The Ontario Securities Commission

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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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1.1.1 Current Proceedings Before The Ontario Securities Commission

MARCH 18, 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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Carol S. Perry	—	CSP
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
TBA	**Cornwall *et al*** s. 127 K. Manarin in attendance for Staff Panel: HLM/RWD/ST
March 21, 23 and 24, 2005 10:00 a.m.	**Hollinger Inc.** s. 144 J. Superina in attendance for Staff **Panel: SWJ/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** * Sally Daub settled December 14, 2004.
April 15, 2005 10:00 a.m.	**Robert Patrick Zuk, Ivan Djordjevic, Matthew Noah Coleman, Dane Alan Walton, Derek Reid and Daniel David Danzig** s. 127 J. Waechter in attendance for Staff **Panel: TBA**

April 26, 2005
10:00 a.m.

Andrew Cheung

s. 127

Y. Chisholm in attendance for Staff

Panel: TBA

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

May 17, 2005
10:00 a.m.

Portus Alternative Asset Management Inc., and Portus Asset Management, Inc.

s. 127

M. MacKewn in attendance for Staff

Panel: TBD

May 24-27, 2005
10:00 a.m.

Joseph Edward Allen, Abel Da Silva, Chateram Ramdhani and Syed Kabir

s. 127

J. Waechter in attendance for Staff

Panel: RLS/ST/DLK

June 29 & 30, 2005
10:00 a.m.

Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton

s. 127

J. Cotte in attendance for Staff

Panel: PMM/RWD/DLK

May 30, June 1, 2, 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: PMM/RWD/DLK

* David Bromberg settled April 20, 2004
* Lloyd Bruce settled November 12, 2004

June 14, 2005
2:30 p.m.

June 15–30, 2005
10:00 a.m.

In the matter of Allan Eizenga, Richard Jules Fangeat*, Michael Hersey*, Luke John McGee* and Robert Louis Rizzutto* **and In the matter of Michael Tibollo**

s. 127

June 28, 2005
2:30 p.m.

T. Pratt in attendance for Staff

Panel: WSW/PKB/ST

* Fangeat settled June 21, 2004
* Hersey settled May 26, 2004
* McGee settled November 11, 2004
* Rizzutto settled August 17, 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 Speech by David Brown - The State of Corporate Governance in Canada

THE STATE OF CORPORATE GOVERNANCE IN CANADA

Remarks by David A. Brown, Q.C.
Chair, Ontario Securities Commission

McMaster University, Hamilton
March 10, 2005

It's a pleasure for me to be able to address this audience. As I near the end of a seven-year term as Chair of the OSC, I sometimes get the feeling that everyone on Bay Street has already had their fill of my speeches.

I always enjoy the opportunity to get out of downtown Toronto, and in particular to speak to groups of investors, students and business people – in other words, groups that are broadly representative of the constituencies the OSC serves, and the competing interests we often need to balance when setting policies.

So I was happy to accept Paul's invitation.

Paul mentioned that he is a Commissioner of the OSC. I see him in that capacity at least once every two weeks. I value his counsel – and despite what he said in his introduction, I don't find that it takes much effort to draw out his opinion.

Commissioners play a vital role in our securities regulatory system. They set the OSC's priorities, and adjudicate on alleged breaches of securities laws. The job requires a lifetime of capital markets experience – and Paul certainly meets that requirement.

We as securities regulators need people with the kind of first-hand experience Paul can bring to the table, because it seems like the securities markets are always changing. Every year we see novel investment vehicles, and creative new ideas for pushing the existing boundaries. One of our biggest ongoing challenges at the OSC is to make sure the regulations remain appropriate for the times.

My remarks today will focus on one particular aspect of securities law – the regulation of public companies. I'll talk about where we've come from, where we are now and where we're headed.

Historical Context

Looking at where we stood just a decade ago gives you a great illustration of how a regulatory approach can become outdated. Our regulation of public companies – or reporting issuers, as we call them – had long been focused on prospectus disclosure. This is the document that companies must file when securities are being sold by the company to public investors.

We made sure that a prospectus included all the relevant details about a company, its financial results and its risk factors, so that investors buying securities in a public offering would have the information they needed to make an informed investment decision.

At one time, the vast majority of securities were bought by a small number of wealthy individuals and institutions through public offerings.

But that changed over time, and by the 1990s, close to half the population was participating in the equity markets, and 95% of all trades were occurring in the secondary market – for example, people buying shares from other investors through the Toronto Stock Exchange. The protections offered by prospectus requirements are of little use to investors who are not buying newly issued securities.

The markets had changed, so we needed to change. Several years ago the OSC and other securities regulators began to focus more on continuous disclosure. That is, the annual and quarterly reports, news releases and other information companies disseminate on a regular basis. This continuous flow of information is what modern investors rely upon for their decision-making, so we started to devote more resources to the systematic review of the continuous disclosure of Ontario issuers.

We've also strengthened standards to make continuous disclosure information both more comprehensive and more timely. At the same time, we have sought to ensure that all investors get equal access to information by eliminating selective disclosure to the favoured few.

The Enron effect

But what would happen if all this information that everyone is disclosing was thought to be unreliable? What if investors started to question whether they can have confidence in corporate disclosure, despite all the protections I've mentioned?

I'll come back to these questions in a few minutes.

The impetus for people asking hard questions like these over the past few years was, of course, Enron, WorldCom and other financial reporting scandals in the United States and elsewhere, including right here in Canada.

A lot of the investors who entered the stock market in the 1990s got badly burned when the tech bubble burst. Then, not long afterwards, we learned that some of America's biggest corporations had been deliberately deceiving investors. And none of the traditional safeguards had prevented it – not the directors, not the auditors, not the analysts, not the rating agencies, and not the regulators.

The result was a crisis in investor confidence, which spilled across borders to affect capital markets around the world.

Once again, the environment had changed, and regulators had to adjust.

U.S. regulators and legislators took a hard look at what went wrong. They knew there had to be structural

weaknesses in the system for such unthinkable corporate failures to catch so many sophisticated people by surprise. They also knew they had to do everything they could to avoid a recurrence, and to assure investors that they could have confidence in the safety and fairness of U.S. capital markets.

The result of their analysis was a piece of legislation called the Sarbanes-Oxley Act, or SOX, enacted in 2002. SOX brought about the most significant reform of securities regulation since the 1930s.

A Canadian response to SOX

Here in Canada, we knew we could not stand by as such significant changes occurred. As a relatively small country competing internationally for capital, we could not risk a perception that our markets are less safe than those next door. Even more important, our markets are structurally very similar to those in the U.S., so if they had systemic weaknesses, chances are we shared them. Indeed, Canada has seen its own share of corporate basket-cases, which you can read about in the newspapers almost every day.

We at the OSC worked with our colleagues in other provinces to craft a set of reforms that are similar to SOX, and just as robust, but take into account the unique characteristics of the Canadian market.

One of the first steps we took was to establish an oversight body, known as the Canadian Public Accountability Board, to conduct reviews of the accounting firms that audit public corporations.

We set out requirements for audit committees of the board of directors of reporting issuers. We now require audit committees to review all financial disclosure, to directly oversee the external auditor, and in the case of larger corporations, to be completely independent of management.

We enacted a rule requiring CEOs and CFOs to personally certify that their financial disclosure fairly presents their company's financial position.

And we have proposed a requirement for companies to disclose how closely they comply with a set of corporate governance guidelines that reflects current best practices.

With the rules we now have in place, there is no doubt that investors can feel more confident about the quality of financial disclosure today than they did a few years ago. But the last piece of the puzzle is just being put into place.

The need for an internal control rule

Sarbanes-Oxley included one other requirement that has arguably been its most controversial. Canadian securities regulators are proposing a similar rule here, and I would have to say it has been the most difficult issue I've seen in my time as Chair.

The rule relates to a company's internal control over financial reporting. In other words, the processes a company has in place to provide assurance that published financial information is reliable and complies with relevant accounting standards. It is important to recognize that this embraces much more than just a mechanical set of processes. Controls are only effective to the extent they operate in an environment where the board of directors and senior management establish a culture that emphasizes integrity.

We already have requirements about what must be disclosed and when, who has to review it, who has to vouch for it, and how to file it. But until now we've been virtually silent on how companies should ensure the quality and reliability of the financial results they're disclosing.

In a complex corporation, it is quite conceivable that management believes it is complying with all the regulations and accounting standards, only to find that the quality of information coming up through the corporation is jeopardizing the integrity of its reported results.

For example, a multinational might have plants in a dozen countries, each producing unique products, with administrative staff speaking different languages and trained in their local accounting conventions. Each plant records financial information, and it all funnels up to the top. At that point, thousands of transactions are summarized on a one-page income statement or balance sheet. Management need to have processes in place to enable them to have confidence in the reliability of all of the data.

What U.S. lawmakers came to realize is that they are not going to prevent financial reporting failures just by strengthening disclosure requirements. We already had strong disclosure rules, both in the U.S. and in Canada.

What has become readily apparent is that the quality of information disclosed is highly dependent on the quality of internal control over financial reporting.

Quite simply, without comfort that internal controls are comprehensive and effective, there can be little comfort that disclosure is accurate.

I believe the expression favoured by computer systems analysts is "garbage in, garbage out." That phrase is just as appropriate to accounting systems as it is to computer systems.

It is imperative that investors continue to have confidence in the reliability of financial disclosure. What we need is a requirement that companies have processes in place that would justify them being highly confident in the quality of the data their financial results are based upon. Moreover, we need to have companies represent to investors that effective controls are in place and are operating.

Our proposed rule

Canadian securities regulators are proposing a rule very similar to the solution they arrived at in the U.S., which is found in Section 404 of SOX. The rule would apply to all companies listed on the Toronto Stock Exchange.

We would require management of a reporting issuer, with the participation of the CEO and CFO, to evaluate and report annually on the effectiveness of their company's internal control over financial reporting.

The company would have to maintain evidence to provide reasonable support for management's evaluation. This means both documentation of the internal controls themselves, and evidence relating to the testing process used and conclusions reached by management.

If the evaluation identifies any material weaknesses in the company's internal controls, management would be required to report these to their audit committee and external auditor, as well as disclose them in a publicly filed report.

The rule would also require the public accounting firm that audits the company's financial statements to audit its internal control over financial reporting, and issue a report on its conclusions.

Creating an internal control culture

When people hear that we are proposing such a rule, some react by saying that surely our public companies are already going to great lengths to ensure they report accurate financial results.

It is true that most companies take their financial reporting very seriously, and many devote significant attention and resources to it. But generally they have never undergone the kind of systematic evaluation exercise we are proposing.

And I believe there are indications that many of the corporate scandals that we have experienced in the past few years could have been detected earlier, or even avoided, had stronger internal controls been in place.

To comply with this rule issuers will need to identify all the stages where information impacting the financial statements is initiated, recorded, authorized and processed. They will need to assign responsibilities company-wide, and ensure consistency in the application of accounting policies and procedures in all business units.

Many companies may be surprised at the results. One major Canadian corporation only realized it had a problem when it implemented a new Enterprise Resource Planning system. The system included built-in controls that did not exist before. Based on new information uncovered, the company had to restate its previous financial results.

In another situation I'm aware of, the management of a major Canadian bank made a decision to assess its internal control over financial reporting a full year earlier than they were required to by virtue of their U.S. stock listing. In their case, roughly 3,000 accounts are consolidated into 8 or 10 line items on the balance sheet, and they had to document the internal controls for every one of them. It was a painstaking process, but management told me they sure sleep a lot better at night.

Our goal as regulators is to see all reporting issuers take internal control over financial reporting seriously, and to avoid situations where results must be restated due to inadequate controls. What we are trying to do is establish a culture in Canada that recognizes the importance of internal controls.

In this regard, we are behind the U.S. Even before SOX, most U.S. issuers were required to have internal controls. SOX 404 prescribed a much more thorough process.

There is no similar rule in Canada. Canadian issuers have never known this kind of requirement.

Effective internal control starts at the highest levels – the tone at the top – and permeates through the entire organization. To the extent that such a culture may be lacking, we believe our proposed rule can help induce it.

Cost-benefit considerations

One unavoidable aspect of initiating significant regulatory change is the cost. In both the U.S. and Canada companies have been very vocal about the costs they expect to incur when implementing internal control programs.

The OSC and other regulators are certainly aware of the concerns. In fact, we searched hard for less prescriptive approaches that could achieve the same results more cost-effectively. In the end, we were not able to find such a solution.

A major consideration was that the U.S. has set the standard for internal control with SOX 404. As I mentioned earlier, Canada cannot afford to ignore the effects on our market reputation of being seen to have less robust regulations. Before adopting a solution different from the U.S. rules implementing SOX 404, we would need to have pretty strong reasons to do so.

There is no question the costs will be substantial, though perhaps not as high as some SOX 404 opponents would have people believe. As an aside, the higher people estimate their costs will be to develop effective internal controls, the more worried I feel I should be about the current quality of their financial reporting.

The OSC engaged an independent firm, Charles River Associates, to estimate the costs Canadian companies will incur implementing our proposed internal control rule. They found that the costs will be highest in the first year as companies document, assess, and if necessary, fix their internal controls. In subsequent years, as the focus shifts to ongoing monitoring and testing, costs are expected to

drop off, although the recurring expense of the external auditor will remain significant.

The benefits are harder to quantify, but just as important from a policy perspective. How do you accurately measure the value of improved investor confidence in the quality of results reported by Canadian issuers? Or the value of potentially avoiding major investor losses from companies misstating their results?

Shareholder losses from accounting scandals in the U.S. and Europe were in the hundreds of billions of dollars. And in Canada, losses have been in the hundreds of millions.

One corporate governance expert put it this way: "Effective internal control is not so much about enhancing shareholder value, as preventing destruction of shareholder value." I think the costs need to be considered in this context.

Keeping in mind that Canadian companies who interlist their shares on a U.S. exchange will need to comply with SOX 404 regardless of what Canadian regulators do, Charles River estimated the incremental cost of implementing a Canadian equivalent.

The total cost works out to two to three cents per share over a ten year period for every non-interlisted share on the TSX. This is just a fraction of a cent per year, per share.

Most of you are investors in Canadian companies, either directly or indirectly. If I asked whether you feel a fraction of a cent per share is a reasonable expense for these companies to incur to potentially prevent the loss of the bulk of your investment, I would expect most of you to say yes.

It is sometimes difficult to make this case to issuers who might see themselves as bearing all of the costs and receiving few of the benefits. But as regulators we must consider the impact on the markets as a whole, and protecting investors is paramount. Fortunately it is not an either/or decision. A thriving and respected capital market benefits issuers through a lower cost of capital.

There are already positive signs of the impact of SOX on the U.S. marketplace. For example, last year a consulting firm called Oversight Systems surveyed over 200 U.S. corporate financial executives about their experiences with SOX implementation. Nearly 80% said their internal controls are stronger as a result of complying with SOX 404, and 57% believed their company's SOX compliance costs were a good investment for shareholders.

Delayed implementation

We have attempted to minimize the costs to Canadian companies by proposing a delayed implementation schedule. The largest TSX issuers, with a market capitalization exceeding $500 million, will not need to comply until financial years ending on or after June 30, 2006. The schedule is staggered through to 2009, so that issuers with a market capitalization under $75 million will have the most time to prepare. Issuers not listed on the TSX will be exempt from the rule.

In addition to providing more time for companies with fewer resources, our implementation schedule offers an important advantage for all issuers. Canadian companies can benefit from the experience of their U.S. counterparts, who had to begin complying with SOX 404 last year.

By the time our own rule takes effect, much of the thinking about implementation strategies will have been done. The pressure on scarce resources should have abated and issuers and auditors alike should be dealing with a more stable environment. All of these factors should work to reduce costs for our issuers – especially our smaller issuers who have more time to implement.

U.S. regulators are also examining the experience of compliance with their new internal control rules. Their analysis may lead to modifications in the rules. And fortunately our timetable is such that we will be able to take advantage by learning from their experience.

I believe our implementation schedule is an important compromise that can significantly reduce the costs Canadian capital market participants must bear, while maintaining investor confidence in financial disclosure over the longer term.

Conclusion

The rule on internal control over financial reporting will complete our regulatory response to the investor confidence challenges of recent years. We've all worked very hard – not just regulators, but reporting issuers, their directors, auditors, and others – to implement a series of important new rules.

Canadians can now say without hesitation that our standards are the equal of any in the world in the areas of corporate disclosure, corporate governance, auditor oversight, audit committees and CEO/CFO certification. It would be most unfortunate if we stopped short of the final step, and failed to introduce the one rule that will help cement together all the others by strengthening the integrity of the information being disclosed.

No one is suggesting implementation will be easy. But I believe very strongly that it is an essential step for us to take, and I certainly plan to do all I can in my remaining months in this job to see that it happens.

It will help our public companies prove to their investors – and help Canada demonstrate to the world – that we have adjusted to the realities of today's capital markets, and that we are serious about providing a quality of financial disclosure that is second to none.

Thank you.

1.1.3 CSA Staff Notice 81-314 - Removal of Foreign Content Restrictions for Registered Plans - Eliminating Indirect Foreign Content Exposure in Certain RSP Funds

CSA STAFF NOTICE 81-314: REMOVAL OF FOREIGN CONTENT RESTRICTIONS FOR REGISTERED PLANS – ELIMINATING INDIRECT FOREIGN CONTENT EXPOSURE IN CERTAIN RSP FUNDS

Introduction

This Staff Notice applies to RSP Funds, which for the purpose of this Staff Notice are:

(a) an "RSP clone fund" which is a mutual fund that has adopted fundamental investment objectives to link its performance to the performance of another mutual fund whose securities constitute foreign property for registered plans and to ensure that the securities of the mutual fund will not constitute foreign property under the *Income Tax Act*, as defined in National Instrument 81-102 – *Mutual Funds* ("NI 81-102");

(b) a mutual fund which qualifies as an RSP clone fund except that it links its performance to the performance of a group of foreign securities that are similar to the portfolio of the underlying fund; and

(c) a mutual fund which qualifies as an RSP clone fund except that it links its performance to the performance of more than one underlying fund.

The purpose of this Staff Notice is to set out staff's guidance in response to the recent federal government budget proposal to remove foreign content restrictions for registered plans. In particular, this Staff Notice addresses the following:

- RSP Funds closing out their forward contracts, derivatives, or debt-like securities that link the performance of the fund to the performance of either another mutual fund or funds whose securities constitute foreign property for registered plans, or a group of foreign securities that are similar to the portfolio of the underlying fund (the Indirect Foreign Exposure);
- whether RSP Funds require securityholder approval to do so; and
- timely disclosure requirements and requirements to amend prospectuses and annual information forms (collectively, Prospectus Documents) for RSP Funds that: (i) close out their Indirect Foreign Exposure; or (ii) remove references to the pre-budget foreign content restrictions for registered plans in their Prospectus Documents.

Background

On February 23, 2005, the federal government introduced a budget in Parliament that, if implemented, will eliminate the 30% limit on foreign content for registered plans retroactive to the start of 2005. While the related implementing legislation has not been passed yet, industry has asked staff to clarify a number of issues stemming from the change. In particular, we have been asked for guidance on whether closing out the Indirect Foreign Exposure for RSP Funds would under Part 5 of NI 81-102 constitute:

1. a change to the fundamental investment objective of the RSP Funds that would require securityholder approval; and
2. a significant change with respect to the RSP Fund that would require compliance with the timely disclosure requirements under securities legislation and the filing of an amendment to the Prospectus Documents of the RSP Funds.

We have also been asked whether we will expect RSP Funds, whose Prospectus Documents contain disclosure about the foreign content restrictions, to immediately amend their Prospectus Documents to correct this disclosure.

Staff Guidance

We recognize that the legislative process will take time before it is complete and that RSP Fund managers are monitoring this process closely. RSP Fund managers will wish to assess the progress of the adoption of implementing legislation before they decide if and when to close out any Indirect Foreign Exposure. If they decide that to close out the Indirect Foreign Exposure is in the best interests of the fund, then RSP Fund managers will also need to determine whether closing out the Indirect Foreign Exposure would constitute a change to the fundamental investment objectives of their RSP Funds or a significant change with the implications described above.

While not recommending any specific course of action to RSP Fund managers, if RSP Fund managers decide to close out Indirect Foreign Exposure, we offer the following guidance with respect to Part 5 of NI 81-102.

1. Securityholder Approval

For RSP Fund managers who conclude that closing out the Indirect Foreign Exposure is not a change to the fundamental investment objective of a RSP Fund which requires securityholder approval, we will not look behind the decision if the only change is to discontinue the Indirect Foreign Exposure and replace it with a direct investment in the underlying funds or group of foreign securities.

2. Timely Disclosure Requirements

For RSP Fund managers who conclude that closing out the Indirect Foreign Exposure is not a significant change requiring compliance with the timely disclosure requirements in securities legislation and requiring the filing of an amendment to the Prospectus Documents of the RSP Funds, we will not look behind the decision if the only change is to discontinue the Indirect Foreign Exposure and replace it with a direct investment in the underlying funds or group of foreign securities.

In making this decision, RSP Fund managers should be alert to the fact that the parameters of "a significant change" are different from those of "a change to the fundamental investment objective".

If RSP Fund managers conclude that closing out the Indirect Foreign Exposure is not a significant change, we encourage RSP Fund managers to consider other forms of communication that would provide securityholders with access to information about this change, but that would not be prohibitively costly to RSP Fund managers. Examples include a message on the RSP Fund's website or a notice in the next scheduled mailing to securityholders.

If RSP Fund managers decide to remove references to the 30% foreign content limit in Prospectus Documents of RSP Funds as a result of the recent budget proposal, in our view, it will generally not be necessary to make such changes until the next renewal of the Prospectus Documents.

Additional Guidance

RSP Fund managers of a RSP Fund, that does not fit within the circumstances set out above but who still think that closing out the RSP Fund's Indirect Foreign Exposure would not be a change to the fundamental investment objective or a significant change, may wish to contact the CSA to seek specific guidance.

We will consider issuing additional CSA Staff Notices in the future if appropriate to address further issues.

March 18, 2005

1.1.4 OSC Report on Mutual Fund Trading Practices Probe March 2005

OSC REPORT ON MUTUAL FUND TRADING PRACTICES PROBE MARCH 2005

ONTARIO SECURITIES COMMISSION
REPORT ON MUTUAL FUND TRADING PRACTICES PROBE

CONTENTS

Executive Summary

The mutual fund industry is an important component of Ontario's capital markets. Because of the unique advantages of mutual funds, such as professional management, diversification, liquidity and ease of access for the average investor, most Canadian households have made mutual funds their investment of choice. There are currently just under 2,000 prospectus qualified mutual funds offered for distribution in Canada with assets under management totaling $500 billion as at January 31, 2005.

The OSC's mandate is to foster fair and efficient capital markets and investor confidence in those markets and to provide protection to investors from unfair, improper or fraudulent practices. In keeping with this mandate, we launched a probe of the mutual fund industry in November 2003 in response to concerns that market timing and late trading practices, such as those that had begun to surface in the U.S., may be occurring in our market. Our approach reflected a recognition of our broader mandate as a securities regulator to be mindful of the impact the probe would have on various stakeholders. It had to be pursued differently than in the U.S. because, at the outset, we were not armed with inside information about trading practices in specific funds as was the case in the U.S.

As a result, the probe was planned and executed in three phases. Phase One of the probe began in November 2003 with a review of 105 fund managers selling mutual funds to the retail public in Ontario. We asked the managers to provide detailed information about their policies and procedures to detect and prevent trading abuses. In Phase Two of the probe, we requested a significant amount of detailed trading data from 36 of the 105 fund managers originally surveyed. The third, and final, phase of the probe included site reviews of 20 fund managers.

The probe was completed in December 2004. We did not uncover any evidence of late trading or evidence of market timing activity which continued after the start of the probe. However, at the completion of Phase Three, we referred five fund managers for enforcement action. We ultimately reached settlements with those five fund managers, which required them to pay $205.6 million to mutual fund security holders who suffered harm from market timing activities that occurred prior to January 1, 2004.

The probe has been an extremely intensive effort, from the standpoint of both the resources used and the volume of data reviewed. It was completed in a short period of time and on a scale that has never been undertaken by the OSC. In this report, we:

- provide background on the concepts integral to the probe
- provide a summary of how the probe was conducted
- describe the results of the probe, including the basis for recommending enforcement action
- outline suggested best practices and proposed policy responses.

We are presently considering a number of possible policy changes aimed generally at enhancing overall compliance and specifically at ensuring that market timing does not reoccur. We have begun consultations with stakeholders on these proposals.

Background

Why We Conducted the Probe

The OSC's mandate is to foster fair and efficient capital markets and investor confidence in those markets and to provide protection to investors from unfair, improper or fraudulent practices. As part of this mandate, we launched a probe of the mutual fund industry in November 2003 amid speculation that inappropriate trading activity may be taking place in Canadian mutual funds, as had begun to emerge in the U.S. Given the significance of the mutual fund industry in Canada, and having regard to the similarities between Canadian and U.S. markets and regulatory environments, we immediately recognized a need to examine our market to determine whether similar trading practices were prevalent in mutual funds sold in Ontario.

To find out what practices were occurring in our markets we had to take a different approach than that taken by U.S. authorities, given the difference in our respective mandates. The New York Attorney General, who launched the first investigation into market timing and late trading practices in the U.S., has a mandate to prosecute those who break the law. As a securities regulator, the OSC's mandate is broader and requires us to provide protection for investors, to promote the integrity of the capital markets and to foster confidence in them.

In structuring our probe, we realized we had to examine thoroughly the practices of our mutual fund industry. We also recognized the need to balance the interests of various stakeholders including the markets as a whole, the funds themselves, and of course the investors in those funds.

We considered a number of options to determine whether inappropriate trading activity was occurring in Canadian funds. It should be noted that, in contrast to the U.S. experience, we did not have information from insiders pointing to any wrongdoing by market participants. Given the absence of such information, we proceeded with a multi-phased approach to learn about industry practices, analyze specific data and assess it using a risk-based approach, which ultimately yielded results and met our objectives.

The Role of the Fund Manager

Mutual fund managers have a duty to act in the best interests of their funds and the investors who have invested their money in those funds. It is critical that managers fulfill that duty. A select group of investors must not be given preferential treatment to the detriment of others. All investors must be in a position to believe that their money will be treated with the utmost care by those in whose trust they are placed.

A mutual fund manager is required by Ontario securities laws to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the mutual fund. In so doing, it must 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 fund manager have regard for the potential harm to a fund from investors seeking to employ trading strategies that may be harmful or disruptive to a fund and its other investors. In our view, it is a fund manager's responsibility to put in place policies, procedures and other mechanisms to monitor trading that could be disruptive or harmful to the funds and to take reasonable steps to protect the fund from harm.

The trading practices that were the focus of our probe were:

- late trading
- market timing.

Late Trading

Late trading is illegal and occurs when mutual fund purchase and redemption (buy or sell) orders are received after the close of business but are given that day's price rather than the next day's price. Late trading violates National Instrument 81-102 *Mutual Funds* which requires that purchases and redemptions of fund securities be given a forward price, meaning the price next determined after the order to purchase or redeem is received. [1]

Mutual funds typically close for business at 4:00 p.m. ET and calculate their price (net asset value ("NAV") per security) within one to two hours of close on the basis of the most recent closing market price of the securities in their portfolios. Any purchase or redemption orders received in good order before 4:00 p.m. ET receive that day's price, and those orders received in good order after 4:00 p.m. ET are required to receive the next day's price.

As a result, unlike stock investors, mutual fund investors do not know the exact price at which their mutual fund orders will be executed at the time they place their orders. This "forward pricing" requirement assures a level playing field for mutual fund

[1] Section 9.3 "The issue price of a security of a mutual fund to which a purchase order pertains shall be the net asset value per security of that class, or series of a class, next determined after the receipt by the fund of the order."

Section 10.3 "The redemption price of a security of a mutual fund to which a redemption order pertains shall be the net asset value of a security of that class, or series of a class, next determined after the receipt by the mutual fund of the order."

investors as no investor has (or at least is supposed to have) the benefit of "post 4:00 p.m." information prior to making an investment decision.

Differences With the U.S.

As is the case in Canada, U.S. mutual fund regulation also requires that mutual fund trades be forward priced. Despite this similarity, U.S. mutual funds currently are more vulnerable to exploitation by late traders having regard to the following differences between our respective laws and structures.

Canadian mutual fund law provides that an order to purchase or sell a mutual fund security is deemed to be "received" on a given business day, once the order is in the hands of the fund manager (or the principal distributor as agent for the fund manager). This is different from current U.S. regulation which permits an order to be deemed "received" once it has been placed with a broker or dealer, even though the fund manager has not yet received it. As a result, while a broker or dealer may have received a mutual fund order by 4:00 p.m. ET, this order may not actually be submitted to the fund manager or its transfer agent for processing until several hours later.

In Canada, the majority of mutual fund transactions are processed through Canadian chartered banks or the independent clearing agency, FundSERV Inc. The respective proprietary systems used by these entities to process fund trades are equipped with strict automated time-stamping mechanisms. All orders received through these systems after 4:00 p.m. ET are automatically batched in a pending queue to be processed the next day at the next day's price. This is different from U.S. practice where time-stamping with respect to the majority of trades is handled at the individual dealer firm level.

The above differences create the potential for late trading to be facilitated in the U.S. through intermediaries that sell fund securities. Given that a fund firm typically sets the price of its funds several hours after 4:00 p.m. ET, it is possible for an investor in the U.S. wishing to take advantage of market news released after 4:00 p.m. ET to submit a fund trade after that time to his or her dealer and, with the assistance of that dealer, still obtain that day's fund price.

In order to eliminate the potential for late trading in their funds, the SEC has proposed amendments to the rule under the *Investment Company Act* that would require a fund order to be received by the mutual fund – or its primary transfer agent or a registered securities clearing agency – by the time that the fund establishes for calculating its NAV (typically 4:00 p.m. ET) in order to receive that day's price. This amendment would establish a "hard" 4:00 p.m. close for the receipt of mutual fund orders in the U.S. similar to that which is already provided for in Canadian mutual fund regulation.

Market Timing

The market timing which was the focus of our probe involved short-term trading (i.e. the rapid trading in and out) of mutual fund securities to take advantage of short-term discrepancies between the stale values of securities within the fund's portfolio and the current market values of those securities.

Stale values can occur in mutual fund portfolios when the prices of securities upon which a fund's price is based do not take account of the most recently available market information. This is most common in mutual funds whose portfolios have a material component of foreign securities traded on markets which closed many hours before the close of North American markets (e.g. European, Asian, International and Global funds).

For example, the closing market price of foreign equities trading on an Asian market (which closed at 1:30 a.m. ET, for example) will have been determined 14.5 hours prior to the closing of North American markets and the time at which the fund holding those foreign equities calculates its NAV. Due to this lapse of time, the closing market price of the foreign equities used for the purpose of calculating the NAV of the fund may be stale. Consequently, the NAV of the fund (and its NAV per security) calculated on the basis of that closing market price may also be stale.

In addition, there is a strong correlation between price movements of equities on North American markets (as reflected in movements in the S&P 500 index, for example) on one day and price movements of equities on foreign markets on the following trading day. Consequently, if North American markets rally after the foreign markets have closed for the day, it is likely that the price of foreign securities will track the North American markets and rise the following trading day.

A market timer will attempt to take advantage of this information lag by trading in anticipation of these price movements. The market timer will therefore purchase mutual fund securities at a NAV that reflects the stale price of the foreign securities and then sell the fund securities shortly thereafter, at a time when it expects foreign prices to have risen, causing the fund's NAV to rise accordingly.

