The Ontario Securities Commission

OSC Bulletin

April 1, 2005

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

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Table of Contents

Chapter 1 Notices / News Releases 3045
1.1 Notices 3045
1.1.1 Current Proceedings Before The Ontario Securities Commission 3045
1.1.2 Notice of Chair of Management Board of Cabinet Approval of Final Rule under the Securities Act 3047
1.1.3 Notice of Commission Approval - Proposed Amendments to MI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and Companion Policy 52-109CP 3047
1.1.4 Notice of Commission Approval – Provisions Respecting Manipulative and Deceptive Activities 3048
1.2 Notices of Hearing...................................... (nil)
1.3 News Releases 3048
1.3.1 OSC Appoints Carol Perry as Commissioner 3048
1.3.2 Further Extension of KPMG Appointment as Receiver of Portus 3049
1.3.3 OSC to Consider Settlement Agreement Respecting ATI Technolgies Inc. 3049
1.3.4 OSC Panel Denies Applications by Hollinger Inc. Insiders.................................... 3050
1.3.5 OSC Hearing in ATI et al Adjourned to March 30, 2005 3051
1.3.6 OSC to Consider Settlement Agreement Respecting Mary De La Torre and Alan Rae... 3051
1.3.7 OSC Panel Approves Settlement with ATI Technologies Inc.................................... 3052
1.3.8 OSC Panel Approves Settlement with Mary De La Torre and Alan Rae................... 3053
1.4 Notices from the Office of the Secretary... (nil)

Chapter 2 Decisions, Orders and Rulings 3055
2.1 Decisions 3055
2.1.1 TD Securities Inc. - MRRS Decision... 3055
2.1.2 New Sterling LLC - ss. 6.1(1) of MI 31-102 and s. 6.1 of Rule 13-502 3059
2.1.3 Kensington Energy Ltd. - MRRS Decision... 3060
2.1.4 Sunrise Senior Living Real Estate Investment Trust - MRRS Decision... 3061
2.2 Orders.. 3065
2.2.1 Alliance Atlantis Communications Inc., Mr. Michael MacMillan, Mr. Seaton McLean, Mr. Edward Riley and Mr. Peter Sussman - cl. 104(2)(c) 3062

Chapter 3 Reasons: Decisions, Orders and Rulings... (nil)

Chapter 4 Cease Trading Orders 3071
4.1.1 Temporary, Extending & Rescinding Cease Trading Orders...3071
4.2.1 Management & Insider Cease Trading Orders...3071

Chapter 5 Rules and Policies 3073
5.1.1 National Instrument 31-101 - National Registration System.......................................3073
5.1.2 National Policy 31-201 - National Registration System.......................................3082
5.1.3 Notice of Proposed Amendments to Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and Companion Policy 52-109CP.......3089

Chapter 6 Request for Comments ....(nil)

Chapter 7 Insider Reporting 3105

Chapter 8 Notice of Exempt Financings...............3201
Reports of Trades Submitted on Form 45-501F1 3201

Chapter 9 Legislation..(nil)

Chapter 11 IPOs, New Issues and Secondary Financings..3209

Chapter 12 Registrations..3219
12.1.1 Registrants...3219

Chapter 13 SRO Notices and Disciplinary Proceedings 3221
13.1.1 MFDA News Release - MFDA Sets Date for Arnold Tonnies Hearing 3221
13.1.2 MFDA News Release - MFDA Sets Date for Jawad Rathore Hearing 3222
13.1.3 RS Market Integrity Notice – Notice of Amendment Approval – Provisions Respecting Manipulative and Deceptive Activities..3223
13.1.4 MFDA News Release - MFDA Hearing Panel Issues Written Reasons for Decision Respecting Approval of Settlement Agreement with Investors Group Financial Services Inc. 3265
13.1.5 MFDA Reasons for Decision - Investors Group Financial Services Inc. 3266

Chapter 25 Other Information ....(nil)

Index...3269

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

APRIL 1, 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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Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

Date	Proceeding
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
April 11-14, 18, 20, 22, 25-29, 2005 May 12, 13, 16, 18, 20, 30, 2005 June 1-3, 2005 10:00 a.m. May 19, 2005 1:00 p.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. ^ Settled March 29, 2005
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 18, 2005 9:00 a.m.	**Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson** s.127 **J. Superina in attendance for Staff** Panel: TBA
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. June 28, 2005 2:30 p.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 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 Notice of Chair of Management Board of Cabinet Approval of Final Rule under the Securities Act

NOTICE OF CHAIR OF MANAGEMENT BOARD OF CABINET APPROVAL OF FINAL RULE UNDER THE SECURITIES ACT

NATIONAL INSTRUMENT 31-101 *NATIONAL REGISTRATION SYSTEM*

On February 18, 2005 the Chair of Management Board of Cabinet (the **Chair**) approved National Instrument 31-101 *National Registration System* as a rule under the *Securities Act*. The Chair also approved Form 31-101F1 *Election to use the NRS and Determination of Principal Regulator*, Form 31-101F2 *Notice of Change* (together with the rule, referred to as the **Instrument**) The Instrument was published for comment in September 2004 and made by the Commission in December 2004, at which time the Commission also approved National Policy 31-201 *National Registration System* (the **Policy**) to come into effect at the same time as the Instrument.

The Instrument and Policy will come into force on April 4, 2005.
The Instrument and Policy are published in Chapter 5 of the Bulletin and at http://www.osc.gov.on.ca/en/Regulation/Rulemaking/Rules/rules.html. No changes have been made to the Instrument or Policy since their previous publication in the Bulletin on January 7, 2005. The Instrument will be published in the Gazette on April 9, 2005.

1.1.3 Notice of Commission Approval - Proposed Amendments to MI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and Companion Policy 52-109CP

NOTICE OF COMMISSION APPROVAL

PROPOSED AMENDMENTS TO MULTILATERAL INSTRUMENT 52-109 CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS AND COMPANION POLICY 52-109CP

The Commission is publishing the following materials in Chapter 5 of today's Bulletin:

- a proposed amendment instrument amending Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (the Proposed Amendment Instrument); and

- proposed amendments to Companion Policy 52-109CP (the Proposed CP Amendments).

The Proposed Amendment Instrument and the Proposed CP Amendments were previously published for comment on November 26, 2004 at (2004) 27 OSCB 9477.

On March 22, 2005, the Commission made the Proposed Amendment Instrument as a rule under the *Securities Act* (Ontario) and adopted the Proposed CP Amendments as a policy.

The Proposed Amendment Instrument and the Proposed CP Amendments were delivered to the Minister responsible for the Commission on March 23, 2005 (the Minister). The Minister may approve or reject the Proposed Amendment Instrument or return it for further consideration. If the Minister approves the Proposed Amendment Instrument or does not take any further action by June 6, 2005, the Proposed Amendment Instrument will come into force on June 6, 2005. The Proposed CP Amendments will come into force on the date the Proposed Amendment Instrument comes into force.

1.1.4 Notice of Commission Approval – Provisions Respecting Manipulative and Deceptive Activities

MARKET REGULATION SERVICES INC.

AMENDMENT TO THE UNIVERSAL MARKET INTEGRITY RULES

AMENDMENTS TO PROVISION RESPECTING MANIPULATIVE AND DECEPTIVE ACTIVITIES

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission has approved amendments to the Universal Market Integrity Rules ("UMIR") and the Policies to vary the requirements related to manipulative and deceptive activities. In addition, the Alberta Securities Commission, the British Columbia Securities Commission, the Manitoba Securities Commission, and, in Quebec, the Autorité des marchés financiers (the "Recognizing Regulators") have also approved the amendments. A copy and description of the amendment was published initially on January 30, 2004 and a revised version of the proposed amendments was republished on August 13, 2004 at (2004) 27 OSCB 7201. Comments letters were received and the final version of the amendments and a summary of the comments received are published in Chapter 13 of this Bulletin.

1.3 News Releases

1.3.1 OSC Appoints Carol Perry as Commissioner

FOR IMMEDIATE RELEASE
March 22, 2005

OSC COMMISSIONER APPOINTMENT: CAROL PERRY

Toronto – David A. Brown, Q.C., Chair of the Ontario Securities Commission, is pleased to announce the appointment of Carol Perry as Commissioner effective February 16, 2005. Ms. Perry's appointment to the Commission is for a three-year term.

"Carol's background in business, and her significant expertise in finance and capital markets developed during a career in investment banking and corporate financial management will serve the Commission well," said Brown. "She has been an advisor and member of corporate boards and has been actively involved in strategy, corporate development and governance. Her skill set will help her contribute to directing the Commission as we continue to work with our colleagues to improve the securities regulatory system that serves Canada's capital markets."

Ms. Perry is currently Managing Partner at MaxxCap Corporate Finance Inc., a financial advisory services firm. She is Chair of the Board of Directors at St. Joseph's Health Centre, a recent past director of the Independent Electricity System Operator and serves on the Education and Certification Committee of the Institute of Corporate Directors. She received a Masters of Business Administration from the University of Toronto and a Bachelor of Electrical Engineering Science from the University of Western Ontario.

As well, the Ontario government recently reappointed Commissioners Harold P. Hands and Robert L. Shirriff, Q.C., each for a three-year term. There are currently thirteen Commissioners appointed to the Ontario Securities Commission.

As the regulatory body responsible for overseeing the securities industry in Ontario, the Ontario Securities Commission administers the *Securities Act*, the *Commodity Futures Act* and certain provisions of the *Ontario Business Corporations Act*. The Commission's mandate is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in their integrity.

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1.3.2 Further Extension of KPMG Appointment as Receiver of Portus

FOR IMMEDIATE RELEASE
March 24, 2005

FURTHER EXTENSION OF KPMG APPOINTMENT AS RECEIVER OF PORTUS

Toronto – On Thursday March 24, 2005, the Ontario Securities Commission (OSC) obtained a court order extending the appointment of KPMG Inc. as the receiver of all the property, undertaking and assets of Portus Alternative Asset Management Inc. and BancNote Corp. At a motion scheduled for 2:30 p.m. on March 29, 2005, the OSC will be seeking to obtain additional terms relating to the conduct of the receivership.

On April 8, 2005, Portus Asset Management Inc. will bring a motion seeking to terminate the receivership against it. The Court ordered the extension of the receivership relating to Portus Asset Management Inc. until that date.

The court appointment, originally made March 4, 2005, authorizes the receiver to take control of any assets and preserve any documents of the above-noted parties. KPMG is also empowered to conduct investigations as appropriate and respond to questions and claims of Portus' clients.

For more information on the receivership, please go to www.kpmg.ca/portus. Copies of the OSC orders issued February 2, 10 and 15, 2005 and other relevant documents are made available on the OSC's web site (www.osc.gov.on.ca).

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1.3.3 OSC to Consider Settlement Agreement Respecting ATI Technolgies Inc.

FOR IMMEDIATE RELEASE
March 28, 2005

OSC TO CONSIDER SETTLEMENT AGREEMENT RESPECTING ATI TECHNOLGIES INC.

TORONTO – On Tuesday, March 29, 2005, the Ontario Securities Commission will convene a hearing at 9:00 a.m. to consider a settlement reached between Staff of the Commission and ATI Technologies Inc.

The terms of the Settlement Agreement are confidential until approved by the Commission. Copies of the Notice of Hearing dated January 16, 2003 and the related Statement of Allegations are made available on the Commission website (www.osc.gov.on.ca) or from the Commission's office at 20 Queen Street West.

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1.3.4 OSC Panel Denies Applications by Hollinger Inc. Insiders

FOR IMMEDIATE RELEASE
March 28, 2005

ONTARIO SECURITIES COMMISSION PANEL DENIES APPLICATIONS BY HOLLINGER INC. INSIDERS

Toronto – In a decision issued today, the Ontario Securities Commission (OSC) denied applications to vary management cease trade orders (MCTOs) against certain directors, officers and insiders of Hollinger Inc. and Hollinger International. The MCTOs had originally been issued by the OSC on June 1, 2004 because Hollinger Inc. and Hollinger International had failed to comply with their obligations under Ontario securities law to file interim and annual financial statements, related Management's Discussion and Analysis, and Annual Information Forms.

In its decision, the panel of OSC Commissioners said: "The minority shareholders are entitled to be certain that the safeguards which are so central to Rule 61-501 are permitted to work effectively. When a related party attempts to exert undue influence, … and regardless of whether such apparent attempts are successful, shareholders' confidence in the integrity of the safeguards may, justifiably, be undermined. On a macro level, such conduct, if tolerated or condoned through an exercise of discretion in favour of the responsible party, serves to undermine confidence in the fairness and integrity of the capital markets overall.

"The purposes of the (Ontario Securities) Act are to provide protection to investors from unfair, improper, or fraudulent practices and to foster fair and efficient capital markets and confidence in those capital markets (section 1.1).

"In pursuing the purposes of the Act, the Commission is directed to have regard to, and balance in specific cases, the fundamental principles which are set out in section 2.1 of the Act. The fundamental principles of the Act include: requirements for timely, accurate and efficient disclosure of information; restrictions on fraudulent and unfair market practices and procedures; and requirements for the maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants.

"The Commission is guided by these purposes and principles in its administration of the Act.

"In the circumstances of this case, and for the reasons discussed above, the Commission has been unable to form the opinion that it would not be prejudicial to the public interest to grant the relief requested. Accordingly, the applications to vary the MCTOs are denied."

The reasons for the decision are available on the OSC's web site (www.osc.gov.on.ca).

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1.3.5 OSC Hearing in ATI et al Adjourned to March 30, 2005

FOR IMMEDIATE RELEASE
March 28, 2005

OSC HEARING IN ATI ET AL ADJOURNED TO MARCH 30, 2005

TORONTO – Further to the issuance by the Commission today of a Notice of Hearing to consider approval of the settlement agreement between Staff of the Commission and ATI Technologies Inc. on Tuesday, March 29, 2005, the hearing on the merits with respect to Respondents Kwok Yuen Ho, Betty Ho, Jo-Anne Chang, David Stone, Mary De La Torre and Alan Rae, scheduled to commence on Tuesday, March 29, 2005 has been adjourned to commence at 10:00 a.m. on Wednesday, March 30, 2005 in the Large Hearing Room, 20 Queen Street West, Toronto, Ontario.

Copies of the Notice of Hearing dated January 16, 2003 and the related Statement of Allegations are made available on the Commission website (www.osc.gov.on.ca) or from the Commission's office at 20 Queen Street West.

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1.3.6 OSC to Consider Settlement Agreement Respecting Mary De La Torre and Alan Rae

FOR IMMEDIATE RELEASE
March 29, 2005

OSC TO CONSIDER SETTLEMENT AGREEMENT RESPECTING MARY DE LA TORRE AND ALAN RAE

Toronto – On Tuesday, March 29, 2005, the Ontario Securities Commission will convene a hearing at 3:00 p.m. to consider a Settlement Agreement between Staff of the Commission and Mary De La Torre and Alan Rae.

The terms of the Settlement Agreement are confidential until approval of the Commission. Copies of the Notice of Hearing and Statement of Allegations dated January 16, 2003 are made available on the Commission's website or from the Commission's Office at 20 Queen Street West.

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1.3.7 OSC Panel Approves Settlement with ATI Technologies Inc.

FOR IMMEDIATE RELEASE
March 29, 2005

OSC PANEL APPROVES SETTLEMENT WITH ATI TECHNOLOGIES INC.

TORONTO – At a hearing today, a panel of the Ontario Securities Commission (OSC) approved a settlement agreement reached between staff of the Commission and ATI Technologies Inc. The OSC had alleged in January, 2003 that ATI failed to disclose material information forthwith, contrary to the provisions of the TSX Company Manual and contrary to the public interest, and that ATI made misleading statements to staff of the Commission, contrary to Ontario securities laws and contrary to the public interest.

As a result of the terms of the agreement, ATI will pay $100,000 in respect of the portion of the costs of investigation and proceeding in relation to the conduct of failing to disclose material forthwith and pay $300,000 in respect of the portion of the cost of investigation in relation to the conduct concerning a chronology of events that was provided to staff of the commission. ATI also agreed to make a settlement payment of $500,000 for allocation to or for the benefit of third parties. As well, ATI provided the OSC with a letter of comfort to confirm that ATI has instituted new practices and procedures related to trading and corporate governance matters consistent with the practices and procedures of other TSX listed companies. Pursuant to the Ontario Securities Act, ATI was reprimanded.

“It is a cornerstone of our continuous disclosure regime that TSX listed companies disclose material information forthwith” said Michael Watson, OSC Director of Enforcement. “This ensures that investors trading in the secondary market are trading on timely disclosure. It also prevents persons in a special relationship with an issuer from having an opportunity to trade the securities of the issuer while in possession of undisclosed material information.”

At the hearing, OSC staff submitted that the settlement payment, together with the contribution toward costs, constitutes a significant penalty for the acknowledged misconduct.

“The sanctions in the settlement agreement are appropriate and send a clear message to issuers - provide accurate information in response to requests for chronologies from the regulator and make timely disclosure” said Watson. “Timely disclosure ensures that insiders have accurate, updated information. It discourages insider trading by preventing insiders from having an opportunity to buy or sell the issuer's securities on undisclosed material information.

“The provision of accurate information to the regulator and timely disclosure result in the protection of investors from improper, unfair and fraudulent conduct and foster fair and efficient capital markets and confidence in those markets and thereby achieve the fundamental purposes of the *Securities Act*.”

Copies of the notice of hearing and statement of allegations dated January 16, 2003, as well as the settlement agreement and order dated March 29, 2005 are made available on the Commission's website or from the Commission's Office at 20 Queen Street West.

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1.3.8 OSC Panel Approves Settlement with Mary De La Torre and Alan Rae

FOR IMMEDIATE RELEASE
March 29, 2005

OSC PANEL APPROVES SETTLEMENT WITH MARY DE LA TORRE AND ALAN RAE

TORONTO – At a hearing held this afternoon at the Ontario Securities Commission (OSC), a panel of OSC Commissioners approved a settlement reached between staff of the OSC and the respondents Mary De La Torre and Alan Rae.

The settlement is in relation to allegations made by the OSC against De La Torre and Rae. In the settlement agreement, the respondents admit that De La Torre had access to material information that had not been generally disclosed which was communicated to Rae, her husband, over the weekend between May 19 and 23, 2000. On May 23, 2000, Rae sold 1,000 shares of ATI Technologies Inc. in advance of an earnings release by ATI on May 24, 2000.

In accordance with the terms of the settlement agreement, De La Torre and Rae were reprimanded by the Commission. They are also ordered to cease any trading in securities for six months and have made a settlement payment in the amount of $11,050, an amount equal to the loss they avoided by their May, 2000 trade.

Copies of the notice of hearing and statement of allegations dated January 16, 2003, as well as the settlement agreement and order dated March 29, 2005 are made available on the Commission's website (www.osc.gov.on.ca) or from the Commission's office at 20 Queen Street West.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 TD Securities Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – subdivided offering – the prohibitions contained in the Legislation prohibiting trading in portfolio securities by persons or companies having information concerning the trading programs of mutual funds shall not apply to the agent with respect to certain principal trades with the issuer in securities comprising the issuer's portfolio – issuer's portfolio consisting of common shares of Manitoba Telecom Services Inc.

Ontario Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as amended, s.119, subclause 121(2)(a)(ii).

March 18, 2005

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

AND

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

AND

IN THE MATTER OF
MTS SPLIT INC. (the Company)

AND

IN THE MATTER OF
TD SECURITIES 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) for an exemption (the Requested Relief) from the prohibition contained in the Legislation prohibiting trading in portfolio shares by persons or companies having information concerning the trading programs of mutual funds in connection with the Filer's Principal Sales (as hereinafter defined) to, and Principal Purchases (as hereinafter defined) from, the Company;

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 and the Company:

1. The Filer was incorporated under the laws of the Province of Ontario and is a direct, wholly-owned subsidiary of The Toronto-Dominion Bank. The Filer is registered under the Legislation as a dealer in the categories of "broker" and "investment dealer" and is a member of the Investment Dealers Association of Canada and the Toronto Stock Exchange (the TSX).

2. The Filer is the promoter of the Company and will be establishing a credit facility in favour of the Company in order to facilitate the acquisition of the MTS Shares by the Company.

3. The Company was incorporated on February 11, 2005 under the *Business Corporations Act* (Ontario) and is authorized to issue an unlimited number of Class E Shares.

4. The Company has filed the preliminary prospectus dated February 21, 2005 (the Preliminary Prospectus) with the securities regulatory authority in each of the provinces of Canada in respect of the offerings (the Offerings) of class A capital shares (the Capital Shares) and class A preferred shares (the Preferred Shares) to the public.

5. The Company intends to become a reporting issuer under the Legislation by filing a final prospectus (the Final Prospectus) relating to the Offerings. Prior to the filing of the Final Prospectus, the Articles of Incorporation of the Company will be amended so that the authorized capital of the Company will consist of an unlimited number of Capital Shares, an unlimited number of Preferred Shares and an unlimited number of Class E Shares, each having the attributes set forth under the headings "Description of Share Capital" and "Details of the Offerings" commencing on page 16 of the Preliminary Prospectus.

6. The Capital Shares and Preferred Shares may be surrendered for retraction at any time in the manner described in the Preliminary Prospectus.

7. Application will be made to list the Capital Shares and Preferred Shares on the TSX.

8. The Class E Shares will be the only voting shares in the capital of the Issuer. At the time of filing the Final Prospectus, there will be 100 Class E Shares issued and outstanding. A trust established for the benefit of holders of the Preferred Shares and Capital Shares (the Trust) from time to time will own all of the issued and outstanding Class E Shares of the Issuer.

9. All of the Class E Shares of the Company will be lodged in escrow with Computershare Trust Company of Canada (Computershare) pursuant to an agreement dated the closing date of the Offerings among the Trust, Computershare and the Company (the Escrow Agreements). Under the Escrow Agreement, none of the Class E Shares may be disposed of or dealt with in any manner until all of the Capital Shares and Preferred Shares have been retracted or redeemed, without the express consent, order or direction of the Commission.

10. The Company has a board of directors which currently consists of five directors, three of whom are employees of the Filer and two of whom are independent of the Filer. The offices of President/Chief Executive Officer and Chief Financial Officer/Secretary of the Issuer are held by employees of the Filer.

11. Pursuant to an agreement (the Agency Agreement) to be made between the Company and the Filer, Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Canaccord Capital Corporation, HSBC Securities (Canada) Inc., Desjardins Securities Inc., Dundee Securities Corporation, First Associates Investments Inc., Raymond James Ltd. and Wellington West Capital Inc. (collectively, the Agents and individually, an Agent), the Company will appoint the Agents, as its agents, to offer the Capital Shares and Preferred Shares of the Company on a best efforts basis and the Final Prospectus qualifying the Offering will contain a certificate signed by each of the Agents in accordance with the Legislation.

12. The Company is considered to be a mutual fund as defined in the Legislation, except in Québec. Since the Company does not operate as a conventional mutual fund, it has made application for a waiver from certain requirements of National Instrument 81-102 – Mutual Funds.

13. The Company is a passive investment company whose principal undertaking will be to invest the net proceeds of the Offerings in a portfolio (the Portfolio) of common shares (the MTS Shares) of Manitoba Telecom Services Inc. (MTS) in order to generate fixed cumulative preferential distributions for the holders of the Preferred Shares and to enable the holders of Capital Shares to participate in any capital appreciation in the MTS Shares after payment of administrative and operating expenses of the Company. It will be the policy of the Board of Directors of the Company to pay dividends on the Capital Shares in an amount equal to the dividends received by the Company on the MTS Shares minus the distributions payable on the Preferred Shares and all administrative and operating expenses of the Company.

14. The Final Prospectus will disclose the acquisition cost to the Company of the MTS Shares and selected financial information and dividend and trading history of the MTS Shares.

15. The MTS Shares are listed and traded on the TSX.

16. The Company is not, and will not upon the completion of the Offerings be, an insider of MTS within the meaning of the Legislation.

17. The Filer does not have knowledge of a material fact or material change with respect to MTS that has not been generally disclosed.

18. The Filer's economic interest in the Company and in the material transactions involving the Company are disclosed in the Preliminary Prospectus and will be disclosed in the Final Prospectus under the heading "Interest of Management and Others in Material Transactions" and include the following:

    (a) agency fees with respect to the Offering;

    (b) an administration fee under the Administration Agreement;

    (c) commissions in respect of the acquisition of MTS Shares, the disposition of MTS Shares to fund a redemption, retraction

or purchase for cancellation of the Capital Shares and Preferred Shares;

(d) interest and reimbursement of expenses, in connection with the acquisition of MTS Shares; and

(e) amounts in connection with Principal Sales and Principal Purchases (as described in paragraphs 21 and 28 below).

19. The net proceeds from the sale of the Capital Shares and Preferred Shares under the Final Prospectus, after payment of commissions to the Agents, expenses of issue and carrying costs relating to the acquisition of the MTS Shares, will be used by the Company to: (i) pay the acquisition cost (including any related costs or expenses) of the MTS Shares; and (ii) pay the initial fee payable to the Filer for its services under the Administration Agreement.

20. All Capital Shares and Preferred Shares outstanding on a date approximately five years from the closing of the Offerings will be redeemed by the Company on such date. Capital Shares and Preferred Shares will be retractable at the option of the holder and redeemable at the option of the Company as described in the Preliminary Prospectus.

21. Pursuant to the Securities Purchase Agreement to be entered into between the Company and the Filer, The Filer will purchase, as agent for the benefit of the Company, MTS Shares in the market on commercial terms or from non-related parties with whom the Filer and the Company deal at arm's length. Subject to receipt of all necessary regulatory approvals, the Filer may, as principal, sell MTS Shares to the Company (the Principal Sales). The aggregate purchase price to be paid by the Company for the MTS Shares (together with carrying costs and other expenses incurred in connection with the purchase of MTS Shares) will not exceed the net proceeds from the Offerings.

22. Under the Securities Purchase Agreement, the Filer may receive commissions at normal market rates in respect of its purchase of MTS Shares, as agent on behalf of the Company, and the Company will pay any carrying costs or other expenses incurred by the Filer, on behalf of the Company, in connection with its purchase of MTS Shares as agent on behalf of the Company. In respect of any Principal Sales made to the Company by the Filer as principal, the Filer may realize a financial benefit to the extent that the proceeds received from the Company exceed the aggregate cost to the Filer of such MTS Shares. Similarly, the proceeds received from the Company may be less than the aggregate cost to the Filer of the MTS Shares and the Filer may realize a financial loss, all of which is disclosed in the Preliminary Prospectus and will be disclosed in the Final Prospectus.

23. The Preliminary Prospectus discloses and the Final Prospectus will disclose that any Principal Sales will be made in accordance with the rules of the applicable stock exchange and the price paid by the Filer (inclusive of all transaction costs, if any) will not be greater than the price which would have been paid (inclusive of all transaction costs, if any) if the acquisition had been made through the facilities of the principal stock exchange on which the MTS Shares are listed and posted for trading at the time of the purchase from the Filer.

24. The Filer will not receive any commissions from the Company in connection with the Principal Sales and all Principal Sales will be approved by the independent directors of the Company. In carrying out the Principal Sales, the Filer shall deal fairly, honestly and in good faith with the Company.

25. For the reasons set forth in paragraphs 21 and 22 above, and the fact that no commissions are payable to the Filer in connection with the Principal Sales, in the case of the Principal Sales, the interests of the Company and the shareholders of the Company may be enhanced by insulating the Company from price increases in respect of the MTS Shares.

26. It will be the policy of the Company to hold the MTS Shares and to not engage in any trading of the MTS Shares, except:

(i) to fund retractions or redemptions of Capital Shares and Preferred Shares;

(ii) following receipt of stock dividends on the MTS Shares;

(iii) in the event of a take-over bid for any of the MTS Shares;

(iv) if necessary, to fund any shortfall in distributions on the Preferred Shares;

(v) to meet obligations of the Company in respect of liabilities including extraordinary liabilities; or

(vi) certain other limited circumstances as described in the Preliminary Prospectus.

27. Pursuant to the Administration Agreement to be entered into between the Filer and the Company, the Company will retain the Filer to administer the

ongoing operations of the Company and will pay the Filer a monthly fee of 1/12 of 0.20% of the market value of the portfolio shares held in the Portfolio.

28. In connection with the services to be provided by the Filer to the Company pursuant to the Administration Agreement, the Filer may sell MTS Shares to fund retractions of Capital Shares and Preferred Shares prior to the Redemption Date and upon liquidation of the MTS Shares in connection with the final redemption of Capital Shares and Preferred Shares on the Redemption Date. These sales will be made by the Filer as agent on behalf of the Company, but in certain circumstances, such as where a small number of Capital Shares and Preferred Shares have been surrendered for retraction, the Filer may purchase MTS Shares as principal (the Principal Purchases) subject to receipt of all regulatory approvals.

29. In connection with any Principal Purchases, the Filer will comply with the rules, procedures and policies of the applicable stock exchange of which it is a member and in accordance with orders obtained from all applicable securities regulatory authorities. The Preliminary Prospectus discloses and the Final Prospectus will disclose that the Filer may realize a gain or loss on the resale of such securities.

