year preceding the most recently completed financial year are audited and are included in the short form prospectus.

3. The comparative interim financial statements of a credit supporter required to be incorporated by reference under Item 13.2 of Form 44-101F3.

15. Sections 7.4 and 7.5 are repealed.

16. Paragraph 10.2(b) is amended

(a) in item 6 by striking out “auditor’s report” and substituting “audit report”, and

(b) by repealing item 7.

17. Form 44-101F3 *Short Form Prospectus* is amended

(a) in paragraphs (c) and (d) of paragraph 7.1(2) by striking out “in the Handbook” and substituting “in accordance with the issuer’s GAAP”;

(b) in paragraph 7.1(3) by striking out “under Canadian GAAP”;

(c) in Instruction (2)(d) of Item 7 by striking out “generally accepted accounting principles” and substituting “the issuer’s GAAP”;

(d) in paragraph 12.1(3)

(i) by repealing paragraph (b) and substituting “is required by subsection 4.1(1) of NI 52-107 to provide a reconciliation to Canadian GAAP”;

(ii) by striking out “other than in accordance with Canadian GAAP” in paragraph (c) and “substituting in accordance with US GAAP”; and

(iii) by striking out “foreign GAAP” and substituting “US GAAP”; and

(e) by repealing Item 20 and substituting the following:

If the short form prospectus includes financial statements not prepared in accordance with Canadian GAAP and the short form prospectus does not include a reconciliation to Canadian GAAP, include any reconciliation to Canadian GAAP required under NI 52-107.

18. This Instrument comes into force on January 4, 2005.

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS
COMPANION POLICY 44-101CP

AMENDMENTS TO COMPANION POLICY

1. Companion Policy 44-101CP to National Instrument 44-101 *Short Form Prospectus Distributions* is amended as follows.

2. Section 4.3 is repealed and the following substituted:

   4.3 Audit Report for All Financial Statements Included in the Short Form Prospectus – The National Instrument requires that all financial statements included in a short form prospectus must be audited, except financial statements specifically exempted in the National Instrument. NI 52-107 further requires that all audited financial statements be accompanied by an audit report. Issuers are reminded that the audit report requirement extends to financial statements of subsidiaries and other entities even if the financial statements are not required to be included in the short form prospectus but have been included at the discretion of the issuer.

3. Section 4.4 is amended by striking out “auditor’s report” and substituting “audit report” wherever it occurs.

4. Subsection 4.6(3) is amended by striking out “auditor’s report ” and substituting “audit report” wherever it occurs.

5. Section 5.8 is amended by

   (a) striking out “foreign GAAP” and substituting “GAAP that is not the issuer’s GAAP” wherever it occurs; and

   (b) striking out “Canadian GAAP” and substituting “the issuer’s GAAP”.

6. Subsections 5.20(3) and (4) are amended by striking out “auditor’s report ” and substituting “audit report” wherever it occurs.

7. Section 6.1 is repealed and the following substituted:

   6.1 GAAP and GAAS – The financial statements of a person or company that are included or incorporated by reference in a short form prospectus must be prepared in accordance with NI 52-107.

8. Section 6.2 is repealed.

9. These amendments come into force on January 4, 2005.

5.1.2 Notice of Rule/Regulation National Instrument 31-101 National Registration System, and Form 31-101F1, Form 31-101F2, and National Policy 31-201 National Registration System

NOTICE OF RULE/REGULATION
NATIONAL INSTRUMENT 31-101 *NATIONAL REGISTRATION SYSTEM*,
AND FORM 31-101F1, FORM 31-101F2, AND
NATIONAL POLICY 31-201 *NATIONAL REGISTRATION SYSTEM*

Introduction

National Instrument 31-101 *National Registration System* and National Policy 31-201 *National Registration System* are an initiative of the Canadian Securities Administrators (the **CSA** or **we**). The CSA has developed the National Registration System (the **NRS**), which may be used by investment dealers, advisers, mutual fund dealers and their sponsored individuals in connection with their application for initial registration, amendments to registration or reinstatement of registration or for the approval or review of certain sponsored individuals. The requirements and procedure under the NRS are set out in National Instrument 31-101 *National Registration System*, Form 31-101F1 *Election to use the NRS and Determination of Principal Regulator*, Form 31-101F2 *Notice of Change* (collectively, the **Instrument**) and National Policy 31-201 *National Registration System* (the **Policy**).

The Instrument has been made or is expected to be made by each member of the CSA, and will be implemented as

- a rule in each of Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Prince Edward Island,
- a regulation in Nunavut, Québec and Saskatchewan,
- an exemption in British Columbia,
- a code in the Northwest Territories, and
- a policy in all other jurisdictions represented by the CSA.

We expect the Policy will be adopted as a policy in all jurisdictions.

The NRS is being implemented pursuant to the Memorandum of Understanding for the Mutual Reliance Review System signed as of October 14, 1999 between members of the CSA (the **MOU**). We expect that all jurisdictions will confirm the inclusion of the Instrument and the Policy in the MOU.

In Ontario, the Instrument and other required materials were delivered to the Chair of Management Board of Cabinet (the **Minister**) in December. The Minister may approve or reject the Instrument or return it for further consideration. If the Minister approves the Instrument or does not take any further action, the Instrument and Policy will come into force on the date indicated below.

In Québec, a regulation under the *Securities Act* (Québec) (the **QSA**) is adopted by the *Autorité des marchés financiers* and, thereafter, must be approved, with or without amendment, by the Minister of Finance while a regulation under *an Act respecting the distribution of financial products and services* (the **LDPSF**) is adopted by the *Autorité des marchés financiers* and must, thereafter, be approved, with or without amendment, by the government. The Instrument was published for comments under the *Securities Act* in January 2004 and will not need further publication under the QSA Act. Under the LDPSF, the Instrument must be published for a 45-day comment period prior to being submitted for governmental approval. The Instrument will come into force on the date of its publication in the *Gazette officielle du Québec* or on any later date specified in the regulations. It must also be published in the Bulletin of the *Autorité des marchés financiers*.

In Nova Scotia, the Instrument will be delivered to the Minister for non-objection by the Governor in Council in accordance with Nova Scotia securities law after it is adopted as a rule by the Commission. If the Instrument is not objected to by the Governor in Council, it will come into force in on the date indicated below.

In Nunavut, a Request for Decision to Cabinet will be required to adopt the Instrument as a regulation under the Securities Act (Nunavut).

Provided all necessary ministerial or other governmental approvals are obtained, we expect to implement the Instrument on April 4, 2005. We will implement the Policy at the same time as the Instrument.

Substance and Purpose

The purpose of the NRS is to improve the current registration system through a mutual reliance process. Principles of mutual reliance will be applied to the analysis of registration applications or applications for approval or review of investment dealers, advisers and mutual fund dealers and their sponsored individuals in order to reduce unnecessary duplication in the analysis of applications made in multiple jurisdictions or in subsequent jurisdictions.

The Instrument sets out the eligibility requirements for firm filers and individual filers to be able to use the NRS. An eligible firm filer elects to use the NRS by submitting a Form 31-101F1. Eligible individual filers whose sponsoring firm has elected to use the NRS must use the NRS when submitting an application to a non-principal regulator.

The Instrument provides exemptive relief so that filers under the NRS only have to satisfy or comply with the fit and proper requirements, notice requirements and filing requirements applicable in their principal jurisdiction. Fit and proper requirements relate to a filer's suitability to be registered or to be approved. Filers will continue to be subject to the conduct rules applicable in each jurisdiction where they are registered. The Instrument and Policy contain further description of fit and proper requirements and of conduct rules.

The Policy sets out the procedure to be followed by filers who are submitting applications under the NRS. A filer's principal regulator is generally the securities regulatory authority or regulator of the jurisdiction where the firm filer's head office and directing mind and management is located and where the individual filer's working office is located.

Generally, when submitting an application under the NRS, filers will only file the materials required by their principal regulator. Further, filers will normally only deal with their principal regulator on their initial application and when seeking to register in additional jurisdictions. Once the principal regulator has reached a decision on the application, non-principal regulators may opt in or opt out of the NRS in connection with that application. Opting out is expected to happen on an exceptional basis.

Application for registration or approval of individual filers will be made through the National Registration Database (the **NRD**) implemented under Multilateral Instrument 31-102 *National Registration Database* and Multilateral Instrument 31-109 *Registration Information*. In order to allow efficient implementation and application of the NRS, three key changes will be made to technology underlying the NRD. These changes relate to the selection of principal regulator, opt in / opt out function and unique designation of the NRS submissions.

Québec anticipates adopting Regulation 31-102 *National Registration Database* and Regulation 33-109 *Registration Information*, which reflect the equivalent Multilateral Instruments, on or before the effective date of the Instrument. However, if for any reason, the technology underlying the NRD is not available in Québec as of the effective date or if the Regulations have not been adopted, the Instrument provides for transitional measures with respect to the filing of material in and outside of Québec.

The NRS does not apply to renewals of registrations as the CSA feels that processing renewals under current legislation through the NRS could be lengthier than the current process.

Background

The Instrument and Policy were published for comment in January and February, 2004. The comment period expired in April, 2004.

Summary of Written Comments Received by the CSA

During the comment period, the CSA received submissions from nine commentors on the Instrument and Policy. We have considered the comments received and thank all the commentors. The names of the nine commentors and a summary of the comments on the Instrument and Policy, together with our responses, are contained in Appendix A and Appendix B to this Notice.

After considering the comments, we have made amendments to the Instrument and Policy to improve the clarity and consistency of the Instrument and Policy. However, as these changes are not material, we are not republishing the Instrument or Policy for a further comment period.

Summary of Changes to the Proposed Instrument and Policy

See Appendix C to this Notice for a description of the changes made to the versions of the Instrument and Policy since they were published.

Local Amendments

We are amending or repealing elements of local securities legislation and securities directions in conjunction with implementing the NRS. The provincial and territorial securities regulatory authorities may publish, or may have published, these local changes or proposed changes separately in their local jurisdiction.

Questions

Please refer your questions to any of:

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Instrument and Policy

The text of the Instrument and Policy follow.

January 7, 2005.

APPENDIX A

COMMENT TABLE
NATIONAL INSTRUMENT 31-101
NATIONAL REGISTRATION SYSTEM

Commentors

Canadian Bankers Association
Mutual Fund Dealers Association of Canada
Royal Bank of Canada
Edward Jones
National Bank of Canada
Investment Funds Institute of Canada
Wayne A. Robinson
Fidelity Investments Canada Limited
Investment Dealers Association of Canada

	Category	Comment	Response
1.	31-101 Definitions	Guidance was requested as to the definition of "unrestricted adviser" for the purposes of determining eligibility to use NRS, as many advisers have registrations that are subject to both general and specific terms and conditions. Clarification is requested as to the difference between "terms and conditions" and "restrictions".	The term "unrestricted adviser" is used in a general fashion to identify the various categories of adviser registrations that can be sought under NRS (as listed in Appendix A to NI 31-101). The fact that a filer has certain terms and conditions attached to its registration will not prevent the filer from using NRS. This is clarified in the interpretation section of NP 31-201.
2.	31-101 Application of the NRS	Guidance was requested as to the situation of firms with more than one category of registration, one of which is not governed by NRS. Would these firms be excluded from NRS or would they be subject to NRS only insofar as their unrestricted practice registration is concerned?	Such firms would be able to use NRS only with regard to the category that is eligible under NRS and would have to apply locally, as they currently must do, when applying in a category that is not eligible under NRS. The CSA is of the view that no other registration category was common enough between the jurisdictions to be included in NRS. A principal regulator in one jurisdiction would not be qualified to register a registrant in a category that does not exist in its jurisdiction.
3.	31-101 Eligibility	It was questioned why non-resident individuals are not able to use NRS, and the CSA is encouraged to consider permitting non-resident individuals to use NRS in connection with individual registrations associated with NRS eligible registrant firms.	Certain members of the CSA currently have certain residency requirements in connection with registration as an adviser or as a dealer. As this is a requirement that cannot be exempted on a general basis, NRS has to be limited to Canadian residents. Further, as certain regulators who register non-resident individuals impose specific terms and conditions, the NRS registration procedure for non-residents would have been too complex.

	Category	Comment	Response
4.	31-101 Applicable Requirements	Because both firm and individual registrants will be tied to their "home jurisdiction", firms operating in multiple provinces will need to be aware of differences in rules of each jurisdiction plus IDA and other applicable SROs. Moreover, the proposed policy does not address jurisdictional variations. The CSA is urged to harmonize registration requirements.	The CSA's goal with regard to NRS is not to harmonize legislation, but rather to quickly implement a centralized registration process (i.e. an industry participant dealing with only one regulator). Harmonization will be achieved through other efforts. The CSA is of the view that it is important to implement NRS even if harmonization is not yet reached, as NRS has benefits of its own. As it is important to link the filer with the jurisdiction in which it is anticipated that most of its business will be conducted, it is inevitable that firms operating in multiple provinces and who have a centralized registration office will need to be aware of the specific fit and proper requirements for individuals in each jurisdiction.
5.	31-101 Temporary Exemption	It was submitted that there should be a possibility of having the six month delay, to comply with a new principal regulator's requirements, extended in certain situations and addressed in NI 31-101 so that a formal exemption request would not be required. It may be difficult for the filer to meet all necessary proficiency requirements within the prescribed six month period.	The CSA realizes that in certain situations where there is a change of principal regulator, the requirements of the new principal regulator may not be satisfied within a six-month period. Members of the CSA will be open to the possibility of extending this temporary exemption to allow for the registrant to satisfy the new principal regulator's fit and proper requirements on a case-by-case basis. To grant this relief, regulators could take into consideration the period of time during which the registrant has been registered. However, the CSA is of the view that a lengthier general temporary exemption could increase the risk of jurisdiction-shopping.

APPENDIX B

COMMENT TABLE
NATIONAL POLICY 31-201
NATIONAL REGISTRATION SYSTEM

Commentors

Canadian Bankers Association
Mutual Fund Dealers Association of Canada
Royal Bank of Canada
Edward Jones
National Bank of Canada
Investment Funds Institute of Canada
Wayne A. Robinson
Fidelity Investments Canada Limited
Investment Dealers Association of Canada

	Category	Comment	Response
1.	31-201 General Comment	In general, NRS is strongly endorsed by commentors as there is a consensus that there are numerous shortcomings with the current regulatory regime. The CSA is encouraged to do whatever it can in order to make the system as streamlined and efficient as possible.	N/A
2.	31-201 General Comment	It was submitted that to the extent that the proposal retains unnecessary elements of local regulation or provincial discretion, that such items be limited or removed so that NRS may be a true "one stop shop" for firms carrying on business across Canada.	The CSA's goal with regard to NRS is not to harmonize legislation, but rather to quickly implement a centralized registration process (i.e. an industry participant dealing with only one regulator). Harmonization will be achieved through other efforts. The CSA is of the view that it is important to implement NRS even if harmonization is not yet reached, as NRS has benefits of its own.
3.	31-201 General Comment – Advisor Registration	The effectiveness of NRS for adviser registration was questioned as there are significant differences in the proficiency requirements for such category of registration maintained by different jurisdictions.	The effectiveness of NRS should not be questioned for adviser registration as members of the CSA are aware of these differences in fit and proper requirements and do not expect to opt out of NRS on the basis of such differences.
4.	31-201 General Comment – Fees	The industry has seen no cost savings with NRD. In fact, some costs have actually increased. It is hoped that registration fees will be reduced by non-principal regulators.	The CSA is of the view that most of the cost savings from NRD and the proposed NRS come from a reduction of time and effort spent on registration. The fee covers a registrant's access to the market and is not simply based on the cost of processing registrations. At this time, the CSA is unable to confirm whether a reduction of registration fees is foreseeable.
5.	31-201 General Comment	It has been submitted that the benefits are restricted to firm registration and not individuals seeking registration in additional jurisdictions. In addition, firms already registered in Canada would gain no advantage by using the NRS, with the exception of filing amendments.	The purpose of NRS is to allow individual and firm registrants to deal only with one regulator and to only satisfy one set of fit and proper requirements. This should greatly facilitate an individual filer's registration. Further, the CSA is of the view that registered firms will also benefit from NRS when seeking registration in additional jurisdictions or in connection with the firm's role in the registration of its individuals.

	Category	Comment	Response
6.	31-201 General Comment – Registration Transfers	In order to reduce hardship resulting from delays in processing transfers, regulators should permit individual registrants to commence working, perhaps on a conditional approval basis, as soon as they are notified of the termination by the originating firm and transfer to the receiving firm.	Changes in the registration transfer process are not part of the NRS project. As regulators are of the view that it is important to know why an individual is transferring firms, they are not ready to grant immediate conditional approvals to a transfer upon notice of the termination.
7.	31-201 General Comment – Opt out	The opting out process could entail that a jurisdiction may never be the non-principal regulator. It would also mean that within the same firm, individuals may not be subject to the same requirements for any particular application, and thus would not know what the requirements are in advance. Accordingly, they would adhere to the most stringent registration criteria, and the most demanding jurisdiction would be the principal regulator in all cases.	In the absence of a full delegation system, the ability to opt out is necessary, as regulators must meet the requirements of their securities legislation to make a decision in connection with an application. None of the regulators intends to opt out on a regular basis. Opting out is expected to happen on an exceptional basis, as is the case with the MRRS under NP 12-201 and NP 43-201. It is true that within the same firm, individuals who work in different jurisdictions will have different fit and proper requirements applicable to them. However, the CSA does not believe that individuals will adhere to the most stringent criteria. National firms should adapt their registration procedure to advise their individuals as to which set of requirements is applicable to them.
8.	31-201 General Comment	Clarification is requested with respect to individuals who reside in Ottawa but work in Hull. Since the principal regulator would be Québec, would such individuals be required to be registered in Ontario as well?	If the individuals are doing business with clients in Ontario, then the answer is yes. Otherwise, no. Residency alone does not create a requirement to register. NRS does not change any obligation to register.
9.	31-201 Applicable requirements	Having firms and each of their individual registrants tied to their respective "home jurisdiction" is problematic. This is of particular concern for members who operate a centralized registration function. Having to deal with local variations will cause inefficiencies. It is submitted that it would be preferable for individuals to adhere to the firm's principal jurisdiction.	The CSA chose a client-centered perspective for NRS instead of a firm-oriented approach. An individual is likely to do more business with clients residing in the same jurisdiction as the individual's working office than clients of other jurisdictions. Therefore, pending harmonization of legislation, it is important that such individuals satisfy the requirements of their jurisdiction. Moreover, if individuals were to adhere to the requirements of the firm's principal jurisdiction, changing firms could result in a change in the individual's fit and proper requirements.

	Category	Comment	Response
10.	31-201 Change of Factors used to Determine Significant Connection with a Jurisdiction	The usefulness of Form 31-201F2 (now Form 31-101F2) is questioned since this information would be submitted through the NRD. In addition, clarification is requested as to whether the requirement to file a Form 31-201F2 (now Form 31-101F2) presupposes the filing of a Form 31-201F1 (now Form 31-101F1) for each individual. If not, it is difficult to understand why such form must be filed upon change in registration when one is not required upon registration. On the other hand, if a Form 31-201F1 (now Form 31-101F1) is required, this would represent an important additional burden.	Both Forms 31-101F1 and 31-101F2 must only be filed by firm filers. A firm will be required to file a Form 31-101F1 upon its first use of NRS and upon seeking registration in any additional jurisdictions (the latter being a new requirement). A Form 31-101F2 *Notice of Change* is only required to be filed by firm filers when the factors used in the determination of the jurisdiction with which a firm has the most significant connection change. This is required, as regulators need to be notified when such factors change as it could result in a change of principal regulator. This should occur only on limited occasions.
11.	31-201 Materials to be Filed	In some instances, such as section 4.2(3), NRS appears to duplicate work rather than streamline the process.	The CSA agrees that the requirement to file the letter contemplated by section 4.2(3) creates an additional requirement. As this letter is not necessary, a revision to section 4.2(3) is made to remove the requirement.
12.	31-201 Review and Determination	Part 5 and Part 6 set out the process, and time frames for the review of the file. It was noted that there are two separate 5-day waiting periods built into the review process, and that they should be shortened: 1) Under sections 5.2 and 6.1, the principal regulator must wait 5 business days, after the receipt of the submission under NRS, in order for the non-principal regulators to advise they have completed their own review and/or to provide any material information they may have with respect to the filer, that was not disclosed in the materials. Under 6.1, the principal regulator cannot arrive at a decision until after this 5-business day period ends. 2) The second waiting period, as listed in 6.3(1), occurs after the principal regulator has forwarded its proposed decision to the non-principal regulators. The principal regulator must wait a maximum of 5 business days for each non-principal regulator to advise as to whether it has opted in or opted out.	A revision will be made in section 5.2 and section 6.1 to remove the first five-day waiting period. A principal regulator will not have to wait until the end of a five-day period before making its determination on the registration being sought. The second five-day waiting period is a maximum period and in general non-principal regulators will not use the full five days. As a result, the CSA does not anticipate that processing registrations under NRS will be lengthier than under the current system.
13.	31-201 Review Process	It is suggested that when a regulator has a concern with an application, it should notify the registrant and / or firm within 24 hours of receipt of the application, if it believes that the registration application review process will require more time.	Normal service standards will apply under NRS. Members of the CSA will advise filers diligently of any concerns they may have in connection with an application. However, members of the CSA cannot commit to any time constraints, as concerns in connection with an application can arise at any time.

	Category	Comment	Response
14.	31-201 Review and Determination	Although NRS does contain short deadlines, the CSA is encouraged to consider amending the policy to create strong incentives for individual jurisdictions to meet those requirements. It is suggested that the failure to meet deadlines imposed by the policy should disentitle that regulator from the opportunity to provide comments or "opt out". Silence would be interpreted as consent and a regulator who has not responded by the deadline would be deemed to "opt in".	Most regulators are required by law to make a decision in connection with a registration. As a consequence, such regulators' silence cannot be deemed to mean that the regulator is opting into NRS. However, changes are made to the policy whereby "silence will equal opt-in" for the regulators in the Yukon Territory, the Northwest Territories and Nunavut.
15.	31-201 Review and Determination	Greater clarity is requested concerning the length of time it may take between the date at which the filing of materials is undertaken and the date at which an NRS document is issued.	Normal service standards will apply under NRS. No indication of length of time may be given as this varies greatly depending upon the type of application and how well it has been prepared. The CSA does not anticipate any increase in length of time as a result of using NRS.
16.	31-201 Review and Determination	There is a concern that applications submitted to principal regulators through NRS would be processed before non-NRS applications due to the five business day opt-in / opt-out response deadline.	NRS should not, as a whole, create more work for regulators. The CSA does not anticipate that non-NRS applications would be processed after NRS applications.
17.	31-201 Local Terms and Conditions	One commentor does not support that the proposed rules would permit the non-principal regulator to opt-in to the principal regulator's decision, but to impose local terms and conditions upon a registration. Where a non-principal regulator wishes to deviate from the terms and conditions imposed by the principal regulator, the non-principal regulator should be required to opt-out.	As conduct rules apply locally, it is important to allow local regulators to impose local terms and conditions with regard to such conduct rules, where necessary. Not allowing the non-principal regulators to do so would create more opt-outs and reduce the efficiency of the system.
18.	31-201 Opportunity to be Heard	It is suggested that hearings be conducted with the concerned regulators all together so as to avoid duplication of procedures and additional delays in registration.	It is the intent of members of the CSA to hold joint hearings, whenever feasible. However, this cannot be imposed through the Policy.
19.	31-201 Opt out	The availability of an opt-out provision is a serious detriment to the ability of NI 31-101 and NP 31-201 to achieve their stated goals.	As stated above, it is unavoidable to have an opt-out provision in the context of a registration system based on mutual reliance instead of delegation. As mentioned, opting out will be the exception, not the rule.
20.	31-201 Renewal of Registration	When read together subsections 9.1(1) and 9.1(2) are confusing particularly if the renewal requirements of the principal regulator are to be followed, and this regulator has no renewal requirements. It would be unclear what requirements are to be followed. It is also unclear as to whether additional documents typically required by certain non-principal regulators further to renewals should be submitted.	After review of this issue, the CSA has decided that renewals will not be processed through NRS, as there is practically no benefit in doing so. Part 9 of the Policy (which is renumbered as section 6.6) provides further guidance. In short, a filer will have to renew its registration in accordance with the requirements, if any, of the legislation of all jurisdictions in which it is registered. The exemption from local filing requirements will not apply in connection with renewals and renewal fees will still have to be submitted through NRD. The exemption from fit and proper requirements will continue in effect at the time of renewals.

	Category	Comment	Response
21.	31-201 NRD – Québec	It was submitted that it might be desirable to wait until Québec can technically participate in the project before implementing it.	The *Autorité des marchés financiers* is currently working on its integration into the National Registration Database (NRD). Contrary to what has been previously published, the *Autorité des marchés financiers* now expects to be part of NRD by the time that NRS is implemented. Part 9 (previously Part 10) of the Policy is amended to reflect this. Should the *Autorité des marchés financiers* not have integrated NRD by the time the NRS is effective, guidance will be provided with regards to applications involving Québec.
22.	31-201 Québec - IDA	The role of the IDA in applications involving Québec should be clarified.	The IDA has been recognized as an SRO by the *Autorité des marchés financiers* in July 2004 and was further delegated the power to register representatives the same month. In addition to the IDA, the Montreal Exchange is also a recognized SRO in the province of Québec authorized, through delegation of powers, to register representatives. Consequently, unless further changes occur prior to the coming in force of the Instrument, both the Montreal Exchange and the IDA will be processing registration of representatives.

APPENDIX C

SUMMARY OF CHANGES TO THE PROPOSED INSTRUMENT/POLICY

This Appendix briefly summarizes the changes made in the Instrument and in the Policy since they were published. The CSA made changes to respond to comments received from industry participants and following the CSA members' staff review.

The Instrument

Part 1 – Definitions

- The definition of *filing requirements* was changed to include requirements applicable to applicants and to exclude any requirement in connection with a renewal of registration.
- The definitions of *filing requirements* and *notice requirements* were reworded to clarify CSA's intent which is that filing and notice requirements only relate to a filer's fit and proper requirements.
- The term *registrant* was replaced with the term *registered filer*, as the term *registrant* is defined differently in securities legislation.
- We removed the definition of *regulator*, as this term is defined in National Instrument 14-101 and as we no longer needed to specifically refer to SROs.
- The definition of *securities legislation* was amended to include the *Act respecting the Agence nationale d'encadrement du secteur financier* (Québec). We also added a reference to the regulations under that act and under the *Act respecting the distribution of financial products and services* (Québec) and the blanket rulings and orders issued by the securities regulatory authority. We also amended the definition to exclude any regulation adopted by or for SROs.
- We removed the definition of *securities regulatory authority* for the same reason that we removed the definition of *regulator*.
- We added a definition for the term *sponsored individual* in order to clearly establish which individuals are associated with a firm.

Part 2 – Application

- We redrafted sections 2.1 and 2.2 to be clearer, but have not made any material changes to the application of the NRS or the eligibility criteria.
- We made the filing of Forms 31-101F1 and 31-101F2 requirements under the Instrument instead of the Policy. We also now require that a new completed Form 31-101F1 be submitted when a registered firm is seeking registration in further jurisdictions.

Part 3 – Local Exemptions

- We redrafted Section 3.1 to be clearer, but have not made any noteworthy changes other than as relates making liability insurance in Québec a conduct rule (see below under *The Policy – Part 1*). For a firm filer submitting an application as a mutual fund dealer with Québec as its principal regulator, the fit and proper, filing and notice requirement exemptions are conditional on that firm filer maintaining insurance or bonding in non-principal jurisdictions.

Form 31-101F1

- This Form was moved from the Policy to the Instrument. We also modified the way that firm filers disclose their reasons for determining the principal regulator by having the firm filers provide a description of these reasons instead of checking boxes.
- We removed the disclosure regarding notice of collection and use of personal information, as it was not necessary, but have added a submission to jurisdiction.
- We added a submission to jurisdiction, which is an existing requirement for every jurisdiction.

Form 31-101F2

- This Form was also moved from the Policy to the Instrument and the disclosure regarding notice of collection and use of personal information was removed.

The Policy

Part 1 – Definitions and Interpretation

- The definition of *conduct rules* was changed to include rules relating to membership with SROs. As well, the requirement to maintain liability insurance for mutual fund dealers registered in Québec is now considered a conduct rule. Therefore, all mutual fund dealers and their sponsored individuals registered in Québec will have to maintain liability insurance in Québec.

- Consequential amendments were made to the interpretation of the term *fit and proper requirements*.

Part 2 – Overview and Application

- Sections 2.1 and 2.2 were redrafted to provide a better description of the NRS, although no substantive changes were made.

- In Section 2.2, we added a clarification to the effect that the CSA does not consider a requirement applicable if a blanket ruling or order providing for general relief from this requirement was issued by the filer's principal regulator.

Part 4 – Filing Materials under the NRS

- We removed the requirement for firm filers to file, with each non-principal regulator, a letter describing the nature of their application and identifying the jurisdictions with which it is submitted. We also clarified that supporting materials for an application are not required to be sent to non-principal regulators.

- In Section 4.3, we added a requirement to file a new completed Form 31-101F1 when seeking registration in further jurisdictions.

Part 5 – Review of Materials

- We removed reference to the review that is made by non-principal regulators, as this reference related to internal relationships between regulators.

Part 6 – Registration

- We modified Section 6.1 to remove the requirement for the principal regulator to wait until the end of a five business-day period before making its determination on an application.

- As the regulators of the Yukon Territory, the Northwest Territories and Nunavut can automatically opt into the NRS with respect to any particular application without sending a confirmation to the principal regulator, we did not subject these regulators to the rule that non-principal regulators must confirm to the principal regulator whether they are opting into the NRS for an application or whether they are opting out. A consequential amendment to Section 8.1 was also made.

- We added a new Section 6.6 on renewals to explain that the NRS no longer covers renewals of registrations as the CSA is of the view that processing renewals through the NRS did not increase efficiency. Filers will have to meet the renewal requirements, if any, of each jurisdiction in which they are registered. Part 9 – *Renewals of Registration* was consequently removed.

Part 9 – Transition

- Section 9.1 was amended to reflect the fact that Québec anticipates being part of the National Registration Database prior to or concurrently with the implementation of the NRS.

Forms 31-201F1 and 31-201F2

- These forms were moved to the Instrument.

5.1.3 National Instrument 31-101 – National Registration System

NATIONAL INSTRUMENT 31-101 – NATIONAL REGISTRATION SYSTEM

PART 1
DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

In this Instrument,

"filer" means a firm filer or an individual filer;

"filing requirements" means the requirements, as they apply to filers, contained in the securities legislation of the jurisdictions in which a filer is registered, approved or reviewed or submitting an application for registration, approval or review, pursuant to which the filer must file, as and when required, documents and information with the securities regulatory authorities or regulators of such jurisdictions in connection with the filer's fit and proper requirements, but does not mean any such requirements in connection with the filer's renewal of registration;

"firm filer" means a registered firm or a person or company submitting an application to become a registered firm;

"fit and proper requirements" means the requirements and prohibitions, as they apply to registered filers or non-registered individuals, contained in the securities legislation of the jurisdictions in which a registered filer is registered or in which a non-registered individual is approved or reviewed, to ensure the suitability of a filer to be registered or to be approved as a non-registered individual, namely as regards the filer's solvency, integrity and proficiency, but does not mean

(a) any requirements to pay fees in connection with a registration or approval, or

(b) any requirements as they apply to mutual fund dealers and their sponsored individuals who are registered in Québec, contained in the securities legislation of Québec, with respect to liability insurance;

"individual filer" means

(a) a registered individual,

(b) an individual submitting an application to become a registered individual, or

(c) a non-registered individual submitting, or on whose behalf a sponsoring firm is submitting, an application for the approval or review of the individual as director, partner, officer, compliance officer, branch manager or substantial holder of the sponsoring firm;

"investment dealer" means a person or company registered in a category referred to in Appendix A opposite the name of the local jurisdiction under the heading "Investment Dealer";

"MRRS MOU" means the Memorandum of Understanding relating to the Mutual Reliance Review System signed as of October 14, 1999, as amended, supplemented or replaced from time to time;

"mutual fund dealer" means a person or company registered in a category referred to in Appendix A opposite the name of the local jurisdiction under the heading "Mutual Fund Dealer";

"National Registration System" or "NRS" means the system implemented pursuant to the MRRS MOU, this Instrument and NP 31-201, to facilitate the registration, approval or review in the jurisdiction of a non-principal regulator of investment dealers, mutual fund dealers, unrestricted advisers and their sponsored individuals;

"non-principal regulator" means, for a filer, a securities regulatory authority or regulator, other than the principal regulator, with whom the filer is registered, approved or reviewed or to whom the filer is submitting an application under NRS to be registered, approved or reviewed;

"non-registered individual" means, for a sponsoring firm, an individual other than a registered individual who is

(a) a director, partner, officer, compliance officer or branch manager of the firm, or,

(b) in Alberta, British Columbia and Ontario, a director, partner, officer or substantial holder of the firm;

"notice requirements" means the requirements, as they apply to registered individuals, non-registered individuals or registered firms, contained in the securities legislation of the jurisdictions in which a registered filer is registered or in which a non-registered individual is approved or reviewed, pursuant to which the registered filer or non-registered individual must notify, as and when required, the securities regulatory authorities or regulators of such jurisdictions of changes and events in connection with the filer's fit and proper requirements;

"NP 31-201" means National Policy 31-201 National Registration System;

"NRS document" means the document issued by the principal regulator for an application made under NRS that evidences that a decision has been made by the principal regulator and the non-principal regulators that have not opted out of NRS for that application, and that evidences the terms and conditions of such decision;

"principal regulator" means,

(a) for a firm filer, the securities regulatory authority or regulator of the jurisdiction with which the firm filer has the most significant connection, and

(b) for an individual filer, the securities regulatory authority or regulator of the jurisdiction in which the individual filer's working office is located;

"registered filer" means a registered firm or registered individual;

"registered firm" means a person or company that is registered in at least one jurisdiction as an investment dealer, a mutual fund dealer or an unrestricted adviser;

"registered individual" means an individual that is registered in at least one jurisdiction to trade or advise on behalf of a registered firm;

"securities legislation" means,

(a) for a local jurisdiction other than Québec, the statute and other instruments referred to in Appendix B of National Instrument 14-101 Definitions opposite the name of the local jurisdiction, and

(b) for Québec,

(i) the statute and other instruments referred to in Appendix B of National Instrument 14-101 Definitions opposite Québec,

(ii) an Act respecting the distribution of financial products and services (R.S.Q., c. D-9.2) and the regulations under that Act and the blanket rulings and orders issued by the securities regulatory authority, and

(iii) an Act respecting the Agence nationale d'encadrement du secteur financier (R.S.Q., c. A-7.03) and the regulations under that Act and the blanket rulings and orders issued by the securities regulatory authority,

but does not mean any regulation adopted by or for a self-regulatory organization;

"sponsored individual" means, for a firm filer,

(a) a registered individual who trades or advises on behalf of the firm filer,

(b) an individual submitting an application to become a registered individual who proposes to trade or advise on behalf of the firm filer, or

(c) a non-registered individual of the firm filer;

"sponsoring firm" means,

(a) for a registered individual, the registered firm on whose behalf the individual trades or advises,

(b) for an individual submitting an application to become a registered individual, the registered firm, or the person or company submitting an application to become a registered firm, on whose behalf the individual proposes to trade or advise,

(c) for a non-registered individual of a registered firm, the registered firm, or

(d) for a non-registered individual of a person or company submitting an application to become a registered firm, the person or company that is submitting the application;

"substantial holder" means any individual who beneficially owns, whether directly or indirectly, or exercises control or direction over, ten percent or more of the voting securities of a firm filer;

"unrestricted adviser" means a person or company registered in a category referred to in Appendix A opposite the name of the local jurisdiction under the heading "Unrestricted Adviser"; and

"working office" means the office of the sponsoring firm from which an individual filer primarily works or proposes to primarily work.

1.2 INTERPRETATION

(1) For the purposes of this Instrument, the term "registration" includes a reinstatement of registration or an amendment to registration, where appropriate.

(2) For the purposes of this Instrument, a category of registration in a jurisdiction corresponds to a category of registration in another jurisdiction if both categories permit the same or substantially the same advising or trading activity.

PART 2
APPLICATION

2.1 APPLICATION OF NRS TO FIRM FILERS

(1) A firm filer may elect to use the National Registration System if the firm filer

(a) has a business office in Canada, and

(b) is

(i) a registered firm in the jurisdiction of its principal regulator and in at least one other jurisdiction,

(ii) submitting an application to become a registered firm in the jurisdiction of its principal regulator and in at least one other jurisdiction, or

(iii) a registered firm in the jurisdiction of its principal regulator and submitting an application to become a registered firm in at least one other jurisdiction,

in all cases, in corresponding categories of registration.

(2) A firm filer elects to use NRS by submitting to the principal regulator and to all non-principal regulators a completed Form 31-101F1. A new completed Form 31-101F1 must be submitted to the principal regulator and all non-principal regulators when a registered firm is seeking registration in further jurisdictions.

(3) The National Registration System must be used for each application for registration submitted by a firm filer if the firm filer has elected to use NRS.

2.2 APPLICATION OF NRS TO INDIVIDUAL FILERS

The National Registration System must be used for each application for registration, approval or review of an individual filer when

(a) the individual filer resides in Canada,

(b) the individual filer's sponsoring firm has elected to use NRS, and

(c) the individual filer, or the individual filer's sponsoring firm, is submitting the application to a non-principal regulator in a category of registration, approval or review which corresponds to the category in which the individual filer is registered or has been approved or reviewed, or for which the individual filer, or the individual filer's sponsoring firm, is submitting an application to be registered, approved or reviewed, in the jurisdiction of the individual filer's principal regulator.

2.3 NOTICE OF CHANGE

If the factors considered by a firm filer in determining the jurisdiction with which it has the most significant connection change, the firm filer must immediately notify its principal regulator of such change by submitting a completed Form 31-101F2.

PART 3
LOCAL EXEMPTIONS

3.1 EXEMPTIONS FROM NON-PRINCIPAL REGULATOR REQUIREMENTS

(1) Except as provided in section 3.3, a filer registered, approved or reviewed or submitting an application for registration, approval or review in a local jurisdiction under NRS, a firm filer electing to use NRS or an individual filer whose sponsoring firm has elected to use NRS, is exempt from the fit and proper requirements, notice requirements and filing requirements of the local jurisdiction if

(a) the regulator or securities regulatory authority of the local jurisdiction is a non-principal regulator,

(b) the filer complies with the applicable fit and proper requirements, notice requirements and filing requirements of the jurisdiction of the filer's principal regulator, and

(c) where the principal regulator of the firm filer is situate in Québec, the firm filer registered or submitting an application for registration as a mutual fund dealer maintains insurance or bonding with respect to registrable activities conducted in the local jurisdiction that meets the requirements prescribed by the rules of the self-regulatory organization of which the firm filer is or must be a member.

(2) A filer registered under NRS is exempt from the local requirement to hold a certificate of registration or to have received written notice of the registration before conducting an activity for which the filer must be registered, if the filer has received an NRS document from its principal regulator that evidences that the local regulator or securities regulatory authority has registered the filer in a category that permits the filer to carry on the activity.

3.2 TEMPORARY EXEMPTION – CHANGE OF PRINCIPAL REGULATOR

If the principal regulator of a registered filer changes, the registered filer is exempt from the fit and proper requirements of the local jurisdiction of the redesignated principal regulator for a period of six months following the effective date of the change of principal regulator, provided that the registered filer continues to satisfy the fit and proper requirements applicable in the jurisdiction of its previous principal regulator during that period.

3.3 TERMINATION OF EXEMPTIONS

(1) The exemptions in subsection 3.1(1) and section 3.2 are no longer available to a registered filer or non-registered individual that ceases to be eligible under NRS or, for a registered firm, that elects to no longer use NRS.

(2) A filer shall cease to benefit from the exemption set forth in subsection 3.1(1) in any local jurisdiction where a non-principal regulator of the filer opts out of NRS on the filer's application, unless the non-principal regulator opts back in.

PART 4
TRANSITION

4.1 REGISTRATIONS OR APPROVALS OF INDIVIDUAL FILERS IN QUÉBEC

An individual filer whose principal regulator is situate in Québec will not be exempt from the filing requirements contained in Multilateral Instrument 33-109 Registration Information and Multilateral Instrument 31-102 National Registration Database, unless similar requirements are applicable in Québec to the individual filer.

PART 5
EXEMPTION

5.1 EXEMPTION

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

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

PART 6
EFFECTIVE DATE

6.1 EFFECTIVE DATE

This Instrument shall come into force on April 4, 2005.

APPENDIX A

REGISTRATION CATEGORY CONCORDANCE

	INVESTMENT DEALER	MUTUAL FUND DEALER	UNRESTRICTED ADVISER
Alberta	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
British Columbia	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Manitoba	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
New Brunswick	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Newfoundland & Labrador	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Nova Scotia	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Ontario	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Prince Edward Island	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Québec	Dealer with an unrestricted practice	Firm in group-savings-plan brokerage	Adviser with an unrestricted practice
Saskatchewan	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Northwest Territories	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Nunavut	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Yukon	Broker	Broker	Broker

FORM 31-101F1

ELECTION TO USE NRS AND DETERMINATION OF PRINCIPAL REGULATOR

General Instructions

1. A firm filer must use this form to notify its principal regulator and non-principal regulator(s) of its election to use and to have its individual filers use NRS for an application submitted in more than one jurisdiction or in a jurisdiction of a non-principal regulator.

2. This form must be filed in paper format with the firm filer's principal regulator and non-principal regulator(s) when submitted in connection with an application.

3. If this form is not submitted with a firm filer's application, it may be submitted with the filer's principal regulator and non-principal regulators by e-mail at the following addresses:

Alberta	nrs@seccom.ab.ca
British Columbia	registration@bcsc.bc.ca
Manitoba	securities@gov.mb.ca
New Brunswick	information@nbsc-cvmnb.ca
Newfoundland & Labrador	skmurphy@gov.nl.ca
Nova Scotia	nrs@gov.ns.ca
Ontario	registration@osc.gov.on.ca
Prince Edward Island	mlgallant@gov.pe.ca
Québec	inscription@lautorite.qc.ca
Saskatchewan	dmurrison@sfsc.gov.sk.ca
Northwest Territories	ann_burry@gov.nt.ca
Nunavut	svangenne@gov.nu.ca
Yukon Territory	corporateaffairs@gov.yk.ca

1. Identification of Filer

NRD # (if applicable): _____

Firm Name: _____

2. Identification of Regulators

The undersigned firm is submitting an application or is registered in the following jurisdictions:

a) Jurisdiction of Principal Regulator: _____

b) Jurisdiction(s) of Non-Principal Regulator(s): _____

_____

3. Reasons for Designation of Principal Regulator

Provide details on the factors listed under subsection 3.2(4) of NP 31-201 that are taken into consideration in the firm filer's determination of its principal regulator. Other factors may be considered if deemed relevant.

_____

_____

_____

_____

_____

Certification and Submission to Jurisdiction

I, the undersigned, certify on behalf of _____ (the "Firm") that all statements of fact
[Name of firm]
provided in this notice are true and, by submitting this form, the Firm irrevocably and unconditionally submits itself to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of each jurisdiction to which this form has been submitted and any administrative proceedings in that jurisdiction, in any action, investigation or administrative, disciplinary, criminal, quasi-criminal, penal or other proceeding (each, a proceeding) arising out of or relating to or concerning its activities as a registered filer under the securities legislation of the jurisdiction, and the Firm irrevocably waives any right to raise as a defence in any proceeding any alleged lack of jurisdiction to bring that proceeding.

_____
[Name of firm]

_____ Per: _____
Date Signature of authorized officer or partner

FORM 31-101F2

NOTICE OF CHANGE

General Instructions

1. This form must be submitted by a firm filer to notify its principal regulator of changes to the factors considered by the firm filer to determine the jurisdiction with which the firm filer has the most significant connection.

2. This form should be submitted with the filer's principal regulator by e-mail at the following address:

Alberta	nrs@seccom.ab.ca
British Columbia	registration@bcsc.bc.ca
Manitoba	securities@gov.mb.ca
New Brunswick	information@nbsc-cvmnb.ca
Newfoundland & Labrador	skmurphy@gov.nl.ca
Nova Scotia	nrs@gov.ns.ca
Ontario	registration@osc.gov.on.ca
Prince Edward Island	mlgallant@gov.pe.ca
Québec	inscription@lautorite.qc.ca
Saskatchewan	dmurrison@sfsc.gov.sk.ca
Northwest Territories	ann_burry@gov.nt.ca
Nunavut	svangenne@gov.nu.ca
Yukon Territory	corporateaffairs@gov.yk.ca

1. Identification of Filer

NRD # (if applicable): _____

Firm Name: _____

2. Details of Change

Provide details of the change to the factors considered by the firm filer to determine the jurisdiction with which the firm filer has the most significant connection.

_____

_____

_____

Certification

I, the undersigned, on behalf of _____ certify that all statements of fact provided in this notice are true.
[Name of firm]

_____
[Name of firm]

_____ Per: _____
Date Signature of authorized officer or partner

5.1.4 National Policy 31-201 — National Registration System

NATIONAL POLICY 31-201 — NATIONAL REGISTRATION SYSTEM

PART 1
DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

(1) In this Policy,

"application form" means, for a filer, the form required under applicable securities legislation to submit an application for registration or approval;

"conduct rules" means the rules, as they apply to registered filers or non-registered individuals, contained in securities legislation of the jurisdictions in which a registered filer is registered or in which a non-registered individual is approved or reviewed, to ensure the proper conduct, namely as regards skill, care and diligence, of registered filers and non-registered individuals towards clients, other registrants and regulators and, without limiting the generality of the foregoing, may include rules relating to

(a) the types of securities that may be traded or on which advice may be given,

(b) knowledge of clients, including identity, creditworthiness, reputation, investment needs and objectives and suitability of securities transactions,

(c) membership with self-regulatory organizations,

(d) necessary human resources,

(e) supervision,

(f) compliance officers or branch managers,

(g) fair and honest treatment of clients,

(h) fair allocation of investment opportunities,

(i) prudent business practices,

(j) record-keeping,

(k) communications with clients,

(l) safe-keeping of assets,

(m) conflicts of interest,

(n) use of advertising,

(o) segregated and trust accounts, and

(p) general conduct of business activities so as to promote the best interests of clients and the integrity of the market;

"materials" means the materials identified in accordance with section 4.2;

"MI 31-102" means Multilateral Instrument 31-102 National Registration Database;

"MI 33-109" means Multilateral Instrument 33-109 Registration Information;

"NI 31-101" means National Instrument 31-101 National Registration System; and

"Québec NRD Rules" means Regulation 31-102Q Respecting the National Registration Database and Regulation 33-109Q Respecting Registration Information.

(2) In this Policy, "conduct rules" also means the rules, as they apply to mutual fund dealers and their sponsored individuals who are registered in Québec, contained in the securities legislation of Québec, with respect to liability insurance.

1.2 INTERPRETATION

(1) Unless otherwise defined or interpreted herein or unless the context otherwise requires, terms used in this Policy that are defined or interpreted in NI 31-101 or National Instrument 14-101 Definitions have the meanings given in those national instruments.

(2) "Fit and proper requirements", as defined in NI 31-101, include requirements relating to

(a) employment conflicts and multiple-category registration,

(b) experience and completion of recognized industry course,

(c) minimum capital,

(d) bonding or insurance, except as contemplated in subsection 1.1(2),

(e) participation in compensation or contingency funds,

(f) record-keeping systems,

(g) preparation of audited and unaudited financial statements, and

(h) jurisdiction of incorporation.

(3) In this Policy, the terms "NRD", "NRD format" and "NRD website" have the meanings defined in MI 31-102.

(4) Terms and conditions attaching to a filer's registration does not affect the filer's eligibility to use NRS.

(5) This Policy should be read in conjunction with NI 31-101, which sets out specific requirements and exemptions in relation to the use of NRS.

PART 2
OVERVIEW AND APPLICATION

2.1 OVERVIEW

(1) This Policy describes the practical application of mutual reliance concepts set out in the MRRS MOU relating to the filing and review of registration applications and applications for approval or review of non-registered individuals.

(2) Under NRS, a designated securities regulatory authority or regulator, as applicable, acts as the principal regulator for all applications relating to a filer. This will enable securities regulatory authorities and regulators to develop greater familiarity with their respective filers, which will enhance the efficiency and quality of their review of applications filed under NRS.

(3) A person or company submitting an application to become a registered firm should determine pursuant to NI 31-101 if it is eligible to use NRS. Eligible registered firms may elect to use NRS at any time. Any election by a firm filer to use NRS is binding on all eligible sponsored individuals of the firm filer submitting, or whose firm filer is submitting on their behalf, an application to a non-principal regulator.

2.2 APPLICABLE REQUIREMENTS

(1) NI 31-101 provides exemptive relief so that firm filers who have elected to use NRS and their sponsored individuals will only have to satisfy or comply with, as the case may be, the fit and proper requirements, notice requirements and filing requirements applicable in the jurisdiction of the filer's principal regulator. A requirement is not considered applicable if the filer's principal regulator has issued a blanket ruling or order providing for general relief from this requirement.

(2) Filers will continue to be subject to the conduct rules applicable in each jurisdiction where they are registered.

2.3 APPLICATIONS FOR EXEMPTIVE RELIEF

(1) If a filer requires exemptive relief from the fit and proper requirements, the notice requirements or the filing requirements in connection with its application, it only needs to obtain the exemption from its principal regulator.

(2) If a filer requires exemptive relief from the conduct rules in connection with its application, the exemption can only be obtained from the securities regulatory authority or regulator of the jurisdiction in which the exemption is required. If an exemption is required in more than one jurisdiction, filers are encouraged to use the procedures under National Policy 12-201 Mutual Reliance Review System for Exemptive Relief Applications.

PART 3
PRINCIPAL REGULATOR

3.1 PARTICIPATING PRINCIPAL REGULATORS

As of the effective date of this Policy, the securities regulatory authorities and regulators of all jurisdictions have agreed to act as principal regulator for applications submitted under NRS.

3.2 DETERMINATION OF PRINCIPAL REGULATOR

(1) It is the responsibility of the filer to determine its principal regulator.

(2) A filer submitting an application under NRS or, in the case of a firm filer, electing to use NRS should determine its principal regulator in accordance with this section.

(3) The principal regulator for a firm filer is the securities regulatory authority or regulator of the jurisdiction with which the firm filer has the most significant connection.

(4) The following are factors that should be considered by a firm filer when determining the jurisdiction with which it has the most significant connection:

(a) head office,

(b) directing mind and management,

(c) operational headquarters,

(d) business offices,

(e) workforce, and

(f) clientele.

(5) A firm filer's jurisdiction of incorporation or its registered office, if it is not also a significant business office, are not in themselves factors that should be considered by a firm filer when determining the jurisdiction with which it has the most significant connection.

(6) The principal regulator for an individual filer is the securities regulatory authority or regulator of the jurisdiction in which the individual filer's working office is located.

(7) If a filer wishes to obtain confirmation of its determination of principal regulator, it may notify that regulator of its determination before submitting an application under NRS. The notice should include detailed information regarding the relevant factors considered by the filer in making the determination. The principal regulator, after considering the determination, which may include discussing the determination with other securities regulatory authorities or regulators, will respond to the filer's notice within ten business days.

3.3 CHANGE OF PRINCIPAL REGULATOR

(1) Securities regulatory authorities and regulators may change the principal regulator determined by the filer in the following circumstances:

(a) the securities regulatory authorities and regulators believe that the determination of the principal regulator by the filer was not or is no longer appropriate in view of the particular relevant factors applicable to the filer, or

(b) the securities regulatory authorities and regulators determine that changing the principal regulator of a filer would result in greater administrative and regulatory efficiencies in connection with the filer's registration or approval.

(2) If the securities regulatory authorities and regulators propose to change a filer's principal regulator, the principal regulator will notify the filer in writing of the proposed change and will identify the reasons for the proposed change.

3.4 EFFECT OF CHANGE OF PRINCIPAL REGULATOR

Unless otherwise consented to by the principal regulator and the redesignated principal regulator, a change of principal regulator pursuant to section 3.3 will take effect immediately. Requirements applicable to the filer will change accordingly, subject to the temporary exemption contained in section 3.2 of NI 31-101 for the benefit of registered filers.

PART 4
FILING MATERIALS UNDER NRS

4.1 USE OF NRS

A firm filer uses NRS or enables its individual filers to use NRS by filing a completed Form 31-101F1 with its principal regulator and non-principal regulators.

4.2 MATERIALS TO BE FILED

(1) If a firm filer or an individual filer's sponsoring firm has elected to use NRS, the filer or the non-registered individual's sponsoring firm should file all required materials in connection with the application under the securities legislation applicable in the jurisdiction of the filer's principal regulator. Materials that would have normally been required in connection with the application under the securities legislation applicable in the jurisdictions of the non-principal regulators do not need to be filed.

(2) Materials that must be filed in NRD format through the NRD website in accordance with MI 31-102 and MI 33-109 should be filed concurrently with each of the principal regulator and the non-principal regulators with the applicable fees.

(3) Materials that cannot be filed in NRD format through the NRD website should be filed in paper format with the principal regulator only. Firm filers should also concurrently send in paper format to each non-principal regulator a signed copy of Form 31-101F1 and a copy of the application form, as well as the applicable fees. Supporting materials for an application are not required to be sent to the firm filer's non-principal regulators.

4.3 SEQUENTIAL APPLICATIONS

(1) A registered firm seeking further registration in one or more jurisdictions of non-principal regulators should submit its application with its principal regulator and the non-principal regulators in whose jurisdiction the registered firm is seeking further registration.

(2) The registered firm should submit a letter to its principal regulator, with a copy to the non-principal regulators in whose jurisdictions it is seeking further registration, describing the nature of the application and confirming that the information that it has submitted to its principal regulator in connection with its existing registration is accurate as at the date of the sequential application. The registered firm is not required to submit a new application form or any other document which has been previously filed with the principal regulator and which would remain unchanged. In accordance with section 2.3 of NI 31-101, the registered firm must submit a new completed Form 31-101F1 which includes the further jurisdictions in which it is seeking registration.

PART 5
REVIEW OF MATERIALS

5.1 REVIEW BY PRINCIPAL REGULATOR

(1) The principal regulator is responsible for reviewing all the materials filed pursuant to sections 4.2 and 4.3 in accordance with the securities legislation and securities directions applicable in its jurisdiction and with its review procedures and

those set forth under this Policy and the MRRS MOU, together with the benefit of comments, if any, from the non-principal regulators.

(2) The principal regulator will be responsible for identifying and addressing all deficiencies relating to the filer's application and the submitted materials.

5.2 COORDINATION

The principal regulator for an application made by a firm filer will coordinate the review of the application with the principal regulators of the firm filer's sponsored individuals that have submitted concurrent applications to ensure that issues are resolved so that NRS documents are issued concurrently.

PART 6
REGISTRATION

6.1 DETERMINATION BY PRINCIPAL REGULATOR

After completing its review of the filer's application, the principal regulator will determine whether it will grant, refuse to grant or impose terms and conditions on the registration or approval sought.

6.2 SUBMISSION OF PROPOSED NRS DOCUMENT TO NON-PRINCIPAL REGULATORS

After making the determination referred to in section 6.1, the principal regulator will submit to all non-principal regulators the NRS document that it proposes to issue, addressing

(a) the completion of its review of the filer's application,

(b) whether the filer complies with all fit and proper requirements of the securities legislation applicable in the jurisdiction of the principal regulator,

(c) whether, in the opinion of the principal regulator, the filer is suitable for registration,

(d) the terms and conditions, if any, that the principal regulator proposes to impose, and

(e) the exemptive relief, if any, that the principal regulator is prepared to grant to the filer in connection with the fit and proper requirements, the filing requirements or the notice requirements.

6.3 DETERMINATION BY NON-PRINCIPAL REGULATORS

(1) Each non-principal regulator will have five business days from the receipt of the proposed NRS document referred to in section 6.2 or subsection 6.5(4), as the case may be, to confirm to the principal regulator whether it has made the same determination as the principal regulator and therefore opts into NRS for that application or whether it is opting out. A confirmation from the regulators in the Northwest Territories, Nunavut and the Yukon Territory is not required if they are opting in.

(2) Non-principal regulators may, without opting out of NRS, impose local terms and conditions to the registration or approval relating to conduct rules applicable in their jurisdiction.

(3) If a non-principal regulator intends to impose local terms and conditions on the filer's registration or approval, it will notify the filer of such terms and conditions and, if and as provided under the securities legislation applicable in the jurisdiction of the non-principal regulator, it will provide the filer with an opportunity to be heard with respect to the proposed terms and conditions.

6.4 POTENTIAL REFUSAL OF REGISTRATION OR IMPOSITION OF TERMS AND CONDITIONS

If, based on the information before it, the principal regulator is not prepared to grant the registration or approval sought, or if it is prepared to grant the registration or approval sought with certain terms and conditions, the principal regulator will, after the period referred to in subsection 6.3(1) has elapsed, notify the filer.

6.5 OPPORTUNITY TO BE HEARD

(1) If a filer has, under the securities legislation applicable in the jurisdiction of its principal regulator, the right to request the opportunity to appear before or otherwise make submissions to the principal regulator as a result of a potential

refusal of the registration or approval sought or as a result of the proposed terms and conditions to the registration or approval sought and if the filer exercises such right, the principal regulator will notify the non-principal regulators with whom the application was filed that the filer has made the request.

(2) The principal regulator may provide an opportunity to be heard, either solely, jointly or concurrently with other interested non-principal regulators in accordance with applicable securities legislation.

(3) The non-principal regulators with whom the filer's application was filed may make whatever arrangements they consider appropriate, including providing an opportunity to be heard contemporaneously with an opportunity provided by the principal regulator, in accordance with applicable securities legislation.

(4) After a decision has been rendered following the hearing, the principal regulator will submit to all non-principal regulators a newly proposed NRS document, if required.

6.6 Renewals

(1) In certain jurisdictions, securities legislation provides that registration will expire after a certain period of time, while in other jurisdictions, securities legislation provides that registration is permanent unless revoked by the local securities regulatory authority or regulator. Renewal requirements apply to registered filers using NRS, however the exemption from the fit and proper requirements of the local jurisdiction of non-principal regulators continues in effect.

(2) Due to the different requirements among the jurisdictions in respect of renewal filings and fees, it is not possible to process renewals through the single channel of the principal regulator in the same manner as with other NRS applications. Applicable filings must be submitted directly to a securities regulatory authority or regulator whose securities legislation imposes a renewal requirement on a registered filer and applicable renewal payments must be made through NRD.

PART 7
OPT OUT

7.1 OPT OUT

(1) A non-principal regulator electing to opt out of NRS on any particular application will notify the filer, the principal regulator and other non-principal regulators within the time period prescribed by subsection 6.3(1) and will briefly indicate the reasons for opting out.

(2) A decision by a non-principal regulator to opt out of NRS is not a decision on the merits of the application.

(3) A filer will deal directly with any non-principal regulator that has opted out of NRS to resolve outstanding issues.

7.2 OPT BACK IN

If the filer and the non-principal regulator are able to resolve their outstanding issues before the principal regulator issues the final NRS document, the non-principal regulator may opt back into NRS by notifying the principal regulator, all other non-principal regulators and the filer.

PART 8
NRS DOCUMENT

8.1 CONDITIONS FOR ISSUANCE OF NRS DOCUMENT

The principal regulator will issue an NRS document for an application submitted under NRS if

(a) all non-principal regulators, other than the regulators in the Northwest Territories, Nunavut and the Yukon Territory, have indicated whether they are opting in or out of NRS with respect to the application,

(b) the principal regulator has determined that acceptable materials have been filed,

(c) the principal regulator has reviewed the materials submitted,

(d) where the registration or approval sought by the filer is to be granted, the principal regulator has determined that the requirements contained in the securities legislation applicable in the jurisdiction of the principal regulator to grant the registration or approval, with or without terms and conditions, are satisfied, or where the

registration or approval sought by the filer is to be refused, the principal regulator has determined that the requirements contained in the securities legislation applicable in the jurisdiction of the principal regulator to grant the registration or approval are not satisfied, and

(e) where the registration or approval sought by an individual filer is to be granted, the individual filer's sponsoring firm is registered in all jurisdictions in which the individual filer is to be registered or approved.

8.2 EFFECT AND SUBSTANCE OF NRS DOCUMENT

(1) The NRS document evidences that a decision on the filer's application has been made by the principal regulator and the non-principal regulators that have not opted out of NRS for the application.

(2) The NRS document will evidence any terms and conditions imposed by a principal regulator or a non-principal regulator, as well as any exemption from the fit and proper requirements, the notice requirements and the filing requirements granted by the principal regulator.

8.3 EFFECTIVE DATE OF NRS DOCUMENT

The decisions made by the principal regulator and the non-principal regulators with respect to a filer's application will have the same effective date as the NRS document.

8.4 LOCAL DECISION

Despite the issuance of the NRS document, certain non-principal regulators may concurrently issue their own decision documents in connection with a filer's application. It is not necessary for a filer to obtain a copy of any local decision document before commencing registrable activities.

PART 9
TRANSITION

9.1 REGISTRATIONS OR APPROVALS OF INDIVIDUAL FILERS IN QUÉBEC

Québec has adopted the Québec NRD Rules, which correspond to MI 31-102 and MI 33-109, and has made NRD available for registrations or approvals of individual filers in Québec. However, because of transitional measures provided in the Québec NRD Rules, individual filers whose principal regulator is a securities regulatory authority in Québec and who are not yet required pursuant to the Québec NRD Rules to file materials in NRD format through the NRD website, in addition to complying with the requirements of securities legislation in Québec, must comply with the requirements of MI 31-102 and MI 33-109, in order to ensure the integrity of NRD.