While all market timing involves short-term trading, not all short-term trading constitutes market timing. Short-term trading may be carried out by an investor for a number of legitimate reasons, such as where a purchase is followed by a redemption necessitated by hardship or unusual circumstances. However, frequent short-term trading in a fund for the purpose of market timing, referred to in this report as "frequent trading market timing", can cause significant harm to a fund, which is borne by all investors remaining in the fund. Some of the types of harm that can result are:

- dilution of the value of other security holders' investments in the fund
- increased brokerage transaction costs
- inefficient management of a fund caused by maintaining cash or cash equivalents and/or monetization of investments to meet redemption requirements
- disruption to the portfolio manager's investment strategy.

These may impair the fund's long term performance. At the same time, the market timer may enjoy gains that are significantly higher than those earned by the longer term investors in that fund for the same period.

While frequent trading market timing by investors is not specifically prohibited, fund managers are subject to overriding responsibilities under Ontario securities law to act in the best interests of their funds. This includes taking reasonable steps to protect funds from harm that may be caused by frequent trading market timing activity.

Overview of the Probe

How We Executed the Probe
The OSC's probe into potential late trading and frequent trading market timing abuses in mutual funds began in November 2003. It was planned and executed in three phases with each of the three phases having a different objective. Phase One of the probe was the initial high level information gathering stage, Phase Two was the detailed analytical phase and Phase Three was the site review phase.

The probe was structured and conducted as a cross-branch initiative with participation from the Capital Markets Branch, the Investment Funds Branch, the Enforcement Branch and the Office of the Chief Economist. To ensure effective resolution of issues, a Steering Committee and a Working Group were convened. The Steering Committee included senior management and the Working Group was comprised of staff from each of the branches involved. We worked on a coordinated basis with the Mutual Fund Dealers Association of Canada and the Investment Dealers Association of Canada and other provincial securities regulators. Both of these Self Regulatory Organizations ("SROs") also launched reviews of their respective members.

Phase One
Phase One began in November 2003. The major objective of this phase was to gather information from the conventional mutual fund industry and assess whether Canadian mutual fund managers had effective policies and procedures in place to both detect and prevent trading abuses such as late trading and frequent trading market timing. The intent was to determine whether the abuses occurring in the U.S. could also be present in our markets.

The OSC sent a letter to all fund managers offering open-ended[2] retail mutual funds in Ontario. This included 105 fund managers domiciled not only in Ontario, but also in various other provinces of Canada. We asked each mutual fund manager to review its internal trading practices and assess whether improper trading practices were occurring within their organization, and to describe the investigative processes they undertook to respond to the letter.

We reviewed and analyzed the responses using the criteria set out below, and on that basis determined whether further follow up was required:

- quality of the response
- apparent lack of policies and procedures intended to detect and prevent trading abuses
- indication that some trading patterns warranted further review
- size of the fund manager, measured by assets under management
- use of FundSERV or the use of a proprietary internal trade processing system
- U.S. affiliate being the subject of an investigation by another agency
- significant manual processing.

Phase One allowed us to obtain a general overview of the processes in place at fund managers. However, in the absence of any trading data, we could not definitively determine whether any abusive trading practices were occurring. We therefore proceeded to Phase Two in order to obtain trading data for those fund managers that we believed were most susceptible.

Phase Two
In early February 2004, we initiated Phase Two of the probe by requesting more detailed information from 36 of the 105 fund managers originally surveyed. These 36 fund managers were selected through an analysis of the information they provided in Phase One based on the criteria outlined above, and also included a random sampling of fund managers.

Firms included in Phase Two were asked to submit a significant amount of detailed trading data for a two year period ending on December 31, 2003 ("review period"). The most significant component of the data requested for frequent trading market timing was a list of all "round trip" trades exceeding $50,000 during the review period. A "round trip" was defined as a purchase or a switch into a fund followed by a redemption or switch out of the fund within five business days. This data was requested for all categories of funds except money market funds, which by their nature, are intended to accommodate short-term trading[3]. A cutoff threshold of $50,000 was chosen to yield sufficient data to enable us to perform a meaningful analysis using a risk based approach. A five day time period was chosen because trading within this short duration of time was a reasonable indicator of potentially disruptive trading.

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2 Open-ended funds are so-called because their capitalization is not fixed; they normally issue more securities as investors want them, and buy them back as investors want to sell them. In contrast, the capitalization of closed-end funds is fixed and their securities are generally readily transferable in the open market and are bought and sold like stocks. Given this fact, they are not susceptible to "stale" prices, and are therefore not targeted by market timers. Consequently, we did not include closed-end funds in our probe.

3 Money market funds are designed to be highly liquid and are often used by investors as a short-term "parking spot" for their cash while determining which funds to buy. They present no opportunity for capital gains as their security price is kept at a set level (e.g. $10) by distributing monthly income to security holders in cash or new fund securities.

For late trading, we focused on transactions that were most susceptible to late trading by requesting a list of all trades of $50,000 or more that were backdated, manually processed, or that were processed outside of FundSERV after 4:00 p.m. ET.

We received and analyzed data totaling $83.8 billion of trades. We looked for trading patterns, relationships and other indicators that would require further follow up through on-site visits and the review of additional data.

Phase Three

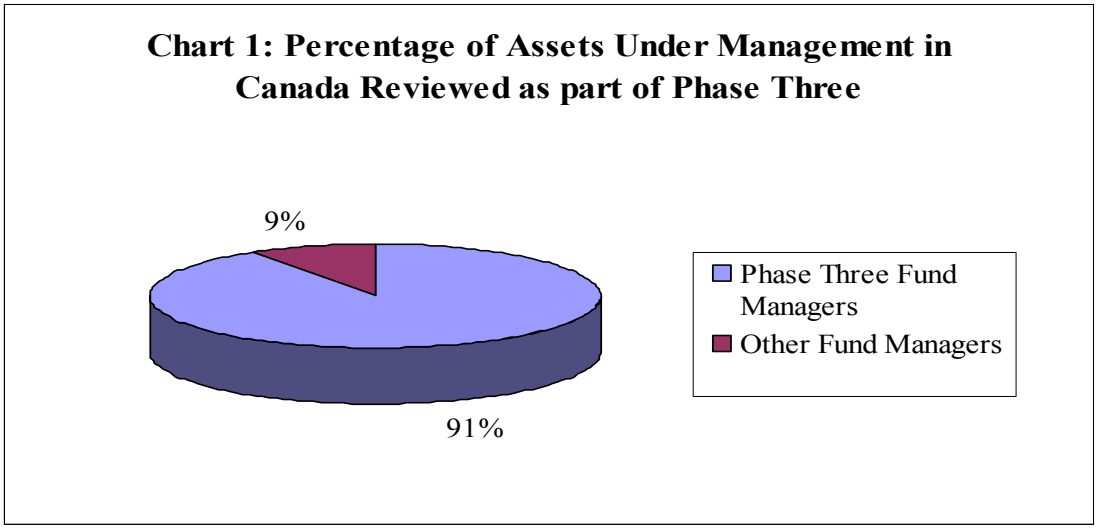
In May 2004, we commenced Phase Three of our probe, which involved on-site reviews by joint Compliance and Enforcement teams at 20 of the 36 fund managers examined in Phase Two. The 20 site visits were executed over a number of months in three rounds of reviews.

In making our determination of which fund managers should be reviewed in Phase Three, we considered the following:

- indicators revealed as part of Phase Two
- information gathered by the SROs
- coverage of the mutual fund industry

Those fund managers that were part of the first round of reviews were selected primarily based on indicators revealed as part of Phase Two which, in our assessment, warranted deeper examination. We also considered information gathered by the SROs through their complementary probe questionnaires. Such information included the names of certain funds which were identified by some SRO members as possibly having been the target of frequent trading market timing. The managers of those funds were subsequently included in rounds two and three of the reviews. And finally, in making our assessment of which fund managers to review, we also sought to ensure that the bulk of mutual fund assets under management in Canada would be reviewed.

Chart 1 illustrates the percentage of mutual fund assets under management[4] in Canada that were included as part of Phase Three of the probe.



Phase Three was the most intensive of the three phases and required a significant amount of co-operation from the 20 fund managers selected. We requested an extensive amount of documentation for a number of accounts and a sample of trades. We requested items such as:

- account opening documentation
- copies of all correspondence relating to specific accounts
- details of account trading histories
- copies of original trade order instructions
- additional data for certain accounts covering a longer trading period than the two years originally requested in Phase Two.

[4] Per the Investment Funds Institute of Canada (IFIC) statistics of Relative Position of Members – Mutual Fund Assets as at December 31, 2003

Results

Late Trading
To assess whether there was late trading occurring in our markets, we executed a significant number of procedures as part of the site visit work. A large number of trades were reviewed and traced to source documentation to ensure that investors were given the right price for their mutual fund purchases, based on the "forward pricing" requirement described above under "Background - Late Trading".

We focused on transactions that were most susceptible to late trading, which included backdated trades, error corrections and manually processed orders. For example, in the case of backdated trades we verified that these trades were done for a valid reason and that the fund was compensated for loss, if any. We found that backdated trades were commonly done to correct errors such as the client order being processed for the wrong fund, in an incorrect account or for the wrong dollar amount.

For trades that were manually processed, we confirmed that the order was processed at the correct price depending on the time the order was received for processing as evidenced by the time and date stamp. If orders were received after the close of business, we verified that the client was given the next day's price.

In contrast to what the regulators found in the U.S., we did not find any evidence of late trading in our probe.

Market Timing

Phase One
In Phase One, the 105 fund managers were required to confirm that they have effective policies and procedures in place to detect and prevent trading abuses in their funds. This phase did not involve the review of any trading data and consisted solely of the fund managers performing their own assessments of their internal processes to detect and deter improper trading practices.

We noted from our review of the 105 responses that:

- Frequent trading market timing activities, in varying degrees, had occurred in some funds. Some fund managers used a market timing definition that was broader than the definition included in the OSC's Phase One letter. For example, some defined it to include not only trading intended to exploit stale values of securities within a fund's portfolio (referred to in this report as "stale price arbitrage"), but also any short-term market movements or any short-term or frequent trading;
- Some fund managers became aware of frequent trading market timing activities as a result of conducting investigative procedures to respond to the OSC's Phase One letter, while others had already detected such trading activities through existing monitoring procedures prior to the OSC probe;
- The investigative procedures used by fund managers to respond to the survey varied significantly. Certain fund managers performed very limited investigative procedures such as holding discussions with their portfolio managers and their third party service providers. Others performed significant substantive testing of the trading activity in their funds;
- Frequent trading market timing activity was identified by some fund managers through a review of exception reports using dollar thresholds that varied from $5,000 to $1,000,000 and time thresholds from five days to 90 days;
- Fund managers' policies and procedures in this area were not limited to market timing as referred to in the OSC's Phase One letter; they more generally applied to any type of short-term trading;
- Many fund managers that outsourced their transfer agency function to a third party service provider stated that they relied on the operational procedures and controls of their service provider. In some cases, in order to respond to our letter, the fund managers held discussions with these service providers to confirm the integrity of their operational procedures;
- Some fund managers indicated that they had adopted the fair value pricing policy developed by the Investment Funds Institute of Canada (IFIC) to address concerns regarding stale values of securities held within their funds. In some cases, fund managers reviewed their funds' portfolios to determine if any of them included securities that had stale prices;
- The types of corrective action taken by fund managers to prevent the recurrence of frequent trading market timing, once identified, included charging short-term trading fees, issuing warning letters that indicated that trading restrictions would be imposed, or closing the account; and
- Many fund managers indicated that they made significant enhancements to their monitoring procedures in light of the OSC's Phase One letter.

Although the responses to our Phase One letter did not reveal any systemic abusive practices, we identified some areas requiring further examination. Accordingly, we moved to a more focused examination of procedures and trading data of certain fund managers as part of Phase Two.

Phase Two
As part of Phase Two, we requested additional detailed information, mainly trading data, from 36 fund managers. To properly focus on the trading activities that might be problematic, we performed detailed analytical testing on the data we received.

The table below illustrates the tremendous volume of trading data we received in response to our information request: 58,000 trades, totaling $83.8 billion in redemptions in 9,900 investors' accounts across 1,340 funds. To ensure that we focused on the right activities, we had to filter out data that technically satisfied our "round trip" criteria as described above under "Overview of the Probe – Phase Two", but that in our assessment did not indicate trading that required further review.

Data Reviewed as Part of Phase Two of the Probe

Number of Fund Managers	Total Value of Redemptions ($Billion)	Total Number of Trades	Total Number of Accounts	Total Number of Funds	Fund Assets Under Management[5] ($Billion)
36	**$83.8**	**58,000**	**9,900**	**1,340**	**$400**

Our analysis of the trading data reviewed in Phase Two revealed that all or a majority of the following indicators were present at some of the 36 fund managers:

- significant volumes of trading activity in global and international funds
- a number of accounts with high volumes of transactions
- a number of accounts with trading activity in large dollar volumes over a majority of the two-year period reviewed
- large volumes of backdated trades, manual trades or error corrections
- the existence of agreements with certain clients permitting them to engage in short-term trading within certain parameters.

These indicators, together with our objective of ensuring that the bulk of mutual fund assets under management in Canada would be reviewed, led us to determine that 20 fund managers warranted an on-site review.

Phase Three
The 20 fund managers targeted in Phase Three were asked to submit additional information and documentation intended to help us determine whether regulatory action would be warranted against any of them. This included trading data that extended beyond the two-year review period originally requested, in some cases going as far back as 1998.

We used a combined approach that included using a risk rating methodology for certain quantitative indicators and a qualitative assessment of other relevant factors. The results of this approach eventually pointed us to five fund managers that, in our assessment, warranted a referral for enforcement action.

Our risk rating methodology and the other relevant factors considered, are described below.

Risk Ratings
In our analysis of each of the 20 fund managers, we used a risk rating methodology, focusing on three risk areas: market timers' profits, gross management fees earned by the fund manager from allowing this type of trading activity and volume of redemptions. Each of the three risk areas was assigned a rating using a scale from one to five. A rating of one indicated that the quantitative factor was not present in any significant degree. Conversely, a rating of five meant that the quantitative factor was significant.

To determine the rating for each risk area, we performed detailed testing on certain accounts at each fund manager. These accounts were selected from the trading data submitted to us as part of Phase Two. Those accounts that had large volumes of redemptions in certain funds for the majority of the two year review period were included. We assigned a risk rating to each of the risk areas based on the results of the analytical testing performed on those accounts. The sum of the three risk ratings provided us with a total rating for each fund manager.

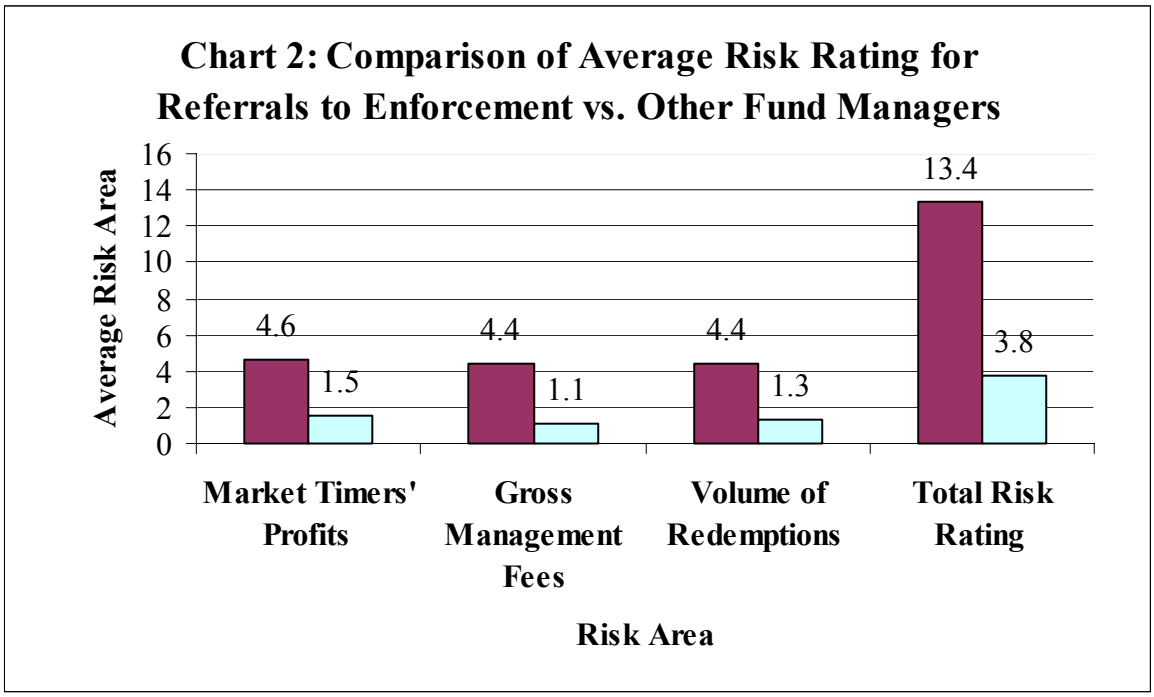
[5] See footnote #4.

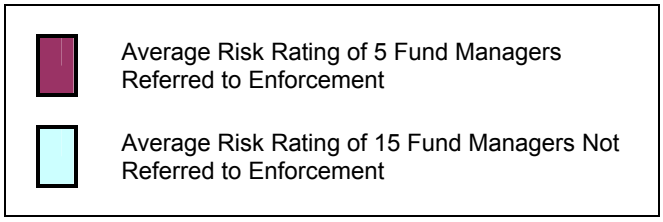
Table 1 includes the individual rating for each risk area as well as a total risk rating for each of the 15 fund managers that were not referred for enforcement action. Average risk ratings are given for the group of five fund managers that we referred for enforcement action.

Table 1: Risk Rating of Fund Managers Reviewed in Phase Three

Fund Manager	Market Timers' Profits					Gross Management Fees					Volume of Redemptions					Total Risk Rating (Maximum of 15)			
	Very High = 5	Moderate - High = 4	Moderate = 3	Moderate - Low= 2	Low = 1	Very High = 5	Moderate - High = 4	Moderate = 3	Moderate - Low = 2	Low= 1	Very High = 5	Moderate - High =4	Moderate = 3	Moderate - Low = 2	Low = 1	High (11 - 15)	Moderate - High (8 - 10)	Moderate - Low (5 - 7)	Low (0 - 4)
Average of 5 Fund Managers Referred to Enforcement	4.6					4.4					4.4					13.4			
Manager 6	3					1					3					7			
Manager 7	3					2					1					6			
Manager 8	2					1					3					6			
Manager 9	2					1					1					4			
Manager 10	2					1					1					4			
Manager 11	1					1					1					3			
Manager 12	1					1					1					3			
Manager 13	1					1					1					3			
Manager 14	1					1					1					3			
Manager 15	1					1					1					3			
Manager 16	1					1					1					3			
Manager 17	1					1					1					3			
Manager 18	1					1					1					3			
Manager 19	1					1					1					3			
Manager 20	1					1					1					3			

Chart 2 summarizes our Phase Three risk rating results. Our analysis revealed that, in terms of both degree and impact of frequent trading market timing activity, there was a marked disparity between those fund managers referred to enforcement as compared to those that were not referred to enforcement.





Overall, we found:

- The average risk rating for market timers' profits for those referred to enforcement was three times greater than the average of those not referred to enforcement;
- The average risk rating for gross management fees earned for those referred to enforcement was four times greater than the average of those not referred to enforcement;
- The average risk rating for volume of redemptions for those referred to enforcement was approximately three times greater than the average of those not referred to enforcement; and
- The average total risk rating for those referred to enforcement was three and a half times greater than the average of those not referred to enforcement.

Other Relevant Factors

Our Phase Three analysis also included a review of the measures taken by the fund managers to detect and deter frequent trading market timing activity. Some fund managers had measures in place well before 2003 to detect short-term trading and frequent trading market timing in their funds. They produced daily reports that showed a purchase or switch into a fund followed by a redemption or switch out of a fund within a specified period of time (typically a much shorter period than the 90-day short-term trading period disclosed in many fund prospectuses) to reveal patterns of short-term trading.

After detecting frequent trading market timing activity in their funds, some fund managers took active steps to discourage and ultimately stop the practice on the basis that it was disruptive to the management of the fund's portfolio, resulted in increased transaction costs for the funds, and consequently, was not in the best interests of the funds. The steps they took included:

- putting the account in which the short-term trading was being conducted on a watch list for further monitoring
- issuing warning letters to the dealer and/or the client engaging in the trading
- imposing a short-term trading fee
- prohibiting further trading, except for redemptions, by the account holder

- closing the account.

Some fund managers had escalation policies in place whereby potentially problematic trading activity was referred to a specific committee for review. That committee would then determine the appropriate course of action to deal with the trading activity.

Some fund managers used fair valuation techniques in some cases to try to reduce price discrepancies between the stale values of securities within a fund's portfolio and the current market value of those securities, thereby reducing the opportunities for stale price arbitrage.

Finally, we noted that, while certain fund managers simply declined to accept this type of business from potential market timers, certain others allowed it either by way of formal written agreements or tacit approval (i.e. by failing to take active steps to deter and ultimately stop the inappropriate trading activity). Such non-disclosed agreements would often set out certain parameters within which frequent trading market timing could be carried out (e.g. limits on amounts and frequency of trades). Such measures protected the funds from certain costs that were recognized by the fund managers. However, as our findings revealed, those measures did not protect the funds from all of the costs (and in particular dilution) resulting from the frequent trading market timing activities.

It is important to note however that, in contrast to the U.S. experience, the investors who engaged in frequent trading market timing activities were not insiders of fund managers.

These relevant quantitative factors, when considered in combination with the results of our risk assessment, pointed us to five fund managers that, in our view, warranted a referral to enforcement.

Originally we identified four fund managers that warranted a referral to enforcement. The information gathered as part of Phase One, the analytical testing performed on the Phase Two data submission and the completion of a site visit all supported this outcome. As a result of receiving additional information from the SROs, as part of their complementary probes, we determined that there were additional fund managers that were deserving of closer scrutiny. The SROs provided us with the names of certain funds that may have been the target of frequent trading market timing. This closer scrutiny resulted in additional on-site reviews which led to a fifth referral to enforcement.

Our Regulatory Response to the Phase Three Findings

Based on our findings from Phases Two and Three, we assessed what the appropriate regulatory response should be. We indicated throughout the probe that once Phase Three was completed we would take regulatory action, including enforcement proceedings, if necessary, to reaffirm investors' trust in the mutual fund industry.

In determining what response was appropriate, we considered the Commission's mandate to uphold the *Securities Act* (Ontario*)* which is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in those markets.[6] Enforcement proceedings pursuant to section 127 of the *Act* can be taken in order to assist the Commission in achieving this mandate. The Commission's jurisdiction in such proceedings is neither remedial nor punitive; it is protective and preventative, intended to be exercised to prevent likely future harm to Ontario's capital markets.[7]

Keeping in mind the Commission's mandate, in order to assess what regulatory action should be taken, we analyzed the following factors in combination, with no one factor being considered to be determinative:

- volume and frequency of the frequent trading market timing activity, measured by the number of round trip trades and total dollar amount of redemptions
- duration of the frequent trading market timing activity, measured by the number of months that the trading was allowed to continue
- the size of the profits realized by the market timers
- the existence of and type of agreements, if any with market timers
- the degree to which the mutual fund manager earned management fees from allowing this type of trading activity.

Our analysis indicated that, when viewed in combination, these factors were present most significantly in the five cases referred for enforcement action. In those cases, the fund managers failed to implement appropriate measures to fully protect the funds against all of the costs to those funds of the frequent trading market timing activity. We found this failure by those five fund managers to fully protect the best interests of the funds targeted by the market timers to be contrary to the public interest and deserving of review by the OSC.

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6 *Securities Act*, R.S.O. 1990, c.S.5, section 1.1

7 Re *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission*) (2001), 199 D.L.R. (4th) 577 (S.C.C.)

Fund Managers Referred to Enforcement
With the objective of compensating investors who suffered harm from frequent trading market timing activities in the affected funds, we entered into settlement agreements with each of the five fund managers that will result in a total of $ 205.6 million being distributed by the fund managers to affected investors in those funds.

The five fund managers will distribute the settlement amounts to the affected investors under the supervision of an independent consultant, in accordance with a plan of distribution to be approved by the OSC. The fund managers will be responsible for all costs of preparing and implementing the plan of distribution and distributing the settlement amounts. As well, the fund managers will ensure that the investors who were responsible for the frequent trading market timing activity do not receive any compensation.

In order to assist us in determining what amounts should be returned to investors, we reviewed academic and other literature concerning methodologies for quantifying harm to investors resulting from frequent trading market timing. We sought guidance from the U.S. experience, as well as input from internal and external experts. During the lengthy negotiations between the OSC and the five fund managers, various approaches to quantifying harm to investors were considered, debated and evaluated. Ultimately, the resulting settlement payments were a theoretical quantification of the harm caused to the relevant funds and the security holders of those funds arising from the frequent trading market timing activity.

The payments made by the five fund managers did not equate to the profits realized by the market timers. The reason for this is that not all of the profits realized by the market timers were from frequent trading market timing transactions, and the profit realized by the market timers did not equate to harm to other investors in the affected funds. Furthermore, in determining the amounts that should be paid by the fund managers, we recognized that it was not the fund managers themselves who profited the most from the inappropriate trading activity. While they did earn management fees on the market timers' investments in the funds, those fees were relatively minimal compared to the profits earned by the market timers. They were even less significant when considered net of trailer fees paid to Canadian dealers and other expenses.

Notwithstanding the fact that the five fund managers earned relatively modest sums of money from the frequent trading market timing activity compared to the profits realized by the market timers, the fund managers agreed to make payments to investors that were on average 40 times greater than the net management fees that they earned.

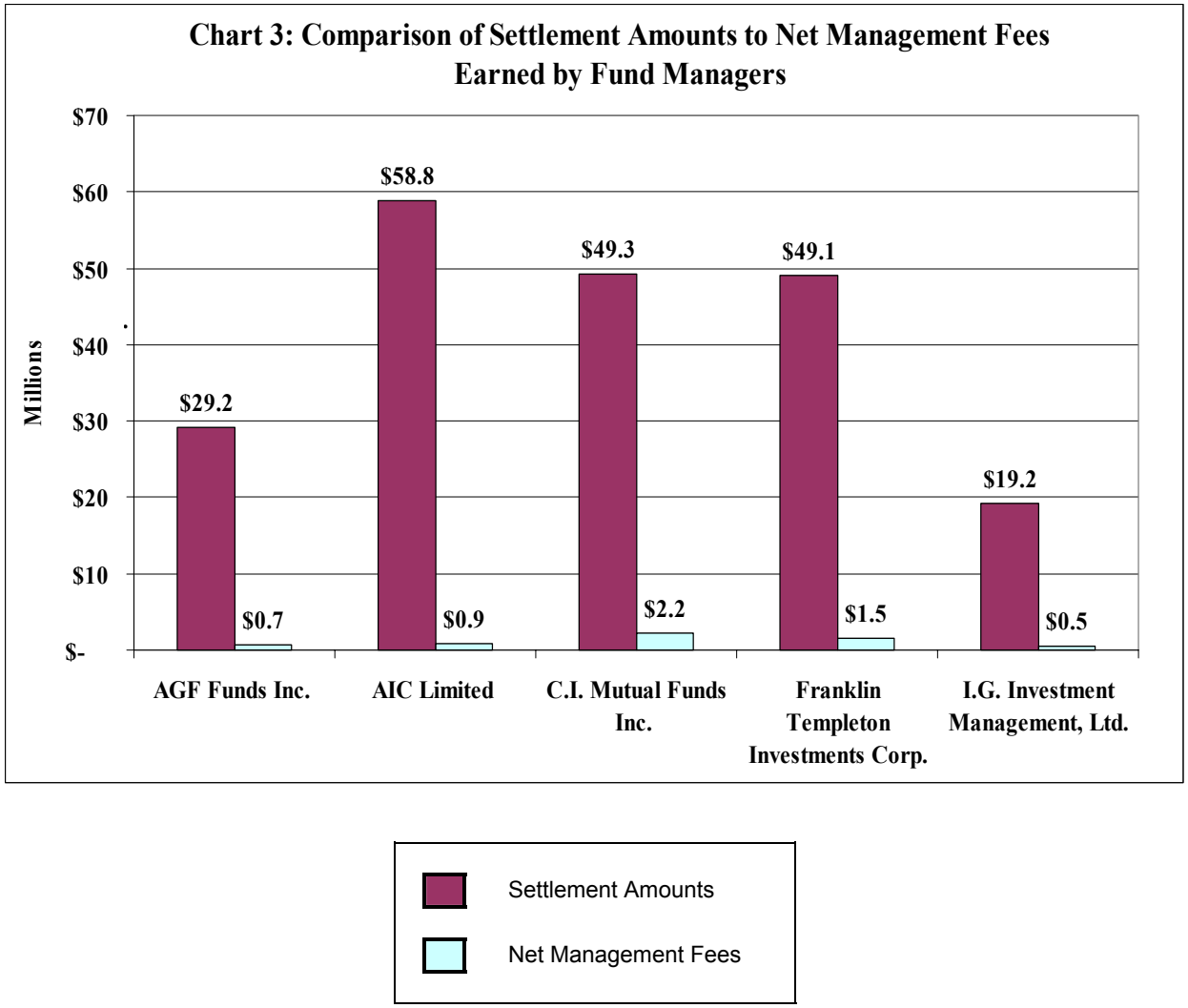
Chart 3 shows how substantial the amounts paid by each of the five fund managers are compared to the amounts they earned in management fees (net of trailer fees paid to Canadian investment dealers and other expenses) from market timers' investments in the funds. We are confident that these payments, combined with the reputational harm already suffered by the five fund managers, will act as a deterrent to all fund managers against future conduct that could harm fund investors.

Details of the settlement agreements concerning the five fund managers can be retrieved on the OSC website using the following links:
http://www.osc.gov.on.ca/About/NewsReleases/2004/nr_20041216_osc-mf-settlements.jsp
http://www.osc.gov.on.ca/About/NewsReleases/2005/nr_20050303_osc-franklintempleton.jsp

Activities of Market Timers
Our case against the five fund managers referred to enforcement was based on their failure to protect fully the best interests of the affected funds. These fund managers had a duty to have regard to the potentially harmful impact of frequent trading market timing on a fund and its investors, and take reasonable steps to protect the fund from harm, to the extent that a reasonably prudent person would have done in the circumstances. In contrast, an investor in a fund, including a market timer, owes no duty of care either to the fund in which it invests, or to the other investors in that fund.

In addition, through the settlement agreements, we were able to secure reimbursement for the affected investors of the amounts lost by them as a result of the market timers' activities.

For these reasons, we did not pursue the market timers for their trading activities.



Fund Managers Not Referred to Enforcement

As illustrated in Table 1, we found some level of frequent trading market timing activity in certain funds managed by some of the 15 fund managers not referred for enforcement action. However, none of the factors indicating risk of harm to investors were found to be present in a material way. In addition, our consideration of other relevant factors led us to conclude that these fund managers had taken reasonable steps to identify and prevent harm to their funds and their investors. As a result, and as illustrated in Chart 2, the impact of the frequent trading market timing activity to investors in those funds was found to be minimal on a relative basis.

We are confident that the fact that these managers' systems and controls were subjected to an on-site review by joint Compliance and Enforcement teams, combined with the potential for enforcement proceedings that such reviews presented, acted as sufficient deterrents to future conduct that could harm investors in their funds.

Suggested Best Practices and Proposed Policy Responses

Best Practices Guidance
As we stated at the outset, a mutual fund manager is required by Ontario securities law to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the mutual fund using the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. It is a fund manager's responsibility to have policies, procedures and other mechanisms to monitor trading that may be disruptive or harmful to its funds and to take reasonable steps to protect the funds from harm.