30. The Administration Agreement will provide that the Filer must take reasonable steps, such as soliciting bids from other market participants or such other steps as the Filer, in its discretion, considers appropriate after taking into account prevailing market conditions and other relevant factors, to enable the Company to obtain the best price reasonably available for the MTS Shares so long as the price obtained (net of all transaction costs, if any) by the Company from the Filer is at least as advantageous to the Company as the price which is available (net of all transaction costs, if any) through the facilities of the applicable stock exchange at the time of the trade.

31. The Filer will not receive any commissions from the Company in connection with Principal Purchases and all Principal Purchases will be approved by the independent directors of the Company. In carrying out the Principal Purchases, the Filer shall deal fairly, honestly and in good faith with the Company.

32. At the time of making Principal Sales and/or Principal Purchases, the Filer will not have any knowledge of a material fact or material change with respect to MTS that has not been generally disclosed.

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 in connection to the Filer's Principal Sales and Principal Purchases.

"Paul M. Moore"
Vice Chair
Ontario Securities Commission

"Wendell S. Wigle"
Commissioner
Ontario Securities Commission

2.1.2 New Sterling LLC - ss. 6.1(1) of MI 31-102 and s. 6.1 of Rule 13-502

Headnote

NEW STERLING LLC

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

Rules Cited

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

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

AND

IN THE MATTER OF
NEW STERLING LLC

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

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

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

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

1. The Applicant is organized under the laws of the State of North Carolina in the United States. The Applicant is not a reporting issuer. The Applicant is seeking registration in Ontario as an international adviser in the categories of investment counsel and portfolio manager. The Applicant is a wholly-owned subsidiary of Sterling Capital Management LLC which is currently registered in Ontario as an international adviser in the categories of investment counsel and portfolio manager, and is registered in the U.S. under the *Investment Advisers Act* of 1940. The head office of the Applicant is in Charlotte, North Carolina.

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

3. The Applicant does not maintain branch offices in Canada and has no commercial banking accounts in Canada.

4. The Applicant has or will encounter difficulties in setting up its own Canadian based bank account for purposes of fulfilling the EFT Requirement.

5. The Applicant confirms that it is not registered in another category to which the EFT Requirement applies and that Ontario is the only Canadian jurisdiction in which it has applied for registration.

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

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

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

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

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

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

C. pays any applicable activity fees, or other fees that the Act requires it to pay to the Commission, by cheque, draft, money

order or other acceptable means at the appropriate time; and

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

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

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

March 23, 2005.

"David M. Gilkes"

2.1.3 Kensington Energy Ltd. - MRRS Decision

Headnote

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

Ontario Statutes

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

March 24, 2005

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

Attention: Tara Shaw

Dear Madam:

Re: Kensington Energy Ltd.(the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario and Québec (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 24th day of March, 2005.

"Patricia M. Johnston, Q.C."
Director, Legal Services & Policy Development
Alberta Securities Commission

2.1.4 Sunrise Senior Living Real Estate Investment Trust - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

Ontario Rules

Multilateral Instrument 45-102 – Resale of Securities.

March 23, 2005

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

AND

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

AND

**IN THE MATTER OF
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 the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the dealer registration requirements and the prospectus requirements of the Legislation (the Requested Relief) for certain trades of units of the Filer pursuant to a distribution reinvestment plan of the Filer (the DRIP).

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

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

The Filer is an unincorporated, open-ended 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 beneficial interests in the Filer are divided into a single class of Units and the Filer is authorized to issue an unlimited number of Units. As of the date hereof, 27,086,719 Units are issued and outstanding.

3. Each Unit represents an equal undivided beneficial interest in the Filer and entitles holders of Units (Unitholders) to one vote at any meeting of Unitholders and to participate *pro rata* in any distributions by the Filer and, in the event of termination of the Filer, in the net assets of the Filer remaining after satisfaction of all liabilities.

4. The Filer is not a “mutual fund” as defined in the Legislation because the Unitholders are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the Filer as contemplated in the definition of “mutual fund” in the Legislation.

5. On December 13, 2004, the Filer filed a final prospectus in each of the provinces and territories of Canada in connection with its initial public offering of Units (the Offering), qualifying 24,624,290 Units for a total gross proceeds of $246,242,900. On December 15, 2004, a MRRS decision document in respect of the final prospectus was issued and the Filer became 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 securities legislation thereunder.

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

7. On January 10, 2005, the Filer closed the underwriters’ over-allotment option and 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).

8. The Filer’s Units are listed and posted for trading on the Toronto Stock Exchange (the TSX).

9. The Filer has been formed to indirectly acquire and own income-producing senior living communities located in major metropolitan markets and their surrounding suburban areas in the United States and Canada.

10. The objectives of the Filer are: (i) to provide Unitholders with stable and growing monthly cash distributions derived from revenues generated by income-producing senior living communities owned by the Filer in major metropolitan markets and their surrounding suburban areas in the United States and Canada, and (ii) to enhance the long-term value of the Filer’s assets and maximize Unit value.

11. The Filer initially intends to make monthly cash distributions to Unitholders that are expected to equal, on an annual basis, approximately 90% of its distributable income. The Filer’s management believes that a 90% payout ratio should allow the Filer to meet its internal funding needs, while being able maintain stable cash distributions. The actual payout ratio will be determined by the trustees of the Filer in their discretion.

12. The Filer intends to establish the DRIP pursuant to which resident Canadian Unitholders may, at their option, invest cash distributions paid on their Units in additional Units (Additional Units). The DRIP will not be available to Unitholders who are not Canadian residents.

13. A Unitholder needs to hold at least 1,000 Units in order to participate in the DRIP. A Unitholder also needs to maintain, at all times, at least 1,000 Units in the DRIP in order to continue to qualify as a participant in the DRIP.

14. Distributions due to participants in the DRIP (DRIP Participants) will be paid to Computershare Investor Services Inc. in its capacity as agent under the DRIP (in such capacity, the DRIP Agent) and applied to purchase Additional Units. All Additional Units purchased under the DRIP will be purchased by the DRIP Agent directly from the Filer.

15. The price of Additional Units purchased with such cash distributions is expected to be the average closing price of Units on the TSX for the five trading days immediately preceding the relevant distribution payment date.

16. DRIP Participants will receive a further distribution, payable in Units, equal in value to 3% of each cash distribution that is reinvested under the DRIP.

17. No commissions, service charges or brokerage fees will be payable by DRIP Participants in connection with the DRIP and all administrative costs will be borne by the Filer.

18. DRIP Participants may terminate their participation in the DRIP at any time by providing prior written notice to the DRIP Agent through their brokers, investment dealers or other financial intermediaries. Such notice, if actually received at least five business days prior to a distribution record date (or such other time prescribed by such brokers, investment dealers or other financial intermediaries) will have effect in respect of the next distribution payment date. If a DRIP Participant elects to terminate his or her participation in the DRIP, he or she will receive all further distributions in cash.

19. The Filer may amend, suspend or terminate the DRIP at any time, provided that such action shall not have a retroactive effect which would prejudice the interests of the DRIP Participants. All DRIP Participants will be sent at least 10 business days prior written notice of any such amendment, suspension or termination.

20. In Alberta, New Brunswick and Saskatchewan, the distribution of Additional Units by the Filer pursuant to the DRIP can be made in reliance on dealer registration and prospectus exemptions contained in the Legislation.

21. In British Columbia, Manitoba, Ontario, Québec, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon Territory and Nunavut (the Applicable Jurisdictions), the distribution of Additional Units by the Filer pursuant to the DRIP cannot be made in reliance on dealer registration and prospectus exemptions contained in the Legislation as the DRIP involves the reinvestment of distributable income distributed by the Filer and not the reinvestment of distributions of dividends, interest, capital gains or earnings or surplus 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:

1.1.1.1. in the Applicable Jurisdictions, the Requested Relief is granted provided that:

1.2. 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;

1.3. no sales charge is payable in respect of the trade or distribution;

1.4. the Filer has caused to be sent to the person or company to whom the Additional Units are traded or distributed, not more than 12 months before the trade or distribution, a statement describing:

their right to withdraw from the DRIP and to make an election to receive cash instead of Units on the making of a distribution of income by the Filer; and

instructions on how to exercise the right referred to in (i);

1.5. in each of the Applicable Jurisdictions the first trade (alienation) of the Additional Units acquired under this Decision shall be deemed to be a distribution or a primary distribution to the public;

1.5.1.2. in each of the Jurisdictions the prospectus requirement contained in the Legislation shall not apply to the first trade (alienation) of Additional Units acquired by DRIP Participants pursuant to the DRIP, provided that:

1.1. except in Québec, the conditions in paragraphs 2 through 5 of subsections 2.6(3) of Multilateral Instrument 45-102 *Resale of Securities* are satisfied; and

1.2. in Québec:

at the time of the alienation, the Filer is a reporting issuer in Québec and is not in default of any requirement of the Legislation of Québec;

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

(iii) no extraordinary commission or consideration is paid to a person or company in respect of the alienation; and

1.2.4. the vendor of Additional Units, if an insider of the Filer, has no reasonable grounds to believe that the Filer is in default of any requirement of the Legislation.

"Susan Wolburgh Jenah"
Ontario Securities Commission

"Suresh Thakrar"
Ontario Securities Commission

2.2 Orders

2.2.1 Alliance Atlantis Communications Inc., Mr. Michael MacMillan, Mr. Seaton McLean, Mr. Edward Riley and Mr. Peter Sussman - cl. 104(2)(c)

Headnote

Clause 104(2)(c) - indirect issuer bids resulting from a reorganization involving issuer and its significant shareholders - after the reorganization, the issuer will have the same number of shares issued and outstanding, and each shareholder will have the same number of shares and same relative ownership that they owned prior to the reorganization - shareholders to indemnify and reimburse issuer for certain costs and liabilities associated with reorganization - no adverse economic impact on or prejudice to issuer or public shareholders - issuer exempt from requirements of sections 95, 96, 97, 98 and 100 of the Act

Ontario Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 89(1), 92, 95, 96, 97, 98, 100 and 104(2)(c)

Ontario Rules Cited

Rule 61-501 – Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions

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

AND

IN THE MATTER OF
ALLIANCE ATLANTIS COMMUNICATIONS INC.,
MR. MICHAEL MACMILLAN, MR. SEATON MCLEAN,
MR. EDWARD RILEY AND MR. PETER SUSSMAN

ORDER
(Clause 104(2)(c))

UPON the application (the "Application") of Alliance Atlantis Communications Inc. ("AACI") and Mr. Michael MacMillan, Mr. Seaton McLean, Mr. Edward Riley and Mr. Peter Sussman (Messrs. MacMillan, McLean, Riley and Sussman are individually a "Principal" and collectively the "Principals") to the Ontario Securities Commission (the "Commission") for an order pursuant to clause 104(2)(c) of the Act that certain indirect acquisitions by AACI of its Class A voting shares (the "Class A Voting Shares") and Class B non-voting shares (the "Class B Non-Voting Shares"), pursuant to a proposed reorganization (the "Reorganization") described in paragraph 14 below, are exempt from the requirements of sections 95, 96, 97, 98 and 100 of the Act (the "Issuer Bid Requirements");

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

AND UPON AACI and the Principals having represented to the Commission as follows:

1. AACI is a corporation incorporated under the laws of Canada and is a reporting issuer under the Act not in default of any requirements of the Act or the regulations made thereunder.

2. The authorized capital of AACI consists of an unlimited number of Class A Voting Shares and unlimited number of Class B Non-Voting Shares. As of December 31, 2004, 2,845,071 Class A Voting Shares and 40,387,164 Class B Non-Voting Shares were issued and outstanding.

3. The Class A Voting Shares and Class B Non-Voting Shares are listed on The Toronto Stock Exchange ("TSX"). The Class B Non-Voting Shares are listed on The NASDAQ National Market.

4. The Class A Voting Shares are convertible at any time, at the option of the holder, into Class B Non-Voting Shares on a one-for-one basis.

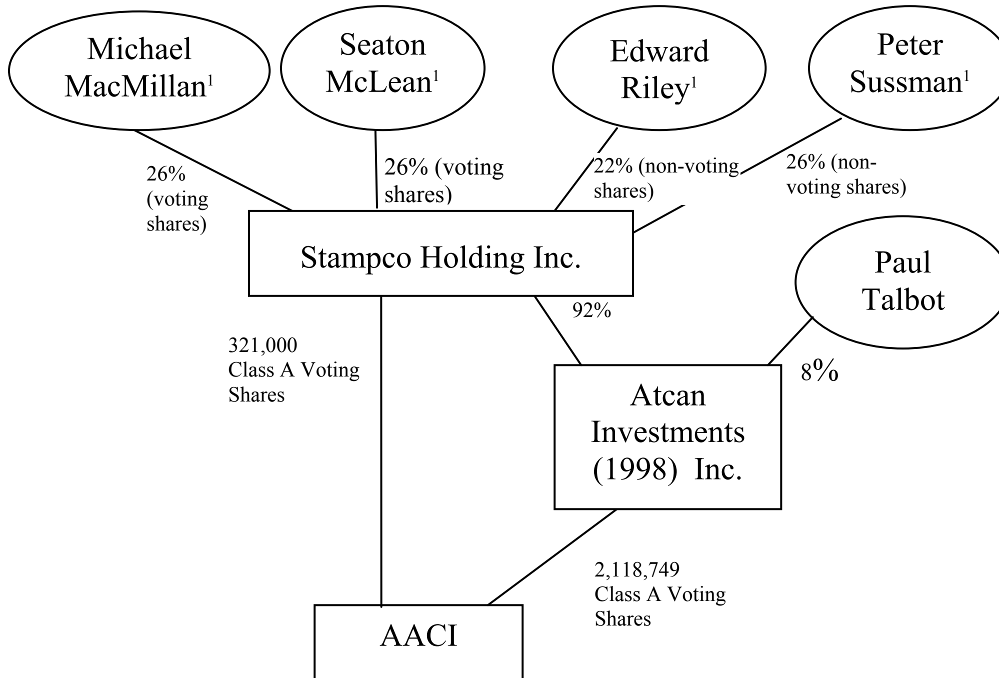
5. The Principals are the shareholders of Stampco Holdings Inc. ("Stampco"), which holds, directly and indirectly, Class A Voting Shares.

6. Atcan Investments (1998) Inc. ("Atcan"), a corporation incorporated under the laws of Ontario, directly holds 2,118,749 Class A Voting Shares.

7. Stampco, a corporation incorporated under the laws of Ontario, directly holds 321,000 Class A Voting Shares.

8. The current shareholders of Stampco and Atcan are as described in the chart below:

Current Ownership Structure



[1] Messrs. McLean and MacMillan hold voting shares of Stampco. Messrs. Riley and Sussman hold non-voting shares of Stampco.

9. As indicated above, the Principals collectively hold 100% of the voting shares of Stampco, which in turn owns 100% of the voting shares of Atcan.

10. As of December 31, 2004, the 2,439,749 Class A Voting Shares held by Stampco and Atcan collectively represent 85.8% of AACI's issued and outstanding Class A Voting Shares.

11. In December 2003, Messrs. Sussman and McLean ceased to be employed by AACI. They desire to hold AACI shares directly in order to deal with them independently of the other Principals.

12. The Principals are proposing to collapse the Stampco/Atcan holding company structure (the "Reorganization"). The Reorganization will allow the Principals to exchange their shares in Stampco and Atcan for their proportionate direct interest in shares of AACI. This will permit each Principal to deal directly with the AACI shares currently held by him indirectly through Stampco and Atcan so that he may retain or dispose of his holdings in AACI as he chooses, subject to the fact that the Class A Voting Shares will be held by Newco, which is described below.

13. Under current contractual arrangements in place between the Principals and Stampco, the Principals have a mechanism in place which would result in them holding AACI shares directly. However, triggering this mechanism would have potentially prejudicial consequences to AACI. Therefore, the Principals have permitted AACI to be involved in the Reorganization to avoid causing harm to AACI as a result of the transactions the Principals propose to undertake. Specifically, AACI has been involved in structuring the Reorganization to attempt to ensure that it does not result in an acquisition of control of AACI under:

    (a) the *Income Tax Act* (Canada) which could have harmful consequences to AACI's tax position; or

(b) Canadian Radio-television and Telecommunications Commission ("CRTC") rules and regulations, which could also be harmful to AACI.

14. The Reorganization entails a number of transactions which are summarized as follows:

(a) Stampco and Atcan will be amalgamated into "Amalco". The shares of each class of shares of Stampco and Atcan will be exchanged for non-voting common shares of Amalco. The two Principals who currently, directly and indirectly, hold all voting shares of Stampco and Atcan, Messrs MacMillan and McLean, will also receive special voting non-equity shares of Amalco representing 100% of the Amalco voting shares.

(b) Messrs MacMillan and McLean will incorporate a new corporation under the *Business Corporations Act* (Ontario) ("Newco"). Each of Messrs MacMillan and McLean will subscribe for an equal number of voting shares of Newco. Mr. MacMillan will transfer his non-voting Amalco shares and Class A Voting Shares he holds directly to Newco in exchange for shares of Newco. Mr. McLean will transfer a portion of his non-voting Amalco shares to Newco in exchange for shares of Newco. Messrs MacMillan and McLean will hold all of Newco's issued and outstanding shares.

(c) The non-voting shareholders of Amalco (other than Newco) will transfer their non-voting common shares of Amalco to AACI in exchange for AACI issuing Class B Non-Voting Shares. Newco will transfer its non-voting common shares of Amalco to AACI in exchange for AACI issuing Class A Voting Shares.

(d) Amalco will convert Class A Voting Shares directly held by it into Class B Non-Voting Shares pursuant to the terms and conditions of the Class A Voting Shares. Amalco will also sell Class A Voting Shares to Newco.

(e) Amalco will be wound up into AACI and the AACI shares held by it will be cancelled.

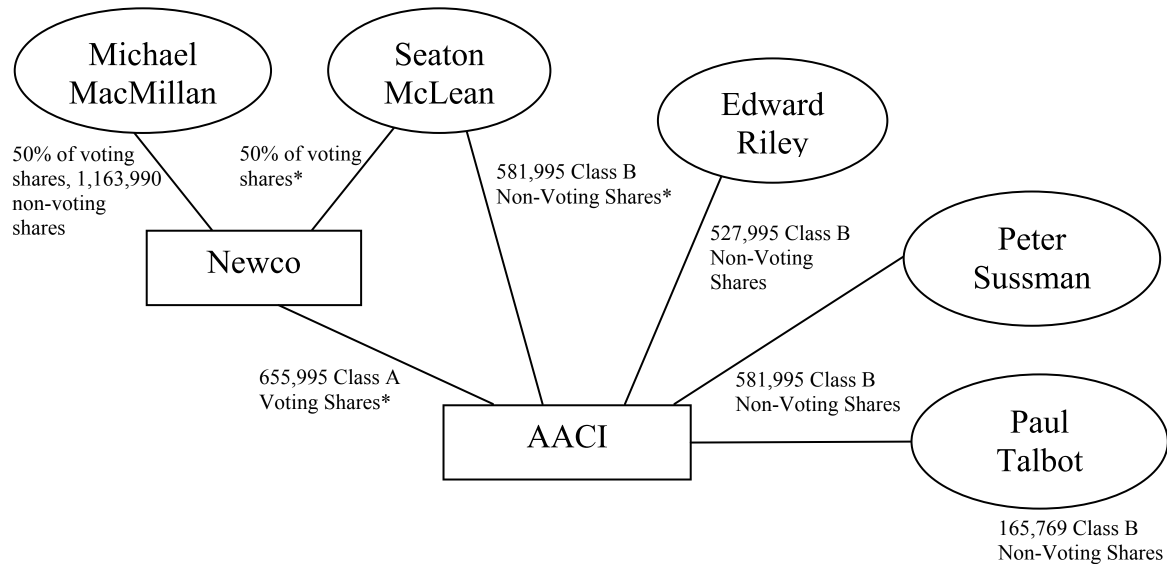
(f) The Reorganization will include the following specific steps involving AACI, as described in (c) above:

(i) AACI will receive non-voting common shares of Amalco from Messrs McLean, Riley, Sussman and Talbot. As full consideration for receiving such Amalco shares, AACI will issue, from treasury, Class B Non-Voting Shares; and

(ii) AACI will receive non-voting common shares of Amalco from Newco. As full consideration for receiving such Amalco shares, AACI will issue, from treasury, Class A Voting Shares.

(g) The shareholdings of the Principals and Mr. Paul Talbot following the Reorganization are as described in the chart below:

Post-Reorganization Ownership Structure**



* The total number of Class A Voting Shares and Class B Non-Voting Shares held by Mr. McLean and Newco is as described in the chart above, however, the exact number of Class A Voting Shares <u>or</u> Class B Non-Voting Shares to be held by Mr. McLean and Newco may change slightly. Mr. McLean may also hold a small number of Newco non-voting shares.

**The ownership structure chart does not include other Class B Non-Voting Shares and options held separately by the Principals and Mr. Talbot.

15. The aggregate number of AACI shares held, directly or indirectly, by the Principals and Mr. Talbot will not change as a result of the Reorganization. Prior to the Reorganization, the Principals and Mr. Talbot indirectly held 2,513,749 Class A Voting Shares. Following the Reorganization, the Principals and Mr. Talbot will continue to hold 2,513,749 shares of AACI but there will be fewer Class A Voting Shares and the balance will be Class B Non-Voting Shares.

16. The fact that the number of Class A Voting Shares will be reduced while the number of Class B Non-Voting Shares will increase is not prejudicial to the public interest as the terms and conditions of the Class A Voting Shares provide the holders thereof the option, at their discretion and at any time, to convert Class A Voting Shares into Class B Non-Voting Shares.

17. The Principals will indemnify AACI from (i) any liabilities in Amalco, the company acquired by AACI as a result of the Reorganization; (ii) for breaches of their representations, warranties or covenants contained in the agreements by which the exchange of shares is implemented; and (iii) for liability for taxes arising directly as a result of particular steps in the Reorganization, including the cancellation of shares on the winding up on Amalco, but excluding any tax liability that is attributable to any acquisition of control of Amalco or AACI.

18. The Corporate Governance Committee of AACI's Board of Directors has determined that the Principals will pay 25% of the costs of the proposed Reorganization, which in the view of AACI is fair and reasonable in the circumstances in light of the benefits accruing to AACI and the related costs in implementing the Reorganization in the manner contemplated. AACI believes that all of the members of the Corporate Governance Committee of the Board of Directors of AACI are independent within the meaning of Part 7 of the OSC Rule 61-501.

19. The Reorganization is subject to (i) approval of the Corporate Governance Committee of the Board of Directors of AACI comprised of non-management directors; (ii) approval by the Board of Directors of AACI (with those directors who are also Principals declaring their interest and abstaining from voting); (iii) acceptance of notice of the Reorganization by the TSX (which has been received); and (iv) confirmation from the CRTC that the Reorganization does not result in a change of control of AACI (which has been received).

20. AACI's offer to purchase Amalco's non-voting common shares (the "Offer") in exchange for issuing its Class B Non-Voting Shares and Class A Voting Shares, as described at paragraph 14(f) above will constitute an issuer bid under subsection 89(1) and section 92 of the Act in that it will constitute an indirect offer by AACI for its Class A Voting Shares and Class B Non-Voting Shares. The Offer will not be an exempt issuer bid under the Act.

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

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that the Offer to be made by AACI as part of the Reorganization be exempt from the Issuer Bid Requirements.

March 11, 2005.

"Paul Moore" "Wendell S. Wigle"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Revoke
Lions Petroleum Inc.	23 Mar 05	04 Apr 05		
Promax Energy Inc.	28 Mar 05	08 Apr 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 5

Rules and Policies

5.1.1 National Instrument 31-101 - National Registration System

NATIONAL INSTRUMENT 31-101 – NATIONAL REGISTRATION SYSTEM

PART 1
DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

In this Instrument,

"filer" means a firm filer or an individual filer;

"filing requirements" means the requirements, as they apply to filers, contained in the securities legislation of the jurisdictions in which a filer is registered, approved or reviewed or submitting an application for registration, approval or review, pursuant to which the filer must file, as and when required, documents and information with the securities regulatory authorities or regulators of such jurisdictions in connection with the filer's fit and proper requirements, but does not mean any such requirements in connection with the filer's renewal of registration;

"firm filer" means a registered firm or a person or company submitting an application to become a registered firm;

"fit and proper requirements" means the requirements and prohibitions, as they apply to registered filers or non-registered individuals, contained in the securities legislation of the jurisdictions in which a registered filer is registered or in which a non-registered individual is approved or reviewed, to ensure the suitability of a filer to be registered or to be approved as a non-registered individual, namely as regards the filer's solvency, integrity and proficiency, but does not mean

(a) any requirements to pay fees in connection with a registration or approval, or

(b) any requirements as they apply to mutual fund dealers and their sponsored individuals who are registered in Québec, contained in the securities legislation of Québec, with respect to liability insurance;

"individual filer" means

(a) a registered individual,

(b) an individual submitting an application to become a registered individual, or

(c) a non-registered individual submitting, or on whose behalf a sponsoring firm is submitting, an application for the approval or review of the individual as director, partner, officer, compliance officer, branch manager or substantial holder of the sponsoring firm;

"investment dealer" means a person or company registered in a category referred to in Appendix A opposite the name of the local jurisdiction under the heading "Investment Dealer";

"MRRS MOU" means the Memorandum of Understanding relating to the Mutual Reliance Review System signed as of October 14, 1999, as amended, supplemented or replaced from time to time;

"mutual fund dealer" means a person or company registered in a category referred to in Appendix A opposite the name of the local jurisdiction under the heading "Mutual Fund Dealer";

"National Registration System" or "NRS" means the system implemented pursuant to the MRRS MOU, this Instrument and NP 31-201, to facilitate the registration, approval or review in the jurisdiction of a non-principal regulator of investment dealers, mutual fund dealers, unrestricted advisers and their sponsored individuals;

“non-principal regulator” means, for a filer, a securities regulatory authority or regulator, other than the principal regulator, with whom the filer is registered, approved or reviewed or to whom the filer is submitting an application under NRS to be registered, approved or reviewed;

“non-registered individual” means, for a sponsoring firm, an individual other than a registered individual who is

(a) a director, partner, officer, compliance officer or branch manager of the firm, or,

(b) in Alberta, British Columbia and Ontario, a director, partner, officer or substantial holder of the firm;

“notice requirements” means the requirements, as they apply to registered individuals, non-registered individuals or registered firms, contained in the securities legislation of the jurisdictions in which a registered filer is registered or in which a non-registered individual is approved or reviewed, pursuant to which the registered filer or non-registered individual must notify, as and when required, the securities regulatory authorities or regulators of such jurisdictions of changes and events in connection with the filer’s fit and proper requirements;

“NP 31-201” means National Policy 31-201 National Registration System;

“NRS document” means the document issued by the principal regulator for an application made under NRS that evidences that a decision has been made by the principal regulator and the non-principal regulators that have not opted out of NRS for that application, and that evidences the terms and conditions of such decision;

“principal regulator” means,

(a) for a firm filer, the securities regulatory authority or regulator of the jurisdiction with which the firm filer has the most significant connection, and

(b) for an individual filer, the securities regulatory authority or regulator of the jurisdiction in which the individual filer’s working office is located;

“registered filer” means a registered firm or registered individual;

“registered firm” means a person or company that is registered in at least one jurisdiction as an investment dealer, a mutual fund dealer or an unrestricted adviser;

“registered individual” means an individual that is registered in at least one jurisdiction to trade or advise on behalf of a registered firm;

“securities legislation” means,

(b) for a local jurisdiction other than Québec, the statute and other instruments referred to in Appendix B of National Instrument 14-101 Definitions opposite the name of the local jurisdiction, and

(b) for Québec,

(i) the statute and other instruments referred to in Appendix B of National Instrument 14-101 Definitions opposite Québec,

(ii) an Act respecting the distribution of financial products and services (R.S.Q., c. D-9.2) and the regulations under that Act and the blanket rulings and orders issued by the securities regulatory authority, and

(iii) an Act respecting the Agence nationale d’encadrement du secteur financier (R.S.Q., c. A-7.03) and the regulations under that Act and the blanket rulings and orders issued by the securities regulatory authority,

but does not mean any regulation adopted by or for a self-regulatory organization;

“sponsored individual” means, for a firm filer,

(a) a registered individual who trades or advises on behalf of the firm filer,

(b) an individual submitting an application to become a registered individual who proposes to trade or advise on behalf of the firm filer, or

(c) a non-registered individual of the firm filer;

"sponsoring firm" means,

(a) for a registered individual, the registered firm on whose behalf the individual trades or advises,

(b) for an individual submitting an application to become a registered individual, the registered firm, or the person or company submitting an application to become a registered firm, on whose behalf the individual proposes to trade or advise,

(c) for a non-registered individual of a registered firm, the registered firm, or

(d) for a non-registered individual of a person or company submitting an application to become a registered firm, the person or company that is submitting the application;

"substantial holder" means any individual who beneficially owns, whether directly or indirectly, or exercises control or direction over, ten percent or more of the voting securities of a firm filer;

"unrestricted adviser" means a person or company registered in a category referred to in Appendix A opposite the name of the local jurisdiction under the heading "Unrestricted Adviser"; and

"working office" means the office of the sponsoring firm from which an individual filer primarily works or proposes to primarily work.