Chapter 6

Request for Comments

6.1.1 Notice and Request for Comment - Proposed Repeal and Replacement of National Instrument 44-101 Short Form Prospectus Distributions, Form 44-101F3 Short Form Prospectus and Companion Policy 44-101CP Short Form Prospectus Distributions

NOTICE AND REQUEST FOR COMMENT

PROPOSED REPEAL AND REPLACEMENT OF
NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS,*
FORM 44-101F3 *SHORT FORM PROSPECTUS* AND
COMPANION POLICY 44-101CP *SHORT FORM PROSPECTUS DISTRIBUTIONS*

January 7, 2005

INTRODUCTION

We, the Canadian Securities Administrators ("CSA") are publishing for a 90 day comment period the following draft documents:

- amended and restated National Instrument 44-101 *Short Form Prospectus Distributions* ("Proposed NI 44-101");
- amended and restated Form 44-101F1 *Short Form Prospectus* ("Proposed Form 1"); and
- amended and restated Companion Policy 44-101CP *Short Form Prospectus Distributions* (the "Proposed CP");

(collectively, the "Proposed Rule").

The text of the Proposed Rule is being published concurrently with this notice and can be obtained on websites of CSA members, including the following:

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

The Proposed Rule is intended to replace the current short form prospectus distribution rule and related forms and companion policy (collectively, the "Current Rule") that came into effect in all CSA jurisdictions on December 31, 2000.

We are also proposing to make consequential amendments to certain other national instruments. Please see the CSA's Notice and Request for Comment "Consequential Amendments Arising from the Proposed Repeal and Replacement of National Instrument 44-101 *Short form Prospectus Distributions*: Amendments to National Instrument 44-102 *Shelf Distributions*, National Instrument 44-103 *Post-Receipt Pricing*, National Policy 43-201 *Mutual Reliance Review System for Prospectuses and Annual Information Forms* and National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*", which is being published concurrently with this notice.

We request comments by April 8, 2005. Target implementation of the Proposed Rule is July 2005. Depending in part on the comments received, the amendments proposed may be adopted in their entirety or in part.

BACKGROUND

Current Short Form Prospectus System

National Instrument 44-101 *Short Form Prospectus Distributions* ("Current NI 44-101") was implemented on December 31, 2000 as a reformulation and replacement of National Policy Statement No. 47 *Prompt Offering Qualification System* ("NP47"). The Current Rule prescribes conditions for the use of a short form prospectus to distribute securities to the public. The system was designed to enable qualifying issuers to respond more quickly and efficiently to market opportunities without diminishing the information and protection available to investors, by reducing the disclosure otherwise required to be included in a prospectus and streamlining the regulatory review of such prospectus. The short form prospectus, Form 44-101F3 (the "Current Form"), incorporates by reference, rather than restates, information contained in the issuer's annual information form ("AIF"), financial statements and other continuous disclosure ("CD"). In addition, Current NI 44-101 sets out qualification criteria that emphasize the filing and review of an initial AIF and prescribes additional requirements meant to enhance and update the CD requirements, as they existed in 2000, including requiring business acquisition financial statement disclosure.

Regulatory and Other Developments

The Current Rule is premised on the securities regulatory environment as it existed in 2000. Since then, there have been a number of important regulatory and technical developments affecting the information available to the public. Key regulatory developments include the following:

1. the adoption on March 30, 2004 of National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102");

2. the anticipated adoption early in 2005 of National Instrument 81-106 *Investment Fund Continuous Disclosure* ("NI 81-106", and together with NI 51-102, the "CD Rules"); and

3. the implementation and continued refinement of the harmonized CD review program (the "CDR Program")[1] by many CSA jurisdictions and the progress made by the CSA to enhance consistency in the scope and level of reviews carried out by staff across Canada.

NI 51-102 has enhanced and harmonized CD requirements for reporting issuers other than investment funds, and NI 81-106 will achieve the same result for investment funds. We anticipate that issuers' CD will improve in response to the CSA's increased focus and allocation of resources on CD review. In addition, advances in technology, including the inception and growth of the Internet and the development of the CSA's *System for Electronic Document Analysis and Retrieval* ("SEDAR"), have enhanced investor access to CD. Because the requirements of and access to CD have been so enhanced, we believe that the public offering system for some issuers could be simplified without diminishing investor protection.

Purpose and Substance of the Proposed Rule

If adopted, the amendments reflected in the Proposed Rule will

- streamline the system established under the Current Rule;
- eliminate duplication and inconsistencies with the CD Rules; and
- modify eligibility, disclosure and other requirements in a manner consistent with other developments and initiatives of the CSA.

The proposed changes represent our attempt to more fully integrate the disclosure regimes for the primary and secondary markets. We have also attempted to address deficiencies or ambiguities in the Current Rule which we have identified over the past four years. Finally, we have proposed revisions to the qualification criteria that would allow more issuers that are compliant with the CD Rules to participate in the system.

Expansion of Eligibility

As part of this publication, the CSA is considering and seeking comment on an alternative and much broader set of basic qualification criteria in the short form prospectus system. This proposal is premised on the view that Toronto Stock Exchange- or TSX Venture Exchange-listed issuers who have an operating business and maintain up-to-date CD relating to this business should, regardless of their market capitalization or the amount of time they have been reporting issuers, be able to access the capital markets in a more efficient and streamlined manner based on their comprehensive public disclosure. This proposal is consistent with the 2000 Concept Proposal discussed below, and is set out in Proposed NI 44-101 as an alternative set of qualification requirements (referred to as "Alternative B").

[1] See CSA Staff Notice 51-312 *Harmonized Continuous Disclosure Review Program*, dated July 16, 2004.

The Integrated Disclosure System Concept Proposal

In January 2000, the CSA published a Concept Proposal (the "2000 Concept Proposal") for an Integrated Disclosure System ("IDS").[2] The 2000 Concept Proposal contemplated a streamlined offering system that was designed to fit within existing provincial securities legislation, but would require participating issuers to significantly enhance their CD. After publishing the 2000 Concept Proposal and receiving and reviewing comments on the proposal, the CSA focussed its attention on the harmonization and enhancement of CD requirements and CD review. This focus has resulted in the implementation of the CD Rules, which have enhanced CD requirements for all issuers. Many of the CD enhancements included in the 2000 Concept Proposal have been implemented through the CD Rules. Other enhancements contemplated in the 2000 Concept Proposal have and will be implemented through Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and Multilateral Instrument 52-110 *Audit Committees* (the "Audit Committee Rule"), and through the implementation and continued refinement of the CDR Program.

The establishment of this "new" CD regime creates a comprehensive national standard for CD for all reporting issuers in Canada and thereby forms an appropriate foundation on which to build an integrated disclosure system. In publishing the Proposed Rule, and particularly the proposed Alternative B qualification criteria, the CSA is proposing significant changes to the current short form prospectus system. These changes are consistent with, and in some cases derived from, the ideas expressed in the 2000 Concept Proposal and are supported by the comments received on the 2000 Concept Proposal.

Our goal in amending the Current Rule is to harmonize and integrate the short form prospectus regime with the new CD regime and to create, to the extent possible, a universal, seamless, integrated and expedited offering system consistent with the objectives underlying the 2000 Concept Proposal.

We received 23 comment letters on the 2000 Concept Proposal. Attached as Appendix A to this Notice is a summary of those comments together with our responses to the comments. Where applicable, our responses to comments will reference the changes we are proposing in the Proposed Rule. Later in this Notice under the heading "REQUEST FOR COMMENT - Next Steps in Prospectus Regulation" we address other potential changes to our prospectus regimes that are not reflected in the Proposed Rule. These include the potential elimination of the requirements for preliminary prospectuses and regulatory prospectus review as well as changes to the current rules governing the marketing of distributions.

Multijurisdictional Disclosure System

A short form prospectus prepared and filed under the Current Rule would generally qualify as a home jurisdiction document for an offering of securities under the U.S. multijurisdictional disclosure system ("MJDS"). We believe that the proposed changes to the Current Rule will not adversely affect the use of a short form prospectus as a home jurisdiction document under U.S. securities law. An issuer planning to use a short form prospectus as a home jurisdiction document must satisfy the general eligibility requirements of the MJDS registration statement forms in addition to being eligible to use a short form prospectus, and so none of the proposed changes to the qualification criteria in Part 2 of Proposed NI 44-101 should have any impact on the availability to issuers of the MJDS.

SUMMARY OF CHANGES TO THE CURRENT RULE

The Current Rule continues to be in force in all Canadian jurisdictions. If the Proposed Rule is adopted, it will replace the Current Rule. The most significant changes to the Current Rule are summarized as follows:

- Eliminating the AIF filing and acceptance procedure, as all reporting issuers, except *venture issuers* (as defined in NI 51-102), are now or will be subject to a mandatory AIF requirement under the CD Rules. Proposed NI 44-101 retains the requirement that an issuer - including a venture issuer - have a current AIF to be eligible to use the short form prospectus distribution system, but effectively incorporates the AIF form and filing requirements provided for under the CD Rules.

- Eliminating the detailed requirements relating to significant acquisitions, as eligible issuers are now subject to a mandatory Business Acquisition Report ("BAR") requirement under NI 51-102.

- Changing the requirements for auditor's consent letters and compilation reports and eliminating certain auditor's comfort letters as a result of the development of CICA Handbook section 7110 *Auditor Involvement with Offering Documents of Public and Private Entities* and the BAR requirements under NI 51-102.

- Clarifying certain issues and addressing questions that have arisen since the Current Rule came into force.

[2] CSA Notice and Request for Comment 44-401, 51-401.

Summary of Proposed Amendments
The mandatory elements of the Proposed Rule are set out in Proposed NI 44-101 and Proposed Form 1. Proposed Form 1 also contains instructions to guide users. The Proposed CP provides explanation and additional guidance relating to Proposed NI 44-101 and Proposed Form 1.

Proposed NI 44-101
Part 1 Definitions and Interpretation of Proposed NI 44-101 identifies defined terms used in Proposed NI 44-101, Proposed Form 1 and the Proposed CP. A number of defined terms have been redefined with reference to NI 51-102 or, if applicable, NI 81-106, as the short form prospectus offering system is designed to build on the CD Rules. In addition, we have been able to remove a number of defined terms because we deleted a number of the substantive provisions of the Current Rule. Of particular note is the elimination of the significance tests for "significant acquisitions" and related provisions. We added the definition of "short form eligible exchange" in connection with the Alternative B qualification criteria, discussed below.

Part 2 Qualification to File a Prospectus in the Form of a Short Form Prospectus of Proposed NI 44-101 sets out the qualification criteria for issuers wishing to use the short form prospectus distribution system. The transitional provisions relating to NP47 that appear in Current NI 44-101 have been removed, as they became unnecessary with the passage of time.

We have included in Proposed NI 44-101 two alternative versions of Part 2. The first version ("Alternative A") represents a substantive continuation of the qualification requirements in the Current Rule after making amendments to harmonize those requirements with the CD Rules and other regulatory developments. Alternative B represents a significant shift in qualification requirements from the Current Rule.

Alternative A
Section 2.2 sets out the basic qualification criteria for eligibility to participate in the short form distribution system. They include being a SEDAR filer, having been a reporting issuer for the past 12 months in at least one jurisdiction in Canada, having filed all required CD documents, having a current AIF and current annual financial statements, having a minimum market capitalization of $75,000,000 within 60 days of the date of filing the preliminary short form prospectus, and having filed a one-time notice of intention to be qualified to distribute securities under the short form offering system.

The adoption by most Canadian jurisdictions of the reporting issuer concept has allowed us to remove the separate qualification criteria that are included in the Current Rule for issuers who are based in a jurisdiction that does not have that concept. The following changes were also made to the basic eligibility criteria:

1. With the universal adoption of SEDAR, CD documents are accessible electronically to investors in other jurisdictions. SEDAR participation has been added as an eligibility criterion to ensure broad accessibility.

2. We have changed the 12-month "seasoning" requirement to tie into the date of filing the preliminary short form prospectus rather than the date of the most recent AIF. AIF filing deadlines are now imposed under the applicable CD Rule and so most AIFs will be filed once annually, whereas under the Current Rule an issuer could file an AIF at any time throughout the year. Accordingly, for practical purposes, the seasoning period requirement remains the same.

3. We added the requirement that the issuer have filed all required CD documents. This replaces section 10.6 of Current NI 44-101, which prohibits the filing of a preliminary short form prospectus or short form prospectus while the issuer is in default of filing or delivering to the regulator a document required to be filed or delivered under securities legislation. That prohibition is intended to ensure the completeness of the short form issuer's CD record and, in our view, is more appropriately framed as a qualification criterion.

4. We removed the provisions accelerating the filing deadlines for annual financial statements. The CD Rules have shortened the filing deadlines. Having the same filing deadlines for CD and prospectus purposes increases the integration of information available to primary and secondary market participants.

5. We continued the existing requirements to have a current AIF and current annual financial statements, but reframed those requirements to reflect the implementation of NI 51-102 and expected implementation of NI 81-106.

6. We added a one-time notice requirement to address the need for regulators and other market participants to be able to identify which filers are potentially short form issuers. This information is needed to, among other things, monitor the issuer's status under the CDR Program.

These changes to the basic eligibility criteria are generally reflected throughout the various other qualification criteria as well.

Section 2.3 of Proposed NI 44-101, like its counterpart in Current NI 44-101, provides alternative qualification criteria for an issuer that does not have a 12-month reporting issuer history. It allows a "significant issuer" to participate in the short form prospectus system on the basis of a $300 million market capitalization.

Section 2.4 of Proposed NI 44-101 contains the qualification criteria for issuers of approved rating non-convertible securities.

Section 2.5 sets out the alternative qualification criteria for issuers of guaranteed non-convertible debt securities, preferred shares and cash settled derivatives. We amended this provision to permit U.S. credit supporters that do not have a $75,000,000 minimum market capitalization on an exchange in Canada, but who have non-convertible securities that have received an approved rating, to be eligible to act as credit supporters for issuers incorporated in a jurisdiction in Canada. Permitting these U.S. credit supporters to be eligible to act as credit supporters is consistent with the exemptive relief that the securities regulatory authorities or regulators have frequently granted in the past.

Section 2.6 provides the alternative qualification criteria for issuers of guaranteed convertible debt or preferred shares.

Section 2.7 is the alternative qualification criteria for issuers of asset-backed securities.

We removed section 2.8 of Current NI 44-101, which provides alternative qualification criteria following reorganizations. We incorporated its substance into section 2.9 of Proposed NI 44-101, which is discussed below.

Section 2.8 of Proposed NI 44-101 remains unchanged from section 2.9 of Current NI 44-101 and deals with calculation of the aggregate market value of an issuer's securities.

Section 2.9 of Proposed NI 44-101 provides exemptions from the requirements to have current annual financial statements and a current AIF for new reporting issuers and successor issuers. The exemptions further harmonize the Proposed Rule with the CD Rules. The alternative qualification criteria following reorganizations in Current NI 44-101 have led to many applications for exemptive relief and requests of staff for clarifications.

The exemptions are available to those issuers who are not otherwise exempt from the requirements under the CD Rules to file the documents in question, but have not yet been required by the passage of time to file them. The exemptions are conditional on the issuer having filed another disclosure document, such as a prospectus or an information circular, which includes the information that would have been required to be disclosed in the annual financial statements or AIF.

Section 2.9 also provides a successor issuer with an exemption from a portion of the seasoning period provided at least one of the participants to the reorganization that produced the successor issuer was a reporting issuer during the applicable period.

Alternative B

Alternative B in Proposed NI 44-101 would broaden access to the short form prospectus system by eliminating the seasoning requirement and the quantitative (size) requirement from the qualification criteria.

"Seasoning" Requirement

Alternative B is consistent with the CSA view that the other eligibility requirements, particularly compliance with all timely and periodic filing requirements under applicable securities legislation (including the CD Rules), are sufficiently rigorous that a seasoning requirement is not essential.

We note that the 2000 Concept Proposal did not include a seasoning requirement as part of IDS because the proposed IDS would have required issuers to provide an enhanced standard of disclosure to secondary market investors that would also be available to investors in the primary market. With the implementation of the CD Rules and the CDR Program, which have superseded the enhanced standard of disclosure called for in the 2000 Concept Proposal, all reporting issuers are now subject to a level of CD and of CD reviews by their principal regulators that will support short form offering documents without imposing a seasoning period.

Quantitative (Size) Requirement

In developing Alternative B, the CSA rejected quantitative measures, such as an issuer's market capitalization, as a condition of eligibility. This is also consistent with the approach advanced in the 2000 Concept Proposal.

Excluding issuers on the grounds of size alone is inconsistent with the CSA'S objective of broad market efficiency. Given the enhanced disclosure standards under the CD Rules, investors can benefit from the inclusion in the system of issuers of all sizes.

Although the CSA removed the seasoning requirement and the market capitalization requirement from the basic qualification criteria in Alternative B, it maintained a listing requirement. The basic qualification criteria are structured to allow most Canadian listed issuers to participate in the short form prospectus offering system, provided their disclosure record provides investors with satisfactory and sufficient information about the issuer and its business, operations and capital. The system would not, however, be available to an issuer whose principal asset is its exchange listing.

In Alternative B, through the definition of "short form eligible exchange", we have maintained the Canadian listing requirement that is in the Current Short Form Rule. We considered expanding eligibility to reporting issuers whose equity securities are listed only on a foreign exchange, provided that the foreign exchange's listing requirements ensured the issuer had a business and operations. However, we are not, at this time, proposing this additional expansion of eligibility. Based on the CSA's experience with the Current Short Form Rule, we do not believe that reporting issuers who are not listed on a Canadian exchange are likely to want to raise capital using the short form regime.

In Alternative B, the CSA have maintained a minimum approved rating requirement in the alternative qualification criteria based on the types of securities being issued (such as debt or asset-backed securities).

All other changes in Alternative B of section 2 are either consistent with the proposed changes in Alternative A or result from the removal of the seasoning or minimum market capitalization requirement.

We have removed the following portions of Current NI 44-101 from Proposed NI 44-101 for the following reasons:

1. Part 3 *AIF* of Current NI 44-101 mandates the form of AIF and sets out certain requirements and procedures relating to the filing of AIFs and supporting documents, and review and amendment of AIFs. These provisions have been superseded by NI 51-102 and its AIF requirements for reporting issuers other than investment funds, and will be superseded by the corresponding requirements in NI 81-106 for investment funds.

2. Part 4 *Disclosure in a Short Form Prospectus of Financial Statements for Significant Acquisitions* and Part 5 *Financial Statement Disclosure for Multiple Acquisitions That are Not Otherwise Significant or Related* – The financial statement disclosure requirements for significant acquisitions and multiple acquisitions have been replaced by reliance on the BAR requirements set out in the CD Rules. Proposed Form 1 requires the issuer to incorporate by reference any BARs filed since the beginning of the issuer's most recently completed financial year for which an AIF has been filed (either directly or through the incorporation by reference of the issuer's current AIF, which in turn incorporates by reference certain BARs). In some cases, if the issuer was not required to file a BAR, Proposed Form 1 requires comparable disclosure to be included in the short form prospectus. Although Proposed NI 44-101 does not generally accelerate the requirement to file a BAR, Proposed Form 1 requires a summary of significant acquisitions completed within 75 days prior to the short form prospectus for which a BAR has not been filed, and of certain proposed significant acquisitions.

3. Part 6 *Pro Forma Financial Statement Disclosure for Significant Dispositions* of Current NI 44-101 has been removed because the CICA has issued Handbook Section 3475 *Disposals of Long-Lived Assets and Discontinued Operations*, which expands the scope of disposition activities that require discontinued operations disclosure, thus requiring that the issuer's financial statements include the disclosure previously required by Part 6 of Current NI 44-101.

4. Part 7 *GAAP, GAAS, Auditor's Reports and Other Financial Statement Matters* of Current NI 44-101, which deals with generally accepted accounting principles, generally accepted auditing standards and other financial statement matters, has been deleted. These requirements have been included in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* ("NI 52-107"), which is applicable to all issuers. The Part will be largely eliminated as a result of implementing consequential amendments to Current NI 44-101 relating to NI 52-107. The remaining provisions will become unnecessary under Proposed NI 44-101 because of the new definition of *current financial statements*.

5. Part 8 *Audit Committee Review of Financial Statements Included in a Short Form Prospectus* has been replaced by a similar requirement under the Audit Committee Rule.

Part 3 Deemed Incorporation by Reference of Proposed NI 44-101 remains substantively unchanged from what is presently Part 9 of Current NI 44-101. It addresses the deemed incorporation by reference of filed and subsequently filed documents in a short form prospectus.

Part 4 Filing Requirements for a Short Form Prospectus of Proposed NI 44-101 contains provisions relating to the filing requirements and procedures for a short form prospectus and the distribution of securities under a short form prospectus that are substantially similar to the requirements set out in Part 10 of Current NI 44-101, but does reflect some changes. In particular,

1. We expanded the scope of the qualification certificate filed with the preliminary short form prospectus to certify that all previously unfiled material incorporated by reference into the short form prospectus is being filed with the preliminary short form prospectus. The filing of that material is no longer a qualification criterion but remains a filing requirement. The qualification certificate provides staff with an efficient way of confirming that the filing of the preliminary short form prospectus, including documents incorporated by reference, has been completed. We have also expanded the certificate to require the issuer to specify the qualification criteria it is relying on for eligibility.

2. We added a requirement, in connection with the filing of both a preliminary short form prospectus and a short form prospectus, that effectively accelerates the requirement under the applicable CD Rule to file certain material documents. This replaces the existing requirement to deliver all material contracts to the regulator and harmonizes the filing requirement with the CD Rule.

3. We removed the requirement to file technical reports and certificates prepared in accordance with National Policy Statement 2-B, *Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Securities Administrators*, because that instrument has been replaced by NI 51-101 *Standards of Disclosure for Oil and Gas Activities*. No additional filings are required.

4. We eliminated the requirement to file "other mining reports" with the short form prospectus, as those reports are already required to be filed with the preliminary short form prospectus.

5. We removed the requirement to file an auditor's comfort letter regarding unaudited financial statements with the final short form prospectus. CICA Handbook Section 7110 - *Auditor Involvement with Offering Documents of Public and Private Entities* sets out the auditor's professional responsibilities when the auditor is involved with a prospectus or other securities offering document and requires that the auditor perform various procedures prior to consenting to the use of its report or opinion, including reviewing unaudited financial statements included in the document. Furthermore, the issuer is ultimately responsible for ensuring that the short form prospectus provides full, true and plain disclosure.

6. We added a requirement for the issuer to deliver to the regulators, no later than the filing of a short form prospectus, an undertaking to file the periodic and timely disclosure of certain credit supporters. Although the credit supporter is not, simply by providing the guarantee or alternative credit support, issuing a security, investors will nonetheless need periodic and timely disclosure relating to that credit supporter to make informed investment decisions in the secondary market.

7. We amended the provisions dealing with the language of documents to reflect and clarify current practice.

8. We replaced the prohibition, presently in section 10.6 of Current NI 44-101, against filing a short form prospectus while the issuer is in default of filing any required document under securities legislation, with a qualification requirement that all disclosure filings be up to date, as discussed above.

9. The requirement to make all material contracts available for inspection during the distribution has been eliminated. Material documents are now filed on SEDAR and therefore available for public inspection on a continuous basis.

Part 5 Amendments to a Short Form Prospectus of Proposed NI 44-101 addresses amendments to a short form prospectus, and largely continues the provisions of Part 11 of Current NI 44-101. We clarified the distinction between short form prospectuses and preliminary short form prospectuses for the purpose of that Part. The requirement to file an updated consent letter with an amendment has been revised to be consistent with the changes made to the filing requirements and to clarify that the consent must be dated the same date as the amendment. The provision relating to updated auditor's comfort letters was corrected to refer to the delivery, rather than filing, of a comfort letter.

Part 6, *Non-Fixed Price Offerings and Reduction of Offering Price Under Short Form Prospectus* of Proposed NI 44-101 is unchanged from Part 12 of Current NI 44-101.

Part 13 Circulars of Current NI 44-101 has been removed from Proposed NI 44-101. Part 13 generally provides that certain issuers can include their short form prospectus disclosure in a take-over bid, issuer bid or information circular, to satisfy the disclosure requirements of these circulars. We removed Part 13 because it merely restates what is already permitted under the applicable take-over bid and issuer bid forms when the issuer is entitled to use the short form prospectus system and Form 51-102F5 *Information Circular* permits all issuers to incorporate information by reference.

Part 7 Solicitations of Expressions of Interest of Proposed NI 44-101 provides relief on a national basis from securities legislation so issuers can solicit expressions of interest before filing a preliminary prospectus for a bought deal. It is substantially the same as Part 14 of Current NI 44-101, but extends the period within which the underwriting agreement must require the filing of a preliminary short form prospectus from two business days to up to four business days. This change attempts to address the recurring situation in which issuers are unable to file a preliminary short form prospectus in time to receive a receipt no later than

two business days after the execution of an underwriting agreement. Issuers and underwriters should be able to negotiate an appropriate period (up to a four day period) during which a preliminary prospectus must be filed and receipted. One consequence of this change is to extend the period during which pre-marketing of a bought deal can occur to up to four days. We have also eliminated the distinction between MRRS filings and non-MRRS filings.

Part 8 Exemption of Proposed NI 44-101 sets out the requirements for applications for exemptions and the manner in which the granting of an exemption may be evidenced, and remains substantially unchanged from Part 15 of Current NI 44-101. It has been amended to reflect the ability of the securities regulatory authority in Alberta to grant such exemptions, and to eliminate the transitional provisions relating to NP 47.

Part 9 Effective Date and Transition of Proposed NI 44-101 provides some transitional provisions to assist issuers in determining which version of the instrument to proceed under.

Appendix A has been updated with respect to contact information, the information to be provided for foreign residents, and to comply with new privacy legislation.

Form 44-101F1 ("Proposed Form 1")
Proposed Form 1 is the proposed form for a short form prospectus under the Proposed Rule.

Item 1 Cover Page Disclosure of Proposed Form 1 addresses required cover page disclosure. Several items have been added or moved:

1. We moved the requirement to state that information has been incorporated by reference in the prospectus from Section 12.4 of the Current Form to Section 1.3. This change places the statement on the cover page of the short form prospectus, rather than leaving its placement to the issuer's discretion. We believe that consistency in placement will be useful to readers of the short form prospectus, and reflects developing practice.

2. We moved the requirement, presently in Item 2.1 of the Current Form, to state the full corporate name and address of the issuer, to Item 1.5. This reflects our view that this information should be on the cover page.

3. We deleted certain requirements from Section 1.6 (Section 1.4 of the Current Form) relating to disclosure of securities issued or to be issued to the underwriters. They are now included in the proposed new underwriters' position chart in Section 1.10.

4. Section 1.9 (Section 1.7 of the Current Form) has been amended to require expanded disclosure relating to the implications of the absence of a market for the securities being distributed, where applicable.

5. We amended Section 1.10 (Section 1.8 of the Current Form) to include a chart describing the over-allotment, compensation and other options and securities to be distributed under the prospectus or otherwise held by the underwriters and professional group. We believe that this chart will provide investors and other prospectus users with plain disclosure, in one central location, about the underwriters' securities compensation and position, most of which is already required to be disclosed in various parts of the Current Form.

6. We added Section 1.12 to require disclosure, in appropriate circumstances, concerning the ability of holders of restricted securities to participate in a takeover bids. This disclosure is consistent with requirements already in place in some jurisdictions.

Item 2 Name of Issuer and Intercorporate Relationships of the Current Form is deleted as it duplicates information now contained in the form of AIF under the applicable CD Rule.

Item 2 Summary Description of Business of Proposed Form 1 requires a summary description of the business, and is unchanged from Item 3 of the Current Form.

Item 3 Consolidated Capitalization of Proposed Form 1 is updated from Item 4 of the Current Form, and refers to financial statements filed under the applicable CD Rule. We have also removed the requirement in the Current Form to include the content of a news release disseminating financial information, as that requirement duplicates a requirement in Item 11 of Proposed Form 1.

Item 4 Use of Proceeds of Proposed Form 1 is updated from Item 5 of the Current Form, and in Subsection 4.2(2) mandates additional disclosure concerning use of proceeds. If more than 10 percent of the net proceeds of the distribution will be used to reduce or retire indebtedness that was incurred within the two preceding years, the issuer must identify the principal purposes for which the proceeds of the indebtedness were used and, if the creditor is an insider, associate or affiliate of the issuer, identify the creditor and the nature of the relationship to the issuer and the outstanding amount owed.

The language of this new requirement is identical to the language of Section 7.7 of Ontario Securities Commission Form 41-501F1 *Information Required in a Prospectus* and section 7.7 of Schedule 1 to Québec Policy Statement Q-28, *General Prospectus Requirements*. This type of disclosure is relevant for investors because making an informed investment decision requires an understanding of the extent to which a significant amount of the offering proceeds will be used to reduce or retire existing debt. It is also important for investors to be provided with details relating to debt that is incurred with a creditor that is an insider, associate or affiliate of the issuer.

The importance of this type of disclosure has come to our attention particularly in the context of income trust offerings, where investors typically make their investment decisions based on the ability of the issuer to provide a consistent stream of distributable cash. The ability of the issuer to generate that consistent stream may be affected by the amount and terms of existing debt, as well as by the extent to which an issuer will need to renegotiate that debt, or put alternate financing arrangements in place after the offering. An investor will be in a better position to make this evaluation if the information requested in Subsection 4.2(2) is provided. Although this issue came to our attention in the context of income trust offerings, we believe that the disclosure is equally relevant in other offerings, as it will assist investors in all offering scenarios to better evaluate their investment decision.

Item 5 Plan of Distribution is an update of Item 6 of the Current Form and remains substantially unchanged. We have added to the disclosure requirements in respect of an offering with a minimum distribution such that if a minimum amount of funds is required under the issue and the securities are to be distributed on a best efforts basis, the short form prospectus must state that funds received from subscribers before the distribution is complete will be held in trust. If the minimum amount of funds is not raised, the funds will be returned to the subscribers unless the subscribers have given other instructions. We understand this is market practice and this should be disclosed in the short form prospectus. This is consistent with the requirement under long form prospectus offerings.

We have also moved into this item a requirement, presently in Item 8 of the Current Form, to disclose any constraints imposed on ownership of securities of the issuer in relationship to a required level of Canadian ownership.

Item 6 Earnings Coverage Ratios of Proposed Form 1 is amended from Item 7 of the Current Form to reflect the implementation of NI 52-107, to address recent changes to the accounting rules which may require certain debt obligations to be classified as current liabilities, and to clarify the requirements and the transition year expectations where there has been a change in year end.

Item 7 Description of Securities Being Distributed has been updated from Item 8 of the Current Form to harmonize with the CD Rules. In particular, the term “share” has been replaced with “equity security”, and the issuer need not duplicate information concerning particular securities that is already included in a document incorporated by reference in the short form prospectus. Section 7.7 has been added to address disclosure concerning “restricted securities”. These requirements are already part of the legislation in a number of CSA jurisdictions, and are consistent with provisions contained in NI 51-102. Section 7.9 has been expanded to refer specifically to stability ratings for securities, and is consistent with National Policy 41-201 *Income Trusts and Other Indirect Offerings*. Finally, Section 8.8 of the Current Form, which requires disclosure of constraints imposed on the ownership of securities, has been relocated to Item 5 *Plan of Distribution* as Section 5.9 of Proposed Form 1.

Section 7.6 requires issuers to disclose that a contractual right of action for rescission is available to holders of Special Warrants who receive underlying securities under a short form prospectus. Section 7.6 codifies existing requirements in many jurisdictions.

In *Item 8 Selling Securityholder* of Proposed Form 1, we removed paragraphs 6 and 7 from Section 8.1 (9.1 in the Current Form) because we do not consider them to be material information for an investor or prospective investor.

Item 9 Resource Property of Proposed Form 1 is amended to remove from Section 9.1 reference to the “old” form of AIF (current Form 44-101F1) that is being deleted as part of the amendments.

Item 10 Significant Acquisitions of Proposed Form 1 is amended from Item 11 of the Current Form to reflect the incorporation by reference of previously filed BARs. The requirement under NI 51-102 to file a BAR in respect of a significant acquisition is not accelerated. However, this item requires a summary to be provided of any significant acquisition that was completed within 75 days prior to the date of the short form prospectus and for which a BAR has not been filed, and of certain proposed significant acquisitions that meet an objective test of “highly likely”. The issuer is also required to include in the short form prospectus the financial statements that would be required in a BAR if the transaction in question is a reverse takeover, or if the inclusion of the financial statements is necessary in order for the short form prospectus to contain full, true and plain disclosure. The maximum number of years for which historical financial statements must be included in a prospectus for a significant transaction is, accordingly, reduced to two, from the maximum of three years contemplated in the Current Form, consistent with the BAR requirement.

Item 11 Documents Incorporated By Reference is updated from Item 12.1 of the Current Form to provide for the mandatory incorporation by reference of the appropriate CD documents filed under the CD Rules. We also added a requirement in Section 11.1 to incorporate by reference any other disclosure document that the issuer is required to file under an undertaking to securities regulatory authorities. In identifying a gap or potential gap in an issuer's disclosure, either in a prospectus or CD, CSA staff may require the issuer to undertake to file a particular type of disclosure document on a one-time or continuous basis. Issuers are instructed to provide a list of the material change reports and BARs that are incorporated by reference, and a brief description of the subject matter of each report, in the interests of "plain" disclosure.

We added a requirement in Section 11.3 to provide substitute disclosure for issuers who are able to rely on the exemptions in Section 2.9 of Proposed NI 44-101 from the requirement to have a current AIF and current annual financial statements.

We added Section 11.4 to require alternative disclosure by an issuer in respect of a significant acquisition for which no BAR has been required to have been filed because the issuer was not a reporting issuer at the time of the acquisition.

Section 12.3 of the Current Form is deleted and its substantive requirement is addressed in Section 13.1 of Proposed Form 1 (see discussion below). Section 12.4 of the Current Form was moved to the cover page disclosure (Section 1.3). Paragraph 12.1(3) and Sections 12.5, 12.6 and 12.7 of the Current Form are removed. Other developments and amendments have rendered those sections unnecessary or inappropriate.

Item 12 Additional Disclosure for Issues of Guaranteed Securities of Proposed Form 1 requires disclosure about any applicable credit supporter of the securities being distributed, and is based on Section 13.2 of the Current Form. Section 13.1 of the Current Form is deleted because other amendments have rendered it unnecessary.

Item 13 Exemptions for Certain Issues of Guaranteed Securities of Proposed Form 1 is new and provides exemptions from the requirement to include disclosure in a short form prospectus about both the issuer and any applicable credit supporter. These exemptions are similar to the exemptions from the requirement to provide financial statement disclosure relating to credit supporters under U.S. securities law.[3] The exemptions are based on the principle that, in certain circumstances, investors will either require only issuer disclosure or only credit supporter disclosure to make informed investment decisions.

Item 14 Relationship Between Issuer or Selling Securityholder and Underwriter of Proposed Form 1 is updated to reflect the implementation of National Instrument 33-105 *Underwriting Conflicts*.

Item 15 Experts is amended to exempt auditors of acquired businesses and predecessor auditors in certain instances from the requirement to disclose their interest in the issuer. We have eliminated the requirement that the issuer's auditor disclose its interests in the issuer if the auditor is independent of the issuer and there is disclosure of the independence. We have also clarified who the disclosure requirements relate to.

Item 16 Promoters of Proposed Form 1 is updated to harmonize with the corresponding disclosure requirement in NI 51-102.

In *Item 17 Risk Factors* of Proposed Form 1 we added an instruction to Section 17.1 to recognize that risk factors is now a required disclosure item under Form 51-102F2 (AIF).

Item 18 Other Material Facts is changed slightly to harmonize with other changes.

Item 20 Reconciliation to Canadian GAAP of the Current Form is deleted because these requirements, as well as those presently included in Part 7 of Current NI 44-101, have been superseded by the implementation of NI 52-107 and the new definition in Proposed NI 44-101 of *current financial statements*.

Item 20 Certificates of Proposed Form 1 is updated from Item 21 of the Current Form to correct the language of the certificates in light of the amendments and developments elsewhere. We added Section 20.5 to clarify that the rules concerning the dating of prospectuses applicable to other types of prospectuses apply to short form prospectuses.

The Proposed CP

The Proposed CP provides information relating to interpretation of Proposed NI 44-101 by securities regulatory authorities, and its application. It has been updated to reflect the changes made to the Current Rule, as described above. In some cases, changes have been made to the companion policy to reflect experience with the rules over the past four years.

RELATED AMENDMENTS

We are also proposing consequential amendments to a number of national instruments in conjunction with the implementation of the Proposed Rule to make those instruments consistent with the changes we have proposed to the Current Rule. We are publishing a separate Notice relating to those proposed amendments.

[3] Rule 3-10 of Regulation S-X.

AUTHORITY FOR PROPOSED NATIONAL INSTRUMENT - ONTARIO

The following provisions of the Ontario *Securities Act* (the "Ontario Act") provide the Ontario Securities Commission ("OSC") with authority to adopt the proposed National Instrument and Forms.

Paragraph 143(1)13 of the Ontario Act authorizes the OSC to make rules regulating trading or advising in securities to prevent trading or advising that is fraudulent, manipulative, deceptive or unfairly detrimental to investors.

Paragraph 143(1)16 of the Ontario Act authorizes the OSC to make rules varying the application of the Ontario Act to establish procedures for or requirements in respect of the preparation and filing of preliminary prospectuses and prospectuses and the issuing of receipts therefor that facilitate or expedite the distribution of securities or the issuing of the receipts, including, requirements in respect of distribution of securities by means of a prospectus incorporating other documents by reference and requirements in respect of pricing of distributions of securities after the issuance of a receipt for the prospectus filed in relation thereto.

Paragraph 143(1)20 of the Ontario Act authorizes the OSC to make rules providing for exemptions from the prospectus requirements under the Ontario Act and for the removal of exemptions from those requirements.

Paragraph 143(1)39 of the Ontario 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 Ontario Act, the regulations or the rules and all documents determined by the regulations or the rules to be ancillary to the documents, including preliminary prospectuses and prospectuses, proxies and information circulars and take-over bid circulars, issuer bid circulars and directors' circulars.

ALTERNATIVES CONSIDERED

The purposes of the amendments contemplated by the Proposed Rule are (i) to streamline the short form system, (ii) to eliminate inconsistencies with the CD Rules, and (iii) to expand eligibility into the short form system and thereby create an even more integrated, simplified and less onerous offering system for reporting issuers. One alternative means of achieving these purposes is to leave the Current Rule unamended but to grant exemptive relief on a case by case basis. Given the extent and breadth of the changes contemplated in the Proposed Rule, we believe that amendment of the Current Rule is the optimal way to achieve these purposes.

Another alternative is to create a separate offering system which issuers could access in the alternative to the Current Rule in the manner contemplated in the 2000 Concept Proposal. We focussed on amending and expanding the short form system because we believe that the continued evolution of the current short form offering regime should be our priority. As discussed above, based on public commentary, we will continue to seek to enhance our prospectus offering regimes, as needed, either through amendments to the short form regime or through the introduction of alternative offering systems.

UNPUBLISHED MATERIALS

In proposing Proposed NI 44-101, Proposed Form 1 and Proposed CP, the CSA have not relied on any significant unpublished study, report or other material.

ANTICIPATED COSTS AND BENEFITS

The CSA expect that the amendments contemplated in the Proposed Rule will further enhance efficiency of accessing capital for short form eligible reporting issuers. Harmonizing the short form system with the CD Rules will eliminate costs of public securities offerings. There will be greater clarity regarding the application of the Proposed Rule and reduced circumstances requiring exemptive relief. To the extent that the amendments require additional disclosure, this disclosure will benefit investors to an extent that the benefit will outweigh the costs of these new requirements.

REQUEST FOR COMMENT ON THE PROPOSED RULE

We request your comments on Proposed 44-101, Proposed Form 1 and the Proposed CP. The comment period expires on April 8, 2005. In addition to any comments you wish to make, we invite comments on the following specific questions:

Proposed Qualification Criteria - Alternative A or Alternative B?

Questions

1. The changes reflected in Alternative A of Part 2 of Proposed NI 44-101 are necessary to update and harmonize Current NI 44-101 with the CD Rules and other regulatory developments. Alternative B, however, represents a significant broadening of access to the short form prospectus system. Do you believe this broadening of access is appropriate? What are your views on the proposed qualification criteria set out as Alternative B?

Other Aspects of the Proposed Rule

Questions

2. Is the requirement to deliver an undertaking of the issuer to file the periodic and timely disclosure of applicable credit supporters under paragraph 4.3(b)2 of Proposed NI 44-101 an appropriate response to our concern about the lack of

adequate credit supporter disclosure in the secondary market? If not, why not? Please also suggest alternatives to this requirement.

3. Is each of the exemptions in Item 13 of Proposed Form 1 appropriate? If not, why not? Are there any other exemptions we should include? If so, why? Is each of the conditions to the exemptions in Item 13 of Proposed Form 1 necessary to ensure that investors have all the information they need to make informed investment decisions? If not, why not? Are there any other conditions we should include? If so, why?

4. Does Item 15 of Proposed Form 1 accomplish its objective, which is to ensure disclosure of any ownership interests that would be perceived as creating a potential conflict of interest on the part of an expert? If not, what changes should be made to the parameters?

REQUEST FOR COMMENT ON POSSIBLE FURTHER CHANGES IN PROSPECTUS REGULATION

Background - Preliminary Prospectuses and Regulatory Review

On a distribution of securities, the securities legislation in all CSA jurisdictions, unless an exemption applies, requires or provides for:

- the filing of a preliminary prospectus;
- the issuance by the regulator of a receipt for the preliminary prospectus;
- the delivery of the preliminary prospectus to potential investors;
- the review of the preliminary prospectus by the regulator to determine if a receipt will be issued for the final prospectus;
- the filing of the final prospectus and the issuance by the regulator of a receipt therefore;
- the delivery of the final prospectus to the investor before the entering into of an agreement of purchase and sale; and
- a right of withdrawal and rights of rescission and damages in respect of any misrepresentation in the prospectus.

As discussed above, the Proposed Rule is our attempt to integrate the CD Rules with the short form prospectus regime within current statutory parameters. The 2000 Concept Proposal, which was also based on current legislation, also required a preliminary prospectus filing and regulatory review. However, we believe that as issuers and other market participants become more accustomed to the new CD Rules and if other proposed enhancements are adopted, including secondary market liability, our prospectus regime could evolve even further and more profoundly.

We are considering an offering system whereby certain eligible issuers could access public capital based solely on the filing of a final prospectus. This system would not require issuers to file a preliminary prospectus or obtain a receipt for their final prospectus. This system would require simply:

- the filing of the final prospectus without the issuance of any receipt by the regulator;
- the delivery of the final prospectus to a potential investor before entering into an agreement of purchase and sale with an investor; and
- a right of withdrawal and rights of rescission and damages if there is a misrepresentation in the prospectus.

The prospectus would still be required, through incorporation by reference or otherwise, to provide full, true and plain disclosure of all material facts relating to the securities proposed to be distributed and would have to comply with a prescribed form.

Such an offering system would further enhance capital markets by allowing issuers quicker and more certain access to capital without regulatory intervention. This type of offering system could not be implemented under the current securities legislation in some jurisdictions. As a result, some jurisdictions would have to make legislative amendments before this system could be implemented.

Questions

General

5. Do you believe that issuers, investors or other market participants would benefit from the elimination of preliminary prospectuses and prospectus review? What are the principal benefits of such a system? Are there any potential drawbacks? Are you concerned about a lack of regulatory review in the context of a prospectus offering? Are you concerned that expediting the prospectus filing would put undue pressure on the due diligence process?

Qualification Criteria

6. If we eliminate the preliminary prospectus and prospectus review as contemplated above, do you think we should impose more onerous restrictions on this offering system, given the lack of regulatory review at the time of the offering? Such restrictions could include additional qualification criteria and restrictions, such as the following:

   - a one year seasoning requirement to ensure eligible issuers have filed required CD for a minimum period and to allow for regulators to review such CD;
   - a prohibition from offering securities if the regulator has identified significant unresolved issues relating to the issuer's CD; and
   - a restriction on types of eligible securities to disallow securities which may not be supported by the issuer's CD.

   Do you think these are appropriate?

Marketing Restrictions

As discussed in the attached summary of comments, the Proposed Rule does not include any substantial changes to the current prospectus offering marketing regime. If the CSA moves forward with a prospectus offering system that does not require the use of a preliminary prospectus, and so eliminates the waiting period between preliminary and final prospectuses, we anticipate that we would permit marketing prior to the filing of a final prospectus regardless of whether the transaction was a bought deal. However, because of our concerns about improper use of undisclosed information about an offering, we would not permit marketing until after public disclosure is made that an offering was pending. The current shelf prospectus regime allows an unallocated prospectus to be utilized to distribute equity securities but requires a press release be issued immediately when the issuer forms a reasonable expectation that an equity offering may proceed. We note that the unallocated shelf system is not significantly utilized for equity offerings other than in cross-border or exchange offerings. We also note the concerns raised in comments to question 11 and question 25 of the 2000 Concept Proposal about the potential for premature disclosure of a pending offering.

7. Do you believe that a marketing regime triggered on the issuance of a press release or other public notice announcing a proposed offering is workable and would be utilized by issuers and dealers? If so, should the press release or public notice be required on "the issuer forming a reasonable expectation that an offering will proceed" or on some other event?

HOW TO PROVIDE YOUR COMMENTS

Please provide your comments by April 8, 2005 by addressing your submission to the securities regulatory authorities listed below:

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

You do not need to deliver your comments to all of the CSA member commissions. Please deliver your comments to the three addresses that follow, and they will be distributed to all other jurisdictions by CSA staff.

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If you are not sending your comments by e-mail, please send a diskette containing your comments (in DOS or Windows format, preferably Word).

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

QUESTIONS
Please refer your questions to any of:

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APPENDIX
SUMMARY OF WRITTEN COMMENTS RECEIVED ON THE
CONCEPT PROPOSAL
FOR AN
INTEGRATED DISCLOSURE SYSTEM

Background
On January 28, 2000 the CSA published the 2000 Concept Proposal for comment. The comment period expired on June 1, 2000. The CSA received submissions from the 23 commenters identified in Schedule 1, including three whose submissions were received following the expiry of the comment period.

The questions contained in the Notice to the 2000 Concept Proposal and the CSA responses to the comments are provided below. The CSA responses are in italics. The numbers below correspond to the question numbers in the Notice to the 2000 Concept Proposal.

Generally, our responses to comments reference the proposed changes to Current NI 44-101 that are described in the Notice and Request for Comment (the "Notice") to which this appendix is attached.

A. IDS Eligibility

1. Reporting Issuer in All Jurisdictions

Question
1. Should reporting issuer (or equivalent) status in all CSA jurisdictions be a condition of IDS eligibility? What are the advantages and disadvantages of this approach? Would requiring all-jurisdiction reporting issuer status be a deterrent to IDS participation? If so, why?

Comments
No commenters supported all-jurisdiction reporting issuer status as a condition of IDS eligibility. Seventeen commenters specifically indicated that they opposed this condition.

Their concerns included the following:

- the increased costs of obtaining and maintaining reporting issuer status in all CSA jurisdictions;
- the increased complexity and administrative burden of complying with local reporting issuer requirements in all CSA jurisdictions;
- smaller issuers would be deterred from participating in the system; and
- the possibility of increased translation costs.

Also, seven commenters questioned the need for universal reporting issuer status given that the adoption of SEDAR has resulted in ready access to public documents filed in any one jurisdiction.

Some of the commenters suggested the following alternatives:

- implementing a condition that the issuer be a reporting issuer in any one of four principal jurisdictions: British Columbia, Alberta, Ontario, or Quebec, or in a main jurisdiction;
- amending the condition so that an issuer must be a reporting issuer in at least one Canadian province and file through SEDAR;
- amending the condition so that an issuer must be a reporting issuer only in those jurisdictions in which it distributes securities, but possibly granting the other "non-reporting jurisdictions" the right to "opt-in" to any IDS review undertaken by a jurisdiction, in which an issuer is reporting; and
- permitting an issuer to obtain reporting issuer status in each jurisdiction by filing its last two years of public disclosure documentation previously filed in a "Uniform Act" jurisdiction or in the United States, together with an AIF or a Form 10-K, and not mandating translation in Quebec except in those circumstances where it is currently required.

One commenter, although opposed to the condition, noted that this condition would recognize the reality that physical boundaries cannot contain secondary market activities. However, on balance, the commenter thought that issuers should be able to choose the jurisdictions in which they report without being denied access to IDS.

Response

The reasons for an all-jurisdiction reporting issuer status condition have largely been addressed by the implementation of the CD Rules, which harmonizes CD requirements across all Canadian jurisdictions. Accordingly, the CSA believe that all-jurisdiction reporting issuer status is not a necessary qualification criterion for an expedited offering system. Proposed NI 44-101 eliminates the qualification criterion under Current NI 44-101 to be a reporting issuer or equivalent in each local jurisdiction and replaces it with criteria that an issuer: (1) be a reporting issuer in at least one jurisdiction in Canada; (2) be an electronic filer under National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) *("NI 13-101"); and (3) have filed with the securities regulatory authority in each jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction under applicable securities legislation.*

Question

2. Do you agree with the CSA's approach to language requirements under the IDS? If not, why not? Should IDS issuers be obligated to translate all continuous disclosure filings in jurisdictions in which they have previously filed a prospectus (IDS or otherwise) or in which they have a substantial investor base? If so, how would you suggest the CSA define "substantial investor base" for this purpose? Would the imposition of such a requirement be a significant disincentive to IDS participation? Do issuers normally provide investors on a voluntary basis with translated continuous disclosure documents to accommodate their language preferences?

Comments

Two commenters supported the proposal to adopt the approach taken under the short form prospectus system with respect to translation, whereby the prospectus and CD incorporated by reference are filed in the language(s) appropriate to the jurisdictions in which the IDS prospectus is filed.

Five commenters opposed requiring translation of CD, due to the costs.

One commenter suggested that companies should be required to provide translations only when they have a minimum percentage of shareholders being of a language group (French or English) to warrant it.

With respect to the CSA defining "substantial investor base," one commenter believed that because Canadian fund managers, other than mutual fund managers, are not required to identify the companies they have invested in (contrary to the situation in the United States), companies do not know the identity of many of their shareholders.

One commenter recommended, in the event that the CSA determines that a "substantial investor base" test is necessary, the adoption of the test utilized by the SEC in regard to "foreign private issuers," which is that 50% of the beneficial shareholders are resident in the jurisdiction.

One commenter recommended that the requirements to translate CD documents be subject to exemptions depending upon the size of the issuer, the overall size of the offering, or the size of the portion of the offering in the province(s) requiring translation. The commenter was concerned about costs and translation resources of smaller issuers.

One commenter suggested that obligating an IDS issuer to translate all CD filings in jurisdictions in which they have previously filed a prospectus or in which they have a substantial investor base would be a significant disincentive to IDS participation and such decisions should remain at the discretion of the IDS issuer. This commenter argued that many larger issuers and issuers with a substantial investor base voluntarily provide investors with translated CD documents to accommodate their language preferences.

One commenter stated that unless there is a substantial investor base in Quebec, there is little benefit in requiring translation of documentation. If an issuer is not already a reporting issuer in Quebec, it is unlikely that it will have a substantial investor base there and translation is less important.

Response

The CD Rules now prescribe the language of documents required to be filed under those instruments. Proposed NI 44-101 amends the provisions in Current NI 44-101 dealing with the language of documents to reflect and clarify current practice. Generally, a short form prospectus and any CD documents incorporated by reference must be filed in the language(s) appropriate to the jurisdictions in which the offering is made.

Question

3. Although the proposed IDS would harmonize the continuous disclosure requirements for participating issuers across Canada, differences in other reporting issuer requirements would continue to exist. Would this pose a significant burden on issuers? If so, why?

Comments

Three commenters stated that a significant burden would be placed on participating issuers. The following key points were raised:

- The impact of differences in exemptions, hold periods and required documentation is even more significant in the case of junior issuers because these issuers often suffer from limited financial resources and will therefore be unable to opt into the IDS. This would be counter to the IDS goal of encouraging broad participation.

- Given the added disclosure provided by issuers participating in the IDS, and that this information is available nationally via SEDAR, it would not be prejudicial to amend the current securities legislation and rules to allow hold periods to commence running provided that the issuer is either a reporting issuer in that particular jurisdiction or is an IDS participant. This will encourage IDS participation and improve public disclosure levels without imposing unnecessary additional burdens on issuers.

- The CSA should establish national standard forms for CD, such as a national standard form of information circular or form for disclosure of sales from control persons, as well as a national standard in regard to the timing of filing of such forms, and for the timing of filing of insider reports.

- The CSA should hasten their efforts to harmonize all reporting issuer obligations in all CSA jurisdictions in anticipation of the introduction of the proposed IDS.

- The mere fact that an IDS issuer must comply with the regulatory rules of thirteen individual jurisdictions will be a consideration for potential participants.

One commenter did not believe that issuers currently find the differing CD requirements across Canada to be a significant burden and, in any event, did not see why this would be more of a problem under IDS than at present.

Response

Most of the concerns raised by the commenters have been addressed through the implementation of the CD Rules, which have harmonized the CD requirements for all issuers across Canada. Other concerns have been addressed through the implementation of Multilateral Instrument 45-102 Resale of Securities *("MI 45-102").*

2. "Seasoning" Requirement

Question

4. Should "seasoning" be included as a condition of IDS eligibility? If so, what would be an appropriate seasoning period? Should the imposition of a seasoning requirement be dependent upon an issuer's revenues, assets or market capitalization?

Comments

No commenters supported the inclusion of seasoning as a condition of IDS eligibility. Eight commenters agreed with the CSA proposal not to impose seasoning as a condition.

One commenter agreed that, given advances in information technology and the high disclosure standard under the IDS, there is no significant additional benefit to be derived from imposing seasoning as a condition.

Another commenter stated that one advantage of the IDS is that investors are provided with more timely and complete information about the issuer; this information should be available for all issuers, not only the ones who have been reporting for a prescribed period.

Two commenters mentioned that requiring a fixed time period prior to IDS eligibility provides no certainty that an issuer will become better known in the market as there is no certainty that the issuer will develop an analyst or institutional following.

Response

Alternative A of Proposed NI 44-101 does not substantively change the seasoning qualification criterion under Current NI 44-101.

Alternative B of Proposed NI 44-101 eliminates seasoning as a qualification criterion. The Notice includes general questions relating to Alternative B.

Question
5. Are there any advantages or disadvantages of a seasoning requirement not discussed above?

Comments
One commenter suggested that an advantage could potentially be created in the area of due diligence. A seasoning period in which the issuer proves its ability to release timely, accurate information may increase the comfort level of underwriters and professional advisors. Despite this, however, the commenter felt that seasoning should not be imposed as an IDS eligibility criterion.

Response
Please see the response to question 4 above.

3. Quantitative (Size) Requirement

Question
6. Should the IDS impose quantitative IDS eligibility criteria? If so, what should these criteria be, and why?

Comments
No commenters were in favour of imposing quantitative eligibility criteria. Ten commenters supported the CSA proposal not to impose any quantitative eligibility criteria in IDS.

One commenter stated that imposing quantitative eligibility criteria would present problems with respect to compliance and monitoring for junior resource issuers whose business is characterized by changes in asset positions based on periodic acquisitions and dispositions of property, as well as changes in commodity prices. In general, this commenter stated, it is very important that information about junior issuers be available to the public.

The same commenter suggested that, in lieu of a size test, courses regarding CD obligations be available to educate smaller issuers regarding the standard of CD which is expected.

One commenter stated that smaller issuers have much more incentive to participate in IDS than a prompt offering qualification system ("POP") issuer because the relative advantage is greater.

Response
Alternative A of Proposed NI 44-101 does not substantively change the quantitative qualification criterion under Current NI 44-101.

Alternative B of Proposed NI 44-101 eliminates size as a qualification criterion. The Notice includes general questions relating to Alternative B.

Question
7. Do larger issuers provide a higher quality of disclosure than smaller ones? Please explain.

Comments
Four commenters stated that larger issuers generally do have a higher quality of disclosure. Reasons given were that larger issuers tend to have more experienced and qualified accounting departments, tend to be followed by financial analysts, have greater resources and may be required to meet higher standards by sophisticated investors. One of these commenters cited a Toronto Stock Exchange ("TSX") survey supporting this position and said that the quality of disclosure may be improved by imposing higher standards. Another commenter cited a Canadian Investor Relations Institute member survey suggesting that larger issuers have superior disclosure standards and submitted a Survey Report as an appendix to its comments. One of the commenters did not believe that the smaller issuers are incapable of compliance, particularly if measures are taken to harmonize the rules nationally and rationalize filing fees. This commenter added that issuers under the IDS will have an incentive to maintain a strong and up-to-date disclosure base in order to be in position to act quickly on capital market opportunities.

One commenter stated that issuer size is one of a number of factors affecting the quality of issuer disclosure. Other factors include issuers' financial and human resources and reliance on capital markets to meet ongoing financing needs. The quality of issuer disclosure does not correspond directly to issuer size.

Another commenter suggested that disclosure for smaller issuers might in fact be superior to that of larger issuers, simply because all relevant details about a smaller issuer are much easier to provide than for a larger issuer. For example, in the natural resources sector, an issuer's asset base might well consist of a single, or relatively few, mines, projects or properties.

Response
We acknowledge the comments received and have considered them in developing Alternative B of Proposed NI 44-101.

Question
8. Do you believe that the "analyst following" argument is relevant in today's markets? Please explain.

Comments
Two commenters indicated that analyst following is important. One of these commenters remarked that it will become even more critical in the future as securities regulations move away from requirements for physical delivery of documents. The second commenter stated that analyst reports offer comparative industry analysis which is not available as part of an IDS issuer's disclosure base and can provide a useful "filter" of the vast amount of information available in respect of an issuer.

Another commenter stated that, while analyst following may encourage issuers to maintain and improve their disclosure, the analyst following argument should not lead to size restrictions on IDS eligibility.

Another commenter indicated that there is some logic to the analyst following argument since empirical studies carried out in the United States indicate that the two most important factors in creating an efficient market for an issuer's securities are the number of analysts following the issuer and the liquidity of the issuer's securities. However, analyst following is not necessarily related to market capitalization or size. There is also a correlation between the type of industry and the number of analysts following an issuer.

Another commenter stated that, since only about 1,000 of about 3,500 listed companies in Canada have an analyst following them, if an analyst-following quantitative IDS eligibility standard were used, about two-thirds of listed companies would be ineligible; the same fraction of the listed company population that would benefit most from initiatives to foster better disclosure practices.

One commenter suggested that investors are increasingly directly seeking and analyzing information themselves rather than relying on analysts. Some market participants have expressed concern that analysts are not always objective and are often not providing timely information. This commenter submitted that the IDS could be viewed as an alternative to or an improvement upon analyst following, minimizing the necessity of analyst following so that it should not be used as an eligibility requirement for IDS participation.

Response
We believe that the presence or absence of analyst following should not influence policy development given advances in information technology that facilitate widespread and timely dissemination of CD to investors.

B. IDS Continuous Disclosure

Question
9. Are there any disclosure items that should, or should not be, included in the proposed IDS AIF or QIF?

Comments
One commenter generally supported the upgrading of the disclosure requirements of reporting issuers and the proposed modifications to the AIF. This commenter also generally supported the requirement to file a quarterly information form (the "QIF"). However, this commenter also noted that the QIF requirement for a reconciliation to Canadian generally accepted accounting principles ("GAAP") would be more onerous than the current SEC requirements and recommended that the proposed reconciliation requirement be dropped.

Two other commenters were also of the view that the reconciliation of interim financial statements to Canadian GAAP should not be required. One of these commenters said that the reconciliation of annual financial statements to Canadian GAAP and GAAS is adequate to meet the needs of Canadian investors. The other opined that reconciliation of interim financial statements to Canadian GAAP is of limited use to investors and represents a substantial cost to issuers, as well as being more onerous than the U.S. requirements for foreign private issuers.

Another commenter supported the requirement for reconciliation to Canadian GAAP.

One commenter was not in favour of an MD&A or an ongoing update of supplementary information forms ("SIFs") in the quarterlies, since this constitutes a significant increase in administrative time and cost and involvement of internal and external

accountants and lawyers. This ultimately hinders the involvement and thoughts of management on important information to be given to the public.

One commenter suggested that the IDS AIF and QIF should include items that are relevant to junior issuers, and emphasized that the System for Shorter Hold Periods for Issuers Filing an AIF (the "SHAIF System") and the accompanying AIF form do not. This commenter recommended that the following items be included:

- disclosure requirements in relation to available funds and proposed use of funds;
- disclosure of milestones or significant events required to accomplish the business objectives of the issuer together with a comparison of performance with previously stated milestones;
- risk factor disclosure, such as reliance on a limited number of customers or suppliers, reliance on key employees, environmental, economic or political conditions, significant competition and illiquidity or instability in the trading of the issuer's securities;
- disclosure in relation to any current relationships or relationships within the last 12 months between the issuer and any investment dealer or registrant and any investor relations consultant or market maker;
- summary tabular disclosure of the number and type of securities outstanding at the end of the last fiscal year and all sales of securities outstanding at the end of the most recent fiscal year; and
- disclosure of securities outstanding that are subject to resale restrictions, including hold periods, escrow and pooling arrangements.

Response
The AIF and MD&A content requirements are now prescribed in the CD Rules. Neither the CD Rules nor Proposed NI 44-101 require QIFs. However, the CD Rules do impose certain interim reporting requirements.