In conducting the probe, another of our objectives was to learn more about the policies and procedures used by fund managers to monitor, detect and deter frequent trading market timing and late trading and, with that information, suggest best practices to address the concerns raised by these activities. The responses received and information gathered in Phases One through Three all contributed to meeting this objective.

We found that many fund managers had established policies and procedures to detect and deter short-term trading or frequent trading market timing. These policies and procedures had either been recently implemented or, where already existing, were being enhanced as a result of the regulatory and media scrutiny of these practices.

We noted that the policies and procedures established by fund managers to prevent late trading were more evolved than those relating to short-term trading. No late trading was detected by OSC staff during the probe, which suggests that the policies and procedures are mostly satisfactory and that the predominant use of FundSERV in Canada greatly limits the likelihood of late trading activities occurring.

Appendix I outlines our suggested best practices to assist fund managers in improving their existing practices and strengthening their compliance environment in the immediate term. In the near future, we will consider a number of possible policy initiatives aimed generally at enhancing overall compliance and specifically at ensuring that market timing practices do not reoccur.

The suggested best practices are not meant to be an exhaustive list of the controls and procedures that could be adopted by fund managers to mitigate the risk of frequent trading market timing or late trading activities. Each fund manager should consider its business operations and its fiduciary duty under section 116 of the *Securities Act* (Ontario) in implementing adequate and appropriate policies and procedures for its funds.

Proposed Policy Responses
Our assessment of the appropriate policy response to the mutual fund trading practices probe on late trading and frequent trading market timing has been shaped by the information we have gathered throughout the probe and an understanding of the regulatory initiatives taken in other jurisdictions in response to market timing activity. Appendix II summarizes the actions taken by other regulators.

We are beginning to consult with stakeholders on initiatives that we believe will serve to enhance overall fund compliance generally and deter frequent trading market timing practices specifically, including:

- requiring all fund managers to have a compliance program
- mandatory short-term trading fee
- fair value pricing of portfolio securities
- enhanced prospectus disclosure

Compliance Program Rule
We are contemplating introducing a rule that would require all fund managers to implement an effective compliance program that includes written policies and procedures reasonably designed to prevent violations of securities legislation by an investment fund and its service providers.[8] In particular, the compliance program would have to specifically address how funds will monitor, detect and deter inappropriate trading practices.

Our objective is to strengthen the compliance environment through this rule to avert other practices that could be potentially harmful to fund investors.

In our view, this kind of rule would strengthen the focus on compliance and would assist fund managers in satisfying their fiduciary obligation to act in the best interests of their funds and protect the interests of all security holders. By clarifying the compliance obligations of the fund manager, the rule would strengthen the ability of fund managers and compliance personnel to enforce compliance with their policies and procedures. Our objective is that the rule would offer a reasonable degree of flexibility to fund managers to create compliance programs tailored to their own unique business model and needs.

[8] All registrants are currently expected to have appropriate written procedures and policies to achieve compliance with securities legislation. The contemplated rule would focus on fund managers.

Finally, the rule would complement the OSC's examination program for fund managers and for investment advisers, and would thereby enhance our ability to provide protection to investors.

Mandatory Short-Term Trading Fee
We have contemplated several measures to ensure that frequent trading market timing activities do not reoccur in Canadian funds. Our initial view is that a combination of measures will be the most viable way to protect against these practices.

We are considering introducing a requirement that all redemptions or transfers carried out within a specified number of days of the initial purchase of fund securities be subject to a mandatory short-term trading fee that would be paid to the fund. Similar to other proposed rules we have seen in other jurisdictions, the rule could allow for a minimal level of redemptions/transfers below which a fee would not apply. The rule could also exempt certain types of funds from the fee, for example funds that are meant to be traded frequently such as money market funds. In addition, the fee could be waived in situations of undue hardship or unusual circumstances to permit legitimate needs to be met.

Some of the issues we are considering in connection with this proposal are:

- ensuring that the fee level adequately compensates the fund for the dilutive effect of short-term trades and deters potential market timers, thereby protecting the interests of longer-term investors
- ensuring the short-term trading period to which the fee would be applied sufficiently captures trading which could be harmful to the fund
- permitting exemptions from the imposition of a mandatory fee, so as not to unfairly charge fees to investors who may legitimately require access to their money.

As noted above, we think this requirement may need to be implemented in combination with another policy response relating to fair valuation of fund portfolio securities. A mandatory short-term trading fee as a stand-alone measure may not serve as a sufficient deterrent to harmful trading practices. It may also be seen to absolve the fund manager of its overall responsibility to ensure these practices do not occur in its funds through the use of other available measures.

Fair Value Pricing
We are also contemplating introducing a requirement that a mutual fund fair value securities within its portfolio when significant events that could affect pricing occur before the fund's net asset value is calculated. This rule may be introduced in combination with a requirement for a mandatory short-term trading fee.

The major advantage fair value pricing would offer is the potential reduction of pricing discrepancies which market timers seek to exploit, which could limit (if not eliminate) opportunities for stale price arbitrage.

However, we recognize that fair value pricing is a process that incorporates some subjective elements. To structure a rule in this area, it is crucial that we understand the fair valuation methods currently used by some fund managers, internally or through third party service providers. We also recognize that a requirement to implement and administer a fair value pricing program would involve costs that may be borne by the funds. We need to carefully consider such cost implications and weigh them against the benefits of fair valuation.

Enhanced Prospectus Disclosure
We also expect that the prospectus disclosure rule, National Instrument 81-101, would need to be modified to prescribe additional disclosure relating to any new rules or requirements. For example, detailed disclosure of a fund manager's compliance program, short-term trading fees and fair value pricing policies would have to be made in the prospectus.

Conclusion

The probe into late trading and frequent trading market timing practices was concluded in December 2004 after an intensive, one-year review of the mutual fund industry that involved several branches of the Commission and coordination with Self Regulatory Organizations and the Canadian Securities Administrators.

We noted at the beginning of the probe that we felt it was our responsibility to gather the facts and then act on them. Gathering and analyzing information in three phases allowed us to draw a clear picture of the kind of trading practices that were occurring in funds during the relevant periods. It gave us a good sense of the measures that were available, and in many cases taken, to detect and deter practices that could be harmful to funds. It also revealed that substantial harm had occurred in some funds which we then took steps to address.

Overall, we believe that conducting the probe should lead to renewed investor confidence in the mutual fund industry. The settlement agreements reached with five fund managers resulted in $205.6 million being paid to investors who were harmed by frequent trading market timing activity. The right balance was struck in these cases, as the settlements should have the desired deterrent effect of preventing similar future harm to funds while at the same time specifically addressing the harm that was done to those investors.

In our estimation, the probe has also contributed to an enhanced compliance mindset among fund managers. The in-depth review of trading practices in the industry through the initial questionnaires, data analysis and site visits has given us an enhanced understanding of fund manager compliance processes and their overall compliance culture.

The information gathered throughout this exercise, as well as our understanding of the factors that contributed to the frequent trading market timing practices that caused us concern, will be valuable from a policy-making perspective. We can build on this understanding to develop policy that will further strengthen the compliance culture within fund managers and improve investor protection and confidence in the industry.

Finally, while the probe may have drawn some unwanted attention to the mutual fund industry, we trust that the industry will use this heightened interest to demonstrate its commitment to investors. In advance of the implementation of new policy initiatives designed to improve investor protection, we would expect fund managers to be taking proactive steps to ensure that frequent trading market timing activities, and any other conduct that could harm fund investors, do not reoccur. Such efforts should include a strengthening of their fiduciary culture and a renewed commitment to making the interests of fund investors paramount to their own. This is what fund managers should practice as fiduciaries and what investors have a right to demand from them.

Appendix I: Suggested Best Practices

		Best Practices
Short-Term Trading	**Role of Senior Management** Senior management of the fund manager is responsible for the overall compliance department. Accordingly, senior management should be involved in the development and implementation of policies and procedures.	Senior Management should be involved in the development and implementation of the policies and procedures, including: • the approval of the policies and procedures related to short-term trading, frequent trading market timing and other harmful trading • the delegation of responsibilities to the appropriate personnel and/or operational teams for the administration of the policies and procedures • the communication of the policies and procedures to all employees, officers and directors of the fund manager • the creation of an effective and timely reporting structure to address compliance issues related to the policies and procedures • the establishment and imposition of penalties for non-compliance with the policies and procedures • ensuring that the policies and procedures are reviewed on a periodic basis (not less frequently than annually) and revised, if necessary
	Written Policies and Procedures Each fund manager should develop and enforce written policies and procedures for dealing with investors that conform to prudent business practice. The policies and procedures should be in sufficient detail, be updated on a periodic basis and be made available to all relevant staff. In addition, the relevant regulatory requirements should be outlined in the policies and procedures. Written policies and procedures contribute to an effective compliance environment	The following should be considered for inclusion in the documented policies and procedures: *General* The funds' policies and procedures should include examples of short-term trading and/or frequent trading market timing activities and list the criteria used to determine whether trading qualifies as short term trading or market timing (for example, the number of switches per month, the number of days between trades and the types of funds being traded). *Monitoring Controls* Monitoring policies and procedures should be developed and documented to detect short term trading and other suspicious trading patterns within investor accounts, including: • dollar thresholds used to monitor trade transactions • time periods in which trading should be monitored • a listing, updated periodically, of mutual funds susceptible to frequent trading market timing and which should be subject to monitoring procedures; funds with significant portfolio holdings in securities that trade on global or international markets should be included • the identities of individuals or operational teams responsible for monitoring procedures • the types of reports generated on a daily, weekly and/or monthly basis to identify accounts engaging in short-term trading and the individuals responsible for the review thereof • the use of watch lists or system flags to monitor future trading of clients identified as potentially engaging in inappropriate short-term trading • procedures for escalating the review of accounts identified as short-term traders to individuals with decision making authority *Communication with Market Timers* Policies and procedures should be developed for communicating with market timers, including: • the form of communication to market timers and dealers when accounts are identified as engaging in frequent trading market timing, such as written letters • disclosing the consequences of frequent trading market timing such as fees, warning letters or account restrictions

		Best Practices
Short-Term Trading		*Dealing with Market Timers* Policies and procedures should be developed for dealing with market timers, including: • procedures over the charging of short-term trading fees, if applicable • the ongoing review of accounts previously identified as market timers to determine whether excessive trading has ceased • procedures over closing or restricting accounts from further trading or applying other sanctions • procedures to detect other accounts held by market timers within the fund family
	Prospectus Disclosure Mutual fund prospectus disclosure is governed by National Instrument 81-101 which requires all disclosure to be presented in plain language and in a readable and comprehensible format. Fund managers should ensure that their disclosure adequately and clearly describes the policies relating to short-term trading. Fund managers should review their prospectus disclosure in this area and ensure that it is amended, if necessary, to reflect actual business practices.	The following should be considered for inclusion in the prospectus disclosure: • the fund manager's position on short-term trading and whether it applies to some or all of the funds offered by the manager • the criteria applicable to short-term trades or switches, including the number of days between the purchase/switch in and the redemption/switch out to qualify as a short-term trade • the penalties applicable to short-term trades - for example: short term trading fees or account restrictions • whether the penalties are mandatory or at the discretion of the fund manager. For • discretionary penalties, a description of the circumstances under which such penalties will be waived or imposed
	Ongoing Monitoring and Review of Short-Term Trading Activity As outlined in the written Policies and Procedures section above, monitoring controls should be developed to detect short-term trading so	Some suggestions for effective monitoring controls are listed below: • produce system generated reports containing specific information extracted from the transfer agency system that will identify potential frequent trading market timing. Information may be extracted based on a pre-determined dollar threshold amount, the number of transactions within a specified period of time, the holding period of trades, and/or the funds being traded (with particular attention on global and international funds) • reports should contain specific useful information, such as the name of both the dealer and investor, the value of the transactions, the holding period, and the names of the funds being transacted • reports should be reviewed by a designated group or individual and there should be documentation of such review

		Best Practices
Short-Term Trading	that appropriate action can be taken to stop the activity and prevent it from recurring. For monitoring to be effective, it should occur in a timely manner and provide useful information.	• accounts identified as potential market timers should be further scrutinized to determine if the trading activity is reasonable. This may include a review of the trading history of the investor and the related account(s). The review should be performed in a timely manner and as close as possible to the trade date. Internal guidelines may be developed which outline the timeframe for the follow-up • criteria and decision making tools should be developed to assess the differences between appropriate trades and those that are inappropriate. Suitable trades may include those that are executed for account rebalancing purposes, those exercised by way of rights of rescission, those that are part of an asset allocation service, and those that were required for valid cash flow purposes due to unanticipated situations • if frequent trading market timing activity is still suspected, the account should be flagged, placed on a watch list or otherwise highlighted by the fund manager for continual monitoring and the imposition of sanctions, if necessary • flagged accounts should be dealt with promptly and escalated to the • appropriate decision making level • depending on the fund manager's practices and, in accordance with its prospectus disclosure, the manager may send warning letters, apply short-term trading fees or restrict the account from making further purchases in particular funds • flagged accounts should be continually monitored to ensure they have been redeemed entirely and closed or, if still open, do not reappear on short-term trading reports. If so, more extreme action may be required such as closing or freezing the account or imposing additional fees
	Follow Up Procedures In addition to the monitoring procedures carried out by a fund manager, there may be instances where follow up is required with the dealer or the investor. Clear communication with dealers and investors on the fund manager's position related to frequent trading market timing will minimize the incidence of such trading occurring in the funds.	Suggested practices include: • contacting the dealer when accounts have been identified as engaging in inappropriate trading • collecting further information surrounding the transaction, if needed, to assess whether sanctions are required • advising the dealer to discuss with the client the transaction and any consequences arising from it • reviewing other client accounts which are serviced by the dealer to ensure there are no similar inappropriate trading patterns • all correspondence with dealers and clients should be properly reviewed and filed • where applicable, fees levied should be charged appropriately and consistently for all client accounts meeting the fund manager's criteria for short-term trades • all fee calculations, whether manual or system generated, should be reviewed and approved to ensure they are for the correct amount and are being applied to the correct fund(s) • summaries of inappropriate trading and the action(s) taken should be provided to senior management on a regular basis

		Best Practices
Short-Term Trading	**Internal Audit** For fund managers with an internal audit function, this is an effective way of assessing adherence with the documented policies and procedures.	Internal audit may test compliance with the fund manager's standards on short-term trading by evaluating them against actual investment transactions. Such testing may reveal areas where controls need to be enhanced or developed. All findings should be reported to senior management who should ensure that any necessary corrective action is taken in a timely manner.
Late Trading	Many of the suggested practices outlined for short-term trading can also be applied to late trading, especially those relating to the Role of Senior Management in establishing policies and procedures.	Other suggested practices include the following: • all employees involved in trade processing should clearly understand the policies and procedures and the regulatory requirements, including Parts 9 and 10 of NI 81-102 • trades received for manual processing, such as those via mail, fax or courier, should be date and time stamped promptly upon arrival at the order receipt office of the mutual fund • mechanisms used for date and time stamping should be subject to access controls so that only authorized individuals can use and alter the date/time • quality control reviews should also include assessing whether the trade was received prior to the cutoff time, if processed that day • imaging systems with built in date and time stamps can ensure that trades are processed on the appropriate day and at the correct price • if relying on a third party service provider, review the Report on Key Internal Controls and Safeguards (Section 5900 report) to ensure there are no issues surrounding trade processing • internal and external auditors may perform a review of the procedures, including testing a sample of trades • ensure prospectus disclosure clearly outlines the trade cutoff time and that orders received after this will not be processed until the following day • ensure that appropriate supporting documentation is received and maintained for error corrections and backdated trades • ensure that there is a process in place to compensate mutual funds or investors for any gain/loss as a result of backdates or error corrections

Appendix II: Summary of Mutual Fund Industry Review by Regulators

Regulator	Status	Time period reviewed	Investigative tools	Scope	Findings	Penalties or Actions Required of Registrants	Other actions taken by Regulators
OSC	Completed	Initially January 2002 to December 2003	Questionnaires Analysis of Detailed Information On-site reviews	105 fund managers 36 fund managers 20 fund managers	No Late Trading, Market Timing	Settlement agreements reached with five fund managers resulting in a total of $205.6 million being returned to investors that were harmed by frequent trading market timing activity. The 5 fund managers will pay for the distribution of the funds to unitholders under the supervision of an independent consultant, and under a plan approved by the OSC.	Proposed new policy initiative to enhance overall fund compliance and deter frequent trading market timing activities by requiring all fund managers to have a compliance plan, and considering initiatives regarding mandatory short-term trading fees and fair value pricing of the funds' portfolio securities.
FSA	Completed	January 2003 to September 2003	Questionnaire On-site inspections	31 fund managers 25 fund managers	No Late Trading, Market Timing	Fund managers to calculate effects of market timing and compensate funds. It is estimated that this totals less than 5 million pounds.	Moving ahead with package of reforms to the regulation of funds in the UK (CP 185). These will provide clarification on the measures available to deter market timing. Amendments implemented to rules providing guidance on the use of fair value pricing.

Regulator	Status	Time period reviewed	Investigative tools	Scope	Findings	Penalties or Actions Required of Registrants	Other actions taken by Regulators
SEC	On-going	Initially, January 2001 to August 2003.	Letter requesting extensive information On-site inspections	88 of largest mutual fund complexes 34 brokers/ dealers Some transfer agents A large number of the above firms were subjected to on-site reviews	Fund managers, broker/dealers and others have been formally charged with trading abuses including market timing and late trading	Settlements have been reached with firms totaling over 3 billion dollars in restitution and penalties. A distribution mechanism is to be put in place by firms to compensate security holders for losses sustained.	Proposed new rules for the mutual fund industry surrounding late trading and market timing activities, including rule requiring compliance programs for funds and fund managers. Enhancements also made to rules on corporate governance of funds.
IDA	On-going	January 2002 to December 2003	Questionnaires On-site inspections	All members	No Late Trading, Market timing	Settlements have been reached with three firms totaling $41.4 million The 3 firms are required to set up internal committees to consider how to identify and address emerging issues.	n/a
MFDA	On-going	January 2002 to December 2003	Questionnaires On-site inspections	All members	No Late Trading, Market timing	A settlement has been reached with one firm totaling $5.35 million. The firm is required to set up a distribution mechanism to compensate investors affected by market timing activities. The firm is required to implement additional procedures for reporting to their Board on the status of compliance with MFDA by-laws rules and	New rules under consideration

Regulator	Status	Time period reviewed	Investigative tools	Scope	Findings	Penalties or Actions Required of Registrants	Other actions taken by Regulators
						regulations and applicable securities laws.	

1.3 News Releases

1.3.1 OSC to Hold Hearing Related to the Proposed Going Private Transaction Involving Hollinger Inc.

FOR IMMEDIATE RELEASE
March 11, 2005

OSC TO HOLD HEARING RELATED TO THE PROPOSED GOING PRIVATE TRANSACTION INVOLVING HOLLINGER INC.

TORONTO – Today, the Secretary to the Ontario Securities Commission issued a Notice of Hearing for a hearing on March 21, 2005 in relation to an application. The hearing will be held in the Main Hearing Room of the Commission's offices, located on the 17th floor, 20 Queen Street West, Toronto.

The Notice of Hearing is made available on the Commission's website (**www.osc.gov.on.ca**).

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

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

1.3.2 Canadian Securities Regulators Issue Harmonized Rules for Continuous Disclosure by Investment Funds

FOR IMMEDIATE RELEASE

CANADIAN SECURITIES REGULATORS ISSUE HARMONIZED RULES FOR CONTINUOUS DISCLOSURE BY INVESTMENT FUNDS

March 11, 2005 - Toronto - The Canadian Securities Administrators (CSA) are releasing a nationally harmonized set of continuous disclosure (CD) requirements for investment funds. The instrument harmonizes CD requirements for investment funds among Canadian jurisdictions and replaces most existing local CD requirements.

It sets out the obligations of investment funds with respect to financial statements, management reports of fund performance, delivery obligations, proxy voting disclosure, annual information forms for investment funds that do not have a current prospectus, material change reporting, information circulars, proxies and proxy solicitation, and certain other CD-related matters.

The instrument prescribes the form which sets out the contents of the management reports of fund performance. The CSA also published today a companion policy to assist users in understanding and applying the instrument and to provide views on the interpretation of certain provisions.

Requirements set out in the new rule will apply as follows for the documents listed:

- annual financial statements, annual management reports of fund performance, and annual information forms will apply for financial years ending on or after June 30, 2005;
- interim financial statements and interim management reports of fund performance will apply for financial periods ending after the investment fund's first year end following June 30, 2005;
- quarterly portfolio disclosure will apply for periods that end on or after June 1, 2005;
- proxy voting records will apply for the annual period beginning July 1, 2005; and
- proxy solicitation and information circulars will apply as of July 1, 2005.

All other requirements will apply as of June 1, 2005.

These requirements are set out in National Instrument 81-106 Investment Fund Continuous Disclosure, Form 81-106F1 Contents of Annual and Interim Management Report of Fund Performance and Companion Policy 81-106CP Investment Fund Continuous Disclosure, which are made available on several CSA jurisdiction web sites.

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

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

FOR IMMEDIATE RELEASE
March 11, 2005

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

OSC ADJOURNS HEARING AND EXTENDS TEMPORARY CEASE TRADE ORDERS

Toronto – The Ontario Securities Commission (OSC) announced earlier this week that the hearing to consider whether the Temporary Cease Trade Orders in this matter should be continued until the final disposition of the proceeding was adjourned on consent until June 29 and 30, 2005. On consent, the Commission issued an order continuing 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., and preventing Michael Mitton from trading in any shares in Ontario, until the hearing on June 29, and 30, 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: Wendy Dey
Director, Communications
416-593-8120

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

1.3.4 OSC to Hold Hearing Related to the Proposed Going Private Transaction Involving Hollinger Inc.

FOR IMMEDIATE RELEASE
March 15, 2005

OSC TO HOLD HEARING RELATED TO THE PROPOSED GOING PRIVATE TRANSACTION INVOLVING HOLLINGER INC.

TORONTO – Today, the Secretary to the Ontario Securities Commission issued a Revised Notice of Hearing for a hearing on March 21, 23 and 24, 2005 in relation to an application brought by Hollinger Inc. and other applicants. The hearing will be held in the Main Hearing Room of the Commission's offices, located on the 17th floor, 20 Queen Street West, Toronto.

The Revised Notice of Hearing and the Application Records are made available on the Commission's website (**www.osc.gov.on.ca**).

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

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

1.3.5 OSC Alleges Manipulative Trading in Share of Visa Gold Explorations Inc.

FOR IMMEDIATE RELEASE
March 15, 2005

OSC ALLEGES MANIPULATIVE TRADING IN SHARE OF VISA GOLD EXPLORATIONS INC.

Toronto – The Ontario Securities Commission (OSC) today alleged trading violations by six individuals in shares of Visa Gold Explorations Inc. (Visa Gold). The OSC proceeding followed a referral by the Royal Canadian Mounted Police (RCMP). The OSC issued a Notice of Hearing and Statement of Allegations in respect of Robert Zuk, Ivan Djordjevic, Matthew Coleman, Dane Walton, Derek Reid and Daniel Danzig.

OSC staff allege that in the period between August 1999 and November 2001, Robert Zuk, through brokerage accounts over which he held or exercised trading authority, traded in the common shares of Visa Gold Explorations Inc. (Visa Gold) in a manner that was designed to create - and did create - a misleading appearance as to the value of, and market activity in, Visa Gold shares.

The OSC alleges that Zuk used manipulative trading techniques, including wash trading (which involves no change in beneficial ownership of the shares), match trading (which involves entering an order to buy or sell shares with knowledge that an offsetting order of substantially the same size and price has been, or will be entered), and high close trading (trades at or near the end of the day that result in a higher closing price for the shares for a particular day). It is further alleged that the majority of these trades occurred at prices higher than the preceding reported trade.

OSC staff allege that Derek Reid, Matthew Coleman, Ivan Djordjevic and Daniel Danzig, who were registered representatives, were involved as brokers in certain of those wash, match or high close trades. In addition, Derek Reid and Dane Walton are alleged to have conducted trading for their respective brokerage firms' inventory accounts on a prearranged basis with Robert Zuk.

Staff allege that the trading in question created a misleading appearance as to the volume of trading in Visa Gold shares and as to the market price for the shares and was therefore contrary to Ontario securities law and the public interest.

The set date appearance for the OSC respondents is scheduled for April 15, 2005 at 10:00 a.m. in the main hearing room at the Commission's offices, located on the 17th floor, 20 Queen Street West, Toronto.

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

For Media Inquiries: Wendy Dey
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416-593-8120

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1.3.6 OSC Chair David Brown Demands 'Fair Shake' for Investors As Report on Mutual Fund Trading Practices Probe is Released

FOR IMMEDIATE RELEASE
March 17, 2005

OSC CHAIR DAVID BROWN DEMANDS 'FAIR SHAKE' FOR INVESTORS AS REPORT ON MUTUAL FUND TRADING PRACTICES PROBE IS RELEASED

TORONTO – Ontario Securities Commission (OSC) Chair David Brown said today that the most important lesson learned from the year-long probe into mutual fund trading practices is that investors' interests must always be kept paramount and that their trust will only be restored by giving them a 'fair shake' in the process.

Brown made the comments in a speech to the Economic Club of Toronto when he released the final *Report on Mutual Fund Trading Practices Probe* providing the details of the biggest investigation in OSC history that resulted in $205.6 million being returned to harmed investors. Brown said the year-long probe of all mutual funds available to retail investors in Ontario found no late trading, no insider abuses and no systemic market timing. He added that any market timing that was discovered had been shut down by the time the investigation started.

"When we saw trading abuses roiling investor confidence in mutual funds in the United States, we knew that our obligations here were clear: we had to make sure that investors could trust mutual funds in the future," said Brown. "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."

In late 2004 and early 2005, the OSC entered into settlement agreements with five mutual fund managers to compensate investors who suffered harm from market timing activities in affected funds. As a result, those five fund managers will distribute to affected investors a total of $205.6 million in what is by far the largest settlement in OSC history. These funds will be distributed to investors under the supervision of independent consultants, in accordance with a distribution plan approved by the OSC.

"The settlements were a reiteration of the fact that mutual fund managers have a duty to act in the best interests of their funds and the investors who have entrusted them with their money. A select group of investors must not be given preferential treatment to the detriment of others," noted Brown. "This was a case where some knowledgeable investors exploited the system to make money at the expense of others. By taking advantage of the difference between the stale value and an expected price movement of a fund the following day, and trading in anticipation of those price movements, they were able to make gains. Those gains could only come at the expense of every other investor in the fund.

"One of the things we learned from this probe is how regulators must act in 2005. The probe was successful

because it was a quick response and it addressed the issue in its entirety. It brought together all relevant provincial regulators and the two affected self-regulatory organizations – the Investment Dealers Association and the Mutual Fund Dealers Association. And it was given coordinated, priority attention by all branches of the OSC.

"We found some market timing had occurred, but it had been shut down. We then ensured that investors would be reimbursed for losses. The case is closed with a fair result, and a clear message."

The *Report on Mutual Fund Trading Practices Probe* provides the background, description, results and conclusion of the OSC's probe into the trading practices of the mutual fund industry, and proposed policy responses. Copies of the speech and of the report are made available on the OSC's web site (**www.osc.gov.on.ca**).

For Media Inquiries: Wendy Dey
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Calpine Natural Gas Trust - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

March 7, 2005

File No.: B30128

Macleod Dixon
3700, 400 - 3rd Avenue S.W.
Calgary, Alberta T2P 4H2

Attention: Tara Shaw

Dear Madam:

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

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

Relief requested granted on the 7th day of March, 2005.

"Marsha Manolescu"
Deputy Director, Legislation
Alberta Securities Commission

2.1.2 Citadel Stable S-1 Income Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – investment trust exempt from prospectus and registration requirements in connection with issuance of units to existing unit holders pursuant to distribution reinvestment plan whereby distributions are reinvested in additional units of the trust, subject to certain conditions – issuer unable to rely upon Rule 81-501 because it is not a mutual fund - first trade in additional units deemed a distribution unless made in compliance with MI 45-102.

Applicable Ontario Statutory Provisions

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

Ontario Rules

Multilateral Instrument 45-102 Resale of Securities.
Rule 81-501 – Mutual Fund Reinvestment Plans.

February 28, 2005

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

AND

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

AND

IN THE MATTER OF
CITADEL STABLE S-1 INCOME FUND
(THE FILER)

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the dealer registration requirement contained in the Legislation and the prospectus requirement contained in the Legislation shall not apply to the distribution of trust units of the Filer (Trust Units) to DRIP Participants (as defined below) under a distribution reinvestment plan (the DRIP) (the Requested Relief).

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

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

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

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 the Filer:

   4.1 The Filer is a closed-end investment trust established under the laws of Alberta under a declaration of trust dated December 6, 2004 (the Declaration of Trust).

   4.2 The Filer's head office is located in Calgary, Alberta.

   4.3 The Filer became a reporting issuer in each of the Jurisdictions on January 25, 2005 when it obtained a Final Decision Document for its prospectus dated January 25, 2005. As of the date hereof, the Filer is not in default of any requirements and the Legislation.

   4.4 Computershare Trust Company of Canada is the trustee of the Filer (in such capacity, the Trustee).

   4.5 Under the Declaration of Trust, the Filer is authorized to issue an unlimited number of transferable, redeemable (once annually) Trust Units, of which there will be a minimum of 20,000,000 and a maximum of 50,000,000 Trust Units issued and outstanding on or about February 15, 2005 (the anticipated closing-date of the initial offering of the Filer).

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

"mutual fund" contained in the Legislation.

4.7 The assets of the Filer consist of a portfolio of securities including Canadian income funds (including royalty trusts, income funds, REIT's, certain limited partnerships and other income vehicles) and Canadian high yielding debt (including COPrS, CReSTS, QUIPS, and convertible debentures (Portfolio Securities) as well as cash and cash equivalents (collectively, the Portfolio).

4.8 The investment objectives of the Filer are to provide Unitholders with stable and sustainable monthly cash distributions and to maintain a Standard & Poor SR-1 Stability Rating or equivalent.

4.9 Each Trust Unit represents an equal, fractional undivided beneficial interest in the net assets of the Filer, and entitles its holder to one vote at meetings of Unitholders and to participate equally with respect to any and all distributions made by the Filer, including distributions of net income and net realized capital gains, if any.

4.10 The Trust Units are listed on the Toronto Stock Exchange (the TSX) under the symbol "CSR".

4.11 The Trust Units are available only in book-entry form whereby CDS & Co., a nominee of The Canadian Depository for Securities Limited, is the only registered holder of Trust Units.

4.12 Commencing on March 15, 2005, the Filer will distribute to Unitholders of record on February 28, 2005, the distributable income generated by the Portfolio during the previous month. The level of distributions paid by the Filer to the Unitholders will depend upon the distributions received from the Portfolio Securities included in the Portfolio, and as such is expected to fluctuate each month.

4.13 The Filer has established the DRIP to permit Unitholders, at their discretion, to automatically reinvest the distributable income paid on their Trust Units in additional Trust Units as an alternative to receiving cash distributions. In addition the DRIP will permit participants in the DRIP (DRIP Participants) to make additional optional cash payments (Optional Cash Payments) to acquire additional Trust Units, subject to a minimum of $1,000 per optional cash payment and to a maximum of $100,000 per year per DRIP Participant. (The Trust Units so acquired either by reinvestment or Optional Cash Payment are referred to as DRIP Units.)