1.2 INTERPRETATION

(1) For the purposes of this Instrument, the term "registration" includes a reinstatement of registration or an amendment to registration, where appropriate.

(2) For the purposes of this Instrument, a category of registration in a jurisdiction corresponds to a category of registration in another jurisdiction if both categories permit the same or substantially the same advising or trading activity.

PART 2
APPLICATION

2.1 APPLICATION OF NRS TO FIRM FILERS

(1) A firm filer may elect to use the National Registration System if the firm filer

(a) has a business office in Canada, and

(b) is

(i) a registered firm in the jurisdiction of its principal regulator and in at least one other jurisdiction,

(ii) submitting an application to become a registered firm in the jurisdiction of its principal regulator and in at least one other jurisdiction, or

(iii) a registered firm in the jurisdiction of its principal regulator and submitting an application to become a registered firm in at least one other jurisdiction,

(iv) in all cases, in corresponding categories of registration.

(2) A firm filer elects to use NRS by submitting to the principal regulator and to all non-principal regulators a completed Form 31-101F1. A new completed Form 31-101F1 must be submitted to the principal regulator and all non-principal regulators when a registered firm is seeking registration in further jurisdictions.

(3) The National Registration System must be used for each application for registration submitted by a firm filer if the firm filer has elected to use NRS.

2.1 APPLICATION OF NRS TO INDIVIDUAL FILERS

The National Registration System must be used for each application for registration, approval or review of an individual filer when

(a) the individual filer resides in Canada,

(b) the individual filer's sponsoring firm has elected to use NRS, and

(c) the individual filer, or the individual filer's sponsoring firm, is submitting the application to a non-principal regulator in a category of registration, approval or review which corresponds to the category in which the individual filer is registered or has been approved or reviewed, or for which the individual filer, or the individual filer's sponsoring firm, is submitting an application to be registered, approved or reviewed, in the jurisdiction of the individual filer's principal regulator.

2.3 NOTICE OF CHANGE

If the factors considered by a firm filer in determining the jurisdiction with which it has the most significant connection change, the firm filer must immediately notify its principal regulator of such change by submitting a completed Form 31-101F2.

PART 3
LOCAL EXEMPTIONS

3.1 EXEMPTIONS FROM NON-PRINCIPAL REGULATOR REQUIREMENTS

(1) Except as provided in section 3.3, a filer registered, approved or reviewed or submitting an application for registration, approval or review in a local jurisdiction under NRS, a firm filer electing to use NRS or an individual filer whose sponsoring firm has elected to use NRS, is exempt from the fit and proper requirements, notice requirements and filing requirements of the local jurisdiction if

(a) the regulator or securities regulatory authority of the local jurisdiction is a non-principal regulator,

(b) the filer complies with the applicable fit and proper requirements, notice requirements and filing requirements of the jurisdiction of the filer's principal regulator, and

(c) where the principal regulator of the firm filer is situate in Québec, the firm filer registered or submitting an application for registration as a mutual fund dealer maintains insurance or bonding with respect to registrable activities conducted in the local jurisdiction that meets the requirements prescribed by the rules of the self-regulatory organization of which the firm filer is or must be a member.

(2) A filer registered under NRS is exempt from the local requirement to hold a certificate of registration or to have received written notice of the registration before conducting an activity for which the filer must be registered, if the filer has received an NRS document from its principal regulator that evidences that the local regulator or securities regulatory authority has registered the filer in a category that permits the filer to carry on the activity.

3.2 TEMPORARY EXEMPTION – CHANGE OF PRINCIPAL REGULATOR

If the principal regulator of a registered filer changes, the registered filer is exempt from the fit and proper requirements of the local jurisdiction of the redesignated principal regulator for a period of six months following the effective date of the change of principal regulator, provided that the registered filer continues to satisfy the fit and proper requirements applicable in the jurisdiction of its previous principal regulator during that period.

3.3 TERMINATION OF EXEMPTIONS

(1) The exemptions in subsection 3.1(1) and section 3.2 are no longer available to a registered filer or non-registered individual that ceases to be eligible under NRS or, for a registered firm, that elects to no longer use NRS.

(2) A filer shall cease to benefit from the exemption set forth in subsection 3.1(1) in any local jurisdiction where a non-principal regulator of the filer opts out of NRS on the filer's application, unless the non-principal regulator opts back in.

PART 4
TRANSITION

4.1 REGISTRATIONS OR APPROVALS OF INDIVIDUAL FILERS IN QUÉBEC

An individual filer whose principal regulator is situate in Québec will not be exempt from the filing requirements contained in Multilateral Instrument 33-109 Registration Information and Multilateral Instrument 31-102 National Registration Database, unless similar requirements are applicable in Québec to the individual filer.

PART 5
EXEMPTION

5.1 EXEMPTION

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

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

PART 6
EFFECTIVE DATE

6.1 EFFECTIVE DATE

This Instrument shall come into force on April 4, 2005.

APPENDIX A

REGISTRATION CATEGORY CONCORDANCE

	INVESTMENT DEALER	MUTUAL FUND DEALER	UNRESTRICTED ADVISER
Alberta	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
British Columbia	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Manitoba	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
New Brunswick	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Newfoundland & Labrador	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Nova Scotia	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Ontario	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Prince Edward Island	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Québec	Dealer with an unrestricted practice	Firm in group-savings-plan brokerage	Adviser with an unrestricted practice
Saskatchewan	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Northwest Territories	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Nunavut	Investment dealer	Mutual fund dealer	Investment counsel or portfolio manager
Yukon	Broker	Broker	Broker

FORM 31-101F1

ELECTION TO USE NRS AND DETERMINATION OF PRINCIPAL REGULATOR

General Instructions

1. A firm filer must use this form to notify its principal regulator and non-principal regulator(s) of its election to use and to have its individual filers use NRS for an application submitted in more than one jurisdiction or in a jurisdiction of a non-principal regulator.

2. This form must be filed in paper format with the firm filer's principal regulator and non-principal regulator(s) when submitted in connection with an application.

3. If this form is not submitted with a firm filer's application, it may be submitted with the filer's principal regulator and non-principal regulators by e-mail at the following addresses:

Alberta	nrs@seccom.ab.ca
British Columbia	registration@bcsc.bc.ca
Manitoba	securities@gov.mb.ca
New Brunswick	information@nbsc-cvmnb.ca
Newfoundland & Labrador	skmurphy@gov.nl.ca
Nova Scotia	nrs@gov.ns.ca
Ontario	registration@osc.gov.on.ca
Prince Edward Island	mlgallant@gov.pe.ca
Québec	inscription@lautorite.qc.ca
Saskatchewan	dmurrison@sfsc.gov.sk.ca
Northwest Territories	ann_burry@gov.nt.ca
Nunavut	svangenne@gov.nu.ca
Yukon Territory	corporateaffairs@gov.yk.ca

1. Identification of Filer

NRD # (if applicable): ____

Firm Name: ____

2. Identification of Regulators

The undersigned firm is submitting an application or is registered in the following jurisdictions:

a) Jurisdiction of Principal Regulator: ______________________________

b) Jurisdiction(s) of Non-Principal Regulator(s): ______________________________

____

3. Reasons for Designation of Principal Regulator

Provide details on the factors listed under subsection 3.2(4) of NP 31-201 that are taken into consideration in the firm filer's determination of its principal regulator. Other factors may be considered if deemed relevant.

____
____
____
____
____

Certification and Submission to Jurisdiction

I, the undersigned, certify on behalf of ____________ [Name of firm] ____________ (the "Firm") that all statements of

fact provided in this notice are true and, by submitting this form, the Firm irrevocably and unconditionally submits itself to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of each jurisdiction to which this form has been submitted and any administrative proceedings in that jurisdiction, in any action, investigation or

administrative, disciplinary, criminal, quasi-criminal, penal or other proceeding (each, a proceeding) arising out of or relating to or concerning its activities as a registered filer under the securities legislation of the jurisdiction, and the Firm irrevocably waives any right to raise as a defence in any proceeding any alleged lack of jurisdiction to bring that proceeding.

____
[Name of firm]

______________________________ Per: ____
Date Signature of authorized officer or partner

FORM 31-101F2

NOTICE OF CHANGE

General Instructions

1. This form must be submitted by a firm filer to notify its principal regulator of changes to the factors considered by the firm filer to determine the jurisdiction with which the firm filer has the most significant connection.

2. This form should be submitted with the filer's principal regulator by e-mail at the following address:

Alberta	nrs@seccom.ab.ca
British Columbia	registration@bcsc.bc.ca
Manitoba	securities@gov.mb.ca
New Brunswick	information@nbsc-cvmnb.ca
Newfoundland & Labrador	skmurphy@gov.nl.ca
Nova Scotia	nrs@gov.ns.ca
Ontario	registration@osc.gov.on.ca
Prince Edward Island	mlgallant@gov.pe.ca
Québec	inscription@lautorite.qc.ca
Saskatchewan	dmurrison@sfsc.gov.sk.ca
Northwest Territories	ann_burry@gov.nt.ca
Nunavut	svangenne@gov.nu.ca
Yukon Territory	corporateaffairs@gov.yk.ca

1. Identification of Filer

NRD # (if applicable): ___________________

Firm Name: ___________________________

2. Details of Change

Provide details of the change to the factors considered by the firm filer to determine the jurisdiction with which the firm filer has the most significant connection.

____

____

____

Certification

I, the undersigned, on behalf of ___________________________________ certify that all statements of fact provided in this notice are true.
[Name of firm]

____
[Name of firm]

___________________________ Per: ___________________________________

Date Signature of authorized officer or partner

5.1.2 National Policy 31-201 - National Registration System

NATIONAL POLICY 31-201 — NATIONAL REGISTRATION SYSTEM

PART 1
DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

(1) In this Policy,

"application form" means, for a filer, the form required under applicable securities legislation to submit an application for registration or approval;

"conduct rules" means the rules, as they apply to registered filers or non-registered individuals, contained in securities legislation of the jurisdictions in which a registered filer is registered or in which a non-registered individual is approved or reviewed, to ensure the proper conduct, namely as regards skill, care and diligence, of registered filers and non-registered individuals towards clients, other registrants and regulators and, without limiting the generality of the foregoing, may include rules relating to

(a) the types of securities that may be traded or on which advice may be given,

(b) knowledge of clients, including identity, creditworthiness, reputation, investment needs and objectives and suitability of securities transactions,

(c) membership with self-regulatory organizations,

(d) necessary human resources,

(e) supervision,

(f) compliance officers or branch managers,

(g) fair and honest treatment of clients,

(h) fair allocation of investment opportunities,

(i) prudent business practices,

(j) record-keeping,

(k) communications with clients,

(l) safe-keeping of assets,

(m) conflicts of interest,

(n) use of advertising,

(o) segregated and trust accounts, and

(p) general conduct of business activities so as to promote the best interests of clients and the integrity of the market;

"materials" means the materials identified in accordance with section 0;

"MI 31-102" means Multilateral Instrument 31-102 National Registration Database;

"MI 33-109" means Multilateral Instrument 33-109 Registration Information;

"NI 31-101" means National Instrument 31-101 National Registration System; and

"Québec NRD Rules" means Regulation 31-102Q Respecting the National Registration Database and Regulation 33-109Q Respecting Registration Information.

(2) In this Policy, "conduct rules" also means the rules, as they apply to mutual fund dealers and their sponsored individuals who are registered in Québec, contained in the securities legislation of Québec, with respect to liability insurance.

1.2 INTERPRETATION

(1) Unless otherwise defined or interpreted herein or unless the context otherwise requires, terms used in this Policy that are defined or interpreted in NI 31-101 or National Instrument 14-101 Definitions have the meanings given in those national instruments.

(2) "Fit and proper requirements", as defined in NI 31-101, include requirements relating to

(a) employment conflicts and multiple-category registration,

(b) experience and completion of recognized industry course,

(c) minimum capital,

(d) bonding or insurance, except as contemplated in subsection 1.1(2),

(e) participation in compensation or contingency funds,

(f) record-keeping systems,

(g) preparation of audited and unaudited financial statements, and

(h) jurisdiction of incorporation.

(3) In this Policy, the terms "NRD", "NRD format" and "NRD website" have the meanings defined in MI 31-102.

(4) Terms and conditions attaching to a filer's registration does not affect the filer's eligibility to use NRS.

(5) This Policy should be read in conjunction with NI 31-101, which sets out specific requirements and exemptions in relation to the use of NRS.

PART 2
OVERVIEW AND APPLICATION

2.1 OVERVIEW

(1) This Policy describes the practical application of mutual reliance concepts set out in the MRRS MOU relating to the filing and review of registration applications and applications for approval or review of non-registered individuals.

(2) Under NRS, a designated securities regulatory authority or regulator, as applicable, acts as the principal regulator for all applications relating to a filer. This will enable securities regulatory authorities and regulators to develop greater familiarity with their respective filers, which will enhance the efficiency and quality of their review of applications filed under NRS.

(3) A person or company submitting an application to become a registered firm should determine pursuant to NI 31-101 if it is eligible to use NRS. Eligible registered firms may elect to use NRS at any time. Any election by a firm filer to use NRS is binding on all eligible sponsored individuals of the firm filer submitting, or whose firm filer is submitting on their behalf, an application to a non-principal regulator.

2.2 APPLICABLE REQUIREMENTS

(1) NI 31-101 provides exemptive relief so that firm filers who have elected to use NRS and their sponsored individuals will only have to satisfy or comply with, as the case may be, the fit and proper requirements, notice requirements and filing requirements applicable in the jurisdiction of the filer's principal regulator. A requirement is not considered applicable if the filer's principal regulator has issued a blanket ruling or order providing for general relief from this requirement.

(2) Filers will continue to be subject to the conduct rules applicable in each jurisdiction where they are registered.

2.3 APPLICATIONS FOR EXEMPTIVE RELIEF

(1) If a filer requires exemptive relief from the fit and proper requirements, the notice requirements or the filing requirements in connection with its application, it only needs to obtain the exemption from its principal regulator.

(2) If a filer requires exemptive relief from the conduct rules in connection with its application, the exemption can only be obtained from the securities regulatory authority or regulator of the jurisdiction in which the exemption is required. If an exemption is required in more than one jurisdiction, filers are encouraged to use the procedures under National Policy 12-201 Mutual Reliance Review System for Exemptive Relief Applications.

PART 3
PRINCIPAL REGULATOR

3.1 PARTICIPATING PRINCIPAL REGULATORS

As of the effective date of this Policy, the securities regulatory authorities and regulators of all jurisdictions have agreed to act as principal regulator for applications submitted under NRS.

3.2 DETERMINATION OF PRINCIPAL REGULATOR

(1) It is the responsibility of the filer to determine its principal regulator.

(2) A filer submitting an application under NRS or, in the case of a firm filer, electing to use NRS should determine its principal regulator in accordance with this section.

(3) The principal regulator for a firm filer is the securities regulatory authority or regulator of the jurisdiction with which the firm filer has the most significant connection.

(4) The following are factors that should be considered by a firm filer when determining the jurisdiction with which it has the most significant connection:

(a) head office,

(b) directing mind and management,

(c) operational headquarters,

(d) business offices,

(e) workforce, and

(f) clientele.

(5) A firm filer's jurisdiction of incorporation or its registered office, if it is not also a significant business office, are not in themselves factors that should be considered by a firm filer when determining the jurisdiction with which it has the most significant connection.

(6) The principal regulator for an individual filer is the securities regulatory authority or regulator of the jurisdiction in which the individual filer's working office is located.

(7) If a filer wishes to obtain confirmation of its determination of principal regulator, it may notify that regulator of its determination before submitting an application under NRS. The notice should include detailed information regarding the relevant factors considered by the filer in making the determination. The principal regulator, after considering the determination, which may include discussing the determination with other securities regulatory authorities or regulators, will respond to the filer's notice within ten business days.

3.3 CHANGE OF PRINCIPAL REGULATOR

(1) Securities regulatory authorities and regulators may change the principal regulator determined by the filer in the following circumstances:

(a) the securities regulatory authorities and regulators believe that the determination of the principal regulator by the filer was not or is no longer appropriate in view of the particular relevant factors applicable to the filer, or

(b) the securities regulatory authorities and regulators determine that changing the principal regulator of a filer would result in greater administrative and regulatory efficiencies in connection with the filer's registration or approval.

(2) If the securities regulatory authorities and regulators propose to change a filer's principal regulator, the principal regulator will notify the filer in writing of the proposed change and will identify the reasons for the proposed change.

3.4 EFFECT OF CHANGE OF PRINCIPAL REGULATOR

Unless otherwise consented to by the principal regulator and the redesignated principal regulator, a change of principal regulator pursuant to section 0 will take effect immediately. Requirements applicable to the filer will change accordingly, subject to the temporary exemption contained in section 3.2 of NI 31-101 for the benefit of registered filers.

PART 4
FILING MATERIALS UNDER NRS

4.1 USE OF NRS

A firm filer uses NRS or enables its individual filers to use NRS by filing a completed Form 31-101F1 with its principal regulator and non-principal regulators.

4.2 MATERIALS TO BE FILED

(1) If a firm filer or an individual filer's sponsoring firm has elected to use NRS, the filer or the non-registered individual's sponsoring firm should file all required materials in connection with the application under the securities legislation applicable in the jurisdiction of the filer's principal regulator. Materials that would have normally been required in connection with the application under the securities legislation applicable in the jurisdictions of the non-principal regulators do not need to be filed.

(2) Materials that must be filed in NRD format through the NRD website in accordance with MI 31-102 and MI 33-109 should be filed concurrently with each of the principal regulator and the non-principal regulators with the applicable fees.

(3) Materials that cannot be filed in NRD format through the NRD website should be filed in paper format with the principal regulator only. Firm filers should also concurrently send in paper format to each non-principal regulator a signed copy of Form 31-101F1 and a copy of the application form, as well as the applicable fees. Supporting materials for an application are not required to be sent to the firm filer's non-principal regulators.

4.3 SEQUENTIAL APPLICATIONS

(1) A registered firm seeking further registration in one or more jurisdictions of non-principal regulators should submit its application with its principal regulator and the non-principal regulators in whose jurisdiction the registered firm is seeking further registration.

(2) The registered firm should submit a letter to its principal regulator, with a copy to the non-principal regulators in whose jurisdictions it is seeking further registration, describing the nature of the application and confirming that the information that it has submitted to its principal regulator in connection with its existing registration is accurate as at the date of the sequential application. The registered firm is not required to submit a new application form or any other document which has been previously filed with the principal regulator and which would remain unchanged. In accordance with section 2.3 of NI 31-101, the registered firm must submit a new completed Form 31-101F1 which includes the further jurisdictions in which it is seeking registration.

PART 5
REVIEW OF MATERIALS

5.1 REVIEW BY PRINCIPAL REGULATOR

(1) The principal regulator is responsible for reviewing all the materials filed pursuant to sections 0 and 0 in accordance with the securities legislation and securities directions applicable in its jurisdiction and with its review procedures and

those set forth under this Policy and the MRRS MOU, together with the benefit of comments, if any, from the non-principal regulators.

(2) The principal regulator will be responsible for identifying and addressing all deficiencies relating to the filer's application and the submitted materials.

5.2 COORDINATION

The principal regulator for an application made by a firm filer will coordinate the review of the application with the principal regulators of the firm filer's sponsored individuals that have submitted concurrent applications to ensure that issues are resolved so that NRS documents are issued concurrently.

PART 6
REGISTRATION

6.1 DETERMINATION BY PRINCIPAL REGULATOR

(1) After completing its review of the filer's application, the principal regulator will determine whether it will grant, refuse to grant or impose terms and conditions on the registration or approval sought.

6.2 SUBMISSION OF PROPOSED NRS DOCUMENT TO NON-PRINCIPAL REGULATORS

After making the determination referred to in section 0, the principal regulator will submit to all non-principal regulators the NRS document that it proposes to issue, addressing

(a) the completion of its review of the filer's application,

(b) whether the filer complies with all fit and proper requirements of the securities legislation applicable in the jurisdiction of the principal regulator,

(c) whether, in the opinion of the principal regulator, the filer is suitable for registration,

(d) the terms and conditions, if any, that the principal regulator proposes to impose, and

(e) the exemptive relief, if any, that the principal regulator is prepared to grant to the filer in connection with the fit and proper requirements, the filing requirements or the notice requirements.

6.3 DETERMINATION BY NON-PRINCIPAL REGULATORS

(1) Each non-principal regulator will have five business days from the receipt of the proposed NRS document referred to in section 0 or subsection 0, as the case may be, to confirm to the principal regulator whether it has made the same determination as the principal regulator and therefore opts into NRS for that application or whether it is opting out. A confirmation from the regulators in the Northwest Territories, Nunavut and the Yukon Territory is not required if they are opting in.

(2) Non-principal regulators may, without opting out of NRS, impose local terms and conditions to the registration or approval relating to conduct rules applicable in their jurisdiction.

(3) If a non-principal regulator intends to impose local terms and conditions on the filer's registration or approval, it will notify the filer of such terms and conditions and, if and as provided under the securities legislation applicable in the jurisdiction of the non-principal regulator, it will provide the filer with an opportunity to be heard with respect to the proposed terms and conditions.

6.4 POTENTIAL REFUSAL OF REGISTRATION OR IMPOSITION OF TERMS AND CONDITIONS

If, based on the information before it, the principal regulator is not prepared to grant the registration or approval sought, or if it is prepared to grant the registration or approval sought with certain terms and conditions, the principal regulator will, after the period referred to in subsection 0 has elapsed, notify the filer.

6.5 OPPORTUNITY TO BE HEARD

(1) If a filer has, under the securities legislation applicable in the jurisdiction of its principal regulator, the right to request the opportunity to appear before or otherwise make submissions to the principal regulator as a result of a potential

refusal of the registration or approval sought or as a result of the proposed terms and conditions to the registration or approval sought and if the filer exercises such right, the principal regulator will notify the non-principal regulators with whom the application was filed that the filer has made the request.

(2) The principal regulator may provide an opportunity to be heard, either solely, jointly or concurrently with other interested non-principal regulators in accordance with applicable securities legislation.

(3) The non-principal regulators with whom the filer's application was filed may make whatever arrangements they consider appropriate, including providing an opportunity to be heard contemporaneously with an opportunity provided by the principal regulator, in accordance with applicable securities legislation.

(4) After a decision has been rendered following the hearing, the principal regulator will submit to all non-principal regulators a newly proposed NRS document, if required.

6.6 RENEWALS

(1) In certain jurisdictions, securities legislation provides that registration will expire after a certain period of time, while in other jurisdictions, securities legislation provides that registration is permanent unless revoked by the local securities regulatory authority or regulator. Renewal requirements apply to registered filers using NRS, however the exemption from the fit and proper requirements of the local jurisdiction of non-principal regulators continues in effect.

(2) Due to the different requirements among the jurisdictions in respect of renewal filings and fees, it is not possible to process renewals through the single channel of the principal regulator in the same manner as with other NRS applications. Applicable filings must be submitted directly to a securities regulatory authority or regulator whose securities legislation imposes a renewal requirement on a registered filer and applicable renewal payments must be made through NRD.

PART 7
OPT OUT

7.1 OPT OUT

(1) A non-principal regulator electing to opt out of NRS on any particular application will notify the filer, the principal regulator and other non-principal regulators within the time period prescribed by subsection 0 and will briefly indicate the reasons for opting out.

(2) A decision by a non-principal regulator to opt out of NRS is not a decision on the merits of the application.

(3) A filer will deal directly with any non-principal regulator that has opted out of NRS to resolve outstanding issues.

7.2 OPT BACK IN

If the filer and the non-principal regulator are able to resolve their outstanding issues before the principal regulator issues the final NRS document, the non-principal regulator may opt back into NRS by notifying the principal regulator, all other non-principal regulators and the filer.

PART 8
NRS DOCUMENT

8.1 CONDITIONS FOR ISSUANCE OF NRS DOCUMENT

The principal regulator will issue an NRS document for an application submitted under NRS if

(a) all non-principal regulators, other than the regulators in the Northwest Territories, Nunavut and the Yukon Territory, have indicated whether they are opting in or out of NRS with respect to the application,

(b) the principal regulator has determined that acceptable materials have been filed,

(c) the principal regulator has reviewed the materials submitted,

(d) where the registration or approval sought by the filer is to be granted, the principal regulator has determined that the requirements contained in the securities legislation applicable in the jurisdiction of the principal regulator to grant the registration or approval, with or without terms and conditions, are satisfied, or where the

registration or approval sought by the filer is to be refused, the principal regulator has determined that the requirements contained in the securities legislation applicable in the jurisdiction of the principal regulator to grant the registration or approval are not satisfied, and

(e) where the registration or approval sought by an individual filer is to be granted, the individual filer's sponsoring firm is registered in all jurisdictions in which the individual filer is to be registered or approved.

8.2 EFFECT AND SUBSTANCE OF NRS DOCUMENT

(1) The NRS document evidences that a decision on the filer's application has been made by the principal regulator and the non-principal regulators that have not opted out of NRS for the application.

(2) The NRS document will evidence any terms and conditions imposed by a principal regulator or a non-principal regulator, as well as any exemption from the fit and proper requirements, the notice requirements and the filing requirements granted by the principal regulator.

8.3 EFFECTIVE DATE OF NRS DOCUMENT

The decisions made by the principal regulator and the non-principal regulators with respect to a filer's application will have the same effective date as the NRS document.

8.4 LOCAL DECISION

Despite the issuance of the NRS document, certain non-principal regulators may concurrently issue their own decision documents in connection with a filer's application. It is not necessary for a filer to obtain a copy of any local decision document before commencing registrable activities.

PART 9
TRANSITION

9.1 REGISTRATIONS OR APPROVALS OF INDIVIDUAL FILERS IN QUÉBEC

Québec has adopted the Québec NRD Rules, which correspond to MI 31-102 and MI 33-109, and has made NRD available for registrations or approvals of individual filers in Québec. However, because of transitional measures provided in the Québec NRD Rules, individual filers whose principal regulator is a securities regulatory authority in Québec and who are not yet required pursuant to the Québec NRD Rules to file materials in NRD format through the NRD website, in addition to complying with the requirements of securities legislation in Québec, must comply with the requirements of MI 31-102 and MI 33-109, in order to ensure the integrity of NRD.

5.1.3 Notice of Proposed Amendments to Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and Companion Policy 52-109CP

NOTICE

**PROPOSED AMENDMENTS TO
MULTILATERAL INSTRUMENT 52-109
CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS
AND
COMPANION POLICY 52-109CP**

Introduction

The following are initiatives of members of the Canadian Securities Administrators, other than British Columbia (the Participating Jurisdictions):

- a proposed amendment instrument (the Proposed Amendment Instrument) amending Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (the Certification Instrument); and

- proposed amendments (the Proposed CP Amendments and together with the Proposed Amendment Instrument, the Proposed Amendments) to Companion Policy 52-109CP to the Certification Instrument (the Companion Policy).

The Proposed Amendment Instrument has been made, or is expected to be made, by each of the Participating Jurisdictions and will be implemented as:

- a rule in each of Alberta, Manitoba, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador;

- a Commission regulation in Saskatchewan and a regulation in the Northwest Territories;

- a policy in each of Prince Edward Island and Yukon; and

- a code in Nunavut.

It is expected that the Proposed CP Amendments will be adopted as a policy in each of Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut and Yukon.

In Québec, since the Certification Instrument and the Companion Policy have not been adopted yet, the Proposed Amendment Instrument is being published as Amendment to Proposed *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings*, and the Proposed CP Amendments are being published as Amendment to Proposed Policy Statement 52-109 to *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings*.

Ministerial approvals

In Ontario, the Proposed Amendment Instrument and other required materials were delivered to the Minister responsible for the Ontario Securities Commission on March 23, 2005. The Minister may approve or reject the Proposed Amendment Instrument or return it for further consideration. If the Minister approves the Proposed Amendment Instrument or does not take any further action by June 6, 2005, the Proposed Amendment Instrument will come into force on June 6, 2005. The Proposed CP Amendments will come into force on the date that the Proposed Amendment Instrument comes into force.

In Alberta, the Proposed Amendment Instrument and other materials were delivered to the Minister of Revenue on March 24, 2005. The Minister may approve or reject the Proposed Amendment Instrument. Subject to Ministerial approval, the Proposed Amendment Instrument and the Proposed CP Amendments will come into force on June 6, 2005. The Alberta Securities Commission will issue a separate notice advising of whether the Minister has approved or rejected the Proposed Amendment Instrument.

Provided all necessary ministerial approvals are obtained, we expect to implement the Proposed Amendment Instrument and the Proposed CP Amendments on June 6, 2005.

Background to the Certification Instrument and the Companion Policy

The Certification Instrument and the Companion Policy were initiatives of the Participating Jurisdictions.

The purpose of the Certification Instrument is to improve the quality and reliability of financial and other continuous disclosure reporting by reporting issuers. We believe that this in turn will help to maintain and enhance investor confidence.