Under NI 51-102, all non-investment fund reporting issuers are required to file interim and annual MD&A, and non-investment fund/non-venture issuers are required to file an AIF. The AIF requirements in NI 51-102 have been upgraded from the requirements of Form 44-101F1 AIF, and include disclosure of risk factors and escrowed securities. Also, disclosure of outstanding share data is required in MD&A under NI 51-102.

Under NI 81-106, investment funds are required to file AIFs and Management Reports of Fund Performance. The AIF requirements of NI 81-106 have been drawn from the requirements of Form 44-101F1 AIF and adapted to address disclosure issues appropriate to investment funds.

Canadian GAAP reconciliation requirements are now prescribed in NI 52-107.

The SHAIF System has been revoked and replaced by MI 45-102.

Question
10. Are there any other continuous disclosure enhancements that should be included as part of the IDS? If so, should these enhancements be extended to all issuers?

Comments
One commenter suggested that, if a restructuring is in progress, each QIF filed prior to completion of the restructuring activities should contain current period, year-to-date and cumulative analyses of exit costs, impairment provisions, other costs relating to restructuring, and remaining accruals.

One commenter stated that aside from the adoption of standard national forms, the proposed CD enhancements in the IDS system are adequate. This commenter stated that these enhancements should not be extended to all issuers until the pilot period has expired and the effects on issuers who have chosen to participate have been ascertained.

Another commenter recommended that the CSA carefully monitor whether the IDS leads to enhanced disclosure in Canada's capital markets during the proposed pilot period and beyond.

Response
Most of the CD enhancements proposed in the 2000 Concept Proposal are now required under the CD Rules, Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings *("MI 52-109") where applicable, and the Audit Committee Rule where applicable. These instruments apply to all reporting issuers, subject to certain exemptions. With respect to the comment on restructurings, NI 51-102 requires disclosure (including financial statement disclosure) of business*

acquisitions. Also, if a restructuring involves securities being changed, exchanged, issued or distributed, Form 51-102F5 Information Circular *requires the same disclosure as required in a prospectus (including financial statement disclosure).*

Question
11. Are there any specified events that should, or should not, trigger the filing of an SIF?

Comments
Three commenters suggested the following additional events should trigger the filing of an SIF:

- restructuring, debt defaults, substantial modifications of debt agreements, violations of debt covenants, issuance of securities or options to acquire securities via private placements or other prospectus exemptions, events that raise questions as to the ability of the issuer to continue as a going concern; and

- listing of an issuer on an exchange or market or the quotation or trading by an issuer in a particular market, including the NASD OTC Bulletin Board or the NQB Pink Sheets; the suspension, delisting, or removal of quotation of an issuer from such market.

One commenter stated that some of the events listed would fall within the definition of "material information" under National Policy Statement 40 *Timely Disclosure* and the timely disclosure requirements of the TSX, both of which require issuers to send press releases about material information. This commenter added that the extent of an issuer's operations, the maturity of an issuer, the size of an issuer's balance sheet and other factors are important in assessing the value of filing a SIF to disclose many of the events listed in the IDS proposal.

Five commenters offered the following suggestions as to which events should *not* trigger the filing of an SIF:

- a probable prospectus offering or business combination, since the thresholds of "reasonable expectation" and "probable" are ambiguous and because, in many cases the disclosure may be premature, or may jeopardize negotiations with the target; premature announcement of an offering may also affect the reputation of the issuer; announcement should be deferred until an agreement in principle is struck;

- change in an issuer's chairperson; and

- the imposition of a penalty by a Canadian securities regulatory authority (at a minimum there should be a de minimis exception to the SIF filing requirement for penalties of this nature).

Four commenters recommended that triggering events for filing an SIF be restricted to those events which constitute a "material change" in respect of the issuer. One of these commenters noted that, by introducing a prescribed list of triggering events, the IDS may lead to unnecessary expense for issuers and create "noise" in the marketplace by requiring the public dissemination of non-material information.

One commenter said that they found no good reason to depart from the current materiality standard and had concerns with "probable" acquisition or disposition standard.

One commenter asked whether these could be tied into the material change requirement to make it just one issue for companies to deal with.

One commenter suggested that the SIF should be excluded and made part of the QIF. They stated that if the SIF is not going to replace the material change report, it's a duplication of filing.

One commenter stated that this is an enforcement problem that cannot be solved by forcing issuers to make "too fine" or "too early" a judgment, particularly in the context of business combinations and dispositions of assets or a business.

One commenter stated that it is imperative that a clear, more definitive explanation of what constitutes materiality be developed, and recommended that the definition adopted by the U.S. Supreme Court in TSC Industries Inc. v. Northway Inc. be utilized. Specifically, the commenter recommends that the definition include a change in the business, operations, capital assets or affairs of the issuer that, when considered in the total mix of the information made available, would be important to a reasonable investor in making an investment decision. According to this commenter, the concept of materiality should not, as the definition in most Canadian securities legislation currently does, encompass information that in effect results in change when that change was not reasonably foreseeable. Two commenters supported the immediate introduction of the SIF.

One commenter indicated that press releases are a quicker, more effective way of disseminating information to the public and are required under the TSX rules for disclosure of material information.

Response
The CD Rules do not require SIFs, but do require reporting issuers to file a news release and a material change report if a material change occurs in their affairs. Guidance concerning what constitutes a material change may now be found in National Policy 51-201 Disclosure Standards.

We believe the definition of "material change" and requirements to issue news releases are addressed in the CD Rules or though other CD requirements. Our goal is simply to integrate the short form offering regime with our CD regime. Proposed Form 1 requires an issuer to incorporate by reference into a short form prospectus all material change reports since the end of the financial year in respect of which the issuer's current AIF is filed. Proposed Form 1, like other prospectus forms, requires that a short form prospectus contain full, true and plain disclosure of all material facts relating to, and in Quebec not to make any misrepresentation likely to affect the value or market price of, the securities to be distributed. We have not included in Proposed NI 44-101 a separate requirement for SIFs because imposing disclosure requirements beyond the material change disclosure obligations imposed under the CD Rules would be inconsistent with our objective of creating a seamless, integrated and expedited offering system that is harmonized with the requirements of the new CD regime.

Question
12. As an alternative to requiring the filing of an SIF for changes in an IDS issuer's name and auditor as outlined in Part III.C.1(a)(iii) of the Concept Proposal, should an IDS issuer's SEDAR profile (which could include such information) be included in its IDS disclosure base? Given that an issuer's SEDAR profile is a changing document, an IDS issuer would disclose these changes by filing an amended copy of its SEDAR profile under cover of an SIF.

Comments
One commenter said that an SIF with an amended SEDAR profile is adequate for a change in name. This commenter, however, did not think this approach would suffice for a change in auditor. This commenter anticipated that proposed National Instrument 52-103 *Change of Auditor* ("Proposed NI 52-103") would carry forward the disclosure requirements of National Policy Statement 31 *Change of Auditor of a Reporting Issuer*.

One commenter said that the issuer should be given a choice whether to file a SIF disclosing its change of name or auditor and an amended SEDAR profile under cover of a SIF.

One commenter supported including an issuer's SEDAR profile in its IDS disclosure base and commented that such inclusion would be a practical way to update changes in corporate information and increase the reliability of issuers' SEDAR profiles.

One commenter supported this method for disclosure of changes to an issuer's name and auditor, but stressed that if the SEDAR profile is to become part of an IDS issuer's disclosure base generally, the contents of the profile should be examined to ensure that no unintended consequences result.

Response
An issuer's SEDAR profile is not part of its CD base under the CD Rules and the CSA have concluded that it is not appropriate to incorporate it by reference into a short form prospectus. Nevertheless, we remind issuers of their obligations under NI 13-101 to promptly amend their SEDAR profiles and under National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI) *to amend their SEDI profiles when there is a change in the information provided. The CSA acknowledge the general comment concerning the reliability of issuers' SEDAR profiles. We have undertaken some steps, and may consider other regulatory action, to ensure compliance with the requirements of NI 13-101.*

Proposed NI 52-103 has been superseded; change of auditor requirements are now set out in the CD Rules.

Question
13. The CSA propose to require IDS issuers to file SIFs containing prospectus-level disclosure about all completed business combinations within 75 days. Is the 75 day deadline appropriate? Are there business combinations for which the 75 day deadline or the prospectus-level disclosure requirement cannot be met?

Comments
One commenter stated that, based largely on experience with similar Form 8-K filing requirements in the United States, the 75 day time period seems sufficient.

One commenter supported the proposal, but only for pro forma financial information concerning the completed business acquisition; any higher standard of disclosure in such a short time period could impose an undue and unjustified burden on the issuer.

One commenter supported the 75 day deadline but stated that the CSA should grant relief upon reasonable requests by IDS issuers requiring additional time to prepare such disclosure.

One commenter suggested that the 75 day deadline may be too short for significant transactions involving certain business combinations, and would likely be problematic where transactions involve foreign issuers.

Two commenters expressed that the requirement for a post-closing SIF is unnecessary, since the issuer will almost certainly prepare and file a QIF for a fiscal quarter which ends during the 75 day period. The current standard that only material changes should be made mandatory for all reporting issuers should be maintained to avoid redundancy and confusion.

Response
NI 51-102 now requires disclosure of significant acquisitions in a BAR, not a SIF. The time period for filing a BAR is 75 days after the date of acquisition. The CSA agree with the commenters who suggested the 75 day period for filing a BAR is appropriate and will be sufficient in most circumstances. Also, the 75 day filing period represents a further move toward harmonization of Canadian and U.S. requirements.

Proposed Form 1 does not specifically require an issuer to incorporate a BAR by reference in respect of significant acquisitions completed within 75 days prior to the date of the short form prospectus, unless the issuer has already filed a BAR in respect of the acquisition. Proposed Form 1 also does not require an issuer to incorporate a BAR by reference for probable significant acquisitions. However, the issuer must include a summary of these significant acquisitions or probable significant acquisitions in the short form prospectus. The issuer must also include applicable financial statements if the acquisition or proposed acquisition is a reverse takeover or if inclusion is necessary to ensure the short form prospectus contains full, true and plain disclosure of all material facts relating to, and in Quebec, disclosure of all material facts likely to affect the value or the market price of, the securities being distributed. The CSA generally presume that issuers must include financial statements to satisfy these disclosure standards if any of the significance tests set out in NI 51-102 is satisfied at the 40% level.

Question
14. The CSA believe that IDS AIFs and QIFs should be delivered to investors in compliance with existing statutory requirements. As discussed in Part III.E of the Concept Proposal, the CSA would permit the delivery of all IDS disclosure documents by electronic means in accordance with the principles set out in National Policy 11-201 *Delivery of Documents by Electronic Means*. Should alternative methods of delivery of IDS AIFs and QIFs be permitted under the IDS? If so, which methods would you suggest?

Comments
Five commenters supported the continued advancement of delivery by electronic means. The following suggestions were made:

- Hard copies should also be available upon request, even to those who have consented to receive or access documents through electronic means.

- This permitted means of delivery should be extended to the posting of the documents on the company's website provided that the documents are also available on SEDAR, and provided that the shareholders obtaining delivery in this manner have specifically agreed to accept delivery in such form.

- National Policy 11-201 *Delivery of Documents by Electronic Means* ("NP 11-201") should be drafted broadly enough to permit new delivery means as they evolve.

Two commenters expressed a belief that a good portion of the financial statements and reports mailed to shareholders go directly to the waste basket. One of these commenters also suggested that issuers should only be required to mail each year to each registered and beneficial shareholder a communication, together with a stamped and addressed return envelope, by which the shareholder can request to be sent the relevant disclosure materials.

Another commenter, with respect to delivery mechanisms, strongly supported all efforts to add flexibility and to allow procedures to adapt to new technologies provided they do not compromise investor protection.

Response
NI 51-102 requires issuers other than investment funds to file quarterly financial statements and MD&A rather than QIFs. Similarly, proposed NI 81-106 will require investment funds to file interim financial statements and a Management Report on Fund Performance. These documents only have to be delivered if securityholders request them. The CD Rules require all issuers to file an AIF but do not require delivery to securityholders. Electronic delivery of CD documents is permitted under NP 11-201, subject to certain conditions.

Question

15. The CSA propose to require that interim financial statements filed as part of an issuer's continuous disclosure record have been reviewed by the issuer's audit committee and approved by the issuer's board of directors or equivalent. The CSA are also considering requiring that interim financial statements have been reviewed by an auditor, as required in the United States. Would such a requirement be appropriate? If not, why not?

Comments

Three commenters supported the proposed requirements for audit committee review and board director approval of interim financial statements prior to the release of any interim financial information. The following reasons were given:

- This will ensure that timely attention is given to the accounting and disclosure issues related to high profile events and transactions and reduce the need for significant "fourth quarter" adjustments arising from the annual audit.

- The competitiveness of Canadian capital markets is enhanced by raising Canadian CD standards to U.S. levels.

Three commenters expressed concern over the requirement that financial statements be both reviewed by the audit committee or equivalent and approved by the board of directors. Factors considered were the added cost of requiring board approval, the difficulties associated with scheduling another meeting, the significant risk that companies would be unable to meet the proposed abbreviated reporting deadlines, the fact that unaudited (reviewed) statements are permitted with a prospectus, and the appearance of duplication of effort. Two of these commenters recommended limiting the requirement to a requirement for either audit committee or board review and approval. One commenter said that the 45 day period to provide interim financial statements may be too short, especially if an auditor is to be involved and must provide a comment letter.

Five commenters opposed mandatory auditor review of interims. All of these cited the cost involved and two argued that auditor involvement should be left to the discretion of the board. One commenter was particularly concerned about the additional cost burden for smaller companies. Another commenter stated that unaudited statements are permitted with a prospectus and that the standards for IDS should be no higher.

Four commenters supported mandatory auditor review of interims. These commenters noted that the capital markets have demonstrated a significant sensitivity to interim reporting, that auditor involvement in interims would help the issuer anticipate year-end accounting and reporting problems and avoid unnecessary adjustments in subsequent reporting periods, and that the competitiveness of Canadian capital markets is enhanced by raising the Canadian CD standards to U.S. levels.

However, although they supported the auditor review requirement, two of these commenters expressed concern that retail investors do not understand that a review provides a significantly lower level of assurance than an audit, and suggested the following:

- The QIF should contain a disclaimer advising that a review is not an audit.

- The CSA should adopt the practice used with prospectuses, where a comfort letter is filed with regulators and the review engagement report is not publicly reported or filed.

Response

The CD Rules now require that an issuer's board of directors approve its interim financial statements, though approval may be delegated to the audit committee. The CD Rules also require that an issuer disclose if its auditor has not reviewed its interim financial statements. Where applicable, the Audit Committee Rule now requires audit committee review of interim financial statements.

1. Certification

Question

16. Would the proposed certification requirements materially affect the extent to which signatories participate in the preparation of IDS continuous disclosure documents? Are there practical impediments to the certification of such documents?

Comments

One commenter stated that the proposed certification requirement would have a positive impact on the disclosure process.

One commenter did not believe that the proposed certification requirements would materially affect the extent to which signatories participate in the preparation of CD documents. In particular, this commenter thought that smaller issuers would gladly accept the requirements to provide enhanced disclosure and to certify the disclosure if, as a result, such issuers were able to participate in IDS.

One commenter strongly opposed the introduction of a certification requirement, since it raises the possibility of liability for secondary market disclosure, without any consideration being given to when such liability should actually be incurred, by whom, to whom, in what amount, and the defences which would be available. Six commenters questioned how the certification requirements would interact with the civil remedies proposal. One of these commenters said that the certificate requirement creates an undue burden on officers and directors to perform sufficient due diligence within the proposed shortened time frame. One commenter questioned whether the certification of each SIF was necessary, while commenting that certification of the QIF and the AIF would likely enhance the accuracy and quality of disclosure. Two others suggested deferring any requirement for certification until the civil remedies proposal was finalized. One commenter said that, assuming the requirements for audit committee review and board of director approval of interim financial statements are adopted, that a certified statement by a senior officer of the company stating that this review and approval have been done would be sufficient "certification."

Response

Although the CD Rules do not impose any certification requirement, MI 52-109, where applicable, does. It requires the chief executive officer or person who performs similar functions (the "CEO") and the chief financial officer or person who performs similar functions (the "CFO") of all issuers to certify the issuer's annual and interim filings, subject to certain exemptions.

Question

17. Is the "full, true and plain disclosure of all material facts" standard of disclosure attainable on a timely basis in connection with IDS continuous disclosure filings? If not, why not? What alternative disclosure standard would be appropriate given the objectives of the integrated disclosure system? Would an alternative misrepresentation standard be more appropriate for some continuous disclosure documents (i.e. "The foregoing does not make a statement that, in a material respect and in the light of the circumstances is misleading or untrue and does not omit a fact that is required to be stated or that is necessary to make the foregoing not misleading")?

Comments

Five commenters had difficulty seeing under IDS how the sum of the various documents placed on the public record would at all times measure up to a "full, true and plain" disclosure standard. The following points were raised:

- CD filings under the existing short form prospectus system already fall short of this standard (due to intense time pressures and lack of rigorous CD requirements).

- Imposing a "full, true and plain" disclosure standard on all CD filings would place a significant burden on the existing reporting processes of companies.

- This standard is particularly onerous for ongoing CD, particularly in relation to SIFs and probably not practically possible. If imposed, issuers will likely be spending a disproportionate amount of time preparing and verifying documents without a commensurate regulatory purpose being served.

- In the past, the CSA have indicated that they are considering imposing civil liability in connection with an issuer's CD. In conjunction with the proposed AIF, QIF and SIF requirements under the IDS, one must consider the likelihood of honest oversights or delays in the recognition and reporting of significant developments. In this context, it is questionable whether "full, true and plain disclosure of all material facts" is a realistic standard.

- This standard of disclosure is too onerous for SIFs unless the certification is limited to the SIF itself. It is not realistic to force issuers to consider whether a "full, true and plain" disclosure standard is met on a day-to-day basis. The alternative "no misrepresentation" standard would be more appropriate for the filing and certification of all interim documents such as an SIF.

Eight commenters suggested that since neither the SIF nor the QIF will by its nature contain prospectus level disclosure, a "full, true and plain" certification requirement would not be appropriate for these forms. Two of these commenters stated that the proposed alternative "no misrepresentation" standard would be appropriate for both SIFs and QIFs, while four of these commenters suggested variations to the "no misrepresentation" certificate, as follows:

- One commenter proposed that, although a "no misrepresentation" certificate would be appropriate for a QIF, since the SIF is required to be filed at times when an issuer may not have full information, the certification standard for SIFs should be lower. The commenter suggested that SIFs be certified as follows: "The Issuer believes the information in this form to be accurate and has no reason to believe that there are material facts relating to this information which have been omitted."

- One commenter suggested using the following form of certificate for QIFs: "The contents of this QIF have been reviewed by the Company's audit committee and have been approved for release by the Company's board of directors."

- One commenter suggested that the proposed "no misrepresentation" standard be prefaced by the following phrase: "To the best of our knowledge and belief."

- One commenter indicated that the proposed "no misrepresentation" standard should be extended solely to misrepresentations of material facts and applied only in the context of the issuer's CD base. This commenter proposed the following alternative "no misrepresentation" standard to address their concerns: "The foregoing when read with the issuer's CD base does not make an untrue statement of a material fact relating to securities of the issuer and does not omit a material fact that is required to be stated or that is necessary to make a statement not misleading in a material respect and at the time and in the light of the circumstances in which it is made."

One commenter stated that the misrepresentation standard would be appropriate for documents such as SIFs.

One commenter stated that when a prospectus offering is conducted, the certificate page required in connection with the prospectus will require the issuer to verify the previously disclosed information to prospectus standards and will ensure that the standards of disclosure as compared to the current regime are not impaired.

One commenter stated that the requirement for each annual and quarterly disclosure filed to meet prospectus standards of completeness, accuracy, quality and regulatory scrutiny may simply add cost and inefficiency to the system.

Response
The CD Rules do not impose a "full, true and plain disclosure of all material facts" standard for CD documents, for many of the reasons given by the commenters. However, a short form prospectus, when combined with CD documents incorporated by reference must give "full, true and plain disclosure of all material facts". Most of the comments received relate specifically to QIFs and SIFs. Neither the CD Rules nor Proposed NI 44-101 require QIFs or SIFs. Please see our responses to questions 9 and 11 above

Where applicable, MI 52-109 now requires the CEOs and CFOs of all issuers to certify that the issuer's annual or interim filing, as applicable, does not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of circumstances under which it was made, with respect to the period covered by the annual or interim filing, subject to certain exemptions. Where applicable, MI 52-109 also requires the CEOs and CFOs of all issuers to certify that, based on their knowledge, the annual or interim financial statements, as applicable, together with the other financial information included in the annual or interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual or interim filings, subject to certain exemptions.

2. Involvement of Advisors in Continuous Disclosure

Question
18. Is it realistic to expect that advisors will become more involved in continuous disclosure in order to address increased time pressure at the time of an IDS prospectus? Alternatively, will the expedited offering process result in a deterioration of the due diligence conducted by advisors in respect of information incorporated by reference in a prospectus? If so, how would this affect the ability of underwriters to certify the prospectus?

Comments
Four commenters suggested it would be unreasonable to expect that advisors will become significantly involved in CD to avoid having a deterioration in due diligence as a consequence of the expedited offering process under IDS. Two commenters cited a perceived deterioration of due diligence under the POP system to support their contention, while the other two commenters suggested that introducing civil liability for CD would be needed to increase advisor involvement in these filings.

One commenter said that it is unclear whether the IDS contemplates that securities might be offered without the involvement of an underwriter or other intermediary. This commenter said that this would almost certainly have a negative impact on the quality of offering documents in that it might eliminate two levels of due diligence – that performed by an underwriter or agent and that performed by the underwriter's legal counsel.

One commenter suggested that the CSA identify those practices which would constitute competent due diligence to assist underwriters in carrying out due diligence and managing the task effectively under the expedited IDS offering timetable. The commenter referred to the list of specified procedures included by the SEC in the "aircraft carrier" proposal, as follows:

- review of the [registration statement] and reasonable inquiry into any fact or circumstance that would cause a reasonable person to question the contents;

- discussion with management (including, at a minimum the chief financial and accounting officers) and receipt of certification as to compliance from those officers;

- receipt of a "comfort letter";
- receipt of a favourable opinion from issuer's counsel;
- receipt of a favourable opinion from underwriters' counsel; and
- employment of and consultation with an appropriately experienced and informed research analyst.

This commenter also proposed that underwriters should not be held to the standard of "full, true and plain" disclosure of all material facts as is the case for senior officers and directors of the issuer, but instead proposed the following alternate certification: "[T]o the best of the underwriter's knowledge, the underwriter is unaware of any misstatement of a material fact relating to the securities offered hereby in the prospectus or disclosure documents incorporated by reference."

One commenter said that the enhanced disclosure standard will likely require greater involvement of professional advisers than is currently the case, but that this may only be an added cost and inefficiency to the system.

Another commenter disagreed that an "aircraft carrier" style list of due diligence procedures should be produced by the CSA, stating that this is an area in which it makes more sense to let the industry deal with the practicalities of due diligence rather than try to deal with this through regulation. The commenter believed that, what was then proposed Regulation FD in the United States, simply states what is the current law in Ontario in the case of intentional disclosures and what is the current practice in the case of non-intentional disclosures.

Response
The CD Rules, MI 52-109 where applicable, and MI 52-110 where applicable, together with proposals to introduce secondary market civil liability, represent a fundamental shift in regulatory focus from primary to secondary market disclosure. The CSA believe that their combined effect will encourage issuers to seek the counsel of their advisors when preparing their CD. We also believe that by expanding the expedited offering procedures under Proposed NI 44-101 to more issuers, more issuers will seek increased involvement by underwriters, as well as other advisors, in their CD to ensure that they will be able to access the market as quickly as possible.

The CSA believe that we should not prescribe due diligence practices. What constitutes appropriate due diligence in any particular case will depend on the specific circumstances at the time and with respect to the individual issuer. The professionals involved in the conduct of due diligence are best able to make such decisions.

C. IDS Prospectuses

1. Delivery of the Preliminary IDS Prospectus

Question
19. Do preliminary and final prospectuses assist investors in making their investment decisions and is it relied upon for this purpose today? If not, on what basis are investors in the primary market currently making their investment decisions?

Comments
Four commenters suggested that most recipients of these documents at best give them a cursory reading, and that investment professionals, including financial analysts and brokers, are the prime users.

Four commenters stated that retail investors typically rely on their brokers in making investment decisions, rather than on the prospectus. Another commenter asserted that, although the preliminary prospectus continues to serve an important function in investors' decision-making process, the final prospectus adds little additional value for primary market investors as it is delivered after the investment decision has been made.

Response
The CSA note the commenters' views that the preliminary and final prospectuses may only be given a cursory reading by some investors. Nevertheless, our securities legislation continues to require preliminary and final prospectuses. We believe that, in a non-exempt offering, a final prospectus with full, true and plain disclosure of all material facts relating to, and, in Québec, not making any misrepresentation likely to affect the value or market price of, the securities to be distributed, and from which purchasers' rights of withdrawal, rescission and damages flow, is an appropriate regulatory requirement.

In the Notice, we have asked your views on whether we should seek legislative change in order to eliminate the preliminary prospectus, prospectus receipts and prospectus review.

Question

20. As discussed in Part III.D.4(a) of the Concept Proposal, the CSA considered specifying the timing of delivery of the preliminary IDS prospectus to ensure that a prescribed minimum period of time would be available to an investor before an investment decision becomes binding. Would a prescribed minimum preliminary IDS prospectus delivery period (for example, a specified number of days before pricing or the signing of a subscription agreement) be suitable for all investors and all situations? If so, what would be an appropriate period of time? If not, why not?

Comments

Several commenters did not believe that a prescribed minimum preliminary prospectus delivery period would be suitable for all investors and all situations. Comments were as follows:

- Investors are not concerned about lack of time to review a prospectus: The timing should be geared to the needs of the investment community.

- The prescribed waiting period triggered off the delivery of the preliminary prospectus would be administratively difficult to manage and would not provide additional investor protection provided the rights of rescission and withdrawal are retained upon delivery of the final prospectus.

- The time required to evaluate the purchase of a security depends largely on the nature of the offering. The commenter was of the view that the prospectus delivery period will be driven largely by marketing considerations and that market forces, together with the statutory rescission period, offer investors sufficient protection.

- A prescribed minimum preliminary IDS prospectus delivery period would unduly interfere with the distribution process. In particular, it would be impractical to either exclude investors identified as "late" in the distribution process or, alternatively, stop the process to allow newly identified investors to "catch up." Further, the availability of the preliminary prospectus on SEDAR would provide investors with ready access to this document.

Response

The CSA do not believe a minimum delivery period for a preliminary short form prospectus is necessary. Under Proposed NI 44-101, as with Current NI 44-101, the implementing law of applicable jurisdictions removes the statutory minimum period of time between the issuance of a receipt for a preliminary short form prospectus and the issuance of a receipt for a short form prospectus as it would otherwise apply to a distribution.

Question

21. Should the IDS require filing and delivery of the preliminary IDS prospectus? Should alternative methods of delivering the preliminary IDS prospectus be permitted? If so, how?

Comments

One commenter said that, if a prospective investor can easily obtain a copy of the prospectus, this should be sufficient.

Another commenter suggested that the preliminary prospectus should be available to investors electronically (not in hard copy unless requested) and should also be included in any marketing communications. The final prospectus should be required to be delivered to investors no later than the delivery of the confirmation of purchase to ensure investors are provided with statutory withdrawal rights.

Three commenters stated that an IDS preliminary prospectus should be delivered to investors. One of these commenters said that this would give investors the opportunity to review the information and advise them as to where the disclosure incorporated by reference in the prospectus may be obtained and reviewed. Two commenters also recommended that delivery by electronic means be permitted. One commenter added that if alternative prospectus delivery methods are introduced, they should be available to all offerings and not just IDS offerings.

One commenter recommended that the delivery requirement be eliminated because the issuer's preliminary prospectus is readily available on SEDAR and marketing communications must include a statement regarding how a potential investor may obtain the preliminary IDS prospectus.

Response

Proposed NI 44-101 does not change the statutory requirements to deliver a preliminary prospectus to potential investors. Electronic delivery of prospectuses is permitted under NP 11-201, subject to certain conditions.

*In the Notice, we have asked your views on whether we should seek legislative change in order to eliminate the preliminary prospectus, prospectus receipts and prospectus revie*w.

2. Content of IDS Prospectuses

Question

22. Are the preliminary IDS prospectus disclosure items outlined in Part III.D.2(a) of the Concept Proposal appropriate to ensure that an investor can make an informed investment decision? Please explain.

Comments

Two commenters suggested the addition of a "Current Developments" or "Recent Developments" category, which would require the issuer to provide any information necessary to update documents incorporated by reference to reflect more recent developments. One of these commenters suggested that the new requirement extend to capture recent developments that may not otherwise be required to be disclosed in an SIF.

One commenter voiced the need for a mechanism whereby a proposed acquisition cannot take place until an exchange has accepted the transaction, conditional only on the completion of the financing; otherwise there is a risk that a prospectus will be receipted for an offering where the proceeds are not allocated to what is disclosed and the issuer is raising money for a non-existent project.

Two commenters stated that the proposed IDS prospectus disclosure items are generally appropriate. One of these commenters stated that there should be certain exceptions to those documents which are incorporated by reference in the prospectus.

Another commenter strongly supported allowing issuers to incorporate by reference all of its IDS disclosure base filings, including marketing communications, in the prospectus. This would result in more readable marketing document formats and increased reliability of information, since incorporated documents must be certified. The same commenter also recommended that issuers be required to provide investors with any information that is incorporated by reference on request and in a timely manner. This would involve attaching incorporated information as an electronic file to the AIF. As well, this commenter recommended that when incorporating by reference, issuers should be required to: (1) provide specific information on how to access the referenced information; and (2) provide a hyperlink from the issuer's Web site to these reports.

Response

Proposed Form 1 generally requires a short form prospectus contain full, true and plain disclosure of all material facts relating to, and in Quebec not to make any misrepresentation likely to affect the value or market price of, the securities to be distributed. While we have not specifically required a "Recent Developments" section, we expect that issuers will include previously undisclosed material facts in such a section.

The disclosure items outlined in Proposed Form 1 are consistent with the disclosure items set out in Part III.D.2(a) of the 2000 Concept Proposal. Under Proposed Form 1, any information required in a short form prospectus may generally be incorporated by reference in the short form prospectus.

Question

23. What are the advantages and disadvantages of a streamlined form of final IDS prospectus? Which form of final IDS prospectus would issuers and investors prefer? Should the traditional form of final IDS prospectus be mandatory? If so, why?

Comments

Three commenters supported the streamlined form of final prospectus, stating that it would be of much greater utility to investors since it would highlight new information from the date of the preliminary prospectus. One of these commenters stated that the streamlined form would also be welcomed by issuers, who would benefit from reduced printing and distribution costs. Both the streamlined and the traditional alternatives should not be available to issuers; there should be only one permitted form of final prospectus. Two commenters expressed concern over the streamlined approach and made the following points:

- It may be cumbersome to clearly distinguish what portions of the preliminary prospectus have been carried forward and what portions have been deleted or superseded. As well, the final document may be construed as a formal notice of the deficiencies in the preliminary disclosures, since it highlights necessary updates.

- The streamlined final prospectus only works if the preliminary prospectus must be delivered to potential investors, and would not necessarily reduce costs or preparation time for the issuers, since it requires the preparation of two different documents rather than simply updating the preliminary. This commenter recommended that investors be provided with the final prospectus and be advised of the existence, location and availability of a blacklined version of the final prospectus which shows all changes from the preliminary prospectus.

Response
Though some commenters support this proposal, the CSA has decided not to adopt a streamlined form of final short form prospectus which would incorporate a preliminary prospectus. We recognize the concerns raised by the commenters. Given that investors' prospectus rights flow from the final prospectus, we believe it should, through incorporation by reference of CD, be a comprehensive disclosure document.

D. IDS Marketing Regime

Question
24. Is the proposed definition of "marketing communication" in the IDS appropriate? What types of communications should be excluded from the definition, and why?

Comments
One commenter was of the view that "green sheets" should not be included in the category of marketing documents, since "green sheets" typically contain financial information of other companies in the issuer's industry, along with numerous financial ratios and calculations.

Another commenter suggested that the IDS instrument clarify that the issuer is not responsible for documents prepared by underwriters and that these documents are not considered to be incorporated by reference.

Two commenters emphasized that the broad definition of "marketing communications" requires more exceptions, and recommended that the CSA consider a definition which specifically excludes communications which indicate that they are internal or confidential.

One commenter generally supported the proposed removal of existing pre-marketing restrictions, but suggested that the proposed definition of "marketing communication" coupled with the requirement that an IDS prospectus incorporate by reference all written marketing communications disseminated by or on behalf of the issuer during the course of distribution of securities may have an unintended "chilling" effect, e.g., underwriters conducting road shows without written materials to avoid the filing and certification requirements. The CSA should not confuse the responsibility of the issuer to provide equal access to all disclosed material information with: (i) a responsibility of the issuer to provide equal access to all information; or (ii) a responsibility of the underwriter to provide equal access to its proprietary materials.

The same commenter stated that research reports and other written commentary on the issuer, published in the ordinary course, should be excluded from the definition of marketing communications and the certification requirement, unless the issuer or the issuer's agent makes specific reference to, or widely disseminates, such materials during the distribution period. Subjecting research reports and commentary to the due diligence process and "full, true and plain" disclosure standard would be a costly, time-consuming and possibly problematic exercise. This commenter also suggested that guidance should be given to assist interpretation in the context of electronic media – for example, the criteria that would be examined in determining whether a hyperlink or other reference to third party materials on the issuer's website would constitute "dissemination" of such materials by the issuer.

Response
The CSA recognize the concerns relating to incorporating certain marketing materials into a prospectus. This question is not relevant at this time given the CSA's decision not to presently adopt the marketing restrictions set out in the 2000 Concept Proposal. See the response to item 25 below.

Question
25. What are your views concerning the proposed IDS marketing restrictions? Are others necessary for investor protection purposes? Would the proposed IDS marketing restrictions restrict valid corporate communications?

Comments
One commenter stated that the IDS marketing restrictions appear to provide issuers with more flexibility in their investor communications; the restrictions appear to strike a reasonable balance between investor protection and business expediency.

One commenter supported the elimination of the pre-marketing restrictions in the context of the proposed IDS regime based on the view that it provides greater flexibility in the capital raising process and acknowledges the diminished role of the prospectus and the increased emphasis on CD. This commenter went on to highlight two further issues:

- There is potential for abuse and pre-marketing should be closely monitored, particularly with regard to the elimination of the existing pre-marketing rules in the absence of the formulation, adoption and enforcement of a new framework to address pre-marketing issues and potential abuses under the IDS regime. Regulators should remind IDS issuers that they have an obligation to make timely disclosure of material information (by the SIF), once issuers have formed a

reasonable expectation of proceeding with the offering. Regulators should also ensure enforcement of these obligations.

- Market distortion resulting from the misuse of information concerning the existence of a proposed offering is possible – for example, an institutional investor learning of a proposed equity offering may anticipate ensuing weakness in the market price of the security and sell the security placing downward pressure on its market price. Alternatively, institutional investors may not sell after learning of a proposed equity offering but may not buy either if it anticipates a pricing fallout or announcement.

One commenter emphasized the view that existing pre-marketing rules are confusing, anomalous (given that private placements for public companies can now be pre-marketed), and favour the large, well-capitalized dealers over the smaller dealers who specialize in financing smaller issuers. It is far better, said this commenter, to rely on available enforcement remedies rather than to continue to anticipate the worst and thereby limit options.

One commenter stated that marketing materials should not be incorporated by reference in an IDS prospectus. According to the commenter, the inappropriate use of marketing material should be policed separately by the securities regulatory authorities. A requirement to incorporate marketing materials by reference could cause issuers to inadvertently make misrepresentations. Many marketing communications, because of their necessary brevity, do not contain full, true and plain disclosure. It is also becoming increasingly difficult for issuers to monitor the dissemination of marketing information that occurs through media such as bulletin boards and chat rooms. An alternative would be to require that materials produced by the issuer contain a disclaimer that the information is not complete, with a cross-reference to the prospectus and its location on SEDAR or the issuer's website.

Response
With the implementation of the CD Rules and other CSA CD initiatives, we continue to believe that the current pre-marketing restrictions could be revisited in order to allow more flexible capital-raising by issuers with less focus placed on the preliminary prospectus. However, the CSA is not currently prepared to propose any change to the prospectus regime that would permit marketing of a prospectus offering prior to public disclosure that the offering is pending. Without the prior public disclosure about a pending offering, we are concerned about the potential improper use of undisclosed information about an offering, including insider trading and tipping.

The CSA recognizes the tension, as reflected in the comments on this question as well as to question 11 above (where significant concerns were raised with the "reasonable expectation" test for disclosure of a potential offering) between an issuer's obligations to provide timely disclosure of pending offerings and concern about premature disclosure of pending offerings. Generally, issuers do not disclose a proposed prospectus offering until a bought deal is agreed upon, or, for a marketed offering, at or about the time a preliminary prospectus is filed. Recent discussions with our advisory committees suggest that the current marketing regime, particularly for bought deals, is generally sufficient. Consequently, given the current regulatory framework, it is not apparent that issuers would publicly disclose a pending prospectus offering any earlier than they are currently disclosing such offerings in order to initiate legal marketing of the offering.

Accordingly, Proposed NI 44-101 does not include any of the proposed changes to the pre-marketing regime set out in the 2000 Concept Proposal. However, as discussed in the Notice, the Proposed Rule does include a minor amendment which allows issuers and underwriters to agree to file a preliminary prospectus up to four business days after entering into a bought deal agreement. As also discussed in the Notice, to the extent that the CSA moves forward in the future with the prospectus offering regime that does not require preliminary prospectuses, a new prospectus marketing regime will be considered. See question 7 under the heading "Marketing Restrictions" in the Notice.

Question
26. How should "distribution period" be defined for purposes of determining which written marketing materials must be incorporated by reference in an IDS prospectus? Should it be defined as commencing a specified number of days (e.g. 15 days) before the first offer of the securities, upon the filing of the preliminary IDS prospectus or some other event? When should the distribution period be considered terminated for this purpose?

Comments
One commenter welcomed efforts to more clearly define this period, but deferred to the underwriting community as to what limits should be imposed.

One commenter stated that the distribution period should be commenced from the receipt of the prospectus to such time as the offering has been sold and the contractual rights of rescission and withdrawal have expired.

One commenter supported a bright line test commencing at the time the issuer determines to effect an offering and terminating upon the cessation of offers and sales under the final IDS prospectus. An issuer should not be required to incorporate by reference, and assume liability for, any document prepared prior to its determination to effect an offering and without its prior review and approval.

Another commenter proposed that the distribution period extend from the earlier of the filing of the SIF (disclosing the proposed offering of securities) and the filing of the preliminary IDS prospectus to the filing of the final IDS prospectus. This definition would have the advantage of providing certainty to market participants.

Response
Since we are no longer considering requiring marketing communications to be incorporated into a prospectus, this question is no longer relevant. See the responses to items 24 and 25 above.

E. Proposals for Changes Outsides the IDS

Question
27. Should the IDS continuous disclosure enhancements be broadly applied to all issuers?

Comments
Four commenters were opposed to broadly applying IDS enhancements to all issuers. Four commenters cited considerable additional burdens and increased expenses, particularly for smaller issuers. One of these commenters suggested that transitional provisions are required to allow time for such smaller companies to meet any new reporting requirements. One of the commenters stated that those issuers who do not benefit from the system should not have to pay the price inherent in complying with the higher standards of disclosure. This commenter argued the following concessions for smaller issuers: more time to prepare and file the required disclosures; exemption from audit committee requirements; exemption from auditor review of interim financial statements; and exemption from interim MD&A requirements. One commenter felt that the changes proposed would impose considerable burdens on issuers and increased expense. In the event that any of the CSA participants determine to adopt any of the IDS initiatives as mandatory requirements prior to completion of the pilot project, the commenter strongly recommended that an intensive educational and feedback process be conducted prior to implementation.

One commenter observed that companies considered small by U.S. standards are much larger than their Canadian counterparts. Additional latitude needs to be provided for Canadian juniors.

One commenter strongly supported the extension of certain IDS disclosure enhancements to all issuers, particularly the proposed upgraded content of annual and interim reports and accelerated filing periods for annual and interim reports.

One commenter stated that the requirement for a review engagement report in regard to interim financial statements should not be extended to non-IDS participants. This commenter encouraged the introduction of the requirement of MD&A in regard to the interim financial statements in regard to all issuers.

Response
The CSA acknowledge the comments of those who argued that IDS enhancements should not apply to all issuers. The CD Rules, MI 52-109 where applicable, and the Audit Committee Rule where applicable, now apply to all issuers, subject to certain exemptions. However, the CSA has recognized that smaller issuers may be disproportionately burdened by these enhanced requirements and has provided for somewhat less onerous requirements for venture issuers.

Question
28. The CSA propose to extend to non-IDS issuers the IDS certification requirements discussed in Part III.B.1 of this Notice and Part III.C.2.(c) of the Concept Proposal. Does this raise concerns unique to non-IDS issuers? If so, what are they?

Comments
One commenter saw no reason to exempt non-IDS issuers from this requirement if the certification requirements are adopted. Smaller issuers should make the same assertions as IDS issuers if allowed more time for filing and preparation.

One commenter concluded that certification by senior management and the directors will have a positive impact on the disclosure process and therefore the commenter supported the proposed extension to non-IDS issuers.

Another commenter stated that, given the predominance of secondary market trading over primary market, the main purpose of IDS should be to provide the marketplace in general with enhanced and expanded disclosure. Accordingly, IDS disclosure should logically apply to all reporting issuers. As well, broad-based IDS disclosure standards might also permit the elimination or substantial reduction of much of the complexity of current securities regulation.

Response
Where applicable, MI 52-109 now requires the CEOs and CFOs of all issuers to certify the issuer's annual and interim filings, subject to certain exemptions.

Question
29. Should the IDS marketing restrictions discussed in Part IV.B be broadly applied to non-IDS offerings?

Comments
One commenter stated that, as it believes that the creation of an enhanced disclosure base in respect of an IDS issuer is essential to the functioning of the proposed regime, it does not support the removal of pre-marketing restrictions in respect of non-IDS issuers.

One commenter supported a broad application of the prohibition on misrepresentation in marketing materials, stating that this would assist in regulating communications which potentially mislead the investing public.

Response
Please see the response to item 25 above.

Question
30. Are there any other elements of the IDS that should be broadly applied to all issuers?

Comments
One commenter recommended that more frequent and extensive regulatory review of CD materials be applied to all issuers.

Response
The CSA agree with the commenter's recommendation. The CDR Program is intended to complement the CD Rules by enhancing consistency in the scope and level of reviews carried out by CSA staff. We believe that greater consistency in the treatment of issuers will improve the overall quality and timeliness of CD.

F. Pilot Introduction of the IDS

Question
31. Would issuers be interested in participating in the pilot introduction of the IDS? If not, why not?

Comments
One commenter stated that it is not certain that issuers will be willing to participate in a pilot introduction of the IDS because of the cost of complying with the IDS and the increased exposure as a result of the certification requirements contained in the IDS.

One commenter did not think that issuer interest would be very strong, based on MRRS pilot test experience. The non-POP issuers with the imminent need to raise capital, stated this commenter, will have the most to gain by opting into the IDS pilot program.

Another commenter believed that many junior issuers would be interested in participating, provided that the costs are not prohibitive. According to the commenter, the primary deterrent to participating in IDS is the requirement to become a reporting issuer in all jurisdictions. If this provision was removed, junior issuer participation would likely be significant. This commenter's experience with issuers utilizing the SHAIF system and the short form prospectus distributions system would appear to indicate that a system emphasizing CD and an ability to access the market quickly will be widely utilized by issuers.

Another commenter stated that exchange-listed non-POP system issuers may be particularly interested in improving their speed of access to the markets. Possible deterrents could be the additional costs of preparing the enhanced disclosure and reporting on a national basis, the reduced period in which to file annual and interim financials and the regulatory uncertainty surrounding a new system.

Response
A pilot period is not necessary with respect to Proposed NI 44-101. The CD Rules will have been in effect for a period of time prior to the implementation of Proposed NI 44-101, and Proposed NI 44-101 is a revision to rules that have been in place since 2000.

Question
32. Would issuers who are currently eligible to use the prompt offering qualification system be interested in participating in the pilot introduction of the IDS? If not, why not?

Comments
One commenter speculated that if the benefits currently enjoyed by Canadian SEC registrants under the MJDS are removed, there would be little or no benefit to the IDS prospectus system, let alone the short form prospectus distributions system, because the more rigorous U.S. form requirements will prevail. The CD enhancements, however, will put both IDS and short form prospectus issuers in a better position to make U.S. filings.

One commenter indicated that IDS is primarily attractive to issuers that do not qualify for the short form prospectus distributions system. This commenter said that IDS introduces additional disclosure requirements that do not exist in the short form prospectus distributions system without providing any benefits for issuers eligible under that system.

Another commenter stated that there may be less incentive for POP system issuers to migrate to the new system as timing advantages would not be significant. Under National Policy 43-201 *Mutual Reliance Review System for Prospectuses and Annual Information Forms*, regulators will use their best efforts to review and provide comments on short form prospectuses within three and a half days.

One commenter believed that relatively few issuers will perceive the IDS to offer significant advantages over the existing short form prospectus and shelf distribution procedures when compared with a significant increase in reporting issuers' compliance burden. Accordingly, there will be little incentive for issuers to participate in the pilot introduction of the IDS unless and until the CD requirements in the proposal are extended to non-IDS offerings. This commenter emphasized that investors should be entitled to receive the same quality of disclosure, regardless of whether the issuer is an IDS participant. In the event that the CD enhancements set forth in the 2000 Concept Proposal are applied universally and take effect simultaneously, the IDS will offer several compelling advantages. Issuers who are not eligible to use the short form prospectus or shelf distribution procedures will be eligible to use streamlined procedures under the IDS. Issuers who are eligible to use short form prospectus or shelf distribution procedures would benefit from faster and more predictable timing when qualifying a prospectus distribution.

Response
The CSA thank the commenters for their comments. As noted above, however, given the CSA's decision to proceed with the liberalization of existing rules rather than the development of a separate IDS, no pilot period is required.

Question
33. What do you perceive as the main benefits of the IDS, as compared with the existing distribution procedures?

Comments
Four commenters listed the following benefits:

- The main benefits of the IDS would be the speed at which the capital markets could be accessed by the issuers.
- A National Instrument will most likely be adopted as a rule in all Canadian jurisdictions, which will be a major step towards creating a virtual national securities commission and which will narrow the gap between information on the public record at any point in time and the "full, true and plain" prospectus disclosure.
- The extent of disclosure in the prospectus document, short form included, will be significantly reduced, and mid-sized issuers will be able to obtain benefits similar to those presently enjoyed by POP issuers.
- IDS will allow all investors, not just those participating in primary offerings, to make informed investment decisions. This commenter also listed as a benefit the ability of issuers to access the market in a timely manner, which is particularly important in the current market environment.
- IDS will allow faster and more predictable access to the capital markets as an IDS prospectus would be subject to only limited review by regulators. The IDS has the potential to provide issuers with greater flexibility to go to the market more often, in lesser amounts, and at lower transaction costs. The main benefit for investors under the IDS is the potential for more complete and timely disclosure information.

Response
The CSA believe that these comments apply equally to Proposed NI 44-101. The CD Rules have enhanced CD requirements, accomplishing a significant component of IDS, and Proposed NI 44-101 generally permits more issuers to access the short form prospectus system than Current NI 44-101 does. Even more issuers will be able to access the short form prospectus system if the seasoning and quantitative size qualification criteria are eliminated as proposed under Alternative B of Proposed NI 44-101.

Question
34. If the IDS proves to be a successful alternative to the short form prospectus and shelf distribution systems, the CSA will consider eliminating the short form and shelf distribution procedures for IDS-eligible issuers. Is this appropriate? If not, why not?

Comments
One commenter suggested waiting until the results of the pilot test are known.

Another commenter wished to clarify with the CSA that the MTN program (as defined in National Instrument 44-102 *Shelf Distributions*) shelf procedures, or analogous procedures permitting the use of one-page pricing supplements, would be continued under the IDS.

Another commenter opposed elimination of short form and shelf because of the recognized efficiency of these systems. This commenter believes the better approach would be to allow IDS as an alternative offering regime.

Another commenter believed that if the IDS proves to be a successful alternative to the short form prospectus and shelf distribution systems (and following an appropriate industry consultation), the CSA should consider eliminating the short form and shelf distribution procedures for IDS-eligible issuers.

Response
The CSA are not considering eliminating the short form and shelf distribution procedures. IDS, as described in the 2000 Concept Proposal, and Proposed NI 44-101 are quite similar to one another, with the exception of the marketing restriction proposals.

G. Other Comments

(a) Reduced filing periods for financial statements

Comments
Two commenters stated that the change requiring the filing of annual and interim financial statements to within 90 days of year end and 45 days of quarter end, respectively, is a positive change.

One commenter generally opposed the reduced filing periods because they would take away the buffer that companies have to cope with emergencies, day-to-day business and the ever-increasing regulatory burden. Another commenter opposed the requirement other than in the context of a voluntary system, but suggested that, if the requirement were adopted, consideration should be given to providing additional time for the delivery of materials to shareholders.

Two commenters, although not opposed to the requirement, recommended providing a transition period. One of these commenters suggested that current filing deadlines be maintained for two years to conform with the pilot introduction for IDS until issuers become familiar with the increased content requirements.

Four commenters believed that junior issuers would experience difficulties in meeting the new deadlines and proposed that some form of relief be provided.

One of these commenters raised the following specific concerns:

- Smaller companies are already poorly served by their auditors and rarely get their financials more than a day before the print deadline. A reduction for the annuals to 90 days would greatly increase the difficulty and costs.
- 60 days for quarterlies is generally easy to keep track of, being roughly 2 months from the quarter end, whereas the odd 45 day requirement will lead to a lot of wasted time and administrative difficulties.
- Current management time is already at a premium.
- Even if the new time frames are tied only to the IDS there is a strong incentive to apply them to all filers eventually, and the commenter was against this.
- Junior companies in Canada (unlike their U.S. counterparts) do not have the resources that would enable them to meet the new time constraints.

Suggested forms of relief that could be granted to junior issuers include:

- setting the annual filing deadline to 120 days after year end, rather than 90 days, in view of the complexities of completing a year end audit; and
- providing an exemption.

One commenter requested that the CSA clarify that the deadline for submission of the MD&A which discusses the fourth quarter financial results is 90 days after the issuer's year end. Quarterly submissions are due within 45 days after the relevant interim period, however the fourth quarter MD&A is to be included in the AIF which is due 90 days after the issuer's year end.

Response
The CD Rules have reduced the filing period for various CD documents. This was subject to extensive comment when the CD Rules were published for comment. The financial statement filing periods in NI 51-102 for annual financial statements is 120 days after year-end for venture issuers, and 90 days for non-venture issuers. The deadline for filing interim financial statements remains at 60 days for venture issuers and is reduced to 45 days after period end for non-venture issuers. The new filing deadlines apply to financial years starting on or after January 1, 2004.

(b) Eligibility criteria

Comments
One commenter said that the listing requirement needs to be clarified in order to confirm whether "recognized market" includes the junior tier of the Canadian Venture Exchange.

Response
Under the basic qualification criteria of Alternative B of Proposed NI 44-101, the issuer's securities must be listed or posted for trading on a short form eligible exchange. Alternative B of Proposed NI 44-101 defines a short form eligible exchange to be the TSX, Tier 1 and Tier 2 of the TSX Venture Exchange, and their respective successors

(c) Measures to ensure quality of disclosure

Comments
Two commenters emphasized the importance of strong regulatory review, subsequent audit and enforcement where necessary, in ensuring the quality of disclosure under IDS.

Response
The CSA agree with these comments and has implemented the CDR Program. Please see the response to item 30 above.

(d) Use of plain language

Comments
Another commenter noted that, because of the growth in the retail investor market, Canadian regulators should encourage "plain language" disclosure as in the United States.

Response
The CSA encourage the use of plain language in disclosure documents.

(e) Support for Concept Proposal

Comments
Six commenters generally supported the 2000 Concept Proposal, subject to individual concerns.

Response
The CSA note the comments. We believe that many of the benefits of the IDS as set out in the 2000 Concept Proposal are now in place under the CD Rules, MI 52-109 where applicable, and MI 52-110 where applicable, and with the implementation of other CSA initiatives. Proposed NI 44-101 harmonizes Current NI 44-101 with these new requirements.

(f) Other market developments

Comments
One commenter observed that IDS should take into account other developments in North American securities markets, such as the proposed association of stock exchanges.

Response
The CSA will continue to consider the impact of any other developments in North American securities markets.

SCHEDULE 1

LIST OF COMMENTERS
(listed according to the comment letter date)

Jonathan McCullough
McCullouch O'Connor Irwin
April 17, 2000

Andrew D. Grasby, Co-Chair and Philippa P.B. Hughes, Associate, Advocacy
Canadian Advocacy Council
Association for Investment Management and Research (AIMR)
May 19, 2000

Maria Casano, Partner
BDO Dunwoody LLP
May 26, 2000

Mark Fields
Vice President and Director
Copper Ridge Exploration Inc.
May 26, 2000

Kenneth G. Hanna
May 28, 2000

John H. Deacon
Vice President, General Counsel and Corporate Secretary
NAV Canada
May 29, 2000

Maria V. Casano, Member
Task Force of the Accounting and Assurance Standards Boards
Canadian Institute of Chartered Accountants
June 1, 2000

Lezlie Oler
Executive Director
Canadian Society of Corporate Secretaries
June 1, 2000

Stewart Lockwood
slockwood@canarc.net
June 2, 2000

Michelle Caturay
Canadian Imperial Bank of Commerce
June 5, 2000

Richard A. Lococo
Securities Subcommittee
CBAO Business Law Section
June 5, 2000

Gordon C. Fowler, Partner, and Alan G. Van Weelden, Senior Principal
KPMG LLP
June 5, 2000

Lawson Lundell Lawson & McIntosh
June 6, 2000

Christopher Begy
Bank of Montreal
June 7, 2000

Gerald A. Romanzin
Executive Vice President
Canadian Venture Exchange
June 7, 2000

Ron Blunn, Chair, and David Mills, Past Chair
CIRI Issues Committee
Canadian Investor Relations Institute
June 9, 2000

Osler Hoskin & Harcourt
June 13, 2000

Peter McCarter
Aur Resources Inc.
June 17, 2000

Nelson Smith
Head of Investment Banking
Yorkton Securities Inc.
June 19, 2000

Joseph J. Oliver
President and Chief Executive Officer
Investment Dealers Association of Canada
June 22, 2000

Duane Poliquin
President
Almaden Resources and Fairfield Minerals
June 23, 2000

John Kruzick
President
DRC Resources
June 23, 2000

Brooke Campbell
Manager Corporate Finance and Director
Odlum Brown Limited
September 20, 2000

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

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NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions - In this Instrument

"**AIF**" has the same meaning as in NI 51-102 for a reporting issuer other than an investment fund, and for an investment fund means an annual information form as such term is used in NI 81-106;

"**alternative credit support**" means support, other than a guarantee, for the payments to be made by an issuer of securities, as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities, that

(a) obliges the person or company providing the support to provide the issuer with funds sufficient to enable the issuer to make the stipulated payments, or

(b) entitles the holder of the securities to receive, from the person or company providing the support, payment if the issuer fails to make a stipulated payment;

"applicable CD rule" means, for a reporting issuer other than an investment fund, NI 51-102 and for an investment fund, NI 81-106;

"**approved rating**" has the same meaning as in NI 51-102;

"**approved rating organization**" has the same meaning as in NI 51-102;

"**asset-backed security**" has the same meaning as in NI 51-102;

"**business acquisition report**" has the same meaning as in NI 51-102;

"**cash equivalent**" means an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by

(a) the government of Canada or the government of a jurisdiction,

(b) the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state or a permitted supranational agency, if, in each case, the evidence of indebtedness has an approved rating, or

(c) a Canadian financial institution, or other entity that is regulated as a banking institution, loan corporation, trust company, or insurance company or credit union by the government, or an agency of the government, of the country under whose laws the entity is incorporated or organized or a political subdivision of that country, if, in either case, the Canadian financial institution or other entity has outstanding short term debt securities that have received an approved rating from any approved rating organization;

"**cash settled derivative**" means a derivative, the terms of which provide for settlement only by means of cash or cash equivalent, the amount of which is determinable by reference to the underlying interest of the derivative;

"**connected issuer**" has the same meaning as in National Instrument 33-105 *Underwriting Conflicts* and, in Québec, the applicable securities legislation;

"**control person**" means any person or company that holds or is one of a combination of persons or companies that holds

(i) a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or

(ii) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holdings of those securities does not affect materially the control of that issuer;

"**convertible**" means, if used to describe securities, that the rights and attributes attached to the securities include the right or option to purchase, convert into or exchange for or otherwise acquire equity securities of an issuer, or any other security that itself includes the right or option to purchase, convert into or exchange for or otherwise acquire equity securities of an issuer;

"**credit supporter**" means a person or company who provides a guarantee or alternative credit support for any of the payments to be made by an issuer of securities as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities;

"**current AIF**" means

(a) if the issuer has filed an AIF for its most recently completed financial year, that AIF; or

(b) if

(i) the issuer has not filed an AIF for its most recently completed financial year; and

(ii) the issuer is not yet required under the applicable CD rule to have filed its annual financial statements for its most recently completed financial year;

its AIF filed for the financial year immediately preceding its most recently completed financial year;

"current annual financial statements" means

(a) if the issuer has filed its comparative annual financial statements in accordance with the applicable CD rule for its most recently completed financial year, those financial statements together with the auditor's report accompanying the financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period; or

(b) if

(i) the issuer has not filed its comparative annual financial statements for its most recently completed financial year; and

(ii) the issuer is not yet required under the applicable CD rule to have filed its annual financial statements for its most recently completed financial year;

its comparative annual financial statements filed for the financial year immediately preceding its most recently completed financial year, together with the auditor's report accompanying the financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period;

"**derivative**" means an instrument, agreement or security, the market price, value or payment obligation of which is derived from, referenced to, or based on an underlying interest;

"**equity securities**" means securities of an issuer that carry a residual right to participate in the earnings of the issuer and, upon the liquidation or winding up of the issuer, in its assets;

"**executive officer**" has the same meaning as in NI 51-102;

"full and unconditional credit support" means

(a) alternative credit support that

(i) entitles the holder of the securities to receive payment from the credit supporter, or enables the holder to receive payment from the issuer within 15 days of any failure by the issuer to make a payment as stipulated; and

(ii) results in the securities receiving the same credit rating as, or a higher credit rating than, the credit rating they would have received if payment had been fully and unconditionally guaranteed by the credit supporter, or would result in the securities receiving such a rating if they were rated; or

(b) a guarantee of the payments to be made by the issuer of securities as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities such that the holder of the securities is entitled to receive payment from the guarantor within 15 days of any failure by the issuer to make a payment as stipulated;

"**information circular**" has the same meaning as in NI 51-102;

"**interim period**" has the same meaning as in the applicable CD rule;

"investment fund" has the same meaning as in NI 81-106;

"**Form 44-101F1**" means Form 44-101F1 *Short Form Prospectus*;

"**material change report**" means, for a reporting issuer other than an investment fund, a completed Form 51-102F3, and for an investment fund, a completed Form 51-102F3 adjusted as directed by NI 81-106;

"**MD&A**" has the same meaning as in NI 51-102 in relation to a reporting issuer other than an investment fund, and in relation to an investment fund means an annual or interim management report of fund performance as defined in NI 81-106;

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

"**mineral project**" has the same meaning as in NI 51-102;

"NI 13-101" means National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*;

"**NI 43-101**" means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;

"**NI 44-102**" means National Instrument 44-102 *Shelf Distributions*;

"**NI 51-101**" means National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities;*

"**NI 51-102**" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"**NI 81-106**" means National Instrument 81-106 *Investment Fund Continuous Disclosure*;

"**non-convertible**" means, if used to describe a security, a security that is not convertible;

"**non-voting security**" has the same meaning as in NI 51-102;

"parent credit supporter" means a credit supporter of which the issuer is a subsidiary;

"**participant**" means an issuer that is a party to a reorganization;

"**permitted supranational agency**" means the International Bank for Reconstruction and Development, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, the Caribbean Development Bank, the European Bank for Reconstruction and Development, the African Development Bank and any person or company prescribed under paragraph (g) of the definition of "foreign property" in subsection 206(1) of the ITA;

"**related credit supporter**" of an issuer means a credit supporter of the issuer that is an affiliate of the issuer

"**reorganization**" means

(a) a statutory amalgamation,

(b) a statutory merger, or

(c) a statutory arrangement;

"**restricted security**" has the same meaning as in NI 51-102;

"**short form eligible exchange**" means each of the Toronto Stock Exchange, Tier 1 and Tier 2 of the TSX Venture Exchange, and their respective successors;

"**special warrant**" means a security that, by its terms or the terms of an accompanying contractual obligation, entitles or requires the holder to acquire another security without payment of material additional consideration and obliges the issuer of either security to undertake efforts to file a prospectus to qualify the distribution of the other security;

"subsidiary credit supporter" means a credit supporter that is a subsidiary of the parent credit supporter;

"**successor issuer**" means an issuer existing as a result of a reorganization, other than, in the case where the reorganization involved a divestiture of a portion of a participant's business, an issuer that succeeded to or otherwise acquired the portion of the business divested;

"**underlying interest**" means, for a derivative, the security, commodity, financial instrument, currency, interest rate, foreign exchange rate, economic indicator, index, basket, agreement, benchmark or any other reference, interest or variable, and, if applicable, the relationship between any of the foregoing, from, to or on which the market price, value or any payment obligation of the derivative is derived, referenced or based; and

"U.S. credit supporter" means a credit supporter that:

(a) is incorporated or organized under the laws of the United States of America or any state or territory of the United States of America or the District of Columbia;

(b) either

(i) has a class of securities registered under section 12(b) or section 12(g) of the 1934 Act; or

(ii) is required to file reports under section 15(d) of the 1934 Act;

(c) has filed with the SEC all 1934 Act filings for a period of 12 calendar months immediately before the filing of the preliminary short form prospectus;

(d) is not registered or required to be registered as an investment company under the 1940 Act; and

(e) is not a commodity pool issuer.