4.14 Distributions due to DRIP Participants will be paid to Computershare Trust Company of Canada in its capacity as agent under the DRIP (in such capacity, the DRIP Agent) and applied to the purchase of DRIP Units.

4.15 The DRIP Agent's charges for administering the DRIP and all commissions, service charges, or brokerage fees in connection with the purchases in the market pursuant to the DRIP will be payable by the Filer. No commissions, service charges or brokerage fees will be payable by DRIP Participants in connection with the DRIP.

4.16 The DRIP Agent will purchase DRIP Units from the Filer at the arithmetic average of the daily volume weighted trading prices of the Trust Units on the TSX for the five consecutive business day period ending on the business day immediately preceding the applicable distribution date.

4.17 DRIP Participants may terminate their participation in the DRIP by providing 10 days' written notice to the DRIP Agent prior to the applicable record date.

4.18 The distribution of the DRIP Units by the Filer pursuant to the DRIP can be made in reliance on registration and prospectus exemptions contained in the Legislation of Alberta and Saskatchewan but not in reliance on registration and prospectus exemptions contained in the Legislation of the other Jurisdictions because the DRIP involves the reinvestment of distributable income and not the reinvestment of dividends, interest earnings or surplus of the Filer.

4.19 The distribution of the DRIP Units by the Filer pursuant to the DRIP cannot be made in reliance on registration and prospectus exemptions contained in the Legislation for distribution reinvestment plans for mutual funds, as the Filer is not considered to be a "mutual fund" as defined in the Legislation.

Decision

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

6. The Decision of the Decision Makers under the Legislation is that:

6.1 in all jurisdictions, except New Brunswick, the Requested Relief is granted provided that:

6.1.1 at the time of the trade or distribution the Filer is a reporting issuer or the equivalent under the Legislation and is not in default of any requirements of the Legislation,

6.1.2 no sales charge is payable in respect of the trade,

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

6.1.3.1 their right to withdraw from the DRIP and to make an election to receive cash instead of DRIP Units on the making of a distribution of income by the Filer (the Withdrawal Right), and

6.1.3.2 instructions on how to exercise the Withdrawal Right, and

6.1.4 in every financial year except for the 2005 financial year, the aggregate number of DRIP Units issued pursuant to the Optional Cash Payments in any financial year shall not exceed 2% of the aggregate number of Trust Units outstanding at the start of that financial year;

6.1.5 the aggregate number of DRIP Units issued pursuant to the Optional Cash Payments in the 2005 financial year shall not exceed 2% of the aggregate number of Trust Units outstanding upon the closing of the initial offering of the Filer;

6.1.6 the first trade of the DRIP units acquired under the Decision shall be deemed to be a distribution or a primary distribution to the public; and

6.2 in all Jurisdictions, the Prospectus Requirement contained in the Legislation shall not apply to the first trade of the DRIP Units acquired by DRIP Participants pursuant to the DRIP, provided that:

6.2.1 except in Quebec, the conditions in paragraphs 2 through 5 of subsection 2.6(3) of Multilateral Instrument 45-102 *Resale of Securities* are satisfied, and

6.2.2 in Quebec:

6.2.2.1 at the time of the first trade the Filer is a reporting issuer in Quebec and is not in default of any of the requirements of the Legislation in Quebec,

6.2.2.2 no unusual effort is made to prepare the market or to create a demand for the DRIP Units,

6.2.2.3 no extraordinary commission or consideration is paid to a person or company other than the vendor of the DRIP Units in respect of the trade, and

6.2.2.4 the vendor of the DRIP Units, if in a special relationship with the Filer, has no reasonable grounds to believe that the Filer is in default of any requirement of the Legislation.

"Jerry A. Bennis, FCA"
Member
Alberta Securities Commission

"Thomas G. Cooke, Q.C."
Member
Alberta Securities Commission

2.1.3 The Data Group Income Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted from the requirement for income trust to file certain interim financial statements with a business acquisition report provided that the business acquisition report will include the financial statements pertaining to the acquired business that were included in the income fund's final prospectus, and provided that the interim financial statements are filed separtely.

Rules Cited

National Instrument 51-102, Continuous Disclosure Obligations, Part 8.
Ontario Securities Commission Rule 41-501, General Prospectus Requirements.

March 7, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, 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
THE DATA GROUP INCOME FUND
(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: (i) a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption from the requirement that certain financial statements prescribed by section 8.4 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) be filed with the business acquisition report prepared by the Filer in connection with the Filer's acquisition of all of the securities and assets of Data Business Forms Limited (**DBFL**) (the **Acquisition**), and (ii) in Quebec, for a revision of the general order that will provide the same result as an exemption order (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) 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

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

1. The Filer is a trust established and governed pursuant to a declaration of trust dated November 15, 2004, as amended and restated on December 14, 2004.

2. The Filer's head office is located at 9195 Torbram Road, Brampton, Ontario, L6S 6H2.

3. An Application is not being made with the securities regulatory authorities in British Columbia, Prince Edward Island, Yukon, the Northwest Territories or Nunavut (together with the Decision Makers, the **Regulators**) as British Columbia Instrument 51-801 exempts issuers from Part 8 of NI 51-102 in British Columbia, and NI 51-102 has not been adopted in the other jurisdictions.

4. The Filer is a reporting issuer, or the equivalent, in all the provinces and territories of Canada and the trust units of the Filer (**Units**) are listed on the Toronto Stock Exchange.

5. To the best of its knowledge, the Filer is not in default of any applicable requirement of the *Securities Act* (Ontario) (the **Act**) or equivalent legislation of the other Jurisdictions and is not on the list of defaulting reporting issuers maintained pursuant to subsection 72(9) of the Act or equivalent provisions of the other Jurisdictions.

6. On November 15, 2004, the Filer filed a preliminary prospectus (the **Preliminary Prospectus**) for its initial public offering of Units (the **IPO**) which disclosed, among other things, that the Filer has been established to acquire and hold all of the common shares of DBFL. A mutual reliance review system decision document evidencing the issue of preliminary receipts for the Preliminary Prospectus by the Regulators was issued by the Ontario Securities Commission on November 15, 2004.

7. On November 26, 2004, the Filer filed an amended and restated preliminary prospectus for the IPO, which contained substantially the same disclosure as the Preliminary Prospectus. A mutual reliance review system decision document evidencing the issue of receipts for the amended and restated preliminary prospectus by the Regulators was issued by the Ontario Securities Commission on November 29, 2004.

8. On December 14, 2004, the Filer filed a final prospectus (the **Prospectus**) for the IPO, which contained substantially the same disclosure as the Preliminary Prospectus. A mutual reliance review system decision document, evidencing the issue of final receipts for the Prospectus by the Regulators, was issued by the Ontario Securities Commission on December 15, 2004.

9. The Prospectus contained full, true and plain disclosure with respect to the Filer, DBFL and the Acquisition and the prescribed financial statement disclosure, including the following financial statement disclosure for "significant probable acquisitions" pursuant to section 6.4 of Ontario Securities Commission Rule 41-501 *General Prospectus Requirements* in respect of the Acquisition (the **Prospectus Financial Statements**):

   (i) audited financial statements of DBFL for the years ended April 30, 2004, 2003 and 2002 (with balance sheets as at April 30, 2004 and 2003), together with an auditors' report thereon;

   (ii) unaudited financial statements of DBFL for the three months ended July 31, 2004 and 2003 (with a balance sheet as at July 31, 2004); and

   (iii) pro forma consolidated financial statements of the Filer, including (a) a consolidated balance sheet as at July 31, 2004, and (b) consolidated statements of operations for the year ended April 30, 2004 and for the period from May 1, 2004 to July 31, 2004, together with a compilation report.

10. On December 21, 2004, the IPO was completed and the Filer used the proceeds of the IPO to complete the Acquisition as contemplated by the Prospectus.

11. The Acquisition constitutes a "significant acquisition" of the Filer for the purposes of NI 51-102, requiring the Filer to file a BAR on or before March 7, 2005 pursuant to section 8.2 of NI 51-102.

12. Unless otherwise exempt, the Filer is required, pursuant to section 8.2 of NI 51-102, to file a BAR within 75 days after December 21, 2004, which would include the financial statement disclosure

set out in section 8.4 of NI 51-102 in respect of the Acquisition.

13. Compliance with the financial statement disclosure requirements of OSC Rule 41-501 does not necessarily satisfy the financial statement disclosure requirements under Part 8 of NI-51-102.

14. No material change to the Filer, the Acquisition or DBFL occurred between the date of the Prospectus and the date of the Acquisition.

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the business acquisition report filed by the Filer includes the Prospectus Financial Statements and provided that the Filer files in the Jurisdictions unaudited comparative financial statements of DBFL for the six months ended October 31, 2004 by March 31, 2005.

"John Hughes"
Manager, Corporate Finance
Ontario Securities Commission

2.1.4 Scotia Securities Inc., Scotia Capital Inc. and Scotia Cassels Investment Counsel Limited - cl. 111(2)(a), 111(3) and 118(2)(a) of the Act

Headnote

Exemptions from the mutual fund self-dealing prohibitions of clauses 111(2)(a), 111(3) and 118(2)(a) of the Securities Act (Ontario). Mutual funds allowed to make purchases and sales of common shares of the Bank of Nova Scotia, a related company to the manager and portfolio advisors of the mutual funds, and to retain those securities provided that a fund governance mechanism is used to oversee the holdings, purchases or sales of these securities for the mutual funds and to ensure that such holdings, purchases or sales have been made free from any influence by the Bank of Nova Scotia and without taking into account any consideration relevant to the Bank of Nova Scotia.

Portfolio managers granted relief from provision in securities legislation that prohibits them from knowingly causing any investment portfolio managed by them to invest in any issuer in which a responsible person is an officer or director, subject to a number of conditions.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., 111(2)(a), 111(3) and 118(2)(a).

March 2, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, QUEBEC, NOVA SCOTIA, NEW
BRUNSWICK 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
SCOTIA SECURITIES INC. ("SSI"),
SCOTIA CAPITAL INC. ("SCOTIA CAPITAL")
SCOTIA CASSELS INVESTMENT COUNSEL LIMITED
("SCOTIA CASSELS")

AND

IN THE MATTER OF
SCOTIA CANADIAN BALANCED FUND
SCOTIA TOTAL RETURN FUND
SCOTIA CANADIAN DIVIDEND FUND
SCOTIA CANADIAN BLUE CHIP FUND
SCOTIA CANADIAN GROWTH FUND
SCOTIA AMERICAN GROWTH FUND

SCOTIA YOUNG INVESTORS FUND
SCOTIA GLOBAL GROWTH FUND.
(THE "SCOTIA MUTUAL FUNDS")

MRRS DECISION DOCUMENT

Background

The securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from SSI, Scotia Capital and Scotia Cassels (the "Filers") in respect of the Scotia Mutual Funds together with such other mutual funds for which one of the Filers is, or may become, the manager (individually a "Fund" and collectively with the Scotia Mutual Funds, the "Funds") for a decision (the "Decision") under the securities legislation of the Jurisdictions (the "Legislation") that:

a) the provision prohibiting a mutual fund from knowingly making or holding an investment in any person or company which is a substantial security holder of the mutual fund, its management company or distribution company; and

b) the provision prohibiting the portfolio manager of an investment portfolio from causing the investment portfolio, or in British Columbia the provision prohibiting a mutual fund or a responsible person from causing a mutual fund, to invest in an issuer in which a responsible person is a director or an officer unless the specific fact is disclosed to the client and, if applicable, the written consent of the client to the investment is obtained before the purchase;

(the "Investment Restrictions") shall not apply to investments made by the Funds in common shares (the "Common Shares") of The Bank of Nova Scotia ("Scotiabank");

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 in Québec Commission Notice 14-101 have the same meaning in this Decision unless they are otherwise defined in this Decision.

Representations

This Decision is based on the following facts represented by SSI, Scotia Capital and Scotia Cassels:

1. SSI is a corporation established under the laws of the Province of Ontario and is registered as a dealer in the category of mutual fund dealer (or the equivalent) in all the Jurisdictions. SSI is a member of the Mutual Fund Dealers Association of Canada. SSI is or will be the principal distributor, trustee and manager of each of the Funds. Accordingly, SSI is or will be the distribution company of each of the Funds.

2. Scotia Cassels is a corporation established under the laws of Canada and is registered as an adviser in Ontario in the categories of investment counsel and portfolio manager and is registered under the equivalent categories in the other Jurisdictions.

3. Scotia Capital is a corporation established under the laws of the Province of Ontario, is registered as a dealer in Ontario in the category of investment dealer and is registered under the equivalent category in the other Jurisdictions. Scotia Capital is a member of the Investment Dealers Association of Canada.

4. Scotia Capital or Scotia Cassels are or will be the portfolio advisors of certain of the Funds and the portfolio manager of certain of the Funds. Accordingly, in respect of each of these Funds, either Scotia Capital or Scotia Cassels is or will be the Fund's management company.

5. Each of the Funds is or will be a mutual fund within the meaning of the Legislation and is or will be a reporting issuer subject to National Instrument 81-102.

6. Each of the Scotia Mutual Funds is not in default under the Legislation.

7. Securities of the Funds are or will be offered to the public in all provinces and territories of Canada.

8. SSI is a wholly owned subsidiary of Scotiabank. Each of Scotia Capital and Scotia Cassels is a subsidiary of Scotiabank. Accordingly, Scotiabank is a substantial security holder of each of SSI, Scotia Capital, and Scotia Cassels.

9. Certain directors and/or officers of Scotia Capital and Scotia Cassels who are, or may be, responsible persons in respect of certain of the Funds are or may also be officers of Scotiabank. These directors and/or officers of Scotia Capital and Scotia Cassels who are officers of Scotiabank will not participate in the formulation of, or have access prior to implementation, to investment decisions made on behalf of the Funds by Scotia Capital or Scotia Cassels.

10. SSI is prohibited by the Investment Restrictions from causing the investment portfolios of the Funds to invest in Common Shares of Scotiabank because Scotiabank is a substantial

securityholder of SSI, the manager and the distribution company of the Funds.

11. Scotia Capital and Scotia Cassels are prohibited by the Investment Restrictions from causing the investment portfolios of certain of the Funds to invest in Common Shares of Scotiabank because:

    a) Scotiabank is a substantial security holder of the management company or distribution company of the Funds; and

    b) certain directors and/or officers of Scotia Capital and Scotia Cassels are or may also be officers of Scotiabank.

12. For purposes of the requirement of section 11.3(b) of Part B of Form 81-101FI – Contents of Simplified Prospectus – under National Instrument 81-101, the broad based securities market index that is relevant for the purposes of comparing the performance of many of the Funds is the S&P/TSX Composite Total Return Index (the "Composite Index"). In addition, investors and/or their advisors may compare the performance of a Fund to one or more of the S&P/TSX 60 Index (the "60 Index"), and the S&P/TSX Financial Services Index (the "Financial Services Index").

13. As at September 30, 2004, the Common Shares of Scotiabank are represented in each of the indices referred to in paragraph 0 above in approximately the following percentages:

    Composite Index 4.32%

    60 Index 5.74%

    Financial Services Index 13.09%

14. The Financial Services Index is the largest industry sector sub-index of the Composite Index, representing approximately 31% of the Composite Index in 2003. In 2003, bank securities represented approximately 66% of the Financial Services Index and approximately 21% of the Composite Index.

15. As demonstrated by the information set out in paragraphs 12, 13 and 14 above, in the context of the Canadian capital markets, the ability to invest in Common Shares of Scotiabank is important to the Funds. Scotiabank is the second largest bank issuer by market capitalization and index weighting in each of the indices referred to above and it has a significant impact on the returns of each of such indices. Scotia Capital and Scotia Cassels are of the view that it is not prudent for a portfolio manager to arbitrarily exclude securities of such an issuer from the universe of securities available for investment.

16. SSI, Scotia Capital and Scotia Cassels consider that it would be in the best interests of investors in the Funds if Scotia Capital and Scotia Cassels were permitted to invest the portfolios of the Funds in Common Shares of Scotiabank where such investment is consistent with the investment objectives of the Funds.

17. SSI has appointed an independent Board of Advisors (the "Board of Advisors"), which will review each Fund's purchases, sales and continued holdings of Common Shares of Scotiabank to ensure that these investment decisions: have been made free from any influence by Scotiabank, have not taken into account any consideration relevant to Scotiabank or any associate or affiliate of Scotiabank, and do not cause the portfolio of the Fund to exceed the investment concentration limits for the Fund in any one issuer.

18. In reviewing the Funds' purchases, sales and continued holdings of Common Shares of Scotiabank, the Board of Advisors will take into account the best interests of the unitholders of the Funds and no other factors.

19. In addition to an annual fee, compensation to be paid to members of the Board of Advisors will be paid on a per meeting plus expenses basis and will be allocated among the Funds in a manner that is considered by the Board of Advisors to be fair and reasonable to the Funds.

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 this Decision has been met.

The decision of the Decision Makers under the Legislation is that SSI, Scotia Capital, Scotia Cassels and the Funds are exempt from the Investment Restrictions so as to enable the Funds to invest, or continue to hold an investment, in Common Shares of Scotiabank provided that:

1. SSI has appointed a Board of Advisors to review the Funds' purchases, sales and continued holdings of Common Shares of Scotiabank;

2. the Board of Advisors has at least three members, each of whom is independent of

    (a) Scotiabank,

    (b) SSI,

    (c) Scotia Capital, Scotia Cassels or any other portfolio advisor of the Funds, or

(d) any associate or affiliate of Scotiabank, SSI, Scotia Capital, Scotia Cassels or any other portfolio advisor of the Funds.

A member of the Board of Advisors is not independent if the member has a direct or indirect material relationship with the Filers, the Funds, or an entity related to the Filers. A material relationship is any relationship that a reasonable person would consider might interfere with the exercise of the member's independent judgement regarding conflicts of interest facing the Filers;

3. the Board of Advisors has a written mandate describing its duties and standard of care which, at a minimum, sets out the conditions of this Decision;

4. the members of the Board of Advisors exercise their powers and discharge their duties honestly, in good faith and in the best interests of investors in the Funds and, in doing so, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

5. none of the Funds relieves the members of the Board of Advisors from liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph 4;

6. none of the Funds indemnifies the members of the Board of Advisors against legal fees, judgements and amounts paid in settlement as a result of a breach of the standard of care set out in paragraph 4;

7. none of the Funds incurs the cost of any portion of liability insurance that insures a member of the Board of Advisors for a liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph 4;

8. the cost of any indemnification or insurance coverage paid for by SSI, Scotia Capital, Scotia Cassels, any other portfolio advisor of the Funds, or any associate or affiliate of SSI, Scotia Capital, Scotia Cassels or any other portfolio advisor of the Funds to indemnify or insure the members of the Board of Advisors in respect of a loss that arises out of a failure to satisfy the standard of care set out in paragraph 4 is not paid either directly or indirectly by the Funds;

9. prior to effecting a purchase pursuant to this Decision, SSI has in place written policies and procedures to ensure that there is compliance with the conditions of this Decision;

10. the Board of Advisors reviews the Funds' purchases, sales and continued holdings of Common Shares of Scotiabank on a regular basis, but not less frequently than once every calendar quarter;

11. the Board of Advisors forms the opinion after reasonable inquiry that the decisions made on behalf of each Fund by Scotia Capital, Scotia Cassels or the Fund's other portfolio advisors to purchase, sell or continue to hold Common Shares of Scotiabank were, and continue to be, in the best interests of the Fund and:

(a) represent the business judgement of Scotia Capital, Scotia Cassels or the Fund's other portfolio advisors, uninfluenced by considerations other than the best interests of the Fund,

(b) have been made free from any influence by Scotiabank and without taking into account any consideration relevant to Scotiabank or any associate or affiliate of Scotiabank, and

(c) do not exceed the limitations of the applicable legislation;

12. the determination made by the Board of Advisors pursuant to paragraph 11 above is included in detailed written minutes provided to SSI, Scotia Capital or Scotia Cassels, not less frequently than quarterly;

13. in respect of the relevant Fund, within 30 days after the end of each month in which Scotia Capital, Scotia Cassels or the Fund's other portfolio advisor purchases or sells Common Shares of Scotiabank on behalf of one or more Funds, a Filer will file on SEDAR:

(a) reports disclosing:

(i) the name of each Fund that purchased or sold during the month,

(ii) the date of each purchase and sale,

(iii) the volume weighted average price paid or received for the Common Shares of Scotiabank by each Fund on a given date, and

(iv) whether a purchase, sale or equity position was determined by the Board of Advisors to not comply with paragraph 11 above and, if so, why the purchase, sale or equity position was either completed, continued or not liquidated notwithstanding

the Board of Advisors' determination;

(b) a certificate of Scotia Capital, Scotia Cassels or the Fund's other portfolio advisors certifying that:

(i) at the time of each trade the trade represented the business judgement of the portfolio advisor of the Fund uninfluenced by considerations other than the best interest of the Fund and was, in fact, in the best interests of the Fund,

(ii) the trades were made free from any influence by Scotiabank or any affiliate or associate thereof and without taking any consideration relevant to Scotiabank or any associate or affiliate thereof, and

(iii) the trades were not part of a series of transactions aiming to support or otherwise influence the price of the Common Shares of Scotiabank; and

(c) a certificate by each member of the Board of Advisors certifying that after reasonable inquiry the member formed the opinion that the policies and procedures referred to in paragraph 0 above are adequate and effective to ensure compliance with this Decision and that the decision made on behalf of each Fund by Scotia Capital, Scotia Cassels or the Fund's other portfolio advisors to purchase Common Shares for the Fund and the purchase by the Fund:

(i) was made in compliance with the conditions of this Decision;

(ii) represented the business judgment of Scotia Capital, Scotia Cassels or the Fund's other portfolio advisors uninfluenced by considerations other than the best interests of the Fund; and

(iii) was, in fact, in the best interests of the Fund;

14. the Board of Advisors advises the Decision Makers in writing of:

(a) any determination by it that paragraph 11 has not been satisfied with respect to any purchase, sale or holding of Common Shares of Scotiabank,

(b) any determination by it that any other condition of this Decision has not been satisfied,

(c) any action it has taken or proposes to take following the determinations referred to above, and

(d) any action taken, or proposed to be taken, by Scotiabank, SSI, Scotia Capital, Scotia Cassels or any other portfolio advisor of the Funds in response to the determinations referred to above;

15. the existence, purpose, duties and obligations of the Board of Advisors, the names of its members, whether and how they are compensated by the Funds, and the fact that they meet the requirements of paragraph 0 are disclosed:

(a) in a press release issued, and a material change report filed, prior to reliance on the Decision,

(b) in item 12 of Part A of the simplified prospectus of the Funds, and

(c) on SSI's internet website; and

16. the Decision, as it relates to the Jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with mutual fund governance in a manner that conflicts with or makes inapplicable any provision of this Decision.

"Paul M. Moore"
Vice Chair

"Wendell S. Wigle"
Commissioner

2.1.5 Canada Safeway Limited and Safeway Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief form registration and prospectus requirements in connection with certain employee and director incentive plans; relief from issuer bid requirements.

Applicable Ontario Statutory Provisions

Securities Act (Ontario) – ss. 74(1) – s. 25 & s. 53 and ss. 104(2)(c).

Citation: Canada Safeway Limited et al, 2005 ABASC 178

March 4, 2005

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

AND

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

AND

IN THE MATTER OF
CANADA SAFEWAY LIMITED AND SAFEWAY INC.

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario (the Jurisdictions) has received an application from Canada Safeway Limited (Canada Safeway) and Safeway Inc.(Safeway) (collectively the Filer) for a decision under the securities legislation of the Jurisdictions (the Legislation) that (i) the Dealer Registration Requirements and the Prospectus Requirement shall not apply to certain trades in securities of Canada Safeway and Safeway pursuant to stock option and share incentive plans of Canada Safeway and Safeway; (ii) the Dealer Registration Requirements, and in Manitoba the Prospectus Requirements, will not apply to certain first trades of securities acquired under the said stock option and share incentive plans of Canada Safeway and Safeway provided the conditions in section 2.14 of Multilateral Instrument 45-102 *Resale of Securities* (MI 45-102), are satisfied; and (iii) the requirements pertaining to Issuer Bids (Issuer Bid Requirements) shall not apply to certain acquisitions by Canada Safeway or Safeway of securities of Canada Safeway or Safeway pursuant to the said plans.

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

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

   2.2 this MRRS decision document evidence the decisions 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. The Filer has represented to the Decision Makers that:

   4.1 Canada Safeway is a corporation governed by the Business Corporation Act (Alberta) and is headquartered in Calgary, Alberta. Canada Safeway is an indirect fully owned subsidiary of Safeway.

   4.2 The authorized capital of Canada Safeway consists of an unlimited number of common shares with no par value. As of November 24, 2003, there were 280,000 common shares issued and outstanding.

   4.3 Safeway is a corporation governed by the laws of the State of Delaware whose principal executive offices are located in Pleasanton, California.

   4.4 The authorized capital of Safeway consists of 1,500,000,000 shares of common stock, par value $0.01 per share (the Safeway Shares), and 25,000,000 shares of preferred stock, par value of $0.01 per share. As of March 25, 2004, there were issued and outstanding 445,097,748 Safeway Shares and no shares of preferred stock. As of January 3, 2004 there were 35,802,523 Safeway Shares reserved for issuance in connection with the exercise of outstanding options.

   4.5 The Safeway Shares are listed and posted for trading on The New York Stock Exchange (the NYSE), trading under the symbol "SWY".

4.6 Safeway is registered with the Securities and Exchange Commission in the United States under the Securities Exchange Act of 1934, as amended (the Exchange Act), and is not exempt from the reporting requirements of the Exchange Act pursuant to Rule 12g 3-2.

4.7 Safeway had previously adopted a Stock Option and Incentive Plan for Key Employees, the Stock Option Plan for Consultants of Safeway Inc. and the Safeway Inc. Outside Director Equity Purchase Plan for the benefit of its eligible employees, consultants and outside directors, respectively (collectively, the Prior Plans). The Prior Plans have been amended from time to time and were amended, restated and consolidated in order to constitute an equity participation plan entitled "The 1999 Amended and Restated Equity Participation Plan of Safeway Inc." (as in effect and as such plan may be amended, supplemented, superceded, re-enacted or restated from time to time, the "Safeway Equity Participation Plan"). The Safeway Equity Participation Plan was made effective upon approval of the stockholders of Safeway.

4.8 The purposes of the Safeway Equity Participation Plan are: (a) to provide additional incentive for eligible independent directors, employees and consultants to further the growth, development and financial success of Safeway by personally benefiting through the ownership of Safeway stock and/or rights which recognize such growth, development and financial success; and (b) to enable Safeway to obtain or retain the services of eligible independent directors, employees and consultants considered essential to the long range success of Safeway by offering them an opportunity to own stock in Safeway and/or rights which reflect the growth, development and financial success of Safeway.

4.9 “Option” means an option to acquire securities of Safeway (including Safeway Shares) granted by Safeway, or such other securities issued in substitution thereof, pursuant to the provisions of the Safeway Equity Participation Plan or the Prior Plans. Options can be granted under the Safeway Equity Participation Plan to employees, consultants and to independent directors of Safeway or of any corporation that is its subsidiary (collectively referred to herein as the Participants).

4.10 To be granted Options under the Safeway Equity Participation Plan, consultants must provide bona fide services to Safeway Inc.

4.11 Canada Safeway previously adopted a Share Appreciation Rights Plan (as in effect from time to time, the "Original Plan") under which Canada Safeway could, from time to time, upon and subject to the terms and conditions in the Original Plan, grant "Stock Appreciation Rights" (as defined herein) to certain officers and employees of Canada Safeway and its subsidiary corporations who were also granted "Options" under the Safeway Equity Participation Plan (or the Prior Plans). The Original Plan was amended and restated in its entirety in 2001 and, as so amended and restated, is entitled "The 2001 Amended and Restated Share Appreciation Rights Plan of Canada Safeway Limited" (as in effect and as such plan may be amended, supplemented, superceded, re-enacted or restated from time to time, the "Plan").

4.12 The purposes of the Plan are: (a) to further the growth, development and financial success of Canada Safeway by providing additional incentives to certain of the employees of Canada Safeway and its subsidiary corporations who have been or will be given responsibility for the management or administration of the business affairs of Canada Safeway and its subsidiary corporations; and (b) to enable Canada Safeway and its subsidiary corporations to obtain and retain the services of the type of professional, technical and managerial employees considered essential to the long range success of Canada Safeway.

4.13 As used herein and in the Plan, "Stock Appreciation Right" means a stock appreciation right granted under the Plan or the Original Plan or a security issued in substitution thereof pursuant to the provisions of the Plan.

4.14 Stock Appreciation Rights may be granted to those officers and employees of Canada Safeway or a subsidiary of Canada Safeway who have also been granted an Option under the Safeway Equity Participation Plan (or the Prior Plans, if applicable).

4.15 The Plan and the Safeway Equity Participation Plan are administered by a committee (the Administrator) of two or more non-employee members of the board of directors of Safeway.

4.16 Subject to certain provisions, the Administrator, on behalf of Safeway or Canada Safeway, as the case may be, is given discretion relative to the granting, vesting, termination, substitution, repurchase, surrender, exercise, assumption, substitution or adjustment of Stock Appreciation Rights and Options. Such discretion may be exercised in circumstances such as a redemption or acquisition of the Stock Appreciation Rights by Canada Safeway or the Options by Safeway, from Directors, consultants or permitted transferees for the purpose substituting similar securities.

4.17 Under the terms of the Plan and the Safeway Equity Participation Plan, Safeway and Canada Safeway may allow a Participant to settle payment for applicable taxes by electing to have Safeway or Canada Safeway, as applicable, withhold Safeway Shares otherwise issuable (or to allow the return of Safeway Shares).

4.18 Under the Safeway Equity Participation Plan and the Plan, Stock Appreciation Rights and Options issuable thereunder are non-transferable other than to a permitted transferee.

4.19 As at April 22, 2004, there were approximately 2,080 Canadians eligible to participate in the Plan and the Safeway Equity Participation Plan of a total of approximately 12,440 eligible participants in North America. As of that date, Canadian Participants had rights to acquire approximately 7.7% of the total number of Safeway Shares issuable under options being options to acquire approximately 0.6% of the total number of Safeway Shares issued and outstanding on March 25, 2004.

4.20 As at the date hereof, residents of Canada did not own, directly or indirectly more than ten percent (10%) of the outstanding Safeway Shares and did not represent more than ten percent (10%) of the number of owners, direct or indirect, of Safeway Shares.

4.21 Employees will not be induced to participate in the Plan or the Safeway Equity Participation Plan by expectation of employment or continued employment.

4.22 Officers will not be induced to participate in the Plan or the Safeway Equity Participation Plan by expectation of appointment or employment or continued appointment or employment as an officer.

4.23 All necessary securities filings have been made in the United States to offer the Safeway Equity Participation Plan to Participants resident in the United States.

4.24 The Plan was structured to comply with United States securities laws. The Safeway Equity Participation Plan is based on the Plan.

4.25 All disclosure material relating to Safeway that Safeway is required to file with the Securities and Exchange Commission in the United States will be provided or made available upon request to Participants who acquire Safeway Shares pursuant to the Safeway Equity Participation Plan and the Plan, at the same time and in the same manner, as such materials are provided or made available upon request to holders of Safeway Shares who are resident in the United States.

4.26 Neither Safeway nor Canada Safeway are reporting issuers (where such concept exists) in any jurisdiction in Canada and neither Safeway nor Canada Safeway have any present intention of becoming a reporting issuer in any of the Jurisdictions.

4.27 There is no market for the Safeway Shares in Canada and none is expected to develop and accordingly, any resale of the Safeway Shares must be effected through the facilities of and in accordance with, the rules applicable to the NYSE or a stock exchange or other market outside of Canada on which the Safeway Shares may hereinafter be listed or quoted for trading.