Current filing requirements under the Certification Instrument

Under the Certification Instrument, issuers are required to file annual certificates for each financial year beginning on or after January 1, 2004. The form of annual certificate is Form 52-109F1 (the full annual certificate); however, issuers are permitted to file annual certificates in Form 52-109FT1 (the bare annual certificate) for financial years ending on or before March 30, 2005.

Issuers are also required to file interim certificates for each interim period beginning on or after January 1, 2004. The form of interim certificate is Form 52-109F2 (the full interim certificate); however, issuers are permitted to file interim certificates in Form 52-109FT2 (the bare interim certificate) for interim periods that occur before the end of the first financial year for which issuers are required to file full annual certificates.

Substance of the Proposed Amendments

The Proposed Amendments contain the following changes to the Certification Instrument and the Companion Policy:

1. ***Deferral of certifications regarding internal control over financial reporting***

   The Proposed Amendments allow certifying officers to omit the following certifications from their full annual certificates filed for financial years ending on or before June 29, 2006 (permitted financial years) and their full interim certificates filed for permitted interim periods:

   (a) the certification that the certifying officers are responsible for establishing and maintaining internal control over financial reporting;

   (b) the certification that the certifying officers have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP; and

   (c) the certification that the certifying officers have caused the issuer to disclose in the issuer's MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent period that materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

   The permitted interim periods are those interim periods that occur before the end of the first financial year for which an issuer is required to file full annual certificates that include the certifications described in paragraphs (a), (b) and (c) above.

   If the Proposed Amendments are made, issuers will be permitted to file annual certificates and interim certificates for the specified financial years and interim periods in the forms set out in Appendix A to this Notice.

2. ***Appendix A to the Companion Policy***

   In light of the changes to the Certification Instrument described above, the Proposed Amendments also include consequential changes to Appendix A to the Companion Policy.

The certifications required in annual certificates and interim certificates, assuming the Proposed Amendments come into force, are summarized in the table below:

Summary of certifications[1]	**Bare interim certificate**	**Bare annual certificate**	**Interim certificate for permitted interim periods**	**Annual certificate for permitted financial years**	**Full interim certificate**	**Full annual certificate**
The certifying officers have reviewed the annual filings or interim filings. *Paragraph 1*	Required	Required	Required	Required	Required	Required

Summary of certifications[1]	Bare interim certificate	Bare annual certificate	Interim certificate for permitted interim periods	Annual certificate for permitted financial years	Full interim certificate	Full annual certificate
Based on the certifying officers' knowledge, the issuer's annual filings or interim filings do not contain any misrepresentations. *Paragraph 2*	Required	Required	Required	Required	Required	Required
Based on the certifying officers' knowledge, the financial statements and other financial information in the annual filings or interim filings fairly present the financial condition, results of operations and cash flows of the issuer. *Paragraph 3*	Required	Required	Required	Required	Required	Required
The certifying officers are responsible for establishing and maintaining disclosure controls and procedures and have designed (or caused to be designed) such disclosure controls and procedures. *Introductory language to paragraph 4 and paragraph 4(a)*	Not required	Not required	Required	Required	Required	Required
The certifying officers are responsible for establishing and maintaining internal control over financial reporting and have designed (or caused to be designed) such internal control over financial reporting. *Introductory language to paragraph 4 and paragraph 4(b)*	Not required	Not required	Not required	Not required	Required	Required
The certifying officers have evaluated the effectiveness of disclosure controls and procedures and caused the issuer to disclose their conclusions. *Paragraph 4(c)*	Not required	Not required	Not required	Required	Not Required	Required
The certifying officers have caused the issuer to disclose certain changes in internal control over financial reporting. *Paragraph 5*	Not required	Not required	Not required	Not required	Required	Required

[1] Please see Forms 52-109F1, 52-109FT1, 52-109F2 and 52-109FT2 for the prescribed wording of the required certifications.

Purpose of the Proposed Amendments

We believe that it is critical for our markets that all reporting issuers have sound internal control over financial reporting. The Proposed Amendments will allow additional time for certifying officers to satisfy themselves that they have an appropriate basis for providing the certifications regarding internal control over financial reporting in their full annual certificates and full interim certificates.

Summary of written comments received by the Participating Jurisdictions

The Proposed Amendments were published for comment on November 26, 2004. The comment period expired on February 24, 2005.

We received submissions from two commenters, Christopher Loucks, CA and the CICA's Canadian Performance Reporting Board. We have considered the comments received and thank the commenters. A summary of the comments, together with the responses of the Participating Jurisdictions, are set out in Appendix B of this Notice.

After considering the comments, we have determined that no substantive changes to the Proposed Amendments are required. We have made certain drafting changes to the Proposed Amendments; however, as we believe these changes do not change the substance of the Proposed Amendments and are not material, we are not republishing the Proposed Amendments for a further comment period.

Authority – Ontario

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

Paragraph 143(1) 22 of the *Securities Act* (Ontario) (the Act) authorizes the Commission to make rules prescribing requirements in respect of the preparation and dissemination and other use, by reporting issuers, of documents providing for continuous disclosure that are in addition to the requirements under the Act.

Paragraph 143(1) 25 of the Act authorizes the Commission to make rules prescribing requirements in respect of financial accounting, reporting and auditing for the purposes of the Act, the regulations and the rules.

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

Paragraphs 143(1) 58 and 59 of the Act authorize the Commission to make rules requiring reporting issuers to devise and maintain systems of disclosure controls and procedures and internal controls, the effectiveness and efficiency of their operations, including financial reporting and assets control.

Paragraphs 143(1) 60 and 61 of the Act authorize the Commission to make rules requiring chief executive officers and chief financial officers of reporting issuers to provide certification relating to the establishment, maintenance and evaluation of the systems of disclosure controls and procedures and internal controls.

Related instruments

The Certification Instrument is related to:

- National Instrument 51-102 *Continuous Disclosure Obligations*;
- National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*; and
- National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*.

Alternatives

We did not identify any alternatives that we believed accomplished the purposes of the Certification Instrument, as discussed above, while allowing additional time for certifying officers to satisfy themselves that they have an appropriate basis for providing the representations regarding internal control over financial reporting.

Anticipated costs and benefits

The anticipated costs and benefits of implementing the Certification Instrument were previously outlined in the paper entitled *Investor Confidence Initiatives: A Cost-Benefit Analysis*, which was published on June 27, 2003. The Proposed Amendments do not impose any additional requirements upon reporting issuers. As a result, we believe that the benefits of the Proposed Amendments outweigh the costs, if any.

Reliance on unpublished studies, etc.

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

Questions

Please refer your questions to any of:

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Text of the Proposed Amendments

The text of the Proposed Amendments follows.

Date: April 1, 2005

APPENDIX A

Sample annual certificate permitted to be filed for financial years ending on or before June 29, 2006
Form 52-109F1 - Certification of Annual Filings

I, ***‹identify the certifying officer, the issuer, and his or her position at the issuer›***, certify that:

1. I have reviewed the annual filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of ***‹identify issuer›*** (the issuer) for the period ending ***‹state the relevant date›***;

2. Based on my knowledge, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings;

3. Based on my knowledge, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the annual filings;

4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures ~~and internal control over financial reporting~~ for the issuer, and we have:

   (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the annual filings are being prepared;

   ~~(b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and~~

   (c) evaluated the effectiveness of the issuer's disclosure controls and procedures as of the end of the period covered by the annual filings and have caused the issuer to disclose in the annual MD&A our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual filings based on such evaluation; and

~~5. I have caused the issuer to disclose in the annual MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.~~

Date: ....

____
[Signature]
[Title]

Sample interim certificate permitted to be filed
for permitted interim periods
Form 52-109F2 - Certification of Interim Filings

I ***‹identify the certifying officer, the issuer, and his or her position at the issuer›***, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of ***‹identify the issuer›***, (the issuer) for the interim period ending ***‹state the relevant date›***;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;

4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures ~~and internal control over financial reporting~~ for the issuer, and we have:

   (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and

   ~~(b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP; and~~

~~5. I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.~~

Date: ....

____
[Signature]
[Title]

APPENDIX B

Summary of Comments and Reponses

#	Theme	Comment	Response
	Certifications regarding internal control over financial reporting		
1.	Need for sound internal control over financial reporting.	One commenter stated that sound internal control over financial reporting in all reporting issuers is critical for Canadian capital markets.	We agree.
2.	Need for deferral of certifications regarding internal control over financial reporting	One commenter believes that additional time is needed for certifying officers to satisfy themselves that they have an appropriate basis for providing the certifications regarding internal control over financial reporting.	We agree.
3.	Rationale for deferral of certifications regarding internal control over financial reporting	One commenter submits that any further delay in Canadian regulatory change is a failure. The commenter further submits that we have already fallen behind our competition in terms of external investor confidence. The commenter reminds us of Canadian reporting failures that have contributed to the lack of confidence which the commenter believes is present.	We believe that it is critical for our markets that all reporting issuers have sound internal control over financial reporting. The purposes of the Certification Instrument are to improve the quality and reliability of financial and other continuous disclosure reporting by reporting issuers, which will in turn help to maintain and enhance investor confidence in the integrity of our capital markets. In order for the certifications regarding internal control over financial reporting by certifying officers to achieve the purposes identified above, the certifying officers must have satisfied themselves that they have an appropriate basis for providing the certifications. If the certifying officers do not have a sufficient amount of time to do so, there is a risk of inappropriate or premature certifications of internal control over financial reporting. Such certifications could undermine investor confidence or create false investor confidence, which in turn could undermine the purposes of the Certification Instrument.
4.	Rationale for deferral of certifications regarding internal control over financial reporting	One commenter suggests that the Proposed Amendments were proposed because the SEC delayed the full implementation of the rules implementing the *Sarbanes-Oxley Act of 2002* (SOX). The commenter questions whether this rationale for the Proposed Amendments is appropriate.	The rationale for the Proposed Amendments is not merely to follow changes to the rules implementing the requirements of section 302 of SOX. The rationale of the Proposed Amendments is to allow additional time for certifying officers to satisfy themselves that they have an appropriate basis for providing the certifications regarding internal control over financial reporting in their full annual certificates and full interim certificates.

5.	Rationale for deferral of certifications regarding internal control over financial reporting	One commenter questions whether there are any surveys or other data supporting the Proposed Amendments.	In developing the Proposed Amendments, we did not rely upon any significant unpublished study, report or other written materials. We became aware of the need to defer the certifications regarding internal control over financial reporting through consultations with various market participants and direct feedback from issuers.
6.	Deferral of certification of responsibility for establishing and maintaining internal control over financial reporting	One commenter questions whether it is appropriate to defer the certification that the certifying officers are responsible for establishing and maintaining internal control over financial reporting. The commenter submits that the CEO and CFO are responsible and questions why they cannot state so.	We are proposing to defer the certification regarding responsibility for establishing and maintaining internal control over financial reporting as there is currently no stand-alone requirement that an issuer have internal control over financial reporting in our securities legislation. The requirement to have internal control over financial reporting is built in through the certification of the design of internal control over financial reporting. As a result, we believe that it is inappropriate to require certifying officers to certify that they are responsible for establishing and maintaining internal control over financial reporting before they are required to certify that they have designed, or caused to be designed under their supervision, internal control over financial reporting. On February 4, 2005, the Participating Jurisdictions published for comment a proposed amended and restated Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (the Revised Certification Instrument). The Revised Certification Instrument includes an express provision that every issuer must have disclosure controls and procedures and internal control over financial reporting.

7.	Length of deferral of certifications regarding internal control over financial reporting	One commenter questions the appropriateness of the length of the deferral of the certifications regarding internal control over financial reporting. The commenter suggests that if a delay is required, one year might be an appropriate length.	We believe that the deferral of the certifications regarding internal control over financial reporting until financial years ending on or after June 30, 2006 is appropriate. This deferral recognizes that: • the legislative requirement for issuers to have internal control over financial reporting is relatively new for Canadian reporting issuers; • the design of internal control over financial reporting involves a significant amount of work; and • issuers have advised us that in order to complete this work in a cost-effective manner, they need additional time.
	Certifications regarding disclosure controls and procedures		
8.	Overlap between disclosure controls and procedures and internal control over financial reporting	One commenter believes that disclosure controls and procedures include most aspects of internal control over financial reporting.	We agree that there is a substantial overlap between the definition of disclosure controls and procedures and internal control over financial reporting. There are, however, some elements of disclosure controls and procedures that are not subsumed within the definition of internal control over financial reporting and some elements of internal control over financial reporting that are not subsumed within the definition of disclosure controls and procedures. For example, as noted in the Companion Policy, disclosure controls and procedures may include those components of internal control over financial reporting that provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with the issuer's GAAP; however, some issuers may design their disclosure controls and procedures so that certain components of internal control over financial reporting pertaining to the accurate recording of transactions and disposition of assets or to the safeguarding of assets are not included.

9.	Deferral of certifications regarding disclosure controls and procedures	One commenter suggests that the deferral of the certifications regarding internal control over financial reporting will be ineffectual given that the certifying officers are required to certify that they have evaluated the effectiveness of disclosure controls and procedures. Given the overlap between disclosure controls and procedures and internal control over financial reporting, the commenter believes that an evaluation of the effectiveness of disclosure controls and procedures necessarily involves an evaluation of most aspects of the effectiveness of internal control over financial reporting. As a result, the commenter believes that deferral of certifications regarding internal control over financial reporting should be extended to the certifications regarding disclosure controls and procedures.	We disagree that that the deferral of the certifications regarding internal control over financial reporting will be ineffectual without the deferral of the certifications regarding disclosure controls and procedures. We also do not believe that the deferral of the certifications regarding disclosure controls and procedures is necessary or appropriate. While there is a significant overlap between disclosure controls and procedures and internal control over financial reporting, not all aspects of internal control over financial reporting are subsumed within disclosure controls and procedures. We agree that an evaluation of the effectiveness of disclosure controls and procedures will involve an evaluation of many aspects of the effectiveness of internal control over financial reporting; however, we believe that the level of effort required to evaluate disclosure controls and procedures under the Certification Instrument is less than the level of effort required to evaluate internal control over financial reporting under the proposed Multilateral Instrument 52-111 *Reporting on Internal Control over Financial Reporting*. The level of effort and nature of work required to evaluate disclosure controls and procedures is left to the judgment of the certifying officers, acting reasonably, taking into consideration the issuer's circumstances, including its size, nature of its business and complexity of its operations. The nature and extent of evidence to support the evaluation of the effectiveness of disclosure controls and procedures is also a matter of judgment for the certifying officers. A control framework may provide certifying officers with a useful tool for organizing the evaluation of disclosure controls and procedures and maintaining evidence; however, the Certification Instrument does not prescribe the use of a control framework for that purpose. An audit of the effectiveness of disclosure controls and procedures is not required under the Certification Instrument. We recognize that the evaluation of the effectiveness of disclosure controls and procedures may involve a significant amount of work and as a result, we did not require certifying officers to certify that they had designed or evaluated the effectiveness of disclosure controls and procedures for financial years ending on or before March 30, 2005, the one-year anniversary of the Certification Instrument coming into force.

10.	Scope of certification of design and evaluation of the effectiveness of disclosure controls and procedures	One commenter suggests that the scope of the certification of the design and evaluation of the effectiveness of disclosure controls and procedures differs. Disclosure controls and procedures address the accumulation and communication of information internally and the external reporting of that information. The commenter suggests that the certification in respect of the design of disclosure controls and procedures is limited to the internal communication of information, whereas the certification in respect of the evaluation of the effectiveness of disclosure controls and procedures address all aspects of disclosure controls and procedures.	We disagree that the scope of the certification of the design and evaluation of the effectiveness of disclosure controls and procedures differs. Certifying officers are required to certify that they have designed disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to the certifying officers by others within those entities. "Disclosure controls and procedures" is a defined term. As noted by the commenter, "disclosure controls and procedures" is defined to address the reporting of information required to be disclosed by an issuer in its annual filings, interim filings and other reports filed or submitted under securities legislation and the accumulation and communication of that information internally. Certifying officers are required to certify that they have designed disclosure controls and procedures as that term is defined in the Certification Instrument.
	Auditor attestation of internal control over financial reporting		
11.	Auditor attestation of internal control over financial reporting	One commenter submits that market participants should know whether auditor attestation of internal control over financial reporting will be required for Canadian reporting issuers.	On February 4, 2005, the Participating Jurisdictions published for comment proposed Multilateral Instrument 52-111 *Reporting on Internal Control over Financial Reporting* (MI 52-111). The issue of auditor attestation is addressed in the proposed MI 52-111.
12.	Auditor attestation of internal control over financial reporting	One commenter believes that auditor attestation is required to enhance confidence in both reporting issuers and in the audit profession.	We acknowledge the comment.

13.	Timing of implementation of auditor attestation of internal control over financial reporting	One commenter submits that auditor attestation of internal control over financial reporting does not have to be implemented at the same time as the full annual certificates and full interim certificates.	The requirement to provide the certifications regarding internal control over financial reporting is not linked to a requirement to obtain auditor attestation of internal control over financial reporting. As noted above, the rationale for the Proposed Amendments is to allow additional time for certifying officers to satisfy themselves that they have an appropriate basis for providing the certifications regarding internal control over financial reporting in their full annual certificates and full interim certificates.
	Disclosure of reliance on Proposed Amendments		
14.	Disclosure of reliance on the Proposed Amendments	One commenter suggested that if the Proposed Amendments are adopted, the form of annual certificates and interim certificates should be amended to include the following statement: "Despite the fact that we are presenting financial statements to the shareholders, the certifying officer is not in a position to offer the full certification as anticipated within the original timeframe and intent of [the Certification Instrument] and has taken advantage of the delayed implementation timetable being offered by security regulators. We will eventually do something if and when forced to."	We do not believe that it is necessary to amend the form of annual certificates and interim certificates permitted by the Proposed Amendments in the manner suggested.

MULTILATERAL INSTRUMENT 52-109
CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS
AMENDMENT INSTRUMENT

1. Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* is amended by this Instrument.

2. Subsection 5.2(1) is amended by adding the following after paragraph (b):

   (c) Notwithstanding Part 2 or paragraph 5.2(1)(a), an issuer that files an annual certificate in Form 52-109F1 in respect of a financial year ending on or before June 29, 2006 may omit from the Form 52-109F1

      (i) the words "and internal control over financial reporting" in the introductory language in paragraph 4;

      (ii) paragraph 4(b); and

      (iii) paragraph 5.

3. Subsection 5.2(2) is amended by adding the following after paragraph (b):

   (c) Notwithstanding Part 3 or paragraph 5.2(2)(a), an issuer that files an interim certificate in Form 52-109F2 for a permitted interim period may omit from the Form 52-109F2

      (i) the words "and internal control over financial reporting" in the introductory language in paragraph 4;

      (ii) paragraph 4(b); and

      (iii) paragraph 5.

   (d) For the purpose of paragraph 5.2(2)(c), a permitted interim period is an interim period that occurs prior to the end of the issuer's first financial year ending after June 29, 2006.

4. This Instrument comes into force on June 6, 2005.

COMPANION POLICY 52-109CP
CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS
AMENDMENTS

1. Appendix A to 52-109CP is amended by adding the following at the end of footnote 4:

   In accordance with subsection 5.2(1) of the Instrument, an issuer that files a full annual certificate in respect of a financial year ending on or before June 29, 2006 may omit from the full annual certificate

   (i) the words "and internal control over financial reporting" in the introductory language in paragraph 4;

   (ii) paragraph 4(b); and

   (iii) paragraph 5.

2. Appendix A to 52-109CP is amended by adding the following at the end of footnote 5:

   In accordance with subsection 5.2(2) of the Instrument, an issuer that files a full interim certificate in respect of a permitted interim period may omit from the full interim certificate

   (i) the words "and internal control over financial reporting" in the introductory language in paragraph 4;

   (ii) paragraph 4(b); and

   (iii) paragraph 5.

   A permitted interim period is an interim period that occurs prior to the end of the issuer's first financial year ending after June 29, 2006.

3. These amendments are effective on June 6, 2005.

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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
09-Mar-2005	Strashin Developments Ltd.	Active Control Technology Inc. - Common Shares	500.00	10,000.00
28-Feb-2005	4 Purchasers	Active Control Technology Inc. - Units	230,250.00	4,186,361.00
22-Mar-2005	Canadian Medical Discoveries Fund Inc. and The VenGrowth Advanced Life Sciences Fund Inc.	ActiveBiotics (Canada) Inc. - Shares	12,357,000.00	19,455,252.00
03-Mar-2005	CPP Investment Board Private Holdings Inc.	Advent International GPE V-G Limited Partnership - Limited Partnership Interest	266,212,500.00	266,212,500.00
18-Mar-2005	Robert McGowan Shaun Ruddy	Airesurf Networks Holdings Inc. - Shares	15,000.00	150,000.00
22-Mar-2005	Ian Delaney	Ajmera & White Investments Limited - Common Shares	200,000.00	6,022.00
01-Nov-2003 to 01-Jan-2005	16 Purchasers	Altairis Investments - Limited Partnership Units	3,249,000.00	11,115.00
14-Mar-2005 to 18-Mar-2005	5 Purchasers	Amalgamated Income Limited Partnership - Limited Partnership	489,000.00	916,875.00
03-Feb-2005	10 Purchasers	AXMIN Inc. - Units	1,421,100.00	2,368,500.00
10-Mar-2005 Shares	10 Purchasers	Bankers Petroleum Ltd. - Common	1,063,750.00	31,000,000.00
21-Mar-2005	5 Purchasers	Biox Corporation - Loans	13,000,000.00	5.00
21-May-2005	5 Purchasers	Biox Corporation - Units	7,000,000.00	1,750,000.00
16-Mar-2005	Fund-Tel Publishing Corp.	Bishop Gold Inc. - Units	5,000.00	40,000.00
09-Mar-2005	Felicia Ross	Brigadier Gold Limited - Common Shares	48,000.00	400,000.00
30-Dec-2004	Credico Marketing Inc.	Broker Payment System Limited Partnership - Limited Partnership Units	75,000.00	15,000.00
15-Mar-2005	6 Purchasers	Burmis Energy Inc. - Common Shares	10,800,000.00	4,000,000.00

02-Mar-2005	RBC Capital Partners	Cadent Energy Partners I, LP - Limited Partnership Interest	24,802,000.00	24,802,000.00
08-Mar-2005	Royal Trust Corporation of Canada	Celtic House Venture Partners Fund III LP - Limited Partnership Units	18,450,000.00	18,450,000.00
16-Mar-2005	7 Purchasers	Century Mining Corporation - Flow-Through Shares	210,000.00	525,000.00
15-Mar-2005	New Millennium Venture Fund Klaus M. Buechner	Cloakware Corporation - Preferred Shares	1,689,478.43	365,319.00
15-Mar-2005	3 Purchasers	Cloakware Corporation - Stock Option	2,875,844.34	1,696,351.00
28-Feb-2005	Strategic Advisors Corp.	Connacher Oil and Gas Limited - Common Shares	11,310.00	14,500.00
28-Feb-2005	Strategic Advisors Corp.	Connacher Oil and Gas Limited - Common Shares	9,516.00	12,200.00
18-Mar-2005	18 Purchasers	Consolidated Odyssey Exploration Inc. - Units	550,000.00	2,200,000.00
28-Feb-2005	Strategic Advisors Corp.	Corridor Resources Inc. - Common Share Purchase Warrant	837.00	1,350.00
28-Feb-2005	Strategic Advisors Corp.	Corridor Resources Inc. - Common Share Purchase Warrant	1,426.00	2,300.00
28-Feb-2005	Strategic Advisors Corp.	Corridor Resources Inc. - Common Shares	6,804.00	2,700.00
28-Feb-2005	Strategic Advisors Corp.	Corridor Resources Inc. - Common Shares	11,592.00	4,600.00
09-Mar-2005	Paul Simcox	CPII Inc. - Units	25,000.00	125,000.00
08-Mar-2005	The Toronto-Dominion Bank	Credit Trust II - Trust Units	255,944,200.00	10,600,000.00
07-Mar-2005	3 Purchasers	Currie Rose Resources Inc. - Shares	100,000.00	1,000,000.00
02-Mar-2005	Business Development Bank of Trellis Capital Corporation	Datec Coating Corporation - Common Shares	1.98	827,020.00
02-Mar-2005	Business Development Bank of Trellis Capital Corporation	Datec Coating Corporation - Convertible Debentures	999,998.00	2.00
16-Mar-2005	9 Purchasers	Denison Mines Inc. - Common Shares	4,002,000.00	184,000.00
21-Mar-2005	11 Purchasers	Dynex Capital Limited Partnership - Units	2,576,000.00	2,576.00
08-Mar-2005	8 Purchasers	Ecopia BioSciences Inc. - Units	3,999,150.00	4,443,500.00

01-Mar-2005	John Mitchell	Elmwood Investment Partners LP - Limited Partnership Units	120,000.00	120,000.00
03-Mar-2005	6 Purchasers	Energold Mining Ltd. - Units	550,000.00	440,000.00
01-Mar-2005	RBC Dominion Securities Inc.	Enhancement Fund Limited - Shares	16,100,000.00	1,610.00
16-Mar-2005	New Generation Biotech (Equity) Fund Inc.	Epocal Inc. - Preferred Shares	2,000,002.00	166,667.00
04-Mar-2005	John Eidt	Everton Resources Inc. - Units	49,000.00	140,000.00
02-Oct-1995 to 25-Jan-2005	59 Purchasers	Finland SSgA World Fund - Units	378,943.00	5,193.00
02-Oct-1995 to 03-May-2001	65 Purchasers	France SSgA World Fund - Units	2,336,415.00	32,072.00
18-Mar-2005	MMV Financial Inc.	GB Therapeutics Ltd. - Warrants	1,202,801.00	2.00
17-Mar-2005	Hospitals of Ontario Pension Plan	Genesis Partners III, L.P. - Limited Partnership Interest	18,033,181.00	1.00
28-Feb-2005	Pro-Hedge Multi Manger Elite Fund	Gladiator Limited Partnership - Limited Partnership Interest	150,000.00	43,882,607.00
03-Mar-2005	Jon Woolstencroft Jens Hansen	Gold Port Resources Ltd. - Units	15,000.00	75,000.00
03-Mar-2005	5 Purchasers	Goldbelt Resources Ltd. - Units	5,432,500.00	10,675,000.00
15-Mar-2005	RBC Global Investment Mgmt	Grupo Televisa, S.A. - Notes	2,071,544.00	1,750,000.00
16-Dec-2004	Alan MacDonald Vida Sernas	High Grade Mining Corp. - Shares	9,600.00	80,000.00
02-Oct-1995 to 05-Apr-2001	58 Purchasers	Hong Kong SSgA World Fund - Units	1,108,264.00	14,692.00
01-Mar-2005	Royal Bank of Canada Four Quarters Ltd.	IE-Engine Inc. - Convertible Notes	952,783.00	952,783.00
14-Mar-2005	Pamela Boake	IG Realty Investments Inc. - Common Shares	300,000.00	3,000.00
04-Mar-2005	Canadian Medical Protective Association	Imperial Capital Acquisition Fund III (Institutional) 2 Limited Partnership - Limited Partnership Units	8,915,000.00	8,915,000.00
04-Mar-2005	Kensington Fund of Funds LP	Imperial Capital Acquisition Fund III (Institutional) 3 Limited Partnership - Limited Partnership Units	4,445,000.00	4,445,000.00
09-Mar-2005	4 Purchasers	Imperial Metals Corporation - Convertible Debentures	690,000.00	690,000.00

02-Mar-2005	29 Purchasers	Interex Oilfield Services Ltd. - Special Warrants	8,284,818.10	12,745,874.00
10-Mar-2005 -	7 Purchasers	International Uranium Corporation Common Shares	6,237,000.00	891,000.00
02-Oct-1995 to 05-Apr-2001	58 Purchasers	Ireland SSgA World Fund - Units	249,986.00	7,664.00
02-Oct-1995 to 03-May-2001	72 Purchasers	Italy SSgA World Fund - Units	988,474.00	49,229.00
02-Oct-1995 to 18-Jul-2001	81 Purchasers	Japan SSgA World Fund - Units	9,144,221.00	1,219,161.00
15-Mar-2005	3996701 Canada Inc.	KBSH Enhanced Income Fund - Units	50,000.00	4,487.00
15-Mar-2005	3996701 Canada Inc	KBSH Private - Canadian Equity Fund - Units	100,000.00	5,968.00
15-Mar-2005	3996701 Canada Inc.	KBSH Private - Fixed Income Fund - Units	50,000.00	4,869.00
15-Mar-2005	3996701 Canada Inc.	KBSH Private - Special Equity Fund - Units	100,000.00	4,995.00
15-Mar-2005	3996701 Canada Inc.	KBSH Private - U.S. Equity Fund - Units	100,000.00	8,270.00
04-Nov-2004	TRL Investments Limited Victor Peters	Kelman Technologies Inc. - Convertible Preferred Shares	350,000.00	700,000.00
15-Mar-2005	30 Purchasers	Kingwest Avenue Portfolio - Units	822,700.00	33,576.00
02-Mar-2005	5 Purchasers	Klondike Gold Corp. - Units	195,000.00	8,325,000.00
17-Feb-2005	5 Purchasers	Kodiak Oil & Gas Corp. - Common Shares	1,548,000.00	1,800,000.00
16-Mar-2005	22 Purchasers	Lanesborough Real Estate Investment Trust - Debentures	7,975,000.00	7,975,000.00
28-Feb-2005	Strategic Advisors Corp.	Leader Energy Services Ltd. - Units	4,788.00	2,800.00
28-Feb-2005	Strategic Advisors Corp.	Leader Energy Services Ltd. - Units	3,249.00	1,900.00
02-Mar-2005	165 Purchasers	Liquor Stores Income Fund - Trust Units	25,572,520.00	1,559,300.00
02-Oct-1995 to 10-Jun-1998	43 Purchasers	Malaysia SSgA World Fund - Units	346,466.00	18,755.00
11-Mar-2005	27 Purchasers	Manicouagan Minerals Inc. - Shares	2,925,000.00	14,625,000.00
15-Mar-2005	12 Purchasers	Maple Mortgage Trust Advisors Inc. - Common Shares	172.00	172.00