1.2 References to Information Included in a Document - References in this Instrument to information included in a document refer to both information contained directly in the document and information incorporated by reference in the document.

1.3 References to Information to be Included in a Document - Provisions of this Instrument that require an issuer to include information in a document require an issuer either to insert the information directly in the document or to incorporate the information in the document by reference.

1.4 Incorporation by Reference - A document deemed by this Instrument to be incorporated by reference in another document is conclusively deemed for purposes of securities legislation to be incorporated by reference in the other document.

1.5 Interpretation of "Short Form Prospectus" - In this Instrument, unless otherwise stated, a reference to a short form prospectus includes preliminary short form prospectus.

1.6 Interpretation of "Payments to be Made"- For the purposes of the definition of "full and unconditional credit support", payments to be made by an issuer of securities as stipulated in the terms of the securities include any amounts to be paid as dividends in accordance with, and on the dividend payment dates stipulated in, the provisions of the securities, whether or not the dividends have been declared.

PART 2 QUALIFICATION TO FILE A PROSPECTUS IN THE FORM OF A SHORT FORM PROSPECTUS [*ALTERNATIVE A*]

2.1 Short Form Prospectus

(1) An issuer shall not file a prospectus in the form of Form 44-101F1 unless the issuer is qualified under any of sections 2.2 through 2.7 to file a prospectus in the form of a short form prospectus.

(2) An issuer that is qualified under any of sections 2.2 through 2.7 to file a prospectus in the form of a short form prospectus for a distribution may file, for that distribution,

(a) a preliminary prospectus, prepared and certified in the form of Form 44-101F1; and

(b) a prospectus, prepared and certified in the form of Form 44-101F1.

2.2 Basic Qualification Criteria - An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of any of its securities in the local jurisdiction, if all of the following criteria are satisfied:

1. The issuer is an electronic filer under NI 13-101.

2. The issuer is, and has been throughout the 12 calendar months immediately preceding the date of the filing of the preliminary short form prospectus, a reporting issuer in at least one jurisdiction in Canada.

3. The issuer has filed with the securities regulatory authority in each jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction under applicable securities legislation.

4. The issuer has

(a) current annual financial statements; and

(b) a current AIF;

in at least one jurisdiction in which it is a reporting issuer.

5. The aggregate market value of the issuer's equity securities, listed and posted for trading on an exchange in Canada, is $75,000,000 or more on a date within 60 days before the date of the filing of the issuer's preliminary short form prospectus.

6. The issuer has filed, at least 10 business days prior to filing the preliminary short form prospectus, a notice declaring the issuer’s intention to be qualified to file a short form prospectus under this Instrument, and has not withdrawn the notice prior to filing the preliminary short form prospectus.

2.3 Alternative Qualification Criteria for Substantial Issuers - An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of any of its securities in the local jurisdiction, if all of the following criteria are satisfied:

1. The issuer is an electronic filer under NI 13-101.

2. The issuer is a reporting issuer in at least one jurisdiction in Canada.

3. The issuer has filed with the securities regulatory authority in each jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction under applicable securities legislation.

4. The issuer has

(a) current annual financial statements; and

(b) a current AIF;

in at least one jurisdiction in which it is a reporting issuer.

5. The aggregate market value of the issuer's equity securities, listed and posted for trading on an exchange in Canada, is $300,000,000 or more on a date within 60 days before the date of the filing of the issuer's preliminary short form prospectus.

6. The issuer has filed, at least 10 business days prior to filing the preliminary short form prospectus, a notice declaring the issuer’s intention to be qualified to file a short form prospectus under this Instrument, and has not withdrawn the notice prior to filing the preliminary short form prospectus.

2.4 Alternative Qualification Criteria for Issuers of Approved Rating Non-Convertible Securities

(1) An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of non-convertible securities in the local jurisdiction, if all of the following criteria are satisfied:

1. The issuer is an electronic filer under NI 13-101.

2. The issuer is, and has been throughout the 12 calendar months immediately preceding the date of the filing of the preliminary short form prospectus, a reporting issuer in at least one jurisdiction in Canada.

3. The issuer has filed with the securities regulatory authority in each jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction under applicable securities legislation.

4. The issuer has

   (a) current annual financial statements; and

   (b) a current AIF;

   in at least one jurisdiction in which it is a reporting issuer.

5. The issuer has filed, at least 10 business days prior to filing the preliminary short form prospectus, a notice declaring the issuer's intention to be qualified to file a short form prospectus under this Instrument, and has not withdrawn the notice prior to filing the preliminary short form prospectus.

6. The securities to be distributed

   (a) have received an approved rating on a provisional basis;

   (b) are not the subject of an announcement by an approved rating organization of which the issuer is or ought reasonably to be aware that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating; and

   (c) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

(2) Item 6 of subsection (1) does not apply to an issuer filing a short form prospectus that is a base shelf prospectus under NI 44-102.

2.5 Alternative Qualification Criteria for Issuers of Guaranteed Non-Convertible Debt Securities, Preferred Shares and Cash Settled Derivatives

(1) An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of non-convertible debt securities, non-convertible preferred shares or non-convertible cash settled derivatives in the local jurisdiction, if all of the following criteria are satisfied:

1. A credit supporter has provided full and unconditional credit support for the securities being distributed.

2. At least one of the following is true:

   (a) the credit supporter satisfies the criteria in items 1, 2, 3, 4 and 6 of section 2.2 if the word "issuer" is replaced with "credit supporter" wherever it occurs; or

   (b) the credit supporter satisfies both

      (i) the criteria in items 1, 2, 3, 4 and 6 of section 2.3 if the word "issuer" is replaced with "credit supporter" wherever it occurs; and

      (ii) the criterion that the credit supporter have equity securities, listed and posted for trading on an exchange in Canada, the aggregate market value of which is

$300,000,000 or more on a date within 60 days before the date of the filing of the issuer's preliminary short form prospectus; or

(c) the credit supporter is a U.S. credit supporter and the issuer is incorporated or organized under the laws of Canada or of a jurisdiction.

3. Unless the aggregate market value of the credit supporter's equity securities listed and posted for trading on an exchange in Canada is $75,000,000 or more on a date within 60 days before the date of the filing of the issuer's preliminary short form prospectus, then at the time the preliminary short form prospectus was filed,

(a) the credit supporter has outstanding non-convertible securities that

(i) have received an approved rating,

(ii) have not been the subject of an announcement by an approved rating organization of which the issuer is or ought reasonably to be aware that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(iii) have not received a rating lower than an approved rating from any approved rating organization; and

(b) the securities to be issued by the issuer

(i) have received an approved rating on a provisional basis,

(ii) have not been the subject of an announcement by an approved rating organization of which the issuer is or ought reasonably to be aware that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(iii) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

4. The issuer has filed, at least 10 business days prior to filing the preliminary short form prospectus, a notice declaring the issuer's intention to be qualified to file a short form prospectus under this Instrument, and has not withdrawn the notice prior to filing the preliminary short form prospectus.

(2) Item 3(b) of subsection (1) does not apply to an issuer filing a short form prospectus that is a base shelf prospectus under NI 44-102.

2.6 Alternative Qualification Criteria for Issuers of Guaranteed Convertible Debt Securities or Preferred Shares - An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of convertible debt securities or convertible preferred shares in the local jurisdiction, if all of the following criteria are satisfied:

1. The debt securities or the preferred shares are convertible into securities of a credit supporter that has provided full and unconditional credit support for the securities being distributed.

2. The credit supporter satisfies at least one of the following:

(a) both

(i) the criteria in items 1, 2, 3, 4 and 6 of section 2.2 if the word “issuer” is replaced with “credit supporter” wherever it occurs, and

(ii) the criterion that the credit supporter have equity securities, listed and posted for trading on an exchange in Canada, the aggregate market value of which is $75,000,000 or more on a date within 60 days before the date of the filing of the issuer's preliminary short form prospectus; or

(b) both

(i) the criteria in items 1, 2, 3, 4 and 6 of section 2.3 if the word “issuer” is replaced with “credit supporter” wherever it occurs, and

(ii) the criterion that the credit supporter have equity securities, listed and posted for trading on an exchange in Canada, the aggregate market value of which is $300,000,000 or more on a date within 60 days before the date of the filing of the issuer's preliminary short form prospectus.

3. The issuer has filed, at least 10 business days prior to filing the preliminary short form prospectus, a notice declaring the issuer's intention to be qualified to file a short form prospectus under this Instrument, and has not withdrawn the notice prior to filing the preliminary short form prospectus.

2.7 Alternative Qualification Criteria for Issuers of Asset-Backed Securities

(1) An issuer established in connection with a distribution of asset-backed securities is qualified to file a prospectus in the form of a short form prospectus for a distribution of asset-backed securities in the local jurisdiction, if all of the following criteria are satisfied:

1. The issuer is an electronic filer under NI 13-101.

2. The issuer has

(a) current annual financial statements; and

(b) a current AIF;

in at least one jurisdiction in Canada.

3. The asset-backed securities to be distributed

(a) have received an approved rating on a provisional basis;

(b) have not been the subject of an announcement by an approved rating organization of which the issuer is or ought reasonably to be aware that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating; and

(c) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

4. The issuer has filed, at least 10 days prior to filing the preliminary short form prospectus, declaring the issuer’s intention to be qualified to file a short form prospectus under this Instrument, and has not withdrawn the notice prior to filing the preliminary short form prospectus.

(2) Item 3 of subsection (1) does not apply to an issuer filing a short form prospectus that is a base shelf prospectus under NI 44-102.

2.8 Calculation of the Aggregate Market Value of an Issuer's Securities

(1) For the purposes of this Part,

(a) the aggregate market value of the equity securities of an issuer on a date is the aggregate of the market value of each class of its equity securities on the date, calculated by multiplying

(i) the total number of equity securities of the class outstanding on the date, by

(ii) the closing price on the date of the equity securities of the class on the exchange in Canada on which that class of equity securities is principally traded; and

(b) instalment receipts may, at the option of the issuer, be deemed to be equity securities if

(i) the instalment receipts are listed and posted for trading on an exchange in Canada, and

(ii) the outstanding equity securities, the beneficial ownership of which is evidenced by the instalment receipts, are not listed and posted for trading on an exchange in Canada.

(2) For the purposes of subsection (1), in calculating the total number of equity securities of a class outstanding, an issuer shall exclude those equity securities of the class that are beneficially owned, or over which control or direction is exercised, by persons or companies that, alone or together with their respective affiliates and associated parties, beneficially own or exercise control or direction over more than 10 per cent of the outstanding equity securities of the issuer.

(3) Despite subsection (2), if a portfolio manager of a pension fund or investment fund, alone or together with its affiliates and associated parties, exercises control or direction in the aggregate over more than 10 per cent of the outstanding equity securities of an issuer, and the fund beneficially owns or exercises control or direction over 10 per cent or less of the issued and outstanding equity securities of the issuer, the securities that the fund beneficially owns or exercises control or direction over are not excluded unless the portfolio manager is an affiliate of the issuer.

2.9 Exemptions for New Reporting Issuers and Successor Issuers

(1) An issuer is exempt from the requirement in section 2.2 to satisfy the criteria in item 4 of that section, the requirement in section 2.3 to satisfy the criteria in item 4 of that section, the requirement in section 2.4 to satisfy the criteria in item 4 of that section, or the requirement in subsection 2.7(1) to satisfy the criteria in item 2 of that subsection, as applicable, if

(a) the issuer is not exempt from the requirement in the applicable CD rule to file annual financial statements within a prescribed period after its financial year end, but the issuer has not yet been required under the applicable CD rule to file annual financial statements; and

(b) unless the issuer is seeking qualification under section 2.7, the issuer has filed and obtained a receipt for a final prospectus that included the issuer's comparative annual financial statements for its most recently completed financial year or the financial year immediately preceding its most recently completed financial year, together with the auditor's report accompanying those financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period.

(2) A successor issuer is exempt from the requirement in section 2.2 to satisfy the criteria in item 4 of that section, the requirement in section 2.3 to satisfy the criteria in item 4 of that section, the requirement in section 2.4 to satisfy the criteria in item 4 of that section and the requirement in subsection 2.7(1) to satisfy the criteria in item 2 of that subsection if

(a) the successor issuer is not exempt from the requirement in the applicable CD rule to file annual financial statements within a prescribed period after its financial year end but the successor issuer has not yet, since the completion of the reorganization that resulted in the successor issuer, been required under the applicable CD rule to file annual financial statements; and

(b) an information circular relating to the reorganization that resulted in the successor issuer was filed by the successor issuer or a participant in the reorganization and such information circular:

(i) complied with applicable securities legislation; and

(ii) included disclosure in accordance with Item 14.2 of Form 51-102F5 for the successor issuer.

(3) A successor issuer is exempt from the requirement in section 2.2 to satisfy the criteria in item 2 of that section if

(a) the successor issuer is, and has been throughout the period since the date of the reorganization that resulted in the successor issuer, a reporting issuer in at least one jurisdiction in Canada; and

(b) at least one of the participants in the reorganization was, throughout the period beginning 12 months prior to the date of the filing of the successor issuer's preliminary short form prospectus and ending on the date of the reorganization, a reporting issuer in at least one jurisdiction in Canada.

2.10 Transition - For the purposes of this Part, if, as of [the day immediately prior to the date this Instrument came into force], an issuer had a "current AIF" under NI 44-101 as it then was, that issuer is conclusively deemed, as of [the date this Instrument came into force], to have filed a notice at least 10 days prior to that date declaring the issuer's intention to be qualified to file a short form prospectus.

PART 2 QUALIFICATION TO FILE A PROSPECTUS IN THE FORM OF A SHORT FORM PROSPECTUS *[ALTERNATIVE B*]

2.1 Short Form Prospectus

(1) An issuer shall not file a prospectus in the form of Form 44-101F1 unless the issuer is qualified under any of sections 2.2 through 2.6 to file a prospectus in the form of a short form prospectus.

(2) An issuer that is qualified under any of sections 2.2 through 2.6 to file a prospectus in the form of a short form prospectus for a distribution may file, for that distribution,

(a) a preliminary prospectus, prepared and certified in the form of Form 44-101F1; and

(b) a prospectus, prepared and certified in the form of Form 44-101F1.

2.2 Basic Qualification Criteria - An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of any of its securities in the local jurisdiction, if all of the following criteria are satisfied:

1. The issuer is an electronic filer under NI 13-101.

2. The issuer is a reporting issuer in at least one jurisdiction in Canada.

3. The issuer has filed with the securities regulatory authority in each jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction under applicable securities legislation.

4. The issuer has

(a) current annual financial statements; and

(b) a current AIF;

in at least one jurisdiction in which it is a reporting issuer.

5. The issuer's equity securities are listed and posted for trading on a short form eligible exchange and the issuer is not an issuer

(a) whose operations have ceased; or

(b) whose principal asset is cash, cash equivalents, or its exchange listing.

6. The issuer has filed, at least 10 business days prior to filing the preliminary short form prospectus, a notice declaring the issuer's intention to be qualified to file a short form prospectus under this Instrument, and has not withdrawn the notice prior to filing the preliminary short form prospectus.

2.3 Alternative Qualification Criteria for Issuers of Approved Rating Non-Convertible Securities

(1) An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of non-convertible securities in the local jurisdiction, if all of the following criteria are satisfied:

1. The issuer is an electronic filer under NI 13-101.

2. The issuer is a reporting issuer in at least one jurisdiction in Canada.

3. The issuer has filed with the securities regulatory authority in each jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction under applicable securities legislation.

4. The issuer has

   (a) current annual financial statements; and

   (b) a current AIF;

   in at least one jurisdiction in which it is a reporting issuer.

5. The issuer has filed, at least 10 business days prior to filing the preliminary short form prospectus, a notice declaring the issuer's intention to be qualified to file a short form prospectus under this Instrument, and has not withdrawn the notice prior to filing the preliminary short form prospectus.

6. The securities to be distributed

   (a) have received an approved rating on a provisional basis;

   (b) are not the subject of an announcement by an approved rating organization of which the issuer is or ought reasonably to be aware that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating; and

   (c) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

(2) Item 6 of subsection (1) does not apply to an issuer filing a short form prospectus that is a base shelf prospectus under NI 44-102.

2.4 Alternative Qualification Criteria for Issuers of Guaranteed Non-Convertible Debt Securities, Preferred Shares and Cash Settled Derivatives

(1) An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of non-convertible debt securities, non-convertible preferred shares or non-convertible cash settled derivatives in the local jurisdiction, if all of the following criteria are satisfied:

1. A credit supporter has provided full and unconditional credit support for the securities being distributed.

2. At least one of the following is true:

   (a) the credit supporter satisfies the criteria in items 1, 2, 3, 4 and 6 of section 2.2 if the word "issuer" is replaced with "credit supporter" wherever it occurs; or

   (b) the credit supporter is a U.S. credit supporter and the issuer is incorporated or organized under the laws of Canada or a jurisdiction.

3. Unless the credit supporter's equity securities are listed and posted for trading on a short form eligible exchange, at the time the preliminary short form prospectus is filed

   (a) the credit supporter has outstanding non-convertible securities that

      (i) have received an approved rating,

      (ii) have not been the subject of an announcement by an approved rating organization of which the issuer is or ought reasonably to be aware that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

      (iii) have not received a rating lower than an approved rating from any approved rating organization; and

   (b) the securities to be issued by the issuer

      (i) have received an approved rating on a provisional basis,

(ii) have not been the subject of an announcement by an approved rating organization of which the issuer is or ought reasonably to be aware that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(iii) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

4. The issuer has filed, at least 10 business days prior to filing the preliminary short form prospectus, a notice declaring the issuer's intention to be qualified to file a short form prospectus under this Instrument, and has not withdrawn the notice prior to filing the preliminary short form prospectus.

(2) Item 3(b) of subsection (1) does not apply to an issuer filing a short form prospectus that is a base shelf prospectus under NI 44-102.

2.5 Alternative Qualification Criteria for Issuers of Guaranteed Convertible Debt Securities or Preferred Shares - An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of convertible debt securities or convertible preferred shares in the local jurisdiction, if all of the following criteria are satisfied:

1. The debt securities or the preferred shares are convertible into securities of a credit supporter that has provided full and unconditional credit support for the securities being distributed.

2. The credit supporter satisfies all of the criteria in section 2.2 if the word "issuer" is replaced with "credit supporter" wherever it occurs.

3. The issuer has filed, at least 10 business days prior to filing the preliminary short form prospectus, a notice declaring the issuer's intention to be qualified to file a short form prospectus under this Instrument, and has not withdrawn the notice prior to filing the preliminary short form prospectus.

2.6 Alternative Qualification Criteria for Issuers of Asset-Backed Securities

(1) An issuer established in connection with a distribution of asset-backed securities is qualified to file a prospectus in the form of a short form prospectus for a distribution of asset-backed securities in the local jurisdiction, if all of the following criteria are satisfied:

1. The issuer is an electronic filer under NI 13-101.

2. The issuer has

(a) current annual financial statements; and

(b) a current AIF;

in at least one jurisdiction in Canada.

3. The asset-backed securities to be distributed

(a) have received an approved rating on a provisional basis;

(b) have not been the subject of an announcement by an approved rating organization of which the issuer is or ought reasonably to be aware that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating; and

(c) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

4. The issuer has filed, at least 10 days prior to filing the preliminary short form prospectus, a notice declaring the issuer's intention to be qualified to file a short form prospectus under this Instrument, and has not withdrawn the notice prior to filing the preliminary short form prospectus.

(2) Item 3 of subsection (1) does not apply to an issuer filing a short form prospectus that is a base shelf prospectus under NI 44-102.

2.7 Exemptions for New Reporting Issuers and Successor Issuers

(1) An issuer is exempt from the requirement in section 2.2 to satisfy the criteria in item 4 of that section, the requirement in section 2.3 to satisfy the criteria in item 4 of that section, or the requirement in subsection 2.6(1) to satisfy the criteria in item 2 of that subsection, as applicable, if

(a) the issuer is not exempt from the requirement in the applicable CD rule to file annual financial statements within a prescribed period after its financial year end, but the issuer has not yet been required under the applicable CD rule to file annual financial statements; and

(b) unless the issuer is seeking qualification under section 2.6, the issuer has filed and obtained a receipt for a final prospectus that included the issuer's comparative annual financial statements for its most recently completed financial year or the financial year immediately preceding its most recently completed financial year, together with the auditor's report accompanying those financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period.

(2) A successor issuer is exempt from the requirement in section 2.2 to satisfy the criteria in item 4 of that section, the requirement in section 2.3 to satisfy the requirement in item 4 of that section, or the requirement in subsection 2.6(1) to satisfy the requirement in item 2 of that subsection, as applicable, if

(a) the successor issuer is not exempt from the requirement in the applicable CD rule to file annual financial statements within a prescribed period after its financial year end, but the issuer has not yet, since the completion of the reorganization which resulted in the successor issuer, been required under the applicable CD rule to file annual financial statements; and

(b) an information circular relating to the reorganization that resulted in the successor issuer was filed by the successor issuer or a participant in the reorganization, and such information circular:

(i) complied with applicable securities legislation; and

(ii) included disclosure in accordance with Item 14.2 of Form 51-102F5 for the successor issuer.

2.8 Transition - For the purposes of this Part, if, as of [the day immediately prior to the date this Instrument came into force], an issuer had a "current AIF" under NI 44-101 as it then was, that issuer is conclusively deemed, as of [the date this Instrument came into force], to have filed a notice at least 10 days prior to that date declaring the issuer's intention to be qualified to file a short form prospectus.

PART 3 DEEMED INCORPORATION BY REFERENCE

3.1 Deemed Incorporation by Reference of Filed Documents - If an issuer does not incorporate by reference in its short form prospectus a document required to be incorporated by reference under Items 11.1 or 12.1(1) of Form 44-101F1, the document is deemed for purposes of securities legislation to be incorporated by reference in the issuer's short form prospectus as of the date of the short form prospectus to the extent not otherwise modified or superseded by a statement contained in the short form prospectus or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference in the short form prospectus.

3.2 Deemed Incorporation by Reference of Subsequently Filed Documents - If an issuer does not incorporate by reference in its short form prospectus a subsequently filed document required to be incorporated by reference under Items 11.2 or 12.1(1) of Form 44-101F1, the document is deemed for purposes of securities legislation to be incorporated by reference in the issuer's short form prospectus as of the date the issuer filed the document to the extent not otherwise modified or superseded by a statement contained in the short form prospectus or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference in the short form prospectus.

PART 4 FILING REQUIREMENTS FOR A SHORT FORM PROSPECTUS

4.1 Interpretation of "Short Form Prospectus" - In this Part, a reference to a short form prospectus does not include a preliminary short form prospectus.

4.2 Required Documents for Filing a Preliminary Short Form Prospectus - An issuer that files a preliminary short form prospectus shall

(a) file the following with the preliminary short form prospectus:

1. **Signed Copy** - A signed copy of the preliminary short form prospectus.

2. **Qualification Certificate** - A certificate, dated as of the date of the preliminary short form prospectus, executed on behalf of the issuer by one of its executive officers

   (i) specifying which of the qualification criteria set out in Part 2 the issuer is relying on in order to be qualified to file a prospectus in the form of a short form prospectus; and

   (ii) certifying that

      (A) all of those qualification criteria have been satisfied; and

      (B) all of the material incorporated by reference in the preliminary short form prospectus and not previously filed is being filed with the preliminary short form prospectus.

3. **Material Incorporated by Reference** - Copies of all material incorporated by reference in the preliminary short form prospectus and not previously filed.

4. **Material Documents** - Copies of all documents referred to in subsection 12.1(1) or 12.2(1) of NI 51-102 or section 16.4 of NI 81-106, as applicable, that relate to the securities being distributed, that have not previously been filed.

5. **Mining Reports** - If the issuer has a mineral project, the technical reports required to be filed with a preliminary short form prospectus under NI 43-101.

6. **Reports and Valuations** - A copy of each report or valuation referred to in the preliminary short form prospectus for which a consent is required to be filed under section 4.4 and that has not previously been filed, other than a technical report that

   (i) deals with a mineral project or oil and gas activities; and

   (ii) is not otherwise required to be filed under paragraph 5; and

(b) deliver to the regulator, concurrently with the filing of the preliminary short form prospectus, the following:

1. **Authorization to Collect, Use and Disclose Personal Information** - An authorization in the form set out in Appendix A to the indirect collection, use and disclosure of personal information including, for each director and executive officer of an issuer, each promoter of the issuer or, if the promoter is not an individual, each director and executive officer of the promoter, for whom the issuer has not previously delivered the information.

2. **Auditor's Comfort Letter regarding Audited Financial Statements** - A signed letter to the regulator from the auditor of the issuer or of the business, as applicable, prepared in accordance with the form suggested for this circumstance by the Handbook, if a financial statement of an issuer or a business included in a preliminary short form prospectus is accompanied by an unsigned audit report.

4.3 Required Documents for Filing a Short Form Prospectus - An issuer that files a short form prospectus shall

(a) file the following with the short form prospectus:

1. **Signed Copy** - A signed copy of the short form prospectus.

2. **Material Incorporated by Reference** - Copies of all material incorporated by reference in the short form prospectus and not previously filed.

3. **Material Documents** - Copies of all documents referred to in subsection 12.1(1) or 12.2(1) of NI 51-102 or section 16.4 of NI 81-106, as applicable, that relate to the securities being distributed, that have not previously been filed.

4. **Other Reports and Valuations** - A copy of each report or valuation referred to in the short form prospectus, for which a consent is required to be filed under section 4.4 and that has not previously been filed, other than a technical report that

   (i) deals with a mineral project or oil and gas activities of the issuer; and

   (ii) is not otherwise required to be filed under paragraph 4.2(a)5.;

5. **Issuer's Submission to Jurisdiction** - A submission to jurisdiction and appointment of agent for service of process of the issuer in the form set out in Appendix B, if an issuer is incorporated or organized in a foreign jurisdiction and does not have an office in Canada.

6. **Non-Issuer's Submission to Jurisdiction** - A submission to jurisdiction and appointment of agent for service of process of the selling security holder, promoter or credit supporter, as applicable, in the form set out in Appendix C, if a selling security holder, promoter or credit supporter of an issuer is incorporated or organized under a foreign jurisdiction and does not have an office in Canada or is an individual who resides outside of Canada.

7. **Expert's Consents** - The consents required to be filed under section 4.4.

8. **Credit Supporter's Consent** - The written consent of the credit supporter to the inclusion of its financial statements in the short form prospectus, if financial statements of a credit supporter are required under Item 12.1 of Form 44-101F1 to be included in a short form prospectus and a certificate of the credit supporter is not required under Item 20.3 of Form 44-101F1 to be included in the short form prospectus; and

(b) deliver the following to the regulators, no later than the filing of the short form prospectus:

1. **Blacklined Prospectus** - A copy of the short form prospectus, blacklined to show changes from the preliminary short form prospectus.

2. **Undertaking in Respect of Credit Supporter Disclosure** – If disclosure about a credit supporter is required to be included in the short form prospectus under Item 12.1 of Form 44-101F1, an undertaking of the issuer, in a form acceptable to the regulators, to file the periodic and timely disclosure of the credit supporter for so long as the securities being distributed are issued and outstanding.

4.4 Consents of Experts

(1) If any solicitor, auditor, accountant, engineer or appraiser, or any other person or company whose profession or business gives authority to a statement made by that person or company, is named in a short form prospectus or an amendment to a short form prospectus, either directly or in a document incorporated by reference

(a) as having prepared or certified any part of the short form prospectus or the amendment;

(b) as having opined on financial statements from which selected information included in the short form prospectus has been derived and which audit opinion is referred to in the short form prospectus either directly or in a document incorporated by reference; or

(c) as having prepared or certified a report or valuation referred to in the short form prospectus or the amendment, either directly or in a document incorporated by reference;

the issuer shall file no later than the time the short form prospectus or the amendment is filed, the written consent of the person or company to being named and to the use of that report, valuation, statement or opinion.

(2) The consent referred to in subsection (1) shall

(a) refer to the report, valuation, statement or opinion stating the date of the report, valuation, statement or opinion, and

(b) contain a statement that the person or company referred to in subsection (1)

(i) has read the short form prospectus, and

(ii) has no reason to believe that there are any misrepresentations in the information contained in it that are

(A) derived from the report, valuation, statement or opinion, or

(B) within the knowledge of the person or company as a result of the services performed by the person or company in connection with the report, financial statements, valuation, statement or opinion.

(3) In addition to any other requirement of this section, the consent of an auditor or accountant shall also state

(a) the dates of the financial statements on which the report of the person or company is made, and

(b) that the person or company has no reason to believe that there are any misrepresentations in the information contained in the short form prospectus that are

(i) derived from the financial statements on which the person or company has reported, or

(ii) within the knowledge of the person or company as a result of the audit of the financial statements.

(4) Subsection (1) does not apply to an approved rating organization that issues a rating to the securities being distributed under the preliminary short form prospectus or short form prospectus.

4.5 Language of Documents

(1) A person or company must file a document required to be filed under this Instrument in the French language or in the English language.

(2) Despite subsection (1), if a person or company files a document only in the French language or only in the English language but delivers to an investor or prospective investor a version of the document in the other language, the person or company must file that other version not later than when it is first delivered to the investor or prospective investor.

(3) In Québec, the preliminary short form prospectus, the short form prospectus and any document incorporated by reference must be in the French language or in the French language and the English language.

PART 5 AMENDMENTS TO A SHORT FORM PROSPECTUS

5.1 Interpretation of "Short Form Prospectus" – In this Part, a reference to a short form prospectus does not include a preliminary short form prospectus.

5.2 Form of Amendment

(1) An amendment to a preliminary short form prospectus or a short form prospectus shall consist of either an amendment that does not fully restate the text of the preliminary short form prospectus or short form prospectus or an amended and restated preliminary short form prospectus or short form prospectus.

(2) An amendment to a preliminary short form prospectus or a short form prospectus shall contain the certificates required by securities legislation and in the case of an amendment that does not fully restate the text of the preliminary short form prospectus or short form prospectus, shall be numbered and dated as follows:

"Amendment No. [insert amendment number] dated [insert date of amendment] to [Preliminary] Short Form Prospectus dated [insert date of preliminary short form prospectus or short form prospectus]."

5.3 Required Documents for Filing an Amendment - An issuer that files an amendment to a preliminary short form prospectus or short form prospectus shall

(a) file a signed copy of the amendment;

(b) deliver to the regulator a copy of the preliminary short form prospectus or short form prospectus blacklined to show the changes made by the amendment, if the amendment is also a restatement of the preliminary short form prospectus or short form prospectus;

(c) file or deliver any supporting documents required under this Instrument or other provisions of securities legislation to be filed or delivered with a preliminary short form prospectus or a short form prospectus, as the case may be, unless the documents originally filed or delivered with the preliminary short form prospectus or short form prospectus as the case may be, are correct as of the date the amendment is filed; and

(d) in case of an amendment to a short form prospectus, file any consent letter required under this Instrument to be filed with a short form prospectus, dated as of the date of the amendment.

5.4 Auditor's Comfort Letter- If an amendment to a preliminary short form prospectus materially affects, or relates to, an auditor's comfort letter delivered under section 4.2, the issuer shall deliver with the amendment a new auditor's comfort letter.

5.5 Forwarding Amendments - An amendment to a preliminary short form prospectus shall be forwarded to each recipient of the preliminary short form prospectus according to the record of recipients to be maintained under securities legislation.

5.6 Amendment to Preliminary Short Form Prospectus - The regulator shall issue a receipt for an amendment to a preliminary short form prospectus as soon as reasonably possible after the amendment is filed.

5.7 Amendment to Short Form Prospectus

(1) If, after a receipt is issued for a short form prospectus but prior to the completion of the distribution under such short form prospectus, securities in addition to the securities previously disclosed in the prospectus are to be distributed, the person or company making the distribution must file an amendment to the short form prospectus disclosing the additional securities, as soon as practical, and in any event no later than 10 days after the decision to increase the number of securities offered is made.

(2) The regulator shall issue a receipt for an amendment to a short form prospectus required to be filed under this section or under securities legislation unless the regulator considers that it is not in the public interest to do so, or unless otherwise required by securities legislation.

(3) The regulator shall not refuse to issue a receipt under subsection (2) without giving the person or company who filed the short form prospectus an opportunity to be heard.

(4) A distribution or an additional distribution must not proceed until a receipt for an amendment to a short form prospectus that is required to be filed is issued by the regulator.

PART 6 NON-FIXED PRICE OFFERINGS AND REDUCTION OF OFFERING PRICE UNDER SHORT FORM PROSPECTUS

6.1 Non-Fixed Price Offerings and Reduction of Offering Price under Short Form Prospectus

(1) Every security distributed under a short form prospectus shall be distributed at a fixed price.

(2) Despite subsection (1), securities for which the issuer is qualified under Part 2 to file a prospectus in the form of a short form prospectus may be distributed for cash at non-fixed prices under a short form prospectus if, at the time of the filing of the preliminary short form prospectus, the securities have received a rating, on a provisional or final basis, from at least one approved rating organization.

(3) Despite subsection (1), if securities are distributed for cash under a short form prospectus, the price of the securities may be decreased from the initial offering price disclosed in the short form prospectus and, after such a decrease, changed from time to time to an amount not greater than the initial offering price, without filing an amendment to the short form prospectus to reflect the change, if

(a) the securities are distributed through one or more underwriters that have agreed to purchase all of the securities at a specified price;

(b) the proceeds to be received by the issuer or selling security holders or by the issuer and selling security holders are disclosed in the short form prospectus as being fixed; and

(c) the underwriters have made a reasonable effort to sell all of the securities distributed under the short form prospectus at the initial offering price disclosed in the short form prospectus.

(4) Despite subsections (2) and (3), the price at which securities may be acquired on exercise of rights shall be fixed.

PART 7 SOLICITATIONS OF EXPRESSIONS OF INTEREST

7.1 Solicitations of Expressions of Interest - The prospectus requirement does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus for securities to be qualified for distribution under a short form prospectus in accordance with this Instrument, if

(a) the issuer has entered into an enforceable agreement with an underwriter who has, or underwriters who have, agreed to purchase the securities;

(b) the agreement referred to in paragraph (a) has fixed the terms of the distribution and requires that the issuer file a preliminary short form prospectus for the securities and obtain from the regulator a receipt, dated as of a date that is not more than four business days after the date that the agreement is entered into, for the preliminary short form prospectus;

(c) the issuer has issued and filed a news release announcing the agreement immediately upon entering into the agreement;

(d) upon issuance of a receipt for the preliminary short form prospectus, a copy of the preliminary short form prospectus is sent to each person or company who has expressed an interest in acquiring the securities; and

(e) except as provided in paragraph (a), no agreement of purchase and sale for the securities is entered into until the short form prospectus has been filed and a receipt obtained.

PART 8 EXEMPTION

8.1 Exemption

(1) The regulator or the securities regulatory authority may grant an exemption from the provisions of this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

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

(3) An application made to the securities regulatory authority or regulator for an exemption from the provisions of this Instrument shall include a letter or memorandum describing the matters relating to the exemption, and indicating why consideration should be given to the granting of the exemption.

8.2 Evidence of Exemption

(1) Subject to subsection (2) and without limiting the manner in which an exemption under this Part may be evidenced, the granting under this Part of an exemption, other than an exemption, in whole or in part, from Part 2, may be evidenced by the issuance of a receipt for a short form prospectus or an amendment to a short form prospectus.

(2) An exemption under this Part may be evidenced in the manner set out in subsection (1) only if

(a) the person or company that sought the exemption

(i) sent to the regulator the letter or memorandum referred to in subsection 8.1(3) on or before the date of the filing of the preliminary short form prospectus, or

(ii) sent to the regulator the letter or memorandum referred to in subsection 8.1(3) after the date of the filing of the preliminary short form prospectus and received a written acknowledgement from the regulator that the exemption may be evidenced in the manner set out in subsection (1); and

(b) the regulator has not before, or concurrently with, the issuance of the receipt sent notice to the person or company that sought the exemption, that the exemption sought may not be evidenced in the manner set out in subsection (1).

PART 9 TRANSITION, REPEAL AND EFFECTIVE DATE

9.1 **Applicable Rules** - A short form prospectus may, at the issuer's option be prepared in accordance with securities legislation in effect at either the date of issuance of a receipt for the preliminary short form prospectus or the date of issuance of a receipt for the short form prospectus.

9.2 **Repeal** - National Instrument 44-101 *Short Form Prospectus Distributions* that came into force on December 31, 2000 is repealed on ●, 2005.

9.3 **Effective Date** - This Instrument comes into force on ●, 2005.

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

APPENDIX A
AUTHORIZATION OF INDIRECT COLLECTION,
USE AND DISCLOSURE OF PERSONAL INFORMATION

The attached Schedule 1 contains information concerning the full name, position with or relationship to the issuer named below (the "Issuer"), name and address of employer, if other than the Issuer, full residential address, date and place of birth and citizenship (the "Information") of each director, executive officer, promoter, if any, and each director and executive officer of the promoter, if any, of the Issuer as required by securities legislation, unless previously delivered to the regulator. The Issuer hereby confirms that each person or company listed on Schedule 1

(a) has been notified by the Issuer

(i) of the Issuer's delivery to the regulator of the Information pertaining to the person or company as set out in Schedule 1,

(ii) that such Information is being collected indirectly by the regulator under the authority granted to it in securities legislation,

(iii) that such Information is being collected and used for the purpose of enabling the regulator to discharge its obligations under the provisions of securities legislation, including those obligations that, among other things, require or permit the regulator to refuse to issue a receipt for a prospectus if it appears to the regulator that the past conduct of management or promoters of the Issuer affords reasonable grounds for belief that the business of the Issuer will not be conducted with integrity and in the best interests of its securityholders, and

(iv) of the title, business address and business telephone number of the public official in the local jurisdiction as set out in the attached Schedule 2, who can answer questions about the regulator's indirect collection of the Information; and

(b) has read and understands and has signed the Notice of Collection, Use and Disclosure of Personal Information by Regulators attached hereto as Schedule 3; and

(c) has, by his/her signature on the Notice, authorized the indirect collection of the Information and the use and disclosure thereof by the regulator as contemplated in the attached Schedule 3.

Date:_____

_____
Name of Issuer

Per:_____

_____
Name

_____
Official Capacity

(Please print the name of the
individual whose signature
appears in the official capacity)

Schedule 1 to Appendix A
Authorization of Indirect
Collection, Use and Disclosure of Personal Information

Personal Information

[Name of Issuer]

Part 1

Full Name (including previous name(s) if any)	Position with or Relationship to Issuer	Name and Address of Employer, if other than Issuer	Full Residential Address	Date and Place of Birth	Citizenship

Part 2

For any of the above noted individuals with a residential address outside of Canada, please provide the following additional information:

Full Name	Previous Address(es) (5-year history)	Dates Residing in Foreign Country	Height and Weight	Eye Colour	Hair Colour	Passport Nationality and Number

Schedule 2 to Appendix A
Authorization of Indirect
Collection, Use and Disclosure of Personal Information

Public Official

Local Jurisdiction	Public Official
Alberta	Executive Director Alberta Securities Commission Suite 400 300 - 5th Avenue S.W Calgary, Alberta T2P 3C4 Telephone: (403) 297-4228 E-mail: inquiries@seccom.ab.ca www.albertasecurities.com
British Columbia	Information Officer British Columbia Securities Commission P.O. Box 10142 Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1LZ Telephone: (604) 899-6854 Toll Free within British Columbia and Alberta: (800)373-6393 E-mail: inquiries@bcsc.bc.ca www.bcsc.bc.ca
Manitoba	Director, Corporate Finance The Manitoba Securities Commission 1130 - 405 Broadway Winnipeg, Manitoba R3C 3L6 Telephone: (204) 945-2548 E-mail: securities@gov.mb.ca www.msc.gov.mb.ca
New Brunswick	Director – Market Regulation New Brunswick Securities Commission Suite 606, 133 Prince William Street Saint John, New Brunswick E2L 4Y9 Telephone: (506) 658-3060 Fax: (506) 658-3059 E-mail: information@nbsc-cvmnb.ca
Newfoundland and Labrador	Director of Securities Department of Government Services and Lands P.O. Box 8700 West Block, 2nd Floor, Confederation Building St. John's, Newfoundland A1B 4J6 Telephone: (709) 729-4189 www.gov.nf.ca/gsl/cca/s
Northwest Territories	Securities Registries Department of Justice Government of the Northwest Territories P.O. Box 1320, Yellowknife, Northwest Territories X1A 2L9 www.justice.gov.nt.ca/SecuritiesRegistry/SecuritiesRegistry.html
Nova Scotia	Deputy Director, Compliance and Enforcement Nova Scotia Securities Commission P.O. Box 458 Halifax, Nova Scotia B3J 2P8

	Telephone: (902)424-5354 www.gov.ns.ca/nssc
Nunavut	Government of Nunavut Legal Registries Division P.O. Box 1000 – Station 570 Iqaluit, Nunavut X0A 0H0 Telephone: (867) 975-6590
Ontario	Administrative Assistant to the Director of Corporate Finance Ontario Securities Commission 19th Floor, 20 Queen Street West Toronto, Ontario M5H 2S8 Telephone: (416) 597-0681 E-mail: Inquiries@osc.gov.on.ca www.osc.gov.on.ca
Prince Edward Island	Deputy Registrar, Securities Division Shaw Building 95 Rochford Street, P.O. Box 2000, 4th Floor Charlottetown, Prince Edward Island C1A 7N8 Telephone: (902) 368-4550 www.gov.pe.ca/securities
Quebec	Autorité des marchés financiers Stock Exchange Tower P.O. Box 246, 22nd Floor 800 Victoria Square Montréal Québec H4Z 1G3 Attention: Responsable de l'accès à l'information Telephone: (514) 395-0337 Toll Free in Québec: (877) 525-0337 www.lautorite.qc.ca
Saskatchewan	Director Saskatchewan Financial Services Commission 6th Floor, 1919 Saskatchewan Drive Regina, Saskatchewan S4P 3V7 Telephone: (306) 787-5842 www.sfsc.gov.sk.ca
Yukon	Registrar of Securities Department of Justice Andrew A. Philipsen Law Centre 2130 - 2nd Avenue, 3rd Floor Whitehorse, Yukon Territory Y1A 5H6 Telephone: (867) 667-5005

Schedule 3 to Appendix A
Authorization of
Indirect Collection, Use and Disclosure of
Personal Information

Notice of Collection, Use and Disclosure of Personal Information by Regulators

The public officials listed in Schedule 2 (the "Regulators") collect the personal information in Schedule 1 to the Authorization of Indirect Collection, Use and Disclosure of Personal Information (the "Authorization") and use it in the administration and enforcement of provincial securities legislation. The Regulators collect such information under the authority granted to them under provincial securities legislation and do not, under that legislation, make public any of the information provided.

By consenting to the submission of the personal information set out in Schedule 1 to the Authorization (the “Information”), you consent to the collection by the Regulators of such Information, and of any other records and information about you from any other source, including, but not limited to, police records, information from other government or non-governmental regulatory authorities, self-regulatory organizations, exchanges, quotation and trade reporting systems, law enforcement agencies, private bodies, agencies, individuals, corporations, and other organizations in any jurisdictions, credit records and employment records as may be necessary for Regulators to carry out their duties and exercise their powers under provincial securities legislation.

You understand and agree that, in carrying out those duties and exercising those powers, the Regulators will use the Information in the Authorization, and any other information about you from any other source, including those listed above, to conduct background checks, verify the Information you have provided, perform investigations and conduct enforcement proceedings as required by and to ensure compliance with provincial securities legislation, and you further consent to such use by the Regulators by virtue of your submission of such Information to the Regulators.

You also understand that the Information the Regulators collect about you may also be disclosed as permitted by law, where such disclosed information may be used for the purposes described above, and you further consent to such disclosure by virtue of its submission to the Regulators. The Regulators may also use a third party to process Information, but when this happens, the third party will be carefully selected and obligated to comply with the limited use restrictions described above and with provincial and federal privacy legislation.

Warning: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Questions
If you have any questions about the collection, use, and disclosure of the information you provide to the Regulators, you may contact the Regulator in the jurisdiction in which the required information is filed, at the address or telephone number listed in Schedule 2.

I have read and understand the foregoing and consent to the indirect collection, use and disclosure of the personal information pertaining to me and set out in the Authorization, all as contemplated herein.

Date: _____

_____
Signature

_____
Name

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

APPENDIX B
ISSUER FORM OF SUBMISSION TO
JURISDICTION AND APPOINTMENT OF
AGENT FOR SERVICE OF PROCESS

1. Name of issuer (the "Issuer"):

_____

2. Jurisdiction of incorporation, or equivalent, of Issuer:

_____

3. Address of principal place of business of Issuer:

_____

4. Description of securities (the "Securities"):

_____

5. Date of the short form prospectus (the "Short Form Prospectus") under which the Securities are offered:

_____

6. Name of agent for service of process (the "Agent"):

_____

7. Address for service of process of Agent in Canada (the address may be anywhere in Canada):

_____

8. The Issuer designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the "Proceeding") arising out of, relating to or concerning the distribution of the Securities made or purported to be made under the Short Form Prospectus or the obligations of the Issuer as a reporting issuer, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.

9. The Issuer irrevocably and unconditionally submits to the non-exclusive jurisdiction of

   (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces [and territories] of Canada in which the securities are distributed under the Short Form Prospectus; and

   (b) any administrative proceeding in any such province [or territory],

   in any Proceeding arising out of or related to or concerning the distribution of the Securities made or purported to be made under the Short Form Prospectus or the obligations of the issuer as a reporting issuer.

10. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer shall file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before termination of this submission to jurisdiction and appointment of agent for service of process.

11. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer shall file an amended submission to jurisdiction and appointment of agent for service of process at least 30 days before any change in the name or above address of the Agent.

12. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

Dated: _____

_____
Signature of Issuer

_____
Print name and title of signing officer of Issuer

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of Issuer] under the terms and conditions of the appointment of agent for service of process stated above.

Dated: _____

_____
Signature of Agent

_____
Print name of person signing and, if Agent is not an individual, the title of the person

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

APPENDIX C
NON-ISSUER FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

1. Name of issuer (the "Issuer"):

2. Jurisdiction of incorporation, or equivalent, of Issuer:

3. Address of principal place of business of Issuer:

4. Description of securities (the "Securities"):

5. Date of the short form prospectus (the "Short Form Prospectus") under which the Securities are offered:

6. Name of person filing this form (the "Filing Person"):

7. Filing Person's relationship to Issuer:

8. Jurisdiction of incorporation, or equivalent, of Filing Person, if applicable, or jurisdiction of residence of Filing Person:

9. Address of principal place of business of Filing Person:

10. Name of agent for service of process (the "Agent"):

11. Address for service of process of Agent in Canada (which address may be anywhere in Canada):

12. The Filing Person designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the "Proceeding") arising out of, relating to or concerning the distribution of the Securities made or purported to be made under the Short Form Prospectus, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring the Proceeding.

13. The Filing Person irrevocably and unconditionally submits to the non-exclusive jurisdiction of

    (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces [and territories] of Canada in which the securities are distributed under the Short Form Prospectus; and

    (b) any administrative proceeding in any such province [or territory],

    in any Proceeding arising out of or related to or concerning the distribution of the Securities made or purported to be made under the Short Form Prospectus.

14. Until six years after completion of the distribution of the Securities made under the Short Form Prospectus, the Filing Person shall file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before termination of this submission to jurisdiction and appointment of agent for service of process.

15. Until six years after completion of the distribution of the Securities under the Short Form Prospectus, the Filing Person shall file an amended submission to jurisdiction and appointment of agent for service of process at least 30 days before a change in the name or above address of the Agent.

16. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

Dated: _____

_____
Signature of Filing Person

_____
Print name of person signing and, if the Filing Person is not an individual, the title of the person

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of Filing Person] under the terms and conditions of the appointment of agent for service of process stated above.

Dated: _____

_____
Signature of Agent

_____
Print name of person signing and, if Agent is not an individual, the title of the person

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

FORM 44-101F1
SHORT FORM PROSPECTUS

TABLE OF CONTENTS

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

FORM 44-101F1
SHORT FORM PROSPECTUS

INSTRUCTIONS

(1) The objective of the short form prospectus is to provide information concerning the issuer that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to, and, in Québec, not to make any misrepresentation likely to affect the value or market price of, the securities to be distributed. Certain rules of specific application impose prospectus disclosure obligations in addition to those described in this Form.

(2) Terms used and not defined in this Form that are defined or interpreted in NI 44-101 shall bear that definition or interpretation. Other definitions are set out in National Instrument 14-101 Definitions*.*

(3) In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgement in the particular circumstance, and should generally be determined in relation to an item's significance to investors, analysts and other users of information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(4) Unless an item specifically requires disclosure only in the preliminary short form prospectus, the disclosure requirements set out in this Form apply to both the preliminary short form prospectus and the short form prospectus. Details concerning the price and other matters dependent upon or relating to price, such as the number of securities being distributed, may be left out of the preliminary short form prospectus, along with specifics concerning the plan of distribution, to the extent that these matters have not been decided.

(5) Any information required in a short form prospectus may be incorporated by reference in the short form prospectus, other than confidential material change reports. Clearly identify in a short form prospectus any document incorporated by reference. If an excerpt of a document is incorporated by reference, clearly identify the excerpt in the short form prospectus by caption and paragraph of the document. Any material incorporated by reference in a short form prospectus is required under sections 4.2 and 4.3 of National Instrument 44-101 to be filed with the short form prospectus unless it has been previously filed.

(6) The disclosure must be understandable to readers and presented in any easy to read format. The presentation of information should comply with the plain language principles listed in section 4.2 of Companion Policy 44-101CP Short Form Prospectus Distributions*. If technical terms are required, clear and concise explanations should be included.*

(7) No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted.

(8) Where the term "issuer" is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, and in Québec, disclosure of all material facts likely to affect the value or the market price of the securities to be distributed, to also include disclosure with respect to the issuer's subsidiaries and investees. If it is more likely than not that a person or company will become a subsidiary or investee, it may be necessary to also include disclosure with respect to the person or company.

(9) An issuer that is a special purpose entity may have to modify the disclosure items to reflect the special purpose nature of its business.

(10) If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.

(11) If the term "class" is used in any item to describe securities, the term includes a series of a class.

(12) Disclosure in a preliminary short form prospectus or short form prospectus must be consistent with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities *if the issuer is engaged in oil and gas activities (as defined in National Instrument 51-101).*

Item 1 Cover Page Disclosure

1.1 Required Language - State in italics at the top of the cover page the following:

"No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise."

1.2 Preliminary Short Form Prospectus Disclosure - Every preliminary short form prospectus shall have printed in red ink and italics on the top of the cover page the following, with the bracketed information completed:

"A copy of this preliminary short form prospectus has been filed with the securities regulatory authority(ies) in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authority(ies)."

INSTRUCTION Issuers shall complete the bracketed information by

(i) inserting the names of each jurisdiction in which the issuer intends to offer securities under the short form prospectus;

(ii) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada; or

(iii) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdiction]).

1.3 Disclosure Concerning Documents Incorporated by Reference - State the following in italics [at the top of/on] the cover page, with the first sentence in **bold type** and the bracketed information completed:

"**Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the issuer at [insert complete address and telephone number], and are also available electronically at www.sedar.com."

1.4 Basic Disclosure about the Distribution - State the following, immediately below the disclosure required under sections 1.1, 1.2 and 1.3, with the bracketed information completed:

[PRELIMINARY] SHORT FORM PROSPECTUS

[INITIAL PUBLIC OFFERING OR NEW ISSUE AND/OR SECONDARY OFFERING]

(Date)

[Name of Issuer]

[number and type of securities qualified for distribution
under the short form prospectus, including any
options or warrants, and the price per security]

INSTRUCTION

If the offering price is in a currency other than the Canadian dollar or the U.S. dollar, comply with the exchange rate disclosure requirements of National Instrument 52-107 Acceptable Principles, Auditing Standards and Reporting Currency, *or any successor instrument.*

1.5 Name and Address of Issuer - State the full corporate name of the issuer or, if the issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the issuer's head and registered office.

1.6 Distribution

(1) If the securities are being distributed for cash, provide the information called for below, in substantially the following tabular form or in a note to the table:

	Price to public (a)	Underwriting discounts or commissions (b)	Proceeds to issuer or selling security holders (c)
Per security			
Total			

(2) If there is an over-allotment option, describe the terms of the option [and the fact that the short form prospectus qualifies both the grant of the option and the issuance or transfer of securities that will be issued or transferred if the option is exercised.]

(3) If the distribution of the securities is to be on a best efforts basis, provide totals for both the minimum and maximum subscriptions, if applicable.

(4) If debt securities are distributed at a premium or a discount, state in **bold type** the effective yield if held to maturity.

(5) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.

(6) In column (b) of the table, disclose only commissions paid or payable in cash by the issuer or selling security holder and discounts granted. Set out in a note to the table

(a) commissions or other consideration paid or payable by persons or companies other than the issuer or selling security holder;

(b) consideration other than discounts granted and cash paid or payable by the issuer or selling security holder, other than securities described in section 1.10 below; and

(c) any finder's fees or similar required payment.

(7) If a security is being distributed for the account of a selling security holder, state the name of the selling security holder and a cross-reference to the applicable section in the short form prospectus where further information about the selling security holder is provided. State the portion of expenses of the distribution to be borne by the selling security holder and, if none of the expenses of the distribution are being borne by the selling security holder, include a statement to that effect and discuss the reasons why this is the case.

1.7 Non-Fixed Price Distributions - If the securities are being distributed at non-fixed prices, disclose

(a) the discount allowed or commission payable to the underwriter;

(b) any other compensation payable to the underwriter and, if applicable, that the underwriter's compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriter to the issuer or selling security holder;

(c) that the securities to be distributed under the short form prospectus will be distributed, as applicable, at

(i) prices determined by reference to the prevailing price of a specified security in a specified market,

(ii) market prices prevailing at the time of sale, or

(iii) prices to be negotiated with purchasers;

(d) that prices may vary as between purchasers and during the period of distribution;

(e) if the price of the securities is to be determined by reference to the prevailing price of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date;

(f) if the price of the securities will be the market price prevailing at the time of sale, the market price at the latest practicable date; and

(g) the net proceeds or, if the distribution is to be made on a best efforts basis, the minimum amount of net proceeds, if any, to be received by the issuer or selling security holder.

1.8 Reduced Price Distributions - If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price disclosed in the short form prospectus, include in **bold type** a cross-reference to the section in the short form prospectus where disclosure concerning the possible price decrease is provided.

1.9 Market for Securities

(1) Identify the exchange(s) and quotation system(s), if any, on which securities of the issuer of the same class as the securities being distributed are traded or quoted and the market price of those securities as of the latest practicable date.

(2) Disclose any intention to stabilize the market and provide a cross-reference to the section in the short form prospectus where further information about market stabilization is provided.

(3) If no market for the securities being distributed under the short form prospectus exists or is to exist after the distribution, state the following in **bold type**:

"There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under the short form prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See Risk Factors."

1.10 Underwriter(s)

(1) State the name of each underwriter.

(2) If applicable, comply with the requirements of National Instrument 33-105 *Underwriting Conflicts* and, in Québec, the applicable securities legislation, for cover page prospectus disclosure**.**

(3) If an underwriter has agreed to purchase all of the securities being distributed at a specified price and the underwriter's obligations are subject to conditions, state the following, with the bracketed information completed:

"We, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by [name of issuer] and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under Plan of Distribution."

(4) If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, state that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the short form prospectus.

(5) If there is no underwriter involved in the distribution, provide a statement in **bold type** to the effect that no underwriter has been involved in the preparation of the short form prospectus or performed any review of the contents of the short form prospectus.

(6) Provide the information called for below, in substantially the following tabular form or in a note to the table:

Underwriters' Position	Maximum size or number of securities held	Exercise period/ Acquisition date	Exercise price or average acquisition price
Over-allotment option			
Compensation option			

Any other option granted by issuer or insider of issuer			
Total securities under option			
Other compensation securities			

INSTRUCTIONS

(1) Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.

(2) If debt securities are being distributed, express the information as a percentage.

1.11 International Issuers - If the issuer, a selling security holder, a credit supporter of the securities being distributed under the short form prospectus or a promoter of the issuer is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, comply with National Instrument 41-101 *Prospectus Disclosure Requirements* by stating the following on the cover page or under a separate heading elsewhere in the short form prospectus, with the bracketed information completed:

> "The [issuer, selling security holder, credit supporter and/or promoter] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [the issuer, selling security holder, credit supporter and/or promoter] has appointed [name(s) and address(es) of agent(s) for service] as its agent(s) for service of process in [list jurisdictions] it may not be possible for investors to collect from [the issuer, selling security holder, credit supporter or promoter] judgments obtained in Canadian courts predicated on the civil liability provisions of securities legislation."

1.12 Restricted Securities – If the securities being distributed are restricted securities and the holders of the securities do not have the right to participate in a takeover bid made for other equity securities of the issuer, disclose that fact.

Item 2 Summary Description of Business

2.1 Summary of Description of Business - Provide a brief summary on a consolidated basis of the business carried on and intended to be carried on by the issuer.

Item 3 Consolidated Capitalization

3.1 Consolidated Capitalization - Describe any material change in, and the effect of the material change on, the share and loan capital of the issuer, on a consolidated basis, since the date of the issuer's financial statements most recently filed in accordance with the applicable CD rule, including any material change that will result from the issuance of the securities being distributed under the short form prospectus.

Item 4 Use of Proceeds

4.1 Proceeds - State the estimated net proceeds to be received by the issuer or selling security holder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the issuer or selling security holder from the sale of the securities distributed. If the short form prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

4.2 Principal Purposes

(1) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the net proceeds will be used by the issuer. If the closing of the distribution is subject to a minimum subscription, provide disclosure of the use of proceeds for the minimum and maximum subscriptions.

(2) If more than 10 percent of the net proceeds will be used to reduce or retire indebtedness and the indebtedness was incurred within the two preceding years, describe the principal purposes for which the proceeds of the indebtedness were used and, if the creditor is an insider, associate or affiliate of the issuer, identify the creditor and the nature of the relationship to the issuer and the outstanding amount owed.

Item 5 Plan of Distribution

5.1 **Disclosure of Market Out** - If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter's obligations are subject to conditions, include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:

> "Under an agreement dated [insert date of agreement] between [insert name of issuer or selling security holder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of issuer or selling security holder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of issuer or selling security holder] against delivery. The obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement."

5.2 **Best Efforts Offering** - Outline briefly the plan of distribution of any securities being distributed other than on the basis described in section 5.1.

5.3 **Determination of Price** - Disclose the method by which the distribution price has been or will be determined and, if estimates have been provided, explain the process for determining the estimates.

5.4 **Over-Allotments** - If the issuer, a selling security holder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, disclose this information.

5.5 **Minimum Distribution** - If a minimum amount of funds is required under the issue and the securities are to be distributed on a best efforts basis, state the minimum amount required to be raised and the maximum that could be raised. Also indicate that the distribution will not continue for a period of more than 90 days after the date of the receipt for the short form prospectus if subscriptions representing the minimum amount of funds are not obtained within that period, unless each of the persons and companies who subscribed within that period has consented to the continuation. State that during that period funds received from subscriptions will be held by a depository who is a registrant, bank or trust company and if the minimum amount of funds is not raised, the funds will be returned to the subscribers unless the subscribers have otherwise instructed the depository.

5.6 **Reduced Price Distributions** - If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price disclosed in the short form prospectus and thereafter change, from time to time, the price at which securities are distributed under the short form prospectus in accordance with the procedures permitted by National Instrument 44-101, disclose that, after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the short form prospectus, the offering price may be decreased, and further changed from time to time, to an amount not greater than the initial offering price disclosed in the short form prospectus and that the compensation realized by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the issuer or selling security holder.

5.7 **Listing Application** - If application has been made to list or quote the securities being distributed, include a statement in substantially the following form with the bracketed information completed:

> "The issuer has applied to [list/quote] the securities distributed under this short form prospectus on [name of exchange or other market]. [Listing/Quotation] will be subject to the issuer fulfilling all the listing requirements of [name of exchange or other market]."

5.8 **Conditional Listing Approval** - If application has been made to list or quote the securities being distributed and conditional listing approval has been received, include a statement in substantially the following form, with the bracketed information completed:

> "[name of exchange or other market] has conditionally approved the [listing/quotation] of these securities. [Listing/Quotation] is subject to the [name of the issuer] fulfilling all of the requirements of the [name of exchange or market] on or before [date], [including distribution of these securities to a minimum number of public security holders.]"

5.9 Constraints - If there are constraints imposed on the ownership of securities of the issuer to ensure that the issuer has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities of the issuer will be monitored and maintained.

Item 6 Earnings Coverage Ratios

6.1 Earnings Coverage Ratios

(1) If the securities being distributed are debt securities having a term to maturity in excess of one year or are preferred shares, disclose the following earnings coverage ratios adjusted in accordance with paragraph (2):

(a) The earnings coverage ratio based on the most recent 12 month period included in the issuer's current annual financial statements. If there has been a change in year end and the issuer's most recent financial year is less than nine months in length, also disclose the earnings coverage calculation for its old financial year. If the issuer's financial year is less than 12 months in length, the earnings coverage should be calculated on an annualized basis.