4.28 There is no published market in respect of the Options or the Stock Appreciation Rights.

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:

6.1 the Dealer Registration and Prospectus Requirements will not apply to any trade or distribution of Options, Stock Appreciation Rights or Safeway Shares made in connection with the Safeway Equity Participation Plan (or the Prior Plans) or the Plan (or the Original Plan) to consultants of Safeway or Safeway Inc., provided that (i) consultants spend a significant amount of time and attention on the affairs and business of the Safeway, Safeway Inc. or an affiliated entity of Safeway or Safeway Inc. (ii) the first trade in Options, Stock Appreciation Rights or Safeway Shares acquired under the Safeway Equity Participation Plan (or the Prior Plans) or the Plan (or the Original Plan) pursuant to this decision will, in Alberta, British Columbia, Saskatchewan and Ontario be deemed to be a distribution, and in Manitoba will be deemed to be a primary distribution to the public;

6.2 the first trade of Safeway Shares acquired by a consultant under the Safeway Equity Participation Plan (or the Prior Plans) or the Plan (or the Original Plan) will not be subject to the Dealer Registration Requirements, provided the conditions in section 2.14 of MI 45-102, are satisfied;

6.3 the first trade of Safeway Shares acquired by a consultant in Manitoba, under the Safeway Equity Participation Plan (or the Prior Plans) or the Plan (or the Original Plan) will not be subject to the Prospectus Requirements, provided the conditions in section 2.14 of MI 45-102, are satisfied; and

6.4 the Issuer Bid Requirements shall not apply to acquisitions by Canada Safeway or Safeway of Stock Appreciation Rights, Options or Safeway Shares provided such acquisitions are made in accordance with the terms of the Safeway Equity Participation Plan (or the Prior Plans) or the Plan (or the Original Plan), as applicable.

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

"David W. Betts, CFA, Member"
Alberta Securities Commission

2.1.6 Energy Split Corp. II Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Issuer granted relief from requirement to deliver annual financial statements and, where applicable, an annual report, for its first fiscal year – Financial statements for first fiscal year covering short operating period – Issuer investing on a passive basis in a portfolio of securities of 27 royalty trusts.

February 25, 2005

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ONTARIO, BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, QUEBEC, NOVA SCOTIA AND NEWFOUNDLAND AND LABRADOR (THE "JURISDICTION")**

AND

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

AND

**IN THE MATTER OF
ENERGY SPLIT CORP. II 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 contained in the Legislation to deliver to its shareholders annual financial statements and, where applicable, an annual report, shall not apply to the Filer for the period from September 29, 2004 to December 16, 2004 (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) his 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. In this decision:

"Initial Financial Statements" means the audited financial statements of the Filer and, where applicable, the annual

report of the Filer, for the period from September 29, 2004 to December 16, 2004.

Representations

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

1. On November 29, 2004, the Filer filed a final prospectus (the "**Prospectus**") relating to the offering of ROC Preferred Shares (the "**ROC Preferred Shares**") and Capital Yield Shares (the "**Capital Yield Shares**") with all of the provincial and territorial securities regulatory authorities. A receipt for this prospectus was issued on November 30, 2004. The Filer issued 1,285,000 ROC Preferred Shares and 2,570,000 Capital Yield Shares pursuant to the Offering on December 15, 2004 and an additional 13,750 ROC Preferred Shares and 27,500 Capital Yield Shares pursuant to an over-allotment offering on December 21, 2004.

2. The Filer was incorporated under the laws of the Province of Quebec on September 29, 2004. The fiscal year end of the Filer is December 16, with the first fiscal year end occurring on December 16, 2004. Pursuant to the Legislation, and subject to any relief obtained pursuant to this application, the Filer would be required to prepare and file in the Jurisdictions and deliver to the shareholders the Initial Financial Statements.

3. The authorized capital of the Filer consists of an unlimited number of Capital Yield Shares, of which 2,597,500 are issued and outstanding, an unlimited number of ROC Preferred Shares, of which 1,298,750 are issued and outstanding, an unlimited number of Class B, Class C, Class D and Class E capital shares issuable in series, none of which are issued and outstanding, an unlimited number of Class B, Class C, Class D and Class E preferred shares, issuable in series, none of which are issued and outstanding, and an unlimited number of Class F Shares issuable in series, of which one is issued and outstanding.

4. The Class F Shares are the only class of voting securities of the Filer. ESC II Holdings Limited (the **"Trustee"**) owns the only issued and outstanding Class F Share.

5. The Filer has been created in order to generate fixed cumulative preferential tax efficient distributions for the holders of the ROC Preferred Shares and to enable the holders of the Capital Yield Shares to receive leveraged tax efficient distributions from a fixed portfolio (the "**Royalty Trust Portfolio**") consisting of 27 oil and gas royalty trusts listed on the Toronto Stock Exchange. The Capital Yield Shares will also have a leveraged exposure to any changes in the value of the Royalty Trust Portfolio. The Filer will use the net proceeds of the Offering to acquire a portfolio consisting primarily of common shares of Canadian public companies (the "**Common Share Portfolio**") and will enter into a forward purchase and sale agreement (the "**Forward Agreement**") on this portfolio with a Canadian chartered bank (the "**Counterparty**") pursuant to which the Counterparty will agree to pay to the Filer on December 16, 2007 (the "**Redemption Date**"), the economic return provided by the Royalty Trust Portfolio which will be held by the Royalty Fund II (the "**Fund**").

6. In order to achieve its investment objectives, the Filer will enter into the Forward Agreement, which will provide holders of ROC Preferred Shares and Capital Yield Shares (collectively, "**Holders**") with exposure to the returns of the Royalty Trust Portfolio which will be held by the Fund.

7. The Fund is a newly created investment trust that was established prior to the closing of the Offering under the laws of Ontario pursuant to a declaration of trust. The Fund is authorized to issue an unlimited number of redeemable, transferable units (the "**Units**"), each of which represents an equal undivided beneficial interest in the net assets of the Fund. The Trustee will act as the trustee of the Fund and Scotia Capital will act as administrator. The holder of units of the Fund will be the Counterparty. The Fund will be established for the purpose of acquiring the Royalty Trust Portfolio.

8. The Prospectus included an audited balance sheet of the Filer as at November 29, 2004.

9. The Filer is an inactive company, the sole purpose of which is to provide a vehicle through which different investment objectives with respect to participation in the Royalty Trust Portfolio may be satisfied.

10. The benefit derived from the security holders of the Filer from receiving the Initial Financial Statements would be minimal in view of: (i) the short operating period (i.e. 17 days) from the date of the Prospectus to December 16, 2004; (ii) the minimal nature of business carried on by the Filer; and (iii) the fact that such financial statements will be filed and available on SEDAR.

11. The expense to the Filer of sending to its security holders the Initial Financial Statements would not be justified in view of the benefit derived by the security holders from receiving such statements.

12. It would not be prejudicial to the public interest for the Decision Makers to grant the Relief Requested.

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:

(i) the Filer issue, and file on SEDAR, a press release informing its shareholders of their right to receive the Initial Financial Statements upon request; and

(ii) the Filer send a copy of the Initial Financial Statements to any shareholder of the Filer who so requests.

"Paul M. Moore"
Vice Chair

"David L. Knight"
Commissioner

2.1.7 BMO Investments Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Extension of lapse date for mutual fund prospectus to allow for completion of fund mergers.

Statutes Cited

Securities Act, R.S.O. 1990 c. S.5, as amended, ss. 62(1), 62(2) and 62(5).

March 14, 2005

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

AND

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

AND

IN THE MATTER OF
BMO INVESTMENTS INC. (THE "FILER")
AND
THE MUTUAL FUNDS SET OUT IN APPENDIX "A" (THE "FUNDS")

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 and the Funds for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the time limits for the renewal of the simplified prospectus of the Funds dated March 2, 2004 (the "Prospectus") be extended to those time limits that would be applicable if the lapse date of the Prospectus were April 19, 2005 (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:

(a) The Manager is the manager of the Funds.

(b) The Manager's head office is located at 77 King Street West, Suite 4200, Toronto, Ontario, M5K 1J5.

(c) The Funds are either open-ended mutual fund trusts established under the laws of Ontario or classes of BMO Global Tax Advantage Funds Inc., a mutual fund corporation.

(d) The Funds are currently qualified for distribution in all of the provinces and territories of Canada under the simplified prospectus of the Funds dated March 2, 2004 (the "Current Prospectus").

(e) In each province of Canada, the lapse date for the Funds is March 2, 2005, which allows the Funds until March 12, 2005 to file their final materials such that a receipt for the simplified prospectus is issued by securities regulatory authorities by March 22, 2005.

(f) On January 25, 2005, a pro forma filing was filed for the Funds in all of the provinces and territories of Canada under SEDAR Project No. 732315.

(g) The Funds are reporting issuers under the Legislation. None of the Funds is in default of any of the requirements of the Legislation.

(h) On February 23, 2005, the Budget Plan 2005 was released by the Department of Finance, Canada (the "Federal Budget"). We understand that the Federal Budget may be debated for four days. A leading press agency has reported that the days of debate will be February 24, March 7, 8 and 9, 2005. The Federal Budget contemplates the repeal of the rule that limits the amount of foreign property that may be held in a registered plan, effective as of 2005. The repeal of the foreign property limit will affect a number of the Funds, particularly the RSP funds. The Manager requires additional time to assess the impact of the Federal Budget on the Funds and to determine any changes that must be made to the Prospectus in response to the Federal Budget.

(i) If the requested relief is not granted, a prospectus must be filed in accordance with the existing time limits for the renewal of the Prospectus, and must be receipted by March 22, 2005. Such a prospectus may need to be substantially revised shortly after the issuance of a final receipt in response to the Federal Budget. The financial costs and time involved in preparing, filing and printing a revised prospectus for the Funds would be unduly costly.

(j) Since March 2, 2004, the date of the Current Prospectus for the Funds, no material change has occurred. Accordingly, the Current Prospectus of the Funds represents up to date information regarding the Funds. The extension requested will not affect the currency or accuracy of the information contained in the Current Prospectus, and, accordingly, will not be prejudicial to the public interest.

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:

1. the Prospectus of the Funds is filed in final form no later than April 25, 2005; and

2. a final receipt is issued for the Prospectus no later than April 29, 2005.

"Susan Silma"
Director, Investment Funds Branch
Ontario Securities Commission

APPENDIX "A"

BMO Security Funds
BMO T-Bill Fund
BMO Money Market Fund
BMO AIR MILES®† Money Market Fund
BMO Premium Money Market Fund

BMO Income Funds
BMO Mortgage and Short-Term Income Fund
BMO Bond Fund
BMO Monthly Income Fund
BMO Global Bond Fund
BMO International Bond Fund

BMO Growth Funds
BMO Asset Allocation Fund
BMO Dividend Fund
BMO Equity Index Fund
BMO Equity Fund
BMO RSP U.S. Equity Index Fund
BMO U.S. Growth Fund
BMO U.S. Value Fund
BMO RSP International Index Fund
BMO International Equity Fund
BMO NAFTA Advantage Fund
BMO European Fund
BMO Japanese Fund

BMO Aggressive Growth Funds
BMO Special Equity Fund
BMO U.S. Special Equity Fund
BMO Resource Fund
BMO Precious Metals Fund
BMO Global Science & Technology Fund
BMO RSP Global Science & Technology Fund
BMO Emerging Markets Fund

BMO U.S. Dollar Funds
BMO U.S. Dollar Money Market Fund
BMO U.S. Dollar Bond Fund
BMO U.S. Dollar Equity Index Fund

BMO Global Tax Advantage Funds
BMO Short-Term Income Class
BMO Global Balanced Class
BMO Global Equity Class

2.1.8 Maritime Life Canadian Funding - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Issuer is a special purpose entity established to acquire annuities issued by an insurance company by way of a public offering of "annuity-backed, secured, limited recourse notes" (the Notes) – Notes represent a form of "asset-backed security" but do not represent a conventional form of asset-backed security for the reason that the assets involve a single obligor, the insurance company that has issued the annuities (the "Underlying Insurance Company") – Since the Underlying Insurance Company is the sole obligor under the annuities, holders of Notes will be entirely dependent upon the Underlying Insurance Company's ability to perform its obligations – Issuer previously granted limited relief from the continuous disclosure and insider reporting requirements of Canadian securities legislation in February 2003 on the grounds that the market value of the outstanding Notes will depend primarily on the creditworthiness of the Underlying Insurance Company – Underlying Insurance Company acquired by a second insurance company with the result that the Notes now depend primarily on the creditworthiness of a different insurance company – as a result of the acquisition, the relief under the prior order terminated – Prior order predated implementation of National Instrument 51-102 Continuous Disclosure Obligations – New application by the Issuer for relief on substantially the same terms as prior order together with request for relief from the requirement to file interim certificates under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109) – Relief granted on substantially similar terms as prior order in part due to representation that Issuer would not be making additional offerings of Notes.

Ontario Rules

National Instrument 51-102 Continuous Disclosure Obligations
Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109).

March 11, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC,
NOVA SCOTIA, NEW BRUNSWICK, 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
MARITIME LIFE CANADIAN FUNDING (THE TRUST)

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 Trust for a decision (the Requested Relief) under the securities legislation of the Jurisdictions (the Legislation) that, subject to the terms and conditions described below:

1. the requirements contained in National Instrument 51-102 – *Continuous Disclosure Obligations* to:

   (a) file interim financial statements with the Decision Makers and to deliver such interim financial statements to the holders of the Notes (as defined below) (the Noteholders);

   (b) file interim management's discussion and analysis of the financial condition and results of operations of the Trust with the Decision Makers and send such interim management's discussion and analysis to the Noteholders; and

   (c) file material change reports and issue and file press releases related to the Trust, only where such requirement relates solely to a material change in the affairs of Manufacturers Life (as defined below) and which is the subject of a filing by Manufacturers Life,

   shall not apply to the Trust subject to certain terms and conditions; in Québec, the exemption will be granted by a revision of the general order No. 2004-PDG-0020 dated March 26, 2004;

2. the requirements contained in the Legislation for an insider of a reporting issuer to file:

   (a) reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer;

   (b) disclosing any trade by the insider in such securities; and

   (c) an insider profile report under National Instrument 55-102 – *System for Electronic Disclosure by Insiders* (collectively, the Insider Reporting Requirements),

shall not apply to the Trust or any insider of the Trust, who is not otherwise an insider of Manufacturers Life and who does not receive or have access to, in the ordinary course, information as to material facts or material changes concerning the Trust before the material facts or material changes are generally disclosed.

In addition, the Decision Maker in each of the Jurisdictions other than British Columbia and Québec has received an application from the Trust for a decision under the Legislation of such Jurisdiction that the provisions of Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* concerning the filing of interim certificates shall not apply to the Trust, subject to certain terms and conditions.

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 Trust:

The Trust

1. The Trust was established as a special purpose trust by RBC Dominion Securities Inc. (RBC DS), as settlor, under a declaration of trust dated August 15, 2001, as amended by the first supplement to the declaration of trust dated December 14, 2001 (collectively, the Declaration of Trust). The Declaration of Trust was made by The Canada Trust Company (the Trustee) and is governed by the laws of the Province of Ontario. The current beneficiary of the Trust is a charitable organization.

2. The Trustee performs its duties as trustee of the Trust from its offices in Toronto, Ontario.

3. The current auditors of the Trust are KPMG LLP, Toronto, Ontario.

4. Pursuant to the terms of the Declaration of Trust, the business activities of the Trust have been substantially limited to:

   (a) conducting, operating and administering the Trust's programme (the Programme) of acquiring, through a dealer or an affiliate thereof, annuities (the Annuities) issued by The Maritime Life Assurance Company (Maritime Life);

   (b) financing such acquisitions through the issue of annuity-backed, secured, limited recourse debt securities (the Notes); and

   (c) engaging in such activities which, in the reasonable opinion of the Trustee, are reasonably incidental or ancillary to (a) and (b) or required by any agreement relating thereto.

   The Trust is otherwise limited from carrying on any active business.

5. The Trustee's responsibilities on behalf of the Trust under the Programme documents are substantially limited to the following:

   (a) preparing financial statements;

   (b) preparing and filing tax returns;

   (c) complying with continuous disclosure requirements from time to time applicable to the Trust under applicable laws;

   (d) directing Annuity payments to be deposited into an account created in respect of a series of Notes and paying principal, interest and any other amounts on the series of Notes from such account;

   (e) instructing the Indenture Trustee (as defined below in paragraph 9(a)) to pay liabilities for a series from amounts on deposit in a related expense account;

   (f) exercising the Trust's rights under the Programme documents;

   (g) providing required notices to the Indenture Trustee; and

   (h) delivering documentation to rating agencies.

6. The Trust has no assets other than a $1,000 initial contribution to the Trust, the Annuities, the Indemnity (as defined below at paragraph 13), other collateral held from time to time as security for a series of Notes, amounts held from time to time in expense accounts to finance various costs and expenses of the Trust, and related contractual rights under the documents establishing the Programme.

7. The Trust is a reporting issuer or the equivalent thereof in each of the Jurisdictions and filed a

short form base shelf prospectus dated December 21, 2001 and a renewal short form base shelf prospectus dated April 1, 2004 (the Shelf Prospectus) in the Jurisdictions for the purpose of distributing Notes, and is not, to the Trustee's knowledge, in default of any requirement under the Legislation.

Issued and Outstanding Notes

8. The following two series of Notes are presently outstanding (the Outstanding Notes):

   (a) $200,000,000 5.390% Annuity-Backed, Secured, Limited Recourse Notes, Series 2002-2 issued March 12, 2002 and payable March 12, 2007; and

   (b) $200,000,000 4.551% Annuity-Backed, Secured, Limited Recourse Notes, Series 2003-1 issued November 12, 2003 and payable November 12, 2008.

9. The Outstanding Notes were issued by the Trust in accordance with the terms of:

   (a) a trust indenture dated December 21, 2001, as supplemented, amended or consolidated, from time to time (the Indenture), under which Computershare Trust Company of Canada is the indenture trustee (the Indenture Trustee); and

   (b) a master programme agreement dated December 21, 2001 (the Master Programme Agreement) between the Trust, the Trustee, the Indenture Trustee, Maritime Life, RBC DS, and certain other securities dealers who may offer Notes. The provisions of the Master Programme Agreement include the following:

      (i) a detailed set of obligations, conditions, and limitations relating to the issuance of the Annuities by Maritime Life;

      (ii) representations and warranties by each of the parties relating to its existence, business, power and capacity, and the truth and completeness of information regarding such parties in the Shelf Prospectus, as supplemented by an applicable prospectus supplement;

      (iii) representations and warranties by Maritime Life to each of the other parties relating to the issuance of Annuities;

      (iv) undertakings of Maritime Life to each of the other parties to comply with applicable laws (including its continuous disclosure obligations applicable to it under the Legislation), to deliver to the Trust and the Trustee continuous disclosure information required by the Act in the event Maritime Life is no longer a reporting issuer and Notes remain outstanding, and to deliver information respecting any material change in the affairs of Maritime Life;

      (v) an indemnity by Maritime Life to each of the parties in respect of certain aspects of the Programme (the details of such indemnity with respect to costs and expenses associated with the Programme are described in paragraph 13 hereof); and

      (vi) an acknowledgement respecting the limited liability of the Trustee.

10. The obligations of the Trust under each series of Outstanding Notes and to related obligees of the Trust will be payable only from cashflows from, and the recourse of the Noteholders will be limited to the related security over, the "Series Collateral" applicable to such series. "Series Collateral" for a series refers to the right, title and interest and property of the Trust in and to the following:

   (a) each Annuity issued by Maritime Life and acquired by the Trust in connection with such series;

   (b) certain contractual obligations relating to such series (Series Specific Contractual Obligations); and

   (c) all related rights, entitlements, privileges and benefits derived from the Annuity and Series Specific Contractual Obligations and related contractual rights, proceeds and other rights and property relating to such series.

11. The maturity, payment and annuity rate provisions of an Annuity acquired by the Trust in connection with the issuance of each tranche of Outstanding Notes were structured so that Maritime Life would be obligated to make payments under that Annuity which are sufficient to satisfy the Trust's scheduled principal, interest (if any) and other payment obligations (if any) in connection with the tranche, and the Trust's costs and expenses related to that tranche.

12. The costs associated with issuing a tranche of Outstanding Notes were financed by a non-interest bearing, unsecured, subordinated, limited recourse loan made to the Trust by Maritime Life (a related Series Subordinated Loan). Repayment of a Series Subordinated Loan will be funded from the payments to the Trust under the applicable Annuity.

13. Under the Master Programme Agreement, Maritime Life has granted to the Trust an indemnity (the Indemnity) with respect to claims, liabilities, losses, costs and expenses that the Trust may incur in respect of:

    (a) certain amounts owed by the Trust under the Indenture to the Indenture Trustee;

    (b) amounts payable by the Trust with respect to any unauthorized mortgage, charge, lien, security interest or other charge or encumbrance against any Series Collateral;

    (c) amounts to maintain, preserve or otherwise protect the Series Collateral or to carry out any of the transactions necessary under the Programme;

    (d) fees and expenses to carry out the business of the Trust;

    (e) amounts payable to the Trustee with respect to expenses or obligations for which the Trustee is not otherwise indemnified; and

    (f) other obligations, costs and expenses incurred by the Trust in connection with the Programme,

    other than amounts which a court determines have been caused by the bad faith, gross negligence or wilful conduct of the Trustee.

14. Maritime Life has also provided an indemnity to the Trust in respect of taxes which may be incurred by the Trust with respect to:

    (a) amounts received by the Trust from the Annuities and any other amounts which form part of the Series Collateral; and

    (b) amounts required to be included in the capital of the Trust in respect of the issuance of Notes to finance the acquisition of, or the payment of a premium under, an Annuity.

15. If an event of default occurs in respect of a series of Notes, remedies will be available to the Noteholders under the Indenture.

16. The Trust will not issue additional Notes or other securities in the future.

Maritime Life

17. On February 28, 2003, the Decision Makers, other than the Decision Maker in New Brunswick, issued an MRRS Decision Document (the 2003 Order) that granted to the Trust relief that is substantially identical to the Requested Relief. At the time that the 2003 Order was granted and the Outstanding Notes were issued by the Trust, Maritime Life was an insurance company under the *Insurance Companies Act* (Canada) (the ICA).

18. On April 28, 2004, Maritime Life became an indirect subsidiary of Manulife Financial Corporation (MFC) as a result of the merger of a subsidiary of MFC and John Hancock Financial Services, Inc. John Hancock Canadian Holdings Limited, a wholly owned subsidiary of John Hancock Financial Services, Inc., owns all of the common shares of Maritime Life. As a result of these transactions, MFC became the indirect owner of all of the common shares of Maritime Life.

19. MFC combined the operations of certain of its Canadian insurance subsidiaries into a single Canadian insurance company in order to simplify the capital structure of the overall organization (the Reorganization). As part of the Reorganization, on December 29, 2004 Maritime Life transferred its business to a transferee company formed under the name “MFC Insurance Company Limited” (New MFC Insurance) pursuant to the ICA. New MFC Insurance assumed, as an additional obligor, all of Maritime Life’s obligations and liabilities, including Maritime Life’s obligations under the Annuities and under the other contractual arrangements supporting the Outstanding Notes described under paragraphs 9 to 14 hereof (collectively, the Maritime Life Obligations). On December 30, 2004, New MFC Insurance was amalgamated with The Manufacturers Life Insurance Company to form “The Manufacturers Life Insurance Company” (Manufacturers Life) pursuant to the ICA. As a result, Manufacturers Life has assumed all of Maritime Life’s obligations and liabilities, including under the Maritime Life Obligations.

20. On December 31, 2004, Maritime Life continued its corporate existence under the *Canada Business Corporations Act* and changed its name to “4274946 Canada Inc.” On January 21, 2005, 4274946 Canada Inc. changed its name to “Old Maritime Corporation” (references herein to “Maritime Life” include 4274946 Canada Inc. and Old Maritime Corporation, as the context requires). As a result, Maritime Life is no longer an insurance company.

21. Maritime Life's reporting profile currently indicates that it is a reporting issuer or the equivalent thereof in each of the Jurisdictions. However, Maritime Life has made application to cease to be a reporting issuer in each of the Jurisdictions. If such exemptive relief is granted, Maritime Life will no longer be obligated to prepare, file and deliver continuous disclosure documents under applicable securities laws. As a result, Noteholders would not have access to such disclosure relating to Maritime Life.

Manufacturers Life's Assumption of the Maritime Life Obligations

22. As a consequence of the Reorganization, the Trust will be able to look to Manufacturers Life to pay amounts due and owing under the Maritime Life Obligations. The terms of the Annuities and the other Maritime Life Obligations have not changed. The maturity, payment and annuity rate provisions of the Annuities will obligate Manufacturers Life to make payments that are sufficient to satisfy the Trust's principal, interest and other payment obligations (if any) under the Outstanding Notes.

23. The Annuities are unsecured obligations of Manufacturers Life and, in the event that Manufacturers Life becomes subject to an insolvency proceeding, the obligations of Manufacturers Life (including its obligations under the Annuities) will be subject to the provisions of the *Winding-up and Restructuring Act* (Canada), which establish the priority of claims against the estate of an insolvent Canadian insurance company. The *Winding-up and Restructuring Act* (Canada) provides that, upon the winding-up of an insurance company, claims of policyholders rank ahead of ordinary unsecured claims.

24. Manufacturers Life will be the relevant source of credit support for the purposes of assessing the strength of the Annuity payment covenants underlying the Notes.

25. Noteholders will be able to assess the strength of Manufacturers Life's covenants by reviewing information prepared and filed by Manufacturers Life in connection with Manufacturers Life's performance, as a "reporting issuer" or the equivalent thereof, of the continuous disclosure obligations and other requirements arising under the applicable securities laws of each Jurisdiction.

26. To ensure an undisrupted flow of such information, Manufacturers Life has undertaken (among other things) that if it ceases to be a "reporting issuer" under the *Securities Act* (Ontario), it will prepare and deliver to the Trust such documents, financial statements, information and notices as it would be required to file were it a "reporting issuer" at the time.

27. The current claims paying rating of Manufacturers Life from Standard & Poor's is "AA+" and from Moody's Investor Services, Inc. is "Aa2".

28. Manufacturers Life has delivered an Undertaking and Notice of Assumption (the Undertaking) to the Trust and certain other persons in connection with the implementation of the Reorganization, which:

    (a) provides representations and confirmations from Manufacturers Life regarding the factual basis for the Reorganization and its relevant effects;

    (b) sets out the terms on which Manufacturers Life has assumed, as an additional obligor, the Maritime Life Obligations; and

    (c) creates covenants, undertakings and indemnities applicable to Manufacturers Life equivalent to those applicable to Maritime Life on a go-forward basis, with appropriate changes to make sense in the relevant context and with the objective of preserving the intended protections and benefits of such provisions for the Trust and, indirectly, the Noteholders.

    The Trust filed the Undertaking on SEDAR as a material contract of the Trust.

Related Matters

29. The market value of the Outstanding Notes will depend primarily on the following:

    (a) the creditworthiness of Manufacturers Life with respect to the Annuities and other contractual arrangements in place to fund payments in respect of the Outstanding Notes;

    (b) the Noteholders' security and remedies (directly and indirectly) under the Programme documents; and

    (c) the rate of interest on the Outstanding Notes in comparison to the prevailing Canadian interest rates.

30. The Trust will continue to file its AIF, annual financial statements and management's discussion and analysis thereon with the Decision Makers in accordance with the Legislation.

31. Noteholders are entitled and shall continue to be entitled to receive the following documentation and information:

    (a) the Shelf Prospectus and prospectus supplement related to the series of Notes

of which they are holders and, upon request, all documents incorporated by reference therein;

(b) the list of holders in the register of Noteholders for a particular series, provided that such Noteholder or Noteholders represent at least 10% of the aggregate principal amount of a series and are accessing the list for the purpose of communicating with other Noteholders;

(c) notice by the Indenture Trustee to Noteholders of a series of the occurrence of a continuing event of default in respect of such series; and

(d) all such continuous disclosure documents of the Trust as the Trust may be required to deliver to its security holders under the Legislation, if any, except as such requirements are modified by this Decision Document or any other applicable decision of the Decision Makers.

32. The Trust will issue press releases and file material change reports in accordance with the requirements of the Legislation in respect of material changes in its affairs which do not relate solely to the affairs of Manufacturers Life and which have not been the subject of a filing by Manufacturers Life.

33. The Trust will file or cause to be filed under its SEDAR profile a notice to Noteholders that provides Noteholders with a reasonable description of the indirect acquisition of Maritime Life by MFC, the Reorganization, the assumption by Manufacturers Life of the Maritime Life Obligations, and the consequences of this decision to Noteholders. The Trust will also file a notice to Noteholders under its SEDAR profile that it will undertake, upon the request of a Noteholder, to deliver to that Noteholder the continuous disclosure materials of Manufacturers Life which have been filed with the Decision Makers.

Decisions

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 is that the requirements contained in:

(a) National Instrument 51-102 – *Continuous Disclosure Obligations*:

(i) to file interim financial statements with the Decision Makers and to deliver such interim financial statements to Noteholders;

(ii) to file interim management's discussion and analysis of the financial condition and results of operations of the Trust with the Decision Makers and send such interim management's discussion and analysis to Noteholders; and

(iii) to file material change reports and issue and file press releases related to the Trust, only where such requirement relates solely to a material change in the affairs of Manufacturers Life and which is the subject of a filing by Manufacturers Life, and

(b) in respect of the Decision Makers in each of the Jurisdictions other than British Columbia and Québec, Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* concerning the filing of interim certificates,

shall not apply to the Trust (in Québec, the exemption in paragraph (a) will be granted by a revision of the general order No. 2004-PDG-0020 dated March 26, 2004), provided that, at the time that any such requirement would otherwise apply:

(i) the Trust has filed a current AIF on SEDAR;

(ii) Manufacturers Life is a reporting issuer;

(iii) the Trust carries on no other business or activities other than those set out at paragraph 4 hereof; and

(iv) the Trust complies with paragraph 32 and 33 hereof;

provided that this Decision shall terminate within thirty (30) days of a material change in the affairs of the Trust, except where such material change relates solely to the affairs of Manufacturers Life and which is the subject of a filing by Manufacturers Life, unless the Trust satisfies the Decision Makers that the Decision should continue, which satisfaction shall be evidenced in writing.

"John Hughes"
Manager, Corporate Finance

2. It is further the decision of the Decision Makers under the Legislation that the requirements contained in the Legislation for an insider of a reporting issuer to file:

   (a) reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer;

   (b) disclosing any trade by the insider in such securities; and

   (c) an insider profile report under National Instrument 55-102 – *System for Electronic Disclosure by Insiders*,

   shall not apply to the Trust or any insider of the Trust, who is not otherwise an insider of Manufacturers Life and who does not receive or have access to, in the ordinary course, information as to material facts or material changes concerning the Trust before the material facts or material changes are generally disclosed.

"Paul M. Moore"
Commissioner
"Ontario Securities Commission"

"Susan Wolburgh Jenah"
Commissioner
Ontario Securities Commission

2.1.9 GEAC Computer Corporation Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from the insider reporting requirements granted to certain insiders of a reporting issuer who hold a nominal title of "vice-president" or another nominal title inferring a similar level of seniority, authority or responsibility as a "nominal vice-president", subject to 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.

March 8, 2005

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
GEAC COMPUTER CORPORATION LIMITED (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**) exempting insiders of the Filer who meet the Exempted Officer Criteria (as defined below) from the insider reporting requirements of the Legislation, subject to certain conditions (the **Requested Relief**).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation existing under and governed by the *Canada Business Corporations Act*. The head office of the Filer is located in Markham, Ontario.