16-Mar-2005	GMAC Commercial Mortgage of Canada Limited	Merrill Lynch Financial Assets Inc. - Certificate	4,918,098.00	181,672,154.00
16-Mar-2005	Merrill Lynch Canada Inc	Merrill Lynch Financial Assets Inc. - Certificate	15,125,671.00	15,125,671.00
16-Mar-2005	Royal Trust Corporation of Canada	Merrill Lynch Financial Assets Inc. - Certificate	7,680,921.00	11,655,886.00
02-Oct-1995 to 03-May-2001	5 Purchasers	Netherlands SSgA World Fund - Units	1,523,116.04	1,523,116.00
02-Oct-1995 to 18-Jul-2001	5 Purchasers	New Zealand SSgA World Fund - Units	56,725.79	56,726.00
28-Feb-2005	7 Purchasers	Newport Alternative Income Fund - Units	386,100.00	415.00
10-Mar-2005	King Street Funding Trust	NIF-T - Notes	158,939,775.00	158,939,775.00
11-Mar-2005	Rainy River Future Development M.I. Judson Trucking Ltd.	Normiska Corporation - Common Shares	142,885.65	762,057.00
10-Mar-2005	Richard Lister	Normiska Corporation - Common Shares	79,050.00	1,240,000.00
08-Mar-2005	Ontario Teachers' Pension Plan Board	North American Oil Sands Corporation - Shares	2,500,002.00	833,334.00
02-Oct-1995 to 25-May-2004	6 Purchasers	Norway SSgA World Fund - Units	102,781.68	102,782.00
14-Mar-2005	Celtic House Venture Partners	Novx Systems Inc. - Shares Fund IIA LP	1,650,070.10	1,365,161.00
18-Mar-2005	3 Purchasers	O'Donnell Emerging Companies Fund - Units	37,075.00	4,605.00
04-Mar-2005	Nick Tsimidis	Outlook Resources Inc. - Common Shares	32,500.00	325,000.00
17-Mar-2005	The Bank of Nova Scotia	O&G Trust - Trust Units	198,730,000.00	21,000,000.00
18-Mar-2005	CPP Investment Board Private Holdings Inc.	Paul Capital Top Tier Investments II, L.P. - Limited Partnership Interest	192,448,000.00	1.00
16-Mar-2005	VentureLink Brighter (Equity). VentureLink Fund Inc.	Performance Plants Inc. - Promissory note	375,000.00	375,000.00
10-Mar-2005	3 Purchasers	PharmAthene Canada, Inc. - Units	2,906,507.99	3,835,648.00
28-Feb-2005	9 Purchasers	Plazacorp Retail Properties Ltd. - Units	2,475,000.00	2,475.00
09-Mar-2005	Victoria Ross	Polymet Mining Corp. - Units	306,900.00	558,000.00

19-Nov-1997 to 03-May-2001	6 Purchasers	Portugal SSgA World Fund - Units	169,938.79	169,939.00
04-Mar-2005	4 Purchasers	Raymor Industries Inc. - Units	399,760.00	2,104,000.00
22-Mar-2005	14 Purchasers	RNC Gold Inc. - Units	2,560,000.00	2,560,000.00
02-Mar-2005	9 Purchasers	Rodinia Minerals Inc. - Units	246,749.00	379,613.00
23-Mar-2005	297241 Ontario Limited	ROW Entertainment Income Fund - Units	196,345.40	17,345.00
11-Mar-2005	12 Purchasers	Seprotech Systems Incorporated - Units	900,000.00	900,000.00
02-Oct-1995 to 25-May-2001	7 Purchasers	Singapore SSgA World Fund - Units	494,170.10	494,170.00
02-Oct-1995 to 03-May-2001	52 Purchasers	Spain SSgA World Fund - Units	613,756.00	22,127.00
25-May-2001 to 25-May-2001	3 Purchasers	SSgA Greece Index Fund - Units	45,000.00	4,489.00
02-Mar-1995 to 06-Mar-2003	130 Purchasers	SSgA Ma Eafe Stock Index Futures Fund - Units	15,380,915.00	1,580,237.00
31-Aug-1999 to 25-Mar-2003	3 Purchasers	SSgA Ma Nasdaq 100 Stock Index Futures Fund - Units	54,138,072.61	54,138,073.00
24-Sep-1999 to 25-Mar-2003	The Manufacturers Life Insurance Company	SSgA Ma S&P 500 Stock Index Futures Fund - Units	31,497,668.63	3,147,669.00
20-Dec-1999 to 15-Jun-2000	The Canadian Medical Protective Association	SSgA Ma S&P500 Index Fund - Units	178,235,580.82	17,823,558.00
10-Aug-2000 to 12-Oct-2000	The Canadian Medical Protective	SSgA MA EAFE Index Fund - Units	100,197,465.00	10,019,746.00
02-Oct-1995 to 17-Mar-2003	51 Purchasers	SSgA S&P 500 Index Fund - Units	709,661,667.00	8,700,299.00
28-Feb-2005	Strategic Advisors Corp.	Sterling Resources Ltd. - Common Shares	15,633.00	8,100.00
28-Feb-2005	Strategic Advisors Corp.	Sterling Resources Ltd. - Common Shares	9,650.00	5,000.00
02-Oct-1995 to 18-Jul-2001	7 Purchasers	Sweden SSgA World Fund - Units	769,740.02	769,740.00

31-Jan-2005	Christina Kovacs Donald & Margaret Barnes	TD Harbour Capital Balanced Fund - Trust Units	280,000.00	2,545.00
28-Mar-2005	Stacy Rosen Jonathan Hausman	TD Harbour Capital Canadian Balanced Fund - Trust Units	31,000.00	223.00
10-Mar-2005	10 Purchasers	The Buffalo Oil Corporation - Common Shares	1,041,000.00	867,500.00
10-Mar-2005	10 Purchasers	The Buffalo Oil Corporation - Flow-Through Shares	336,625.00	232,156.00
03-Mar-2005	Caroline Somers & Douglas Somers	Triacata Power Technologies Inc. - Common Shares	19,999.50	26,666.00
11-Mar-2005	William Shaw	Trident Global Opportunities Fund - Units	82,000.00	695.00
14-Mar-2005	Mitchel Shore	Trillium Beverage Inc. - Units	150,000.00	238,095.00
11-Mar-2005	Hampton Securities Limited	Turbo Genset Inc. - Convertible Notes	711,306.01	300,000.00
14-Mar-2005	28 Purchasers	TUSK Energy Corporation - Common Shares	3,186,000.00	708,000.00
18-Mar-2005	Murray M. Sinclair Sr. Robert Pollock	Twenty-Seven Capital Corp - Flow-Through Shares	63,000.00	140,000.00
18-Mar-2005	Murray M. Sinclair Sr Robert Pollock	Twenty-Seven Capital Corp - Non-Flow-Though Shares	28,000.00	70,000.00
02-Oct-1995 to 17-Sep-2001	7 Purchasers	United Kingdom World Fund - Units	5,384,213.72	5,384,214.00
07-Aug-2004	5 Purchasers	Venture Steel Inc. - Preferred Shares	450,000.00	450,000.00
10-Mar-2005	20 Purchasers	Virginia Gold Mines Inc. - Units	7,734,240.00	1,886,400.00
14-Mar-2005 to 22-Mar-2005	Canadian Pension Plan Investment Board and Sterra Limited Partnership	VSS Communications Parallel Partners IV, L.P. - Limited Partnership Interest	1,950,021.00	2.00
18-Mar-2005	Sandip Rana	Wave Exploration Corp. - Units	25,000.00	250,000.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Augen Limited Partnership 2005
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 23, 2005
Mutual Reliance Review System Receipt dated March 24, 2005
Offering Price and Description:
Offering of Limited Partnership Units Maximum Offering: $15,000,000.00 (150,000 Units)
Minimum Offering: $2,500,000.00 (25,000 Units)
Subscription Price: $100 per Unit Minimum Subscription: $5,000
Underwriter(s) or Distributor(s):
IPC Securities Corporation
Berkshire Securities Inc.
Wellington West Capital Inc.
Foster & Associates Financial Services Inc.
Promoter(s):
Augen General Partner XI Inc.
Project #753154

Issuer Name:
CIBC Diversified Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated March 23, 2005
Mutual Reliance Review System Receipt dated March 24, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
CIBC Securities Inc.
Promoter(s):
Canadian Imperial Bank of Commerce
Project #753183

Issuer Name:
Crosman Products Ltd.
Crosman Products ULC
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Prospectus dated March 22, 2005
Mutual Reliance Review System Receipt dated March 23, 2005
Offering Price and Description:
$ * - * Income Deposit Securities Price: $10.00 per IDS
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #745009/745006

Issuer Name:
ExAlta Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated March 23, 2005
Mutual Reliance Review System Receipt dated March 23, 2005
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
First Energy Capital Corp.
Peters & Co. Limited
CIBC World Markets Inc.
Promoter(s):
-
Project #753325

Issuer Name:
Fidelity Canadian Dividend and Income Fund
Fidelity Canadian Income Trust Fund
Fidelity Diversified High Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated March 23, 2005
Mutual Reliance Review System Receipt dated March 23, 2005
Offering Price and Description:
Series A, B, F and O Units
Underwriter(s) or Distributor(s):
Fidelity Investments Canada Limited
Promoter(s):
Fidelity Investments Canada Limited
Project #752945

Issuer Name:
Madacy Entertainment Income Fund
Principal Regulator - Quebec
Type and Date:
Amended and Restated Preliminary Prospectus dated March 18, 2005
Mutual Reliance Review System Receipt dated March 22, 2005
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Associates Investments Inc.
Westwind Partners Inc.
Promoter(s):
Madacy Entertainment Group, Limited
Project #748273

Issuer Name:
Paramount Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 28, 2005
Mutual Reliance Review System Receipt dated March 28, 2005
Offering Price and Description:
$160,075,000.00 - 9,500,000 Subscription Receipts, each representing the right to receive one trust unit ;and $80,000,000.00 - 6.25% Convertible Extendible Unsecured Subordinated Debentures Subscription Receipts
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
FirstEnergy Capital Corp.
First Associates Investments Inc.
GMP Securities Ltd.
Raymond James Ltd.
Peters & Co. Limited
Promoter(s):
-
Project #754698

Issuer Name:
Pinnacle All Equity Portfolio
Pinnacle Balanced Growth Portfolio
Pinnacle Balanced Income Portfolio
Pinnacle Conservative Balanced Growth Portfolio
Pinnacle Conservative Growth Portfolio
Pinnacle Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated March 24, 2005
Mutual Reliance Review System Receipt dated March 24, 2005
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Scotia Capital Inc.
Project #753552

Issuer Name:
Real Estate Asset Liquidity Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 23, 2005
Mutual Reliance Review System Receipt dated March 24, 2005
Offering Price and Description:
Commercial Mortgage Pass-Through Certificates, Series 2005-1
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Credit Suisse First Boston Canada Inc.
Promoter(s):
Royal Bank of Canada
Project #753285

Issuer Name:
Caldwell Balanced Fund
Caldwell Income Fund
Caldwell Canada Fund
Caldwell America Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated February 10, 2005 to Final Simplified Prospectuses and Annual Information Forms dated June 29, 2004
Mutual Reliance Review System Receipt dated March 24, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Caldwell Securities Ltd.
Caldwell Securities Ltd.
Promoter(s):
-
Project #641520

Issuer Name:
Capital L'Estérel Inc.
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated March 24, 2005
Mutual Reliance Review System Receipt dated March 29, 2005
Offering Price and Description:
A Minimum of 3,000,000 Units and a Maximum of 5,900,000 Units $0.85 per Unit (each Unit consisting of one Common Share and one-half of one Warrant) Price: $0.85 per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
McFarlane Gordon Inc.
Standard Securities Capital Corporation
Octagon Capital Corporation
CTI Capital Inc.
Union Securities Ltd.
Promoter(s):
Richard Guay
Jacques Gagnier
Project #736082

Issuer Name:
Chartwell Seniors Housing Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 22, 2005
Mutual Reliance Review System Receipt dated March 22, 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:
Dynamic Diversified Real Asset Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated March 11, 2005
Mutual Reliance Review System Receipt dated March 23, 2005
Offering Price and Description:
Series A, Series F and Series I Units
Underwriter(s) or Distributor(s):
Goodman & Company, Investment Counsel Ltd.
Goodman & Company, Investment Counsel Ltd.
Promoter(s):
Goodman & Company, Investment Counsel Ltd.
Project #670003

Issuer Name:
First Asset Renewable Power Flow-Through LP II
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 21, 2005
Mutual Reliance Review System Receipt dated March 22, 2005
Offering Price and Description:
$50,000,0000.00 (Maximum offering) - 5,000,000 Unit @ $10 per Unit
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
DUNDEE SECURITIES CORPORATION
FIRST ASSOCIATES INVESTMENTS INC.
HSBC SECURITIES (CANADA) INC.
CANNACORD CAPITAL CORPORATION
DESJARDINS SECURITIES INC.
RAYMOND JAMES LTD.
WELLINGTON WEST CAPITAL INC.
Promoter(s):
First Asset Power Funds II Inc.
First Asset Funds Inc.
Project #736349

Issuer Name:
Front Street Small Cap Canadian Fund
Front Street Special Opportunities Canadian Fund Ltd.
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated March 18, 2005
Mutual Reliance Review System Receipt dated March 22, 2005
Offering Price and Description:
Series A, B and F securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #735886

Issuer Name:
Gabriel Resources Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 24, 2005
Mutual Reliance Review System Receipt dated March 24, 2005
Offering Price and Description:
$25,000,000.00 - 12,500,000 Units Price: $2.00 per Unit
Underwriter(s) or Distributor(s):
Sprott Securities Inc.
BMO Nesbitt Burns Inc.
Dundee Securities Corporation
CIBC World Markets Inc.
GMP Securities Ltd.
Canaccord Capital Corporation
TD Securities Inc.
Promoter(s):
-
Project #751327

Issuer Name:
HF Capital Corp.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated March 24, 2005
Mutual Reliance Review System Receipt dated March 28, 2005
Offering Price and Description:
Maximum: $10,000,000.00 (8,000,000 Common Shares); Minimum: $5,000,000.00 (4,000,000 Common Shares)
Price: $1.25 per Common Share
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Canaccord Capital Corporation
Raymond James Ltd.
Tristone Capital Inc.
Promoter(s):
Brett Ironside
Myron Tetreault
Project #736873

Issuer Name:
Highpine Oil & Gas Limited
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated March 24, 2005
Mutual Reliance Review System Receipt dated March 24, 2005
Offering Price and Description:
$72,000,000.00 - 4,000,000 Common Shares and 3,455,105 Common Shares Issuable Upon the Exercise of 3,300,000 Special Warrants Price: $18.00 per Common Share
Underwriter(s) or Distributor(s):
Tristone Capital Inc.
FirstEnergy Capital Corp.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
GMP Securities Ltd.
Promoter(s):
-
Project #740559

Issuer Name:
HMZ Metals Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 24, 2005
Mutual Reliance Review System Receipt dated March 29, 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:
Keystone AGF Equity Fund
Keystone AIM Trimark Canadian Equity Fund
Keystone AIM Trimark Global Equity Fund
Keystone AIM Trimark U.S. Companies Fund
Keystone Beutel Goodman Bond Fund
Keystone Bissett Canadian Equity Fund
Keystone Elliott & Page High Income Fund
Keystone Saxon Smaller Companies Fund
Keystone Conservative Portfolio Fund
Keystone Balanced Portfolio Fund
Keystone Balanced Growth Portfolio Fund
Keystone Growth Portfolio Fund (no Series T securities)
Keystone Maximum Growth Portfolio Fund (no Series T securities)
Keystone Premier Euro Elite 100 Capital Class
Keystone Premier Global Elite 100 Capital Class
Mackenzie Financial Capital Corporation
Keystone Templeton International Stock Capital Class
Mackenzie Financial Capital Corporation
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated March 16, 2005 to Final Simplified Prospectuses and Annual Information Forms dated May 21, 2004
Mutual Reliance Review System Receipt dated March 22, 2005
Offering Price and Description:
Series A, F, I, O, R and T Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #633928

Issuer Name:
Mackenzie Cundill Canadian Security Fund
Mackenzie Growth Fund
Mackenzie Ivy Canadian Fund
Mackenzie Ivy Enterprise Fund
Mackenzie Maxxum Canadian Equity Growth Fund
Mackenzie Maxxum Canadian Value Fund
Mackenzie Maxxum Dividend Fund
Mackenzie Maxxum Dividend Growth Fund
Mackenzie Select Managers Canada Fund
Mackenzie Universal Canadian Growth Fund
Mackenzie Universal Future Fund
Mackenzie Balanced Fund
Mackenzie Cundill Canadian Balanced Fund
Mackenzie Ivy Growth and Income Fund
Mackenzie Maxxum Canadian Balanced Fund
Mackenzie Maxxum Pension Fund
Mackenzie Sentinel Bond Fund
Mackenzie Sentinel Cash Management Fund
Mackenzie Sentinel Corporate Bond Fund
Mackenzie Sentinel High Income Fund
Mackenzie Sentinel Income Fund
Mackenzie Sentinel Money Market Fund
Mackenzie Sentinel Mortgage Fund
Mackenzie Sentinel Real Return Bond Fund
Mackenzie Sentinel Short-Term Bond Fund
Mackenzie Universal Canadian Balanced Fund
Mackenzie Universal Canadian Tactical Fund
Mackenzie Universal Canadian Resource Fund
Mackenzie Universal Precious Metals Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated March 16, 2005 to Final Simplified Prospectuses and Annual Information Forms dated December 9, 2004
Mutual Reliance Review System Receipt dated March 22, 2005
Offering Price and Description:
Series A, F, I and O Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Quadrus Investment Services Ltd.
Promoter(s):
Mackenzie Financial Corporation
Project #699699

Issuer Name:
Mackenzie Cundill Canadian Security Capital Class
Mackenzie Ivy Canadian Capital Class
Mackenzie Ivy Enterprise Capital Class
Mackenzie Maxxum Canadian Equity Growth Capital Class
Mackenzie Maxxum Canadian Value Capital Class
Mackenzie Maxxum Dividend Capital Class
Mackenzie Select Managers Canada Capital Class
Mackenzie Universal Canadian Growth Capital Class
Mackenzie Universal Future Capital Class
Mackenzie Cundill American Capital Class
Mackenzie Select Managers USA Capital Class
Mackenzie Universal American Growth Capital Class
Mackenzie Universal U.S. Blue Chip Capital Class
Mackenzie Universal U.S. Emerging Growth Capital Class
Mackenzie Universal U.S. Growth Leaders Capital Class
Mackenzie Cundill Value Capital Class
Mackenzie Ivy European Capital Class
Mackenzie Ivy Foreign Equity Capital Class
Mackenzie Select Managers Capital Class
Mackenzie Select Managers Far East Capital Class
Mackenzie Select Managers International Capital Class
Mackenzie Select Managers Japan Capital Class
Mackenzie Universal Emerging Markets Capital Class
Mackenzie Universal European Opportunities Capital Class
Mackenzie Universal Global Future Capital Class
Mackenzie Universal Growth Trends Capital Class
Mackenzie Universal International Stock Capital Class
Mackenzie Universal Sustainable Opportunities Capital Class
Mackenzie Universal Emerging Technologies Capital Class
Mackenzie Universal Financial Services Capital Class
Mackenzie Universal Health Sciences Capital Class
Mackenzie Universal World Precious Metals Capital Class
Mackenzie Universal World Real Estate Capital Class
Mackenzie Universal World Resource Capital Class
Mackenzie Universal World Science & Technology Capital Class
Mackenzie Sentinel Canadian Managed Yield Capital Class
Mackenzie Sentinel Managed Return Capital Class
Mackenzie Sentinel U.S. Managed Yield Capital Class
Mackenzie Financial Capital Corporation
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 16, 2005 to Final Simplified Prospectuses and Annual Information Forms dated September 30, 2004
Mutual Reliance Review System Receipt dated March 22, 2005
Offering Price and Description:
Series A, F, I, O, M and R Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #689035

Issuer Name:
Mackenzie Ivy Foreign Equity Fund
Mackenzie Ivy RSP Foreign Equity Fund
Mackenzie Select Managers Fund
Mackenzie Select Managers RSP Fund
Mackenzie Universal European Opportunities Fund
Mackenzie Universal Global Future Fund
Mackenzie Universal International Stock Fund
Mackenzie Universal U.S. Growth Leaders Fund
Mackenzie Universal World Growth RRSP Fund
Mackenzie Ivy Global Balanced Fund
Mackenzie Ivy RSP Global Balanced Fund
Mackenzie Sentinel RRSP Global Bond Fund
Mackenzie Sentinel Tactical Global Bond Fund
Mackenzie Cundill Recovery Fund
Mackenzie Cundill Value Fund
Mackenzie Cundill RSP Value Fund
Mackenzie Cundill Global Balanced Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated March 16, 2005 to Final Simplified Prospectuses and Annual Information Forms dated December 10, 2004
Mutual Reliance Review System Receipt dated March 22, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
Promoter(s):
Mackenzie Financial Corporation
Project #706189

Issuer Name:
McLean Budden Balanced Growth Fund
McLean Budden Balanced Value Fund
McLean Budden Canadian Equity Growth Fund
McLean Budden Canadian Equity Fund
McLean Budden Canadian Equity Value Fund
McLean Budden American Equity Fund
McLean Budden Global Equity Fund
McLean Budden International Equity Fund
McLean Budden Fixed Income Fund
McLean Budden Money Market Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated March 24, 2005
Mutual Reliance Review System Receipt dated March 24, 2005
Offering Price and Description:
Class A Units, Class B Units and Class C Units
Underwriter(s) or Distributor(s):
McLean Budden Limited
McLean, Budden Limited
Mclean Budden Limited
Promoter(s):
McLean Budden Limited
Project #741385

Issuer Name:
Members Mutual Fund
Type and Date:
Final Simplified Prospectus dated March 15, 2005
Receipted on March 22, 2005
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Members Mutual Management Corp.
Members Mutual Management Corp
Promoter(s):
Member Savings Credit Union Limited
Members Mutual Management Corp.
Project #736566

Issuer Name:
Ordorado Resources Corp.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated March 22, 2005
Mutual Reliance Review System Receipt dated March 23, 2005
Offering Price and Description:
MINIMUM OFFERING OF 666,667 UNITS; MAXIMUM OFFERING OF 1,333,334 UNITS - PRICE: $0.15 PER UNIT AND 8,127,867 COMMON SHARES AND 232,500 WARRANTS ISSUABLE UPON THE EXERCISE OF 8,127,867 PREVIOUSLY ISSUED SPECIAL WARRANTS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #728955

Issuer Name:
Putnam Canadian Balanced Fund
Putnam Canadian Bond Fund
Putnam Canadian Equity Fund
Putnam Canadian Money Market Fund
Putnam Global Equity Fund
Putnam U.S. Value Fund
Putnam U.S. Voyager Fund
Putnam International Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated March 23, 2005
Mutual Reliance Review System Receipt dated March 29, 2005
Offering Price and Description:
Class A Units and Class D Units @ Net Asset Value per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
Putnam Investments Inc.
Project #737529

Issuer Name:
Sackport Ventures Inc.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Prospectus dated March 16, 2005
Mutual Reliance Review System Receipt dated March 24, 2005
Offering Price and Description:
OFFERING: $500,000.00 (2,500,000 COMMON SHARES)
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
First Associates Investments Inc.
Promoter(s):
Brian J. Kennedy
Kenneth Wawrew
Ernest A. Kolenda
Project #664255

Issuer Name:
Symmetry Allocation Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 16, 2005 to Final Simplified Prospectus and Annual Information Form dated February 4, 2005
Mutual Reliance Review System Receipt dated March 22, 2005
Offering Price and Description:
Series A Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #728993

Issuer Name:
Symmetry Canadian Stock Capital Class
Symmetry US Stock Capital Class
Symmetry EAFE Stock Capital Class
Symmetry Specialty Stock Capital Class
Symmetry Managed Return Capital Class
Mackenzie Financial Capital Corporation
Symmetry Registered Fixed Income Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 16, 2005 to Final Simplified Prospectuses and Annual Information Forms dated February 4, 2005
Mutual Reliance Review System Receipt dated March 22, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #726599

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change of Name	From: R.J. Shea & Associates Financial Services Inc. To: GIC Financial Services Inc.	Mutual Fund Dealer and Limited Market Dealer	March 9, 2005
New Registration	Stinson Financial Corporation	Limited Market Dealer	March 22, 2005
New Registration	Selective Asset Management GP Inc.	Limited Market Dealer	March 23, 2005
New Registration	Prodigy Wealth Management Corp.	Investment Dealer	March 23, 2005
Change of Name	Concordia Capital Management Corp.	Investment Counsel and Portfolio Manager	March 21, 2005
Change of Name	From: J.P. Morgan Fleming Asset Management (Canada) Inc. To: JPMorgan Asset Management (Canada) Inc./Gestion D'Actif JPMorgan (Canada) Inc.	Limited Market Dealer & Investment Counsel & Portfolio Manager	February 24, 2005
New Registration	New Sterling LLC	International Adviser (Investment Counsel and Portfolio Manager)	March 29, 2005

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA News Release - MFDA Sets Date for Arnold Tonnies Hearing

For immediate release

MFDA Sets Date for Arnold Tonnies Hearing in Regina, Saskatchewan

March 22, 2005 (Toronto, Ontario) - The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Arnold Tonnies by Notice of Hearing dated February 10, 2005.

As specified in the Notice of Hearing, the first appearance in this proceeding took place earlier today at 10:00 a.m. (MST) by teleconference before the Chair of the Hearing Panel of the Prairie Regional Council.

The date for the commencement of the hearing in this matter on the merits has been scheduled to take place before a Hearing Panel of the Prairie Regional Council on Monday, May 16, 2005 at 10:00 a.m. (MST) in the Novara Ballroom located at the Delta Regina, 1919 Saskatchewan Drive, Regina, Saskatchewan, or as soon thereafter as can be held.

The hearing will be open to the public, except as may be required for the protection of confidential matters.

A copy of the Notice of Hearing is available on the MFDA web site at www.mfda.ca.

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 183 members and their approximately 70,000 representatives with a mandate to protect investors and the public interest.

For further information, please contact:
Gregory J. Ljubic
Corporate Secretary and Director of Regional Councils
(416) 943-5836 or gljubic@mfda.ca

13.1.2 MFDA News Release - MFDA Sets Date for Jawad Rathore Hearing

For immediate release

MFDA Sets Date for Jawad Rathore Hearing in Toronto, Ontario

March 23, 2005 (Toronto, Ontario) - The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Jawad Rathore by Notice of Hearing dated February 10, 2005.

As specified in the Notice of Hearing, the first appearance in this proceeding took place earlier today at 10:00 a.m. (EST) by teleconference before the Chair of the Hearing Panel of the Ontario Regional Council.

The date for the commencement of the hearing in this matter on the merits has been scheduled to take place before a Hearing Panel of the Ontario Regional Council on Tuesday, May 31, 2005 at 10:00 a.m. (EST) in the hearing room located at the MFDA Office, 121 King Street West, Suite 1000, Toronto, Ontario or as soon thereafter as can be held.

The hearing will be open to the public, except as may be required for the protection of confidential matters.

A copy of the Notice of Hearing is available on the MFDA web site at www.mfda.ca.

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 182 members and their approximately 70,000 representatives with a mandate to protect investors and the public interest.