(b) The earnings coverage ratio based on the 12 month period ended on the last day of the most recently completed period for which interim financial statements of the issuer have been, or are required to have been, incorporated by reference into the short form prospectus.

(2) Adjust the ratios referred to in paragraph (1) to reflect

(a) the issuance of the securities being distributed under the short form prospectus, based on the price at which these securities are expected to be distributed;

(b) in the case of a distribution of preferred shares,

(i) the issuance of all preferred shares issued since the date of the annual or interim financial statements, and

(ii) the repurchase, redemption or other retirement of all preferred shares repurchased, redeemed, or otherwise retired since the date of the annual or interim financial statements and of all preferred shares to be repurchased, redeemed, or otherwise retired from the proceeds to be realized from the sale of securities under the short form prospectus;

(c) the issuance of all long-term financial liabilities, as defined in accordance with the issuer's GAAP;

(d) the repayment, redemption or other retirement of all long-term financial liabilities, as defined in accordance with the issuer's GAAP, since the date of the annual or interim financial statements and all long-term financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities distributed under the short form prospectus; and

(e) the servicing costs that were incurred, or are expected to be incurred, in relation to the adjustments.

(3) If the issuer is distributing, or has outstanding, debt securities that are accounted for, in whole or in part, as equity, disclose in notes to the ratios required under paragraph (1)

(a) that the ratios have been calculated excluding the carrying charges for those securities that have been reflected in equity in the calculation of the issuer's interest and dividend obligations;

(b) that if those securities had been accounted for in their entirety as debt for the purpose of calculating the ratios required under paragraph (1), the entire amount of the annual carrying charges for those securities would have been reflected in the calculation of the issuer's interest and dividend obligations; and

(c) the earnings coverage ratios for the periods referred to in paragraph (1), calculated as though those securities had been accounted for as debt.

(4) If the earnings coverage ratio is less than one-to-one, disclose in the prospectus the dollar amount of the earnings required to achieve a ratio of one-to-one.

(5) If the short form prospectus includes a pro forma income statement, calculate the pro forma earnings coverage ratio and disclose it in the prospectus.

INSTRUCTIONS

(1) Cash flow coverage may be disclosed but only as a supplement to earnings coverage and only if the method of calculation is fully disclosed.

(2) Earnings coverage is calculated by dividing an entity's earnings (the numerator) by its interest and dividend obligations (the denominator).

(3) For the earnings coverage calculation

(a) the numerator should be calculated using consolidated net income before interest and income taxes;

(b) imputed interest income from the proceeds of a distribution should not be added to the numerator;

(c) an issuer may also present, as supplementary disclosure, a coverage calculation based on earnings before discontinued operations and extraordinary items;

(d) for distributions of debt securities, the appropriate denominator is interest expense determined in accordance with the issuer's GAAP, after giving effect to the new debt issue and any retirement of obligations, plus the amount of interest that has been capitalized during the period;

(e) for distributions of preferred shares

(i) the appropriate denominator is dividends declared during the period, together with undeclared dividends on cumulative preferred shares, after giving effect to the new preferred share issue, plus the issuer's annual interest requirements, including the amount of interest that has been capitalized during the period, less any retirement of obligations, and

(ii) dividends should be grossed-up to a before-tax equivalent using the issuer's effective income tax rate, and

(f) for distributions of both debt securities and preferred shares, the appropriate denominator is the same as for a preferred share issue, except that the denominator should also reflect the effect of the debt being offered pursuant to the short form prospectus.

(4) The denominator represents a pro forma calculation of the aggregate of an issuer's interest obligations on all long-term debt and dividend obligations (including both dividends declared and undeclared dividends on cumulative preferred shares) with respect to all outstanding preferred shares, as adjusted to reflect

(a) the issuance of all long-term debt and, in addition in the case of an issuance of preferred shares, all preferred shares issued, since the date of the annual or interim financial statements;

(b) the issuance of the securities that are to be distributed under the short form prospectus, based on a reasonable estimate of the price at which these securities will be distributed;

(c) the repayment or redemption of all long-term debt since the date of the annual or interim financial statements, all long-term debt to be repaid or redeemed from the proceeds to be realized from the sale of securities under the short form prospectus and, in addition, in the case of an issuance of preferred shares, all preferred shares repaid or redeemed since the date of the annual or interim financial statements and all preferred shares to be repaid or redeemed from the proceeds to be realized from the sale of securities under the short form prospectus; and

(d) the servicing costs that were incurred, or will be incurred, in relation to the above adjustments.

(5) In certain circumstances, debt obligations may be classified as current liabilities because such obligations, by their terms, are due on demand, are due within one year, or are callable by the creditor. If the issuer is distributing, or has outstanding, debt securities that are classified as current liabilities, disclose

(a) in the notes to the ratios required under subsection 6.1(1) that the ratios have been calculated excluding the carrying charges for those debt securities reflected as current liabilities;

(b) that if those debt securities had been classified in their entirety as long term debt for the purposes of calculating the ratios under Item 6.1(1), the entire amount of the annual carrying charges for such debt securities would have been reflected in the calculation of the issuer's interest and dividend obligations; and

(c) the earnings coverage ratios for the periods referred to in Item 6.1(1), calculated as though those debt securities had been classified as long term debt.

(6) For debt securities, disclosure of earnings coverage shall include language similar to the following:

[Name of the issuer]'s interest requirements, after giving effect to the issue of [the debt securities to be distributed under the short form prospectus], amounted to $• for the 12 months ended •. [Name of the issuer]'s earnings before interest and income tax for the 12 months then ended was $•, which is • times [name of the issuer]'s interest requirements for this period."

(7) For preferred share issues, disclosure of earnings coverage shall include language similar to the following:

[Name of the issuer]'s dividend requirements on all of its preferred shares, after giving effect to the issue of [the preferred shares to be distributed under the short form prospectus], and adjusted to a before-tax equivalent using an effective income tax rate of •%, amounted to $• for the 12 months ended •. [Name of the issuer]'s interest requirements for the 12 months then ended amounted to $•. [Name of the issuer]'s earnings before interest and income tax for the 12 months ended • was $•, which is • times [name of the issuer]'s aggregate dividend and interest requirements for this period."

(8) Other earnings coverage calculations may be included as supplementary disclosure to the required earnings coverage calculations outlined above as long as their derivation is disclosed and they are not given greater prominence than the required earnings coverage calculations.

Item 7 Description of Securities Being Distributed

7.1 Equity Securities - If equity securities are being distributed, state the description or the designation of the class of the equity securities and describe all material attributes and characteristics that are not described elsewhere in a document incorporated by reference in the short form prospectus including, as applicable,

(a) dividend rights;

(b) voting rights;

(c) rights upon dissolution or winding up;

(d) pre-emptive rights;

(e) conversion or exchange rights;

(f) redemption, retraction, purchase for cancellation or surrender provisions;

(g) sinking or purchase fund provisions;

(h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and

(i) provisions requiring a securityholder to contribute additional capital.

7.2 Debt Securities - If debt securities are being distributed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt that are not described elsewhere in a document incorporated by reference in the short form prospectus, including

(a) provisions for interest rate, maturity and premium, if any;

(b) conversion or exchange rights;

(c) redemption, retraction, purchase for cancellation or surrender provisions;

(d) sinking or purchase fund provisions;

(e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;

(f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants including restrictions against payment of dividends and restrictions against giving security on the assets of the issuer or its subsidiaries and provisions as to the release or substitution of assets securing the debt securities;

(g) the name of the trustee under any indenture relating to the debt securities and the nature of any material relationship between the trustee or any of its affiliates and the issuer or any of its affiliates; and

(h) any financial arrangements between the issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

7.3 Asset-backed Securities - If asset-backed securities are being distributed, describe

(a) the material attributes and characteristics of the asset-backed securities, including

(i) the rate of interest or stipulated yield and any premium,

(ii) the date for repayment of principal or return of capital and any circumstances in which payments of principal or capital may be made before such date, including any redemption or pre-payment obligations or privileges of the issuer and any events that may trigger early liquidation or amortization of the underlying pool of financial assets,

(iii) provisions for the accumulation of cash flows to provide for the repayment of principal or return of capital,

(iv) provisions permitting or restricting the issuance of additional securities and any other material negative covenants applicable to the issuer,

(v) the nature, order and priority of the entitlements of holders of asset-backed securities and any other entitled persons or companies to receive cash flows generated from the underlying pool of financial assets, and

(vi) any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of payments or distributions to be made under the asset-backed securities, including those that are dependent or based on the economic performance of the underlying pool of financial assets;

(b) information on the underlying pool of financial assets, for the period from the date as at which the following information was presented in the issuer's current AIF to a date not more than 90 days before the date of the issuance of a receipt for the preliminary short form prospectus, of

(i) the composition of the pool as of the end of the period,

(ii) income and losses from the pool for the period, presented on an at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets, and

(iii) the payment, prepayment and collection experience of the pool for the period on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets,

(c) the type or types of the financial assets, the manner in which the financial assets originated or will originate and, if applicable, the mechanism and terms of the agreement governing the transfer of the financial assets comprising the underlying pool to or through the issuer, including the consideration paid for the financial assets;

(d) any person or company who

(i) originated, sold or deposited a material portion of the financial assets comprising the pool, or has agreed to do so,

(ii) acts, or has agreed to act, as a trustee, custodian, bailee or agent of the issuer or any holder of the asset-backed securities, or in a similar capacity,

(iii) administers or services a material portion of the financial assets comprising the pool or provides administrative or managerial services to the issuer, or has agreed to do so, on a conditional basis or otherwise, if

(A) finding a replacement provider of the services at a cost comparable to the cost of the current provider is not reasonably likely,

(B) a replacement provider of the services is likely to achieve materially worse results than the current provider,

(C) the current provider of the services is likely to default in its service obligations because of its current financial condition, or

(D) the disclosure is otherwise material,

(iv) provides a guarantee, alternative credit support or other credit enhancement to support the obligations of the issuer under the asset-backed securities or the performance of some or all of the financial assets in the pool, or has agreed to do so, or

(v) lends to the issuer in order to facilitate the timely payment or repayment of amounts payable under the asset-backed securities, or has agreed to do so;

(e) the general business activities and material responsibilities under the asset-backed securities of a person or company referred to in paragraph (d);

(f) the terms of any material relationships between

(i) any of the persons or companies referred to in paragraph (d) or any of their respective affiliates, and

(ii) the issuer;

(g) any provisions relating to termination of services or responsibilities of any of the persons or companies referred to in paragraph (d) and the terms on which a replacement may be appointed; and

(h) any risk factors associated with the asset-backed securities, including disclosure of material risks associated with changes in interest rates or prepayment levels, and any circumstances where payments on the asset-backed securities could be impaired or disrupted as a result of any reasonably foreseeable event that may delay, divert or disrupt the cash flows dedicated to service the asset-backed securities.

INSTRUCTIONS

(1) Present the information required under paragraph (b) in a manner that will enable a reader to easily determine whether, and the extent to which, the events, covenants, standards and preconditions referred to in clause (a)(vi) have occurred, are being satisfied or may be satisfied.

(2) If the information required under paragraph (b) is not compiled specifically from the underlying pool of financial assets, but is compiled from a larger pool of the same assets from which the securitized assets are randomly

selected such that the performance of the larger pool is representative of the performance of the pool of securitized assets, then an issuer may comply with paragraph (b) by providing the information required based on the larger pool and disclosing that it has done so.

(3) Issuers are required to summarize contractual arrangements in plain language and may not merely restate the text of the contracts referred to. The use of diagrams to illustrate the roles of, and the relationship among, the persons and companies referred to in paragraph (d) and the contractual arrangements underlying the asset-backed securities is encouraged.

7.4 Derivatives - If derivatives are being distributed, describe fully the material attributes and characteristics of the derivatives, including

(a) the calculation of the value or payment obligations under the derivatives;

(b) the exercise of the derivatives;

(c) the settlement of exercises of the derivatives;

(d) the underlying interest of the derivatives;

(e) the role of a calculation expert in connection with the derivatives;

(f) the role of any credit supporter of the derivatives; and

(g) the risk factors associated with the derivatives.

7.5 Other Securities - If securities other than equity securities, debt securities, asset-backed securities or derivatives are being distributed, describe fully the material attributes and characteristics of those securities.

7.6 Special Warrants, etc. – If the short form prospectus is used to qualify the distribution of securities issued upon the exercise of Special Warrants or other securities acquired on a prospectus-exempt basis, disclose that holders of such securities have been provided with a contractual right of rescission and provide the following disclosure in the prospectus:

"In the event that a holder of a Special Warrant, who acquires a [*identify underlying security*] of the issuer upon the exercise of the Special Warrant as provided for in this short form prospectus, is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this short form prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the holder's exercise of its Special Warrant(s) but also of the private placement transaction pursuant to which the Special Warrant was initially acquired, and shall be entitled in connection with such rescission to a full refund of all consideration paid to the [*underwriter or issuer, as the case may be*] on the acquisition of the Special Warrant. In the event such holder is a permitted assignee of the interest of the original Special Warrant subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was such original subscriber. The foregoing is in addition to any other right or remedy available to a holder of the Special Warrant under applicable securities legislation or otherwise at law.

INSTRUCTION *If the short form prospectus is qualifying the distribution of securities issued upon the exercise of securities other than Special Warrants, replace the term "Special Warrant" with the type of the security being distributed.*

7.7 Restricted Securities

(1) If the issuer has outstanding, or proposes to distribute under the short form prospectus, restricted securities, or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or subject securities, provide a detailed description of:

(a) the voting rights attached to the restricted securities and the voting rights, if any, attached to the securities of any other class of securities of the issuer that are the same or greater on a per security basis than those attached to the restricted securities;

(b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities but do apply to the holders of another class of equity securities,

and the extent of any rights provided in the constating documents or otherwise for the protection of holders of restricted securities; and

(c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities to attend, in person of by proxy, meetings of holders of equity securities of the issuer and to speak at the meetings to the same extent that holders of equity securities are entitled.

(2) If holders of restricted securities do not have all of the rights referred to in subsection 7.7(1) the detailed description referred to in that subsection shall include, in **bold type**, a statement of the rights the holders do not have.

(3) If the issuer is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the issuer's securities that will be represented by restricted securities after giving effect to the issuance of the securities being offered.

7.8 Modification of Terms - Describe provisions as to modification, amendment or variation of any rights or other terms attached to the securities being distributed. If the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

7.9 Ratings - If one or more ratings, including provisional ratings or stability ratings, have been received from one or more approved rating organizations for the securities being distributed and the rating or ratings continue in effect, disclose

(a) each security rating, including a provisional rating or stability rating, received from an approved rating organization;

(b) the name of each approved rating organization that has assigned a rating for the securities to be distributed;

(c) a definition or description of the category in which each approved rating organization rated the securities to be distributed and the relative rank of each rating within the organization's classification system;

(d) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating;

(e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities to be distributed;

(f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization; and

(g) any announcement made by, or any proposed announcement known to the issuer to be made by, an approved rating organization that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this paragraph.

7.10 Other Attributes

(1) If the rights attaching to the securities being distributed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being distributed, include information about the other securities that will enable investors to understand the rights attaching to the securities being distributed.

(2) If securities of the class being distributed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

INSTRUCTION

This Item requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the issuer's discretion, be attached as a schedule to the prospectus.

Item 8 Selling Security Holder

8.1 Selling Security Holder - If any of the securities being distributed are to be distributed for the account of a security holder, state the following:

1. The name of the security holder.

2. The number or amount of securities owned by the security holder of the class being distributed.

3. The number or amount of securities of the class being distributed for the account of the security holder.

4. The number or amount of securities of the issuer of any class to be owned by the security holder after the distribution, and the percentage that number or amount represents of the total outstanding.

5. Whether the securities referred to in paragraph 2, 3 or 4 are owned both of record and beneficially, of record only, or beneficially only.

Item 9 Resource Property

9.1 Resource Property – If a material part of the proceeds of the distribution is to be expended on a particular resource property and if the current AIF does not contain the disclosure required under section 5.4 or 5.5, as appropriate, of Form 51-102F2, for the property or that disclosure is inadequate or incorrect due to changes, disclose the information required under section 5.4 or 5.5 of Form 51-102F2.

Item 10 Significant Acquisitions

10.1 Significant Acquisitions

(1) Provide a brief summary of

(a) any acquisition that is a significant acquisition for the purposes of Part 8 of NI 51-102 and that was completed by the issuer within the 75 days prior to the date of the short form prospectus, other than a significant acquisition for which a business acquisition report has been filed under NI 51-102; and

(b) any proposed acquisition that has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high and which, if it was completed as of the date of the preliminary short form prospectus, would be a significant acquisition for the purposes of Part 8 of NI 51-102.

(2) Under paragraph (1), include particulars, if known, of

(a) the nature of the assets acquired or to be acquired;

(b) the actual date of each significant acquisition or the likely date of completion of each proposed acquisition;

(c) the consideration, both monetary and non-monetary, paid or to be paid, or proposed to be paid, by the issuer;

(d) how the significant acquisition or proposed acquisition will impact the operating results and financial position of the issuer;

(e) any valuation opinion obtained by the acquired business, the business proposed to be acquired, or the issuer within the last 12 months required under provincial and territorial securities legislation or a requirement of a Canadian marketplace, as defined in National Instrument 21-101 *Marketplace Operation*, to support the consideration paid, to be paid, or proposed to be paid, by the issuer, including the name of the author, the date of the opinion, the business to which the opinion relates, the value attributed to the business and the valuation methodologies used; and

(f) whether the transaction is, or likely will be, with an informed person, associate or affiliate of the issuer and, if so, the identity and relationship of the other parties to the issuer.

(3) If a summary of any acquisition or proposed acquisition is required to be provided under subsection (1), include the financial statements that would be required by Part 8 of NI 51-102 to be included in a business acquisition report filed in respect of the acquisition, or in respect of the proposed acquisition if it were completed as of the date of the preliminary short form prospectus, if

(a) the acquisition or proposed acquisition is a reverse takeover; or

(b) the acquisition or proposed acquisition is not a reverse takeover but the inclusion of such financial statements is necessary in order for the short form prospectus to contain full, true and plain disclosure of all material facts relating to, and in Québec, disclosure of all material facts likely to affect the value or the market price of, the securities being distributed.

Item 11 Documents Incorporated by Reference

11.1 Mandatory Incorporation by Reference

(1) In addition to any other document that an issuer may choose to incorporate by reference, specifically incorporate by reference in the short form prospectus, by means of a statement in the short form prospectus to that effect, the documents set forth below:

1. The issuer's current AIF, if it has one.

2. The issuer's current annual financial statements, if any, and related MD&A.

3. The issuer's interim financial statements most recently filed or required to have been filed under the applicable CD rule in respect of an interim period, if any, subsequent to the financial year in respect of which the issuer has filed its current annual financial statements or has included annual financial statements in the short form prospectus, and the related interim MD&A.

4. If, before the prospectus is filed, financial information about the issuer for a financial period more recent than the period for which financial statements are required under paragraphs 2 and 3 is publicly disseminated by, or on behalf of, the issuer through news release or otherwise, the content of the news release or public communication.

5. Any material change report, except a confidential material change report, filed under Part 7 of NI 51-102 or Part 11 of NI 81-106 since the end of the financial year in respect of which the issuer's current AIF is filed.

6. Any business acquisition report filed by the issuer under Part 8 of NI 51-102 for acquisitions completed since the end of the financial year in respect of which the issuer's current AIF is filed.

7. Any information circular filed by the issuer under Part 9 of NI 51-102 or Part 12 of NI 81-106 since the end of the financial year in respect of which the issuer's current AIF is filed.

8. Any other disclosure document which the issuer has filed, or has undertaken to file pursuant to an undertaking to a provincial or territorial securities regulatory authority, since the beginning of the financial year in respect of which the issuer's current AIF is filed.

(2) In the statement incorporating the documents listed in paragraph (1) by reference in a short form prospectus, clarify that the documents are not incorporated by reference to the extent their contents are modified or superseded by a statement contained in the short form prospectus or in any other subsequently filed document that is also incorporated by reference in the short form prospectus.

INSTRUCTIONS

(1) Paragraph 4 of subsection (1) requires issuers to incorporate only the news release or other public communication through which more recent financial information is released to the public. However, if the financial statements from which the information in the news release has been derived have been filed, then the financial statements must be incorporated by reference.

(2) Issuers must provide a list of the material change reports and business acquisition reports required under paragraphs 5 and 6 of subsection (1), giving the date of filing and briefly describing the material change or acquisition, as the case may be, in respect of which the report was filed.

(3) Any material incorporated by reference in a short form prospectus is required under sections 4.2 and 4.3 of National Instrument 44-101 to be filed with the short form prospectus unless it has been previously filed.

11.2 Mandatory Incorporation by Reference of Future Documents - State that any documents, of the type described in section 11.1, if filed by the issuer after the date of the short form prospectus and before the termination of the distribution, are deemed to be incorporated by reference in the short form prospectus.

11.3 Issuers without a Current AIF or Current Annual Financial Statements

(1) If the issuer does not have a current AIF or current annual financial statements and is relying on the exemption in subsection 2.10(1) *[2.7(1)]* of NI 44-101, include the disclosure, including financial statements, that would otherwise have been required to have been included in a current AIF and current annual financial statements under section 11.1.

(2) If the issuer does not have a current AIF or current annual financial statements and is relying on the exemption in subsection 2.10(2) *[2.7(2)]* of NI 44-101, include the disclosure, including financial statements, provided in accordance with Item 14.2 of Form 51-102F5 in the information circular referred to in paragraph 2.10(2)(a) *[2.7(2)(a)]* of NI 44-101.

INSTRUCTION

If an issuer is required to include disclosure under subsection (2), it must include the historical financial statements of participants in the reorganization and any other information contained in the information circular that was used to construct financial statements for the issuer.

11.4 Significant Acquisition for Which No Business Acquisition Report is Filed

(1) If the issuer has,

(a) since the beginning of the most recently completed financial year in respect of which annual financial statements are included in the short form prospectus; and

(b) more than 75 days prior to the date of filing the preliminary short form prospectus;

completed a transaction that would have been a significant acquisition for the purposes of Part 8 of NI 51-102 if the issuer had been a reporting issuer at the time of the transaction, and the issuer has not filed a business acquisition report in respect of the transaction, include the financial statements and other information in respect of the transaction that is prescribed by Form 51-102F4.

(2) If the issuer was exempt from the requirement to file a business acquisition report in respect of a transaction because the disclosure that would normally be included in a business acquisition report was included in another document, include that disclosure in the short form prospectus.

INSTRUCTION

Disclosure required by sections 11.3 or 11.4 to be included in the short form prospectus may be incorporated by reference from another document or included directly in the short form prospectus.

Item 12 Additional Disclosure for Issues of Guaranteed Securities

12.1 Credit Supporter Disclosure - Provide disclosure about each credit supporter, if any, that has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities to be distributed, by complying with the following:

1. If the credit supporter is a reporting issuer and has a current AIF, incorporating by reference into the short form prospectus all documents that would be required to be incorporated by reference under Item 11 if the credit supporter were the issuer of the securities.

2. If the credit supporter is not a reporting issuer and has a class of securities registered under section 12(b) or 12(g) of the 1934 Act, or is required to file reports under section 15(d) of the 1934 Act, incorporating by reference into the short form prospectus all 1934 Act filings that would be required to be incorporated by reference in a Form S-3 or Form F-3

registration statement filed under the 1933 Act if the securities distributed under the short form prospectus were being registered on Form S-3 or Form F-3.

3. If neither paragraph 1 nor paragraph 2 applies to the credit supporter, providing directly in the short form prospectus the same disclosure that would be contained in the short form prospectus through the incorporation by reference of the documents referred to in Item 11 if the credit supporter were the issuer of the securities and those documents had been prepared by the credit supporter.

4. Providing such other information about the credit supporter as is necessary to provide full, true and plain disclosure of all material facts concerning, and in Québec, disclosure of all material facts likely to affect the value or the market price, of the securities to be distributed, including the credit supporter's earnings coverage ratios under Item 6 as if the credit supporter were the issuer of the securities.

Item 13 Exemptions for Certain Issues of Guaranteed Securities

13.1 The Issuer is a Wholly Owned Subsidiary of the Credit Supporter - Despite Items 6 and 11, an issuer is not required to incorporate by reference into the short form prospectus any of its documents under paragraphs 1 through 4, 6 and 7 of paragraph 11.1(1) or include in the short form prospectus its earnings coverage ratios under Item 6, if

(a) a credit supporter has provided full and unconditional credit support for the securities being distributed;

(b) the credit supporter satisfies the criterion in paragraph 2.5(1)2 *[2.4(1)2]* of NI 44-101;

(c) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into securities of the credit supporter;

(d) the issuer is a wholly owned subsidiary of the credit supporter;

(e) no other subsidiary of the credit supporter has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed; and

(f) the issuer includes the following information in the short form prospectus:

(i) if

(A) the issuer has no operations or only minimal operations that are independent of the credit supporter, and

(B) the impact of any subsidiaries of the credit supporter on a combined basis, excluding the issuer, on the consolidated financial results of the credit supporter is minor;

a statement that the financial results of the issuer are included in the consolidated financial results of the credit supporter; or

(ii) for the periods covered by the credit supporter's financial statements included in the short form prospectus under section 12.1, consolidating summary financial information for the credit supporter presented with a separate column for each of the following:

(A) the credit supporter;

(B) the issuer;

(C) any other subsidiaries of the credit supporter on a combined basis;

(D) consolidating adjustments; and

(E) the total consolidated amounts.

13.2 The Issuer and One or More Subsidiary Credit Supporters are Wholly Owned Subsidiaries of the Parent Credit Supporter - Despite Items 6, 11 and 12, an issuer is not required to incorporate by reference into the short form

prospectus any of its documents under paragraphs 1 through 4, 6 and 7 of subsection 11.1(1), include in the short form prospectus its earnings coverage ratios under section 6.1, or include in the short form prospectus the disclosure of one or more subsidiary credit supporters required by section 12.1, if

(a) a parent credit supporter and one or more subsidiary credit supporters have each provided full and unconditional credit support for the securities being distributed;

(b) the parent credit supporter satisfies the criterion in paragraph 2.5(1)2 *[2.4(1)2]* of NI 44-101;

(c) the guarantees or alternative credit supports are joint and several;

(d) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into securities of the parent credit supporter;

(e) the issuer and each subsidiary credit supporter is wholly owned by the parent credit supporter; and

(f) the issuer includes the following information in the short form prospectus:

(i) if

(A) each of the issuer and each subsidiary credit supporter has no operations or only minimal operations that are independent of the parent credit supporter; and

(B) the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer and all subsidiary credit supporters, on the consolidated financed results of the parent credit supporter is minor;

a statement that the financial results of the issuer and all subsidiary credit supporters are included in the consolidated financial results of the parent credit supporter; or

(ii) for the periods covered by the parent credit supporter's financial statements included in the short form prospectus under section 12.1, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

(A) the parent credit supporter;

(B) the issuer;

(C) each subsidiary credit supporter on a combined basis;

(D) any other subsidiaries of the parent credit supporter on a combined basis;

(E) consolidating adjustments; and

(F) the total consolidated amounts.

13.3 One or More Credit Supporters are Wholly Owned Subsidiaries of the Issuer- Despite Item 12, an issuer is not required to include in the short form prospectus the disclosure required by section 12.1 for one or more credit supporters if

(a) one or more credit supporters have each provided full and unconditional credit support for the securities being distributed;

(b) if there is more than one credit supporter, the guarantee or alternative credit supports are joint and several;

(c) the securities being distributed are non-convertible debt securities or non-convertible preferred shares;

(d) each credit supporter is a wholly owned subsidiary of the issuer; and

(e) the issuer includes the following information in the short form prospectus:

(i) if

(a) the issuer has no operations or only minimal operations that are independent of the credit supporter(s); and

(b) the impact of any subsidiaries of the issuer on a combined basis, excluding the credit supporter(s) but including any subsidiaries of the credit supporter(s) that are not themselves credit supporters, on the consolidated financial results of the issuer is minor;

a statement that the financial results of the credit supporter(s) are included in the consolidated financial results of the issuer; or

(ii) for the periods covered by the issuer's financial statements included in the short form prospectus under Item 11, consolidating summary financial information for the issuer, presented with a separate column for each of

(A) the issuer;

(B) the credit supporters on a combined basis;

(C) any other subsidiaries of the issuer on a combined basis;

(D) consolidating adjustments; and

(E) the total consolidated amounts.

INSTRUCTIONS

(1) Summary Financial Information

(a) Summary financial information includes the following line items:

1. Sales or revenues.
2. Net earnings from continuing operations before extraordinary items.
3. Net earnings.
4. Currents assets.
5. Non-current assets.
6. Current liabilities.
7. Non-current liabilities.

If GAAP permits the preparation of an entity's balance sheet without classifying assets and liabilities between current and non-current then the following items may be omitted from the entity's summary financial information if alternative meaningful financial information is provided which is more appropriate to the industry:

(i) current assets;

(ii) non-current assets;

(iii) current liabilities; and

(iv) non current liabilities.

(b) The summary financial information of an entity for a financial period should be derived from the entity's comparative financial statements for the corresponding period. Interim summary financial information should be derived from the entity's interim comparative financial statements. Annual summary financial information should be derived from the entity's audited annual comparative financial statements.

(c) The summary financial information of subsidiary entities should be derived from the subsidiary's comparative financial statements that are audited for the same periods that the parent entity's financial statements are required to be audited.

(d) The parent entity column should account for investments in all subsidiaries under the equity method.

(e) All subsidiary entity columns should account for investments in non-credit supporter subsidiaries under the equity method.

(2) For the purposes of Item 13, an entity is considered to be a wholly owned subsidiary if the parent entity owns voting securities representing 100 per cent of the votes attached to the outstanding voting securities of the subsidiary.

(3) For the purposes of Item 13, the impact of subsidiaries, on a combined basis, on the financial results of the parent is minor if each item of the summary financial information of the subsidiaries, on a combined basis, represents less than 3% of the total consolidated amounts.

Item 14 Relationship between Issuer or Selling Securityholder and Underwriter

14.1 Relationship between Issuer or Selling Securityholder and Underwriter - If the issuer or selling security holder is a connected issuer or related issuer of an underwriter of the distribution, or if the issuer or selling security holder is also an underwriter, comply with the requirements of National Instrument 33-105 *Underwriting Conflicts* and, in Québec, the applicable securities legislation.

Item 15 Interest of Experts

15.1 Names of Experts - To the extent not disclosed in the issuer's current AIF, name each person or company

(a) who is named as having prepared or certified a statement, report or valuation in the short form prospectus or an amendment to the short form prospectus, either directly or in a document incorporated by reference; and

(b) whose profession or business gives authority to the statement, report or valuation made by the person or company.

15.2 Interest of Experts

(1) This section does not apply to

(a) auditors of a business acquired or to be acquired by the issuer, provided that they have not been, and it is not proposed that they will be, appointed as the auditors of the issuer either before or after the acquisition;

(b) the predecessor auditors of the issuer, if any, for periods in respect of which they were not the issuer's auditors; or

(c) registered or beneficial interests, direct or indirect, held through mutual funds.

(2) To the extent not disclosed in the issuer's current AIF, disclose all registered or beneficial interests, direct or indirect, in any securities or other property of the issuer or of associated parties or affiliates of the issuer

(a) held by the expert named in section 15.1 and, if the expert is not an individual, by the designated professionals of that expert, when that expert prepared the statement, report or valuation referred to in paragraph 15.1(a);

(b) received by an expert named in section 15.1 and, if the expert is not an individual, by the designated professionals of that expert, after the time specified in paragraph 15.2(2)(a); or

(c) to be received by an expert named in section 15.1 and, if the expert is not an individual, by the designated professionals of that expert.

(3) For the purposes of subsection (2), a "designated professional" means, in relation to an expert named in section 15.1,

(a) each partner, employee or consultant of the expert who participated in and who was in a position to directly influence the preparation of the statement, report or valuation referred to in paragraph 15.1(a); and

(b) each partner, employee or consultant of the expert who was, at any time during the preparation of the statement, report or valuation referred to in paragraph 15.1(a), in a position to directly influence the outcome of the preparation of the statement, report or valuation, including without limitation:

(i) any person who recommends the compensation of, or who provides direct supervisory, management or other oversight of, the partner, employee or consultant in the performance of the preparation of the statement, report or valuation referred to in paragraph 15.1(a), including those at all successively senior levels through to the expert's chief executive officer;

(ii) any person who provides consultation regarding technical or industry-specific issues, transactions or events for the preparation of the statement, report or valuation referred to in paragraph 15.1(a); and

(iii) any person who provides quality control for the preparation of the statement, report or valuation referred to in paragraph 15.1(a).

(4) For the purposes of paragraph (2), if the person's or company's interest in the securities represents less than one per cent of the issuer's outstanding securities of the same class, a general statement to that effect shall be sufficient.

(5) Despite paragraph (2), an auditor who is independent in accordance with the auditor's rules of professional conduct in the jurisdiction or who has performed an audit in accordance with US GAAS is not required to provide the disclosure in paragraph (2) if there is disclosure that the auditor is independent in accordance with the auditor's rules of professional conduct in [jurisdiction] or that the auditor has complied with the SEC's rules on auditor independence.

(6) If a person, or a director, officer or employee of a person or company, referred to in subsection (2) is or is expected to be elected, appointed or employed as a director, officer or employee of the issuer or of any associated party or affiliate of the issuer, disclose the fact or expectation.

Item 16 Promoters

16.1 Promoters

(1) For a person or company that is, or has been within the three years immediately preceding the date of the preliminary short form prospectus, a promoter of the issuer or of a subsidiary of the issuer state, to the extent not disclosed elsewhere in a document incorporated by reference in the short form prospectus,

(a) the person or company's name;

(b) the number and percentage of each class of voting securities and equity securities of the issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised by the person or company;

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter, directly or indirectly, from the issuer or from a subsidiary of the issuer, and the nature and amount of any assets, services or other consideration received or to be received by the issuer or a subsidiary of the issuer in return; and

(d) for an asset acquired within the three years before the date of the preliminary short form prospectus, or to be acquired, by the issuer or by a subsidiary of the issuer from a promoter

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the issuer, the promoter, or an affiliate of the issuer or of the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) If a promoter of the issuer has been a director, executive officer or promoter of any person or company during the 10 years ending on the date of the preliminary short form prospectus, that while that person was acting in that capacity,

(a) was the subject of a cease trade or similar order, or an order that denied the person or company access to any exemptions under provincial or territorial securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(b) was subject to an event that resulted, after the director, executive officer or promoter ceased to be a director, executive officer or promoter, in the company or person being subject to a cease trade or similar order or an order that denied the relevant company or person access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or

(c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

(3) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter has been subject to

(a) any penalties or sanctions imposed by a court relating to provincial or territorial securities legislation or by a provincial or territorial securities regulatory authority or has entered into a settlement agreement with a provincial or territorial securities regulatory authority; or

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

(4) Despite paragraph (3), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

(5) If a promoter of the issuer has, within the 10 years before the date of the preliminary short form prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

Item 17 Risk Factors

17.1 Risk Factors - Describe the factors material to the issuer that a reasonable investor would consider relevant to an investment in the securities being distributed.

INSTRUCTION

Issuers may cross-reference to specific risk factors relevant to the securities being distributed that are discussed in their current AIF.

Item 18 Other Material Facts

18.1 Other Material Facts - Give particulars of any material facts about the securities being distributed that are not disclosed under any other items or in the documents incorporated by reference into the short form prospectus and are necessary in order for the short form prospectus to contain full, true and plain disclosure of all material facts relating to, and in Québec not to make any misrepresentation likely to affect the value or market price of, the securities to be distributed.

Item 19 Statutory Rights of Withdrawal and Rescission

19.1 General - Include a statement in substantially the following form, with the bracketed information completed:

> "Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories,] [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [, in some jurisdictions,] damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province [or territory] for the particulars of these rights or consult with a legal adviser."

19.2 Non-fixed Price Offerings - In the case of a non-fixed price offering, replace, if applicable in the jurisdiction in which the short form prospectus is filed, the second sentence in the legend in section 19.1 with a statement in substantially the following form:

> "This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed."

Item 20 Certificates

20.1 Officers, Directors and Promoters - Include a certificate in the following form signed by

(a) the chief executive officer and the chief financial officer or, if no such officers have been appointed, a person acting on behalf of the issuer in a capacity similar to a chief executive officer and a person acting on behalf of the issuer in a capacity similar to that of a chief financial officer;

(b) on behalf of the board of directors of the issuer, any two directors of the issuer duly authorized to sign, other than the persons referred to in paragraph (a), and

(c) any person or company who is a promoter of the issuer:

> "This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if offering made in Quebec - "For the purpose of the Province of Quebec, this short form prospectus, together with documents incorporated herein by reference, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed."]"

20.2 Underwriters - If there is an underwriter, include a certificate in the following form signed by the underwriter or underwriters who, with respect to the securities being distributed, are in a contractual relationship with the issuer or selling security holders:

> "To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if offering made in Quebec - "For the purpose of the Province of Québec, to our knowledge, this short form prospectus, together with documents incorporated herein by reference contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed."]"

20.3 Related Credit Supporters - If disclosure concerning a credit supporter is prescribed by section 12.1 or a credit supporter is exempt from the requirements of section 12.1 under sections 13.2 or 13.3, and the credit supporter is a related credit supporter, an issuer shall include a certificate of the related credit supporter in the form required in section 20.1 signed by

(a) the chief executive officer and the chief financial officer or, if no such officers have been appointed, a person acting on behalf of the related credit supporter in a capacity similar to a chief executive officer

and a person acting on behalf of the related credit supporter in a capacity similar to that of a chief financial officer; and

(b) on behalf of the board of directors of the related credit supporter, any two directors of the related credit supporter duly authorized to sign, other than the persons referred to in paragraph (a).

20.4 Amendments

(1) Include in an amendment to a short form prospectus that does not restate the short form prospectus the certificates required under sections 20.1, 20.2 and, if applicable, section 20.3 with the reference in each certificate to "this short form prospectus" omitted and replaced by "the short form prospectus dated [insert date] as amended by this amendment".

(2) Include in an amended and restated short form prospectus the certificates required under sections 20.1, 20.2 and, if applicable, section 20.3 with the reference in each certificate to "this short form prospectus" omitted and replaced by "this amended and restated short form prospectus".

20.5 Date of Certificates – The date of certificates in a preliminary short form prospectus, a short form prospectus or an amendment to a preliminary short form prospectus or short form prospectus shall be within three business days before the date of filing the preliminary short form prospectus, short form prospectus or amendment, as applicable.

COMPANION POLICY
TO NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

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TO NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

PART 1 INTRODUCTION AND DEFINITIONS

1.1 **Introduction and Purpose** - National Instrument 44-101 *Short Form Prospectus Distributions* ("NI 44-101") sets out the substantive tests for an issuer to qualify to file a prospectus in the form of a short form prospectus. The purpose of NI 44-101 is to shorten the time period in which, and streamline the procedures by which, qualified issuers and their selling security holders can obtain access to the Canadian capital markets through a prospectus offering.

NI 44-101 is amended and restated to reflect the implementation in 2004 of NI 51-102 *Continuous Disclosure Obligations* ("NI 51-102") and NI 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* ("NI 52-107"), the implementation of National Instrument 81-106 *Investment Fund Continuous Disclosure* ("NI 81-106") in 2004 and various other developments in provincial and territorial securities legislation since the adoption of NI 44-101 in 2000.

British Columbia, Alberta, Ontario, Manitoba and Nova Scotia have adopted NI 44-101 by way of rule. Saskatchewan and Quebec have adopted it by way of regulation. All other jurisdictions have adopted NI 44-101 by way of related blanket ruling or order. Each jurisdiction implements NI 44-101 by one or more instruments forming part of the law of that jurisdiction (referred to as the "implementing law of the jurisdiction"). Depending on the jurisdiction, the implementing law of the jurisdiction can take the form of regulation, rule, ruling or order.

This Companion Policy to NI 44-101 (also referred to as "this Companion Policy" or this "Policy") provides information relating to the manner in which the provisions of NI 44-101 are intended to be interpreted or applied by the provincial and territorial securities regulatory authorities, as well as the exercise of discretion under NI 44-101. Terms used and not defined in this Companion Policy that are defined or interpreted in NI 44-101 or a definition instrument in force in the jurisdiction should be read in accordance with NI 44-101 or the definition instrument, unless the context otherwise requires.

To the extent that any provision of this Policy is inconsistent or conflicts with the applicable provisions of NI 44-101 in those jurisdictions that have adopted NI 44-101 by way of related blanket ruling or order, the provisions of NI 44-101 prevail over the provisions of this Policy.

1.2 **Interrelationship With Local Securities Legislation** - NI 44-101, while being the primary instrument regulating short form prospectus distributions, is not exhaustive. Issuers are reminded to refer to the implementing law of the jurisdiction and other securities legislation of the local jurisdiction for additional requirements that may be applicable to the issuer's short form prospectus distribution.

1.3 **Interrelationship with Continuous Disclosure (NI 51-102 and NI 81-106)** - The short form prospectus distribution system established under NI 44-101 is based on the continuous disclosure filings of reporting issuers pursuant to NI 51-102 or, in the case of an investment fund, NI 81-106. Issuers who wish to use the system should be mindful of their ongoing disclosure and filing obligations under the applicable CD rule. Issues raised in the context of a continuous disclosure review may be taken into consideration by the regulator when determining whether it is in the public interest to refuse to issue a receipt for a short form prospectus. Consequently, unresolved issues may delay or prevent the issuance of a receipt.

1.4 **Interrelationship with MRRS** - National Policy 43-201 *Mutual Reliance Review System for Prospectuses [and AIFs]* ("NP 43-201") describes the practical application of the mutual reliance review system relating to the filing and review of prospectuses, including investment fund and shelf prospectuses, amendments to prospectuses and related materials. While use of NP 43-201 is optional, NP 43-201 represents the only means by which an issuer can enjoy the benefits of co-ordinated review by the securities regulatory authorities in the various jurisdictions in which the issuer has filed a short form prospectus. Under NP 43-201, one securities regulatory authority or regulator as defined in *NI 14-101 Definitions* ("NI 14-101"), as applicable, acts as the principal regulator for all materials relating to a filer.

1.5 **Interrelationship with Selective Review** - The securities regulatory authorities in many jurisdictions have, formally or informally, adopted a system of selective review of certain documents, including short form prospectuses and amendments to short form prospectuses. Under the selective review system, these documents may be subject to an initial screening to determine whether they will be reviewed and, if reviewed, whether they will be subject to a full review, an issue-oriented review or an issuer review. Application of the selective review system, taken together with MRRS, may result in certain short form prospectuses and amendments to short form prospectuses not being reviewed beyond the initial screening.

1.6 Interrelationship with Shelf Distributions (NI 44-102) - Issuers qualified under NI 44-101 to file a prospectus in the form of a short form prospectus and their security holders can distribute securities under a short form prospectus using the shelf distribution procedures under National Instrument 44-102 *Shelf Distributions* ("NI 44-102"). The Companion Policy to NI 44-102 explains that the distribution of securities under the shelf system is governed by the requirements and procedures of NI 44-101 and securities legislation, except as supplemented or varied by NI 44-102. Therefore, issuers qualified to file a prospectus in the form of a short form prospectus and selling security holders of those issuers that wish to distribute securities under the shelf system should have regard to NI 44-101 and this Policy first, and then refer to NI 44-102 and the accompanying policy for any additional requirements.

1.7 Interrelationship with PREP Procedures (NI 44-103) - NI 44-103 *Post-Receipt Pricing* ("NI 44-103") contains the post receipt pricing procedures (the "PREP procedures"). All issuers and selling security holders can use the PREP procedures of NI 44-103 to distribute securities. Issuers and selling security holders that wish to distribute securities under a prospectus in the form of a short form prospectus using the PREP procedures should have regard to NI 44-101 and this Policy first, and then refer to NI 44-103 and the accompanying policy for any additional requirements.

1.8 Definitions

(1) **Approved rating** - Cash settled derivatives are covenant-based instruments that may be rated on a similar basis to debt securities. In addition to the creditworthiness of the issuer, other factors such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis for cash settled derivatives. These additional factors may be described by a rating agency by way of a superscript or other notation to a rating. The inclusion of such notations for covenant-based instruments that otherwise fall within one of the categories of an approved rating does not detract from the rating being considered to be an approved rating for the purposes of NI 44-101.

A rating agency may also restrict its rating to securities of an issuer that are denominated in local currency. This restriction may be denoted, for example, by the designation "LC". The inclusion of such a designation in a rating that would otherwise fall within one of the categories of an approved rating does not detract from the rating being considered to be an approved rating for the purposes of NI 44-101.

(2) **Asset-backed security** - The definition of "asset-backed security" is the same definition used in NI 51-102.

The definition is designed to be flexible to accommodate future developments in asset-backed securities. For example, it does not include a list of "eligible" assets that can be securitized. Instead, the definition is broad, referring to "receivables or other financial assets" that by their terms convert into cash within a finite time period. These would include, among other things, notes, leases, instalment contracts and interest rate swaps, as well as other financial assets, such as loans, credit card receivables, accounts receivable and franchise or servicing arrangements. The reference to "and any rights or other assets..." in the definition is sufficiently broad to include "ancillary" or "incidental" assets, such as guarantees, letters of credit, financial insurance or other instruments provided as a credit enhancement for the securities of the issuer or which support the underlying assets in the pool, as well as cash arising upon collection of the underlying assets that may be reinvested in short-term debt obligations.

The term, a "discrete pool" of assets, can refer to a single group of assets as a "pool" or to multiple groups of assets as a "pool". For example, a group or pool of credit card receivables and a pool of mortgage receivables can, together, constitute a "discrete pool" of assets. The reference to a "discrete pool" of assets is qualified by the phrase "fixed or revolving" to clarify that the definition covers "revolving" credit arrangements, such as credit card and short-term trade receivables, where balances owing revolve due to periodic payments and write-offs.

While typically a pool of securitized assets will consist of financial assets owed by more than one obligor, the definition does not currently include a limit on the percentage of the pool of securitized assets that can be represented by one or more financial assets owing by the same or related obligors (sometimes referred to as an "asset concentration test").

(3) **Current AIF** – An issuer's AIF filed under the applicable CD rule is a "current AIF" until the issuer files an AIF for the next financial year, or is required by the applicable CD rule to have filed its annual financial statements for the next financial year. If an issuer fails to file a new AIF by the filing deadline under the applicable CD rule for its annual financial statements, it will not have a current AIF and will not qualify under NI 44-101 to file a prospectus in the form of a short form prospectus. If an issuer files a revised or amended AIF for the same financial year as an AIF that has previously been filed, the most recently filed AIF will be the issuer's current AIF.

An issuer that is a *venture issuer* for the purpose of NI 51-102, and certain investment funds, may have no obligation under the applicable CD rule to file an AIF. However, to qualify under NI 44-101 to file a prospectus in the form of a short form prospectus, that issuer will be required to file an AIF in accordance with the applicable CD rule so as to have a "current AIF". A current AIF filed by an issuer that is a venture issuer for the purposes of NI 51-102 can be expected to expire later than a non-venture issuer's AIF, due to the fact that the deadlines for filing annual financial statements under NI 51-102 are later for venture issuers than for other issuers.

(4) **Current annual financial statements** - An issuer's comparative annual financial statements filed under the applicable CD rule, together with the accompanying auditor's report, are "current annual financial statements" until the issuer files, or is required under the applicable CD rule to have filed, its comparative annual financial statements for the next financial year. If an issuer fails to file its comparative annual financial statements by the filing deadline under the applicable CD rule, it will not have current annual financial statements and will not be qualified under NI 44-101 to file a prospectus in the form of a short form prospectus.

Where there has been a change of auditor and the new auditor has not audited the comparative period, the report of the former auditor on the comparative period must be included in the prospectus. The issuer may file the report of the former auditor on the comparative period with the annual financial statements that are being incorporated by reference into the short form prospectus, and clearly incorporate by reference the former auditor's report in addition to the new auditor's report. Alternatively, the issuer can incorporate by reference into the short form prospectus its comparative financial statements filed for the previous year, including the audit reports thereon.

(5) **Principal obligor** - The term "principal obligor" is defined to mean, for an asset-backed security, a person or company that is obligated to make payments, has guaranteed payments, or has provided alternative credit support for payments, on financial assets that represent a third or more of the aggregate amount owing on all of the financial assets underlying the asset-backed security. This term applies to a person or company that is obligated by the terms of the asset, eg. a receivable, to make payments. It does not include a person or company acting as "servicer" that collects payments from an obligor and remits payments to the issuer. Nor does the term include a seller, i.e. a person or company that has sold the financial assets comprising the pool to the issuer. Sellers of financial assets have assigned to the issuer the right to receive payments on the financial assets; they are not the ones contractually obligated to make payments on the financial assets.

(6) **Regulator** - The regulator for each jurisdiction is listed in Appendix D to NI 14-101. In practice, that person has often delegated his or her powers to act under NI 44-101 to another staff member of the same securities regulatory authority or, under the relevant statutory framework, another person is permitted to exercise those powers. Generally, the person exercising the powers of the regulator for the purposes of NI 44-101 holds, as of the date of this Policy, the following position in each jurisdiction:

Jurisdiction	**Position**
Alberta	Director, Capital Markets
British Columbia	Director, Corporate Finance
Manitoba	Director, Corporate Finance
New Brunswick	Administrator of Securities
Newfoundland and Labrador	Director of Securities
Northwest Territories	Deputy Registrar of Securities
Nova Scotia	Director of Securities
Nunavut	Registrar of Securities
Ontario	Manager, Corporate Finance or, in the case of an investment fund, Manager, Investment Funds
Prince Edward Island	Registrar of Securities
Quebec	Director, Marché des capitaux

Saskatchewan	Deputy Director, Corporate Finance (except for applications for exemptions from Part 2 of NI 44-101, for which the regulator is the Saskatchewan Financial Services Commission)
Yukon Territory	Registrar of Securities

Further delegation may take place among staff or under securities legislation.

(7) **Successor Issuer** - The definition of "successor issuer" requires that the issuer exist "as a result of a reorganization". In the case of an amalgamation, the amalgamated corporation is regarded by the securities regulatory authorities as existing "as a result of a reorganization". Also, if a corporation is incorporated for the sole purpose of facilitating a reorganization, the securities regulatory authorities regard the new corporation as "existing as a result of a reorganization" despite the fact that the corporation may have been incorporated before the reorganization. The definition of "successor issuer" also contains an exclusion applicable to divestitures. For example, an issuer may carry out a reorganization that results in the distribution to security holders of a portion of its business or the transfer of a portion of its business to another issuer. In that case, the entity that carries on the portion of the business that was "spun-off" is not a successor issuer within the meaning of the definition.

ALTERNATIVE A.

QUALIFICATION TO FILE A PROSPECTUS IN THE FORM OF A SHORT FORM PROSPECTUS

2.1 Basic Qualification Criteria - Issuers that have been Reporting Issuers for 12 Months (Section 2.2 of NI 44-101)

(1) A new reporting issuer or a successor issuer may satisfy the criteria to have current annual financial statements or a current AIF by filing its comparative annual financial statements or an AIF in accordance with NI 51-102 or NI 81-106, as applicable, for its most recently completed financial year. It is not necessary that the issuer be required by the applicable CD rule to have filed such documents. An issuer may voluntarily choose to file either of these documents in accordance with the applicable CD rule for the purposes of satisfying the eligibility criteria under NI 44-101.

Alternatively, an issuer may rely on the exemption from the requirement to file such documents in section 2.9. Section 2.9 provides an exemption from the current AIF and current annual financial statement requirements for new reporting issuers and successor issuers who have not yet been required to file such documents under the applicable CD Rule and who have filed a prospectus or information circular containing disclosure which would have been included in such documents.

(2) An issuer need not have filed all of its continuous disclosure filings in the local jurisdiction in order to be qualified to file a short form prospectus, but under sections 4.2 and 4.3 of NI 44-101 it will be required to file in the local jurisdiction all documents incorporated by reference into the short form prospectus no later than the date of filing the preliminary short form prospectus.

2.2 Alternative Eligibility Criteria - Issuers that have not been Reporting Issuers for 12 Months (Sections 2.3, 2.5, 2.6 and 2.7 of NI 44-101) - Issuers that have not been reporting issuers for 12 months in at least one jurisdiction in Canada may nonetheless be qualified to file a prospectus in the form of a short form prospectus under the following alternative qualification criteria of NI 44-101:

1. Section 2.3, which applies to issuers with a market value of $300,000,000 or more.

2. Section 2.5, which applies to issuers of non-convertible debt securities, non-convertible preferred shares or non-convertible cash settled derivatives, if another person or company that satisfies prescribed criteria provides full and unconditional credit support for the payments to be made by the issuer of the securities.

3. Section 2.6, which applies to issuers of convertible debt securities or convertible preferred shares, if the securities are convertible into securities of a credit supporter that satisfies prescribed criteria provides and full and unconditional credit support for the payments to be made by the issuer of the securities.

4. Section 2.7, which applies to issuers of asset-backed securities.

Under sections 2.5, 2.6 and 2.7 of NI 44-101, an issuer is not required to be a reporting issuer in any jurisdiction in order to qualify to file a prospectus in the form of a short form prospectus. Section 2.3 requires the issuer to be a reporting issuer in at least one jurisdiction in Canada.

Section 2.9 provides an exemption for a successor issuer from the requirement to have been a reporting issuer for 12 months. The successor issuer may rely on the reporting history of one of the participants in the reorganization for the purposes of meeting the seasoning requirement.

2.3 Calculation of the Aggregate Market Value of an Issuer's Equity Securities (Section 2.8 of NI 44-101)

(1) Section 2.8 of NI 44-101 sets out how to determine whether an issuer satisfies the market value criteria contained in Part 2 of NI 44-101. Subsection 2.8(2) requires certain securities to be excluded when calculating the total number of equity securities outstanding, and subsection 2.8(3) requires a subset of those excluded securities to be included nonetheless, despite subsection 2.8(2). The following examples are provided to assist issuers and their advisers in determining which securities are to be excluded in accordance with subsections 2.8(2) and 2.8(3):

Example (1):

A portfolio manager manages a pension fund. The pension fund holds 11% of the equity securities of the issuer.

Result: These equity securities must be excluded in calculating the market value of the issuer's equity securities.

Example (2):

A portfolio manager (not an affiliate of the issuer) manages three mutual funds each of which holds 3% of the equity securities of the issuer. An affiliate of the portfolio manager (not an affiliate of the issuer) manages two mutual funds each of which holds 3% of the equity securities of the issuer.

Result: The aggregated equity securities (15%) do not have to be excluded in calculating the market value of the issuer's equity securities.

Example (3):

The facts are the same as in Example (2) above, except that the portfolio manager is an affiliate of the issuer.

Result: The aggregated equity securities must be excluded in calculating the market value of the issuer's equity securities.

Example (4):

A portfolio manager (not an affiliate of the issuer) manages three non-redeemable investment funds (A, B and C). A holds 12% of the equity securities of the issuer. B and C each hold 6% of the equity securities of the issuer.

Result: The equity securities of the issuer held by A must be excluded in calculating the market value of the issuer's equity securities but the equity securities held by B and C (12% in the aggregate) need not be excluded in calculating the market value of the issuer's equity securities.

(2) Instalment receipts that evidence the beneficial ownership of outstanding equity securities (subject to an encumbrance to secure the obligation of the instalment receipt holder to pay future instalments) and other similar receipts that evidence beneficial ownership of outstanding equity securities are not, themselves, equity securities. Consequently, the market value of such a receipt may not be included in the market value calculation of an issuer's outstanding equity securities (subject to the exception in paragraph 2.8(1)(b) of NI 44-101). The market value of the equity securities evidenced by the receipt, may however, be included, subject to subsections 2.8(2) and 2.8(3) of NI 44-101.

The exclusions set out in subsection 2.8(2) of NI 44-101 refer to equity securities of an issuer that are beneficially owned, or over which control or direction is exercised by persons or companies that, alone or together with their respective affiliates and associated parties, beneficially own or exercise control or direction over more than 10 per cent of the outstanding equity securities of the issuer. Instalment receipt transactions typically involve a custodian holding a security interest in the securities the beneficial ownership of which is evidenced by instalment receipts. The securities regulatory authorities do not regard the custodian, by virtue of holding a security interest, as exercising “control or direction” over the securities for the purposes of

subsection 2.8(2) of NI 44-101 if the custodian is not entitled to exercise any voting rights attached to the securities or dispose of the securities without the beneficial owner's consent.

2.4 Alternative Qualification Criteria - Issuers of Guaranteed Debt Securities, Preferred Shares and Cash Settled Derivatives (Sections 2.5 and 2.6 of NI 44-101) - Sections 2.5 and 2.6 of NI 44-101 allow an issuer to qualify to file a prospectus in the form of a short form prospectus based on full and unconditional credit support, which may take the form of a guarantee or alterative credit support. The securities regulatory authorities are of the view that a person or company that provides the full and unconditional guarantee or alternative credit support is not, simply by providing that guarantee or alternative credit support, issuing a security.

2.5 Alternative Qualification Criteria for Issuers of Asset-Backed Securities (Section 2.7 of NI 44-101)

(1) In order to be qualified to file a prospectus in the form of a short form prospectus under section 2.7 of NI 44-101, an issuer must have been established in connection with a distribution of asset-backed securities. Ordinarily, asset-backed securities are issued by special purpose issuers established for the sole purpose of purchasing financial assets with the proceeds of one or more distributions of these securities. This ensures that the credit and performance attributes of the asset-backed securities are dependent on the underlying financial assets, rather than upon concerns relating to ancillary business activities and their attendant risks. Qualification to file a prospectus in the form of a short form prospectus under this section has been limited to special purpose issuers to avoid the possibility that an otherwise ineligible issuer would structure securities falling within the definition of “asset-backed security”.

(2) The qualification criteria for a distribution of asset-backed securities under a prospectus in the form of a short form prospectus are intended to provide sufficient flexibility to accommodate future developments. To qualify under section 2.7 of NI 44-101, the securities to be distributed must satisfy the following two criteria:

1. First, the securities must be “asset-backed securities” as the payment obligations on the securities must be serviced primarily by the cash flows of a pool of discrete liquid assets such as accounts receivable, instalment sales contracts, leases or other assets that by their terms convert into cash within a specified or determinable period of time.

2. Second, the securities must (i) receive an approved rating on a provisional basis, (ii) not have been the subject of an announcement regarding a downgrade to a rating that is not an approved rating, and (iii) not have received a provisional or final rating lower than an approved rating from any approved rating organization.

The qualification criteria do not distinguish between pass-through (i.e., equity) and pay-through (i.e., debt) asset-backed securities. Consequently, both pay-through and pass-through securities, as well as residual or subordinate interests, may be distributed under a prospectus in the form of a short form prospectus if all other applicable requirements are met.

2.6 Reorganizations

(1) A successor issuer may satisfy the criteria to have current annual financial statements or a current AIF by filing its comparative annual financial statements or AIF in accordance with NI 51-102 for its most recently completed financial year. It is not necessary that the issuer be required by the applicable CD rule to have filed such documents. An issuer may voluntarily choose to file either of these documents in accordance with the applicable CD rule for the purposes of satisfying the eligibility criterion under item 4 of section 2.2 of NI 44-101.

(2) A successor issuer who chooses not to file its own current annual financial statements or a current AIF may nonetheless be exempt from the requirements to have such documents if it satisfies the requirements of section 2.9. In such circumstances, the successor issuer may rely on the information circular filed with respect to the reorganization until the successor issuer is required to file its updated annual financial statements and AIF.

(3) An issuer that was previously qualified to file a prospectus in the form of a short form prospectus under the basic qualification criteria set out in section 2.2 of NI 44-101, including the $75,000,000 market value requirement, and is the subject of a reorganization that results in that issuer becoming a wholly-owned subsidiary of another entity, will not be qualified to file a prospectus in the form of a short form prospectus under section 2.2. This is because it cannot satisfy the $75,000,000 market value requirement. It may continue to be qualified to file a prospectus in the form of a short form prospectus under section 2.4 or section

2.5 of NI 44-101 (approved rating or guaranteed securities) or section 2.7 of NI 44-101 (asset-backed securities).

(4) An entity that carries on the portion of the business that was "spun-off" is not a successor issuer within the meaning of the definition. The securities regulatory authorities have, from time to time, granted relief allowing the "spun-off" entity to file a prospectus in the form of a short form prospectus even though it may not otherwise satisfy certain of the qualification criteria. In those situations where the securities regulatory authorities have granted relief, there has been substantial audited segmented disclosure of the "spun-off" entity in the market place for at least one year before the reorganization. In addition, the securities regulatory authorities will generally look at whether the spun-off entity is described in the AIF and MD&A of the parent company. Applications for relief will be considered on a case-by-case basis.

(5) Market participants are reminded that if an issuer files a prospectus or other offering document following a material reorganization, take-over bid or acquisition of assets, the prospectus or offering document is required to contain, either directly or, if permitted, through incorporation by reference, appropriate disclosure concerning the reorganization, take-over bid or acquisition of assets and its effect on the issuer in order for the prospectus or other offering document to contain full, true and plain disclosure of all material facts and in Québec, disclosure of all material facts likely to affect the value or the market price of the securities to be distributed.