2. The Filer is a global enterprise software company for Business Performance Management, providing customers worldwide with core financial and operational solutions and services to improve their business performance in real time.

3. The Filer is a reporting issuer or the equivalent, as applicable, in each province of Canada and the Filer's common shares trade on the Toronto Stock Exchange and the NASDAQ National Market System.

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

5. Currently, 40 individuals are insiders of the Filer by reason of being a senior officer or director of the Filer or a "major subsidiary" (as that term is defined in National Instrument 55-101 -- *Exemption from certain Insider Reporting Requirements* (**NI 55-101**)) of the Filer and are not otherwise exempt from the insider reporting requirements of the Legislation by reason of existing decisions or orders or the exemptions contained in NI 55-101.

6. The Filer has developed a disclosure policy (the **Disclosure Policy**) to ensure that its communications to the investing public are: a) timely, factual and accurate; and b) broadly disseminated in accordance with all applicable legal and regulatory requirements. The Disclosure Policy, also, among other things, is intended to assist directors and senior officers of the Filer and its subsidiaries in identifying and meeting their personal obligations under the Legislation in connection with: a) when they are deemed to have certain material non-public information relating to the Filer (**Inside Information**); b) the duty not to disclose Inside Information to others; and c) restrictions on their ability to trade common shares of the Filer.

7. Designated and authorized persons of the Filer and its subsidiaries, including the disclosure policy committee established by the board of directors of the Filer, are responsible for the administration and application of the Disclosure Policy.

8. Under the Disclosure Policy, directors, senior officers and employees with knowledge of Inside Information relating to the Filer may not trade in common shares of the Filer until such information has been adequately disclosed. In addition, under the Disclosure Policy, directors, senior officers and employees with access to Inside Information may not trade in common shares of the Filer during "black-out" periods around the preparation of financial results.

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

10. The Filer is seeking relief from the insider reporting requirements for insiders of the Filer who meet the following criteria (the **Exempted Officer Criteria**):

    (a) the individual is an officer of the Filer or a major subsidiary of the Filer who holds a nominal title of "vice-president" or another nominal title inferring a similar level of seniority, authority or responsibility as a nominal "vice-president" title (a **Nominal Title**);

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

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

    (d) the individual is not an insider of the Filer in any capacity other than by virtue of holding a Nominal Title.

11. Existing and future insiders of the Filer who meet the Exempted Officer Criteria are collectively referred to as Exempted Officers.

12. Management of the Filer considered the job requirements and principal functions of the existing insiders of the Filer to determine which of them met the Exempted Officer Criteria.

13. At present, there are 13 individuals, who, in the opinion of management of the Filer, met the Exempted Officer Criteria.

14. Management of the Filer will apply the same analysis each time a new officer of the Filer or one of its major subsidiaries is appointed or an existing Exempted Officer is promoted or experiences a change in his or her job requirements or functions and it will review and update the Filer's Exempted Officers analysis annually.

15. If an individual who is designated as an Exempted Officer no longer meets the Exempted Officer Criteria, certain designated staff of the Filer will ensure that the individual is informed of his or her renewed obligation to file an insider report on trades in securities of the Filer.

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, a list of all individuals who are relying on the exemption granted by this decision as at the time of the request; and

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

"Paul Moore"
Commissioner
Ontario Securities Commission

"Lorne Morphy"
Commissioner
Ontario Securities Commission

2.1.10 Pine Cliff Energy Ltd. and Novitas Energy Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration requirements in connection with a re-structuring and rights offering where rights offering registration exemption technically not available.

Applicable Ontario Statutory Provisions

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

Citation: Pine Cliff Energy Ltd., 2005 ABASC 156

February 24, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF THE PROVINCES OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA AND ONTARIO (COLLECTIVELY, THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
PINE CLIFF ENERGY LTD.
AND NOVITAS ENERGY LTD.
(COLLECTIVELY, THE FILER)

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting Pine Cliff Energy Ltd. (Pine Cliff) from the dealer registration requirements of the Legislation in respect of the issuance by Pine Cliff of rights (Rights) to acquire Common Shares of Pine Cliff (Common Shares) to the existing shareholders (Novitas Shareholders) of Novitas Energy Ltd. (Novitas) in the Jurisdictions as of the record date of the offering (the Requested Relief).

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

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

2.2 this MRRS decision document evidence the decisions 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 the Filer:

4.1 Pine Cliff was incorporated under the laws of the Province of Alberta. Pine Cliff is authorized to issue, inter alia, an unlimited number of Common Shares. Pine Cliff has made application to have its Common Shares listed on the TSX Venture Exchange (the TSX-V). Pine Cliff is not currently a reporting issuer in any jurisdiction. The principal and registered office of Pine Cliff is in Calgary, Alberta.

4.2 Novitas is a corporation organized under the laws of the Province of Alberta, with its principal office located in Calgary, Alberta and is a reporting issuer, not in default of any of its obligations of the Legislation, in the Jurisdictions.

4.3 The common shares of Novitas have been listed on the TSX V since October, 2001.

4.4 There are currently in excess of 30 registered and 600 beneficial shareholders of Novitas.

4.5 Pine Cliff was incorporated at the initiation of Novitas, who subscribed for its initial 10 Common Shares, to hold interests in oil and gas properties in Western Canada. Pine Cliff was established for the purpose of facilitating a restructuring option for Novitas to increase shareholder value;

4.6 An independent engineering report (the Engineering Report) has been finalized by Sproule Associates Limited with respect to the producing properties of Novitas and has been filed with each of the Decision Makers.

4.7 Pine Cliff will offer the Rights to acquire its Common Shares to the Novitas Shareholders in the Jurisdictions as of a specified record date.

4.8 The Rights are being issued on a one for one basis with no stand-by or additional subscription privilege.

4.9 The Rights are non-transferable, will not be listed for trading and no outside investors will be solicited.

4.10 Pine Cliff has filed a preliminary long form prospectus (the Preliminary Prospectus) with respect to the distribution of the Rights and the underlying Common Shares.

4.11 The Preliminary Prospectus discloses the risks associated with there not being a registered dealer involved in the offering as well as the risks associated with Pine Cliff's operations, lack of history and immediate prospects.

4.12 A summary of the Engineering Report as it relates to oil and gas properties to be acquired by Pine Cliff from Novitas has been included in the Preliminary Prospectus.

4.13 There will be no marketing activities based on and there will be no dissemination of the Preliminary Prospectus.

4.14 The Novitas Shareholders exercising the Rights will have full civil and statutory rights of action against Pine Cliff and against Novitas (in its capacity as a promoter).

4.15 Upon filing and obtaining a receipt for its final prospectus, Pine Cliff will become a reporting issuer in the Jurisdictions.

4.16 As of the record date of the offering, Novitas had approximately 37,609,234 common shares outstanding on a fully diluted basis. Accordingly, if every Novitas Shareholder elects to exercise its Rights to acquire Common Shares, there will be approximately 37,609,234 Common Shares of Pine Cliff outstanding at the completion of the offering.

4.17 Pine Cliff is unable to rely on exemptions from the dealer registration requirements of the Legislation in relation to this offering because the Rights are not being granted by Pine Cliff to acquire its own securities or securities of a reporting issuer held by it, but rather the Rights are being granted directly by Pine Cliff to the Novitas Shareholders.

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.

"Jerry A. Bennis", FCA, Member
Alberta Securities Commission

"Thomas G. Cooke", Q.C., Member
Alberta Securities Commission

2.1.11 Ivanhoe Energy Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief from the requirements to provide in an information circular three years of audited financial statements in respect of a significant acquisition and a restructuring transaction – Inclusion of acceptable alternative disclosure in information circular.

Instruments and Notices Cited

Canadian Securities Administrators Notice 42-303, Prospectus Requirements.
National Instrument 51-102, Continuous Disclosure Obligations, Part 9 and ss. 8.4, 8.5 and 13.1, and Form 51-102F5, Information Circular, item 14.2.
National Instrument 52-107, Acceptable Accounting Principles, Auditing Standards and Reporting Currency.

February 17, 2005

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

AND

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

AND

IN THE MATTER OF
IVANHOE ENERGY INC. (THE FILER)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Makers) 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, and in Québec a variation of the general order that will provide the same result as an exemption order, from the requirement in the Legislation to include the Prospectus Financial Disclosure (as defined below) for a business to be acquired in an information circular prepared in connection with an Agreement and Plan of Merger dated as of December 11, 2004 (the Merger Agreement) among the Filer, Ivanhoe Merger Sub, Inc., a wholly owned subsidiary of the Filer (Merger Sub), and Ensyn Group, Inc. (Target) (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications,

(a) the British Columbia 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 incorporated under the laws of the Yukon;

2. the Filer's head office is in Vancouver, British Columbia;

3. the Filer's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value, of which 169,664,911 common shares and no preferred shares were outstanding as of January 21, 2005;

4. the common shares are listed on the Toronto Stock Exchange under the symbol "IE" and quoted on the NASDAQ Small Cap Market under the symbol "IVAN";

5. the Filer is a reporting issuer or its equivalent in each of the provinces of Canada and in the Yukon, and has been a reporting issuer in each of the Jurisdictions for longer than twelve months;

6. Merger Sub is a corporation incorporated under the laws of the State of Delaware;

7. Merger Sub was formed solely for the purpose of participating in the transactions contemplated by the Merger Agreement and has not engaged in any other business activities or conducted any operations;

8. Merger Sub's authorized share capital consists of 100 shares of common stock, $0.01 par value per share, all of which are outstanding and held by the Filer;

9. Target is a private corporation incorporated under the laws of the State of Delaware;

10. Target is developing a new business involving the application of rapid thermal processing to the production and upgrading of heavy oil (the Petroleum Business);

11. under the terms of the Merger Agreement, before the transactions under the Merger Agreement close, Target will distribute its interest in all of its business, other than the Petroleum Business, to its stockholders so that the Filer will acquire 100% of Target's interest in the Petroleum Business only;

12. under the terms of the Merger Agreement,

    (a) Merger Sub will merge with Target so Target will become a wholly owned subsidiary of the Filer (the Merger),

    (b) holders of shares of common stock of Target (Target Shares) will receive a combination of cash and the Filer's common shares in exchange for their Target Shares;

13. the Merger, which is expected to be finalized before the end of March 2005, is being carried out in accordance with the General Corporation Law of the State of Delaware (the DGCL) which requires the approval of Target's shareholders holding at least a majority of the outstanding Target Shares to adopt the Merger Agreement and approve the Merger;

14. all of Target's shareholders will be asked to approve the Merger at a special meeting;

15. depending on the number of common shares that the Filer must issue under the Merger, together with any common shares issued to third parties under private placement equity financing transactions undertaken by the Filer in connection with the Merger, the Filer may have to obtain the prior approval of its shareholders to the transactions;

16. the Filer and Target will prepare a joint management information circular/proxy statement (the Information Circular) which they expect to finalize by the end of February 2005 and mail to all of their respective shareholders during the first week of March 2005;

17. as the Filer's acquisition of the Target Shares will be a "significant acquisition" in accordance with section 8.3(2)(b) of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102), the Information Circular will contain prospectus-level disclosure in respect of the Target, the Filer and the transactions contemplated by the Merger Agreement;

18. under the Legislation, the Filer would have to include in the Information Circular, in respect of Target,

    (a) statements of income, retained earnings, and cash flows for each of the three most

recently completed financial years ended more than 90 days before the date of the Information Circular, and

(b) a balance sheet as at

(i) the last day of the most recently completed financial year ended more than 90 days before the date of the Information Circular, and

(ii) the last day of the immediately preceding financial year

(the Prospectus Financial Disclosure);

19. the Filer will include in the Information Circular the annual financial statements in respect of Target specified in sections 8.4 and 8.5 of NI 51-102, which includes audited financial statements in respect of Target for the financial years ended September 30, 2004 and September 30, 2003, prepared in accordance with U.S. generally accepted accounting principles and reconciled to Canadian generally accepted accounting principles, both in accordance with National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

20. because the Petroleum Business is relatively new, and approximately 75% of the book value of the assets of the Petroleum Business is directly attributable to tangible personal property, of which approximately 90% was acquired within the last two years, audited financial statements for Target for the year ended September 30, 2002 would reflect *de minimis* assets and liabilities in respect of the Petroleum Business; and

21. the September 30, 2004 financial statements present Target's Petroleum Business as on-going operations while the portion of Target's business that the Filer will not be acquiring has been presented as discontinued operations.

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 Information Circular includes the annual financial statements in respect of Target specified in sections 8.4 and 8.5 of NI 51-102 and set out in representation 19; and

(b) the disclosure in the Information Circular, including the financial statement disclosure, otherwise complies with the requirements in the Legislation.

"Martin Eady", CA
Director, Corporate Finance
British Columbia Securities Commission

2.1.12 Molson Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Company deemed to cease to be a reporting issuer following a plan of arrangement that resulted in all of the company's equity securities being held by Exchangeco. Company has 26 noteholders resident in Canada.

Applicable Ontario Statutory Provisions

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

February 11, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF QUÉBEC, ONTARIO, BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, 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

MOLSON 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 Filer is deemed to have ceased to be a reporting issuer in the Jurisdictions.

Under the Mutual Reliance Review System for Exemptive Relief applications:

(a) the Autorité des marchés financiers 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.

Arrangement means the plan of arrangement, under the *Canada Business Corporations Act*, pursuant to which the Transaction was effected as of February 9, 2005;

Coors means Adolph Coors Company;

Exchangeco means Molson Coors Canada Inc.;

Notes means outstanding floating rate medium term notes issued by the Filer in the aggregate amount of Cdn$200,000,000 and minimum principal amount of $1,000,000, maturing on September 15, 2005; and

Transaction means the combination of Coors and the Filer pursuant to the combination agreement dated as of July 21, 2004 among Coors, Exchangeco and the Filer, as amended.

Representations

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

1. The Filer's head office is located at 1555 Notre Dame Street East, Montréal, Québec H2L 2R5.

2. As of November 22, 2004, the Filer had outstanding 107,935,727 Class A non-voting shares and 19,856,822 Class B common shares (the Molson Shares). As of the date hereof and as part of the Transaction, all issued and outstanding Molson Shares were delisted from the Toronto Stock Exchange.

3. Pursuant to the Arrangement, the only outstanding securities of the Filer consist of (i) the Molson Shares, all of which are owned by Exchangeco and (ii) the Notes. The Notes were issued on September 10, 2003 pursuant to private placement exemptions under applicable securities legislation. According to CIBC Mellon Trust Company, the trustee under the trust indenture governing the Notes, as of November 24, 2004, the Notes were held by an aggregate of 27 holders, 24 of whom are resident in Ontario, one in Québec, one in Nova Scotia and one holder resident in the United States.

4. There are not more than 50 Note holders in aggregate in Canada.

5. The Notes will mature on September 15, 2005.

6. The Filer does not intend to seek public financing by way of an offering of its securities.

7. The trust indenture governing the Notes does not contain any provision requiring the Filer to be a reporting issuer or its equivalent, or to file any financial or other information with the Jurisdictions.

8. As of the date hereof, no securities of the Filer are traded on a marketplace as defined in National Instrument 21-101, Marketplace Operation.

9. The Filer is applying for relief to cease to be a reporting issuer in all of the Jurisdictions in Canada in which it is a reporting issuer.

10. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer.

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 Filer is deemed to have ceased to be a reporting issuer in the Jurisdictions.

"Benoit Dionne"
Manager, Corporate Finance
Quebec Securities Commission

2.1.13 Sunrise Senior Living Real Estate Investment Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted from the requirement to file certain financial statements with a business acquisition report provided that the business acquisition report will include the financial statements pertaining to the acquired business that were included in the final prospectus, and provided that certain financial statements are filed separately with the securities regulatory authorities

Rules

National Instrument 51-102 – Continuous Disclosure Obligations.

March 8, 2005

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

AND

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

AND

IN THE MATTER OF
SUNRISE SENIOR LIVING REAL ESTATE INVESTMENT
TRUST (THE FILER)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, Newfoundland and Labrador, and New Brunswick (the Jurisdictions) has received an application from the Filer for:

(i) a decision pursuant to the securities legislation (the Legislation) of Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Newfoundland and Labrador, and New Brunswick granting an exemption from the requirement contained in section 8.4 of National Instrument 51-102 (NI 51-102), to file the BAR Financial Statements (as defined in paragraph 16), in connection with the Filer's acquisition of senior living facilities located in Canada and the United States (the Requested Relief), and

(ii) in Québec, for a revision of the general order dated March 26, 2004, which revision will provide the Requested Relief.

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

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

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

Interpretation

Unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101.

Representations

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

1. The Filer is an unincorporated open-ended real estate investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated August 13, 2004, as amended and restated by a declaration of trust made as of November 11, 2004.

2. The Filer is a reporting issuer, or the equivalent, in each of the Jurisdictions and, to the best of its knowledge, is currently not in default of any applicable requirements under the Legislation.

3. The Filer is also a reporting issuer, or the equivalent, in Prince Edward Island, the Yukon, the Northwest Territories, Nunavut, and British Columbia, but an application has not been made in those jurisdictions for the Requested Relief. This is because British Columbia Securities Commission Implementing Rule 51-801 exempts issuers from Part 8 of NI 51-102 in British Columbia, and NI 51-102 has not been adopted in the other jurisdictions.

4. On December 13, 2004, the Filer filed a final prospectus (the Prospectus) in each of the provinces and territories of Canada in connection with an offering of units (the Offering), qualifying 24,624,290 units for total gross proceeds of $246,242,900. The proceeds of the Offering were used to finance, in part, the Acquisition (as defined in paragraph 9).

5. On December 23, 2004, the Filer closed the Offering.

6. On January 10, 2005, the underwriters exercised their over-allotment option, and the Filer issued an additional 2,462,429 units for additional gross proceeds of $24,624,290 (for total gross proceeds from the Offering of $270,867,190).

7. The Filer's units are listed on the Toronto Stock Exchange.

8. The financial year-end of the Filer is December 31.

9. Concurrently with the closing of the Offering on December 23, 2004, the Filer indirectly acquired interests in 23 income-producing senior living facilities (or the entities that own such senior living facilities) located in Canada and the United States (each, a Property), three of which were acquired from Sunrise Senior Living, Inc. (Sunrise), a Delaware Corporation and the promoter of the Filer, and 20 of which were acquired from joint ventures comprised of various unrelated third-party vendors and Sunrise. Collectively, the indirect acquisition by the Filer of these 23 Properties and the Sunrise Aurora Property (as defined below) is referred to herein as the Acquisition.

10. Fifteen of the Properties are located in the United States, in which the Filer indirectly acquired an approximate 85% interest. Sunrise retained an approximate 15% interest in these 15 U.S. Properties. The acquisition of these 15 properties is described below:

    (a) The Filer indirectly acquired five of these U.S. Properties (the U.S. Pool 1) by way of the acquisition of all of the issued and outstanding membership interests in AL III Investment, L.L.C. from a certain joint venture comprised of unrelated third parties and Sunrise,

    (b) The Filer indirectly acquired eight of these U.S. Properties (the U.S. Pool 2) by way of the acquisition of all of the issued and outstanding ownership interests in Property-related limited liability companies owned by Sunrise-SHP Pool Partnership from a certain joint venture comprised of unrelated third parties and Sunrise, and

    (c) The Filer indirectly acquired the remaining 2 United States Properties (the Sunrise U.S. Properties) by way of the purchase of these Properties themselves from Sunrise.

11. Eight of the Properties are located in Canada, in which the Filer indirectly acquired a 100% interest. The acquisition of these 8 properties is described below:

    (a) The Filer indirectly acquired seven of these Canadian Properties (the Sunrise

Canadian Pool) by way of the purchase of these Properties themselves from a certain joint venture comprised of unrelated third parties and Sunrise, and

(b) The Filer indirectly acquired the remaining Canadian Property (the Sunrise Burlington Property) by way of the purchase of this Property itself from Sunrise.

12. The Filer also indirectly acquired an 80% interest in a Property located in Aurora, Ontario (the Sunrise Aurora Property) by way of the purchase of this Property itself from Sunrise. Sunrise retained an approximate 20% interest in the Sunrise Aurora Property.

13. The Sunrise U.S. Properties, the Sunrise Burlington Property and the Sunrise Aurora Property are collectively referred to as the Sunrise Senior Living Pool.

14. The Filer also has an option to acquire from Sunrise an 80% interest in two properties located in Erin Mills, Ontario and Staten Island, New York, which Properties are currently under development (each, a Development Property). On closing of the Offering, the Filer provided mezzanine loan financing to Sunrise to finance the development of the Development Properties. The Filer did not acquire an ownership interest in any of these Development Properties.

15. The Acquisition constitutes a "significant acquisition" of the Filer for the purposes of NI 5I-102, which means that the Filer must file a business acquisition report on or before March 8, 2005, in accordance with sections 8.2 and 8.5(1)2 of NI 51-102.

16. Under section 8.4 of NI 51-102, the Filer's business acquisition report must be accompanied by certain financial statements relating to the Acquisition, including interim financial statements for the Acquisition for the nine-month periods ended September 30, 2004 and 2003 (the Acquisition Financial Statements) and pro forma financial statements for the Filer for the nine-month period ended September 30, 2004 (the Pro Forma Acquisition Financial Statements and, together with the Acquisition Financial Statements, the BAR Financial Statements).

17. OSC Rule 41-501 (Rule 41-501) and Form 41-501F1 set out the financial statements required to be included in a long form prospectus, including financial statements relating to "significant acquisitions."

18. The Prospectus includes the following financial information for the Filer:

(a) an audited balance sheet of the Filer as at August 13, 2004 with the auditors' report (the Filer Balance Sheet),

(b) pro forma consolidated financial statements of the Filer as at August 31, 2004 and for the eight-month period ended August 31, 2004 and for the year ended December 31, 2003 with a compilation report, and

(c) a consolidated statement of forecasted net income for the Filer for the three-month periods ending March 31, 2005, June 30, 2005, September 30, 2005 and December 31, 2005 and for the year ending December 31, 2005 with the auditors' report (the Forecast).

19. With respect to U.S. Pool 1, the Prospectus includes audited financial statements of AL III Investments, L.L.C. as at December 31, 2003 and 2002 and for each of the years in the three-year period ended December 31, 2003, with the auditors' report, and unaudited financial statements for the eight-month periods ended August 31, 2004 and 2003.

20. With respect to U.S. Pool 2, the Prospectus includes audited combined financial statements of Sunrise-SHP Pool Partnership as at December 31, 2003 and 2002 and for each of the years in the three-year period ended December 31, 2003, with the auditors' report, and unaudited combined financial statements for the eight-month periods ended August 31, 2004 and 2003.

21. With respect to the Sunrise Canadian Pool, the Prospectus includes audited combined financial statements of the Sunrise Canadian Pool as at December 31, 2003 and 2002 and for each of the years in the three-year period ended December 31, 2003, with the auditors' report, and unaudited combined financial statements for the eight-month periods ended August 31, 2004 and 2003.

22. With respect to the Sunrise Senior Living Pool and the Development Properties, the Prospectus includes audited combined financial statements of the Sunrise Senior Living Pool and the Development Properties as at December 31, 2003 and 2002 and for each of the years in the three-year period ended December 31, 2003, with the auditors' report, and unaudited combined financial statements for the eight-month periods ended August 31, 2004 and 2003.

23. The financial statements of the Filer (other than the Filer Balance Sheet and Forecast), the financial statements of U.S. Pool 1, the financial statements of U.S. Pool 2, the financial statements of the Sunrise Canadian Pool, and the financial statements of the Sunrise Senior Living

Pool are contained in the Prospectus, and are collectively referred to as the Prospectus Financial Statements.

24. The Filer included interim financial statements of the Acquisition in the prospectus for the eight-month periods ended August 31, 2004 and 2003 rather than interim financial statements for the six-month periods ended June 30, 2004 and 2003.

25. The Prospectus was filed 10 days prior to the closing of the Acquisition.

26. Except for the closing of the Offering on December 23, 2004, and as otherwise disclosed in the Prospectus, there were no material facts or material events relating to the Properties that arose from August 31, 2004 (the date of the most recent Acquisition-related financial statements included in the Prospectus), to December 23, 2004 (the closing date of the Acquisition).

27. The Filer will include, in both its interim and annual MD&A for the fiscal year ended December 31, 2005 (Fiscal Year 2005) a comparison between actual financial results for Fiscal Year 2005 and the Forecast. The Filer will also, where applicable under the Legislation, provide quantitative disclosure relating to the Properties (*i.e.*, actual 2004 financial results) in its discussion of trends, risks and uncertainties in both the interim and annual MD&A for Fiscal Year 2005.

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 business acquisition report includes the Prospectus Financial Statements; and

(b) the Filer files the Acquisition Financial Statements as soon as practicable.

"Iva Vranic"
Manager, Corporate Finance
Ontario Securities Commission

2.1.14 SFP Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer deemed to have ceased to be a reporting issuer. Issuer has 5 registered and beneficial security holders. The Issuer's common shares are not traded on a marketplace, and there are no securities of the Issuer, including debt securities, outstanding other than its common shares. The British Columbia Securities Commission confirmed the Issuer's "non-reporting status" by letter dated December 14, 2004. The Issuer is currently in default of its obligations as a reporting issuer under the applicable legislation for failure to file its interim financial statements and interim MD&A under National Instrument 51-102, and its CEO/CFO certification under Multilateral Instrument 52-109. The Issuer does not intend to seek public financing by way of an offering of its securities.

Applicable Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.
National Instrument 51-102 Continuous Disclosure Obligations.
Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

March 14, 2005

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

AND

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

AND

IN THE MATTER OF
SFP INC. (SFP OR 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 Filer is deemed to have ceased to be a reporting issuer.

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 in this MRRS Decision Document have the meanings given to them in National Instrument 14-101 Definitions, unless otherwise defined.

Representations

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

1. The Filer is incorporated under the *Business Corporations Act* (Ontario). Its head office is located at 26 Duncan Street, Toronto, Ontario, M5V 2B9.

2. SFP was created on June 8, 2004, when Motivus Inc. (Motivus) amalgamated with 2043921 Ontario Limited under a going private transaction. The resulting amalgamated company was SFP Inc.

3. As a result of the amalgamation, Cundari Group Ltd. and four of the founding shareholders of Motivus (the Founding Shareholders) now hold, in both registered and beneficial form, all of the issued and outstanding common shares of SFP (the Common Shares).

4. Each of the Founding Shareholders is considered an "insider" of SFP, as that term is defined in the Legislation.

5. The common shares of SFP (the Common Shares) are not traded on a marketplace as defined in National Instrument 21-101, and there are no securities of SFP, including debt securities, outstanding other than the Common Shares.

6. A *Notice of Voluntary Surrender of Reporting Issuer Status* was filed on behalf of SFP with the British Columbia Securities Commission (the BCSC) pursuant to BC Instrument 11-502. The BCSC confirmed SFP's "non-reporting status" by letter dated December 14, 2004.

7. SFP is currently in default of its obligations as a reporting issuer under the Legislation for failure to file its interim financial statements and interim MD&A under National Instrument 51-102, and its CEO/CFO certification under Multilateral Instrument 52-109.

8. SFP does not intend to seek public financing by way of an offering of its securities.

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 under the Legislation.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

"Paul M. Moore"
Vice-Chair
Ontario Securities Commission

"Wendell S. Wigle"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Portus Alternative Asset Management Inc. et al Superior Court of Justice Order - s. 129

Court File No. 05-CL-5792

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	FRIDAY, THE 4TH DAY
	)	
JUSTICE C.L. CAMPBELL	)	OF MARCH, 2005

ONTARIO SECURITIES COMMISSION

Applicant

- and -

PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC. and BANCNOTE CORP.

Respondents

ORDER

THIS APPLICATION, made by the Ontario Securities Commission (the “Commission”) for an Order pursuant to section 129 of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the "Act") appointing KPMG Inc. as receiver (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of Portus Alternative Asset Management Inc., Portus Asset Management Inc., and BancNote Corp. (collectively, the "Debtors", which term for greater certainty includes any of them) was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the affidavit of Kelly Everest sworn March 4, 2005, and the Exhibits thereto, and on hearing the submissions of counsel for the Commission, and on reading the consent of KPMG Inc. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 129 of the Act, KPMG Inc. is hereby appointed Receiver, without security, of all of the Debtors’ current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the "Debtors’ Property") and any assets, undertakings and properties relating to the Debtors’ business, including without limitation, that which is in the possession or under the control of the Debtors or any other Person (as defined herein) including cash, deposit instruments, securities or other property held in trust for any other person (collectively, the “Other Property”), such appointment to be for a period of 15 days from the date hereof, subject to further Order of the Court.

RECEIVER’S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Debtors’ Property and the Other Property (collectively the “Property”) and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive and collect all monies, dividends or other amounts payable in respect of the Property;

(c) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the

engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;

(e) to engage such investment managers, fund managers, portfolio managers, hedge fund managers and other financial professionals from time to time and on whatever basis, including on a temporary basis, as may in the opinion of the Receiver be appropriate;

(f) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to carry out the terms of the Receiver's appointment;

(g) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;

(h) to settle, extend or compromise any indebtedness owing to the Debtors;

(i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;

(j) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;

(k) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(l) to report to, meet with and discuss with any party deemed necessary or advisable by the Receiver, including without limitation any secured and unsecured creditors of the Debtors, investors in any of the Debtors, any other stakeholders of the Debtors, and any of their advisors as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(m) without limiting the foregoing subparagraph (l), to report to, meet with and discuss with any regulatory bodies including provincial securities commissions and any securities exchanges and their advisors as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;

(p) to enter into arrangements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors and the power to lend money to or indemnify any such trustee, such trustee borrowings or indemnity not to exceed $100,000 unless otherwise increased by this Court;

(q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and

(r) to take any steps reasonably incidental to the exercise of these powers,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

THIS COURT ORDERS that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, shall provide the Receiver with account numbers and/or names under which Property may be held by third parties, and shall deliver all such Property to the Receiver upon the Receiver's request.

4. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to take possession and control of any funds held in the name of the Debtors, in any former names of the Debtors (including, without limitation, in the name of Paradigm Alternative Asset Management Inc.) or by a third party for the benefit of the Debtors, or any stakeholders of the Debtors, including, without limitation, all amounts standing to the credit or in the name of Market Neutral Preservation Fund at Royal Bank of Canada or RBC Dominion Securities Inc. (together, “RBC”) or any of the funds listed at Schedule “A” hereto .

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors or the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information

7. THIS COURT ORDERS that Internet Service Providers and other Persons which provide e-mail, world wide web, file transfer protocol, Internet connection or other similar services to the Debtors and/or their present and former directors, officers, employees and agents shall deliver to the Receiver all documents, server files, archive files and any other information in any form in any way recording messages, e-mail correspondence or other information sent or received by such directors, officers, employees or agents in the course of their association with the Debtors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court, provided that nothing herein shall prevent the commencement or continuation of any proceedings against the Debtors by the Commission, including without limitation the proceedings commenced by Notice of Hearing issued February 2, 2005 pursuant to sections 127 and 127.1 of the *Securities Act* (Ontario), as ordered on February 10, 2005.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtors or affecting the Property are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to

carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, or (iii) prevent the filing of any registration to preserve or perfect a security interest or a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, arrangement, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Debtors' Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that the employment of each employee of the Debtors is hereby terminated. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction, provided that pursuant to subsection 14.06(1.2) of the BIA, the Receiver shall not be liable for any amount that is or could be due to an employee by the Debtors including, without limitation, any amount calculated by reference to any period of employment, service or seniority that precedes the date of this Order. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA.