For further information, please contact:
Gregory J. Ljubic
Corporate Secretary and Director of Regional Councils
(416) 943-5836 or gljubic@mfda.ca

13.1.3 RS Market Integrity Notice – Notice of Amendment Approval – Provisions Respecting Manipulative and Deceptive Activities

April 1, 2005

NOTICE OF AMENDMENT APPROVAL

PROVISIONS RESPECTING MANIPULATIVE AND DECEPTIVE ACTIVITIES

Summary

Effective April 1, 2005, the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Ontario Securities Commission and, in Quebec, the Autorité des marchés financiers (the "Recognizing Regulators") approved a series of revised amendments to the Universal Market Integrity Rules ("UMIR") and the Policies to vary the requirements related to manipulative and deceptive activities by:

- modifying the language to achieve greater clarity and consistency;
- providing for consistency with the requirements related to manipulative and deceptive activities under National Instrument 23-101 ("Trading Rules") and applicable securities legislation;
- confirming the "gatekeeper" obligations of Participants and Access Persons;
- introducing a specific requirement to report to RS significant violations of UMIR; and
- eliminating potential gaps that may be caused by the current rule which combines both manipulative "effects" and "methods" in a single requirement.

RS published the initial version of the proposed amendments in Market Integrity Notice 2004-003 issued on January 30, 2004. On August 13, 2004, RS republished a revised version of the proposed amendments in Market Integrity Notice 2004-017 (the "Revised Proposal")

Summary of Changes to the Revised Proposal

Based on comments received in response to the Request for Comments contained in Market Integrity Notice 2004-017 and based on comments received from the Recognizing Regulators, RS made a number of changes to the Revised Proposal. The changes to the Revised Proposal are set out in Appendix "B". The following is a summary of the significant changes to the Revised Proposal:

- ***"Ought Reasonably to Know"***

  RS initially included reference to "generally accepted industry practice" to indicate that a particular Participant would not be held to a standard which exceeded the normal practice of the industry. A number of commentators noted that there was not a readily acceptable reference point for the industry standard. RS therefore deleted this portion of the interpretation and will rely instead on a formulation based on the common law which has been adopted as a standard in most corporate statutes.

- ***Trading Between Accounts Under Common Direction or Control***

  The proposed provision prohibiting a trade between accounts under the direction or control of the same person (other than an internal cross) has been moved from Part 1 of Policy 2.2 to Part 2. With this change, such a trade would only be prohibited if the trade creates or could reasonably be expected to create a false or misleading appearance of trading activity or interest or an artificial price.

- ***Reliance on Information***

  Part 5 of Policy 7.1 has been expanded to confirm that a Participant will be able to rely on information contained on a "New Client Application Form" or similar know-your-client record provided the information has been reviewed periodically in accordance with requirements of securities legislation or a self-regulatory entity and any additional practices of the Participant.

- ***"Gatekeeper" Obligations***

  The amendments changed the Revised Proposal by deleting a number of the rules for which a report of a violation of UMIR would be required. As a result of the changes, a report is not required if there is a violation of Rule 3.1 (respecting short sales), Rule 6.3 (respecting order exposure), Rules 7.7 and 7.8 (respecting market stabilization and market balancing) and Rule 8.1 (respecting client-principal trading). RS deleted these rules based, in part, on the existence of monitoring tools available to RS to detect violations of these rules.

  The amendments also clarified that a report was not required to be made to RS at the stage of a "review" undertaken as part of the ordinary supervision and compliance function. However, any possible violation detected as part of such review is expected to become the subject of a more formal investigation by the Participant or Access Person. The amendments also clarified that RS did not expect a report unless an investigation by the Participant or Access Person concludes that, after diligent investigation, a violation of one of the enumerated rules of UMIR has occurred. Nonetheless, RS would encourage a Participant or Access Person to report "possible violations".

  The amendments added a provision to the Policies which confirms that a Participant or Access Person must conduct further investigation or review if the Participant or Access Person has reason to believe that there may have been a violation of one of the enumerated Rules. A Participant or Access Person can not ignore "red flags" which may be indicative of improper behaviour by a client, director, officer, partner or employee of the Participant, Access Person or related entity.

Summary of the Amendments as Approved

The following is a summary of the most significant aspects of the amendments to UMIR related to the provisions on manipulative and deceptive trading:

- ***Changes to Rule 1.1 - Definition of "Requirement"***

  The definition of "Requirement" has been expanded to include "securities legislation". In accordance with the Marketplace Operation Instrument, Marketplace Rules must contain a provision that requires compliance with securities legislation. Since an ATS can not have rules, the expansion of the definition under UMIR ensures that trades undertaken through an ATS are subject to the same requirements as a trade through an Exchange or QTRS. While RS investigates possible breaches of securities legislation, RS refers these matters to the applicable securities regulatory authority for disciplinary or enforcement action.

- ***Changes to Rule 2.2 and Policies 2.2 – Manipulative and Deceptive Activities***

  Previously, Rule 2.2 prohibited a Participant or Access Person from using any manipulative or deceptive method of trading which created or could reasonably be expected to create a false or misleading appearance of trading activity or an artificial price. The amendments separated these prohibitions into two separate provisions. The first is a prohibition on the use of a manipulative or deceptive method of trading (irrespective of whether the use of the method creates a false or misleading appearance of trading activity or an artificial price). The second prohibits the entry of an order or the execution of a trade if the person knows or ought reasonably to know that the result would be to create a false or misleading appearance of trading activity or an artificial price.

  The amendment also clarifies that the entry of an order could be prohibited even though the order does not trade as the entry of the order could create a false or misleading appearance of interest in the purchase or sale of the security or an artificial ask price or bid price.

  The amendments also confirm that orders entered or trades made by a person in accordance with Market Maker Obligations imposed by Marketplace Rules will not be considered to be a violation of manipulative or deceptive trading restrictions. In this way, trades or orders which are automatically generated by the trading system of a marketplace will not be prohibited. However, the entry of orders or the execution of trades which are not required to fulfill Market Maker Obligations may violate the prohibitions on manipulative or deceptive trading.

  The amendments move the specific examples of prohibited activities from the Rules to the Policies to be consistent with the structure of other rules in UMIR. The amendments also expand the list of specific examples to include a prohibition on entering orders without the reasonable expectation of making settlement of the resulting trade. (The provision does not require that the dealer make a "positive affirmation" that it has

the ability to settle the trade but merely have a "reasonable expectation".) The Trading Rules contain comparable prohibitions for trading which is not subject to UMIR.

- ***Introduction of Rule 2.3 – Improper Orders and Trades***

The changes introduce a new provision that prohibits the entry of an order or the execution of a trade if the Participant or Access Person knew or ought to have known that the order or trade would not be in compliance with various regulatory requirements. For example, if a Participant knows or ought to know that a client is entering an order for a security based on undisclosed material information related to that security (which action by the client would be contrary to securities legislation), the Participant would itself be violating the requirements of UMIR.

If the Participant or Access Person did not have any reason to believe that there would be a failure to comply with any of the requirements of securities legislation, requirements of a self-regulatory entity, Marketplace Rules or UMIR there would not be a violation of Rule 2.3. As a self-regulatory entity, part of the mandate of RS is to ensure that the persons who are subject to its jurisdiction conduct trading openly and fairly in accordance with just and equitable principles of trade. This standard is incorporated directly into UMIR in Rule 2.1. Any person who knowingly breaches requirements of various entities regarding the trading of securities could not be said to be conducting transacting business "openly and fairly". Rule 2.3 is simply a specific statement of this general requirement.

- ***Changes to Rule 7.1 and Policy 7.1 – Trading Supervision Obligation***

One of the amendments to Policy 7.1 clarifies that the supervision obligation imposed on a Participant by Rule 7.1 exists irrespective of the source of the order or the means by which the order is transmitted to a marketplace. The amendment specifically requires the supervision policies and compliance procedures to take into account the additional difficulties faced by Participants if there is direct order entry by clients.

An additional change to Policy 7.1 requires a Participant that has detected a violation or possible violation of a Requirement to address whether additional supervision is appropriate or whether their policies and procedures should be amended to reduce the possibility of a similar future violation.

The amendments require the supervisory system adopted by a Participant to specifically address several matters related to manipulative and deceptive activities. In particular, a Participant would be expected to have procedures to:

- determine whether orders are being entered by insiders or other persons with an "interest" in affecting the price of a security;
- monitor trading activity by persons with multiple accounts;
- implement additional compliance procedures in circumstances when the Participant is unable to verify certain information regarding an account (e.g. the ultimate beneficial ownership of the account unless that information was otherwise required by applicable regulatory requirements); and
- address the additional risks resulting from the fact that efforts to manipulate a security are more likely to:
  - occur at the end of a calendar month or on the expiry of derivatives; or
  - be centred on illiquid securities.

- ***Changes to Rule 10.4 – Extension of Restrictions***

The amendment to Rule 10.4 is consequential on the changes in terminology used in Rule 2.2 and the introduction of Rule 2.3. As such, various persons including directors, officers and employees of a Participant or an Access Person are prohibited from the entry of an order or the execution of a trade which such person knows or ought to know does not comply with regulatory requirements.

- ***Introduction of Rule 10.16 and Policy 10.16 – Gatekeeper Obligations of Directors, Officers and Employees of Participants and Access Persons***

  The amendment introduces a specific rule related to the "gatekeeper" obligations imposed on a Participant or Access Person and their respective directors, officers and employees. These persons would be expected to act on "red flags" which may be indicative of possible improper behaviour and to report activity which may be a violation of enumerated integrity rules to their respective supervisor or compliance department. In turn, the supervisor or compliance department would be expected to make a written record of the report and to investigate the report and record the relevant findings, and where appropriate, inform the Market Regulator.

  While RS would encourage a Participant or Access Person to report "possible violations", RS will require a report only if the Participant or Access Person concludes after due investigation that a violation of one of the enumerated Rules has occurred. The report by a Participant or Access Person to RS of a violation of one of the enumerated Rules:

  - should be made a soon a practicable, and in any event, not later than the 15th day of the month following the month in which the Participant or Access Person make the findings of its investigation; and

  - should be in the form of an e-mail addressed to reports@rs.ca and a copy of the written record of the findings of the investigation by the Participant or Access Person is attached to the e-mail.

  If an electronic submission can not be provided, the report may be faxed to RS: Market Regulation Eastern Region – 416.646.7261; or Market Regulation Western Region – 604.602.6986.

  While this type of "gatekeeper" obligation may have been implied in the conduct of the affairs of market participants, the amendment specifically sets out the standard in the form of a rule and identifies the rules to which this obligation applies.

Summary of the Impact of the Amendments

As a result of the approval of the amendments:

- Participants are required to review and revise their policies and procedures to specifically address:

  - the introduction of the gatekeeper obligation with its attendant obligation to conduct internal reviews and investigations into possible violations of UMIR, to maintain records of all reviews and investigations and to report findings of potential violations; and

  - certain identified fact situations where manipulative and deceptive activities are most likely to occur.

- Access Persons are required to adopt policies and procedures to accommodate the introduction of a more limited gatekeeper obligation applicable to an Access Person.

- Trades between accounts under the direction or control of the same person may not be completed on a marketplace if the purpose of the trade is to create a false or misleading appearance of investor interest or trading activity or to create an artificial price.

- A new rule specifically prohibits the entry of an order or the execution of a trade in circumstances where the Participant or Access Person knew or ought to have known that the order or trade would not be in compliance with various regulatory requirements. The application of this new rule is extended to directors, officers and employees of the Participant or Access Person and other related persons by the amendments to Rule 10.4.

Text of the Amendment

The amendments to the Rules and Policies respecting manipulative and deceptive activities are effective as of April 1, 2005. The text of the amendments is set out in Appendix "A".

Responses to the Request for Comments

RS received seven comment letters in response to the Request for Comments on the proposed amendments set out in Market Integrity Notice 2004-017. RS also conducted a consultation meeting regarding the Revised Proposal on September 29, 2004. The comments and the response of RS are summarized in Appendix "B". Appendix "B" also contains the text of the relevant

provisions of the Rules and Policies as the provisions read following the adoption of the amendments. This text has been marked to indicate changes from the Revised Proposal set out in Market Integrity Notice 2004-017.

Questions

Questions concerning this notice may be directed to:

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VICE PRESIDENT, MARKET POLICY AND GENERAL COUNSEL

Appendix "A"

Universal Market Integrity Rules

Amendments to the Rules and Policies
Related to Manipulative and Deceptive Activities

The Universal Market Integrity Rules are amended as follows:

1. Rule 1.1 is amended by adding the following as clause (f) of the definition of "Requirements":

   (f) securities legislation.

2. Part 2 of the Rules is amended by deleting the phrase "Manipulative or Deceptive Method of Trading" in the heading and substituting the phrase "Abusive Trading".

3. Rule 2.2 is deleted and the following substituted:

   Manipulative and Deceptive Activities

   (1) A Participant or Access Person shall not, directly or indirectly, engage in or participate in the use of any manipulative or deceptive method, act or practice in connection with any order or trade on a marketplace if the Participant or Access Person knows or ought reasonably to know the nature of the method, act or practice.

   (2) A Participant or Access Person shall not, directly or indirectly, enter an order or execute a trade on a marketplace if the Participant or Access Person knows or ought reasonably to know that the entry of the order or the execution of the trade will create or could reasonably be expected to create:

   (a) a false or misleading appearance of trading activity in or interest in the purchase or sale of the security; or

   (b) an artificial ask price, bid price or sale price for the security or a related security.

   (3) For greater certainty, the entry of an order or the execution of a trade on a marketplace by a person in accordance with the Market Maker Obligations shall not be considered a violation of subsection (1) or (2) provided such order or trade complies with applicable Marketplace Rules and the order or trade was required to fulfill applicable Market Maker Obligations.

4. Part 2 of the Rules is amended by adding the following as Rule 2.3:

   Improper Orders and Trades

   A Participant or Access Person shall not enter an order on a marketplace or execute a trade if the Participant or Access Person knows or ought reasonably to know that that the entry of the order or the execution of the trade would not comply with or would result in the violation of:

   (a) applicable securities legislation;

   (b) applicable requirements of any self-regulatory entity of which the Participant or Access Person is a member;

   (c) the Marketplace Rules of the marketplace on which the order is entered;

   (d) the Marketplace Rules of the marketplace on which the trade is executed; and

   (e) the Rules and Policies.

5. Clause (2)(a) of Rule 7.1 is amended by inserting the phrase ", acceptance" after the word "review".

6. Rule 10.4 is amended:

(a) in clause (1)(a) by inserting the phrase "2.3," after "2.2" and by deleting the phrase "method of trading" and substituting the word "activities"; and

(b) in clause (2)(a) by inserting the phrase ", 2.3" after "2.2" and by deleting the phrase "method of trading" and substituting the word "activities".

7. Part 10 of the Rules is amended by inserting the following as Rule 10.16:

Gatekeeper Obligations of Directors, Officers and Employees of Participants and Access Persons

(1) An officer, director, partner or employee of a Participant shall forthwith report to their supervisor or the compliance department of the Participant upon becoming aware of activity in a principal, non-client or client account of the Participant or a related entity that the officer, director, partner or employee believes may be a violation of:

(a) Subsection (1) of Rule 2.1 respecting just and equitable principles of trade;

(b) Rule 2.2 respecting manipulative and deceptive activities;

(c) Rule 2.3 respecting improper orders and trades;

(d) Rule 4.1 respecting frontrunning;

(e) Rule 5.1 respecting best execution of client orders;

(f) Rule 5.2 respecting best price obligation;

(g) Rule 5.3 respecting client priority;

(h) Rule 6.4 respecting trades to be on a marketplace; and

(i) any Requirement that has been designated by the Market Regulator for the purposes of this subsection.

(2) An officer, director, partner or employee of an Access Person shall forthwith report to their supervisor or the compliance department of the Access Person upon becoming aware of activity by the Access Person or a related entity that the officer, director, partner or employee believes may be a violation of:

(a) Subsection (2) of Rule 2.1 respecting conduct of business openly and fairly;

(b) Rule 2.2 respecting manipulative and deceptive activities;

(c) Rules 2.3 respecting improper orders or trades; and

(d) any Requirement that has been designated by the Market Regulator for the purposes of this subsection.

(3) If a supervisor or compliance department of a Participant or Access Person receives a report pursuant to subsection (1) or (2), the supervisor or compliance department shall diligently conduct a review in accordance with the policies and procedures of the Participant adopted in accordance with Rule 7.1 or in accordance with the ordinary practices of the Access Person.

(4) If the review conducted by the supervisor or compliance department concluded that there may be a violation, the supervisor or compliance department shall:

(a) make a written record of the report by the officer, director, partner or employee and the review conducted in accordance with subsection (3);

(b) diligently investigate the activity that is the subject of the report and review;

(c) make a written record of the findings of the investigation; and

(d) report the findings of the investigation to the Market Regulator if the finding of the investigation is that a violation of an applicable Rule has occurred and such report shall be made not later than the 15th day of the month following the month in which the findings are made.

(5) Each Participant and Access Person shall with respect to the records of the report, the review and the findings required by subsection (4):

(a) retain the records for a period of not less than seven years from the creation of the record; and

(b) allow the Market Regulator to inspect and make copies of the records at any time during ordinary business hours during the period that such record is required to be retained in accordance with clause (a).

(6) The obligation of a Participant or an Access Person to report findings of an investigation under subsection (4) is in addition to any reporting obligation that may exist in accordance with applicable securities legislation, the requirements of any self-regulatory entity and any applicable Marketplace Rules.

The Policies under Universal Market Integrity Rules are amended as follows:

1. The following is added as Policy 1.2:

Part 1 – "Ought Reasonably to Know"

Rule 2.2 prohibits a Participant or Access Person from doing various acts if the Participant or Access Person "knows or ought reasonably to know" that a particular method, act or practice was manipulative or deceptive or that the effect of entering an order or executing a trade would create or could reasonably be expected to create a false or misleading appearance of trading activity or interest or an artificial price. Rule 2.3 prohibits a Participant or Access Person from entering an order on a marketplace or executing a trade if the Participant or Access Person "knows or ought reasonably to know" that the entry of the order or the execution of the trade would result in the violation of various securities or regulatory requirements.

In determining what a person "ought reasonably to know" reference would be made to what a Participant or Access Person would know, acting honestly and in good faith, and exercising the care, diligence and skill that a reasonably prudent Participant or Access Person would exercise in comparable circumstances. In essence, the test becomes what could a Participant or Access Person have been expected to know if the Participant or Access Person had:

- adopted various policies and procedures as required by applicable securities legislation, self-regulatory entities and the Rules and Policies; and
- conscientiously followed or observed the policies and procedures.

Part 2 Applicable Regulatory Standards

Rule 7.1 requires each Participant prior to the entry of an order on a marketplace to comply with applicable regulatory standards with respect to the review, acceptance and approval of orders. Each Participant that is a dealer must be a member of a self-regulatory entity. Each Participant will be subject to the by-laws, regulations and policies as adopted from time to time by the applicable self-regulatory entity. These requirements may include an obligation on the member to "use due diligence to learn and remain informed of the essential facts relative to every customer and to every order or account accepted." While knowledge by a Participant of "essential facts" of every customer and order is necessary to determine the suitability of any investment for a client, such requirement is not limited to that single application. The exercise of due diligence to learn essential facts "relative to every customer and to every order" is a central component of the "Gatekeeper Obligation" embodied within the trading supervision obligation under Rule 7.1 and 10.16. In addition, securities legislation applicable in a jurisdiction may impose review standards on Participants respecting orders and accounts. The regulatory standards that may apply to a particular order may vary depending upon a number of circumstances including:

- the requirements of any self-regulatory entity of which the Participant is a member;
- the type of account from which the order is received or originated; and

the securities legislation in the jurisdiction applicable to the order.

2. Part 1 of Policy 2.2 is deleted and the following substituted:

Part 1 – Manipulative or Deceptive Method, Act or Practice

There are a number of activities which, by their very nature, will be considered to be a manipulative or deceptive method, act or practice. For the purpose of subsection (1) of Rule 2.2 and without limiting the generality that subsection, the following activities when undertaken on a marketplace constitute a manipulative or deceptive method, act or practice:

(a) making a fictitious trade;

(b) effecting a trade in a security which involves no change in the beneficial or economic ownership;

(c) effecting trades by a single interest or group with the intent of limiting the supply of a security for settlement of trades made by other persons except at prices and on terms arbitrarily dictated by such interest or group; and

(d) purchasing a security with the intention of making a sale of the same or a different number of units of the security or a related security on a marketplace at a price which is below the price of the last sale of a standard trading unit of such security displayed in a consolidated market display.

If persons know or ought reasonably to know that they are engaging or participating in these or similar types of activities those persons will be in breach of subsection (1) of Rule 2.2 irrespective of whether such method, act or practice results in a false or misleading appearance of trading activity or interest in the purchase or sale of a security or an artificial ask price, bid price or sale price for a security or a related security.

3. Policy 2.2 is amended by adding the following Parts:

Part 2 – False or Misleading Appearance of Trading Activity or Artificial Price

For the purposes of subsection (2) of Rule 2.2 and without limiting the generality of that subsection, if any of the following activities are undertaken on a marketplace and create or could reasonably be expected to create a false or misleading appearance of trading activity or interest in the purchase or sale of a security or an artificial ask price, bid price or sale price, the entry of the order or the execution of the trade shall constitute a violation of subsection (2) of Rule 2.2:

(a) entering an order or orders for the purchase of a security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the sale of that security, has been or will be entered by or for the same or different persons;

(b) entering an order or orders for the sale of a security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the purchase of that security, has been or will be entered;

(c) making purchases of, or offers to purchase, a security at successively higher prices or in a pattern generally of successively higher prices;

(d) making sales of or offers to sell a security at successively lower prices or in a pattern generally of successively lower prices;

(e) entering an order or orders for the purchase or sale of a security to:

(i) establish a predetermined sale price, ask price or bid price,

(ii) effect a high or low closing sale price, ask price or bid price, or

(iii) maintain the sale price, ask price or bid price within a predetermined range;

(f) entering an order or a series of orders for a security that are not intended to be executed;

(g) entering an order for the purchase of a security without, at the time of entering the order, having the ability or the reasonable expectation to make the payment that would be required to settle any trade that would result from the execution of the order;

(h) entering an order for the sale of a security without, at the time of entering the order, having the reasonable expectation of settling any trade that would result from the execution of the order; and

(i) effecting a trade in a security, other than an internal cross, between accounts under the direction or control of the same person.

If persons know or ought reasonably to know that they are engaging or participating in these or similar types of activities those persons will be in breach of subsection (2) of Rule 2.2 irrespective of whether such activity results in a false or misleading appearance of trading activity or interest in the purchase or sale of a security or an artificial ask price, bid price or sale price for a security or a related security.

Part 3 – Artificial Pricing

For the purposes of subsection (2) of Rule 2.2, an ask price, bid price or sale price will be considered artificial if it is not justified by real demand or supply in a security. Whether or not a particular price is "artificial" depends on the particular circumstances.

Some of the relevant considerations in determining whether a price is artificial are:

(a) the prices of the preceding trades and succeeding trades;

(b) the change in the last sale price, best ask price or best bid price that results from the entry of the order on a marketplace;

(c) the recent liquidity of the security;

(d) the time the order is entered and any instructions relevant to the time of entry of the order; and

(e) whether any Participant, Access Person or account involved in the order:

(i) has any motivation to establish an artificial price, or

(ii) represents substantially all of the orders entered or executed for the purchase or sale of the security.

The absence of any one or more of these considerations is not determinative that a price is or is not artificial.

4. Part 1 of Policy 7.1 is amended by adding the following at the end:

The obligation to supervise applies whether the order is entered on a marketplace:

- by a trader employed by the Participant,
- by an employee of the Participant through an order routing system,
- directly by a client and routed to a marketplace through the trading system of the Participant, or

- by any other means.

In performing the trading supervision obligations, the Participant will act as a “gatekeeper” to help prevent and detect violations of applicable Requirements.

Where an order is entered on a marketplace without the involvement of a trader (for example by a client with a systems interconnect arrangement in accordance with Policy 2-501 of the Toronto Stock Exchange), the Participant retains responsibility for that order and the supervision policies and procedures should adequately address the additional risk exposure which the Participant may have for orders that are not directly handled by staff of the Participant. For example, it may be appropriate for the Participant to sample for compliance testing a higher percentage of orders that have been entered directly by clients than the percentage of orders sampled in other circumstances.

In addition, the “post order entry” compliance testing should recognize that the limited involvement of staff of the Participant in the entry of orders by a direct access client may restrict the ability of the Participant to detect orders that are not in compliance with specific rules. For example, “post order entry” compliance testing may be focused on whether an order entered by a direct access client:

- has created an artificial price contrary to Rule 2.2;
- is part of a “wash trade” (in circumstances where the client has more than one account with the Participant);
- is an unmarked short sale (if the trading system of the Participant does not automatically code as “short” any sale of a security not then held in the account of the client); and
- has complied with order marking requirements and in particular the requirement to mark an order as from an insider or significant shareholder (unless the trading system of the Participant restricts trading activities in affected securities).

5. Part 2 of Policy 7.1 is amended by deleting numbered paragraph 6 and substituting the following:

    6. Identify the steps the Participant will take when a violation or possible violation of a Requirement or any regulatory requirement has been identified. These steps shall include the procedure for the reporting of the violation or possible violation to the Market Regulator if required by Rule 10.16. If there has been a violation or possible violation of a Requirement identify the steps that would be taken by the Participant to determine if:

    - additional supervision should be instituted for the employee, the account or the business line that may have been involved with the violation or possible violation of a Requirement; and
    - the written policies and procedures that have been adopted by the Participant should be amended to reduce the possibility of a future violation of the Requirement.

6. Policy 7.1 is amended by adding the following as Part 5:

Part 5 – Specific Procedures Respecting Manipulative and Deceptive Activities and Reporting and Gatekeeper Obligations

Each Participant must develop and implement compliance procedures that are reasonably well designed to ensure that orders entered on a marketplace by or through a Participant are not part of a manipulative or deceptive method, act or practice nor an attempt to create an artificial price or a false or misleading appearance of trading activity or interest in the purchase or sale of a security. The minimum compliance procedures for trading supervision in connection with Rule 2.2 and Policy 2.2 are set out in the table to Part 3 of this Policy.

In particular, the procedures must address:

- the steps to be undertaken to determine whether or not a person entering an order is:

  - o an insider,
  - o an associate of an insider, and
  - o part of or an associate of a promotional group or other group with an interest in effecting an artificial price, either for banking and margin purposes, for purposes of effecting a distribution of the securities of the issuer or for any other improper purpose;

- the steps to be taken to monitor the trading activity of any person who has multiple accounts with the Participant including other accounts in which the person has an interest or over which the person has direction or control;
- those circumstances when the Participant is unable to verify certain information (such as the beneficial ownership of the account on behalf of which the order is entered, unless that information is required by applicable regulatory requirements);
- the fact that orders which are intended to or which effect an artificial price are more likely to appear at the end of a month, quarter or year or on the date of the expiry of options where the underlying interest is a listed security; and
- the fact that orders which are intended to or which effect an artificial price or a false or misleading appearance of trading activity or investor interest are more likely to involve securities with limited liquidity.

A Participant will be able to rely on information contained on a “New Client Application Form” or similar know-your-client record maintained in accordance with requirements of securities legislation or a self-regulatory entity provided such information has been reviewed periodically in accordance with such requirements and any additional practices of the Participant.

While a Participant cannot be expected to know the details of trading activity conducted by a client through another dealer, nonetheless, a Participant that provides advice to a client on the suitability of investments should have an understanding of the financial position and assets of the client and this understanding would include general knowledge of the holdings by the client at other dealers or directly in the name of the client. The compliance procedures of the Participant should allow the Participant to take into consideration, as part of its compliance monitoring, information which the Participant has collected respecting accounts at other dealers as part of the completion and periodic updating of the “New Client Application Form”.

7. The following is added a Part 1 of Policy 10.1:

Policy 10.1 Compliance Requirement

Part 1 – Monitoring for Compliance

Rule 10.1 requires each Participant and Access Person to comply with applicable Requirements. The term “Requirements” is defined as meaning:

- these Rules;
- the Policies;
- the Trading Rules;
- the Marketplace Rules;
- any direction, order or decision of the Market Regulator or a Market Integrity Official; and
- securities legislation,

as amended, supplemented and in effect from time to time.

The Market Regulator will monitor the activities of Regulated Persons for compliance with each aspect of the definition of Requirements and the Market Regulator will use the powers under Rule 10.2 to conduct any investigation into possible non-compliance. If the Regulated Person has not complied with:

- these Rules, the Policies or any direction, order or decision of the Market Regulator or a Market Integrity Official, the Market Regulator may undertake a disciplinary proceeding pursuant to Rule 10.5;
- the Trading Rules or securities legislation, the Market Regulator may, pursuant to the exchange of information provided for under Rule 10.13, refer the matter to the applicable securities regulatory authority to be dealt with in accordance with applicable securities legislation; and
- Marketplace Rules, the Market Regulator may undertake a disciplinary proceeding pursuant to Rule 10.5 if the marketplace has retained the Market Regulator to conduct disciplinary proceedings on behalf of the marketplace in accordance with an agreement with the Market Regulator contemplated by Part 7 of the Trading Rules, otherwise the Market Regulator may refer the matter to the marketplace to be dealt with in accordance with the Marketplaces Rules of that marketplace.