2.7 Notice Declaring Intention - Each of sections 2.2, 2.3, 2.4 and 2.7 of NI 44-101 includes as a qualification criterion the requirement that the issuer have filed in the local jurisdiction, at least 10 business days prior to filing the preliminary short form prospectus, a notice declaring the issuer's intention to be qualified to file a short form prospectus under NI 44-101, and that this notice has not been withdrawn. This is a new requirement that came into effect on [effective date of restatement]. The Canadian Securities Administrators expect that this notice will be a one-time filing for issuers who intend to be participants in the short form prospectus distribution system established under the Instrument. Once filed, the notice is operative until withdrawn. Section 2.10 of NI 44-101 is a transitional provision that has the effect of deeming issuers who are participants in the short form prospectus distribution system as of [effective date of restatement] to have filed this notice and no additional filing is required to satisfy the notice requirements set out in each of these sections.

ALTERNATIVE B.

PART 2 QUALIFICATION TO FILE A PROSPECTUS IN THE FORM OF A SHORT FORM PROSPECTUS

2.1 Basic Qualification Criteria - Reporting Issuers with Equity Securities Listed on a Short Form Eligible Exchange (Section 2.2 of NI 44-101)

(1) Section 2.2 of NI 44-101 provides that an issuer with equity securities listed and posted for trading on a short form eligible exchange and that is up-to-date in its periodic and timely disclosure filings in all jurisdictions in which it is a reporting issuer satisfies the criteria for being qualified to file a prospectus in the form of a short form prospectus if it meets the other general qualification criteria. In addition to the listing requirement, the issuer may not be an issuer whose operations have ceased or whose principal asset is its exchange listing. The purpose of this requirement is to ensure that eligible issuers have an operating business in respect of which the issuer must provide current disclosure through application of the applicable CD rule.

The basic qualification criteria is structured to allow most Canadian listed issuers to participate in the expedited offering system created by this Instrument, provided their public disclosure record provides investors with satisfactory and sufficient information about the issuer and its business, operations or capital. The securities regulatory authorities believe that it is in the public interest to allow an issuer's public disclosure to be incorporated into a short form prospectus, provided that the resulting prospectus provides prospective investors with full, true and plain disclosure about the issuer and the securities being distributed. The securities regulatory authority may not be prepared to issue a receipt for a short form prospectus if the prospectus, together with the documents incorporated by reference, fails to provide such full, true and plain disclosure and, in Québec disclosure of material facts likely to affect the value or the market price of the securities to be distributed. In such circumstances, the securities regulatory authority may require, in the public interest, that the issuer utilize the long form prospectus regime. In addition, the securities regulatory authorities may also require that the issuer utilize the long form prospectus regime if the offering is, in essence, an initial public offering by a business or if:

(i) the offering is for the purpose of financing a dormant or inactive issuer whether or not the issuer intends to use the proceeds to reactivate the issuer or to acquire an active business; or

(ii) the offering is for the purpose of financing a material undertaking that would constitute a material departure from the business or operations of the issuer as at the date of its current annual financial statements and current AIF.

(2) A new reporting issuer or a successor issuer may satisfy the criteria to have current annual financial statements or a current AIF by filing its comparative annual financial statements or an AIF in accordance with NI 51-102 or NI 81-106, as applicable, for its most recently completed financial year. It is not necessary that the issuer be required by the applicable CD rule to have filed such documents. An issuer may voluntarily choose to file either of these documents in accordance with the applicable CD rule for the purposes of satisfying the eligibility criteria under NI 44-101.

Alternatively, an issuer may rely on the exemption from the requirement to file such documents in section 2.7. Section 2.7 provides an exemption from the current AIF and current annual financial statement requires for new reporting issuers and successor issuers who have not yet been required to file such documents and who have filed a prospectus or information circular containing disclosure which would have been included in such documents had they been filed under the applicable CD rule.

(3) An issuer need not have filed all of its continuous disclosure filings in the local jurisdiction in order to be qualified to file a short form prospectus, but under sections 4.2 and 4.3 of NI 44-101 it will be required to file in the local jurisdiction all documents incorporated by reference into the short form prospectus no later than the date of filing the short preliminary form prospectus.

2.2 Alternative Eligibility Criteria - Issuers that are Not Listed (Sections 2.3, 2.4, 2.5 and 2.6 of NI 44-101) - Issuers that do not have equity securities listed and posted for trading on a short form eligible exchange in Canada may nonetheless be qualified to file a prospectus in the form of a short form prospectus under the following alternative qualification criteria of NI 44-101:

1. Section 2.3, which applies to issuers which are reporting issuers in at least one jurisdiction, and who are intending to issue non-convertible securities with a provisional approved rating.

2. Section 2.4, which applies to issuers of non-convertible debt securities, non-convertible preferred shares or non-convertible cash settled derivatives, if another person or company that satisfies prescribed criteria provides full and unconditional credit support for the payments to be made by the issuer of the securities.

3. Section 2.5, which applies to issuers of convertible debt securities or convertible preferred shares, if the securities are convertible into securities of a credit supporter that satisfies prescribed criteria and provides full and unconditional credit support for the payments to be made by the issuer of the securities.

4. Section 2.6, which applies to issuers of asset-backed securities.

Under sections 2.4, 2.5 and 2.6 of NI 44-101, an issuer is not required to be a reporting issuer in any jurisdiction in order to qualify to file a prospectus in the form of a short form prospectus. Section 2.3 requires the issuer to be a reporting issuer in at least one jurisdiction in Canada.

2.3 Alternative Qualification Criteria - Issuers of Guaranteed Debt Securities, Preferred Shares and Cash Settled Derivatives (Sections 2.4 and 2.5 of NI 44-101) - Sections 2.4 and 2.5 of NI 44-101 allow an issuer to qualify to file a prospectus in the form of a short form prospectus based on full and unconditional credit support, which may take the form of a guarantee or alternative credit support. The securities regulatory authorities are of the view that a person or company that provides the full and unconditional guarantee or alternative credit support is not, simply by providing that guarantee or alternative credit support, issuing a security.

2.4 Alternative Qualification Criteria for Issuers of Asset-Backed Securities (Section 2.6 of NI 44-101)

(1) In order to be qualified to file a prospectus in the form of a short form prospectus under section 2.6 of NI 44-101, an issuer must have been established in connection with a distribution of asset-backed securities. Ordinarily, asset-backed securities are issued by special purpose issuers established for the sole purpose of purchasing financial assets with the proceeds of one or more distributions of these securities. This ensures that the credit and performance attributes of the asset-backed securities are dependent on the underlying financial assets, rather than upon concerns relating to ancillary business activities and their attendant risks. Qualification to file a prospectus in the form of a short form prospectus under this section has been limited to special purpose issuers to avoid the possibility that an otherwise ineligible issuer would structure securities falling within the definition of “asset-backed security”.

(2) The qualification criteria for a distribution of asset-backed securities under a prospectus in the form of a short form prospectus are intended to provide sufficient flexibility to accommodate future developments. To qualify under section 2.6 of NI 44-101, the securities to be distributed must satisfy the following two criteria:

1. First, the payment obligations on the securities must be serviced primarily by the cash flows of a pool of discrete liquidating assets such as accounts receivable, instalment sales contracts, leases or other assets that by their terms convert into cash within a specified or determinable period of time.

2. Second, the securities must (i) receive an approved rating on a provisional basis, (ii) not have been the subject of an announcement regarding a downgrade to a rating that is not an approved rating, and (iii) not have received a provisional or final rating lower than an approved rating from any approved rating organization.

The qualification criteria do not distinguish between pass-through (i.e., equity) and pay-through (i.e., debt) asset-backed securities. Consequently, both pay-through and pass-through securities, as well as residual or subordinate interests, may be distributed under a prospectus in the form of a short form prospectus if all other applicable requirements are met.

2.5 Notice Declaring Intention - Each of sections 2.2 through 2.6 of NI 44-101 includes as a qualification criterion the requirement that the issuer have filed in the local jurisdiction, at least 10 business days prior to filing the preliminary short form prospectus, a notice declaring the issuer's intention to be qualified to file a short form prospectus under NI 44-101, and that this notice has not been withdrawn. This is a new requirement that came into effect on [effective date of restatement]. The Canadian Securities Administrators expect that this notice will be a one-time filing for issuers who intend to be participants in the short form prospectus distribution system established under the Instrument. Once filed, the notice is operative until withdrawn. Section 2.8 of NI 44-101 is a transitional provision that has the effect of deeming issuers who are participants in the short form prospectus distribution system as of [effective date of restatement] to have filed this notice and no additional filing is required to satisfy the notice requirements set out in each of sections 2.2 through 2.6.

PART 3 FILING AND RECEIPTING OF SHORT FORM PROSPECTUS

3.1 Confidential Material Change Reports - Confidential material change reports cannot be incorporated by reference into a short form prospectus. It is the view of the Canadian Securities Administrators that an issuer cannot meet the standard of "full, true and plain" disclosure and, in Québec, disclosure of all material facts likely to affect the value or the market price of the securities to be distributed, while a material change report has been filed but remains undisclosed publicly. Accordingly, an issuer who has filed a confidential material change report may not file a short form prospectus until the material change that is the subject of the report is generally disclosed, and an issuer may not file a confidential material change report during a distribution and continue with the distribution. If circumstances arise that cause an issuer to file a confidential material change report during the distribution period of securities under a short form prospectus, the issuer should cease all activities related to the distribution until

(a) the material change is generally disclosed and an amendment to the short form prospectus is filed, if required; or

(b) the decision to implement the material change has been rejected and the issuer has so notified the regulator of each jurisdiction where the confidential material change report was filed.

3.2 Supporting Documents

(1) Material that is filed in a jurisdiction will be made available for public inspection in that jurisdiction, subject to the provisions of securities legislation in the local jurisdiction regarding confidentiality of filed material. Material that is delivered to a regulator, but not filed, is not required under securities legislation to be made available for public inspection. However, the regulator may choose to make such material available for inspection by the public.

(2) Any material incorporated by reference in a preliminary short form prospectus or a short form prospectus is required under sections 4.2 and 4.3 of NI 44-101 to be filed with the preliminary short form prospectus or short form prospectus unless previously filed. When an issuer files a previously unfiled document with its short form prospectus, the issuer should ensure that the document is filed under the SEDAR category of filing and filing subtype specifically applicable to the document, rather than the generic type "Other". For example, an issuer that has incorporated by reference an interim financial statement in its short form prospectus and has not previously filed the statement should file that statement under the "Continuous Disclosure" category of filing, and the "Interim Financial Statements" filing subtype.

3.3 **Experts' Consent** - Issuers are reminded that an auditor's consent is required to be filed for audited financial statements that are included as part of other continuous disclosure filings that are incorporated by reference into a short form prospectus. For example, a separate auditor's consent is required for each set of audited financial statements that are included as part of a business acquisition report or an information circular incorporated by reference into a short form prospectus.

3.4 **Amendments and Incorporation by Reference of Subsequently Filed Material Change Reports** - The requirement in securities legislation for the filing of an amendment to a preliminary prospectus and prospectus is not satisfied by the incorporation by reference in a preliminary short form prospectus or a short form prospectus of a subsequently filed material change report.

3.5 **Short Form Prospectus Review** - No target time frame applies to the review of a short form prospectus of an issuer if the issuer has not elected to use MRRS.

3.6 **"Waiting Period**" - If the securities legislation of the local jurisdiction contains the concept of a "waiting period" such that the securities legislation requires that there be a specified period of time between the issuance of a receipt for a preliminary short form prospectus and the issuance of a receipt for a short form prospectus, the implementing law of the jurisdiction removes that requirement as it would otherwise apply to a distribution under NI 44-101.

3.7 **Registration Requirements** - Issuers filing a preliminary short form prospectus or short form prospectus and other market participants are reminded to ensure that members of underwriting syndicates are in compliance with registration requirements under Provincial and territorial securities legislation in each jurisdiction in which syndicate members are participating in the distribution of securities under the short form prospectus.

PART 4 CONTENT OF SHORT FORM PROSPECTUS

4.1 **Prospectus Liability** - Nothing in the short form prospectus regime established by NI 44-101 is intended to provide relief from liability arising under the provisions of securities legislation of any jurisdiction in which a short form prospectus is filed if the short form prospectus contains an untrue statement of a material fact or omits to state a material fact that is required to be stated therein or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

4.2 **Style of Prospectus** - Provincial and territorial securities legislation requires that a prospectus contain "full, true and plain" disclosure and, in Québec, disclosure of all material facts likely to affect the value or the market price of the securities to be distributed. To that end, issuers and their advisors are reminded that they should ensure that disclosure documents are easy to read, and encourage issuers to adopt the following plain language principles in preparing a prospectus in the form of a short form prospectus:

- use short sentences
- use definite, concrete, everyday language
- use the active voice
- avoid superfluous words
- organize the document into clear, concise sections, paragraphs and sentences
- avoid legal or business jargon
- use strong verbs
- use personal pronouns to speak directly to the reader
- avoid reliance on glossaries and defined terms unless it facilitates understanding of the disclosure
- avoid vague boilerplate wording
- avoid abstractions by using more concrete terms or examples
- avoid excessive detail
- avoid multiple negatives.

If technical or business terms are required, clear and concise explanations should be used. The securities regulatory authorities are of the view that question and answer and bullet point formats are consistent with the disclosure requirements of NI 44-101.

4.3 **Firm Commitment Underwritings** - If an underwriter has agreed to purchase a specified number or principal amount of the securities to be distributed at a specified price, Subsection 1.10(4) of Form 44-101F1 requires the short form prospectus to contain a statement that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the short form prospectus. If the provincial and territorial securities legislation of a jurisdiction requires that a prospectus indicate that the securities must be taken up by the

underwriter within a period that is different than the period provided under NI 44-101, the implementing law of a jurisdiction exempts issuers from that requirement if they comply with NI 44-101.

4.4 Minimum Distribution - If a minimum amount of funds is required by an issuer and the securities are proposed to be distributed on a best efforts basis, Item 5.5 of Form 44-101F1 requires that the short form prospectus state that the distribution will not continue for a period of more than 90 days after the date of receipt for the short form prospectus if subscriptions representing the minimum amount of funds are not obtained within that period unless each of the persons and companies who subscribed within that period has consented to the continuation. If the provincial and territorial securities legislation of a jurisdiction requires that a distribution may not continue for more than a specified period if subscriptions representing the minimum amount of funds are not obtained within that period and the specified period is different than the period provided under NI 44-101, the implementing law of a jurisdiction exempts issuers from that requirement if they comply with NI 44-101.

4.5 Distribution of Asset-backed Securities

(1) Section 7.3 of Form 44-101F1 specifies additional disclosure applicable for distributions of asset-backed securities. Applicable disclosure for a special purpose issuer of asset-backed securities generally pertains to the nature, performance and servicing of the underlying pool of financial assets, the structure of the securities and dedicated cash flows and any third party or internal support arrangements established to protect holders of the asset-backed securities from losses associated with non-performance of the financial assets or disruptions in payment. The nature and extent of required disclosure may vary depending on the type and attributes of the underlying pool and the contractual arrangements through which holders of the asset-backed securities take their interest in such assets.

(2) The following factors should be considered by an issuer of asset-backed securities in preparing its short form prospectus:

1. The extent of disclosure respecting an issuer will depend on the extent of the issuer's on-going involvement in the conversion of the assets comprising the pool to cash and the distribution of cash to security holders; this involvement may, in turn, vary dramatically depending on the type, quality and attributes of the assets comprising the pool and on the overall structure of the transaction.

2. Requested disclosure respecting the business and affairs of the issuer should be interpreted to apply to the financial assets underlying the asset-backed securities.

3. Disclosure respecting the originator or the seller of the underlying financial assets will be relevant to investors in the asset-backed securities particularly in circumstances where the originator or seller has an on-going relationship with the financial assets comprising the pool. For example, if asset-backed securities are serviced with the cash flows from a revolving pool of receivables, an evaluation of the nature and reliability of the future origination or the future sales of underlying assets by the seller to or through the issuer may be a critical aspect of an investor's investment decision. To address this, the focus of disclosure respecting an originator or seller of the underlying financial assets should deal with whether there are current circumstances that indicate that the originator or seller will not generate adequate assets in the future to avoid an early liquidation of the pool and, correspondingly, an early payment of the asset-backed securities. Summary historical financial information respecting the originator or seller will ordinarily be adequate to satisfy the disclosure requirements applicable to the originator or seller in circumstances where the originator or seller has an ongoing relationship with the assets comprising the pool.

(3) Paragraph 7.3(d)(i) of Form 44-101F1 requires issuers of asset-backed securities to describe any person or company who originated, sold or deposited a material portion of the financial assets comprising the pool, irrespective of whether the person or company has an on-going relationship with the assets comprising the pool. The securities regulatory authorities consider $33^{1}/_{3}$ % of the dollar value of the financial assets comprising the pool to be a material portion in this context.

4.6 Distribution of Derivatives - Section 7.4 of Form 44-101F1 specifies additional disclosure applicable to distributions of derivatives. This prescribed disclosure is formulated in general terms for issuers to customize appropriately in particular circumstances.

4.7 Underlying Securities - Issuers are reminded that if securities being distributed are convertible into or exchangeable for other securities, or are a derivative of, or otherwise linked to, other securities, a description of the material attributes of the underlying securities would generally be necessary to meet the requirement of securities legislation that a prospectus contain full, true and plain disclosure of all material facts relating to the securities.

4.8 Offerings of Convertible or Exchangeable Securities - Investor protection concerns may arise where the distribution of a convertible or exchangeable security is qualified under a prospectus and the subsequent exercise of the convertible or exchangeable security is made on a prospectus-exempt basis. Examples of such offerings include the issuance of instalment receipts, subscription receipts and stand-alone warrants or long-term warrants. Reference to stand-alone warrants or long-term warrants is intended to refer to warrants and other forms of exchangeable or convertible securities that are offered under a prospectus as a separate and independent form of investment. This would not apply to an offering of warrants where the warrants may reasonably be regarded as incidental to the offering as a whole.

The investor protection concern arises because the conversion or exchange feature of the security may operate to limit the remedies available to an investor for incomplete or inaccurate disclosure in a prospectus. For example, an investor may pay part of the purchase price at the time of the purchase of the convertible security and part of the purchase price at the time of the conversion. To the extent that an investor makes a further "investment decision" at the time of conversion, the investor should continue to enjoy the benefits of statutory rights or comparable contractual rights in relation to this further investment. In such circumstances, issuers should ensure that either:

(i) the distribution of both the convertible or exchangeable securities and the underlying securities will be qualified by the prospectus; or

(ii) the statutory rights that an investor would have if he or she purchased the underlying security offered under a prospectus are otherwise provided to the investor by way of a contractual right of action.

4.9 Restricted Securities - Section 7.7 of Form 44-101F1 specifies additional disclosure applicable to restricted securities, including a detailed description of any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities but do apply to the holders of another class of equity securities. An example of such provisions would be rights under takeover bids.

4.10 Recent and Proposed Acquisitions

(1) Item 10 of Form 44-101F1 requires a summary of certain acquisitions and proposed acquisitions. Paragraph 3 of that Item also requires inclusion of the financial statements that would be required by Part 8 of NI 51-102 to be included in a business acquisition report if the acquisition were completed as of the date of the preliminary short form prospectus if the acquisition or proposed acquisition is a reverse takeover or if the inclusion of the financial statements is necessary in order for the short form prospectus to contain full, true and plain disclosure of all material facts relating to, and in Québec, disclosure of all material facts likely to affect the value or the market price of, the securities being distributed. The securities regulatory authorities generally presume that such disclosure is required to satisfy those disclosure standards if any of the significance tests set out in subsections 8.3(2) and 8.3(4) is satisfied at the 40% level. Issuers can rebut this presumption if they can provide compelling evidence that the financial statements are not required for full, true and plain disclosure.

(2) Item 10 of Form 44-101F1 requires prescribed disclosure of a proposed acquisition that has progressed to a state "where a reasonable person would believe that the likelihood of the acquisition being completed is high" and that would, if completed on the date of the preliminary short form prospectus, be a significant acquisition for the purposes of NI 51-102. The securities regulatory authorities interpret the phrase "where a reasonable person would believe that the likelihood of the acquisition being completed is high" having regard to section 3290 of the Handbook "Contingencies". It is the view of the securities regulatory authorities that the following factors may be relevant in determining whether the likelihood of an acquisition being completed is high

(a) whether the acquisition has been publicly announced;

(b) whether the acquisition is the subject of an executed agreement; and

(c) the nature of conditions to the completion of the acquisition including any material third party consents required.

(3) The test of whether a proposed acquisition "has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high" is an objective, rather than subjective, test in that the question turns on what a "reasonable person" would believe. It is not sufficient for an officer of an issuer to determine that he or she personally believes that the likelihood of the acquisition being completed is or is not high. The officer must form an opinion as to what a reasonable person would believe in the circumstances. In the event of a dispute, an objective test requires an adjudicator to decide whether a

reasonable person would believe in the circumstances that the likelihood of an acquisition being completed was high. By contrast, if the disclosure requirement involved a subjective test, the adjudicator would assess an individual's credibility and decide whether the personal opinion of the individual as to whether the likelihood of the acquisition being completed was high was an honestly held opinion. Formulating the disclosure requirement using an objective test rather than a subjective test strengthens the basis upon which the regulator may object to an issuer's application of the test in particular circumstances.

4.11 **General Financial Statement Requirements** - A reporting issuer is required under the applicable CD rule to file its annual financial statements and related MD&A 90 days after year end (or 120 days if the issuer is a *venture issuer* as defined in NI 51-102). Interim financial statements and related MD&A must be filed 45 days after the last day of an interim period (or 60 days for a venture issuer). The financial statement requirements in NI 44-101 are based on these continuous disclosure reporting time frames and do not impose accelerated filing deadlines for a reporting issuer's financial statements. However, to the extent an issuer has filed financial statements in advance of the deadline for doing so, those financial statements must be incorporated by reference in the short form prospectus. The securities regulatory authorities are of the view that directors of issuers should endeavor to review and approve financial statements in a timely manner and should not delay the approval and release of the financial statements in order to avoid their inclusion in a short form prospectus.

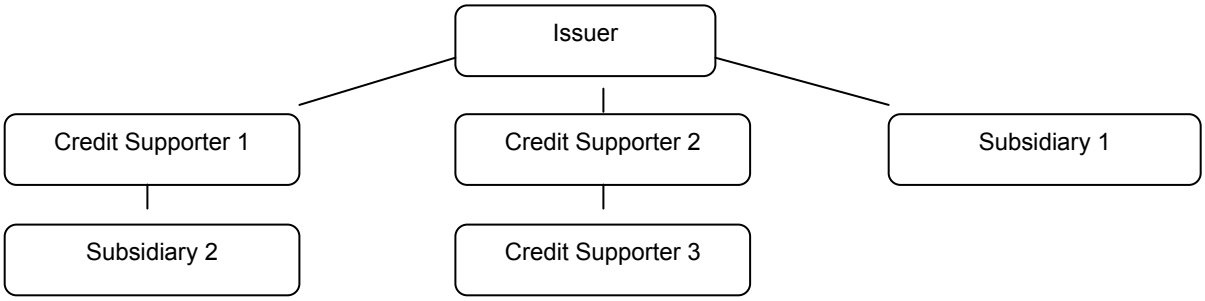
4.12 **Credit Supporter Disclosure** - In addition to the issuer's documents required to be incorporated by reference under sections 11.1 and 11.2 of Form 44-101F1 and the issuer's earnings coverage ratios required to be included under Item 6 of Form 44-101F1, a short form prospectus must include, under section 12.1 of Form 44-101F1, disclosure about any credit supporters that have provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed. This type of guarantee or alternative credit support is not necessarily full and unconditional credit support as contemplated in sections 2.5 and 2.6 of NI 44-101. Accordingly, disclosure about a credit supporter may be required even if the credit supporter has not provided full and unconditional credit support.

Disclosure relating to all applicable credit supporters is generally required to ensure that the short form prospectus includes full, true and plain disclosure of all material facts concerning, and in Québec, disclosure of all material facts likely to affect the value or the market price of, the securities to be distributed. This is based on the principle that investors need both issuer and credit supporter disclosure to make an informed investment decision because both the issuer and the credit supporter are liable for payments to be made under the securities being distributed.

4.13 **Exemptions for Certain Issues of Guaranteed Securities** - Requiring disclosure about the issuer and any applicable credit supporters in a short form prospectus may result in unnecessary disclosure in some instances. Item 13 of Form 44-101F1 provides exemptions from the requirement to include both issuer and credit supporter disclosure where such disclosure is not necessary to ensure that the short form prospectus includes full, true and plain disclosure of all material facts concerning, and in Québec, disclosure of all material facts likely to affect the value or the market price of, the securities to be distributed.

The exemptions in Item 13 of Form 44-101F1 are based on the principle that, in these instances, investors will generally require either issuer disclosure or credit supporter disclosure to make an informed investment decision. The exemptions set out in Item 13 of Form 44-101F1 are not intended to be comprehensive and issuers may apply for exemptive relief from the requirement to provide both issuer and credit supporter disclosure, as appropriate.

The following example illustrates the application of the exemption in section 13.3 of Form 44-101F1.



Facts:

- Credit Supporter 1, Credit Supporter 2, and Credit Supporter 3 are credit supporters.
- Credit Supporter 1, Credit Supporter 2, and Credit Supporter 3 have each provided full and unconditional credit support for the securities being distributed.

- The guarantees or alternative credit supports of Credit Supporter 1, Credit Supporter 2, and Credit Supporter 3, are joint and several.
- The securities being distributed are non-convertible debt securities or non-convertible preferred shares.
- Credit Supporter 1, Credit Supporter 2, and Credit Supporter 3 are wholly owned subsidiaries of Issuer.
- Subsidiary 1 and Subsidiary 2 are not credit supporters.

Disclosure required in short form prospectus

- Issuer must incorporate by reference into the short form prospectus the documents required by Item 11 of Form 44-101F1.
- Under the exemption in section 13.3 of Form 44-101F1, Issuer is not required to include the disclosure of Credit Supporter 1, Credit Supporter 2, or Credit Supporter 3, as otherwise required by section 12.1 of Form 44-101F1.
- If Issuer has no operations or only minimal operations that are independent of Credit Supporter 1, Credit Supporter 2, and Credit Supporter 3, and each item of the summary financial information (as set out in Instruction (1) to Item 13 of Form 44-101F1) of Subsidiary 1 plus Subsidiary 2 is less than 3% of corresponding consolidated amounts of Issuer, the short form prospectus must state that the financial results of Credit Supporter 1 (less Subsidiary 2), Credit Supporter 2, and Credit Supporter 3 are included in the consolidated financial results of Issuer; or
- If paragraph (e)(i) of section 13.3 of Form 44-101F1 does not apply, the short form prospectus must include consolidating summary financial information for Issuer with a separate column for each of:
  - Issuer (Issuer's investment in Credit Supporter 1, Credit Supporter 2, and Subsidiary 1 should be accounted for under the equity method);
  - Credit Supporter 1 plus Credit Supporter 2 (Credit Supporter 1's investment in Subsidiary 2 should be accounted for under the equity method but Credit Supporter 2 should consolidate Credit Supporter 3);
  - Subsidiary 1 plus Subsidiary 2;
  - consolidating adjustments; and
  - total consolidated amounts.

PART 5 CERTIFICATES

5.1 Non-corporate Issuers

(1) Paragraph 20.1(a) of Form 44-101F1 requires an issuer to include a certificate in the prescribed form signed by the chief executive officer and the chief financial officer or, if no such officers have been appointed, a person acting on behalf of the issuer in a capacity similar to a chief executive officer and a person acting on behalf of the issuer in a capacity similar to a chief financial officer. For a non-corporate issuer that is a trust and has a trust company acting as its trustee, this officers' certificate is frequently signed by authorized signing officers of the trust company that perform functions on behalf of the trust similar to those of a chief executive officer and a chief financial officer. In some cases, these functions are delegated to and performed by other persons (e.g. employees of a management company). If the declaration of trust governing the issuer delegated the trustee's signing authority, the officers' certificate may be signed by the persons to whom authority is delegated under the declaration of trust to sign documents on behalf of the trustee or on behalf of the trust, provided that those persons are acting in a capacity similar to a chief executive officer or chief financial officer of the issuer.

(2) Paragraph 20.1(b) of Form 44-101F1 requires an issuer to include a certificate in the prescribed form signed on behalf of the board of directors, by two directors of the issuer, other than the persons referred to in paragraph 19.1(a), duly authorized to sign. Issuers that are not companies are directed to the definition of "director" in securities legislation to determine the appropriate signatories to the certificate. The definition of "director" in securities legislation typically includes a person acting in a capacity similar to that of a director of a company. Issuers that are not companies are also directed to the definition of "person" in securities legislation.

5.2 Promoters of Issuers of Asset-backed Securities

(1) Securities legislation in some jurisdictions in Canada contains definitions of "promoter" and requires, in certain circumstances, a promoter of an issuer to assume statutory liability for prospectus disclosure. Asset-backed securities are commonly issued by a "special purpose" entity, established for the sole purpose of facilitating one or more asset-backed offerings. The securities regulatory authorities are of the opinion that special purpose issuers of asset-backed securities will have a promoter because someone will typically have taken the initiative in founding, organizing or substantially reorganizing the business of the issuer. The securities regulatory authorities interpret the business of such issuers to include the business of issuing asset-backed securities and entering into the supporting contractual arrangements.

(2) For example, in the context of a securitization program under which assets of one or more related entities are financed by issuing asset-backed securities (sometimes called a "single seller program"), an entity transferring or originating a significant portion of such assets, an entity initially agreeing to provide on-going collection, administrative or similar services to the issuer, and the entity for whose primary economic benefit the asset-backed program is established, will each be a promoter of the issuer if it took the initiative in founding, organizing or substantially reorganizing the business of the issuer. Persons or companies contracting with the issuer to provide credit enhancements, liquidity facilities or hedging arrangements or to be a replacement servicer of assets, and investors who acquire subordinated investments issued by the issuer, will not typically be promoters of the issuer solely by virtue of such involvement.

(3) In the context of a securitization program established to finance assets acquired from numerous unrelated entities (sometimes called a "multi-seller program"), the person or company (frequently a bank or an investment bank) establishing and administering the program in consideration for the payment of an on-going fee, for example, will be a promoter of the issuer if it took the initiative in founding, organizing or substantially reorganizing the business of the issuer. Individual sellers of the assets into a multi-seller program are not ordinarily considered to be promoters of the issuer, despite the economic benefits accruing to such persons or companies from utilizing the program. As with single-seller programs, other persons or companies contracting with the issuer to provide services or other benefits to the issuer of the asset-backed securities will not typically be promoters of the issuer solely by virtue of such involvement.

(4) While the securities regulatory authorities have included this discussion of promoters as guidance to issuers of asset-backed securities, the question of whether a particular person or company is a "promoter" of an issuer is ultimately a question of fact to be determined in light of the particular circumstances.

6.1.2 Notice and Request for Comment - Consequential Amendments Arising from the Proposed Repeal and Replacement of National Instrument 44-101 Short Form Prospectus Distributions, Proposed Amendments to National Instrument 44-102 Shelf Distributions, National Instrument 44-103 Post-Receipt Pricing, National Policy 43-201 Mutual Reliance Review System for Prospectuses and Annual Information Forms and National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities

NOTICE AND REQUEST FOR COMMENT

CONSEQUENTIAL AMENDMENTS ARISING FROM THE PROPOSED REPEAL AND REPLACEMENT OF NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS*

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS,* NATIONAL INSTRUMENT 44-103 *POST-RECEIPT PRICING,* NATIONAL POLICY 43-201 *MUTUAL RELIANCE REVIEW SYSTEM FOR PROSPECTUSES AND ANNUAL INFORMATION FORMS* AND NATIONAL INSTRUMENT 51-101 *STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES*

January 7, 2005

Overview

We, the Canadian Securities Administrators (CSA), are publishing this notice in conjunction with the Notice and Request for Comment on the proposed repeal and replacement of National Instrument 44-101 *Short Form Prospectus Distributions*, Form 44-101F3 *Short Form Prospectus* and Companion Policy 44-101CP (collectively, the "Proposed Short Form Rule"). The Proposed Short Form Rule is intended to replace the current short form prospectus distribution rule and related forms and companion policy (collectively, the "Current Short Form Rule") that came into effect in all CSA jurisdictions on December 31, 2000. It will more fully integrate the disclosure regimes for the primary and secondary securities markets, and will address deficiencies or ambiguities in the Current Short Form Rule that we have identified over the past four years. Finally, we have proposed revisions to the qualification criteria that would broaden issuer access to the short form system.

A number of other national instruments build on the foundation of the Current Short Form Rule, or make reference to some of its requirements. As a consequence of the proposed repeal of the Current Short Form Rule and its replacement with the Proposed Short Form Rule, the CSA also propose to amend the following national instruments:

- National Instrument 44-102 *Shelf Distributions* ("NI 44-102") and the related Companion Policy 44-102CP;
- National Instrument 44-103 *Post-Receipt Pricing* ("NI 44-103") and the related Companion Policy 44-103CP;
- National Policy 43-201 *Mutual Reliance Review System for Prospectuses and Annual Information Forms* ("NP 43-201"); and
- National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").

The proposed consequential amendments are summarized below. With this notice, we are publishing a version of each of NI 44-102, NI 44-103 and NP 43-201, marked to indicate the proposed consequential amendments. These documents can be obtained from websites of CSA members, including the following:

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

Summary of Proposed Consequential Amendments

NI 44-102

We propose to amend NI 44-102 to update cross-references and definitions to be consistent with the Proposed Short Form Rule and to make a few other minor changes. The more significant proposed amendments to NI 44-102 are as follows:

- Amending the eligibility criteria contained in Part 2 to clarify that an issuer must be eligible to use the short form prospectus system established under the Proposed Short Form Rule in order to file and use a shelf prospectus.

- Amending subsection 6.4(1) to require that a shelf prospectus supplement be filed only in the jurisdictions in which securities are being distributed under the supplement.

- Deleting section 7.3, which addresses the filing of auditors' comfort letters, consistent with the elimination from the Proposed Short Form Rule of any requirement for auditors' comfort letters.

- Deleting Part 10 *Transitional Shelf Procedures* as it is no long necessary to address transitional issues concerning NI 44-102's predecessor, National Policy 44.

We also propose to make corresponding changes to the related Companion Policy, including:

- Amending section 2.4 to provide additional guidance to issuers who propose to use the shelf procedures to distribute novel derivatives or asset-backed securities.

- Adding a new section 2.7 to provide additional guidance with respect to when an expert's consent must be filed under NI 44-102.

- Adding subsection (4) to section 3.1 to provide guidance as to how an issuer can increase the amount of securities that can be distributed under a previously filed shelf prospectus.

NI 44-103
We propose to amend NI 44-103 to update cross-references and definitions to be consistent with the Proposed Short Form Rule, to make other minor changes and to remove outdated transitional provisions. We also propose to make corresponding changes to the related companion policy.

NP 43-201
We propose to amend NP 43-201 to remove the provisions relating to the review and acceptance of annual information forms, and to make other minor changes to the policy. Annual information forms filed under National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102") will be subject to the national continuous disclosure review program.

NI 51-101
We propose to amend the definition of "annual information form" in NI 51-101 so that it refers to the definition of "annual information form" in NI 51-102. We also propose to make corresponding changes to the guidance given in the related companion policy about annual information forms.

Local Instruments
In addition to the amendments to the national instruments discussed above, consequential amendments may also be required for local instruments in some jurisdictions. Securities regulatory authorities in those jurisdictions will publish amendments to local instruments separately.

Anticipated Costs and Benefits
We expect that the adoption of the Proposed Short Form Rule and the related consequential amendments will further enhance the efficiency of accessing capital for short form eligible reporting issuers. Harmonizing the short form system and related systems with the continuous disclosure rules will reduce costs of public securities offerings. There will be greater clarity regarding the application of the Proposed Short Form Rule and related instruments, including NI 44-102, and reduced circumstances requiring exemptive relief. To the extent that the amendments require additional disclosure, this disclosure will benefit investors to an extent that the benefit will outweigh the costs of these new requirements.

Alternatives Considered
No other alternatives were considered.

Unpublished Materials
No unpublished study, report or other written materials were relied on in proposing these amendments to existing national instruments.

Request for Comment
We request your comments on the proposed amendments to NI 44-102, NI 44-103, NP 43-201 and NI 51-101.

How to Provide Your Comments
Please provide your comments by April 8, 2005 by addressing your submission to the securities regulatory authorities listed below:

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

You do not need to deliver your comments to all of the CSA member commissions. Please deliver your comments to the three addresses that follow, and they will be distributed to all other jurisdictions by CSA staff.

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Fax: (514) 864-6381
e-mail: consultation-en-cours@autorite.qc.ca

If you are not sending your comments by e-mail, please send a diskette containing your comments (in DOS or Windows format, preferably Word).

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

Questions
Please refer your questions to any of:

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PROPOSED AMENDMENT INSTRUMENT
FOR
NATIONAL INSTRUMENT 44-102
SHELF DISTRIBUTIONS

1. This Instrument amends National Instrument 44-102 *Shelf Distributions*.

2. "National Instrument 44-101 Short Form Prospectus Distributions" and "National Instrument 44-101" are struck out wherever they occur and "NI 44-101" is substituted.

3. Section 1.1 is amended

   (a) in subsection (1),

      (i) by adding the following definition immediately after the definition of "MTN program":

         " "NI 44-101" means National Instrument 44-101 *Short Form Prospectus Distributions*";

      (ii) in the definition of "novel", by adding "," immediately after "means"; and

      (iii) by repealing the definition of "special warrant"; and

   (b) in subsection (2), by striking out "National Instrument" wherever it occurs and substituting "NI".

4. Section 1.3 is amended by striking out "2.9" and substituting "2.8".

5. Part 2 is repealed and the following is substituted:

"PART 2 SHELF QUALIFICATION AND PERIOD OF RECEIPT EFFECTIVENESS

2.1 General - An issuer shall not file a short form prospectus that is a base shelf prospectus, unless the issuer is qualified to do so under this Instrument or has been exempted from this section under section 11.1.

2.2 Shelf Qualification for Distributions Qualified under Section 2.2 (Basic Qualification) of NI 44-101

(1) An issuer is qualified to file a preliminary short form prospectus that is a preliminary base shelf prospectus if, at the time of filing, the issuer is qualified under section 2.2 of NI 44-101 to file a prospectus in the form of a short form prospectus.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on the qualification criteria in subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus.

(3) A receipt issued for a base shelf prospectus of an issuer qualified under subsection (2) is effective until the earliest of

   (a) the date 25 months from the date of its issue;

   (b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time

      (i) the issuer does not have current annual financial statements and does not satisfy the requirements of the exemption in either of subsections 2.9(1) or (2) of NI 44-101;

      (ii) the issuer does not have a current AIF and does not satisfy the requirements of the exemption in either of subsections 2.9(1) or (2) of NI 44-101;

      (iii) the aggregate market value of the issuer's equity securities, listed and posted for trading on an exchange in Canada, has not been $75,000,000 or more on a date within 60 days before the date of the agreement *[{for Alternative B} the issuer's equity securities are not listed or posted for trading on a short form eligible*

exchange or the issuer is an issuer (A) whose operations have ceased, or (B) whose principal asset is cash, cash equivalents, or its exchange listing]; or

(iv) the issuer has withdrawn its notice declaring the issuer's intention to be qualified to file a short form prospectus under NI 44-101; and

(c) the lapse date, if any, prescribed by securities legislation, if relief has not been granted to the issuer extending the lapse date for the distribution.

2.3 [Shelf Qualification for Distributions Qualified under Section 2.3 of NI 44-101 (Substantial Issuers*) [NTD: not necessary for Alternative B]*

(1) An issuer is qualified to file a preliminary short form prospectus that is a preliminary base shelf prospectus if, at the time of filing, the issuer is qualified under section 2.3 of NI 44-101 to file a prospectus in the form of a short form prospectus.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus.

(3) A receipt issued for a base shelf prospectus of an issuer qualified under subsection (2) is effective until the earliest of

(a) the date 25 months from the date of its issue;

(b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time

(i) the issuer does not have current annual financial statements and does not satisfy the requirements of the exemption in either of subsections 2.9(1) or (2) of NI 44-101;

(ii) the issuer does not have a current AIF and does not satisfy the requirements of the exemption in either of subsections 2.9(1) or (2) of NI 44-101;

(iii) the aggregate market value of the issuer's equity securities, listed and posted for trading on an exchange in Canada, has not been $300,000,000 or more on a date within 60 days before the date of the agreement; or

(iv) the issuer has withdrawn its notice declaring the issuer's intention to be qualified to file a short form prospectus under NI 44-101; and

(c) the lapse date, if any, prescribed by securities legislation, if relief has not been granted to the issuer extending the lapse date for the distribution.**]**

2.4 Shelf Qualification for Distributions Qualified under Section 2.4 *[2.3]* of NI 44-101 (Approved Rating Non-Convertible Securities)

(1) An issuer is qualified to file a preliminary short form prospectus that is a preliminary base shelf prospectus for approved rating non-convertible securities if, at the time of filing, the issuer

(a) is qualified under section 2.4 *[2.3]* of NI 44-101 to file a prospectus in the form of a short form prospectus; and

(b) has reasonable grounds for believing that, if it were to distribute securities under the base shelf prospectus, the securities distributed would receive an approved rating and would not receive a rating lower than an approved rating from any approved rating organization.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on the qualification criteria in subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus if, at the time of the filing of the base shelf prospectus, the issuer has reasonable grounds for believing that, if it were to distribute non-convertible securities under the base shelf prospectus, the securities distributed would receive an approved rating and would not receive a rating lower than an approved rating from any approved rating organization.

(3) A receipt issued for a base shelf prospectus of an issuer filed under subsection (2) is effective until the earliest of

(a) the date 25 months from the date of its issue;

(b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time

(i) the issuer does not have current annual financial statements and does not satisfy the requirements of the exemption in either of subsections 2.9(1) or (2) of NI 44-101;

(ii) the issuer does not have a current AIF and does not satisfy the requirements of the exemption in either of subsections 2.9(1) or (2) of NI 44-101;

(iii) the issuer has withdrawn its notice declaring the issuer's intention to be qualified to file a short form prospectus under NI 44-101; or

(iv) the securities to which the agreement relates

(A) have not received a final approved rating,

(B) are the subject of an announcement by an approved rating organization of which the issuer is or ought to be aware that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, or

(C) have received a provisional or final rating lower than an approved rating from any approved rating organization; and

(c) the lapse date, if any, prescribed by securities legislation, if relief has not been granted to the issuer extending the lapse date for the distribution.

2.5 Shelf Qualification for Distributions made under Section 2.5 *[2.4]* of NI 44-101 (Guaranteed Non-Convertible Debt Securities, Preferred Shares and Cash Settled Derivatives)

(1) An issuer is qualified to file a short form prospectus that is a preliminary base shelf prospectus for non-convertible debt securities, non-convertible preferred shares or non-convertible cash settled derivatives if, at the time of filing, the issuer is qualified under section 2.5 *[2.4]* of NI 44-101 to file a prospectus in the form of a short form prospectus.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus.

(3) A receipt issued for a base shelf prospectus of an issuer qualified under subsection (2) is effective until the earliest of

(a) the date 25 months from the date of its issue;

(b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time

(i) a credit supporter has not provided full and unconditional credit support for the securities to which the shelf prospectus supplement relates;

(ii) unless the requirements of subparagraph 2.5(1)2(c) *[2.4(1)2(b)]* of NI 44-101, but not the requirements of subparagraphs *[subparagraph]* 2.5(1)2(a) or (b) *[2.4(1)2(a)]* of NI 44-101, were satisfied at the time the issuer filed its base shelf prospectus, the credit supporter does not have current annual financial statements and does not satisfy the requirements of the exemption in either of subsections 2.9(1) or (2) of NI 44-101;

(iii) unless the requirements of subparagraph 2.5(1)2(c) *[2.4(1)2(b)]* of NI 44-101, but not the requirements of subparagraphs *[subparagraph]* 2.5(1)2(a) or (b) *[2.4(1)2(a)]* of NI 44-101, were satisfied at the time the issuer filed its base shelf prospectus, the credit supporter does not have a current AIF and does not satisfy the requirements of the exemption in either of subsections 2.9(1) or (2) of NI 44-101;

(iv) the credit supporter has withdrawn its notice declaring its intention to be qualified to file a short form prospectus under NI 44-101;

(v) the issuer has withdrawn its notice declaring the issuer's intention to be qualified to file a short form prospectus under NI 44-101; or

(vi) the aggregate market value of the equity securities of the credit supporter, listed and posted for trading on an exchange in Canada, has not been $75,000,000 or more on a date within 60 days before the date of the agreement *[{for Alternative B the credit supporter's equity securities are not listed or posted for trading on a short form eligible exchange or the credit supporter is an issuer (A) whose operations have ceased, or (B) whose principal asset is cash, cash equivalents, or its exchange listing],* and either of the following is true:

(A) the credit supporter does not have issued and outstanding non-convertible securities that

(I) have received an approved rating,

(II) have not been the subject of an announcement by an approved rating organization of which the issuer is or ought to be aware that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(III) have not received a rating lower than an approved rating from any approved rating organization, or

(B) the securities to which the agreement relates

(I) have not received a final approved rating,

(II) have been the subject of an announcement by an approved rating organization of which the issuer is or ought to be aware that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(III) have received a provisional or final rating lower than an approved rating from any approved rating organization; and

(c) the lapse date, if any, prescribed by securities legislation, if relief has not been granted to the issuer extending the lapse date for the distribution.

2.6 Shelf Qualification for Distributions made under Section 2.6 *[2.5]* of NI 44-101 (Guaranteed Convertible Debt Securities or Preferred Shares)

(1) An issuer is qualified to file a short form prospectus that is a preliminary base shelf prospectus for convertible debt securities and convertible preferred shares if, at the time of filing, the issuer is qualified under section 2.6 *[2.5]* of NI 44-101 to file a prospectus in the form of a short form prospectus.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus.

(3) A receipt issued for a base shelf prospectus qualified under subsection (2) is effective until the earliest of

(a) the date 25 months from the date of its issue;

(b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time

(i) the securities to which the agreement relates are not convertible into securities of a credit supporter that has provided full and unconditional credit support for the securities being distributed;

(ii) the credit supporter does not have current annual financial statements and does not satisfy the requirements of the exemption in either of subsections 2.9(1) or (2) of NI 44-101;

(iii) the credit supporter does not have a current AIF and does not satisfy the requirements of the exemption in either of subsections 2.9(1) or (2) of NI 44-101;

(iv) the aggregate market value of the credit supporter's equity securities, listed and posted for trading on an exchange in Canada, has not been $75,000,000 or more on a date within 60 days before the date of the agreement *[{for Alternative B} the credit supporter's equity securities are not listed or posted for trading on a short form eligible exchange or the issuer is an issuer (A) whose operations have ceased, or (B) whose principal asset is cash, cash equivalents, or its exchange listing];*

(v) the credit supporter has withdrawn its notice declaring the credit supporter's intention to be qualified to file a short form prospectus under NI 44-101; or

(vi) the issuer has withdrawn its notice declaring the issuer's intention to be qualified to file a short form prospectus under NI 44-101; and

(c) the lapse date, if any, prescribed by securities legislation, if relief has not been granted to the issuer extending the lapse date for the distribution.

2.7 Shelf Qualification for Distributions made under Section 2.7 *[2.6]* of NI 44-101 (Asset-Backed Securities)

(1) An issuer that is qualified under section 2.7 *[2.6]* of NI 44-101 to file a prospectus in the form of a short form prospectus may file a preliminary base shelf prospectus for asset-backed securities if, at the time of filing, the issuer has reasonable grounds for believing that

(a) all asset-backed securities that it may distribute under the base shelf prospectus will receive an approved rating from any approved rating organization; and

(b) no asset-backed securities that it may distribute under the base shelf prospectus will receive a rating lower than an approved rating from any approved rating organization.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on the qualification criteria in section 2.7 *[2.6]* of NI 44-101 may file the corresponding base shelf prospectus if, at the time of the filing of the base shelf prospectus, the issuer has reasonable grounds for believing that

(a) all asset-backed securities that it may distribute under the base shelf prospectus will receive an approved rating; and

(b) no asset-backed securities that it may distribute under the base shelf prospectus will receive a rating lower than an approved rating from any approved rating organization.

(3) A receipt issued for a base shelf prospectus qualified under subsection (2) is effective for a distribution of asset-backed securities until the earliest of

(a) the date 25 months from the date of its issue;

(b) the time immediately before the entering into of an agreement of purchase and sale for an asset-backed security to be sold under the base shelf prospectus, if at that time

(i) the issuer does not have current annual financial statements and does not satisfy the requirements of the exemption in either of subsections 2.9(1) or (2) of NI 44-101;

(ii) the issuer does not have a current AIF and does not satisfy the requirements of the exemption in either of subsections 2.9(1) or (2) of NI 44-101; or

(iii) the asset-backed securities to which the agreement relates

(A) have not received a final approved rating,

(B) have been the subject of an announcement by an approved rating organization of which the issuer is or ought reasonably to be aware that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, or

(C) have received a provisional or final rating lower than an approved rating from any approved rating organization; and

(c) the lapse date, if any, prescribed by securities legislation, if relief has not been granted to the issuer extending the lapse date for the distribution.

2.8 **Lapse Date - Ontario** - In Ontario, the lapse date prescribed by securities legislation for a receipt issued for a base shelf prospectus is extended to the date 25 months from the date of issuance of the receipt.

2.9 **Lapse Date - Alberta** - In Alberta, the lapse date prescribed by securities legislation for a receipt issued for a base shelf prospectus is the date 25 months from the date of the issuance of the receipt.

2.10 **Prohibited Offerings** - Despite any provision in this Instrument, the shelf procedures shall not be used for a distribution of rights under a rights offering."

6. Subsections 4.1(1) and (2) are amended by moving "in the local jurisdiction" to immediately after "distribute".

7. Section 5.1 is amended in the preamble by adding "for the distribution" immediately after "a short form prospectus".

8. Sections 5.3 and 5.6 are amended by striking out "44-101F3" wherever it occurs and substituting "44-101F1".

9. Section 5.4 is amended by striking out "person or company" and substituting "issuer or selling securityholder".

10. Section 6.1 is amended by adding "and, in Québec, to contain no misrepresentation that is likely to affect the value or the market price of the securities to be distributed" immediately after "distributed under the prospectus".

11. Section 6.2(1) is amended by adding "," immediately after "base shelf prospectus" wherever it occurs.

12. Section 6.4(1) is repealed the following is substituted:

"(1) A shelf prospectus supplement shall be filed in the local jurisdictions in which securities are distributed using the shelf prospectus supplement."

13. Section 6.5 is amended by striking out "securities legislation that regulate conflicts of interest in connection with a distribution of securities of a registrant, a connected issuer of a registrant or a related issuer of a registrant" and substituting "National Instrument 33-105 *Underwriting Conflicts* and, in Québec, the applicable securities legislation".

14. Section 6.7 is amended by adding "and, in Québec, contain no misrepresentation that is likely to affect the value or the market price of the securities to be distributed," immediately after "distributed".

15. Section 7.1 is amended by striking out "do not".

16. Subsection 7.2(1) is amended by striking out "that use of the" and substituting "the use of that".

17. Section 7.3 is repealed.

18. Subsection 8.2(1) is amended by striking out "5.5" and substituting "5.6".

19. Subsection 9.1(1) is amended

    (a) by striking out “11.1” and substituting “6.1”; and

    (b) by striking out “2.9” and substituting “2.8”.

20. Part 10 is repealed.

21. Subsection 11.1(2) is amended by striking out “and Alberta”.

22. This Instrument comes into force on ●, 2005.

PROPOSED AMENDMENTS TO
COMPANION POLICY 44-102CP
TO NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS*

Companion Policy 44-102CP to National Instrument 44-102 *Shelf Distributions* is amended as follows:

1. "National Instrument" is struck out wherever it occurs and substituted with "NI" other than in subsection 1.1(1) and in subsection 1.1(2) in the phrase "National Instrument 44-101 *Short Form Prospectus Distributions*".

2. Subsection 1.1(2) is amended by striking out "5" and substituting "6".

3. Section 2.2 is amended

   (a) in subsection (1) by adding ", the time" immediately after "(ii)";

   (b) in subsection (2) by striking out "At the time of the coming into force of this Policy New Brunswick has a lapse date provision in its securities legislation and has not provided blanket relief for shelf distributions."; and

   (c) by repealing subsection (3).

4. Subsection 2.3(1) is amended by striking out "POP" and substituting "short form prospectus distributions".

5. Section 2.4 is amended

   (a) in the title, by adding "Novel" immediately after "of";

   (b) in subsection (2), by adding the following immediately after "The securities regulatory authorities":

   > "also want to ensure that prospectus investors of such products are entitled to the appropriate rights at the time of their investment as contemplated by applicable securities laws. Reference is made to section 4.8 of Companion Policy NI 44-101CP for a discussion of these issues. The securities regulatory authorities";

   (c) in subsection (3)

      (i) by striking out "issues" and substituting "distributions"; and

      (ii) by adding the following immediately after "prospectus.":

      > "This includes any circumstances where a base shelf prospectus, including, if applicable, an unallocated shelf prospectus, may be used together with a prospectus supplement to qualify novel products.";

   (d) in subsection (4), by adding the following to the end:

   > "However, in circumstances where an issuer or its advisor is uncertain if a product is novel, the securities regulatory authorities encourage the issuer to either treat products as novel or to seek input from staff prior to filing a base shelf prospectus or prospectus supplement, as the case may be."; and

   (e) in subsection (5), by adding the following to the end:

   > "The securities regulatory authorities also believe that the rights provided to investors in such products should be no less comprehensive than the rights provided in offerings previously reviewed by a securities regulatory authority in a jurisdiction."

6. Subsection 2.5(3) is amended by striking out "These terms" and substituting "This information".

7. The following section is added immediately after section 2.6 as section 2.6.1:

   2.6.1 Expert's Consent – Section 7.2 of NI 44-102 provides that if a document (the "Document") containing an expert's opinion, report or valuation is incorporated by reference into a base shelf prospectus and filed after the filing of the base shelf prospectus, the issuer must file the written

consent of the expert in accordance with deadlines that vary with the circumstances. For example, issuers are reminded that separate auditor's consents are required at the filing of the base shelf prospectus and in each subsequent shelf prospectus supplement for each set of audited financial statements incorporated by reference. The following is intended to illustrate the required timing for the filing of the expert's consents:

	date the base shelf prospectus is filed	date the Document is filed	date the prospectus supplement is filed
MTN base shelf prospectus	(1)	(1)	
non-MTN base shelf prospectus		(2)	(2)

(1) a consent is required to be filed no later than the date of filing of the base shelf prospectus and the Document.

(2) a consent is required to be filed no later than the date of the filing of the Document and the prospectus supplement.

8. Section 3.1 is amended

(a) in subsection (2)

(i) by striking out "subsection 5.8(1)" wherever it occurs and substituting "section 5.8"; and

(ii) by striking out "6.5" and substituting "3.4"; and

(b) by adding the following as subsection (4):

"If an issuer wishes to add securities to its base shelf prospectus it may do so prior to issuing all of the securities qualified by the base shelf prospectus by filing an amendment to the base shelf prospectus. This will not extend the life of the base shelf prospectus."

PROPOSED AMENDMENT INSTRUMENT
FOR
NATIONAL INSTRUMENT 44-103
POST-RECEIPT PRICING

1. This Instrument amends National Instrument 44-103 *Post-Receipt Pricing*.

2. Subsection 3.2(1) is amended

   (a) in paragraph 5

      (i) in clause (a)(ii) by striking out "and" and substituting "or"; and

      (ii) in paragraph (b) by striking out "otherwise,";

   (b) in subparagraph 7(c) by striking out "[insert in the case of short form prospectus distributions – "simplified prospectus, as supplemented by the permanent information record,"]"; and

   (c) in paragraph 8 by striking out "[insert in the case of short form prospectus distributions – "simplified prospectus, as supplemented by the permanent information record,"]".

3. Section 3.3 is amended in paragraph 8 by striking out "44-101F3" and substituting "44-101F1".

4. Section 3.6 is amended in paragraph 2 by moving "to the document" to immediately after "reference".

5. Section 4.1 is amended by adding "and, in Québec, to contain no misrepresentation that is likely to affect the value or the market price of the securities to be distributed" immediately after "under the prospectus".

6. Subsection 4.5(2) is amended

   (a) by repealing subparagraph 3(c) and substituting the following:

      "(c) any person or company who is a promoter of the issuer:

         "This [insert, if applicable, "short form"] prospectus, [insert in the case of a short form prospectus distribution – "together with the documents incorporated herein by reference,"] constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if distribution made in Québec - "For the purpose of the Province of Québec, this [describe document], contains no misrepresentation likely to affect the value or the market price of the securities to be distributed."]"

   (b) by repealing item 4 and substituting the following:

      "4. Instead of the prospectus certificate required under paragraph 8 of subsection 3.2(1), a certificate in the following form signed by each underwriter, if any, who for the securities to be distributed under the prospectus, is in a contractual relationship with the issuer or selling security holder:

         "To the best of our knowledge, information and belief, this [insert, if applicable, "short form"] prospectus [insert in the case of a short form prospectus distribution - ", together with the documents incorporated herein by reference,"] constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under the securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if distribution made in Québec - "For the purpose of the Province of Québec, this [describe document] contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed."]"

7. Part 5 is repealed.

8. Subsection 6.1(2) is amended by striking out "and Alberta".

9. This Instrument comes into force on ●, 2005.

PROPOSED AMENDMENTS TO
COMPANION POLICY 44-103CP
TO NATIONAL INSTRUMENT 44-103 *POST-RECEIPT PRICING*

Companion Policy 44-103CP to National Instrument 44-103 *Post-Receipt Pricing* is amended as follows:

1. Subsection 1.3(2) is amended by striking out “National Instrument” wherever it occurs and substituting “NI”.

PROPOSED AMENDMENTS TO
NATIONAL POLICY 43-201
MUTUAL RELIANCE REVIEW SYSTEM FOR PROSPECTUSES AND ANNUAL INFORMATION FORMS

National Policy 43-201 *Mutual Reliance Review System for Prospectuses and Annual Information Forms* is amended as follows:

1. The title to NP 43-201 is repealed and the following substituted:

   "Mutual Reliance Review System for Prospectuses"

2. Section 1.1 is amended by striking out ", annual information forms".

3. Section 2.1 is amended

   (a) in the definition of "applications policy", by adding "," immediately after "National Policy 12-201";

   (b) by repealing the definition of "initial AIF";

   (c) in the definitions of "local securities directions", "local securities legislation", and "local securities regulatory authority", by adding "," immediately after "National Instrument 14-101";

   (d) in the definition of "Q-28", by striking out "Commission des valeurs mobilières du Québec" and substituting "Autorité des marchés financiers";

   (e) by repealing the definition of "renewal AIF";

   (f) in the definitions of "securities directions", "securities legislation" and "securities regulatory authorities", by adding "," immediately after "National Instrument 14-101"; and

   (g) in the definition of "SEDAR", by adding "," immediately after "National Instrument 13-101".

4. Section 2.2 is amended by striking out "the Policy" and substituting "this Policy".

5. Subsection 3.4(1) is amended

   (a) in the preamble, by adding ":" immediately after "include"; and

   (b) at the end of each of paragraphs (a) and (b), by striking out "," and substituting ";".

6. Section 4.3 is amended

   (a) by striking out "or draft initial AIF";

   (b) by striking out "Quebec" and substituting "Québec"; and

   (c) by striking out "or initial AIF".

7. Section 5.2 is amended

   (a) by repealing the title and substituting the following:

   "Review Period for Long Form Prospectuses and Renewal Shelf Prospectuses"

   (b) in subsections 5.2(1) and 5.2(2), by striking out "initial AIF materials or the"; and

   (c) in subsection 5.2(3), by adding ":" immediately after "use its best efforts to".

8. Subsection 5.3(1) is amended by adding ":" immediately after "on the working day following the date of issuance of the comment letter of the principal regulator, use its best efforts to".

9. Section 5.6 is repealed.

10. Section 7.2 is amended

(a) in the preamble, by adding ":" immediately after "if";

(b) in paragraph 1, by adding "and" immediately after ";"; and

(c) at the end of each of subparagraphs 2(a), (b) and (c), by striking out "," and substituting ";".

11. Section 7.4 is amended

(a) by repealing the title and substituting the following

"Conditions to Issuance of Final MRRS Decision Document for Long Form Prospectus and Renewal Shelf Prospectus"

(b) in the preamble, by striking out "a long-form prospectus, a renewal shelf prospectus or an initial AIF if" and substituting "a long-form prospectus or a renewal shelf prospectus if:";

(c) in paragraph 1, by striking out ", being the interval of at least ten days,";

(d) in paragraph 3, by striking out "," and substituting "; and";

(e) at the end of each of subparagraphs 4(a) and (b), by striking out ","and substituting ";"; and

(f) in subparagraph 4(e), by striking out "except with respect to an initial AIF,".

12. Section 7.6 is repealed.

13. Section 7.10 is amended

(a) by repealing the title and substituting the following

"Refusal by Principal Regulator to Issue a Receipt"

and

(b) in subsection (1), by striking out "or notice of acceptance, as the case may be,".

14. Subsection 9.3(1) is amended

(a) in the preamble, by adding ":" immediately after "novel public policy concern"; and

(b) in paragraph (b), by striking out "their" and substituting "its".

15. Subsection 10.1(2) is amended

(a) in the preamble, by adding ":" immediately after "the cover letter accompanying the prospectus amendment materials statements that";

(b) by striking out "Commission des valeurs mobilières du Québec" wherever it occurs and substituting "Autorité des marchés financiers"; and

(c) in paragraph (b), by striking out "Quebec" after "distribution of its securities in" and substituting "Québec".

16. Section 10.2 is amended

(a) in the preamble, by adding ":" immediately after "MRRS document if"; and

(b) in subsection 1, by adding "and" immediately after ";".