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to any party to the extent desirable or required to carry out the provisions of this Order. Each person to whom such personal information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that the Receiver shall promptly advise the Ontario Ministry of the Environment of any obvious or known environmental condition existing on or in any of the Property in accordance with applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it in fact takes possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees and disbursements of the Receiver, its agents and the fees and disbursements of its legal counsel, incurred at the normal rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge").

19. THIS COURT ORDERS the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and their legal counsel are referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed $250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver may at any time apply for its discharge as Receiver in the event that the Property is not, in the opinion of the Receiver, likely to be sufficient to indemnify the Receiver for its remuneration, costs, expenses and liabilities.

24. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

25. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis.

SERVICE

26. THIS COURT ORDERS that the Receiver is at liberty to serve notice of its appointment as Receiver by placing advertisements regarding such appointment substantially in the form attached hereto as Schedule "C" in at least two (2) Canadian daily newspapers with national distribution, and such advertisements shall constitute effective notice of the appointment of the Receiver and all Persons shall be deemed, absent evidence to the contrary, to have received notice of the appointment.

27. THIS COURT ORDERS that, except as otherwise specified herein, the Receiver is at liberty to serve any notice, form or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective addresses or other contact particulars as last indicated in the records of the Debtors and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.

28. THIS COURT ORDERS that the Receiver may serve any court materials in these proceedings (including, without limitation, application records, motion records, facta and orders) on all represented parties electronically, by e-mailing a PDF or other electronic copy of such materials (other than any book of authorities) to counsels' e-mail addresses as recorded on the service list, and posting a copy of the materials to an internet website to be hosted by KPMG Management Services LP (the "Website") as soon as practicable thereafter, provided that the Receiver shall deliver hard copies of such materials to any party requesting same as soon as practicable thereafter.

29. THIS COURT ORDERS that any party in these proceedings (other than the Debtors) may serve any court materials (including, without limitation, application records, motion records, facta and orders) electronically, by emailing a PDF or other electronic copy of all materials (other than any book of authorities) to counsels' e-mail addresses as recorded on the service list; provided that such party shall deliver both PDF or other electronic copies and hard copies of full materials to counsel to the Receiver and to any other party requesting same and the Receiver shall cause a copy to be posted to the Website, all as soon as practicable thereafter.

30. THIS COURT ORDERS that, unless otherwise provided herein or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings unless such Person has served a Notice of Appearance on the solicitors for the Receiver and has filed such notice with this Court.

GENERAL

31. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

32. THIS COURT ORDERS that the Receiver shall be entitled to make an assignment in bankruptcy on behalf of the Debtors, with leave of the Court first being obtained.

33. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors, with leave of the Court first being obtained.

34. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

35. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

36. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

"C.L. Campbell J."

SCHEDULE "A"

HEDGE FUNDS

Fund Name

Portus BancLife Trust – Series 1
Portus BancLife Trust – Series II
Portus BancNote Trust – Series II
Portus BancNote Trust – Series III
Portus BancNote Trust – Series IV
Portus BancNote Trust – Series V
Portus BancNote Trust – Series VI
Portus BancNote Trust – Series VIa
Portus BancNote Trust – Series VIII
Portus BancNote Trust – Series VIIIa
Portus BancNote Trust – Series X
Portus BancNote Trust – Series X (a)
Portus BancNote Trust – Series XII
Portus BancNote Trust – Series Xii (a)
Portus Market Neutral Preservation Fund

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT $_____

1. THIS IS TO CERTIFY that KPMG Inc., the receiver (the "Receiver") of all of the assets, undertakings and properties of Portus Alternative Asset Management Inc., Portus Asset Management Inc. and BancNote Corp. appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the ___ day of _____, 2005 (the "Order") made in an application having Court file number _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of $_____, being part of the total principal sum of $_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 2005.

KPMG Inc., solely in its capacity
as Receiver, and not in its personal capacity

Per: _____
Name:
Title:

SCHEDULE "C"

NOTICE
in respect of
Portus Alternative Asset Management Inc., Portus Asset Management Inc. and BancNote Corp. (collectively, the "Debtors")

Please be advised that pursuant to the Order of the Honourable Mr. Justice • of the Ontario Superior Court of Justice (Commercial List) dated March 4, 2005 in Court File No. • (the "Order"), KPMG Inc. has been appointed as Receiver (the "Receiver") of all of the Debtors' assets, undertakings and properties. The appointment of the Receiver was made under Section 129 of the Ontario *Securities Act*.

A copy of the Order and other information regarding the Receiver's appointment are available online at www.•. The Receiver has established a helpline available at (•).

2.2.2 Phoenix Global Advisors, LLC - ss. 38(1) of the CFA

Headnote

Relief from the adviser registration requirement of paragraph 22(1)(b) of the Commodity Futures Act (Ontario) (CFA) granted to a non-resident adviser in connection with the proposed advisory services to be provided to a registered commodity trading manager under the CFA for a term of 3 years, subject to certain terms and conditions, pursuant subsection 38(1) of the CFA.

Statutes Cited

Commodity Futures Act, R.S.O. 1990. c. C.20., as am., ss. 22(1)(b), 38(1).
Securities Act, R.S.O. 1990, c. S.5 (as am.) - OSC Rule 35-502 – Non-Resident Advisers, s. 7.3.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER S.20, AS AMENDED (THE CFA)

AND

IN THE MATTER OF
PHOENIX GLOBAL ADVISORS, LLC

ORDER
(Subsection 38(1) of the CFA)

UPON the application of Phoenix Global Advisors, LLC (**Phoenix**) to the Ontario Securities Commission (the **Commission**) for a ruling under subsection 38(1) of the CFA that Phoenix, its officers, directors and representatives are not subject to the requirements of subsection 22(1)(b) of the CFA;

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

AND UPON Phoenix having represented to the Commission as follows:

1. Phoenix is a limited liability company organized under the laws of the State of Delaware. Phoenix is registered with the Commodity Futures Trading Commission (the **CFTC**) in the United States of America as a commodity trading advisor and is a member of the National Futures Association (the **NFA)** in the United States of America.

2. Phoenix has entered into a sub-advisory agreement, dated December 31, 2004 and effective February 7, 2005, with Toron Capital Markets Inc. (**Toron)** and Horizons Phoenix Hedge Fund (the **Fund**), whereby Toron would act as the portfolio manager to the Fund in respect of purchases and sales of derivative instruments including commodity futures contracts or related products traded on commodity futures exchanges and cleared through acceptable clearing corporations outside of Canada, such as standard futures contracts based on currency, bonds and short-term fixed income securities, and Phoenix would act as sub-adviser to Toron (the **Proposed Advisory Services**).

3. The Fund is an open-end mutual fund trust established under to the laws of British Columbia.

4. The Fund is a "mutual fund" as such term is defined in subsection 1(1) of the *Securities Act* (Ontario) and a "commodity pool" as such term is defined in section 1.1 of Multilateral Instrument 81-104 – *Commodity Pools*, in that the Fund will invest in specified derivatives in a manner that is not permitted by National Instrument 81-102 – *Mutual Funds*.

5. Toron is a corporation organized under the laws of Ontario and is resident in Ontario. Toron is currently registered with the Commission as an adviser (Investment Counsel and Portfolio Manager) and Limited Market Dealer. Toron is also currently registered with the Commission as an adviser in the category of Commodity Trading Manager under the CFA. Toron is responsible for the investment advice provided by Phoenix. As portfolio manager to the Fund, Toron manages the assets of the Fund by selecting, retaining, removing, replacing and adding sub-advisers in accordance with the investment objectives of the Fund.]

6. In connection with the Proposed Advisory Services, Phoenix has entered into a written agreement with Toron and the Fund setting out the obligations and duties of Phoenix. Under this agreement, Toron has assumed responsibility to the Fund for all advice provided by Phoenix.

7. Phoenix will only provide advice to Toron where Toron has contractually agreed with the Fund to be responsible for any loss that arises out of the failure of Phoenix to:

   (a) exercise its powers and discharge its duties honestly, in good faith and in the best interests of Toron and the Fund; or

   (b) exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

   (the "Standard of Care"), and this responsibility cannot be waived.

8. Phoenix will only provide advice to Toron in connection with Fund. The offering documents of the Fund will disclose that:

   (a) Toron has responsibility for the investment advice or portfolio

management services provided by Phoenix; and

(b) to the extent applicable, there may be difficulty in enforcing legal rights against Phoenix because it is resident outside of Canada and all or a substantial portion of its assets are situated outside of Canada.

9. Phoenix will only provide advice to Toron so long as Toron remains a registrant under the CFA while the Proposed Advisory Services are provided by Phoenix.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemptions requested;

IT IS ORDERED pursuant to subsection 38(1) of the CFA that Phoenix, its officers, directors and representatives are not subject to the requirements of subsection 22(1)(b) of the CFA in respect of the Proposed Advisory Services provided that:

(a) the obligations and duties of Phoenix are set out in a written agreement with Toron;

(b) Phoenix will only provide advice to Toron where Toron has contractually agreed with the Fund to be responsible for any loss that arises out of the failure of Phoenix to meet the Standard of Care and such responsibility cannot be waived;

(c) Phoenix will only provide advice to Toron where the offering documents for the Fund disclose that Toron is responsible for any loss that arises out of the failure of Phoenix to meet the Standard of Care, and that

(i) Toron has responsibility for the investment advice or portfolio management services provided by Phoenix, and

(ii) there may be difficulty in enforcing any legal rights against Phoenix because it is resident outside of Canada and all or a substantial portion of its assets are situated outside of Canada;

(d) Phoenix continues to be registered with the CFTC as a commodity trading advisor and a member of the NFA;

(e) Phoenix will only provide advice to Toron so long as Toron remains a registrant under the CFA while the Proposed Advisory Services are provided by Phoenix; and

(f) this order shall terminate three years from the date of the order.

March 1, 2005.

"Paul M. Moore" "H. Lorne Morphy"

2.2.3 Sanford C. Bernstein & Co., LLC - ss. 74(1)

Headnote

SANFORD C. BERNSTEIN & CO., LLC

Application for an order pursuant to subsection 74(1) of the Securities Act (Ontario) that certain officers and directors of the applicant are not subject to subsection 25(1) of the Act in connection with the applicant's registration as an adviser in the category of non-Canadian adviser.

Statutes Cited

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

Regulations Cited

Regulation made under the Securities act, R.R.O., Reg. 1015, as am., ss. 99(2), 99(3).

Notices Cited

Ontario Securities Commission Notice 35-701 – Residency Requirements for Advisers and their Partners and Officers.

Rules Cited

Multilateral Instrument 33-109 – Registration Information.
Ontario Securities Commission Rule 31-505 - Conditions of Registration.

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

AND

REGULATION 1015 UNDER THE SECURITIES ACT,
R.R.O. 1990, AS AMENDED (THE REGULATION)

AND

IN THE MATTER OF
SANFORD C. BERNSTEIN & CO., LLC

ORDER
(Subsection 74(1) of the Act)

UPON the application of Sanford C. Bernstein & Co., LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order (the **Order**) pursuant to subsection 74(1) of the Act that certain officers of the Applicant are not subject to subsection 25(1) of the Act in connection with the Applicant's registration as an adviser in the category of non-Canadian adviser (investment counsel and portfolio manager) (the **NCA Registration**) under paragraphs 2 and 3 of section 99 of the Regulation, subject to certain terms and conditions set forth below;

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 its principal place of business at 1345 Avenue of the Americas in New York, New York.

2. The Applicant is currently registered with the Commission as an adviser in the category of non-Canadian adviser (investment counsel and portfolio manager, as a dealer in the category of international dealer and as a commodity trading manager (non-resident).

3. The Applicant is an international wealth management and asset management firm servicing clients in the United States and internationally. The Applicant has approximately 418 employees, including 61 financial advisers.

4. The Applicant has 251 officers.

5. Pursuant to Ontario Securities Commission Notice 35-701 - *Residency Requirements for Advisers and their Partners and Officers*, a non-Canadian adviser is required to comply fully with the requirements ordinarily applicable to fully registered Ontario advisers, including the requirement of subsection 25(1) of the Act and subsection 2.2(1) of Multilateral Instrument 33-109 – *Registration Information* that each officer and director of the Applicant register with the Commission and complete and execute a Form 33-109F4 Registration Information for an Individual (**Form 33-109F4**). The Applicant will continue to register all of its directors in conjunction with the NCA Registration.

6. Of the Applicant's 251 officers, 228 officers will not be directly involved in the Applicant's advisory activities in Ontario (**Non-Counselling Officers**). Only 23 officers of the Applicant will be directly involved in the Applicant's Ontario advisory activities.

7. In addition to the registration of all of its directors, the Applicant is proposing to register only those 23 officers who are involved in the Canadian business of the Applicant in Ontario as counselling officers of the Applicant (**Counselling Officers**) under the NCA Registration. The registration of individuals by the Applicant includes an executive officer as the ultimately responsible person and a chief compliance officer in accordance with section 1.3(2) of Ontario Securities Commission Rule 31-505 - *Conditions of Registration*.

8. Each applicant as Counselling Officer will complete and execute an application for registration. The Counselling Officers will be the

officers of the Applicant who will be directly involved in the Applicant's Canadian advisory activities.

9. In the absence of the requested Order, paragraph (c) of subsection 25(1) of the Act would require that each of the Applicant's officers, including the Applicant's Non-Counselling Officers, register with the Commission as an officer of the Applicant in conjunction with the NCA Registration. These individual registrations would need also to be amended on a constant basis to ensure that current information was on file with the Commission.

10. The requirement that each of the Applicant's Non-Counselling Officers comply with the Adviser Registration Requirement, and, in particular, that each such Non-Counselling Officer complete and execute a Form 33-109F4, would impose an administrative and compliance burden on the Applicant in preparing and processing these applications that would be unduly onerous and disproportionate to the scope of the Applicant's proposed advisory activities in Canada.

AND UPON being satisfied that it could not be prejudicial to the public interest for the Commission to make the requested Order on the basis of the terms and conditions proposed,

IT IS ORDERED pursuant to subsection 74(1) of the Act that each Non-Counselling Officer of the Applicant be exempted from subsection 25(1) of the Act in connection with the NCA Registration, subject to compliance by the Applicant with the following terms and conditions:

(a) That the Applicant cause all of its officers who would be carrying on advisory activities in Ontario to register as Counselling Officers; and

(b) That the Applicant cause any new officers who would be carrying on advisory activities in Ontario, and any Non-Counselling Officers who subsequently become directly involved in advisory activities in Ontario, to register as Counselling Officers.

March 1, 2005.

"Paul M. Moore" "H. Lorne Morphy"

2.2.4 Credit Suisse First Boston LLC - s. 218 of Reg. 1015

Headnote

Credit Suisse First Boston LLC

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

Applicable Statutes

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

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

AND

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

AND

IN THE MATTER OF
CREDIT SUISSE FIRST BOSTON, LLC.

ORDER
(Section 218 of the Regulation)

UPON the application (the **Application**) of Credit Suisse First Boston, LLC., (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 218 of the Regulation, exempting the Applicant from the requirement in section 213 of the Regulation that the Applicant be incorporated, or otherwise formed or created, under the laws of Canada or a province or territory of Canada, in order for the Applicant to be registered under the Act as a dealer in the category of limited market dealer;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited liability company formed under the laws of the State of Delaware in the United States, and is a wholly owned subsidiary of Credit Suisse First Boston (USA), Inc. and an indirect wholly owned subsidiary of Credit Suisse First Boston, Inc., whose ultimate parent is Credit

Suisse Group. The head office of the Applicant is located in New York, New York.

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

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

4. The Applicant intends to apply to the Commission for registration under the Act as a dealer in the category of limited market dealer and as an adviser in the category of international adviser.

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

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

7. Without the relief requested the Applicant would not meet the requirements of the Regulation for registration as a dealer in the category of limited market dealer as it is not a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.

AND UPON being satisfied that to make this order would not be prejudicial to the public interest;

IT IS ORDERED THAT, pursuant to section 218 of the Regulation, and in connection with the registration of the Applicant as a dealer under the Act in the category of limited market dealer, section 213 of the Regulation shall not apply to the Applicant for a period of three years, provided that:

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

2. The Applicant shall provide to each client resident in Ontario a statement in writing disclosing the non-resident status of the Applicant, the Applicant's jurisdiction of residence, the name and address of the agent for service of process of the Applicant in Ontario, and the nature of risks to clients that legal rights may not be enforceable.

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

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

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

   (a) by the client; or

   (b) by a custodian or sub-custodian:

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

      (ii) that is:

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

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

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

the requirements of the Regulation.

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

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

   (a) that it has ceased to be registered in the United States as a broker-dealer; or

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

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

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

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

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

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

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

    (a) so advise the Commission; and

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

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

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

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

    (a) so advise the Commission; and

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

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

March 4, 2005.

"Paul M. Moore" "Susan Wolburgh Jenah"

2.2.5 Arrow Hedge Partners Inc. - ss. 147

Headnote

Exemption for pooled funds from the requirement under section 79(1) of the Act to deliver interim financial statements and comparative annual financial statements to registered securityholders.

Statutes Cited

Securities Act, R.S.O. 1990, c. s.5 as am., ss. 77(2), 78(1), 79(1), 147.

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

AND

IN THE MATTER OF
ARROW HEDGE PARTNERS INC.

AND

THE FUNDS LISTED IN SCHEDULE "A"
(THE "EXISTING POOLED FUNDS")

ORDER
(Subsection 147 of the Act)

UPON the application (the "Application") of Arrow Hedge Partners Inc. ("Arrow"), the manager of the Existing Pooled Funds and other pooled funds managed by Arrow from time to time (collectively, the "Pooled Funds"), to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 147 of the Act exempting Arrow and the Pooled Funds from the requirement to deliver comparative annual financial statements and interim financial statements (collectively, the "Financial Statements") of the Pooled Funds to registered and beneficial owners of who hold units of the Pooled Funds ("Securityholders") prescribed by section 79(1), of the Act unless they have requested to receive them.

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

AND UPON Arrow having represented to the Commission that:

1. Arrow is a corporation under the laws of Ontario with its head office in the Province of Ontario. Arrow is, or will be, the manager of the Pooled Funds. Arrow is registered with the Commission as an adviser in the categories of investment counsel, portfolio manager and commodity trading manager and as a dealer in the category of limited market dealer.

2. The Pooled Funds are, or will be, open-end mutual fund trusts established under the laws of Ontario. 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 each of the provinces and territories of Canada without a prospectus pursuant to exemptions from the registration and prospectus delivery requirements of applicable securities legislation.

3. By Order dated August 29, 2003, the Commission exempted the 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 (the "Decision"). This exemption was granted by the Commission under section 147 of the Act.

4. Each of the Pooled Funds fits within the definition of "mutual fund in Ontario" in section 1(1) of the Act. As a result, each Pooled Fund is, or will be required to deliver annually to each Securityholder annual financial statements within 140 days of its financial year end, and interim financial statements within 60 days of the date which they are made up, pursuant to subsection 79(1) of the Act. The financial year end of each Pooled Fund is December 31.

5. If the requested Order is granted, Arrow would send to Securityholders, a notice advising them that they will not receive the Financial Statements of a Pooled Fund unless they request same, and providing them with a request form to send back, by fax or by requesting a prepaid return envelope, if they wish to receive the annual financial statements and/or the interim financial statements. The notice will advise the Securityholders how Financial Statements can be obtained (including through the Arrow website or by calling a toll-free number).

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

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

8. Securityholders in the Pooled Funds will be able to access the Financial Statements of the Pooled Funds through easily accessible means, including by email at admin@arrowhedge.com or by calling

Arrow toll-free at 1-877-327-6048. The Pooled Funds will send a copy of the Financial Statements to any Securityholder who requests them whether in response to the request form or subsequently, regardless of their response to the request form.

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

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

IT IS ORDERED by the Commission pursuant to subsection 147 of the Act that the Pooled Funds be exempted from the requirements in subsection 79(1) of the Act to deliver the Financial Statements to Securityholders other than those Securityholders that have requested to receive them provided:

(a) This Decision shall terminate upon NI81-106 coming into force.

March 4, 2005.

"Paul M. Moore" "Susan Wolburgh Jenah"

SCHEDULE "A"

The Existing Pooled Funds

ARROW GOODWOOD FUND
ARROW CLOCKTOWER GLOBAL FUND
ARROW UK LONG/SHORT FUND
ARROW WF ASIA FUND
ARROW EPIC CAPITAL FUND
ARROW HIGH YIELD FUND
ARROW RISK ARBITRAGE FUND
ARROW ENSO GLOBAL FUND
ARROW ELKHORN US LONG/SHORT FUND
ARROW SH GLOBAL MACRO FUND
ARROW AUSTRALIAN RELATIVE VALUE FUND
ARROW PMC LONG/SHORT FUND
ARROW EUROPEAN HIGH YIELD FUND
ARROW PROXIMA CONVERTIBLE ARBITRAGE FUND
ARROW Z CONVERTIBLE ARBITRAGE FUND
ARROW GREATER EUROPE FUND
ARROW MULVANEY GLOBAL MARKETS FUND
ARROW DISTRESSED SECURITIES FUND
ARROW GLOBAL LONG/SHORT FUND
ARROW GLOBAL RSP LONG/SHORT FUND
ARROW MULTI-STRATEGY FUND
ARROW RSP MULTI-STRATEGY FUND
ARROW MULTI-STRATEGY HEDGE FUND
ARROW NORTH AMERICAN MULTI-MANAGER FUND
ARROW EPIC NORTH AMERICAN DIVERSIFIED FUND
ARROW GLOBAL LONG/SHORT HEDGE FUND
ARROW MMCAP RISK ARBITRAGE FUND
ARROW ROGGE ENHANCED INCOME FUND
ARROW V RELATIVE VALUE FUND
ARROW JAPAN LONG/SHORT FUND
ARROW NET SHORT FUND
ARROW UNITY FUND
ARROW ENHANCED INCOME FUND

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
Aloak Corp.	28 Feb 05	11 Mar 05		11 Mar 05
Intelpro Media Group Inc.	01 Mar 05	11 Mar 05	11 Mar 05	
Limerick Mines Limited	04 Mar 05	16 Mar 05	16 Mar 05	

4.2.1 Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
CFM Corporation	16 Feb 05	01 Mar 05	01 Mar 05		
Hollinger Canadian Newspapers, Limited Partnership	21 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 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
24-Feb-2005 to 04-Mar-2005	16 Purchasers	Alhambra Resources Ltd. - Units	2,599,300.00	4,726,000.00
27-Jan-2005	Credit Risk Advisors LP	AMR Holdco, Inc. /EmCare HoldCo., Inc, - Subordinated Note	619,850.00	500.00
25-Feb-2005	Noble International Consulting Inc.	Autonosys Inc. - Common Shares	124.16	1,500,000.00
07-Jan-2005	3 Purchasers	AVVAA World Health Care Products, Inc. - Units	103,360.00	340,000.00
01-Jan-2004 to 31-Dec-2004	16 Purchasers	BGICL Active Canadian Equity Fund - Units	3,224,047,540.00	97,673,048.00
01-Jan-2004 to 31-Dec-2004	Hoffmann - La Roche Limited	BGICL Balanced Fund - Units Mark IV Industries Corp	51,422,640.00	3,213,915.00
01-Jan-2004 to 31-Dec-2004	Legg Mason Absolute Return MT	BGICL Canada Market Neutral Fund - Units	59,757,289.00	5,314,701.00
01-Jan-2004 to 31-Dec-2004	BGICL Balanced Fund Imperial Oil - Cdn Fixed Income	BGICL Canadian Alpha Bond Fund - Units	1,053,128,474.00	82,918,237.00
01-Jan-2004 to 31-Dec-2004	69 Purchasers	BGICL Capped S&P/TSX Composite Index Fund - Units	3,243,155,338.00	270,262,944.00
01-Jan-2004 to 31-Dec-2004	Sun Life Omnibus	BGICL Daily Active Canadian Equity Fund - Units	1,714,096.00	141,984.00
01-Jan-2004 to 31-Dec-2004	7 Purchasers	BGICL Daily Aggressive Balanced Index Fund - Units	21,355,426.00	1,671,547.00
01-Jan-2004 to 31-Dec-2004	5 Purchasers	BGICL Daily Conservative Balanced Index Fund - Units	17,823,922.00	1,456,705.00
01-Jan-2004 to 31-Dec-2004	30 Purchasers	BGICL Daily EAFE Equity Index Fund - Units	27,875,724.00	3,484,465.00

01-Jan-2004 to 31-Dec-2004	17 Purchasers	BGICL Daily Moderate Balanced Index Fund - Units	55,052,159.00	4,587,680.00
01-Jan-2004 to 31-Dec-2004	46 Purchasers	BGICL Daily Synthetic U.S. Equity Index Fund - Units	682,201,390.00	28,425,057.00
01-Jan-2004 to 31-Dec-2004	75 Purchasers	BGICL Daily Universe Bond Index Fund - Units	3,218,667,665.00	195,070,767.00
01-Jan-2004 to 31-Dec-2004	16 Purchasers	BGICL Daily US Equity Index Fund - Units	344,909,573.00	49,272,796.00
01-Jan-2004 to 31-Dec-2004	CMHC Currency Overlays	BGICL EAFE Currency Overlay Fund - Units	8,600,000.00	742,384.00
01-Jan-2004 to 31-Dec-2004	7 Purchasers	BGICL EX BBB Universe Bond Index Fund - Units	16,581,222.00	1,441,845.00
01-Jan-2004 to 31-Dec-2004	4 Purchasers	BGICL Global Market Selection Fund - Units	196,333,488.00	8,163,321.00
01-Jan-2004 to 31-Dec-2004	4 Purchasers	BGICL Hedged Synthetic EAFE Index Fund - Units	6,432,500.00	383,497.00
01-Jan-2004 to 31-Dec-2004	11 Purchasers	BGICL Hedged Synthetic US Equity Index Fund - Units	144,267,783.00	5,195,331.00
01-Jan-2004 to 31-Dec-2004	19 Purchasers	BGICL Long Bond Index Fund- - Units	2,329,866,498.00	160,680,448.00
01-Jan-2004 to 31-Dec-2004	3 Purchasers	BGICL Real Return Bond Index Fund - Units	23,641,000.00	1,516,478.00
01-Jan-2004 to 31-Dec-2004	19 Purchasers	BGICL Short Term Investment Fund - Units	104,789,766.00	8,383,181.00
01-Jan-2004 to 31-Dec-2004	5 Purchasers	BGICL Unhedged Synthetic EAFE Index Fund - Units	30,643,168.00	3,830,396.00
01-Jan-2004 to 31-Dec-2004	4 Purchasers	BGICL U.S. Alpha Tilts Fund - Units	27,149,132.00	3,148,735.00
01-Jan-2004 to 31-Dec-2004	Hudson Bay Mining & Smelting Xerox Canada Inc.	BGICL U.S. Currency Overlay Fund - Units	1,607,000.00	75,308.00
01-Jan-2004 to 31-Dec-2004	23 Purchasers	BGICL U.S. Equity Index Fund Canada - Units	42,885,017.00	4,862,293.00

31-Dec-2004 to 28-Feb-2005	6 Purchasers	Burlington Partners Ltd. - Units	2,650,000.00	2,650.00
28-Feb-2005	Ontario SME Capital Corporation	C3 Online Marketing Inc - Convertible Debentures	1,000,000.00	1.00
24-Feb-2005	Amarnath Resources Limited TFS Limited Partnership	Calgas Exploration Ltd. - Common Shares	1,500,000.00	1,500,000.00
25-Oct-2004	6 Purchasers	Canadian Royalties Inc. - Units	8,094,600.00	4,497,000.00
01-Jun-2004 to 01-Jul-2004	Royal Bank of Canada	Cantillon Technology Ltd. - Shares	3,211,645.00	23,500.00
01-Jun-2004 to 01-Aug-2004	Royal Bank of Canada Shares	Cantillon U.S. Low Volatility Ltd. -	6,556,210.00	48,000.00
01-May-2004	Royal Bank of Canada	Cantillon World Ltd. - Shares	411,210.00	3,000.00
23-Feb-2005	3 Purchasers	CareVest Blended Mortgage Investment Corporation - Preferred Shares	35,500.00	35,500.00
23-Feb-2005	12 Purchasers	CareVest First Mortgage Investment Corporation - Preferred Shares	1,099,434.00	1,099,434.00
23-Feb-2005	David H. Cooke Barbara Breckenridge	CareVest Second Mortgage Investment Corporation - Preferred Shares	46,000.00	46,000.00
28-Feb-2005	Michael Stastny Select Living (1999) Limited	Chartwell Master Care LP - Units	12,733,500.00	975,000.00
28-Feb-2005	9 Purchasers	Contemporary Investment Corp. - Common Shares	617,908.00	617,908.00
02-Mar-2005	The VenGrowth II Investment Fund Inc.	Critical Telecom Corp. - Convertible Debentures	860,776.67	860,777.00
02-Mar-2005	The VenGrowth II Investment Fund Inc.	Critical Telecom Corp. - Warrants	860,776.67	361,144.00
28-Feb-2005	James Maddin Ross Kraemer	Dentonia Resources Ltd. - Units	35,050.00	46,734.00
29-Oct-2004 to 03-Mar-2005	27 Purchasers	Diversified Racing Investments Inc. - Common Shares	1,774,500.00	5,545,312.00
18-Jan-2005	BPL Corp. MTIT Advanced Technologies	DynaMotive Energy Systems Corporation - Warrants	24,831.00	58,000.00
01-Nov-2004	Royal Trust Corporation	D.E. Shaw Oculus International Fund - Trust Units	4,892,005.00	400.00
24-Feb-2005	TD Asset Management Inc.	E-T Energy Ltd. - Common Shares	297,000.00	300,000.00

24-Feb-2005	TD Asset Management Inc.	E-T Royalty Commercial Trust - Trust Units	3,000.00	300,000.00
24-Feb-2005	13 Purchasers	First National Alarmcap Income Fund - Subscription Receipts	1,548,000.00	309,600.00
25-Oct-2004 to 03-Nov-2004	3 Purchasers	Fisgard Capital Corporation - Units	333,381.00	333,381.00
25-Feb-2005	33 Purchasers	Formation Capital Corporation - Units	3,278,800.00	8,197,000.00
21-Feb-2005	4 Purchasers	Fortiva Inc. - Convertible Preferred Shares	4,991,018.00	4,991,021.00
25-Feb-2005	MMV Financial Inc.	GB Therapeutics Ltd. - Warrants	1,861,201.00	1.00
02-Mar-2005	CGC Inc.	Genesis Worldwide Inc. - Preferred Shares	5,000,000.00	1,160,714.00
28-Feb-2005	Sami Yehia Talal Chehab	Golden Tag Resources Ltd. - Units	160,500.00	802,500.00
03-Mar-2005	8 Purchasers	Grand Banks Energy Corporation - Common Shares	1,726,600.00	3,366,870.00
21-Dec-2004	Chun Niu	Homeland Security Technology Corporation - Convertible Preferred Stock	12,271.00	10,000.00
21-Dec-2004	Gordon Sharwood	Homeland Security Technology Corporation - Convertible Preferred Stock	12,271.00	10,000.00
23-Feb-2005	61 Purchasers	Huntington Real Estate Investment Trust - Trust Units	2,499,000.00	2,499,000.00
31-Jan-2005 to 28-Feb-2005	13 Purchasers	Jemekk Long/Short Fund L.P. - Units	2,125,000.00	2,125.00
28-May-2004	Chase;Ryan & Co. Inc. JMS Capital Corporation	Kent Exploration Inc. - Units	15,000.00	5,000,000.00
01-Feb-2004 to 31-Dec-2004	24 Purchasers	KFA Balanced Pooled Fund - Units	3,216,754.00	3,216,754.00
01-Apr-2004 to 01-Sep-2004	Royal Bank of Canada	King Street Capital, Ltd. - Shares	5,287,849.50	17,152.00
01-Nov-2004	BMO Nesbitt Burns Inc.	King Street Capital, Ltd. - Shares	11,980,000.00	41,843.00
21-Feb-2005	6 Purchasers	Landwirtschaftliche Rentenbank - Notes	250,000,000.00	250,000,000.00
18-Feb-2005 Shares	16 Purchasers	Leader Capital Corp. - Common	2,277,500.00	1,822,000.00
09-Feb-2005	42 Purchasers	Logan Metals Inc. - Subscription Receipts	6,145,875.00	5,463,000.00