8. The following is added a Part 1 of Policy 10.16:

Policy 10.16 Gatekeeper Obligations of Directors, Officers and Employees of Participants and Access Persons

Part 1 – The Gatekeeper Obligation

Rule 10.16 requires a Participant or Access Person to conduct further investigation or review where the Participant or Access Person has reason to believe that there may have been a violation of one of the provisions enumerated in Rule 10.16. A Participant or Access Person can not ignore “red flags” which may be indicative of improper behaviour by a client, director, officer, partner or employee of the Participant, Access Person or related entity.

Appendix "B"

Universal Market Integrity Rules

Comments Received on Proposed Amendments Related to Manipulative and Deceptive Activities

On August 13, 2004, RS issued Market Integrity Notice 2004-017 requesting comments on revised proposed amendments to UMIR related to manipulative and deceptive activities. In response to that Market Integrity Notice, RS received comments from the following persons:

BMO Nesbitt Burns ("BMO")
Canaccord Capital Corporation ("Canaccord")
GMP Securities Ltd. ("GMP")
Raymond James Ltd. ("RJ")
Simon Romano ("Romano")
Scotia Capital Inc. ("Scotia")
TD Securities Inc. ("TD")

The following table presents a summary of the comments received together with the response of RS to those comments. Column 1 of the table is also marked to indicate the revisions to the amendments as published on August 13, 2004 made by RS in response to the comments. Additions are indicated in "red" font and the added text is underlined while deletions from the August 13, 2004 proposal are indicated in "blue" font and the deleted text is struck out.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
1.1 Definitions **"Requirements"** means, collectively: (a) these Rules; (b) the Policies; (c) the Trading Rules; (d) the Marketplace Rules; (e) any direction, order or decision of the Market Regulator or a Market Integrity Official; and (f) securities legislation, as amended, supplemented and in effect from time to time.	**Romano** - Notes that the commentary in MIN 2004-017 regarding the amendment to the definition of "Requirement" states that "an ATS can not have any rules". Notes that this is incorrect, as there is no prohibition in NI 21-101 on an ATS creating trading rules that will apply to its participants. States that the definition of an ATS in NI 21-101 allows for requirements to be set by an ATS in respect of trading conduct.	Under National Instrument 21-101 an alternative trading system can not "set requirements governing the conduct of subscribers, other than conduct in respect of trading by those subscribers on the marketplace". Reference should be made to Companion Policy 21-101CP with respect to the limitations on alternative trading systems.
	Scotia – Is of the view that inclusion of "securities legislation" in the definition exceeds RS's jurisdiction and authority as "securities legislation" may include foreign securities legislation. Recommends a definition of "securities legislation" such as "UMIR rules and policies and federal or provincial statutes, regulations, rulings or policies relating to trading or advising in respect of securities", which is consistent with IDA's enforcement jurisdiction. Is concerned with RS's stated intention to investigate breaches of any securities legislation and to refer matters to securities regulatory authorities, and is concerned that at the request of a foreign authority, RS may investigate and disclose information to a foreign authority for potential prosecution without due regard for Charter protections and privacy rights.	The term "securities legislation" is defined in National Instrument 14-101 and incorporated by reference into UMIR by virtue of Rule 1.2(1)(a). As such, securities legislation means the legislation of the thirteen provincial and territorial jurisdictions in Canada listed in Appendix B of National Instrument 14-101.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
Policy 1.2 Interpretation **Part 1 – "Ought Reasonably to Know"** Rule 2.2 prohibits a Participant or Access Person from doing various acts if the Participant or Access Person "knows or ought reasonably to know" that a particular method, act or practice was manipulative or deceptive or that the effect of entering an order or executing a trade would create or could reasonably be expected to create a false or misleading appearance of trading activity or interest or an artificial price. Rule 2.3 prohibits a Participant or Access Person from entering an order on a marketplace or executing a trade if the Participant or Access Person "knows or ought reasonably to know" that the entry of the order or the execution of the trade would result in the violation of various securities or regulatory requirements. In determining what a person "ought reasonably to know" reference would be made to what a Participant or Access Person would know, acting honestly and in good faith, and exercising the care, diligence and skill that a reasonably prudent Participant or Access Person would exercise in comparable circumstances. ~~generally accepted industry standards and practices applicable to a person of their size conducting the same types of business in the same jurisdiction.~~ In essence, the test becomes what could a Participant or Access Person have been expected to know if the Participant or Access Person had:	**BMO –** Concerned that standard of due diligence fails to address situations where a Participant acted in good faith and recommends amendment to exclude from liability those who do so. Also recommends that wording be amended such that there will be no liability in the absence of evidence of knowledge or intent to trade in a manipulative or deceptive manner, or in violation of securities laws or SRO requirements, or with reckless disregard for the consequences. Suggests that this standard is more appropriate as merely being publicly named in a disciplinary proceeding for a violation of UMIR may result in irreparable harm to reputation. States that proposed Rules fail to provide Participants with certainty as to compliance with the trading supervision requirements. As trading supervision cannot reasonably be expected to prevent all instances of violations of rules prohibiting manipulative and deceptive trading, securities legislation or SRO requirements, trading supervision systems should be expected to detect such trading where there is some reasonable indication of a violation that is reasonably detectable by a supervisory or monitoring system or procedure that can be administered by a Participant. Participants who have adopted these and observe them should not be subject to liability for failing to supervise. Concerned that the regulator has the advantage of hindsight with respect to assessment of what staff "ought to have known" or supervisory measures that ought to have been in place. Requests guidance as to what comprises "generally accepted industry standards" as there is currently no reference source for a Participant to consult.	RS initially included reference to "generally accepted industry practice" to indicate that a particular Participant would not be held to a standard which exceeded the normal practice of the industry. A number of commentators noted that there was not a readily acceptable reference point for the industry standard. RS is therefore proposing to delete this portion of the interpretation and to rely instead on a formulation based on the common law and which has been adopted as a standard in most corporate statutes.
	GMP – Suggests that references in the Rules to "ought to know" should always read "ought reasonably to know". Concerned that the reference to "generally accepted industry standards" which "may exceed minimum standards required by various regulatory requirements including any minimum elements of a supervisory system and minimum compliance procedures set out in Policy 7.1" means that reasonable means and standards may not be a defense against a violation for any Participant. Suggests that this section be left at "generally accepted industry standards and practices". Suggests that it be up to RS to establish a minimum for Participants to work from.	See response to BMO comment on Part 1 of Policy 2.2 above.
	Scotia – Concerned that the "ought reasonably to know" standard based on	See response to BMO comment on Part 1 of Policy 2.2 above.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
• adopted various policies and procedures as required by applicable securities legislation, self-regulatory entities and the Rules and Policies; and • conscientiously followed or observed the policies and procedures. ~~A Participant or Access Person must be aware that the generally accepted industry standard may exceed minimum standards required by various regulatory requirements including any minimum elements of a supervisory system and minimum compliance procedures set out in Policy 7.1.~~ ~~If there is no generally accepted industry standard, a Participant or Access Person, acting honestly and in good faith, must exercise the care, diligence and skill that a reasonably prudent Participant or Access Person would exercise in comparable circumstances.~~	undefined "generally accepted industry standards" is not clearly articulated and exposes Participants to indeterminate regulatory and civil liability including class actions. Suggests that the standard should be "A Participant or Access Person acting honestly and in good faith, must exercise the care, diligence and skill that a reasonably prudent Participant or Access Person would exercise in comparable circumstances". Suggests that RS develop a policy setting out the minimum standard for trading supervision in a manner similar to the IDA Policy 2- Minimum standard for retail account supervision.	
Policy 1.2 Interpretation **Part 2 - Applicable Regulatory Standards** Rule 7.1 requires each Participant prior to the entry of an order on a marketplace to comply with applicable regulatory standards with respect to the review, acceptance and approval of orders. ~~In addition, Rule 10.16 requires each officer, director, partner or employee of a Participant who receives or originates an order or who enter the order on a marketplace to comply with applicable regulatory standards with~~	**BMO** – Notes that proposed Part 2 of Policy 1.2 states that "Rule 10.16 requires each officer, director, partner or employee of a Participant who receives or originates an order or who enters the order on a marketplace to comply with applicable regulatory standards with respect to the review, acceptance and approval of orders." However, this provision has been deleted from Proposed Rule 10.16.	RS will make the additional consequential amendment as suggested.
	Scotia – States that the line, "[t]his requirement has been interpreted as requiring registrants in British Columbia to always know the beneficial owner of an account" is confusing and inconsistent with IDA 1300.1 (which sets out the regime for identification of (>10%) beneficial owners of non-individual accounts) and requests that it be deleted. Also see Scotia comments	The comment by Scotia illustrates the point which is made by RS. The standards which are in effect in each jurisdiction may vary. The requirements imposed by British Columbia with respect to the knowledge of the beneficial owner of an account may be different from that which is required by the Investment Dealers Association. Participants must comply with the higher

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
~~respect to the review, acceptance and approval of orders.~~ Each Participant that is a dealer must be a member of a self-regulatory entity. Each Participant will be subject to the by-laws, regulations and policies as adopted from time to time by the applicable self-regulatory entity. These requirements may include an obligation on the member to "use due diligence to learn and remain informed of the essential facts relative to every customer and to every order or account accepted." While knowledge by a Participant of "essential facts" of every customer and order is necessary to determine the suitability of any investment for a client, such requirement is not limited to that single application. The exercise of due diligence to learn essential facts "relative to every customer and to every order" is a central component of the "Gatekeeper Obligation" embodied within the trading supervision obligation under Rule 7.1 and 10.16. In addition, securities legislation applicable in a jurisdiction may impose review standards on Participants respecting orders and accounts. ~~In British Columbia for example, Rule 48(1) made pursuant to the *Securities Act* (British Columbia) requires registrants, with certain exceptions, to make enquiries concerning each client to learn the essential facts relative to every client, including the identity and, if applicable, creditworthiness of the client and the reputation of the client if information known to the registrant causes doubt as to whether the client is of~~	under Rule 7.1 below.	standard in respect of accounts held in British Columbia.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
~~good business or financial reputation. This requirement has been interpreted as requiring registrants in British Columbia to always know the beneficial owner of an account.~~ The regulatory standards that may apply to a particular order may vary depending upon a number of circumstances including: • the requirements of any self-regulatory entity of which the Participant is a member; • the type of account from which the order is received or originated; and • the securities legislation in the jurisdiction applicable to the order.		
2.2 Manipulative and Deceptive Activities (1) A Participant or Access Person shall not, directly or indirectly, engage in or participate in the use of any manipulative or deceptive method, act or practice in connection with any order or trade on a marketplace if the Participant or Access Person knows or ought reasonably to know the nature of the method, act or practice. (2) A Participant or Access Person shall not, directly or indirectly enter an order or execute a trade on a marketplace if the Participant or Access Person	**Scotia** – States that, in response to comments, RS has provided considerable guidance in Market Integrity Notice 2004-017 regarding the intended scope and focus of Rules 2.2 and 2.3, however such guidance must be reflected in these rules or Policy 1.2. Suggests the following "safe harbour": "For greater certainty, a Participant is not required to verify or make a positive affirmation of a client's intention regarding each order or trade activity. For a Participant to be liable for the conduct of the client in connection with manipulative or deceptive activities, the Participant must have either actual knowledge or "ought reasonably to know" that the client's conduct is unacceptable or that the entry of the order or the execution of the trade would result in a violation of a regulatory requirement."	RS accepts that a positive affirmation need not be obtained in respect of each order and the suggested amendments did not seek to impose such a standard.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
knows or ought reasonably to know that the entry of the order or the execution of the trade will create or could reasonably be expected to create: (a) a false or misleading appearance of trading activity or interest in the purchase or sale of the security; or (b) an artificial ask price, bid price or sale price for the security or a related security. (3) For greater certainty, the entry of an order or the execution of a trade on a marketplace by a person in accordance with the Market Maker Obligations shall not be considered a violation of subsection (1) or (2) provided such order or trade complies with applicable Marketplace Rules and the order or trade was required to fulfill applicable Market Maker Obligations.		
Policy 2.2 Manipulative and Deceptive Activities **Part 1 - Manipulative or Deceptive Method, Act or Practice** There are a number of activities which, by their very nature, will be considered to	**BMO** – Requests guidance as to the term "direction or control" as such phrase is used in proposed Policy 2.2, but not currently defined. States that Policy 2.2 Part 1 (c) is a change from the current requirement that all trades except those where there is no change of beneficial or economic ownership be carried out on a marketplace. Requests guidance for application to corporate accounts (e.g. does "direction and control" apply to signing officers, trading personnel	The concept of "direction or control" is used in applicable securities legislation. (For example, the definition of an "insider".) RS does not propose to adopt a definition distinct from the practice currently used in the administration of the securities legislation. On an operational level, RS would expect that this provision would cover any person that would be listed in response to question

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
be a manipulative or deceptive method, act or practice. For the purpose of subsection (1) of Rule 2.2 and without limiting the generality of that subsection, the following activities when undertaken on a marketplace constitute a manipulative or deceptive method, act or practice: (a) making a fictitious trade; (b) effecting a trade in a security which involves no change in the beneficial or economic ownership;	or beneficial owners?). Asks that an expansion of the definition of "internal cross" be considered instead of the prohibition in Policy 2.2 Part 1 (c).	1 of section 6 of the standard New Client Application Form. RS would propose to move the prohibition of crossing with accounts under common direction and control to Part 2. RS acknowledges that, unlike a trade with no change in economic or beneficial ownership, a trade between controlled accounts may be a proper trade that should be reflected on a marketplace. By moving the provision to Part 2, the trade would only be considered to be manipulative or deceptive if undertaken when the person knows or ought reasonably to know that the trade would or could reasonably be expected to create a false or misleading appearance of trading activity or an artificial price.
~~(c) effecting a trade in a security, other than an internal cross, between accounts under the direction or control of the same person;~~ (~~d~~c) effecting trades by a single interest or group with the intent of limiting the supply of a security for settlement of trades made by other persons except at prices and on terms arbitrarily dictated by such interest or group; and	**GMP** – Notes that in Market Integrity Notice 2004-017, Policy 2.2 Part 1 (c) is summarized by RS as follows: "Trades between accounts under the direction or control of the same person would not be completed on a marketplace even in circumstances where the trade resulted in a change of beneficial or economic ownership." Notes that a husband with trading authority could journal to his wife and asks, could this not be an internal cross by definition? Asks whether this will affect volumes on the market where there is no clear posted market to show these changes occurring? Asks what are the tax implications for those who can no longer move securities between controlled accounts but not on the marketplace? Ask what is the need for this rule if there is a clear change in legal ownership behind the trade? Requests a clear definition of "Internal Cross" which allows for more than institutional crossing.	See response to BMO comment on Part 1 of Policy 2.2 above.
(d~~e~~) purchasing a security with the intention of making a sale of the same or a different number of units of the security or a related security on a marketplace at a price which is below the price of the last sale of a standard trading unit of such	**Romano** - Asks if trades between accounts under the direction or control of the same person would not be allowed to be completed on a marketplace under Policy 2.2 Part 1 (c), how will this affect UMIR 6.4 and how will it reflect "Chinese walls" in the context of dealers' pro or discretionary accounts held by different pro traders or registered representatives?	See response to BMO comment on Part 1 of Policy 2.2 above.
security displayed in a consolidated market display. If persons know or ought reasonably to know that	**Scotia** – States that RS has acknowledged that Participants have no ability to monitor trades in a security between accounts under the direction or control of the same person where those accounts are not all held with the same Participant. States that Participants also have no ability to compel a client to disclose its accounts/account holdings held with other dealers, whether	The rule provides that a Participant is engaging in a manipulative and deceptive activity if the Participant knows or ought reasonably to know that the trade would be prohibited in accordance with the provisions of Rule 2.2. If the Participant has conscientiously completed the New Client Application Form and updated that form periodically in accordance with procedures

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
they are engaging or participating in these or similar types of activities those persons will be in breach of subsection (1) of Rule 2.2 irrespective of whether such method, act or practice results in a false or misleading appearance of trading activity or interest in the purchase or sale of a security or an artificial ask price, bid price or sale price for a security or a related security.	the accounts are held in the name of the client or otherwise. Recommends that proposed Policy 2.2 Part 1(c) be amended to reflect this.	of the Participant, the Participant will have discharged its obligations and can rely on the information provided by the client unless the Participant has actual knowledge of "undisclosed" accounts.
Policy 2.2 Manipulative and Deceptive Activities **Part 2 – False or Misleading Appearance of Trading Activity or Artificial Price** For the purposes of subsection (2) of Rule 2.2 and without limiting the generality of that subsection, if any of the following activities are undertaken on a marketplace and create or could reasonably be expected to create a false or misleading appearance of trading activity or interest in the purchase or sale of a security or an artificial ask price, bid price or sale price, the entry of the order or the execution of the trade shall constitute a violation of subsection (2) of Rule 2.2: (a) entering an order or orders for the purchase of a security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the sale of that security, has been or will be entered by or for the	**GMP** – Regarding 2.2(a) and (b), queries whether, if one has an order to buy size in a name and is aware either from the client or from the historical trading record that another dealer is trading in the name, and if one calls that dealer and meets on the board for size, is this a violation? If one has reasonable knowledge of the client and this broker does not, to one's knowledge, represent them, and one trades, is this a violation? Suggests that the rule should read, "where this is no change in beneficial ownership or the trade was executed solely for the purpose of establishing fictitious volumes".	In response to the questions, RS would note that the trades are bona fide and are not being undertaken to create a false or misleading appearance of trading activity. The clauses do not limit the ability of a Participant to undertake a pre-arranged trade. In the view of RS, the structure of the provision makes all of the activities that are listed in clauses (a) to (i) dependent on the fact the order creates or could reasonably be expected to create a false or misleading appearance of trading activity or interest in the purchase or sale of a security or an artificial ask price, bid price or sale price.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
same or different persons; (b) entering an order or orders for the sale of a security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price for the purchase of that security, has been or will be entered; (c) making purchases of, or offers to purchase, a security at successively higher prices or in a pattern generally of successively higher prices; (d) making sales of or offers to sell a security at successively lower prices or in a pattern generally of successively lower prices; (e) entering an order or orders for the purchase or sale of a security to: (i) establish a predetermined sale price, ask price or bid price, (ii) effect a high or low closing sale price, ask price or bid price, or (iii) maintain the sale price, ask price or bid price within a predetermined range; (f) entering an order or series of orders for a		

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
security that are not intended to be executed; (g) entering an order for the purchase of a security without, at the time of entering the order, having the ability or the reasonable expectation to make the payment that would be required to settle any trade that would result from the execution of the order; ~~and~~ (h) entering an order for the sale of a security without, at the time of entering the order, having the reasonable expectation to settle any trade that would result from the execution of the order; and (i) effecting a trade in a security, other than an internal cross, between accounts under the direction or control of the same person. If persons know or ought reasonably to know that they are engaging or participating in these or similar types of activities those persons will be in breach of subsection (2) of Rule 2.2 irrespective of whether such activity results in a false or misleading appearance of trading activity or interest in the purchase or sale of a security or an artificial ask price, bid price or sale price for a security or a related security.		
Policy 2.2 Manipulative and Deceptive Activities		

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
Part 3 – Artificial Pricing For the purposes of subsection (2) of Rule 2.2, an ask price, bid price or sale price will be considered artificial if it is not justified by real demand or supply in a security. Whether or not a particular price is "artificial" depends on the particular circumstances. Some of the relevant considerations in determining whether a price is artificial are: (a) the prices of the preceding and succeeding trades; (b) the change in last sale price, best ask price or best bid price that results from the entry of the order; (c) the recent liquidity of the security; (d) the time the order is entered, or any instructions relevant to the time of entry of the order; and (e) whether any Participant, Access Person or account involved in the order: (i) has any motivation to establish an artificial price, or (ii) represents substantially all of the orders entered or executed for the purchase or sale of the security. The absence of any one or more of these considerations is not determinative that a price is or is not artificial.		

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
2.3 Improper Orders and Trades A Participant or Access Person shall not enter an order on a marketplace or execute a trade if the Participant or Access Person knows or ought reasonably to know that the entry of the order or the execution of the trade would not comply with or would result in the violation of: (a) applicable securities legislation; (b) applicable requirements of any self-regulatory entity of which the Participant or Access Person is a member; (c) the Marketplace Rules of the marketplace on which the order is entered; (d) the Marketplace Rules of the marketplace on which the trade is executed; or (e) the Rules and Policies.	**BMO** – Suggests that Rule 2.3 should be amended to make it explicitly clear that RS does not require all orders to be reviewed prior to entry for order-execution accounts, as RS has made this clear in its responses to comments in Market Integrity Notice 2004-017.	RS does not believe that it is necessary to amend the proposed Rule. The interpretation which RS intends to take with respect to the provision has been set out in the Market Integrity Notice.
	GMP – Asks that the word "reasonably" be inserted in every case where "ought to have known" is used. Is concerned about the example used by RS in Market Integrity Notice 2004-017 to illustrate the meaning of this section. The example states that "if a Participant knows or ought to know that a client is entering an order for a security based on undisclosed material information related to that security (which action by the client would be contrary to securities legislation), the Participant would itself be in non-compliance with the requirements of UMIR." Concerned as to how a trader is to know that an institution received information that could be deemed to be material which the trader has no knowledge of. Asks what jurisdiction RS has regarding a Participant's responsibility to not violate rules in general. Asks why "securities legislation", SROs and "marketplace rules" are included when the RS jurisdiction is to the Canadian listed marketplaces? Requests clarification of what is meant by "(e) the Rules and Policies". Assumes UMIR should be referenced here.	In the revised proposal published on August 13, 2004, all references to "ought to know" where amended by the addition of the word "reasonably". The provision is premised on the Participant knowing or being in a position where they "ought reasonably to know" that an order does not comply with various requirements. If the Participant did not have any reason to believe that there would be a failure to comply with any of the requirements of securities legislation, requirements of an SRO, Marketplace Rules or UMIR there would not be a violation of the proposed Rule 2.3. As a self-regulatory entity, part of the mandate of RS is to ensure that the persons who are subject to its jurisdiction conduct trading openly and fairly in accordance with just and equitable principles of trade. This standard is incorporated directly into UMIR in Rule 2.1. Any person who knowingly breaches requirements of various entities regarding the trading of securities could not be said to be conducting transacting business "openly and fairly". Rule 2.3 is simply a specific statement of this general requirement. "Rules" and "Policies" are the defined terms which comprise UMIR.
	Scotia – See Scotia comment on: Rule 2.2 above.	See response to Scotia comment on Rule 2.2 above.
7.1 Trading Supervision Obligations (2) Prior to the entry of an order on a marketplace by a Participant, the Participant shall comply with: (a) applicable regulatory standards with respect to the review, acceptance and approval of orders;	**BMO** - States that Rule 7.1 and Policy 7.1 do not address the additional systems that will be required for additional supervisory requirements and resource needs nor the deadlines within which RS would expect Participants to have acted in order to address these required additional supervisory obligations. Proposes that RS delay the implementation of additional proposed supervisory obligations until after proposed electronic audit trail has been implemented pursuant to National Instrument 23-101. Adds that Rule and Policy 7.1 appear duplicative of requirements of the IDA by introducing a requirement for heightened supervision when client KYC information hasn't been obtained or verified. Suggests that RS	The revised proposal contained in Market Integrity Notice 2004-017 made a number of revisions to the original proposal made in Market Integrity Notice 2004-003 to clarify that the amendments were not introducing new supervision requirements. The amendments specifically will add a reporting requirement, but in the opinion of RS, this requirement will not necessarily involve additional systems work by a Participant. RS would note that many Participants already have voluntary reporting procedures. The provisions under UMIR do not augment the information which must be obtained in the completion of the New Client Application Form. However, the UMIR

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
(b) the policies and procedures adopted in accordance with subsection (1); and (c) all requirements of these Rules and each Policy.	consider either removing this requirement, since there is an established system of IDA requirements in this area, or work more closely with IDA to coordinate impact of overlapping requirements.	requirement will require additional supervision and compliance procedures when certain of the information required on the New Client Application Form has not been provided by the client.
	GMP – In Market Integrity Notice 2004-017, RS stated the following as a response to comments to Rule 7.1: "Provided that the know your client form is reviewed periodically in accordance with the practice of the Participant, the Participant will be able to rely on this information". States that this phrase must be inserted in it's entirety into the rule. Queries whether this is a jurisdictional item and beyond a reasonable expectation.	RS would propose to expand Part 5 of Policy 7.1 to indicate the ability of a Participant to rely on information provided in accordance with "know-your-client" requirements. See response to GMP comment on Rule 2.3 above.
	Scotia – States that new "gatekeeper" provisions in Rule 7.1, Policy 7.1, Rule 10.16 and Policy 10.16 seek to shift the responsibility and cost of compliance from other market participants onto Participants. This is inappropriate and inefficient as Participants will have to individually create exhaustive monitoring systems, at considerable costs, to ensure that other market participants are complying with their regulatory requirements relating to their orders and will be exposed to potential regulatory and civil liability (including potential class actions) for non-complying orders, even where the order is entered directly by Access Persons or online retail clients without any participation by the Participants. Costs should be borne by market participant in the best position to ensure effective compliance.	UMIR has always imposed responsibility on each Participant for all orders entered on a marketplace by that Participant. The proposed provisions do not "shift the responsibility and cost of compliance from other market participants on Participants" but merely clarifies the steps which RS believes as reasonable for a Participant to discharge existing obligations. Where a Participant is acting in a transaction for another Participant or dealer, either Participant or the dealer may, if agreed upon, undertake certain of the supervision and compliance activities. However, neither Participant can absolve themselves of "responsibility" because of a delegation of these functions.
Policy 7.1 Trading Supervision Obligations **Part 1 – Responsibility for Supervision and Compliance** For the purposes of Rule 7.1, a Participant shall supervise its employees, directors and officers and, if applicable, partners to ensure that trading in securities on a marketplace (an Exchange, QTRS or ATS) is carried out in compliance with the applicable Requirements (which includes provisions of securities legislation, UMIR, the Trading Rules and the Marketplace Rules	**Scotia** – See Scotia comments under Rule 7.1 above.	See response to Scotia comment on Rule 7.1 above.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
of any applicable Exchange or QTRS). An effective supervision system requires a strong overall commitment on the part of the Participant, through its board of directors, to develop and implement a clearly defined set of policies and procedures that are reasonably designed to prevent and detect violations of Requirements. The board of directors of a Participant is responsible for the overall stewardship of the firm with a specific responsibility to supervise the management of the firm. On an ongoing basis, the board of directors must ensure that the principal risks for non-compliance with Requirements have been identified and that appropriate supervision and compliance procedures to manage those risks have been implemented. Management of the Participant is responsible for ensuring that the supervision system adopted by the Participant is effectively carried out. The head of trading and any other person to whom supervisory responsibility has been delegated must fully and properly supervise all employees under their supervision to ensure their compliance with Requirements. If a supervisor has not followed the supervision procedures adopted by the Participant, the supervisor will have failed to comply with their supervisory obligations under Rule 7.1(4). When the Market Regulator reviews the supervision system of a Participant (for example, when a violation occurs of Requirements), the Market Regulator will		

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
consider whether the supervisory system is reasonably well designed to prevent and detect violations of Requirements and whether the system was followed. The compliance department is responsible for monitoring and reporting adherence to rules, regulations, requirements, policies and procedures. In doing so, the compliance department must have a compliance monitoring system in place that is reasonably designed to prevent and detect violations. The compliance department must report the results from its monitoring to the Participant's management and, where appropriate, the board of directors, or its equivalent. Management and the board of directors must ensure that the compliance department is adequately funded, staffed and empowered to fulfil these responsibilities. The obligation to supervise applies whether the order is entered on a marketplace: • by a trader employed by the Participant, • by an employee of the Participant through an order routing system, • directly by a client and routed to a marketplace through the trading system of the Participant, or • by any other means. In performing the trading supervision obligations, the Participant will act as a "gatekeeper" to help prevent and detect violations of applicable Requirements.		

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
Where an order is entered on a marketplace without the involvement of a trader (for example by a client with a systems interconnect arrangement in accordance with Policy 2-501 of the Toronto Stock Exchange), the Participant retains responsibility for that order and the supervision policies and procedures should adequately address the additional risk exposure which the Participant may have for orders that are not directly handled by staff of the Participant. For example, it may be appropriate for the Participant to sample for compliance testing a higher percentage of orders that have been entered directly by clients than the percentage of orders sampled in other circumstances. In addition, the "post order entry" compliance testing should recognize that the limited involvement of staff of the Participant in the entry of orders by a direct access client may restrict the ability of the Participant to detect orders that are not in compliance with specific rules. For example, "post order entry" compliance testing may be focused on whether an order entered by a direct access client: • has created an artificial price contrary to Rule 2.2; • is part of a "wash trade" (in circumstances where the client has more than one account with the Participant); • is an unmarked short sale (if the trading system of the Participant does not		

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
automatically code as "short" any sale of a security not then held in the account of the client); and • has complied with order marking requirements and in particular the requirement to mark an order as from an insider or significant shareholder (unless the trading system of the Participant restricts trading activities in affected securities).		
Policy 7.1 Trading Supervision Obligations **Part 2 – Minimum Elements of a Supervision System** Regardless of the circumstances of the Participant, however, every Participant must: 6. Identify the steps the Participant will take when a violation or possible violation of a Requirement or any regulatory requirement have been identified. These steps shall include the procedure for the reporting of the violation or possible violation to the Market Regulator if ~~as~~ required by Rule 10.16. If there has been a violation or possible violation of a Requirement identify the steps that would be taken by the Participant to determine if: • additional supervision should be instituted for the employee, the account or the	**GMP** – Suggests that "violations" or "patterns of potential violations" should be reportable rather than a potential violation in singular form. States that there is a lack of consistency in the wording used throughout the various references to this Rule.	RS expects a Participant to take action with respect to each violation which it detects. It would not be appropriate for the supervisors or compliance personnel of a Participant to bring violations to the attention of a trader only if a "pattern of potential violations" has been detected. The supervisor or compliance personnel should be determining whether the violation or potential violation was a mistake or a lack of understanding of the applicable Requirement. RS would propose to clarify that a report to the Market Regulator is not required in every instance (e.g. a report would only be made to the Market Regulator "if" required by Rule 10.16.)