17. Subsection 10.4(2) is amended

(a) in the preamble, by adding ":" immediately after "its comment letter"; and

(b) in paragraph (b), by adding ":" immediately after "within the later of".

18. Subsection 10.4(3) is amended

(a) in the preamble, by adding ":" immediately after "its comment letter";

(b) in paragraph (b), by striking out "within the later of" and substituting "by the later of:"; and

(c) in subparagraph (b)(i),

(i) by striking out "by"; and

(ii) by striking out "the prospectus amendment," and substituting "the prospectus amendment;".

19. Section 10.6 is amended

(a) in the preamble, by adding ":" immediately after "if"; and

(b) in subsection (3), by adding "and" immediately after ""MRRS – Opt Out" in the SEDAR "Filing Status" screen;".

20. Appendix A of NP 43-201 is repealed and the following is substituted:

APPENDIX A – MATERIALS REQUIRED TO BE FILED
UNDER NATIONAL POLICY 43-201

Dated ●, 2005.

The attached lists of documents, as varied in accordance with the following guidance, are those required to be filed or delivered under each category of filing to which the Policy applies.

The following guidance applies to all filings of materials under the MRRS:

1. Where a filing is to be made in the province of Québec, a French language version of the following documents must also be filed:

(a) the preliminary prospectus and the prospectus; and

(b) any amendment to a preliminary prospectus and any amendment to a prospectus.

The French language versions of all documents incorporated by reference, if not previously filed, must be filed at the time of filing of a preliminary short form prospectus.

2. The attached lists do not refer to the applicable filing and distribution fees required by the securities regulatory authorities. The filer should consult the fee schedules of the relevant securities legislation for the applicable fees.

For filers that are permitted to file materials in paper form under National Instrument 13-101, *System for Electronic Document Analysis and Retrieval (SEDAR)*, the payment of fees should be made by cheque payable as follows:

British Columbia - British Columbia Securities Commission
Alberta - Alberta Securities Commission
Saskatchewan - Minister of Finance
Manitoba - Minister of Finance
Ontario - Ontario Securities Commission
Québec - Autorité des marchés financiers
New Brunswick - Minister of Finance
Nova Scotia - Minister of Finance
Prince Edward Island - Provincial Secretary
Newfoundland and Labrador - Newfoundland and Labrador Exchequer Account
Northwest Territories - Government of the Northwest Territories
Yukon Territory - Government of Yukon
Nunavut - Nunavut Securities Registry

In all other cases, payment of filing fees should be transmitted electronically through SEDAR.

3. Additional filing requirements apply to certain types of offerings such as offerings using the shelf offering procedures (National Instrument 44-102), the post-receipt pricing procedures (National Instrument 44-103) or the multijurisdictional disclosure system (National Instrument 71-101). Reference should be made to the applicable provisions of national or local rules or policies for any additional filing requirements or procedures.

4. **[Further filing requirements for British Columbia are contained in BC Policy 41-601.]**

5. Further filing requirements for Alberta, for filings not filed in compliance with OSC 41-501 or NI 44-101, are contained in ASC Policy 4.7.

6. Further filing requirements for Québec are contained in local securities legislation and local securities directions.

7. Where the attached requirements refer to personal information regarding directors, executive officers and promoters of the filer, the filer should provide, for each director and executive officer of the filer and for each promoter of the filer (or in the case where the promoter is not an individual, for each director and executive officer of the promoter) the following information for security check purposes:

   (i) full name (including any previous name(s) if any);

   (ii) position with or relationship to the issuer;

   (iii) employer's name and address, if other than the issuer;

   (iv) full residential address;

   (v) date and place of birth; and

   (vi) citizenship.

   For any of the above noted individuals with a residential address outside of Canada, the filer should provide the following additional information:

   (i) previous address(es) (5 year history);

   (ii) dates residing in foreign country;

   (iii) height and weight;

   (iv) eye colour;

   (v) hair colour; and

   (vi) passport nationality and number.

   Where the offering is made under the provisions of NI 44-101, a completed authorization form as per Appendix A of NI 44-101, «Authorization of Indirect Collection of Personal Information» must be filed. Where the offering is made under the provisions of OSC 41-501 a completed Form 41-501F2 «Authorization of Indirect Collection of Personal Information» must be filed. Where the offering is made in Québec under the provisions of Q-28, a completed form as per Appendix A of Q-28, *Authorization of Indirect Collection of Personal Information*, must be filed.

   Where Saskatchewan, Manitoba or Nova Scotia is principal regulator, a RCMP GRC Securities Fraud Information Centre Request Form #2674 (89-07) must be filed. In connection with the filing of an initial public offering prospectus: (i) where Québec is principal regulator, a Form 4 under the Regulation concerning securities made under the Securities Act (Québec) must be filed; and (ii) where British Columbia is principal regulator, the filer must file the personal information form required by BC Policy 41-601.

PRELIMINARY OR PRO FORMA LONG FORM PROSPECTUS

An issuer that files a preliminary prospectus or a *pro forma* prospectus pursuant to OSC 41-501 or, in Québec pursuant to Q-28, shall file and/or deliver the documents required to be filed and/or delivered as set out in Section 13.2 of OSC 41-501 or, in Québec as set out in Section 13.2 of Q-28, along with:

1. Filing fees; and

2. A letter to the principal regulator prepared in accordance with section 7.2.2 of the Policy.

Issuers filing prospectuses and pro forma prospectuses outside Québec in accordance with OSC 41-501 will satisfy requirements in other jurisdictions governing the form and content of a long form prospectus and the accompanying filings and deliveries to the Commissions. Issuers should consult local rules or orders for details.

Issuers not filing in accordance with OSC 41-501 or, in Québec pursuant to Q-28, should look to local requirements to determine documents to be filed and/or delivered but in all cases should include the items set out in #1 and #2 above.

FINAL LONG FORM PROSPECTUS

An issuer that files a final prospectus pursuant to OSC 41-501 or, in Québec pursuant to Q-28, shall file and/or deliver the documents required to be filed and/or delivered as set out in Section 13.3 of OSC 41-501 or, in Québec as set out in Section 13.3 of Q-28, along with:

1 Filing fees and other applicable fees including participation fees; and

2. A letter to the principal regulator prepared in accordance with section 7.4.4 of the Policy.

Issuers filing prospectuses and pro forma prospectuses outside Québec in accordance with OSC 41-501 will satisfy requirements in other jurisdictions governing the form and content of a long form prospectus and the accompanying filings and deliveries to the Commissions. Issuers should consult local rules or orders for details.

Issuers not filing in accordance with OSC 41-501 or, in Québec pursuant to Q-28, should look to local requirements to determine documents to be filed and/or delivered but in all cases should include the items set out in #1 and #2 above.

PRELIMINARY SHORT FORM PROSPECTUS

An issuer that files a preliminary short form prospectus pursuant to NI 44-101 shall file and/or deliver the documents required to be filed and/or delivered as set out in Section 4.2 of that instrument along with:

1. Filing fees; and

2. A letter to the principal regulator prepared in accordance with section 7.2.2 of the Policy.

FINAL SHORT FORM PROSPECTUS

An issuer that files a final short form prospectus pursuant to NI 44-101 shall file and/or deliver the documents required to be filed and/or delivered as set out in Section 4.3 of that Instrument along with:

1. Filing fees and other applicable fees including participation fees; and

2. A letter to the principal regulator prepared in accordance with section 7.4.4 of the Policy.

AMENDMENTS TO PRELIMINARY PROSPECTUS AND PROSPECTUS (SHORT FORM AND LONG FORM)

An issuer that files an amendment pursuant to OSC 41-501 or, in Québec pursuant to Q-28, or pursuant to NI 44-101, shall file and/or deliver the documents required to be filed and/or delivered as set out in section 13.7 of OSC 41-501, section 13.6 of Q-28 or section 5.3 of NI 44-101, respectively, along with:

1. Filing fees;

2. A letter prepared in accordance with section 10.1(2) of the Policy, if applicable; and

3. A letter to the principal regulator:

   (a) for a preliminary prospectus amendment, prepared in accordance with section 10.2.2 of the Policy; or

   (b) for a prospectus amendment, prepared in accordance with section 10.6.4 of the Policy.

Issuers not filing in accordance with OSC 41-501 or, in Québec pursuant to Q-28, or NI 44-101 should look to local requirements to determine documents to be filed and/or delivered but in all cases should include the items set out in #1, #2 and #3 above.

PRELIMINARY SIMPLIFIED PROSPECTUS AND ANNUAL INFORMATION FORM FILED UNDER NI 81-101

1. Preliminary simplified prospectus

2. Preliminary simplified prospectus - blacklined
(where a new fund is being qualified by a separate prospectus but is to be part of an existing group of funds sold by prospectus, a blacklined version of the simplified prospectus should indicate any changes from the existing simplified prospectus for the group of funds)

3. Preliminary annual information form

4. Preliminary annual information form - blacklined
(where a new fund is being qualified by a separate prospectus but is to be part of an existing group of funds sold by prospectus, a blacklined version of the annual information form should indicate any changes from the existing annual information form for the group of funds)

5. Copy or draft of all material contracts for the new mutual funds

6. For a new mutual fund in a new mutual fund group, personal information regarding individuals acting as trustees and promoters, and directors and senior officers of the fund, trustee, manager and promoter. If the mutual fund is a member of a mutual fund family for which this type of information was previously provided, the information would be required only for those persons for whom the information was not previously provided by other members of the mutual fund family

7. Financial statements, if applicable

8. Filing fees

9. A letter to the principal regulator prepared in accordance with section 7.2.2 of the Policy

PRO FORMA SIMPLIFIED PROSPECTUS AND ANNUAL INFORMATION FORM FILED UNDER NI 81-101

1. Pro forma simplified prospectus

2. Pro forma simplified prospectus - blacklined to indicate all changes from previous simplified prospectus

3. Pro forma annual information form

4. Pro forma annual information form - blacklined to indicate all changes from previous annual information form

5. Copy or draft of all material contracts not previously filed

6. Personal information regarding individuals acting as trustees and promoters, and directors and senior officers of the fund, trustee, manager and promoter where this information has not previously been provided for these persons in connection with a previous filing of the mutual fund family

7. Compliance report required under Part 12 of National Instrument 81-102, *Mutual Funds*

8. Filing fees

FINAL SIMPLIFIED PROSPECTUS AND ANNUAL INFORMATION FORM FILED UNDER NI 81-101

1. Final simplified prospectus

2. Final simplified prospectus - blacklined to show changes from preliminary or pro forma simplified prospectus, as the case may be

3. Final annual information form

4. Final annual information form - blacklined to show changes from preliminary or pro forma annual information form, as the case may be

5. Copy of all material contracts not previously filed

6. For new funds, audited financial statements if not previously filed

7. Auditors' consent letter re audited financial statements

8. Auditors' comfort letter re unaudited financial statements, if applicable

9. Consent of legal counsel or other experts

10. Certificate re proceeds of distribution in the jurisdiction (applicable to filings in B.C., Alberta, Ontario and Québec)

11. Filing fees

12. A letter to the principal regulator prepared in accordance with section 7.4.4 of the Policy

AMENDMENT TO A SIMPLIFIED PROSPECTUS AND ANNUAL INFORMATION FORM FILED UNDER NI 81-101

1. Amendment to simplified prospectus

2. Amendment to simplified prospectus - blacklined (where amendment is an amended and restated simplified prospectus)

3. Amendment to annual information form

4. Amendment to annual information form - blacklined (where amendment is an amended and restated annual information form)

5. Copy of all material contracts not previously filed

6. Auditors' consent letter, if applicable

7. Auditors' comfort letter, if applicable

8. Consent of legal counsel and other experts, if applicable

9. Filing fees

10. A letter to the principal regulator prepared in accordance with section 10.6.4 of the Policy

PROPOSED AMENDMENT INSTRUMENT
FOR
NATIONAL INSTRUMENT 51-101
STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES

1. This Instrument amends National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities.*

2. Section 1.1 is amended by:

   (a) repealing paragraph (a) and substituting the following:

   "(a) "annual information form" has the same meaning as "AIF" in National Instrument 51-102 *Continuous Disclosure Obligations*;" ; and

   (b) repealing paragraph (r).

3. This Instrument comes into force on ●, 2005.

PROPOSED AMENDMENTS
TO
COMPANION POLICY 51-101CP
TO NATIONAL INSTRUMENT 51-101
STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES

Companion Policy 51-101CP to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* is amended as follows:

1. Section 2.4 is amended by:

(a) repealing paragraph (a) and substituting the following:

"(a) Meaning of "Annual Information Form" - *Annual information form* has the same meaning as "AIF" in National Instrument 51-102 *Continuous Disclosure Obligations*. Therefore, as set out in that definition, an *annual information* can be a completed Form 51-102F2 *Annual Information Form* or, in the case of an SEC issuer (as defined in NI 51-102), a completed Form 51-102F2 or an annual report or transition report under the 1934 Act on Form 10-K, Form 10-KSB or Form 20-F."

(b) in paragraph (b) by striking out the first sentence and substituting the following:

"Form 51-102F2 *Annual Information Form* requires the information required by section 2.1 of NI 51-101 to be included in the *annual information form*. That information may be included either by setting out the text of the information in the *annual information form* or by incorporating it, by reference from separately filed documents."

2. Appendix 1 is amended by:

(a) repealing the definition of "Annual information form" and substituting the following:

" Annual information form	A completed Form 51-102F2 *Annual Information Form*, or in the case of an SEC issuer (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*) a completed Form 51-102F2 or an annual report or transition report under the 1934 Act on Form 10-K, Form 10-KSB or Form 20-F. [NI 51-102]"

(b) repealing the definition of NI 44-101.

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-Nov-2004	10 Purchasers	2057149 Ontario Limited - Common Shares	650,000.00	2,600,000.00
01-Dec-2004	41 Purchasers	3009683 Ontario Inc. - Common Shares	7,445,204.05	114,541,601.00
01-Dec-2004	3 Purchasers	ABC Fully-Managed Fund - Units	450,000.00	43,184.00
01-Dec-2004	10 Purchasers	ABC Fundamental - Value Fund - Units	1,742,983.38	87,301.00
01-Dec-2004	7 Purchasers	ABC North American Deep Value Fund - Units	1,770,000.00	170,451.00
03-Dec-2004	Brunhilda Haiplik	Acuity Pooled Conservative Asset Allocation - Trust Units	152,260.71	9,657.00
10-Dec-2004	Thomas Melanson	Acuity Pooled Fixed Income Fund - Trust Units	100,000.00	6,825.00
06-Dec-2004	Linda Mustard	Acuity Pooled Growth and Income Fund - Trust Units	50,000.00	4,471.00
01-Dec-2004 to 06-Dec-2004	23 Purchasers	Acuity Pooled High Income Fund - Trust Units	3,051,847.66	158,127.00
07-Dec-2004 to 13-Dec-2004	31 Purchasers	Acuity Pooled High Income Fund - Trust Units	4,255,489.72	218,449.00
03-Dec-2004 to 06-Dec-2004	4 Purchasers	Acuity Pooled Income Trust Fund - Trust Units	696,979.01	39,827.00
17-Dec-2004	Strategic Capital Partners Inc.	Advantex Marketing International Inc. - Convertible Debentures	125,000.00	125,000.00
02-Dec-2004	Roynat Capital Inc B.E.S.T. Total Return Fund Inc	AFL Capital Ventures Inc. - Convertible Debentures	1,350,000.00	2.00
02-Dec-2004	13 Purchasers	AFL Capital Ventures Inc. - Units	515,000.00	343,330.00
01-Oct-2003 to 30-Oct-2004	Transamerica Life	AGF Aggressive Growth Fund - Units	2,116,471.00	137,363.00
01-Oct-2003 to 30-Oct-2004	Manulife Financial	AGF American Growth Class - Units	2,947,639.00	141,688.00

01-Oct-2003 to 30-Oct-2004	Transamerica Life	AGF American Growth Class - Units	4,013,476.00	193,854.00
01-Oct-2003 to 30-Oct-2004	Aegon Fund Management	AGF American Growth Class - Units	632,937.00	29,866.00
01-Oct-2003 to 30-Oct-2004	Dundee Securities Corp	AGF American Growth Class - Units	20,928,829.00	977,673.00
01-Oct-2003 to 30-Oct-2004	Manulife Financial	AGF Canadian Balanced Fund - Units	15,609,752.00	793,420.00
01-Oct-2003 to 30-Oct-2004	Manulife Financial	AGF Canadian Bond Fund - Units	18,906,752.00	3,557,772.00
01-Oct-2003 to 30-Oct-2004	Credential Asset Management	AGF Canadian Bond Fund - Units	635,149.00	117,949.00
01-Oct-2003 to 30-Oct-2004	Credit Suisse First Boston	AGF Canadian Bond Fund - Units	2,179,797.00	408,968.00
01-Oct-2003 to 30-Oct-2004	Manulife Financial	AGF Canadian Conservative Income Fund - Units	12,181.00	1,296.00
01-Oct-2003 to 30-Oct-2004	Manulife Financial	AGF Canadian Large Cap Dividend Fund - Units	211,758,164.00	7,337,342.00
01-Oct-2003 to 30-Oct-2004	Transamerica Life	AGF Canadian Large Cap Dividend Fund - Units	1,058,466.00	37,187.00
01-Oct-2003 to 30-Oct-2004	Manulife Financial	AGF Canadian Stock Fund - Units	9,730,869.00	285,702.00
01-Oct-2003 to 30-Oct-2004	Transamerica Life	AGF Canadian Stock Fund - Units	298,613.00	8,802.00
01-Oct-2003 to 30-Oct-2004	Credential Asset Management	AGF Canadian Stock Fund - Units	3,399,093.00	99,651.00
01-Oct-2003 to 30-Oct-2004	Scotia Capital Inc.	AGF Canadian Stock Fund - Units	29,531,829.00	853,080.00
01-Oct-2003 to 30-Oct-2004	Dundee Securities Corp	AGF European Equity Class - Units	7,261,528.00	284,185.00
01-Oct-2003 to 30-Oct-2004	Transamerica Life	AGF Global Financial Services Class - Units	29,491.00	3,645.00

01-Oct-2003 to 30-Oct-2004	Transamerica Life	AGF Global Government Bond - Units	5,995,913.00	529,592.00
01-Oct-2003 to 30-Oct-2004	Credit Suisse First Boston	AGF Global Government Bond Fund Fund - Units	244,480.00	21,352.00
01-Oct-2003 to 30-Oct-2004	Transamerica Life	AGF International Stock Class - Units	3,789,584.00	375,428.00
01-Oct-2003 to 30-Oct-2004	Aegon Fund Management	AGF International Stock Class - Units	588,461.00	58,268.00
01-Oct-2003 to 30-Oct-2004	Transamerica Life	AGF International Value Fund - Units	18,433,617.00	480,816.00
01-Oct-2003 to 30-Oct-2004	Credit Suisse First Boston	AGF International Value Fund - Units	1,739,962.00	42,824.00
01-Oct-2003 to 30-Oct-2004	Manulife Financial	AGF RSP American Growth Fund - Units	3,406.00	1,060.00
01-Oct-2003 to 30-Oct-2004	Aegon Fund Management	AGF RSP American Growth Fund - Units	539,072.00	164,388.00
01-Oct-2003 to 30-Oct-2004	Credential Asset Management	AGF RSP American Growth Fund - Units	3,083,182.00	930,694.00
01-Oct-2003 to 30-Oct-2004	Credential Asset Management	AGF RSP European Equity Fund - Units	264,466.00	44,084.00
30-Sep-2003 to 30-Oct-2004	RBC Dominion Securities	AGF RSP European Equity Fund - Units	53,076,000.00	53,076,000.00
01-Oct-2003 to 30-Oct-2004	Credential Asset Management	AGF RSP Global Bond Fund - Units	13,778,393.00	1,169,310.00
01-Oct-2003 to 30-Oct-2004	Credential Asset Management	AGF RSP International Value Fund - Units	2,939,086.00	555,550.00
01-Oct-2003 to 30-Oct-2004	Scotia Capital Inc.	AGF RSP International Value Fund - Units	26,430,266.00	977,673.00
01-Oct-2003 to 30-Oct-2004	Transamerica Life	AGF U.S. Value Class - Units	193,346.00	35,565.00
01-Dec-2004	Daniel Coholan	American Learning Solutions Inc. - Convertible Preferred Stock	59,290.00	60,000.00

25-Oct-2004	4 Purchasers	AMI Resources Inc. - Units	295,000.00	655,556.00
15-Dec-2004	19 Purchasers	Anatolia Minerals Development Limited - Units	7,034,751.50	4,019,858.00
16-Dec-2004	30 Purchasers	Anvil Mining Limited - Special Warrants	7,187,250.00	1,369,000.00
15-Dec-2004	3 Purchasers	Aquiline Resources Inc. - Units	195,000.00	150,000.00
14-Dec-2004	6 Purchasers	Atlas Energy Ltd. - Common Shares	4,936,350.00	1,096,967.00
06-Dec-2004	5 Purchasers	Atna Resources Ltd. - Units	1,263,350.00	2,297,000.00
15-Dec-2004 to 17-Dec-2004	42 Purchasers	Augen Limited Partnership 2004-1 - Limited Partnership Units	1,113,500.00	11,135.00
06-Dec-2004	9 Purchasers	Avery Resources Inc. - Units	121,500.00	270,000.00
30-Nov-2004	William C. Oxley	Barker Minerals Ltd. - Common Shares	1,200.00	3,429.00
12-Oct-2004 to 29-Nov-2004	19 Purchasers	BDE Equities Inc. - Common Shares	326,333.00	2,175,553.00
12-Nov-2004	8 Purchasers	Bear Sterns Companies Inc., The - Notes	206,250,000.00	206,250,000.00
08-Dec-2004	Marvrix Fund Management Inc	Beaufield Consolidated Resources Inc. - Units	280,000.00	1,000,000.00
03-Dec-2004	Sandringham Capital Services Robert W. Atkinson	Bedford Capital III C, LP - Limited Partnership Units	1,500,000.00	1,500.00
03-Dec-2004	Hospitals of Ontario Pension Plan	Bedford Capital III, LP - Limited Partnership Units	20,000,000.00	20,000.00
09-Dec-2004	9 Purchasers	Berens Energy Ltd. - Common Shares	3,357,494.00	2,085,400.00
15-Dec-2004	6 Purchasers	Bill Barrett Corporation - Stock Option	2,750,000.00	110,000.00
15-Nov-2004	3 Purchasers	Bio-Rad Laboratories Inc. - Notes	1,842,000.00	1,500,000.00
16-Dec-2004	18 Purchasers	Blue Mountain Energy Ltd. - Common Shares	8,200,000.00	1,000,000.00
16-Dec-2004	12 Purchasers	Blue Mountain Energy Ltd. - Flow-Through Shares	5,300,000.00	500,000.00
02-Dec-2004	Alan Green	Boxxer Gold Corp - Units	15,625.00	125,000.00
23-Nov-2004	Sun Life Assurance Company of The Manufacturers Life Insurance Company	BPC Hospital Realty (Brampton) Inc. - Notes	85,000,000.00	85,000,000.00
09-Dec-2004	Sprott Asset Management Inc.	Brazauro Resources Corporation - Common Shares	2,100,000.00	2,100,000.00

03-Dec-2004	1636559 Ontario Inc.	C3 Online Marketing Inc - Common Shares	507,722.00	1,400,000.00
03-Dec-2004	3 Purchasers	Camilion Solutions, Inc. - Preferred Shares	20,000.00	143,984.00
16-Dec-2004	11 Purchasers	CanAlaska Ventures Ltd. - Units	222,000.00	740,000.00
03-Dec-2004	7 Purchasers	Cannasat Pharmaceuticals Inc. - Common Shares	260,000.00	260,000.00
30-Nov-2004	6 Purchasers	Caribou Resources Corp. - Common Shares	4,040,996.90	1,971,218.00
30-Nov-2004	NCE Diversified FT (04) LP William G. James	Caribou Resources Corp. - Flow-Through Shares	1,089,247.80	427,156.00
02-Dec-2004	3 Purchasers	Cascades Inc. - Notes	5,964,000.00	5,000,000.00
03-Dec-2004	Caplay Canada Holdings Inc.	Catalyst Investment Corp. - Preferred Shares	2,300,000.00	25,000,000.00
16-Dec-2004	29 Purchasers	Cathedral Energy Services Income Trust - Trust Units	8,442,999.00	2,814,333.00
07-Dec-2004	Blair Franklin	CB Richard Ellis Group, Inc. - Stock Option	33,821.00	1,000.00
12-Nov-2004 to 22-Nov-2004	Centaur Balanced	Centaur Balanced Fund - Units	33,511.76	2,477.00
12-Nov-2004 to 22-Nov-2004	Centaur Bond Fund	Centaur Bond Fund - Units	636,230.26	62,735.00
12-Nov-2004 to 22-Nov-2004	Centaur Canadian Equity	Centaur Canadian Equity - Units	1,072,031.16	11,529.00
12-Nov-2004 to 22-Nov-2004	Centaur International	Centaur International Fund - Units	300,482.34	37,748.00
12-Nov-2004 to 22-Nov-2004	Centaur Money Market	Centaur Money Market - Units	145,551.56	14,555.00
12-Nov-2004 to 22-Nov-2004	Centaur Small Cap	Centaur Small Cap - Units	3,915.94	62.00
07-Dec-2004	18 Purchasers	Chartwell Technology Inc. - Common Shares	11,000,002.80	2,365,592.00
15-Dec-2004	12 Purchasers	Choice Resources Corp. - Flow-Through Shares	448,829.20	641,185.00
23-Nov-2004	Global (GMPC) Holdings Inc. Y&R Investment Capital Inc.	Clearly Canadian Beverage Corporation - Common Shares	1,155,000.00	775,000.00
24-Nov-2004	BNY Trust Company of Canada	CNH Capital Canada Receivables Trust - Notes	103,040,000.00	1.00

29-Nov-2004	Nexsys Commtech International Inc	Cobiver Holdings Inc. - Preferred Shares	1,600,000.00	16,000.00
30-Nov-2004	Global (GPMC) Holdings Inc.	Cogient Corp - Common Share Purchase Warrant	0.00	296,666.00
08-Dec-2004	5 Purchasers	Commander Resources Ltd. - Common Shares	361,249.85	1,083,571.00
07-Dec-2004	6 Purchasers	Connacher Oil and Gas Limited - Common Shares	752,098.65	1,583,366.00
07-Dec-2004	3 Purchasers	Delex Therapeutics Inc. - Convertible Debentures	700,000.00	3.00
30-Nov-2004	Corgroup	Delphi Energy - Shares	75,000.00	25,000.00
30-Nov-2004	25 Purchasers	Denison Mines Inc. - Common Shares	1,500,012.50	122,450.00
08-Dec-2004 to 09-Dec-2004	10 Purchasers	Dianor Resources Inc. - Flow-Through Shares	1,200,000.00	9,230,769.00
17-Dec-2004	8 Purchasers	Diaz Resources Ltd. - Flow-Through Shares	200,250.00	267,000.00
02-Dec-2004	Alexander Gotovsky Alan Pearson	Discovery Drilling Funds VI Limited Partnership - Limited Partnership Units	35,000.00	35.00
13-Dec-2003 to 17-Nov-2004	15 Purchasers	Diversified Racing Investments Inc. - Debentures	539,880.39	5,398,804.00
13-Dec-2003 to 17-Nov-2004	45 Purchasers	Diversified Racing Investments Inc. - Debentures	1,727,904.50	6,524,702.00
17-Dec-2004	3 Purchasers	Diversinet Corp. - Common Shares	383,840.00	800,000.00
30-Nov-2004	Gordon Campbell Fowler Ken Lloyd Jones	Dominion Equity (2004-2) Flow-Through L.P. - Limited Partnership Units	30,000.00	30.00
02-Dec-2004	6 Purchasers	DragonWave Inc. - Preferred Shares	188,962.08	989,330.00
08-Dec-2004	16 Purchasers	Dumont Nickel Inc. - Units	2,178,900.00	12,105,000.00
09-Dec-2004	Deepak Shah Rob Mackie	Dynamic Resources Corp. - Common Shares	20,000.00	400,000.00
03-Dec-2004	Denis R. Richardson Maureen I. Richardson	DynaMotive Energy Systems Corporation - Common Shares	111,414.00	225,000.00
10-Dec-2004	14 Purchasers	Eloro Resources Ltd. - Flow-Through Shares	285,000.00	2,850,000.00
03-Dec-2004	Dynamic Focus & Resource Fund	Energy Exploration Technologies - Common Share Purchase Warrant	1,200,000.90	1,181,429.00

01-Dec-2004	43 Purchasers	Equigenesis 2004 Preferred Investment LP - Limited Partnership Interest	13,011,330.00	752.00
06-Dec-2004	3 Purchasers	Eric Technologies Corporation - Preferred Shares	40,000.00	40,000.00
07-Dec-2004	Sherfam Inc. Sandra Florence	Excalibur Limited Partnership - Limited Partnership Units	1,208,500.00	5.00
18-Nov-2004	Intrepid Minerals Corporation	Exploratus Ltd. - Common Shares	120,000.00	850,000.00
10-Dec-2004	11 Purchasers	Firan Technology Group Corporation - Units	2,271,640.00	1,622,600.00
30-Nov-2004	18 Purchasers	First Asset Management Inc. - Preferred Shares	19,875,510.50	2,650,081.00
16-Dec-2004	17 Purchasers	Forte Resources Inc. - Common Shares	4,753,650.00	1,105,500.00
14-Dec-2004	Clarus Securities Inc.	Franconia Minerals Corporation - Warrants	0.00	100,000.00
01-Dec-2004	Royal Bank of Canada	FrontPoint Offshore Multi-Strategy Fund Series A, Ltd. - Shares	592,900.00	500.00
25-Nov-2004 to 30-Nov-2004	11 Purchasers	Fund 321 Limited Partnership - Limited Partnership Units	49,450,000.00	49,450.00
03-Dec-2004	5 Purchasers	Galveston LNG Inc. - Common Shares	3,900,000.00	3,900,000.00
16-Dec-2004	19 Purchasers	Gammon Lake Resources Inc. - Special Warrants	23,409,400.00	3,344,200.00
15-Dec-2004	29 Purchasers	Gentry Resources Ltd. - Common Shares	12,825,000.00	4,500,000.00
30-Nov-2004	Echelon General Insurance Co.	Gladiator Limited Partnership - Limited Partnership Interest	500,438.36	500,438.00
30-Dec-2004	MineralFields 2004 L.P. MineralFields 2004-VI LP	Globex Mining Enterprises Inc. - Flow-Through Shares	300,000.00	333,333.00
02-Dec-2004	5 Purchasers	Golden Band Resources Inc. - Flow-Through Shares	932,500.00	3,730,000.00
01-Dec-2004	Centre for International Governance Innovation	Goldman Sachs Global Tactical Trading Plc - Units	1,400,000.00	14,000.00
06-Dec-2004	Robert Alan Filer Bernadette Filer	HOLO-FX Inc. - Common Shares	70,000.00	140,000.00
07-Dec-2004	Ontario Teacher's Pension Plan Board	HSBC Bank Canada - Debentures	29,986,500.00	30,000,000.00
15-Dec-2004	9 Purchasers	HSE Integrated Ltd. - Common Shares	1,124,500.00	865,000.00
31-Oct-2004	3 Purchasers	Infrastructures for Information Inc. - Common Shares	6,500,000.00	3,987,730.00

31-Oct-2004	1407048 Ontario Inc. 1206833 Ontario Inc.	Infrastructures for Information Inc. - Preferred Shares	3,100,000.00	14,090,909.00
03-Dec-2004	Marion Margorie Maria Elena	Integral Wealth Management Inc. - Units	250,000.00	250,000.00
16-Dec-2004	77 Purchasers	InterRent International Properties Inc. - Units	6,870,000.00	20,610,000.00
31-Jul-2004 to 30-Nov-2004	26 Purchasers	Jemekk Long/Short Fund L.P. - Limited Partnership Units	7,340,000.00	7,340.00
26-Nov-2004	7 Purchasers	Kaval Wireless Technologies Inc. - Debentures	974,690.50	974,691.00
07-Dec-2004	Credit Risk Advisors Royal Bank of Canada (RBC Inv)	KB Home - Notes	9,482,885.00	8,000,000.00
06-Dec-2004	KBSH Enhanced Income Fund	KBSH Enhanced Income Fund - Units	237,500.00	22,062.00
15-Dec-2004	Gordon & Barbara Stromberg	KBSH Enhanced Income Fund - Units	62,313.68	5,686.00
16-Dec-2004	Gregory DiFrancesco	KBSH Enhanced Income Fund - Units	150,000.00	13,648.00
20-Dec-2004	Greg DiFrancesco	KBSH Income Trust - Units	115,733.53	9,231.00
06-Dec-2004	Marina DiFrancesco	KBSH Private - Fixed Income Fund - Units	237,500.00	22,667.00
30-Nov-2004	K. Dingle ITF Adrian 1149202 Ontario Inc.	Kingwest Avenue Portfolio - Units	162,500.00	7,311.00
30-Nov-2004	4 Purchasers	Kinwest Corporation - Common Shares	47,000.00	23,500.00
13-Dec-2004	Ken Harper John Justin Webb	Kinwest Corporation - Flow-Through Shares	70,000.00	28,000.00
30-Nov-2004	AIG Life Canada	Lancaster Fixed Income Fund - Trust Units	43,802.21	3,413.00
30-Nov-2004	Lancaster Balanced Fund II	Lancaster Global Fund - Trust Units	2,029,732.25	220,791.00
30-Nov-2004	Lyle Shantz Hallman Charitable Fdn	Lancaster Short Bond Fund - Trust Units	0.01	0.00
29-Jun-2004	First Ontario Labour Sponsored Investment Fund	Lexicon Value Management Inc. - Common Shares	40.00	40.00
01-Oct-2004	First Ontario Labour Sponsored Investment Fund	Lexicon Value Management Inc. - Common Shares	24.00	24.00
09-Dec-2004	First Ontario Labour Sponsored Investment Fund	Lexicon Value Management Inc. - Common Shares	12.00	12.00
30-Nov-2004	9 Purchasers	Lightning Energy Ltd. - Common Shares	5,610,150.00	1,233,000.00

30-Nov-2004	14 Purchasers	Lightning Energy Ltd. - Flow-Through Shares	4,862,200.00	868,250.00
08-Dec-2004	CPP Investment Board Private Holdings Inc.	Lone Star Fund V (Bermuda) LP - Limited Partnership Interest	122,989,808.00	122,989,808.00
21-Dec-2004	6 Purchasers	Luke Energy Ltd. - Flow-Through Shares	441,809.00	142,519.00
09-Dec-2004	3 Purchasers	Madison Minerals Inc. - Units	580,450.00	893,000.00
08-Dec-2004	3 Purchasers	Maple Leaf Foods Inc. - Notes	95,000,000.00	95,000,000.00
30-Nov-2004	3 Purchasers	McElvaine Investment Trust - Trust Units	159,919.91	7,953.00
14-Dec-2004	25 Purchasers	MetalCorp Limited - Flow-Through Shares	2,571,664.50	2,857,405.00
14-Dec-2004	8 Purchasers	MetalCorp Limited - Units	767,520.00	959,400.00
14-Dec-2004	8 Purchasers	MetalCorp Limited - Warrants	479,700.00	479,700.00
07-Dec-2004	Joseph Panetta	Monroe Minerals Inc. - Units	6,250.00	50,000.00
03-Dec-2004	Hudson's Bay Company Pension Plan	Montez Corporation - Common Shares	1,734,785.64	1,734,786.00
03-Dec-2004	Hudson's Bay Company Pension Plan	Montez Corporation - Common Shares	7,804.20	7,804.00
06-Dec-2004	6 Purchasers	Musicrypt Inc. - Units	235,000.00	783,333.00
03-Dec-2004	3 Purchasers	Mystique Energy Inc. - Common Shares	550,000.00	1,100,000.00
28-Sep-2004	Pennfun Mezzanine L.P. II	Normerica Capital Corporation - Shares	21.00	2.00
03-Dec-2004	4 Purchasers	Northwestern Mineral Ventures Inc. - Units	23,400.00	23,400.00
30-Nov-2004	7 Purchasers	NuCove Development Corp - Preferred Shares	350,000.00	7.00
10-Dec-2004	Larry Barr	O'Donnell Emerging Companies Fund - Units	5,000.00	629.00
06-Dec-2004	5 Purchasers	Oxus Gold plc - Units	9,473,148.00	2,300.00
06-Feb-2004 to 13-Feb-2004	3 Purchasers	Ozz Corporation - Units	1,526,406.00	1,526,406.00
08-Dec-2004	Denis Arsenault Kevin Drover	Patent Enforcement and Royalties Ltd. - Common Shares	54,000.00	540,000.00
10-Dec-2004	18 Purchasers	Photon Control Inc. - Units	482,200.25	1,377,715.00
30-Nov-2004	TD Capital Private Equity Investors Partnership	Prospect Venture Partners III, L.P. - Limited Partnership Interest	10,000,000.00	10,000,000.00

03-Dec-2004	23 Purchasers	ProspEx Resources Ltd. - Common Shares	7,424,000.00	2,560,000.00
16-Dec-2004	17 Purchasers	Pure Technologies Ltd - Common Shares	5,280,000.00	2,200,000.00
09-Dec-2004	The Manufacturers Life Insurance Company	QSPE-VFC Trust II - Subordinated Note	4,950,000.00	4,950,000.00
23-Nov-2004	3 Purchasers	Questerre Energy Corporation - Common Shares	930,000.00	3,100,000.00
03-Dec-2004	9 Purchasers	Rentcash Inc. - Common Shares	942,500.00	130,000.00
23-Nov-2004	37 Purchasers	Resverlogix Corp. - Common Shares	4,159,500.00	1,386,500.00
14-Dec-2004	4 Purchasers	Rock Creek Resources Ltd. - Shares	2,614,400.00	817,000.00
30-Nov-2004	6 Purchasers	Rogers Cable Inc. - Notes	68,230,000.00	68,230,000.00
30-Nov-2004	9 Purchasers	Rogers Wireless Inc. - Notes	15,821,304.00	149,150.00
29-Nov-2004	5 Purchasers	Roxmark Mines Limited - Units	131,399.91	1,361,666.00
15-Dec-2004	The Bank of Nova Scotia	Royalty Fund II - Trust Units	58,577,881.50	1,285,000.00
02-Dec-2004	Wolfden Resources Inc	Sabina Resources Limited - Common Shares	180,000.00	200,000.00
09-Dec-2004	Bank of Montréal Trimark Investment Management Inc	Scientific Games Corporation - Notes	1,811,400.00	1,811,400.00
29-Nov-2004	The Bank of Nova Scotia	Senior Floating Rate Income Trust - Trust Units	2,966,250.00	350,000.00
06-Dec-2004	7 Purchasers	Sierra Minerals Inc. - Units	84,000.00	280,000.00
30-Nov-2004	61 Purchasers	Silver Wheaton Corp. - Common Share Purchase Warrant	25,695,075.00	51,390,145.00
08-Nov-2004	3 Purchasers	Skywave Mobile Communications Inc. - Promissory note	713,000.00	713,000.00
02-Dec-2004	10 Purchasers	St Andrew Goldfields Ltd - Flow-Through Shares	2,732,245.90	11,879,330.00
07-Dec-2004	12 Purchasers	St Andrew Goldfields Ltd - Flow-Through Shares	5,902,996.00	25,665,200.00
02-Dec-2004	Research Capital Corporation	St Andrew Goldfields Ltd - Warrants	0.00	712,760.00
07-Dec-2004	Research Capital Corporation	St Andrew Goldfields Ltd - Warrants	0.00	1,566,000.00
16-Dec-2004	RioCan Real Estate Investment Trust	Sterling Centrecorp Inc. - Debentures	3,000,000.00	3,333,300.00
17-Dec-2004	10 Purchasers	Storm Exploration Inc. - Subscription Receipts	2,936,275.00	876,500.00

01-Dec-2004	5 Purchasers	StrataGold Corporation - Flow-Through Shares	1,720,355.00	2,646,700.00
01-Dec-2004	12 Purchasers	StrataGold Corporation - Special Warrants	3,755,860.00	6,475,621.00
15-Dec-2004	Graham Baldwin	Sultan Minerals Inc. - Common Share Purchase Warrant	15,300.00	135,000.00
15-Dec-2004	18 Purchasers	Systems Xcellence Inc. - Special Warrants	12,987,405.00	9,620,300.00
15-Dec-2004	17 Purchasers	Tehara Diamond Corporation - Flow-Through Shares	3,000,000.15	6,666,667.00
13-Dec-2004	26 Purchasers	Tempest Energy Corp. - Flow-Through Shares	8,017,874.60	932,311.00
14-Dec-2004	4 Purchasers	Texas Genco LLC - Notes	1,500,000.00	1,500,000.00
03-Nov-2004	Dr. David J. McAulay Roger Lemay	Thermal Energy International Inc. - Flow-Through Shares	201,333.00	171,333.00
03-Nov-2004	14 Purchasers	Thermal Energy International Inc. - Units	10,309,035.00	10,309,035.00
16-Dec-2004	25 Purchasers	Thunder Energy Inc. - Flow-Through Shares	5,312,000.00	531,200.00
03-Dec-2004	Mosaic Venture Partners II LP Edgestone Capital Venture FundLP and NFB Capital Inc	Time Industrial, Inc. - Convertible Debentures	500,000.00	500,000.00
01-Dec-2004	Steven C. Wick Lynn J. Wick	Tower Hedge Fund L.P. - Units	100,000.00	8,869.00
09-Dec-2004	5 Purchasers	True North Gems Inc. - Flow-Through Shares	1,453,400.00	2,236,000.00
01-Dec-2004	27 Purchasers	TUSK Energy Corporation - Common Shares	4,957,050.00	2,062,700.00
06-Dec-2004	12 Purchasers	Umedik Inc. - Common Shares	2,763,004.47	662,591.00
03-Dec-2004	TMB Directories Inc.	Unison Capital Partners II (F) L.P. - Limited Partnership Interest	40,922,000.00	1.00
30-Nov-2004	26 Purchasers	Vertex Fund - Trust Units	981,490.22	98,396.00
06-Dec-2004	20 Purchasers	Viceroy Exploration Ltd. - Units	4,544,936.00	2,065,880.00
05-Dec-2004 to 14-Dec-2004	14 Purchasers	Villabar Properties (2004) Limited Partnership - Limited Partnership Units	1,890,000.00	15.00
03-Dec-2004	The Manufacturers Life Insurance Company	Vista Cargo Centres Inc - Bonds	29,300,000.00	29,300,000.00
29-Nov-2004	38 Purchasers	Walden Village LP and Walden Village Property LP - Limited Partnership Units	2,400,000.00	96.00

29-Nov-2004	Brett C. Davidson Subterranean Technologies Inc.	Wavefront Energy and Environmental Services Inc. - Common Shares	200,000.00	701,754.00
02-Dec-2004	Elizabeth McLaughlin David Malach	Winslow Resources Inc. - Flow-Through Shares	15,750.00	105,000.00
02-Dec-2004	5 Purchasers	Winslow Resources Inc. - Units	243,750.00	1,950,000.00
22-Nov-2004	Credit Risk Advisors LP Bank of Montreal	Wynn Las Vegas, LLC and Wynn Las Vegas Capital Corp. - Notes	3,571,200.00	3,000.00
08-Dec-2004	7 Purchasers	Zenda Capital Corp. - Units	163,750.00	1,310,000.00

Chapter 9

Legislation

9.1.1. Notice of Proposed Amendments to the Securities Act and Commodity Futures Act

NOTICE OF AMENDMENTS TO THE SECURITIES ACT AND COMMODITY FUTURES ACT

On December 16, 2004, the *Budget Measures Act (Fall), 2004* (Bill 149) received Royal Assent. The amendments to the *Securities Act* contained in Schedule 34 of Bill 149 are mostly technical in nature and relate to statutory amendments previously introduced by the *Keeping the Promise for a Strong Economy Act (Budget Measures), 2002* (Bill 198).

Certain sections in Schedule 34 of Bill 149 came into force on December 16, 2004. Other sections will come into force on a day to be named by proclamation of the Lieutenant Governor. These unproclaimed sections relate to the civil liability for secondary market disclosure regime enacted in Part XXIII.1 and to sections 126.1 and 126.2 of the *Securities Act.*[1] Certain terms used in Part XXIII.1 of the *Securities Act* are to be defined in the regulations. As such, we anticipate that Part XXIII.1 and section 126.1 and 126.2 of the *Securities Act*, as they are to be amended by Schedule 34, will be proclaimed into force once the necessary amendments to Regulation 1015 have been made by the Lieutenant Governor in Council.

SIGNIFICANT CHANGES TO THE SECURITIES ACT NOW IN EFFECT:

Among the most significant changes to the *Securities Act,* which are now in effect, are amendments to:

- Introduce a safe harbour for forward-looking information contained in a prospectus, offering memorandum, take-over bid circular, directors' circular or a director's and officer's circular.
- Broaden the definition of "forward-looking information" to include all disclosure regarding possible events, conditions or results of operations.
- Eliminate the Commission's ability to designate an issuer or class of issuers as mutual funds or to designate them not to be mutual funds.
- Create a statutory definition for a "non-redeemable investment fund".
- Eliminate the requirement for the Minister to approve an allocation or a class of allocations, for the benefit of third parties, of money received by the Commission in connection with enforcement proceedings. Instead, a provision has been enacted authorizing the Minister to establish guidelines with respect to the allocation of money received by the Commission pursuant to an order issued under section 127 of the *Securities Act* or pursuant to a settlement agreement.
- Provide that an advisory committee will be appointed to review securities legislation and rules every four years after the appointment of the previous advisory committee.

SIGNIFICANT CHANGES TO THE SECURITIES ACT NOT YET IN EFFECT:

Among the most significant changes to the *Securities Act,* which will come into effect upon proclamation of Schedule 34, are:

- Amend the definition of "expert" in section 138.1 of the Act to exclude approved rating organizations.
- Clarify the application of the safe harbour for oral forward-looking information in the context of the secondary market civil liability regime. These changes have been introduced to parallel the safe harbour for oral forward-looking information that exists in the United States.
- Revise the wording in subsection 126.2(b) of the Act to make it similar to the definition of material change contained in the Act, and to clarify that section 126.2 does not create a further and separate right of action to the rights available under Part XXIII and Part XXIII.1 of the Act.

[1] Part XXIII.1 and sections 126.1 and 126.2 were enacted under Bill 198 and have not yet been proclaimed in to force.

Parallel amendments contained in Schedule 6 of Bill 149 have been made, where appropriate, to the *Commodity Futures Act*. The amendments to subsections 60(2.1) and 76(1) of the *Commodity Futures Act* are now in effect. The amendment to clause 59.2(b) of the *Commodity Futures Act* will come into force on a day to be named by proclamation of the Lieutenant Governor.

The relevant portions of the *Budget Measures Act (Fall), 2004* are reprinted below and may also be viewed on the Ontario Legislative Assembly's web site at www.ontla.on.ca and the Commission's web site at www.osc.gov.on.ca.

Questions may be referred to:

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9.1.2. Amendments to the Securities Act and Commodity Futures Act

Amendments to the Securities Act and Commodity Futures Act
Excerpts from the *Budget Measures Act (Fall), 2004* (formerly Bill 149)

EXPLANATORY NOTES

SCHEDULE 6 - *Commodity Futures Act*

Currently, section 59.2 of the *Commodity Futures Act* prohibits the making of misleading or untrue statements that significantly affect or would reasonably be expected to have a significant effect on the market price or value of a commodity or contract. The section is amended so that it only prohibits the making of misleading or untrue statements that would reasonably be expected to have a significant effect on the market price or value of a commodity or contract.

Subsection 60 (2.1) of the Act provides that, in specified circumstances, a person is not entitled to participate in a proceeding in which an order may be made under paragraph 10 of subsection 60 (1) against another person to disgorge amounts obtained as a result of non-compliance. An amendment provides that, in the specified circumstances, a person is also not entitled to participate in a proceeding in which an order may be made under paragraph 9 of subsection 60 (1) against another person to pay an administrative penalty.

Section 76 of the Act requires the Minister to appoint an advisory committee every five years to review the legislation, regulations and rules relating to commodity futures and make a report to the Minister to be tabled in the Legislature and reviewed by a Select or Standing Committee of the Legislative Assembly. The amendments to the section set a May 31, 2005 deadline for appointing the first advisory committee under that section and provide for a review every four years after the appointment of the previous advisory committee.

SCHEDULE 34 - *Securities Act*

The definition of “forward-looking information” in section138.1 of the Act is moved to subsection 1(1) of the Act and is amended to specify that it includes all disclosure regarding possible events, conditions or results of operations, not just future-oriented financial information.

The definition of “mutual fund” in subsection 1(1) of the Act is amended by deleting the authority for the Commission to designate an issuer or class of issuers as mutual funds or designating them not to be mutual funds.

A definition of “non-redeemable investment fund” is added to the Act.

Section 3.4 of the Act is amended in connection with the requirement that the Ontario Securities Commission pay into the Consolidated Revenue Fund certain money received by it to settle enforcement proceedings. The Minister of Finance is authorized to establish guidelines about the allocation of money received by the Commission in specified circumstances.

Clause 75 (3) (a) of the Act is amended to correct an error in a cross-reference.

Currently, section 126.2 of the Act prohibits the making of misleading or untrue statements that significantly affect or would reasonably be expected to have a significant effect on the market price or value of a security. It is amended so that it prohibits misleading or untrue statements that would reasonably be expected to have a significant effect on the market price or value of a security. A further amendment specifies that a breach of this prohibition does not give rise to a cause of action for damages.

Subsection 127 (3.1) of the Act provides that, in specified circumstances, a person is not entitled to participate in a proceeding in which an order may be made under paragraph 10 of subsection 127 (1) of the Act against another person to disgorge amounts obtained as a result of non-compliance. An amendment provides that, in the specified circumstances, a person is also not entitled to participate in a proceeding in which an order may be made under paragraph 9 of subsection 127 (1) of the Act against another person to pay an administrative penalty.

Technical amendments are made to subsections 130(1),130.1(1) and 131(1) and (2) of the Act concerning liability for misrepresentation in various types of documents.

New section 132.1 of the Act provides that a person or company is not liable for a misrepresentation in forward-looking information contained in specified types of documents in the circumstances described in that section.

Technical amendments are made to sections 138.1 to138.14 of the Act. They include replacing references to “proceeding” with “action” in those sections.

The definition of “expert” in section 138.1 of the Act is amended to exclude an entity that is an approved rating organization under National Instrument 44-101 of the Canadian Securities Administrators.

An amendment to subsection 142 (2) of the Act provides that the Crown is exempt from liability under sections 126.1(fraud and market manipulation), 126.2 (misleading or untrue statements) and 130.1 (liability for misrepresentation in offering memorandum) of the Act.

Subsection 138.4 (9) of the Act establishes a statutory defence in specified circumstances for persons and companies when there is a misrepresentation in a public oral statement containing forward-looking information. The new subsections138.4(9.1) and(9.2) of the Act provide that, in specified circumstances, a person or company shall be deemed to have satisfied certain requirements for the statutory defence.

An amendment to subsection 143 (1) of the Act specifies that the Commission may make rules under the Act to provide that Part XXIII.1 (Civil Liability for Secondary Market Disclosure) of the Act applies to certain acquisitions or dispositions of an issuer’s security, and to provide that the Part does not apply to certain transactions or classes of transactions.

The enactment of subsection 143.12 (1.1) of the Act provides for the appointment by the Minister of advisory committees to review securities legislation and rules every four years after the appointment of the previous advisory committee.

SCHEDULE 6

AMENDMENTS TO THE COMMODITY FUTURES ACT

1. Clause 59.2 (b) of the *Commodity Futures Act*, **as enacted by the Statutes of Ontario, 2002, chapter 22, section 11, is repealed and the following substituted:**

(b) would reasonably be expected to have a significant effect on the market price or value of a commodity or contract.

2. Subsection 60 (2.1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 12, is repealed and the following substituted:

Exception

(2.1) A person or company is not entitled to participate in a proceeding in which an order may be made under paragraph 9 or 10 of subsection (1) solely on the basis that the person or company may be entitled to receive any amount paid under the order.

3. Subsection 76 (1) of the Act, as enacted by the Statutes of Ontario, 1999, chapter 9, section 47, is repealed and the following substituted:

Review by Select or Standing Committee
Appointment of first advisory committee

(1) On or before May 31, 2005, the Minister shall appoint an advisory committee to review the legislation, regulations and rules relating to matters dealt with by the Commission and the legislative needs of the Commission.

Appointment of subsequent advisory committees

(1.1) The Minister shall appoint an advisory committee to perform the functions described in subsection (1) not later than 48 months after the appointment of the previous advisory committee appointed under subsection (1) or this subsection.

Commencement

4. (1) Subject to subsection (2), this Schedule comes into force on the day the *Budget Measures Act (Fall), 2004* **receives Royal Assent.**

Same

(2) Section 1 comes into force on a day to be named by proclamation of the Lieutenant Governor.

SCHEDULE 34

AMENDMENTS TO THE SECURITIES ACT

1. (1) Subsection 1 (1) of the *Securities Act*, as amended by the Statutes of Ontario, 1994, chapter 11, section 350, 1994, chapter 33, section 1, 1997, chapter 19, section 23, 1999, chapter 6, section 60, 1999, chapter 9, section 193, 2001, chapter 23, section 209 and 2002, chapter 22, section 177, is amended by adding the following definition:

"forward-looking information" means disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action and includes future oriented financial information with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection; ("information prospective")

(2) The definition of "mutual fund" in subsection 1 (1) of the Act, as re-enacted by the Statutes of Ontario, 2002, chapter 22, section 177, is repealed and the following substituted:

"mutual fund" means an issuer whose primary purpose is to invest money provided by its security holders and whose securities entitle the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets, including a separate fund or trust account, of the issuer; ("fonds mutuel")

(3) Subsection 1 (1) of the Act, as amended by the Statutes of Ontario, 1994, chapter 11, section 350, 1994, chapter 33, section 1, 1997, chapter 19, section 23, 1999, chapter 6, section 60, 1999, chapter 9, section 193, 2001, chapter 23, section 209 and 2002, chapter 22, section 177, is amended by adding the following definition:

"non-redeemable investment fund" means an issuer,

(a) whose primary purpose is to invest money provided by its security holders,

(b) that does not invest,

(i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or

(ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and

(c) that is not a mutual fund; ("fonds d'investissement à capital fixe")

(4) Subsection 1 (1.1) of the Act, as re-enacted by the Statutes of Ontario, 2002, chapter 22, section 177, is amended by striking out ""non-redeemable investment fund"".

2. (1) Clause 3.4 (2) (b) of the Act, as re-enacted by the Statutes of Ontario, 2002, chapter 22, section 178, is repealed and the following substituted:

(b) that is designated under the terms of the order or settlement for allocation to or for the benefit of third parties.

(2) Section 3.4 of the Act, as enacted by the Statutes of Ontario, 1997, chapter 10, section 37 and amended by 2002, chapter 22, section 178, is amended by adding the following subsection:

Same

(2.1) The Minister may establish guidelines respecting the allocation of money received by the Commission pursuant to an order described in subsection (2) or money received by the Commission as a payment to settle enforcement proceedings commenced by the Commission.

3. Clause 75 (3) (a) of the Act, as re-enacted by the Statutes of Ontario, 2002, chapter 22, section 180, is amended by striking out "subsection (2)" and substituting "subsections (1) and (2)".

4. (1) Clause 126.2 (b) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 182, is repealed and the following substituted:

(b) would reasonably be expected to have a significant effect on the market price or value of a security.

(2) Section 126.2 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 182, is amended by adding the following subsection:

Same

(2) A breach of subsection (1) does not give rise to a statutory right of action for damages otherwise than under Part XXIII or XXIII.1.

5. Subsection 127 (3.1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 183, is repealed and the following substituted:

Exception

(3.1) A person or company is not entitled to participate in a proceeding in which an order may be made under paragraph 9 or 10 of subsection (1) solely on the basis that the person or company may be entitled to receive any amount paid under the order.

6. Subsection 130 (1) of the Act is amended by striking out the portion before clause (a) and substituting the following:

Liability for misrepresentation in prospectus

(1) Where a prospectus, together with any amendment to the prospectus, contains a misrepresentation, a purchaser who purchases a security offered by the prospectus during the period of distribution or during distribution to the public has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against,

. . . . .

7. Subsection 130.1 (1) of the Act, as enacted by the Statutes of Ontario, 1999, chapter 9, section 218, is repealed and the following substituted:

Liability for misrepresentation in offering memorandum

(1) Where an offering memorandum contains a misrepresentation, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, the following rights:

1. The purchaser has a right of action for damages against the issuer and a selling security holder on whose behalf the distribution is made.

2. If the purchaser purchased the security from a person or company referred to in paragraph 1, the purchaser may elect to exercise a right of rescission against the person or company. If the purchaser exercises this right, the purchaser ceases to have a right of action for damages against the person or company.

8. (1) Subsection 131 (1) of the Act is amended by striking out the portion before clause (a) and substituting the following:

Liability for misrepresentation in circular

(1) Where a take-over bid circular sent to the security holders of an offeree issuer as required by Part XX, or any notice of change or variation in respect of the circular, contains a misrepresentation, a security holder may, without regard to whether the security holder relied on the misrepresentation, elect to exercise a right of action for rescission or damages against the offeror or a right of action for damages against,

. . . . .

(2) Subsection 131 (2) of the Act is repealed and the following substituted:

Same

(2) Where a directors' circular or a director's or officer's circular delivered to the security holders of an offeree issuer as required by Part XX, or any notice of change or variation in respect of the circular, contains a misrepresentation, a security holder has, without regard to whether the security holder relied on the misrepresentation, a right of action for damages against every director or officer who signed the circular or notice that contained the misrepresentation.

9. The Act is amended by adding the following section:

Defence to liability for misrepresentation

132.1 (1) A person or company is not liable in an action under section 130, 130.1 or 131 for a misrepresentation in forward-looking information if the person or company proves all of the following things:

1. The document containing the forward-looking information contained, proximate to that information,

   i. reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and

   ii. a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information.

2. The person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Exception

(2) Subsection (1) does not relieve a person or company of liability respecting forward-looking information in a financial statement or forward-looking information in a document released in connection with an initial public offering.

10. (1) The definition of "core document" in section 138.1 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

"core document" means,

(a) where used in relation to,

(i) a director of a responsible issuer who is not also an officer of the responsible issuer,

(ii) an influential person, other than an officer of the responsible issuer or an investment fund manager where the responsible issuer is an investment fund, or

(iii) a director or officer of an influential person who is not also an officer of the responsible issuer, other than an officer of an investment fund manager,

a prospectus, a take-over bid circular, an issuer bid circular, a directors' circular, a rights offering circular, management's discussion and analysis, an annual information form, an information circular, annual financial statements and interim financial statements of the responsible issuer,

(b) where used in relation to,

(i) a responsible issuer or an officer of the responsible issuer,

(ii) an investment fund manager, where the responsible issuer is an investment fund, or

(iii) an officer of an investment fund manager, where the responsible issuer is an investment fund,

a prospectus, a take-over bid circular, an issuer bid circular, a directors' circular, a rights offering circular, management's discussion and analysis, an annual information form, an information circular, annual financial statements, interim financial statements and a report required by subsection 75 (2) of the responsible issuer, and

(c) such other documents as may be prescribed by regulation for the purposes of this definition; ("document essentiel")

(2) The definition of "expert" in section 138.1 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

"expert" means a person or company whose profession gives authority to a statement made in a professional capacity by the person or company including, without limitation, an accountant, actuary, appraiser, auditor, engineer, financial analyst, geologist or lawyer, but not including an entity that is an approved rating organization for the purposes of National Instrument 44-101 of the Canadian Securities Administrators; ("expert")

(3) The definition of "forward-looking information" in section 138.1 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed.

(4) Clause (g) of the definition of "liability limit" in section 138.1 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

(g) in the case of each person who made a public oral statement, other than an individual referred to in clause (d), (e) or (f), the greater of,

(i) $25,000, and

(ii) 50 per cent of the aggregate of the person's compensation from the responsible issuer and its affiliates;

(5) The definition of "responsible issuer" in section 138.1 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

"responsible issuer" means,

(a) a reporting issuer, or

(b) any other issuer with a real and substantial connection to Ontario, any securities of which are publicly traded; ("émetteur responsable")

11. Clauses 138.2 (a) and (b) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, are repealed and the following substituted:

(a) the purchase of a security offered by a prospectus during the period of distribution;

(b) the acquisition of an issuer's security pursuant to a distribution that is exempt from section 53 or 62, except as may be prescribed by regulation;

12. (1) The English version of subsection 138.3 (1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a person or company who acquires or disposes of an issuer's security" in the portion before clause (a) and substituting "a person or company who acquires or disposes of the issuer's security".

(2) The English version of subclause 138.3 (1) (d) (i) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

(i) the responsible issuer or any person or company acting on behalf of the responsible issuer to release the document, or

(3) The English version of subsection 138.3 (2) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a person or company who acquires or disposes of an issuer's security" in the portion before clause (a) and substituting "a person or company who acquires or disposes of the issuer's security".

(4) Subsection 138.3 (3) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out the portion before clause (a) and substituting the following:

Influential persons

(3) Where an influential person or a person or company with actual, implied or apparent authority to act or speak on behalf of the influential person releases a document or makes a public oral statement that relates to a responsible issuer and that contains a misrepresentation, a person or company who acquires or disposes of the issuer's security during the period between the time when the document was released or the public oral statement was made and the time when the misrepresentation contained in the document or public oral statement was publicly corrected has, without regard to whether the person or company relied on the misrepresentation, a right of action for damages against,

. . . . . .