25-Feb-2005	Hudson's Bay Company Pension Plan	Montez Retail Fund Inc. - Common Shares	2,387,992.00	2,387,992.00
28-Feb-2005	Paul Crossett	Neodym Technologies Inc. - Units	10,000.00	100,000.00
25-Jan-2005 to 23-Feb-2005	44 Purchasers Shares	New Hudson Television Corp. -	200,700.00	66,900.00
24-Feb-2005	Lawrence Venture Fund The K2 Principal Fund	Pan Orient Energy Ltd. - Common Shares	999,999.00	1,333,332.00
21-Feb-2005	Ajay Jain	Pebble Creek Resources Ltd. - Common Shares	30,845.00	50,000.00
08-Feb-2005	26 Purchasers	Perimeter Financial Corp. - Preferred Shares	25,206,941.00	25,206,940.00
31-Jan-2005	Stonestreet Limited Partnership	Pluristem Life Systems, Inc. - Common Shares	480,000.00	4,000,000.00
12-Jan-2005	3 Purchasers	Polaris Geothermal Inc. - Units	311,480.00	283,164.00
02-Feb-2005	Larry W. Fair	Qualia Real Estate Investment Fund LP - Units	25,000.00	1.00
21-Dec-2004	14 Purchasers	Quincy Resources Inc. - Units	434,250.00	965,000.00
15-Dec-2004	200 Purchasers	Quorum P.I.P.E. Trust - Units	9,735,029.00	101,407.00
01-Mar-2005	3 Purchasers	Regional Power Inc. - Shares	733,250.00	733,250.00
17-Feb-2005	Manufacturers Life Insurance Co.	Residential Income Fund LP - Notes Sunlife Assurance Company of Canada	25,000,000.00	25,000,000.00
01-Mar-2005	EAM Inc.	Resverlogix Corp. - Common Shares	212,608.00	35,200.00
24-Feb-2005	36 Purchasers	Saxon Energy Services Inc. - Units	26,155,440.00	8,718,480.00
01-Mar-2005	Sun Life Assurance Company of Canada	SPE-VFC Trust II - Subordinated Note	5,500,000.00	2.00
24-Feb-2005	13 Purchasers	Storm Cat Energy Corporation - Units	985,799.10	252,769.00
21-Feb-2005	8 Purchasers	Strathmore Minerals Corp. - Units	4,896,550.50	3,264,367.00
01-Oct-2004 to 01-Nov-2004	3 Purchasers Units	TEIG Investment Partnership -	1,470,000,000.00	1,470,000.00
02-Jan-2004 to 23-Dec-2004	National Life Assurance Company of Canada	The Vanguard Group, Inc. - Units	196,087.74	12,078.00
22-Feb-2005	CLA	Trafalgar Trading Limited - Units	50,000,000.00	34,022,422.00

09-Feb-2004 to 26-Oct-2004	12 Purchasers	UBS (CH) Equity Fund Switzerland - Units	142,259.00	214.00
25-Feb-2005	5 Purchasers	USA Video Interactive Corp. - Units	50,000.00	400,000.00
23-Feb-2005	4 Purchasers	Valkyries Petroleum Corp. - Common Shares	6,000,000.00	2,000,000.00
01-Mar-2005	Jose Medeiros & Sian Mills	Wesley Clover International Corporation - Preferred Shares	1,000,000.00	1,000,000.00
24-Feb-2005	1545604 Ontario Limited 1545694 Ontario Limited	Windmill Development Group Ltd. - Common Shares	400,000.00	2,500,000.00
20-Jan-2004 to 23-Dec-2004	6 Purchasers	Wisevillage Inc. - Units	100,000.00	100,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
BlackRock Ventures Inc
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 14, 2005
Mutual Reliance Review System Receipt dated March 14, 2005
Offering Price and Description:
$101,250,000.00 - 9,000,000 Common Shares Price: $11.25 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities Inc.
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
Sprott Securities Inc.
Promoter(s):
-
Project #749354

Issuer Name:
Canam Group Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated March 9, 2005
Mutual Reliance Review System Receipt dated March 9, 2005
Offering Price and Description:
$ * - * Subordinate Voting Shares Price: $ * per Subordinate Voting Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
Promoter(s):
-
Project #747729

Issuer Name:
Chartwell Seniors Housing Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 14, 2005
Mutual Reliance Review System Receipt dated March 14, 2005
Offering Price and Description:
$90,312,500.00 - 6,250,000 Units Price: $14.45 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
-
Project #749050

Issuer Name:
HMZ Metals Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 11, 2005
Mutual Reliance Review System Receipt dated March 14, 2005
Offering Price and Description:
Minimum Offering: 31,250,000 Units ($12,500,000.00); Maximum Offering: 37,500,000 Units ($15,000,000.00) 6,198,638 Warrants, 30,200,000 Special Shares, Series 1, 30,353,330 Common Shares Price: $0.40 per Unit
Underwriter(s) or Distributor(s):
McFarlane Gordon Inc.
Dundee Securities Corporation
Loewen Ondaatje McCutcheon Ltd.
Northern Securities Inc.
Orion Securities Inc.
First Associates Investments Inc.
Paradigm Capital Inc.
Promoter(s):
Biogan International, Inc.
Project #748827

Issuer Name:
Madacy Entertainment Income Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated March 10, 2005
Mutual Reliance Review System Receipt dated March 10, 2005
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Promoter(s):
Madacy Entertainment Group, Limited
Project #748273

Issuer Name:
March Networks Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 9, 2005
Mutual Reliance Review System Receipt dated March 9, 2005
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Evolution Securities Limited
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #747716

Issuer Name:
Pacific Northern Gas Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated March 11, 2005
Mutual Reliance Review System Receipt dated March 11, 2005
Offering Price and Description:
$ * - 1,407,706 Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
Promoter(s):
-
Project #748773

Issuer Name:
Park Avenue Investment Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated March 9, 2005
Mutual Reliance Review System Receipt dated March 10, 2005
Offering Price and Description:
Minimum Offering: $1,000,000.00 or 4,000,000 Common Shares; Maximum Offering: $1,700,000.00 or 6,800,000 Common Shares Price: $0.25 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Rubin Osten
Project #747825

Issuer Name:
Rogers Sugar Income Fund
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 14, 2005
Mutual Reliance Review System Receipt dated March 14, 2005
Offering Price and Description:
$50,000,000.00 - Second Series 6.00% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #749256

Issuer Name:
Shatheena Capital Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 7, 2005
Mutual Reliance Review System Receipt dated March 9, 2005
Offering Price and Description:
Minimum: $1,500,000.00; Maximum: $2,000,000.00 at least * Units consisting of one Common Share and one-half of one Common Share Purchase Warrant and/or Flow-Through Common Shares Price: $0.25 per Flow-Through Common Share or per Unit
Underwriter(s) or Distributor(s):
First Associates Investment Inc.
Promoter(s):
Anthony Cohen
Project #747468

Issuer Name:
TransForce Income Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated March 8, 2005
Mutual Reliance Review System Receipt dated March 9, 2005
Offering Price and Description:
$105,600,000.00 - 6,000,000 Trust Units Price: $17.60 per Trust Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Sprott Securities Inc.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #747397

Issuer Name:
Willowstar Capital Inc.
Type and Date:
Amended and Restated Preliminary CPC Prospectus dated March 11, 2005
Receipted on March 14, 2005
Offering Price and Description:
Minimum Offering: $1,000,000.00 or 6,666,666 Common Shares Maximum Offering: $1,900,000.00 or 12,666,666 Common Shares Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Credifinance Securities Limited
Promoter(s):
-
Project #686287

Issuer Name:
Axiom Balanced Income Portfolio
Axiom Diversified Monthly Income Portfolio
Axiom Balanced Growth Portfolio
Axiom Long-Term Growth Portfolio
Axiom Canadian Growth Portfolio
Axiom Global Growth Portfolio
Axiom Foreign Growth Portfolio
Axiom All Equity Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated March 11, 2005
Mutual Reliance Review System Receipt dated March 14, 2005
Offering Price and Description:
Mutual Fund Units at Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CIBC Asset Management Inc.
Project #734941

Issuer Name:
BioMS Medical Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 14, 2005
Mutual Reliance Review System Receipt dated March 15, 2005
Offering Price and Description:
$36,000,000.00 - 10,000,000 Units Price: $3.60 per Unit
Underwriter(s) or Distributor(s):
Fraser Mackenzie Limited
Pacific International Securities Inc.
Dlouhy Merchant Group Inc.
Promoter(s):
-
Project #740957

Issuer Name:
Bissett All Canadian Focus Fund (formerly Bissett Canadian Fund)
Franklin Templeton Canadian Small Cap Fund (formerly Canadian Small Cap Fund)
Franklin Templeton Canadian Growth Portfolio
Bissett All Canadian Focus Tax Class (formerly Bissett Canadian Tax Class) of Franklin Templeton Tax Class Corp.
Franklin Templeton Canadian Growth Tax Class Portfolio of Franklin Templeton Tax Class Corp.
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 4, 2005 to Annual Information Forms dated September 3, 2004
Mutual Reliance Review System Receipt dated March 11, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Franklin Templeton Investment Corp.
Franklin Templeton Investments Corp.
Promoter(s):
-
Project #675205

Issuer Name:
Templeton Growth Fund, Ltd.
Templeton Growth RSP Fund
Templeton International Stock Fund
Templeton International Stock RSP Fund
Templeton Emerging Markets Fund
Templeton Emerging Markets RSP Fund
Templeton Global Smaller Companies Fund
Templeton Global Smaller Companies RSP Fund
Templeton Global Balanced Fund
Templeton Global Balanced RSP Fund
Templeton Global Bond Fund
Templeton Canadian Stock Fund
Templeton Canadian Asset Allocation Fund
Templeton Balanced Fund
Franklin U.S. Large Cap Growth Fund
Franklin U.S. Large Cap Growth RSP Fund
Franklin U.S. Small-Mid Cap Growth Fund
(formerly Franklin U.S. Small Cap Growth Fund)
Franklin U.S. Small-Mid Cap Growth RSP Fund
(formerly Franklin U.S. Small Cap Growth RSP Fund)
Franklin Flex Cap Growth Fund
Franklin Flex Cap Growth RSP Fund
Franklin World Health Sciences and Biotech Fund
Franklin World Health Sciences and Biotech RSP Fund
Franklin World Telecom Fund
Franklin World Telecom RSP Fund
Franklin Technology Fund
Franklin Technology RSP Fund
Franklin World Growth Fund
Franklin World Growth RSP Fund
Franklin High Income Fund
Franklin Strategic Income Fund
Bissett Canadian Equity Fund
Bissett Small Cap Fund
Bissett Large Cap Fund
Bissett Microcap Fund
Bissett American Equity Fund
Bissett American Equity RSP Fund
Bissett Multinational Growth Fund
Bissett Multinational Growth RSP Fund
Bissett International Equity Fund
Bissett Canadian Balanced Fund
Bissett Dividend Income Fund
Bissett Bond Fund
Bissett Income Fund
Bissett Income Trust and Dividend Fund
Bissett Canadian Short Term Bond Fund
Mutual Beacon Fund
Mutual Beacon RSP Fund
Mutual Discovery Fund
Mutual Discovery RSP Fund
Franklin Templeton Treasury Bill Fund
Franklin Templeton U.S. Money Market Fund
Franklin Templeton Money Market Fund
Templeton Growth Tax Class
Templeton International Stock Tax Class
Templeton Emerging Markets Tax Class
Templeton Global Smaller Companies Tax Class
Templeton Canadian Stock Tax Class
Templeton European Tax Class
Templeton China Tax Class
Franklin U.S. Large Cap Growth Tax Class
Franklin U.S. Small-Mid Cap Growth Tax Class
(formerly Franklin U.S. Small Cap Growth Tax Class)
Franklin Flex Cap Growth Tax Class
Franklin World Health Sciences and Biotech Tax Class
Franklin World Telecom Tax Class
Franklin Technology Tax Class
Franklin World Growth Tax Class
Franklin Japan Tax Class
Franklin Templeton Diversified Income Tax Class Portfolio
Franklin Templeton Balanced Income Tax Class Portfolio
Franklin Templeton Balanced Growth Tax Class Portfolio
Franklin Templeton Growth Tax Class Portfolio
Franklin Templeton Global Growth Tax Class Portfolio
Franklin Templeton Maximum Growth Tax Class Portfolio
Bissett Canadian Equity Tax Class
Bissett Small Cap Tax Class
Bissett Multinational Growth Tax Class
Bissett Bond Tax Class
Mutual Beacon Tax Class
Mutual Discovery Tax Class
Franklin Templeton Money Market Tax Class
Franklin Templeton U.S. Money Market Tax Class
Franklin Templeton Diversified Income Portfolio
Franklin Templeton Balanced Income Portfolio
Franklin Templeton Balanced Growth Portfolio
Franklin Templeton Growth Portfolio
Franklin Templeton Global Growth Portfolio
Franklin Templeton Maximum Growth Portfolio
Principal Regulator - Ontario

Type and Date:
Amendment #2 dated March 4, 2005 to Annual Information Forms dated May 28, 2004
Mutual Reliance Review System Receipt dated March 11, 2005

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Franklin Templeton Investments Corp.
Franklin Templeton Investments Corp.
Bissett Investment Management, a division of Franklin Templeton Investments Corp.

Promoter(s):
-

Project #633130

Issuer Name:
Canadian Tire Corporation Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated March 14, 2005
Mutual Reliance Review System Receipt dated March 15, 2005
Offering Price and Description:
$750,000,000.00 - Medium Term Notes (unsecured)
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.
Promoter(s):
-
Project #740909

Issuer Name:
Creststreet 2005 Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 8, 2005
Mutual Reliance Review System Receipt dated March 9, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
GMP Securities Limited
Peters & Co. Limited
Tristone Capital Inc.
Desjardins Securities Inc.
First Associates Investments Inc.
Richardson Partners Financial Limited
Promoter(s):
Creststreet Capital Corporation
Creststreet 2005 General Partner Limited
Project #736644

Issuer Name:
Desert Sun Mining Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 15, 2005
Mutual Reliance Review System Receipt dated March 15, 2005
Offering Price and Description:
$20,000,000.00 - 8,583,691 Units Price: $2.33 per Unit
Underwriter(s) or Distributor(s):
Sprott Securities Inc.
CIBC World Markets Inc.
Salman Partners Inc.
Canaccord Capital Corporation
First Associates Investments Inc.
Haywood Securities Inc.
Pacific International Securities Inc.
Promoter(s):
-
Project #747259

Issuer Name:
Dundee Wealth Management Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 15, 2005
Mutual Reliance Review System Receipt dated March 15, 2005
Offering Price and Description:
$45,450,000.00 - 4,500,000 Common Shares Price: $10.10 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities Ltd.
Dundee Securities Corporation
Scotia Capital Inc.
RBC Dominion Securities Inc.
Canaccord Capital Corporation
Wellington West Capital Markets Inc.
Sprott Securities Inc.
Promoter(s):
-
Project #746755

Issuer Name:
Emera Incorporated
Principal Regulator - Nova Scotia
Type and Date:
Final Short Form Base Shelf Prospectus dated March 3, 2005
Mutual Reliance Review System Receipt dated March 11, 2005
Offering Price and Description:
$300,000,000.00 - Debt Securities (Unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #717743

Issuer Name:
Genesis Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 9, 2005
Mutual Reliance Review System Receipt dated March 10, 2005
Offering Price and Description:
(1) $480,500,000.00 - Line of Credit Receivables-Backed Class A Floating Rate Notes, Series 2005-1 Expected Final Payment Date of March 15, 2008; (2) $10,000,000.00 - 3.605% Line of Credit Receivables-Backed Class B Notes, Series 2005-1 Expected Final Payment Date of March 15, 2008; (3) $9,500,000.00 - 3.655% Line of Credit Receivables-Backed Class C Notes, Series 2005-1 Expected Final Payment Date of March 15, 2008
Underwriter(s) or Distributor(s):
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Desjardins Securities Inc.
Promoter(s):
-
Project #744040

Issuer Name:
Genesis Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 9, 2005
Mutual Reliance Review System Receipt dated March 10, 2005
Offering Price and Description:
(1) $961,000,000.00 - 4.002% Line of Credit; Receivables-Backed Class A Notes, Series 2005-2 Expected Final Payment Date of March 15, 2010; (2) $20,000,000.00 - 4.152% Line of Credit Receivables-Backed Class B Notes, Series 2005-2 Expected Final Payment Date of March 15, 2010; (3) $19,000,000.00 - 4.202% Line of Credit Receivables-Backed Class C Notes, Series 2005-2 Expected Final Payment Date of March 15, 2010
Underwriter(s) or Distributor(s):
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Desjardins Securities Inc.
Promoter(s):
-
Project #744049

Issuer Name:
John Deere Credit Inc.
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 11, 2005 to Final Short Form Base Shelf Prospectus dated January 21, 2004
Mutual Reliance Review System Receipt dated March 15, 2005
Offering Price and Description:
Cdn. $1,000,000,000.00 - Medium Term Notes (Unsecured) Unconditionally guaranteed as to payment of principal, premium (if any), interest and certain other amounts by JOHN DEERE CAPITAL CORPORATION
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
Merrill Lynch Canada Inc.
Promoter(s):
-
Project #604524

Issuer Name:
MRF 2005 Resource Limited Partnership
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 9, 2005 to Prospectus dated February 28, 2005
Mutual Reliance Review System Receipt dated March 11, 2005
Offering Price and Description:
$100,000,000.00 (maximum) (maximum – 4,000,000 Units); $10,000,000 (minimum) (minimum –400,000 Units)
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.
Canaccord Capital Corporation
Dundee Securities Corporation
First Associates Investments Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Berkshire Securities Inc.
Desjardins Securities Inc.
Haywood Securities Inc.
MiddleField Capital Corporation
Research Capital Corporation
Richardson Partners Financial Limited
Promoter(s):
MRF 2005 Resource Management Limited
Middlefield Group Limited
Project #734117

Issuer Name:
MSP 2005 Resource Limited Partnership
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 3, 2005 to Prospectus dated February 24, 2005
Mutual Reliance Review System Receipt dated March 10, 2005
Offering Price and Description:
-
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.
Raymond James Ltd
Wellington West Capital Inc,
Berkshire Securities Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc
IPC Securities Corporation
Promoter(s):
MSP 2005 GP Inc.
Project #735667

Issuer Name:
Nova Scotia Power Incorporated
Principal Regulator - Nova Scotia
Type and Date:
Final Short Form Shelf Prospectus dated March 3, 2005
Mutual Reliance Review System Receipt dated March 11, 2005
Offering Price and Description:
$400,000,000.00 - Debt Securities (Unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #717157

Issuer Name:
Oro Gold Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated March 9, 2005
Mutual Reliance Review System Receipt dated March 14, 2005
Offering Price and Description:
$1,200,000.00 - 3,000,000 Units(1)(2) Price: $0.40 per Unit (the "Offering")
Underwriter(s) or Distributor(s):
Haywood Securities Ltd.
Promoter(s):
Darren Bahrey
John Robins
Erin Grill
Adam Vary
Project #739346

Issuer Name:
Pine Cliff Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated March 9, 2005
Mutual Reliance Review System Receipt dated March 9, 2005
Offering Price and Description:
37,609,234 Rights to Subscribe for up to an aggregate of 37,609,234 Common Shares Subscription Price: $0.15 per Common Share (on the exercise of Rights)
Underwriter(s) or Distributor(s):
-
Promoter(s):
Novitas Energy Ltd.
Project #721029

Issuer Name:
Queenstake Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 11, 2005
Mutual Reliance Review System Receipt dated March 14, 2005
Offering Price and Description:
Minimum of Cdn$15 million (50,000,000 Units); Maximum of Cdn$20 million (66,666,666 Units) (each Unit consisting of one Queenstake Share and one half of one Queenstake Warrant) - Cdn$0.30 per Unit
Underwriter(s) or Distributor(s):
Sprott Securities Inc.
First Associates Investments Inc.
WELLINGTON WEST CAPITAL MARKETS INC.
Promoter(s):
-
Project #744233

Issuer Name:
Somerset Entertainment Income Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 11, 2005
Mutual Reliance Review System Receipt dated March 15, 2005
Offering Price and Description:
$96,000,000.00 - 9,600,000 Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
First Associates Investments Inc.
Raymond James Ltd.
Promoter(s):
Somerset Entertainment Holdings Inc.
Project #737173

Issuer Name:
Taylor NGL Limited Partnership
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 15, 2005
Mutual Reliance Review System Receipt dated March 15, 2005
Offering Price and Description:
$120,250,000.00 - 13,000,000 Limited Partnership Units; and $50,000,000.00 - 5.85% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Clarus Securities Inc.
National Bank Financial Inc.
Peters & Co. Limited
RBC Dominion Securities Inc.
First Associates Investments Inc.
Promoter(s):
-
Project #746423

Issuer Name:
The Toronto-Dominion Bank
Principal Regulator - Ontario
Type and Date:
Amended and Restated Short Form Base Shelf dated March 14, 2005
Mutual Reliance Review System Receipt dated March 15, 2005
Offering Price and Description:
$5,000,000,000.00 - Debt Securities (subordinated indebtedness) Common Shares Class A First Preferred Shares Warrants to Purchase Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #723263

Issuer Name:
TKE Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 11, 2005
Mutual Reliance Review System Receipt dated March 14, 2005
Offering Price and Description:
$31,755,000.00 - 2,900,000 Trust Units Price: $10.95 per Trust Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Orion Securities Inc.
Canaccord Capital Corporation
Raymond James Ltd.
National Bank Financial Inc.
Promoter(s):
-
Project #745990

Issuer Name:
TransForce Income Fund
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated March 15, 2005
Mutual Reliance Review System Receipt dated March 15, 2005
Offering Price and Description:
$105,600,000.00 - 6,000,000 Trust Units Price: $17.60 per Trust Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Sprott Securities Inc.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #747397

Issuer Name:
Yellow Pages Income Fund
YPG Holdings Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Shelf Prospectus dated March 11, 2005
Mutual Reliance Review System Receipt dated March 14, 2005
Offering Price and Description:
$3,000,000,000.00 - Units Subscription Receipts Debt Securities (Unsecured) Fully and Unconditionally guaranteed as to payment of principal, premium (if any) and interest by YPG Trust, YPG LP, YPG Holdings Inc. and Yellow Pages Group Co.
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
TD Securities Inc.
Dundee Securities Corporation
Desjardins Securities Inc.
First Associates Investments Inc.
Canaccord Capital Corporation
Promoter(s):
Yellow Pages Group Co.
Project #746613 & 746614

Issuer Name:
Merrill Lynch & Co., Inc.
Principal Jurisdiction - Ontario
Type and Date:
MJDS Prospectus dated March 8, 2005
Mutual Reliance Review System Receipt dated March 10, 2005
Offering Price and Description:
Debt Securities, Warrants, Preferred Stock, Depository Shares; and Common Stock
Underwriter(s) or Distributor(s):
Merrill Lynch Canada Inc.
Promoter(s):
-

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	CWM FUNDS INC.	Mutual Fund Dealer	March 14, 2005
New Registration	MARK WEISDORF ASSOCIATES LTD.	Limited Market Dealer	March 15, 2005
New Registration	Introduction Capital Inc.,	Limited Market Dealer	March 15, 2005
New Registration	FIVE CONTINENTS CAPITAL LIMITED	Limited Market Dealer	March 15, 2005
New Registration	Creststreet Investment Management	Investment Counsel and Portfolio Manager	March 8, 2005

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Chapter 25

Other Information

25.1 Consents

25.1.1 Southern Cross Resources Inc. - cl. 4(b) of Reg. 289/00

Headnote

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

Statutes Cited

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

Regulations Cited

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

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

AND

IN THE MATTER OF
SOUTHERN CROSS RESOURCES INC.

CONSENT
(Clause 4(b) of the Regulation)

UPON the resubmission of an application (the "Application") of Southern Cross Resources Inc. (the "Corporation") to the Ontario Securities Commission (the "Commission") requesting an updated consent of 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 Corporation having represented to the Commission that:

1. The Corporation is a corporation existing under the provisions of the OBCA. The registered office of the Corporation is located at 26 Wellington Street East, Suite 820, Toronto, Ontario, M5E 1S2.

2. The Corporation is proposing to resubmit an application to the Director appointed under the OBCA for authorization to continue under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "CBCA"), pursuant to section 181 of the OBCA (the "Application for Continuance"). The Director previously authorized the Corporation's continuance on July 6, 2004, which authorization has expired.

3. 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.

4. The Corporation is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"). The Corporation is also a reporting issuer in the province of New Brunswick. The Corporation's common shares are listed for trading on The Toronto Stock Exchange.

5. The Corporation 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 security legislation of any other jurisdiction where it is a reporting issuer.

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

7. The Corporation presently intends to remain a reporting issuer in the Province of Ontario.

8. The continuance under the laws of the Province of Ontario was voted on and duly approved by the shareholders of the Corporation at the annual and special meeting of shareholders held on June 9, 2004.

9. The continuance under the CBCA has been proposed because the Corporation believes it to be in its best interest to conduct its affairs in accordance with the CBCA.

10. The material rights, duties and obligations of a corporation under the CBCA are substantially similar to those under the OBCA with the exception that the OBCA requires a majority of a corporation's directors be resident Canadians whereas the CBCA requires only one-quarter of directors need be resident Canadians.

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 Corporation under the CBCA.

March 11, 2005.

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

25.2 Exemptions

25.2.1 Arrow Hedge Partners Inc. - s. 147 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 891.
Securities Act, R.S.O. 1990, c. s.5 as am., ss. 77(2), 78(1), 79(1), 147.

BY FACSIMILE

March 3, 2005

TORYS LLP
79 Wellington St. W.
Box 270, TD Centre
Suite 3000
Toronto, Ontario
M5K 1N2

Attention: Dawn V. Scott

Dear Sirs and Mesdames:

Re: Arrow Hedge Partners Inc. ("Arrow")
The Existing Pooled Funds listed in Schedule A
Application under Section 147 of the *Securities Act* (Ontario), and Section 6.1 of OSC Rule 13-502 - Fees ("Rule 13-502")
Application # 114/05

By letter dated February 15, 2005 (the "Application"), you applied on behalf of Arrow Hedge Partners Inc. ("Arrow"), the manager and trustee of the existing Pooled Funds listed in Schedule A (collectively, the "Existing Pooled Funds") and any other pooled funds established and managed by Arrow 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 subsection 79(1) of the Act, which requires every mutual fund in Ontario to deliver interim and comparative annual financial statements (the "Financial Statements") to registered and beneficial holders of its units (the "Securityholders").

By same date and cover, you additionally applied to the securities regulatory authority in Ontario (the "Decision Maker") on behalf of Arrow 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 (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. Arrow is a corporation organized under the laws of Ontario with its head office in the Province of Ontario. Arrow is or will be, the manager of the Pooled Funds.

2. Arrow is registered with the Commission as an adviser in the categories of investment counsel, portfolio manager and commodity trading manager, and as a dealer in the category of limited market dealer.

3. The Pooled Funds are, or will be, open-end mutual fund trusts established under the laws of Ontario. 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 each of the provinces and territories of Canada without a prospectus pursuant to exemptions from the registration and prospectus delivery requirements of applicable securities legislation.

4. Each of the Pooled Funds fits within the definition of "mutual fund in Ontario" in section 1(1) of the Act. As a result, each Pooled Fund is, or will be required to deliver annually to each Securityholder annual financial statements within 140 days of its financial year end, and interim financial statements within 60 days of the date which they are made up, pursuant to subsection 79(1) of the Act. The financial year end of each Existing Pooled Fund is December 31.

5. By Order dated August 29, 2003, the Commission exempted the 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 (the "Decision"). This exemption was granted by the Commission under section 147 of the Act.

6. The Canadian securities administrators have published for comment proposed National Instrument 81-106 ("NI 81-106"), which, among other things, in Section 2.11 would permit a Pooled Fund not to deliver Financial Statements to those of its Securityholders who do not request them, if the Pooled Fund initially sent to its registered Securityholders a request form under which the Securityholder may request, at no cost to the Securityholder, to receive the Pooled Fund's Financial Statements for the financial year.

7. In the Application, Arrow and the Pooled Funds have requested under section 147 of the Act relief from the requirement to deliver comparative annual financial statements and interim financial statements (collectively, the "Finanical Statements") of the Pooled Funds to registered and beneficial owners who hold units of the Pooled Funds ("Securityholders") prescribed by section 79(1) of the Act unless they have requested to receive them (the "Delivery Requirement"). The activity fee associated with the Application is $5,500 in accordance with Item F(1) of Appendix C of Rule 13-502.

8. If the Existing Pooled Funds were reporting issuers, and accordingly were seeking the same relief under Section 80 of the Act, rather than under Section 147 of the Act, the fee for that application would be $1,500 in accordance with Item F(3) of Appendix C to Rule 13-502. Therefore, it would be appropriate for the fee for this application to be reduced to $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 Arrow and the Pooled Funds from:

i) paying an activity fee of $5,500 in connection with the Application for relief from the Delivery Requirement, provided that Arrow 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 Fee Exemption application, in accordance with Item F(3) of Appendix C to Rule 13-502.

Yours truly,

"Leslie Byberg"
Manager, Investment Funds Branch

SCHEDULE "A"

The Existing Pooled Funds

ARROW GOODWOOD FUND
ARROW CLOCKTOWER GLOBAL FUND
ARROW UK LONG/SHORT FUND
ARROW WF ASIA FUND
ARROW EPIC CAPITAL FUND
ARROW HIGH YIELD FUND
ARROW RISK ARBITRAGE FUND
ARROW ENSO GLOBAL FUND
ARROW ELKHORN US LONG/SHORT FUND
ARROW SH GLOBAL MACRO FUND
ARROW AUSTRALIAN RELATIVE VALUE FUND
ARROW PMC LONG/SHORT FUND
ARROW EUROPEAN HIGH YIELD FUND
ARROW PROXIMA CONVERTIBLE ARBITRAGE FUND
ARROW Z CONVERTIBLE ARBITRAGE FUND
ARROW GREATER EUROPE FUND
ARROW MULVANEY GLOBAL MARKETS FUND
ARROW DISTRESSED SECURITIES FUND
ARROW GLOBAL LONG/SHORT FUND
ARROW GLOBAL RSP LONG/SHORT FUND
ARROW MULTI-STRATEGY FUND
ARROW RSP MULTI-STRATEGY FUND
ARROW MULTI-STRATEGY HEDGE FUND
ARROW NORTH AMERICAN MULTI-MANAGER FUND
ARROW EPIC NORTH AMERICAN DIVERSIFIED FUND
ARROW GLOBAL LONG/SHORT HEDGE FUND
ARROW MMCAP RISK ARBITRAGE FUND
ARROW ROGGE ENHANCED INCOME FUND
ARROW V RELATIVE VALUE FUND
ARROW JAPAN LONG/SHORT FUND
ARROW NET SHORT FUND
ARROW UNITY FUND
ARROW ENHANCED INCOME FUND

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