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
business line that may have been involved with the violation or possible violation of a Requirement.; and • the written policies and procedures that have been adopted by the Participant should be amended to reduce the possibility of a future violation of the Requirement.		
Policy 7.1 Trading Supervision Obligations **Part 5 – Specific Procedures Respecting Manipulative and Deceptive Activities and Reporting and Gatekeeper Obligations** Each Participant must develop and implement compliance procedures that are reasonably well designed to ensure that orders entered on a marketplace by or through a Participant are not part of a manipulative or deceptive method, act or practice nor an attempt to create an artificial price or a false or misleading appearance of trading activity or interest in the purchase or sale of a security. The minimum compliance procedures for trading supervision in connection with Rule 2.2 and Policy 2.2 are set out in the table to Part 3 of this Policy. In particular, the procedures must address: • the steps to be undertaken to determine whether or	**GMP** – Concerned that the last portion of this section referring to the "New Client Application Form" treads into IDA Policies. Asks whether this RS requirement is going to be added to the IDA Rules for consistency amongst the regulators? Asks how dealers are meant to enforce this with clients, as there is no justifiable right to ask this question to a client other than this new rule. Queries the inclusion of "asset lists" and the application of privacy laws that may supercede this rule. States that it is unreasonable to expect a Compliance Department to monitor for this without development costs and time. Suggests that this should be the sole responsibility for the RR of a retail account and should not extend beyond that level where the knowledge MAY be required by this potential rule.	The text of Part 5 makes reference to the information which the Participant has in its possession as a result of the completion or updating of the "New Client Application Form". The provision merely requires that a Participant take into account information which is already within its possession. Reference should be made to the table in Part 3 of Policy 7.1 setting out Minimum Compliance Procedures for Trading on a Marketplace. With respect to testing for manipulative and deceptive trading, the "New Client Application Form" is already listed as one of the potential information sources. The paragraph which has been added to Part 5 merely illustrates how this information should be used.
	Scotia – States that RS has acknowledged that Participants have no ability to monitor trades in a security between accounts under the direction or control of the same person where those accounts are not all held with the same Participant. Suggests further that Participants have no ability to compel a client to disclose its accounts/account holdings held with other dealers, whether the accounts are held in the name of the client or otherwise. Recommends that Policy 7.1 Part 5 be amended and the proposed paragraph added to the end of Policy 7.1 Part 5 should be deleted in its entirety, in order to reflect this.	Question 3 of subsection (6) of the New Client Application Form requires the disclosure of accounts held at other firms by the client. See response to GMP comment on Part 5 of Policy 7.1 above.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
not a person entering an order is: o an insider, o an associate of an insider, and o part of or an associate of a promotional group or other group with an interest in effecting an artificial price, either for banking and margin purposes, for purposes of effecting a distribution of the securities of the issuer or for any other improper purpose; • the steps to be taken to monitor the trading activity of any person who has multiple accounts with the Participant including other accounts in which the person has an interest or over which the person has direction or control; • those circumstances when the Participant is unable to verify certain information (such as the beneficial ownership of the account on behalf of which the order is entered, unless that information is required by applicable regulatory requirements); • the fact that orders which are intended to or which effect an artificial price are more likely to appear at the end of a month, quarter or year or on the date of the expiry of options where the underlying interest is a listed security; and • the fact that orders which are intended to or		

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
which effect an artificial price or a false or misleading appearance of trading activity or investor interest are more likely to involve securities with limited liquidity. A Participant will be able to rely on information contained on a "New Client Application Form" or similar know-your-client record maintained in accordance with requirements of securities legislation or a self-regulatory entity provided such information has been reviewed periodically in accordance with such requirements and any additional practices of the Participant. While a Participant cannot be expected to know the details of trading activity conducted by a client through another dealer, nonetheless, a Participant that provides advice to a client on the suitability of investments should have an understanding of the financial position and assets of the client and this understanding would include general knowledge of the holdings by the client at other dealers or directly in the name of the client. The compliance procedures of the Participant should allow the Participant to take into consideration, as part of its compliance monitoring, information which the Participant has collected respecting accounts at other dealers as part of the completion and periodic updating of the "New Client Application Form".		
Policy 10.1 Compliance Requirement	**Scotia** - Is concerned that Participants may be exposed to civil liability for disclosing	This is a matter which each Participant must address in its account agreement with

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
Part 1 – Monitoring for Compliance Rule 10.1 requires each Participant and Access Person to comply with applicable Requirements. The term "Requirements" is defined as meaning: • these Rules; • the Policies; • the Trading Rules; • the Marketplace Rules; • any direction, order or decision of the Market Regulator or a Market Integrity Official; and • securities legislation, as amended, supplemented and in effect from time to time. The Market Regulator will monitor the activities of Regulated Persons for compliance with each aspect of the definition of Requirements and the Market Regulator will use the powers under Rule 10.2 to conduct any investigation into possible non-compliance. If the Regulated Person has not complied with: • these Rules, the Policies or any direction, order or decision of the Market Regulator or a Market Integrity Official, the Market Regulator may undertake a disciplinary proceeding pursuant to Rule 10.5; • the Trading Rules or securities legislation, the Market Regulator	clients' personal information to RS in the course of an RS investigation when RS may further disclose information to third parties without clients' consent. Recommends that a safe harbour be incorporated into Policy 10.1 Part 1 to protect Participants from liability arising from disclosure of information under an RS investigation.	its clients. The disclosure of the information is for regulatory purposes and Participants should have made it clear to clients that the Participant will provide information to comply with legal and regulatory requirements to which the Participant is subject. It is the responsibility of the Participant to ensure that it has all necessary consents to ensure compliance. See the "Joint Regulatory Notice on Federal and Provincial Privacy Legislation" issued by RS, the Investment Dealers Association, Mutual Fund Dealers Association, Montréal Exchange and Canadian Investor Protection Fund on December 3, 2003.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
may, pursuant to the exchange of information provided for under Rule 10.13, refer the matter to the applicable securities regulatory authority to be dealt with in accordance with applicable securities legislation; and • Marketplace Rules, the Market Regulator may undertake a disciplinary proceeding pursuant to Rule 10.5 if the marketplace has retained the Market Regulator to conduct disciplinary proceedings on behalf of the marketplace in accordance with an agreement with the Market Regulator contemplated by Part 7 of the Trading Rules, otherwise the Market Regulator may refer the matter to the marketplace to be dealt with in accordance with the Marketplaces Rules of that marketplace.		
10.4 Extension of Restrictions (1) A related entity of a Participant and a director, officer, partner or employee of the Participant or a related entity of the Participant shall: (a) comply with the provisions of these Rules and any Policies with respect to just and equitable principles of trade, manipulative and deceptive activities, short sales and	**Scotia** – States that, in response to comments, RS has provided considerable guidance regarding the intended scope and focus of Rules 10.3 and 10.4, however such guidance must be reflected in these rules. Suggests the following "safe harbour" for inclusion in Rule 10: "For greater certainty, a Participant will not be in breach of Rule 10.3 or 10.4 where an employee or a related entity breaches a Participant's policies without knowledge or authorization of the Participant, provided the Participant had adequate policies in place and the Participant and its supervisory personnel followed the procedures as adopted."	Neither Rule 10.3 nor 10.4 makes a Participant responsible for the behaviour of a "related entity" or the directors, officers, partners or employees of the related entity. In particular, Rule 10.4 brings the related entity and its directors, officers, partners and employee within the ambit of UMIR and the jurisdiction of RS with respect to certain key market integrity rules. Under UMIR, a "related entity" is an affiliate that is registered under securities legislation as a dealer.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
frontrunning as if references to "Participant" in Rules 2.1, 2.2, 2.3, 3.1 and 4.1 included reference to such person; and … (2) A related entity of an Access Person and a director, officer, partner or employee of the Access Person or a related entity of the Access Person shall in respect of trading on a marketplace on behalf of the Access Person or related entity of the Access Person: (a) comply with the provisions of these rules and any Policies with respect to just and equitable principles of trade, manipulative and deceptive activities and short sales as if references to "Access Person" in Rules 2.1, 2.2, 2.3 and 3.1 included reference to such person; and		
10.16 Gatekeeper Obligations of Directors, Officers and Employees of Participants and Access Persons (1) An officer, director, partner or employee of a	**BMO** – States that a requirement on officers, directors, partners and employees of a Participant to report account activity that "may be" a violation of applicable rules should be clarified as it would capture technical violations that have no impact on the marketplace and imposes a significant reporting, record keeping and administrative burden on Participants. Recommends that RS consider a requirement to report activity	Repeated "technical" violations may be an indication of either a lack of training of personnel or inadequate policies and procedures. RS recognizes that "technical rules" should be exempt from the reporting requirement (and RS would certainly include the requirements on order marking and records in the "technical" category"). RS would propose to delete a number of the Rules that were originally included in

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
Participant shall forthwith report to their supervisor or the compliance department of the Participant upon becoming aware of activity in a principal, non-client or client account of the Participant or a related entity that the officer, director, partner or employee believes may be a violation of: (a) Subsection (1) of Rule 2.1 respecting just and equitable principles of trade; (b) Rule 2.2 respecting manipulative and deceptive activities; (c) Rule 2.3 respecting improper orders and trades; ~~(d) Rule 3.1 respecting short selling;~~ (d) Rule 4.1 respecting frontrunning; (e) Rule 5.1 respecting best execution of client orders; (f) Rule 5.2 respecting best price obligation; (g) Rule 5.3 respecting client priority;	where the officer, director, partner or employee has reasonable grounds to believe a violation of the specified Rules has occurred. Minor, technical violations with no effect on the market should be excluded. The proposed rule should be made as consistent as possible with reporting actual violations similar to IDA Policy 8. Notes that supervision and monitoring procedures already exist as regulatory requirements (e.g. UMIR 7.1, Rules of Bourse de Montreal Policy 6, IDA Policy 2 and proposed IDA Policy 4), and Participants are already subject to regular on-site reviews by multiple regulators, therefore the need for an additional reporting requirement to RS is mitigated by this well-established system. Notes that the Rule has been drafted to allow RS to designate Requirements from time to time that are subject to these reporting and investigation requirements. Submits that in order to ensure fairness, such power should be exercised only as the result of an amendment to UMIR following the rule-making process.	the reporting requirements (particularly Rule 3.1 respecting short selling, Rule 6.3 respecting exposure of client order, Rule 7.7 and 7.8 respecting market stabilization and market balancing and Rule 8.1 respecting client-principal trading. Breaches of these rules may be readily detectable through existing monitoring mechanisms of RS.) Policy 8 of the IDA requires the member to report "whenever an internal investigation, pursuant to Part II of this Policy, is commenced and the results of such internal investigation when completed". The IDA Policy requires the investigation "where it appears" that there has been a violation. (BMO has interpreted this phrase as requiring only "actual violations". The ordinary interpretation of the phrase is "to give certain indications" or "seem" which equates to the legal usage of "may be".) The RS proposal did not require a report on the commencement of the investigation nor a report on the outcome of the investigation unless there is a finding that a violation "may have" occurred. RS is proposing to require the report only where the Participant or Access Person concludes after diligent investigation that a violation has occurred. Nonetheless, RS would encourage reports where the Participant or Access Person has determined that a violation may have occurred. In any event, the Participant or Access Person will be under an obligation to retain a record on the investigation and this record may be reviewed by RS as part of any trade desk review. While RS has attempted to parallel the structure used by the IDA in Policy 8, RS is proposing to further revise the requirements to clarify that "ordinary reviews" conducted in accordance with the trading supervision and compliance procedures of a Participant do not constitute an "investigation". (In passing, RS would note that IDA Policy 8 does not provide a similar exemption for "inadvertent" or "technical" violations of the rules covered by its reporting requirements.) Any designation by RS of additional rules for which an investigation report could be required would only be made after agreement from the applicable securities regulatory authorities and appropriate notice to Participants and Access Persons by means of a Market Integrity Notice.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
~~(h) (Rule 6.3 respecting exposure of client orders;~~ (h) Rule 6.4 respecting trades to be on a marketplace; and ~~(i) Rule 7.7 respecting trades during a distribution or Rule 7.8 respecting trades during a securities exchange take-over bid;~~ ~~(j) Rule 8.1 respecting client-principal trading; and~~ (i) any Requirement that has been designated by the Market Regulator for the purposes of this subsection.	**Canaccord** – Recommends that Participants be allowed discretion to judge which rule violations (potential or actual) should be reported to the market regulator. Requiring Participants to report all rule violations, including those as a result of human error, is time consuming and impractical and demonstrates the market regulator's lack of faith in the compliance departments of Participants. Violations due to human error must be resolved internally. All parties should remain focused on significant rule infractions.	Repeated "human error" may be an indication of either a lack of training of personnel or inadequate policies and procedures. RS recognizes that "technical rules" should be exempt from the reporting requirement (and RS would certainly include the requirements on order marking and records in the "technical" category"). See response to BMO comment on Rule 10.16 above and the response to GMP comment on Rule 10.16 below.
(2) An officer, director, partner or employee of an Access Person shall forthwith report to their supervisor or the compliance department of the Access Person upon becoming aware of activity by the Access Person or a related entity that the officer, director, partner or employee believes may be a violation of: (a) Subsection (2) of Rule 2.1 respecting	**GMP** – Recommends that clarification of gatekeeper obligations found under the heading "Summary of Revisions to the Original Proposal" in Market Integrity Notice 2004-017 (stating that gatekeeper obligations do not set a new standard nor require Participants to "guarantee" compliance) be inserted into the gatekeeper rule itself. States that the RS summary of this section in Market Integrity Notice 2004-017 indicates that dealers are to "report findings of potential violations" and feels that dealers should not be required to inundate RS with every question, particularly where there is no evidence, on follow-up of an actual intentional violation or if there is no pattern. States that there needs to be allowance made for human and technical errors and suggests that it is more important for patterns to be reportable. Suggests that Rule 10.16(3)(d) should read as follows: ""report the findings of the investigation to the Market Regulator if the finding of the	RS would propose to clarify the ambit of Rule 10.16 by an addition to the Policies. See proposed Part 1 of Policy 10.16 below. While RS would encourage a Participant or Access Person to report "possible violations", RS would require a report only if the Participant or Access Person concludes after due investigation that a violation of one of the enumerated rules has occurred.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
conduct of business openly and fairly; (b) Rule 2.2 respecting manipulative and deceptive activities; (c) Rules 2.3 respecting improper orders or trades; and ~~(d) Rule 3.1 respecting short selling; and~~ (d~~e~~) any Requirement that has been designated by the Market Regulator for the purposes of this subsection. (3) If a supervisor or compliance department of a Participant or Access Person receives a report ~~in~~ pursuant to ~~accordance with~~ subsection (1) or (2), the supervisor or compliance department shall diligently conduct a review in	investigation is that a violation of an applicable Rule occurred or that a pattern of potential violations has appeared and such report shall be made not later that the 15th day of the month following the month in which the findings are made." States further that the RS response to comments in Market Integrity Notice 2004-017 that "It has been the intention of RS to limit the reporting requirement to the "non-technical" rules in which either the interest of the client or the market was in issue" must be incorporated into 10.16. States that the striking of a wrong key allowing a downtick on a short sale with no pattern of repetition or a best execution error where one trader does better than the other, must not be captured. Asks, in this example, if one of these traders is executing for INV and the trades are reviewed and corrected to the client, was there intent? Was it rectified therefore no longer a violation? Further, notes that the RS response to comments in Market Integrity Notice 2004-017 stating that "If there is any doubt as to whether a violation has occurred the Participant should report the event to the Market Regulator" is a clearer statement than other references to what is reportable under 10.16 and is a better option than what is currently proposed. Notes that the RS response to comments in Market Integrity Notice 2004-017 stated that "The proposed rule would require a report only when the internal investigation by the Participant came to the finding that "a violation of an applicable Rule may have occurred". Queries whether it is reportable when Participant feels that they have corrected any doubt, completed a review which found there to be a reasonable explanation for the potential violation and will monitor for any pattern.	
accordance with the policies and procedures of the Participant adopted in accordance with Rule 7.1 or in accordance with the ordinary practices of the Access Person. (4) If the review conducted by the supervisor or	**RJ** – Suggests that rather than requiring Participants to submit monthly gatekeeper reports for transactions that "may" be a violation, firms should be required only to submit reports for activity that is, in their determination, "clearly" a violation. This would allow the market regulator in hindsight to determine whether a Participant was deficient in not reporting gross violations of UMIR 2.2. Requests clarification of what accountability, if any, would be attached to the Chief Compliance Officer and Ultimate Designated Person where RS determines in hindsight that a	See response to BMO comment on Rule 10.16 above. Responsible officers of a Participant or Access Person would be liable for failing to make a report if the Participant had not diligently pursued the investigation or did not make a determination in good faith.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
compliance department concludes that there may be a violation, the supervisor or compliance department shall: (a) make a written record of the report by the officer, director, partner or employee and the review conducted in accordance with subsection (3); (b) diligently investigate the activity that is the subject of the report and review; (c) make a written record of the findings of the investigation; and (d) report the findings of the investigation to the Market Regulator if the finding of the investigation is that a violation of an applicable Rule has ~~may have~~ occurred and such report shall be made not later than the 15th day of the month following the month in which the findings are made. (54) Each Participant	gatekeeping report should have been submitted. A specific standard should be developed for reporting. Requests a thorough list of scenarios on which Participants may base their gatekeeping reporting requirements.	
	Scotia – See Scotia comments under Rule 7.1 above.	See response to BMO and GMP comments on Rule 10.16 above.
	TD – Concerned as to when the reporting requirements are triggered and what steps must be taken to advise the market regulator. States that the wording indicates that any violation (e.g. improper marking of a short sale) must be reported to the market regulator, though this is an unreasonable amount of administrative work for an immaterial violation that may be sufficiently dealt with internally. Concerned that this requires 100% compliance with all rules at all times and places unwarranted scrutiny on one-off errors rather than market integrity issues. Suggests instead a policy where a third violation within a set period would be subject to an internal investigation with the result being provided to the market regulator. Concerned that rule will create an unwanted adversarial relationship between compliance and trade desk staff.	The improper marking of a "short sale" was not a reportable violation under the draft of August 13, 2004. What would have been reportable in respect of a short sale was any a sale that occurred at less than the less sale price because the order was not marked as "short". However, under the revised proposal, reports will not be required with respect to violations of Rule 3.1. RS expects that there will be the highest possible compliance with requirements that affect the interest of clients or other market participants.

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
and Access Person shall with respect to the records of the report, the review and the record of the findings required by subsection (43): (a) retain the records for a period of not less than seven years from the creation of the record; and (b) allow the Market Regulator to inspect and make copies of the records at any time during ordinary business hours during the period that such record is required to be retained in accordance with clause (a). (65) The obligation of a Participant or an Access Person to report findings of an investigation under subsection (43) is in addition to any reporting obligation that may exist in accordance with applicable securities legislation, the requirements of any self-regulatory entity and any applicable Marketplace Rules.		
Policy 10.16 Gatekeeper Obligations of Directors, Officers and Employees of Participants and Access Persons		

Text of Provisions Following Adoption of Amendments As Revised	Commentator and Summary of Comment	Response to Comment
Part 1 – The Gatekeeper Obligation Rule 10.16 requires a Participant or Access Person to conduct further investigation or review where the Participant or Access Person has reason to believe that there may have been a violation of one of the provisions enumerated in Rule 10.16. A Participant or Access Person can not ignore "red flags" which may be indicative of improper behaviour by a client, director, officer, partner or employee of the Participant, Access Person or related entity.		
General and Additional Comments	**Canaccord** – Suggests that the market regulator consider informing compliance area of Participants of potential or actual rule infractions discovered by the market regulator via internal systems or public complaints. Compliance area should be contacted first, rather than specific Approved Trader, as Approved Traders are busy during market opening hours and may make inadvertent mistakes in trading if communicating with market regulator at the same time. TSX is developing a product to provide Participants with alerts for compliance violations; market regulator should request that TSX publish specifications of this product along with a time-line for implementation. Market regulator and TSX should work together to develop products to reduce rule infractions that arise from unintentional human error (e.g. missing firm numbers on jitney orders).	The practice of RS is to move to "solve" any problem in real time with the applicable trader as any error or violation may impact of current market activity. RS believes that the internal policies and procedures of the Participant should govern the reporting of contacts by a regulator to the compliance department. RS offers a "Potential Violation Alert Notification" service to subscribing dealers as a mechanism or notifying dealers of actual rule violations. RS is aware of the initiative by the TSX and is co-operating in its development. However, it must be recognized that any TSX solution may only be applicable in respect of orders entered onto the TSX.

13.1.4 MFDA News Release - MFDA Hearing Panel Issues Written Reasons for Decision Respecting Approval of Settlement Agreement with Investors Group Financial Services Inc.

For immediate release

MFDA HEARING PANEL ISSUES WRITTEN REASONS FOR DECISION RESPECTING APPROVAL OF SETTLEMENT AGREEMENT WITH INVESTORS GROUP FINANCIAL SERVICES INC.

March 29, 2005 (Toronto, Ontario) - A Hearing Panel of the Ontario Regional Council of the Mutual Fund Dealers Association of Canada (MFDA) has issued its written Reasons for Decision respecting the Settlement Agreement with Investors Group Financial Services Inc. approved at a public hearing held in Toronto, Ontario on December 16, 2004, as specified in a Notice of Settlement Hearing dated December 6, 2004.

A copy of the Hearing Panels' Reasons for Decision, as well as the Order and Settlement Agreement, is available on the MFDA web site at www.mfda.ca.

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 181 members and their approximately 70,000 representatives with a mandate to protect investors and the public interest.

For further information, please contact:
Larry Waite
President and Chief Executive Officer
(416) 943-5887 or lwaite@mfda.ca

13.1.5 MFDA Reasons for Decision - Investors Group Financial Services Inc.

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

IN THE MATTER OF
A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA

RE: INVESTORS GROUP FINANCIAL SERVICES INC.

SETTLEMENT HEARING

December 16, 2004
Toronto, Ontario

REASONS FOR DECISION

Hearing Panel of Ontario Regional Council:

Thomas J. Lockwood, Q.C.	Chair
Sandy Grant	Panel Member
Guenther Kleberg	Panel Member

Counsel:

Hugh Corbett	)	for Mutual Fund Dealers Association
Shaun Devlin	)	of Canada
Jeffrey W. Galway	)	for Investors Group Financial Services Inc.
David Jackson	)	
David Valentine	)	

By Notice of Hearing, dated the 6th day of December, 2004, a Hearing Panel of the Ontario Regional Council of the Mutual Fund Dealers Association of Canada ("MFDA") was convened today to consider whether, pursuant to Section 24.4 of By-Law No. 1 of the MFDA, the Panel should accept a Settlement Agreement entered into by Staff of the MFDA and the Respondent, Investors Group Financial Services Inc.

At the outset of the proceedings, we considered a joint Motion by Staff and the Respondent to move the proceedings "in camera". We granted that Motion. We then considered, in detail, the provisions of the Settlement Agreement itself. We heard submissions as to the applicable law which should guide this Panel in determining whether to accept or reject the Settlement Agreement. We next heard submissions as to why this particular Settlement Agreement met the appropriate criteria. We then retired to consider both the Settlement Agreement and the applicable legal principles. After deliberation, we unanimously concluded that it was appropriate to accept the Settlement Agreement.

As a Panel, we are obviously concerned with the type of conduct which is reflected in the Settlement Agreement. We believe, however, that the Settlement Agreement fairly addresses the concerns that we have.

In determining whether the Settlement Agreement should be accepted, we have considered a number of factors. These include the following:

1. We have considered the public interest and whether, in our view, the penalty imposed will protect investors.

2. We have considered whether, in our view, the Settlement Agreement is reasonable and proportionate, having regard to the conduct of the Respondent as set out in the Settlement Agreement.

3. We have considered whether, in our view, the Settlement Agreement addresses the issues of both specific and general deterrence.

4. We have considered whether, in our view, the proposed settlement will prevent the type of conduct, which is set out in the Settlement Agreement, from occurring again in the future.

5. We have considered whether, in our view, the Settlement Agreement will foster confidence in the integrity of the Canadian Capital Markets.

6. We have considered whether, in our view, the Settlement Agreement will foster confidence in the integrity of the Mutual Fund Dealers Association of Canada.

7. Finally, we have considered whether, in our view, the Settlement Agreement will foster confidence in the regulatory process itself.

In our view, the Settlement Agreement addresses all of the above factors. We believe that each and every one of these factors is dealt with in an appropriate fashion by the Settlement Agreement.

We also believe that, in a Hearing of this nature, it is appropriate to consider any and all mitigating factors. A number of these factors were set out, in detail, in the Settlement Agreement. These include the following:

1. The Respondent co-operated in both the investigation and in these proceedings.

2. The Respondent made specific admissions as to its conduct.

3. The Respondent has adopted additional practices and procedures to prevent and detect market timing that could reasonably be expected to be harmful to its Funds and the unitholders of those Funds. These are set out in paragraphs 25 and 26 of the Settlement Agreement.

4. We have also considered the nature of these very proceedings itself, the fact that they are public and that the Respondent is subject to scrutiny by both members of the press and members of the public and the effect that that has had and will have on the Respondent.

5. We have, finally, considered that this was a Settlement Agreement that was reached by the parties after significant discussion and negotiation. The Settlement Agreement represents what they feel, with their knowledge and their experience, is an appropriate resolution.

The approach we should take is the following: Is this Settlement Agreement reasonable and in the public interest? In our view, it is. For all of these reasons, we have accepted the Settlement Agreement and have signed the Order, as requested.

“Thomas J. Lockwood, Q.C.”
Chair

“Sandy Grant”
Panel Member

“Guenther Kleberg”
Panel Member

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Index

Alliance Atlantis Communications Inc.
Order - cl. 104(2)(c) 3055

Argus Corporation Limited
Cease Trading Orders 3071

ATI Technolgies Inc.
News Release 3049
News Release 3051

CFM Corporation
Cease Trading Orders 3071

Concordia Capital Management Corp.
Name Change 3219

De La Torre, Mary
News Release 3051

GIC Financial Services Inc.
Name Change 3219

Hollinger Canadian Newspapers, Limited Partnership
Cease Trading Orders 3071

Hollinger Inc.
News Release 3050
Cease Trading Orders 3071

Hollinger International Inc.
Cease Trading Orders 3071

J.P. Morgan Fleming Asset Management (Canada) Inc.
Name Change 3219

JPMorgan Asset Management (Canada) Inc./Gestion D'Actif JPMorgan (Canada) Inc.
Name Change 3219

Kensington Energy Ltd.
MRRS Decision 3060

Lions Petroleum Inc.
Cease Trading Orders 3071

MacMillan, Michael
Order - cl. 104(2)(c) 3065

McLean, Seaton
Order - cl. 104(2)(c) 3065

Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and Companion Policy 52-109CP
Notice 3047
Rules and Policies 3089

National Instrument 31-101 - National Registration System
Rules and Policies 3073

National Policy 31-201 - National Registration System
Rules and Policies 3082

New Sterling LLC
Decision - ss. 6.1(1) of MI 31-102 and s. 6.1 of Rule 13-502 3059
New Registration 3219

Nortel Networks Corporation
Cease Trading Orders 3071

Nortel Networks Limited
Cease Trading Orders 3071

Perry, Carol
News Release 3048

Portus
News Release 3049

Prodigy Wealth Management Corp.
New Registration 3219

Promax Energy Inc.
Cease Trading Orders 3071

Rae, Alan
News Release 3051

Rawthore, Jawad
SRO Notices and Disciplinary Proceedings 3222

Riley, Edward
Order - cl. 104(2)(c) 3065

R.J. Shea & Associates Financial Services Inc.
Name Change 3219

Selective Asset Management GP Inc.
New Registration 3219

Stinson Financial Corporation
New Registration 3219

Sunrise Senior Living Real Estate Investment Trust
MRRS Decision 3061

Sussman, Peter
Order - cl. 104(2)(c) 3065

TD Securities Inc.
MRRS Decision 3055

Tonnies, Arnold
SRO Notices and Disciplinary Proceedings 3221