(5) The English version of subsection 138.3 (4) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a person or company who acquires or disposes of an issuer's security" in the portion before clause (a) and substituting "a person or company who acquires or disposes of the issuer's security".

(6) Subsection 138.3 (5) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(7) Subsection 138.3 (6) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(8) Subsection 138.3 (7) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

No implied or actual authority

(7) In an action under subsection (2) or (3), if the person who made the public oral statement had apparent authority, but not implied or actual authority, to speak on behalf of the issuer, no other person is liable with respect to any of the responsible issuer's securities that were acquired or disposed of before that other person became, or should reasonably have become, aware of the misrepresentation.

13. (1) Subsection 138.4 (1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(2) Subsection 138.4 (2) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(3) Subsection 138.4 (3) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(4) Subsection 138.4 (4) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(5) Subsection 138.4 (5) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(6) Subsection 138.4 (6) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(7) Subsection 138.4 (7) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "the courts" in the portion before clause (a) and substituting "the court".

(8) The English version of clause 138.4 (7) (e) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

(e) the existence, if any, and the nature of any system designed to ensure that the responsible issuer meets its continuous disclosure obligations;

(9) Subsection 138.4 (8) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(10) Subsections 138.4 (9) and (10) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, are repealed and the following substituted:

Forward-looking information

(9) A person or company is not liable in an action under section 138.3 for a misrepresentation in forward-looking information if the person or company proves all of the following things:

1. The document or public oral statement containing the forward-looking information contained, proximate to that information,

i. reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and

ii. a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information.

2. The person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Same

(9.1) The person or company shall be deemed to have satisfied the requirements of paragraph 1 of subsection (9) with respect to a public oral statement containing forward-looking information if the person who made the public oral statement,

(a) made a cautionary statement that the oral statement contains forward-looking information;

(b) stated that,

(i) the actual results could differ materially from a conclusion, forecast or projection in the forward-looking information, and

(ii) certain material factors or assumptions were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information; and

(c) stated that additional information about,

(i) the material factors that could cause actual results to differ materially from the conclusion, forecast or projection in the forward-looking information, and

(ii) the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information,

is contained in a readily-available document or in a portion of such a document and has identified that document or that portion of the document.

Same

(9.2) For the purposes of clause (9.1) (c), a document filed with the Commission or otherwise generally disclosed shall be deemed to be readily available.

Exception

(10) Subsection (9) does not relieve a person or company of liability respecting forward-looking information in a financial statement required to be filed under this Act or forward-looking information in a document released in connection with an initial public offering.

(11) Subsection 138.4 (11) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(12) Subsection 138.4 (12) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(13) Subsection 138.4 (13) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(14) Subsection 138.4 (14) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(15) Subsection 138.4 (15) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

14. Subparagraph 3 i of subsection 138.5 (2) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

i. if the issuer's securities trade on a published market, the trading price of the issuer's securities on the principal market (as such terms are defined in the regulations) for the 10 trading days following the public correction of the misrepresentation or the disclosure of the material change in the manner required under this Act, or

15. (1) Subsection 138.6 (1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(2) Subsection 138.6 (2) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

16. Subsection 138.7 (1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

17. Subsection 138.8 (1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "No proceeding" at the beginning and substituting "No action".

18. (1) Section 138.9 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" in the portion before clause (a) and substituting "an action".

(2) Clause 138.9 (a) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

19. Section 138.10 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

Restriction on discontinuation, etc., of action

138.10 An action under section 138.3 shall not be discontinued, abandoned or settled without the approval of the court given on such terms as the court thinks fit including, without limitation, terms as to costs, and in determining whether to approve the settlement of the action, the court shall consider, among other things, whether there are any other actions outstanding under section 138.3 or under comparable legislation in other provinces or territories in Canada in respect of the same misrepresentation or failure to make timely disclosure.

20. Section 138.11 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

21. Section 138.12 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

22. Section 138.13 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is repealed and the following substituted:

No derogation from other rights

138.13 The right of action for damages and the defences to an action under section 138.3 are in addition to, and without derogation from, any other rights or defences the plaintiff or defendant may have in an action brought otherwise than under this Part.

23. (1) Section 138.14 of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "proceeding" in the portion before clause (a) and substituting "action".

(2) Subclause 138.14 (a) (ii) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(3) Subclause 138.14 (b) (ii) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

(4) Subclause 138.14 (c) (ii) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 185, is amended by striking out "a proceeding" and substituting "an action".

24. Subsection 142 (2) of the Act, as amended by the Statutes of Ontario, 1994, chapter 11, section 378 and 2002, chapter 22, section 186, is amended by striking out the portion before clause (a) and substituting the following:

Exceptions

(2) Subsections 13 (1), (3) and (4), sections 60, 122, 126, 126.1, 126.2, 129, 130, 130.1, 131, 134 and 135, Part XXIII.1 and section 139 do not apply to,

. . . . . .

25. Paragraph 55.2 of subsection 143 (1) of the Act, as enacted by the Statutes of Ontario, 2002, chapter 22, section 187, is repealed and the following substituted:

55.2 Providing for the application of Part XXIII.1 to the acquisition of an issuer's security pursuant to a distribution that is exempt from section 53 or 62 and to the acquisition or disposition of an issuer's security in connection with or pursuant to a takeover bid or issuer bid.

55.2.1 Prescribing transactions or classes of transactions for the purposes of clause 138.2 (d).

26. Subsection 143.12 (1) of the Act, as enacted by the Statutes of Ontario, 1994, chapter 33, section 8, is repealed and the following substituted:

Review by Select or Standing Committee
Appointment of first advisory committee

(1) On or before May 31, 2007, the Minister shall appoint an advisory committee to review the legislation, regulations and rules relating to matters dealt with by the Commission and the legislative needs of the Commission.

Appointment of subsequent advisory committees

(1.1) The Minister shall appoint an advisory committee to perform the functions described in subsection (1) not later than 48 months after the appointment of the previous advisory committee appointed under subsection (1) or this subsection.

Commencement
27. (1) Subject to subsection (2), this Schedule comes into force on the day the *Budget Measures Act (Fall), 2004* receives Royal Assent.

Same
(2) Sections 4 and 10 to 23 come into force on a day to be named by proclamation of the Lieutenant Governor.

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
ABN AMRO Global Equity Exposure Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated December 17, 2004
Mutual Reliance Review System Receipt dated December 20, 2004
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
ABN AMRO Asset Management Canada Limited
ABN AMRO Asset Management Canada Limited
Promoter(s):
ABN AMRO Asset Management Canada Limited
Project #723309

Issuer Name:
Bennett Environmental Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 15, 2004
Mutual Reliance Review System Receipt dated December 16, 2004
Offering Price and Description:
$10,000,000.00 - 2,500,000 Common Shares PRICE: $4.00 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #722377

Issuer Name:
Clarington Target Click 2010 Fund
Clarington Target Click 2015 Fund
Clarington Target Click 2020 Fund
Clarington Target Click 2025 Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated December 17, 2004
Mutual Reliance Review System Receipt dated December 20, 2004
Offering Price and Description:
Series A and F Units
Underwriter(s) or Distributor(s):
Clarington Funds Inc.
Clarington Funds Inc.
Promoter(s):
-
Project #723324

Issuer Name:
Gammon Lake Resources Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated December 17, 2004
Mutual Reliance Review System Receipt dated December 21, 2004
Offering Price and Description:
$110,005,000.00 - 15,715,000 Common Shares Issuable Upon the Exercise of 15,715,000 Special Warrants
Price: $7.00 per Special Warrant
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
First Associates Investments Inc.
Promoter(s):
-
Project #723757

Issuer Name:
GLOBAL BANKS PREMIUM INCOME TRUST
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 20, 2004
Mutual Reliance Review System Receipt dated December 21, 2004
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit
(Minimum Purchase: 100 Units)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Berkshire Securities Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
First Associates Investments Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Promoter(s):
AIC Limited
Project #724313

Issuer Name:
MACCs Sustainable Yield Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 21, 2004
Mutual Reliance Review System Receipt dated December 21, 2004
Offering Price and Description:
Maximum: $* - * Units; Minimum: $* - * Units Minimum Purchase: 200 Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Promoter(s):
MACCs Administrator Inc.
Project #724247

Issuer Name:
Retrocom Growth Fund Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 14, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
Class A Series V Shares and Class C Series 11 Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Retrocom Investment Management Inc
Project #721970

Issuer Name:
The Toronto-Dominion Bank
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated December 17, 2004
Mutual Reliance Review System Receipt dated December 17, 2004
Offering Price and Description:
$5,000,000,000.00 - Debt Securities (subordinated indebtedness) Common Shares Class A First Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #723263

Issuer Name:
TransCanada PipeLines Limited
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Shelf Prospectus dated December 15, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
$1,500,000,000.00 - Medium Term Note Debentures (Unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #722421

Issuer Name:
Western Financial Group Inc. (Formerly Hi Alta Capital Inc.)
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated December 17, 2004
Mutual Reliance Review System Receipt dated December 17, 2004
Offering Price and Description:
$ * Subscription Receipts, each representing the right to receive one Common Share Price: $ * Subscription Receipt
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Canaccord Capital Corporation
First Associates Investments Inc.
Jennings Capital Inc.
Promoter(s):
-
Project #723406

Issuer Name:
AGF Diversified Dividend Income Fund
AGF Monthly High Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated December 22, 2004
Mutual Reliance Review System Receipt dated December 23, 2004
Offering Price and Description:
Initial Offering of Mutual Fund Series, Series D and Series F Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #724752

Issuer Name:
Black Point Capital Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated December 23, 2004
Mutual Reliance Review System Receipt dated December 29, 2004
Offering Price and Description:
A minimum of 10,000,000 Units and maximum of 20,000,000 Units
at a price of $0.25 per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
First Associates Investments Inc.
Jennings Capital Inc.
Promoter(s):
-
Project #725486

Issuer Name:
Connors Bros. Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 22, 2004
Mutual Reliance Review System Receipt dated December 23, 2004
Offering Price and Description:
$110,000,000.00 - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
-
Project #724963

Issuer Name:
First Asset Equal Weight Pipes & Power Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 20, 2004
Mutual Reliance Review System Receipt dated December 22, 2004
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Promoter(s):
First Asset Funds Inc.
Project #724403

Issuer Name:
First Trust/Highland Capital Floating Rate Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 23, 2004
Mutual Reliance Review System Receipt dated December 24, 2004
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit Minimum Purchase: 200 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
Raymond James Ltd.
Richardson Partners Financial Limited
Promoter(s):
First Defined Portfolio Management Co.
Project #725459

Issuer Name:
Front Street Flow-Through 2005-I Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 17, 2004
Mutual Reliance Review System Receipt dated December 22, 2004
Offering Price and Description:
$100,000,000.00 - (Maximum Offering) (4,000,000 Units) $25.00 per Unit Price: $25.00 MINIMUM PURCHASE: 200 Units
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Desjardins Securities Inc.
First Associates Investments Inc.
McFarlane Gordon Inc.
Richardson Partners Financial Ltd.
Tuscarora Capital Inc.
Wellington West Capital Inc.
Promoter(s):
Front Street Capital Management General Partner II Corp.
Project #724581

Issuer Name:
Frontenac Mortgage Investment Corporation
Type and Date:
Preliminary Prospectus dated December 20, 2004
Receipted on December 23, 2004
Offering Price and Description:
Qualifying for Distribution An unlimited number of Common Shares Price: $ 30.00 per Common Share (Initial Issuance Only)
Underwriter(s) or Distributor(s):
-
Promoter(s):
W.A. Robinson & Associates Ltd.
Project #724524

Issuer Name:
Great Canadian Gaming Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 22, 2004
Mutual Reliance Review System Receipt dated December 22, 2004
Offering Price and Description:
$62,250,000 - 1,500,000 Common Shares Price: $41.50 per Common Share
Underwriter(s) or Distributor(s):
Sprott Securities Inc.
GMP Securities Ltd.
TD Securities Inc.
Pacific International Securities Inc.
Dlouhy Merchant Group Inc.
Harris Partners Limited
Promoter(s):
-
Project #724717

Issuer Name:
Honeybee Technology Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated December 23, 2004
Mutual Reliance Review System Receipt dated December 29, 2004
Offering Price and Description:
Minimum Offering: $ - * Common Shares; Maximum Offering: $ * - * Common Shares Price: $ * per share
Underwriter(s) or Distributor(s):
Investpro Securities Inc.
Promoter(s):
Jeffrey A. Klein
Project #725417

Issuer Name:
Keystone Newport ULC
Keystone North America Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 23, 2004
Mutual Reliance Review System Receipt dated December 24, 2004
Offering Price and Description:
C$ * Income Participating Securities Price: $10.00 per IPS
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Promoter(s):
Keyston Group Holdings, Inc.
Project #725600 & 725599

Issuer Name:
MATRIX Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 23, 2004
Mutual Reliance Review System Receipt dated December 23, 2004
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
First Associates Investments Inc.
Wellington West Capital Inc.
Desjardins Capital Corporation
Dundee Securities Corporation
Raymond James Ltd.
Acadian Securities Incorporated
Middlefield Capital Corporation
Research Capital Corporation
Promoter(s):
Midddlefield Group Limited
Middlefield Matrix Management Limited
Project #725057

Issuer Name:
Novelis Inc.
Principal Regulator - Quebec
Type and Date:
Third Amended Non-Offering Preliminary Prospectus dated December 20, 2004
Mutual Reliance Review System Receipt dated December 22, 2004
Offering Price and Description:
Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Travis Engen
Geoffery E. Merszei
Project #693181

Issuer Name:
Revett Minerals Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 21, 2004
Mutual Reliance Review System Receipt dated December 22, 2004
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
GMP Securities Ltd.
Toll Cross Securities Inc.
Haywood Securities Inc.
Sprott Securities Inc.
Promoter(s):
-
Project #724610

Issuer Name:
Taos Capital Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary CPC Prospectus dated December 30, 2004
Mutual Reliance Review System Receipt dated December 30, 2004
Offering Price and Description:
Minimum Offering: $750,000 or 3,750,000 Class A Common Shares; Maximum Offering: $1,250,000 or 6,250,000 Class A Common Shares Price: $0.20 per Common Share Minimum Subscription: $1,000 or 5,000 Common Shares
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Louis G. Plourde
Project #726156

Issuer Name:
US Financial 15 Split Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 23, 2004
Mutual Reliance Review System Receipt dated December 23, 2004
Offering Price and Description:
$ * (Maximum) * Preferred Shares and * Class A Shares
Prices: $10.00 per Preferred Share and $15.00 per Class A Share
Underwriter(s) or Distributor(s):
CIBC World Market Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Bieber Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
First Associates Investments Inc.
Raymond James Ltd.
Promoter(s):
Quadravest Capital Management Inc.
Project #725108

Issuer Name:
Algonquin Power Venture Fund Inc.
Type and Date:
Final Prospectus dated December 16, 2004
Receipted on December 17, 2004
Offering Price and Description:
Class A Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #710352

Issuer Name:
Allied Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 17, 2004
Mutual Reliance Review System Receipt dated December 17, 2004
Offering Price and Description:
$24,700,000.00 - 1,900,000 Units Price: $13.00 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
TD Securities Inc.
Promoter(s):
-
Project #720980

Issuer Name:
Bolivar Gold Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 14, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
Cdn$20,000,002.00 - 9,090,910 Units Price: Cdn$2.20 per Unit
Underwriter(s) or Distributor(s):
GMP Securities Ltd.
Sprott Securities Inc.
Haywood Securities Inc.
Paradigm Securities Inc.
Canaccord CapitalCorporation
Promoter(s):
-
Project #719598

Issuer Name:
BONAVISTA ENERGY TRUST
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 20, 2004
Mutual Reliance Review System Receipt dated December 20, 2004
Offering Price and Description:
$281,765,000.00 - 10,900,000 Subscription Receipts, each representing the right to receive one trust unit and $135,000,000.00 - 6.75% Convertible Extendible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
FirstEnergy Capital Corp.
National Bank Financial Inc.
Peters & Co. Limited
Raymond James Ltd.
Promoter(s):
-
Project #721523

Issuer Name:
CARS and PARS Programme
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated December 20, 2004
Mutual Reliance Review System Receipt dated December 20, 2004
Offering Price and Description:
Strip Coupons, Strip Residuals and Strip Packages (including packages of Strip Coupons and PARS) derived by RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc. and TD Securities Inc. from up to Cdn $5,000,000,000 of Debt Obligations of Various Canadian Corporations, Trusts and Partnerships
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Project #719243

Issuer Name:
Chariot Resources Limited
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 21, 2004
Mutual Reliance Review System Receipt dated December 21, 2004
Offering Price and Description:
C$27,500,000.00 - 110,000,000 Units Price: C$0.25 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Canaccord Capital Corporation
GMP Securities Ltd.
Haywood Securities Inc.
Promoter(s):
-
Project #704754

Issuer Name:
Chemokine Therapeutics Corp.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated December 16, 2004
Mutual Reliance Review System Receipt dated December 17, 2004
Offering Price and Description:
MAXIMUM OFFERING: CDN$16,000,000.00 - 16,000,000 Common Shares; MINIMUM OFFERING: CDN$14,000,000 - 14,000,000.00 Common Shares Price: CDN$1.00 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:
Criterion Business Trust TA Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 15, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
Mutual Fund 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:
Crystallex International Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 17, 2004
Mutual Reliance Review System Receipt dated December 17, 2004
Offering Price and Description:
US 100,000,000.00 – Units Price: US$1,000.00 per Unit
Underwriter(s) or Distributor(s):
Orion Securities Inc.
Sprott Securities Inc.
McFarlane Gordon Inc.
Haywood Securities Inc.
Loewen, Ondaatje McCutcheon Limited
Maison Placements Canada Inc.
Promoter(s):
-
Project #720251

Issuer Name:
Fairborne Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 15, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
$31,337,500.00 - 2,725,000 Common Shares and $4,669,000.00 322,000 Flow-Through Shares Price: $11.50 per Common Share and $14.50 Per Flow-Through Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Sprott Securities Inc.
GMP Securities Ltd.
FirstEnergy Capital Corp.
Promoter(s):
-
Project #719971

Issuer Name:
Ford Credit Canada Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated December 16, 2004
Mutual Reliance Review System Receipt dated December 16, 2004
Offering Price and Description:
$6,000,000,000.00 - Debt Securities (Unsecured) Unconditionally guaranteed as to payment of principal, premium, if any, and interest, if any, by FORD MOTOR CREDIT COMPANY
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #713198

Issuer Name:
Front Street Energy Growth Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 16, 2004
Mutual Reliance Review System Receipt dated December 17, 2004
Offering Price and Description:
Class A Shares, Series III
Underwriter(s) or Distributor(s):
-
Promoter(s):
Front Street Capital
Project #706486

Issuer Name:
FrontierAlt-MineralFields 2004 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 16, 2004
Mutual Reliance Review System Receipt dated December 17, 2004
Offering Price and Description:
Maximum: 2,000,000 Limited Partnership Units @ $10 per Unit = $20,000,000.00
Minimum: 300,000 Limited Partnership Units @ $10 per Unit = $3,000,000.00
Underwriter(s) or Distributor(s):
First Associates Investments Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Wellington West Capital Inc.
Argosy Securities Inc.
Berkshire Securities Inc.
Pacific International Securities Inc.
Promoter(s):
-
Project #707785

Issuer Name:
HSBC AsiaPacific Fund
HSBC Canadian Balanced Fund
HSBC Canadian Bond Fund
HSBC Canadian Money Market Fund
HSBC Chinese Equity Fund
HSBC Dividend Income Fund
HSBC Emerging Giants Fund
HSBC Emerging Markets Fund
HSBC Equity Fund
HSBC European Fund
HSBC Global Equity Fund
HSBC Global Equity RSP Fund
HSBC Global Technology Fund
HSBC LifeMap Aggressive Growth Portfolio
HSBC LifeMap Balanced Portfolio
HSBC LifeMap Conservative Portfolio
HSBC LifeMap Growth Portfolio
HSBC LifeMap Moderate Conservative Portfolio
HSBC Monthly Income Fund
HSBC Mortgage Fund
HSBC Small Cap Growth Fund
HSBC U.S. Dollar Money Market Fund
HSBC U.S. Equity Fund
HSBC U.S. Equity RSP Fund
HSBC World Bond RSP Fund
Principal Regulator - British Columbia
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated December 16, 2004
Mutual Reliance Review System Receipt dated December 17, 2004
Offering Price and Description:
Investor Series, Advisor Series, Manager Series and Institutional Series @ Net Asset Value
Underwriter(s) or Distributor(s):
HSBC Investment Funds (Canada) Inc.
HSBC Investment Funds (Canada) Inc.
HSBC Investment Funds (Canada)
Promoter(s):
HSBC Investment Funds (Canada) Inc.
Project #696103

Issuer Name:
Intrawest Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 21, 2004
Mutual Reliance Review System Receipt dated December 21, 2004
Offering Price and Description:
US$226,000,000.00 - 7.50% Senior Exchange Notes due October 15, 2013
Cdn$125,000,000.00 - 6.875% Senior Exchange Notes due October 15, 2009
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #710477

Issuer Name:
iUnits Government of Canada 5-Year Bond Fund
iUnits Canadian Bond Broad Market Index Fund
Principal Regulator - Ontario
Type and Date:
Amended and Restated Prospectuses dated December 15, 2004 amending and restating Prospectuses dated August 13, 2004
Mutual Reliance Review System Receipt dated December 16, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Barclays Global Investors Canada Limited
Promoter(s):
Barclays Global Investors Canada Limited
Project #666698

Issuer Name:
Mackenzie Cundill Canadian Security Fund
Mackenzie Growth Fund
Mackenzie Ivy Canadian Fund
Mackenzie Ivy Enterprise Fund
Mackenzie Maxxum Canadian Equity Growth Fund
Mackenzie Maxxum Canadian Value Fund
Mackenzie Maxxum Dividend Fund
Mackenzie Maxxum Dividend Growth Fund
Mackenzie Select Managers Canada Fund
Mackenzie Universal Canadian Growth Fund
Mackenzie Universal Future Fund
Mackenzie Balanced Fund
Mackenzie Cundill Canadian Balanced Fund
Mackenzie Ivy Growth and Income Fund
Mackenzie Maxxum Canadian Balanced Fund
Mackenzie Maxxum Pension Fund
Mackenzie Sentinel Bond Fund
Mackenzie Sentinel Cash Management Fund
Mackenzie Sentinel Corporate Bond Fund
Mackenzie Sentinel High Income Fund
Mackenzie Sentinel Income Fund
Mackenzie Sentinel Money Market Fund
Mackenzie Sentinel Mortgage Fund
Mackenzie Sentinel Real Return Bond Fund
Mackenzie Sentinel Short-Term Bond Fund
Mackenzie Universal Canadian Balanced Fund
Mackenzie Universal Canadian Tactical Fund
Mackenzie Universal Canadian Resource Fund
Mackenzie Universal Precious Metals Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 9, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
Promoter(s):
Mackenzie Financial Corporation
Project #699699

Issuer Name:
Mackenzie Cundill Recovery Fund
Mackenzie Cundill Value Fund
Mackenzie Cundill RSP Value Fund
Mackenzie Ivy Foreign Equity Fund
Mackenzie Ivy RSP Foreign Equity Fund
Mackenzie Select Managers Fund
Mackenzie Select Managers RSP Fund
Mackenzie Universal European Opportunities Fund
Mackenzie Universal Global Future Fund
Mackenzie Universal International Stock Fund
Mackenzie Universal U.S. Growth Leaders Fund
Mackenzie Universal World Growth RRSP Fund
Mackenzie Cundill Global Balanced Fund
Mackenzie Ivy Global Balanced Fund
Mackenzie Ivy RSP Global Balanced Fund
Mackenzie Sentinel RRSP Global Bond Fund
Mackenzie Sentinel Tactical Global Bond Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 10, 2004
Mutual Reliance Review System Receipt dated December 16, 2004
Offering Price and Description:
Series A, C, F, I, O and T Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
Promoter(s):
Mackenzie Financial Corporation
Project #706189

Issuer Name:
Maple Leaf Foods Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 14, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
$164,997,000.00 - 11,340,000 Common Shares Price $14.55 per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #719923

Issuer Name:
NR2 Resources Corporation
Principal Regulator - Alberta
Type and Date:
Final CPC Prospectus dated December 13, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
$500,000.00 - 5,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Jennings Capital Inc.
Promoter(s):
D. Douglas Gillies
Project #695767

Issuer Name:
ONTZINC CORPORATION
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 14, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
$125,055,000.00 - 1,667,400,000 Subscription Receipts, each epresenting the right to receive One Common Share and One-Half of One Common Share Purchase Warrant Price: $0.075 per Subscription Receipt
Underwriter(s) or Distributor(s):
GMP Securities Ltd.
Canaccord Capital Corporation
Haywood Secuities Inc.
Orion Securities Inc.
Harris Partners Limited
McFarlane Gordon Inc.
Northern Securities Inc.
Promoter(s):
-
Project #707013

Issuer Name:
Patheon Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 16, 2004
Mutual Reliance Review System Receipt dated December 17, 2004
Offering Price and Description:
C$223,600,000.00 - 26,000,000 Common Shares Price: C$8.60 per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
Paradigm Capital Inc.
Promoter(s):
-
Project #719818

Issuer Name:
Pengrowth Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 20, 2004
Mutual Reliance Review System Receipt dated December 20, 2004
Offering Price and Description:
$200,090,000.00 - 10,700,000 Class B Trust Units Price: $18.70 per Class B Trust Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Dundee Securities Corporation
First Associates Investments Inc.
FirstEnergy Capital Corp.
Peters & Co. Limited
Promoter(s):
-
Project #721461

Issuer Name:
QuestAir Technologies Inc.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated December 14, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
Minimum: $15,000,000.00 (8,571,429 Common Shares);
Maximum: $30,000,000.00 (17,142,858 Common Shares)
Price: $1.75 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
CIBC World Markets Inc.
Promoter(s):
-
Project #698635

Issuer Name:
RBC O'Shaughnessy International Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated December 17, 2004
Mutual Reliance Review System Receipt dated December 17, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
Royal Mutual Funds Inc.
Promoter(s):
RBC Asset Management Inc.
Project #708880

Issuer Name:
RIOCAN REAL ESTATE INVESTMENT TRUST
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 20, 2004
Mutual Reliance Review System Receipt dated December 20, 2004
Offering Price and Description:
$130,875,000.00 - 7,500,000 Units This prospectus qualifies the distribution of 7,500,000 units (‘‘Units’’) of RioCan Real Estate Investment Trust (the ‘‘Trust’’).Price $17.45 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Promoter(s):
-
Project #721368

Issuer Name:
Rural LEC Acquisition LLC
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 17, 2004
Mutual Reliance Review System Receipt dated December 17, 2004
Offering Price and Description:
US$131,616,800.00 (C$162,717,850.00) 8,659,000 INCOME DEPOSIT SECURITIES (IDSs) US$8,500,000.00 13% SENIOR SUBORDINATED NOTES DUE 2019 Price: US$15.20 (C$18.79) per IDS(1) 13% principal amount per Senior Subordinated Note due 2019(2)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Raymond James Ltd.
Promoter(s):
-
Project #689834

Issuer Name:
Sceptre Income & High Growth Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 16, 2004
Mutual Reliance Review System Receipt dated December 20, 2004
Offering Price and Description:
$75,000,000.00 - Maximum: 7,500,000 Units @ $10 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Promoter(s):
Sceptre Fund Management Inc.
Project #701354

Issuer Name:
Stem Cell Therapeutics Corp.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated December 21, 2004
Mutual Reliance Review System Receipt dated December 21, 2004
Offering Price and Description:
Minimum Offering: $7,500,000.00 or 30,000,000 Common Shares; Maximum Offering: $8,500,000.00 or 34,000,000 Common Shares Price: $0.25 per Common Share
Underwriter(s) or Distributor(s):
Dloughy Merchant Group Inc.
First Associates Investments Inc.
Promoter(s):
-
Project #718053

Issuer Name:
Stoneham Drilling Trust
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated December 15, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
Up to $20,000,004.00 - (Up to 1,666,667 Trust Units) PRICE: $12.00 PER TRUST UNIT
Underwriter(s) or Distributor(s):
Raymond James Ltd.
FirstEnergy Capital Corp.
HSBC Securities (Canada) Inc.
Promoter(s):
Stoneham Drilling Inc.
Project #711769

Issuer Name:
Summit Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 20, 2004
Mutual Reliance Review System Receipt dated December 20, 2004
Offering Price and Description:
$82,506,600.00 - 4,583,700 Units $18.00 per unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Trilon Securities Corporation
Desjardins Securities Inc.
Promoter(s):
-
Project #721309

Issuer Name:
Sunrise Senior Living Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 13, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
$246,242,900.00 - 24,624,290 Units Price: $10 Per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Promoter(s):
Sunrise Senior Living, Inc.
Project #708572

Issuer Name:
The Data Group Income Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 14, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
$133,273,770.00 - 13,327,377 Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Promoter(s):
Data Business Forms Limited
Project #708906

Issuer Name:
TransCanada PipeLines Limited
Principal Regulator - Alberta
Type and Date:
Final Short Form Shelf Prospectus dated December 21, 2004
Mutual Reliance Review System Receipt dated December 21, 2004
Offering Price and Description:
$1,500,000,000.00 - Medium Term Note Debentures (Unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #722421

Issuer Name:
UTS Energy Corporation
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 16, 2004
Mutual Reliance Review System Receipt dated December 16, 2004
Offering Price and Description:
$35,150,000.00 - 37,000,000 Common Shares
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Raymond James Ltd.
Sprott Securities Inc.
Promoter(s):
-
Project #720744

Issuer Name:
Versacold Income Fund
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 17, 2004
Mutual Reliance Review System Receipt dated December 17, 2004
Offering Price and Description:
$30,000,000.00 - 6.25% Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
TD Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Raymond James Ltd.
Promoter(s):
-
Project #720983

Issuer Name:
Western Silver Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 15, 2004
Mutual Reliance Review System Receipt dated December 15, 2004
Offering Price and Description:
Cdn.$56,375,000.00 - 5,500,000 Common Shares Price: $10.25 per Common Share
Underwriter(s) or Distributor(s):
Orion Securities Inc.
CIBC World Markets Inc.
Kingsdale Capital Markets Inc.
Promoter(s):
-
Project #714194

Issuer Name:
Eurogas Corporation
Type and Date:
Rights Offering Circular dated December 8, 2004
Accepted on December 9, 2004
Offering Price and Description:
Offer of Rights ("Offering") to Subscribe for up to 19,370,174 Common Shares at a Subscription Price of $0.39 per Common Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Canaccord Capital Corporation
GMP Securities Ltd.
Promoter(s):
-
Project #658848

Issuer Name:
Bennett Environmental Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 23, 2004
Mutual Reliance Review System Receipt dated December 23, 2004
Offering Price and Description:
$10,000,000.00 - 2,500,000 Common Shares PRICE: $4.00 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #722377

Issuer Name:
BFI Canada Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 20, 2004
Mutual Reliance Review System Receipt dated December 22, 2004
Offering Price and Description:
$340,000,008.00 - 14,166,667 Subscription Receipts, each representing the right to receive one Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Scotia Capital Inc.
Sprott Securities Inc.
First Associates Investments Inc.
Promoter(s):
-
Project #715715

Issuer Name:
Canadian Medical Discoveries Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 22, 2004
Mutual Reliance Review System Receipt dated December 24, 2004
Offering Price and Description:
Class A Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #697005

Issuer Name:
Canadian Science and Technology Growth Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 20, 2004
Mutual Reliance Review System Receipt dated December 23, 2004
Offering Price and Description:
Class A Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #711703

Issuer Name:
Covington Fund II Inc.
Type and Date:
Final Prospectus dated December 20, 2004
Receipted on December 22, 2004
Offering Price and Description:
Class A Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #711663

Issuer Name:
Dynamic Venture Opportunities Fund Ltd.
Type and Date:
Final Prospectus dated December 23, 2004
Receipted on December 29, 2004
Offering Price and Description:
Class A Shares at Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #711880

Issuer Name:
Excel India Fund
Excel China Fund
Excel India China RSP Fund (formerly, Excel Canadian Balanced Fund)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 23, 2004
Mutual Reliance Review System Receipt dated December 24, 2004
Offering Price and Description:
Series A and Series F Units
Underwriter(s) or Distributor(s):
Excel Funds Management Inc.
Promoter(s):
Excel Funds Management Inc.
Project #712983

Issuer Name:
First Ontario Labour Sponsored Investment Fund Ltd.
Type and Date:
Final Prospectus dated December 20, 2004
Receipted on December 22, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Promittere Securities Limited
Promoter(s):
-
Project #711711

Issuer Name:
Halcyon Hirsch Opportunistic Canadian Fund
Halcyon Hirsch Opportunistic Tactical Allocation Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 20, 2004 to Final Simplified Prospectuses and Annual Information Forms dated June 9, 2004
Mutual Reliance Review System Receipt dated December 29, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Burgeonvest Securities Limited
Burgeonvest Securities Limited
Promoter(s):
-
Project #640537

Issuer Name:
Jaguar Mining Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 22, 2004
Mutual Reliance Review System Receipt dated December 23, 2004
Offering Price and Description:
Cdn. $35,002,500.00 - 8,975,000 Units Price $3.90 per Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
GMP Securities Ltd.
Haywood Securities Inc.
First Associates Investments Inc.
Promoter(s):
-
Project #712390

Issuer Name:
Lawrence Enterprise Fund Inc.
Type and Date:
Final Prospectus dated December 20, 2004
Receipted on December 22, 2004
Offering Price and Description:
Class A Shares - Series III & IV
Underwriter(s) or Distributor(s):
-
Promoter(s):
Lawrence Asset Managment Inc.
CATCA Sponsor Corp.
Project #709210

Issuer Name:
Norrep Opportunities Corp.
Principal Regulator - Alberta
Type and Date:
Final Simplified Prospectus and Annual Information Form dated December 22, 2004
Mutual Reliance Review System Receipt dated December 29, 2004
Offering Price and Description:
Q Class
Underwriter(s) or Distributor(s):
-
Promoter(s):
Norrep Inc.
Project #615049

Issuer Name:
Northern Property Real Estate Investment Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 22, 2004
Mutual Reliance Review System Receipt dated December 22, 2004
Offering Price and Description:
$40,089,000.00 - 2,490,000 Units Price: $16.10 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #721472

Issuer Name:
Pinnacle Short Term Income Fund
Pinnacle Income Fund
Pinnacle High Yield Income Fund
Pinnacle American Core-Plus Bond Fund
Pinnacle RSP American Core-Plus Bond Fund
Pinnacle Global Real Estate Securities Fund
Pinnacle RSP Global Real Estate Securities Fund
Pinnacle Strategic Balanced Fund
Pinnacle Global Tactical Asset Allocation Fund
Pinnacle Canadian Value Equity Fund
Pinnacle Canadian Mid Cap Value Equity Fund
Pinnacle Canadian Growth Equity Fund
Pinnacle Canadian Small Cap Equity Fund
Pinnacle American Value Equity Fund
Pinnacle RSP American Value Equity Fund
Pinnacle American Mid Cap Value Equity Fund
Pinnacle RSP American Mid Cap Value Equity Fund
Pinnacle American Large Cap Growth Equity Fund
Pinnacle RSP American Large Cap Growth Equity Fund
Pinnacle American Mid Cap Growth Equity Fund
Pinnacle RSP American Mid Cap Growth Equity Fund
Pinnacle International Equity Fund
Pinnacle RSP International Equity Fund
Pinnacle International Small to Mid Cap Value Equity Fund
Pinnacle RSP International Small to Mid Cap Value Equity Fund
Pinnacle Global Equity Fund
Pinnacle RSP Global Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 22, 2004
Mutual Reliance Review System Receipt dated December 30, 2004
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Scotia Capital Inc.
Promoter(s):
Scotia Capital Inc.
Project #712455

Issuer Name:
Return on Innovation Fund Inc.
Type and Date:
Final Prospectus dated December 22, 2004
Receipted on December 23, 2004
Offering Price and Description:
Class A Shares, Series I
Class A Shares, Series II
Class A Shares, Series III
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #711064

Issuer Name:
Sprott Canadian Equity Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 13, 2004 to Final Simplified Prospectus and Annual Information Form dated October 5, 2004
Mutual Reliance Review System Receipt dated December 22, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Sprott Securities Inc.
Sprott Asset Management Inc.
Promoter(s):
Sprott Asset Management Inc.
Project #688388

Issuer Name:
Yield Advantage Income Trust
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 23, 2004
Mutual Reliance Review System Receipt dated December 23, 2004
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Skylon Advisors Inc.
Project #719707

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change of Name	From: Goldman Sachs Princeton LLC To: Goldman Sachs Hedge Fund Strategies LLC	International Advisor (Investment Counsel & Portfolio Manager)	December 7, 2004
Surrender of Registration	Dardan Capital Financial Ltd.	Mutual Fund Dealer	December 16, 2004
New Registration	Barclays Capital Securities Limited	International Dealer	December 21, 2004
New Registration	Resolute Funds Limited	Investment Counsel & Portfolio Manager	December 23, 2004
New Registration	ABG SUNDAL COLLIER INC.	International Dealer	January 4, 2005

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Chapter 25

Other Information

25.1 Exemptions

25.1.1 Sionna Investment Managers Inc. - s. 147 of the Act and s. 6.1 of OSC Rule 13-502

Headnote

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

Rules Cited

Ontario Securities Commission Rule 13-502, Fees, (2003) 26 OSCB 4339 and 27 OSCB 7747.
Securities Act, R.S.O. 1990, c. S.5 as am., ss. 77(2) and ss. 78(1).
National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR), s. 2.1(1)1.

BY FACSIMILE

December 3, 2004

McCarthy Tetrault LLP
Box 48, Suite 4700
Toronto Dominion Bank Tower
Toronto, Ontario
M5K 1E6

Attention: Sean D. Sadler

Dear Sirs and Mesdames:

Re: Sionna Investment Managers Inc.
Sionna Canadian Equity Pooled Fund and Sionna Balanced Pooled Fund
Application under Section 147 of the *Securities Act* (Ontario) and Section 6.1 of OSC Rule 13-502 - Fees ("Rule 13-502")
Application # 943/04

By letter dated November 1, 2004 (the "Application"), you applied on behalf of Sionna Investment Managers Inc. ("Sionna"), the manager of Sionna Canadian Equity Pooled Fund and Sionna Balanced Pooled Fund (collectively, the "Existing Pooled Funds") and other pooled funds established and managed by Sionna from time to time (collectively with the Existing Pooled Funds, the "Pooled Funds"), to the Ontario Securities Commission (the "Commission") under section 147 of the *Securities Act* (Ontario) (the "Act") for relief from subsections 77(2) and 78(1) of the Act, which require every mutual fund in Ontario to file interim and comparative annual financial statements (the "Financial Statements") with the Commission.

By same date and cover, you additionally applied to the securities regulatory authority in Ontario (the "Decision Maker") on behalf of Sionna for an exemption, pursuant to subsection 6.1 of Rule 13-502, from the requirement to pay an activity fee of $5,500 in connection with the Application in accordance with item F(1) of Appendix C of the Rule, on the condition that fees be paid on the basis that the Application be treated as an application for other regulatory relief under item F(3) of Appendix C of Rule 13-502, and from the requirement to pay an activity fee of $1,500 in connection with the latter relief (the "Fee Exemption").

Item F of Appendix C of Rule 13-502 specifies the activity fee applicable for applications for discretionary relief. Item F(1) specifies that applications under section 147 of the Act pay an activity fee of $5,500, whereas item F(3) specifies that applications for other regulatory relief pay an activity fee of $1,500.

From our view of the Application and other information communicated to staff, we understand the relevant facts and representations to be as follows:

1. Sionna is a corporation existing under the laws of Canada and its registered office is in Toronto, Ontario. Sionna is, or will be, the manager of the Pooled Funds.

2. Sionna is registered under the Act as an advisor in the categories of investment counsel and portfolio manager, and as dealer in the category of limited market dealer.

3. The trustee of the Existing Pooled Funds is The Royal Trust Company.

4. The Pooled Funds are, or will be, open-ended mutual fund trusts created under the laws of Ontario and as such each Pooled Fund is, or will be, "a mutual fund in Ontario" as defined in section 1(1) of the Act.

5. Sections 77(2) and 78(1) of the Act require every mutual fund in Ontario to file interim and annual financial statements with the Commission.

6. Sections 89 and 92 of the Regulation to the Act (the "Regulation") require that the Financial Statements filed pursuant to subsections 77(2) and 78(1) of the Act include the statement of portfolio transactions (the "Statement"). A mutual fund may omit the Statement required by section

89 and 92 of the Regulation from its Financial Statements, if, among other conditions, a copy of the Statement is filed with the Commission prior to or concurrently with the filing of the Financial Statements. The Existing Pooled Funds and Sionna currently rely on section 94 of the Regulation.

7. Sionna manages the Existing Pooled Funds units of which are offered pursuant to statutory exemptive relief and as such are not reporting issuers in any of the provinces or territories in Canada.

8. Unitholders of the Existing Pooled Funds receive interim and annual financial statements for the Existing Pooled Funds they hold.

9. Pursuant to section 2.1(1) of National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR), every issuer required to file Financial Statements with the Commission must make this filing through SEDAR, whereupon the filing will be made available to the general public through the SEDAR internet website.

10. In the Application, Sionna and the Existing Pooled Funds have requested under section 147 of the Act relief from filing the Financial Statements with the Commission. The activity fee associated with the Application is $5,500 in accordance with item F(1) of Appendix C of Rule 13-502.

11. If Sionna and the Existing Pooled Funds had, as an alternative to the Application, sought an exemption from the requirement to file the Financial Statements via SEDAR, the activity fee for that application would be $1,500 in accordance with item F(3) of Appendix C of Rule 13-502.

12. If the Existing Pooled Funds were reporting issuers seeking the same relief as requested in the Application, such relief could be sought under section 80 of the Act, rather than under section 147 of the Act, and the activity fee for that application would be $1,500 in accordance with item F(3) of Appendix C of Rule 13-502.

Decision

This letter confirms that, based on the information provided in the Application, and the facts and representations above, and for the purposes described in the Application, the Decision Maker hereby exempts Sionna and the Pooled Funds from:

i) paying an activity fee of $5,500 in connection with the Application, provided that Sionna and the Pooled Funds pay an activity fee on the basis that the Application be treated as an application for other regulatory relief under item F(3) of Appendix C to Rule 13-502; and

ii) paying an activity fee of $1,500 in connection with the Fees Exemption application under item F(3) of Appendix C to Rule 13-502.

"R. Goldberg"

25.1.2 Capital First Venture Fund Inc. - s. 9.1 of NI 81-105

Headnote

Variation of a prior order to permit a labour sponsored investment fund to pay certain specified distribution costs out of fund assets contrary to section 2.1 of National Instrument 81-105 Mutual Fund Sales Practices. Variation granted on the condition that the distribution costs are included in the management expense ratio.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5., as am., s. 144.

Rules Cited

National Instrument 81-105 Mutual Fund Sales Practices.

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

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 81-105
MUTUAL FUND SALES PRACTICES

AND
IN THE MATTER OF
CAPITAL FIRST VENTURE FUND INC.

EXEMPTION
(Section 9.1)

WHEREAS the Capital First Venture Fund Inc. (the "Fund") has made an application (the "Application") to the Ontario Securities Commission (the "Commission") for an exemption pursuant to section 9.1 of National Instrument 81-105 - Mutual Fund Sales Practices ("NI 81-105") from section 2.1 of NI 81-105 to permit the Fund to make certain payments to registered dealers;

AND WHEREAS the Commission has considered the Application and the recommendation of staff of the Commission;

AND WHEREAS the Fund and Triax-Covington Corporation (the "Manager"), the manager of the Fund, have represented to the Commission, through its counsel, Gowling Lafleur Henderson LLP, as follows:

1. The Fund is a corporation incorporated under the *Business Corporations Act* (Ontario). The Fund has applied for registration as a labour sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario).

2. The Fund is a mutual fund as defined in the *Securities Act* (Ontario). The Fund has filed a final prospectus dated January 16, 2004 (the "Final Prospectus") in the Province of Ontario in connection with the proposed offering to the public of Class A shares in the capital of the Fund (the "Class A Shares").

3. The authorized capital of the Fund consists of an unlimited number of Class A Shares, of which none are issued and outstanding as of the date hereof, and an unlimited number of Class B shares (the "Class B Shares"), all of which issued and outstanding Class B Shares are owned by the Canadian Federal Pilots Association (the "Sponsor") as of the date hereof.

4. The Manager and the Sponsor formed and organized the Fund.

5. The Manager will pay the following distribution costs to registered dealers for selling Class A Shares:

   i) a total initial commission of 6% of the original issue price for each Class A Shares subscribed for, and

   ii) a service fee equal to 0.5% annually of the net asset value of the Class A Shares of the Fund held by clients of the sales representatives of the dealers.

6. The Fund proposes to pay for the reimbursement of certain co-operative marketing expenses (the "Co-op Expenses") incurred by registered dealers in promoting sales of the Class A Shares, pursuant to co-operative marketing agreements the Fund may enter into with such dealers.

7. For accounting purposes, the Fund will, as applicable, expense the Co-op Expenses in the fiscal period when incurred and will not defer and amortize any Co-op Expenses.

8. Due to the structure of the Fund, the most tax efficient way for the Co-op Expenses to be financed is for the Fund to pay such expenses directly.

9. The Manager, or its affiliate, are the only members of the organization of the Fund, other than the Fund itself, available to pay the Co-op Expenses. Without the requested discretionary relief, the Manager would be obliged to finance the Co-op Expenses through borrowing.

10. Requiring the Manager to pay the Co-op Expenses while granting an exemption to other labour funds and permitting such funds to pay similar Co-op Expenses directly, would put the Fund at a permanent and serious competitive disadvantage with its competitors resulting from increased management fees above those contemplated in the Final Prospectus.

11. The Fund undertakes to comply with all other provisions of NI 81-105. In particular, the Fund undertakes that all Co-op Expenses paid by it will be compensation permitted to be paid to participating dealers under NI 81-105.

AND WHEREAS the Commission is satisfied that to do so would not be prejudicial to the public interest;

NOW THEREFORE pursuant to section 9.1 of NI 81-105, the Commission hereby exempts the Fund from section 2.1 of NI 81-105 to permit the Fund to pay the Co-op Expenses, provided that:

1. the Co-op Expenses are otherwise permitted by, and paid in accordance with, NI 81-105;

2. the Co-op Expenses are accounted for in the Fund's financial statements in the manner described in paragraph 7 above.

December 17, 2004.

"Paul Moore" "David L. Knight"

25.1.3 Financial Industry Opportunities Fund Inc. - s. 9.1 of NI 81-105

Headnote

Variation of a prior order to permit a labour sponsored investment fund to pay certain specified distribution costs out of fund assets contrary to section 2.1 of National Instrument 81-105 Mutual Fund Sales Practices. Variation granted on the condition that the distribution costs are included in the management expense ratio.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5., as am., s. 144.

Rules Cited

National Instrument 81-105 Mutual Fund Sales Practices.

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

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 81-105
MUTUAL FUND SALES PRACTICES

AND

IN THE MATTER OF
FINANCIAL INDUSTRY OPPORTUNITIES FUND INC.

EXEMPTION
(Section 9.1)

WHEREAS the Financial Industry Opportunities Fund Inc. (the "Fund") has made an application (the "Application") to the Ontario Securities Commission (the "Commission") for an exemption pursuant to section 9.1 of National Instrument 81-105 - Mutual Fund Sales Practices ("NI 81-105") from section 2.1 of NI 81-105 to permit the Fund to make certain payments to registered dealers;

AND WHEREAS the Commission has considered the Application and the recommendation of staff of the Commission;

AND WHEREAS the Fund and Triax-Covington Corporation (the "Manager"), the manager of the Fund, have represented to the Commission, through its counsel, Gowling Lafleur Henderson LLP, as follows:

1. The Fund is a corporation incorporated under the *Business Corporations Act* (Ontario). The Fund has applied for registration as a labour sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario).

2. The Fund is a mutual fund as defined in the *Securities Act* (Ontario). The Fund has filed a final prospectus dated January 16, 2004 (the "Final Prospectus") in the Province of Ontario in connection with the proposed offering to the public of Class A shares in the capital of the Fund (the "Class A Shares").

3. The authorized capital of the Fund consists of an unlimited number of two series of Class A Shares, designated as Class A shares, Series I and Class A shares, Series II, of which none are issued and outstanding as of the date hereof, and an unlimited number of Class B shares (the "Class B Shares"), all of which issued and outstanding Class B Shares are owned by the Canadian Federal Pilots Association (the "Sponsor") as of the date hereof.

4. The Manager and the Sponsor formed and organized the Fund.

5. The Manager will pay the following distribution costs to registered dealers:

   with respect to Class A Shares, Series I,

   i) a total initial commission of 6% of the original issue price for each Class A Share, Series I subscribed for, and

   ii) a service fee equal to 0.5% annually of the net asset value of the Class A Shares, Series I of the Fund held by clients of the sales representatives of the dealers;

   with respect to Class A Shares, Series II,

   iii) a total initial commission of 10% of the original issue price for each Class A Share, Series II subscribed for, and

   iv) after a period of eight years, a service fee equal to 0.5% annually of the net asset value of the Class A Share, Series II of the Fund held by clients of the sales representatives of the dealers.

6. The Fund proposes to pay for the reimbursement of certain co-operative marketing expenses (the "Co-op Expenses") incurred by registered dealers in promoting sales of the Class A Shares, pursuant to co-operative marketing agreements the Fund may enter into with such dealers.

7. For accounting purposes, the Fund will, as applicable, expense the Co-op Expenses in the fiscal period when incurred and will not defer and amortize any Co-op Expenses.

8. Due to the structure of the Fund, the most tax efficient way for the Co-op Expenses to be financed is for the Fund to pay such expenses directly.

9. The Manager, or its affiliate, are the only members of the organization of the Fund, other than the Fund itself, available to pay the Co-op Expenses. Without the requested discretionary relief, the Manager would be obliged to finance the Co-op Expenses through borrowing.

10. Requiring the Manager to pay the Co-op Expenses while granting an exemption to other labour funds and permitting such funds to pay similar Co-op Expenses directly, would put the Fund at a permanent and serious competitive disadvantage with its competitors resulting from increased management fees above those contemplated in the Final Prospectus.

11. The Fund undertakes to comply with all other provisions of NI 81-105. In particular, the Fund undertakes that all Co-op Expenses paid by it will be compensation permitted to be paid to participating dealers under NI 81-105.

AND WHEREAS the Commission is satisfied that to do so would not be prejudicial to the public interest;

NOW THEREFORE pursuant to section 9.1 of NI 81-105, the Commission hereby exempts the Fund from section 2.1 of NI 81-105 to permit the Fund to pay the Co-op Expenses, provided that:

1. the Co-op Expenses are otherwise permitted by, and paid in accordance with, NI 81-105; and

2. the Co-op Expenses are accounted for in the Fund's financial statements in the manner described in paragraph 7 above.

December 17, 2004.

"Paul Moore" "David L. Knight"

25.2 Consents

25.2.1 Trizec Hahn Corporation - cl. 4(b) of Ont. Reg. 289/00

Headnote

Consent given to OBCA corporation to continue under laws of New Brunswick. Shareholder approval to continue under laws of New Brunswick obtained on November 24, 2004.

Statute Cited

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

Regulation Cited

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

IN THE MATTER OF
THE REGULATION MADE UNDER THE BUSINESS CORPORATIONS ACT, R.S.O. 1990, C. B.16, AS AMENDED (THE OBCA)

R.R.O. 1990, REGULATION 289/00 (THE REGULATION)

AND

IN THE MATTER OF
TRIZEC HAHN CORPORATION

CONSENT
(Clause 4(b) of the Regulation)

UPON the application (the Application) of Trizec Hahn Corporation (the Company) to the Ontario Securities Commission (the Commission) requesting a consent from the Commission to continue into another jurisdiction pursuant to clause 4(b) of the Regulation;

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

AND UPON the Company having represented to the Commission that:

1. the Company is proposing to submit an application to the Director under the OBCA for authorization to continue into the Province of New Brunswick pursuant to section 181 of the OBCA (the Application for Continuance);

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

3. the Company is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act* (Ontario) (the Act);

4. the Company is not in default of any of the provisions of the Act or the regulation made under the Act;

5. the Company is not a party to any proceeding or to the best of its knowledge, information and belief, pending proceeding under the Act;

6. the Company presently intends to remain a reporting issuer in the Province of Ontario;

7. the continuance under the laws of the Province of New Brunswick was voted on and duly approved by a special resolution of the sole shareholder of the Company on November 24, 2004;

8. the continuance under the laws of the Province of New Brunswick has been proposed so that the Company may conduct its affairs in accordance with the *Business Corporations Act* (New Brunswick) (the NBBCA). In particular, the Company is seeking to continue under the laws of the Province of New Brunswick in order to amalgamate with two of its wholly-owned subsidiaries, TrizecHahn Holdings Ltd. and TrizecHahn Office Properties Ltd. (the Subsidiaries), both of which are corporations existing under the laws of the Province of New Brunswick;

9. it has been determined by the Company that it would be more efficient for it to continue under the laws of the Province of New Brunswick than for both of the Subsidiaries to continue under the laws of the Province of Ontario;

10. the amalgamation of the Company and the Subsidiaries is part of a larger corporate reorganization which involves the amalgamation of several affiliates of the Company for the purposes of simplifying the corporate structure of the ultimate parent company Trizec Canada Inc.;

11. the material rights, duties and obligations of a corporation incorporated under the NBBCA are substantially similar to those under the OBCA;

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

THE COMMISSION HEREBY CONSENTS to the continuance of Trizec Hahn Corporation as a corporation under the laws of the Province of New Brunswick.

December 17, 2004.

"Paul M. Moore" "David L. Knight"

25.2.2 Holmer Gold Mines Limited - cl. 4(b) of Ont. Reg. 289/00

Headnote

Consent given to OBCA corporation to continue under BCBCA. Corporation's issued and outstanding common shares are currently listed for trading on Tier 2 of TSX Venture Exchange, and also trade over-the-counter in the United States.

Statute Cited

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

Regulation Cited

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

IN THE MATTER OF
THE REGULATION MADE UNDER
THE BUSINESS CORPORATIONS ACT, R.S.O. 1990,
C. B.16, AS AMENDED (THE OBCA)
R.R.O. 1990, REGULATION 289/00 (THE REGULATION)

AND

IN THE MATTER OF
HOLMER GOLD MINES LIMITED

CONSENT
(Clause 4(b) of the Regulation)

UPON the application (the Application) of Holmer Gold Mines Limited (the Company) to the Ontario Securities Commission (the Commission) requesting a consent from the Commission for the Company to continue into another jurisdiction pursuant to clause 4(b) of the Regulation;

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

AND UPON the Company having represented to the Commission that:

1. The Company is a corporation existing under the provisions of the OBCA. The registered office of the Company is located at 19-2555 Victoria Park Avenue, Suite 301, Toronto, Ontario, M1T 1A3.

2. The Company is authorized to issue an unlimited number of common shares (Common Shares), of which 52,194,233 were issued and outstanding as of December 17, 2004.

3. The Company is proposing to submit an application to the Director under the OBCA for authorization to continue into British Columbia as a corporation under the *Business Corporations Act* (British Columbia) (BCBCA) pursuant to section 181 of the OBCA (the Application for Continuance).

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

5. The Company is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act* (Ontario) (the Act). The Company is also a reporting issuer in the provinces of British Columbia and Alberta. The Common Shares are listed for trading on Tier 2 of the TSX Venture Exchange under the symbol “HGM” and trade over-the-counter in the United States under the symbol “HOGOF”.

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

7. Under the Act, the Company will remain a reporting issuer in Ontario.

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

9. The continuance under the laws of British Columbia has been proposed so that the Company may complete a proposed plan of arrangement with Lake Shore Gold Corp. whereby the Company will amalgamate with a wholly-owned subsidiary of Lake Shore Gold Corp., an entity existing under the laws of British Columbia.

10. Holders of Common Shares will vote on the proposed plan of arrangement at a meeting to be held on December 29, 2004.

11. The plan of arrangement cannot take place without the release of a certain number of Common Shares from escrow. The Company has made an application to the Commission, dated November 12, 2004, requesting the Commission’s consent to release the relevant Common Shares from escrow.

12. The material rights, duties and obligations of a corporation incorporated under the BCBCA are substantially similar to those under the OBCA.

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

THE COMMISSION hereby consents to the continuance of the Company as a corporation under the BCBCA.

December 21, 2004.

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

25.2.3 VoiceIQ Inc. - ss. 4(b) of Ont. Reg. 289/00

Headnote

Consent given to an OBCA Corporation to continue under the laws of Alberta.

Statutes Cited

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

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00, ss. 4(b).

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

AND

IN THE MATTER OF
VOICEIQ INC.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of VoiceIQ Inc. ("VoiceIQ" or the "Corporation") to the Ontario Securities Commission (the "Commission") requesting a consent from the Commission for VoiceIQ to continue in another jurisdiction pursuant to subsection 4(b) of the Regulation;

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

AND UPON VoiceIQ representing to the Commission that:

1. VoiceIQ proposes to make an application to the Director under the OBCA pursuant to Section 181 of the OBCA (the "Application for Continuance") for authorization to continue as a corporation under the Business Corporations Act (Alberta), R.S.A. 2000, c. B-9, as amended (the "ABCA").

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

3. On November 19, 2004, VoiceIQ announced that it had entered into an agreement (the "Arrangement Agreement") providing for the Arrangement to recapitalize and reorganize its business. The Arrangement consists of two parts, the "Creditors' Arrangement", and the "Shareholders' Arrangement".

4. The Shareholders' Arrangement provides for a reorganization of VoiceIQ and its business, pursuant to which the Shareholders will (i) maintain their interests in VoiceIQ's existing business, through VoiceIQ's subsidiary VIQ Solutions Inc. ("Techco"), and (ii) retain their interests in VoiceIQ which will acquire producing oil and natural gas assets and be continued under the ABCA. Essentially, VoiceIQ will (i) transfer the assets comprising its existing business to Techco, its subsidiary, (ii) distribute common shares of Techco (the "Techco Shares") and "new" common shares in VoiceIQ (the "New Common Shares") to the Shareholders, such that Shareholders hold direct interests in both, and (iii) raise capital, acquire oil and gas exploration and production assets, change its name to "Yoho Resources Inc." and be continued under the ABCA. A material portion of the oil and gas exploration and production assets acquired by VoiceIQ pursuant to the Arrangement will be located in the Provinces of Alberta and Saskatchewan.

5. As noted above, pursuant to the Arrangement, the assets relating to VoiceIQ's existing business will be transferred to Techco.

6. On November 23, 2004, VoiceIQ obtained an interim order (the "Interim Order") of the Ontario Superior Court of Justice (the "Court"), under section 182 of the OBCA, providing for the calling and holding of the Meeting and other procedural matters. The Meeting is anticipated to be held on or about December 20, 2004.

7. The Interim Order provides that the resolution of the Shareholders concerning the Arrangement (the "Arrangement Resolution") requires the approval of not less than 66 2/3% of the aggregate votes cast by the Shareholders, voting together as a single class, present in person or by proxy at the Meeting. Each Shareholder is entitled to one vote for each Common Share held.

8. VoiceIQ was incorporated pursuant to the laws of the Province of Alberta by certificate of incorporation on July 12, 1993 under the name Torque Industries Inc. On March 15, 1994, the Corporation acquired The BCB Technology Group Inc. ("BCB Technology"), a private Ontario corporation, through a share exchange. By articles of amendment dated March 18, 1994, the name of the Corporation was changed to BCB Holdings Inc. By articles of continuance dated October 1, 1996, the Corporation was continued under the laws of Ontario. By articles of amendment dated August 17, 1998 and August 31, 1998, the Corporation changed its name to BCB Voice Systems Inc. and consolidated its common shares on a 10-for-one basis. By articles of amendment dated October 4, 2000, the Corporation changed its name to its present name VoiceIQ Inc.

9. The Corporation's head office is Bankers Hall, 888 3rd St. S.W., Suite 1031, Calgary, Alberta, T2P 5C5 and principal place of business is located at 100 Allstate Parkway, Suite 200, Markham, Ontario. Following completion of the Arrangement, the registered office of the Corporation will be located at #1400, 350-7th Avenue SW, Calgary, Alberta T2P 3N9.

10. VoicIQ is an offering corporation under the OBCA and is a reporting issuer under the Securities Act (Ontario) R.S.O. 1990, c. S.5, as amended (the "Act") and is also a reporting issuer in each of the provinces of British Columbia and Alberta.

11. VoiceIQ's issued and outstanding Common Shares are currently listed for trading on the TSX Venture Exchange ("TSXV"). Upon the closing of the Arrangement, the Common Shares will be voluntarily delisted from the TSXV. VoiceIQ then intends to make application to list the New Common Shares on the TSXV.

12. VoiceIQ is not in default under any provisions of the Act or the regulations made under the Act.

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

14. The Arrangement will require the approval of the Shareholders, voting as ordered in the Interim Order of the Court, and of the Court. In considering whether to approve the arrangement, the Court will consider whether the Arrangement is fair to such Shareholders.

15. Holders of Common Shares will have the right to dissent from the Arrangement under Section 185 of the OBCA, and the Information Circular discloses full particulars of this right in accordance with applicable law.

16. Following the Arrangement, VoiceIQ will not conduct any material business activities or have any material assets in Ontario;

17. Following the Arrangement, a substantial portion of VoiceIQ's assets and operations will be located in Alberta;

18. Following the Arrangement, each director of VoiceIQ will be resident in Alberta;

19. Following the Arrangement, the registered office and head office of VoiceIQ will be located in Alberta;

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

THE COMMISSION HEREBY CONSENTS to the continuance of VoiceIQ as a corporation under the ABCA.

December 17, 2004.

"Paul M. Moore" "David L. Knight"

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