The Ontario Securities Commission

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

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

APRIL 15, 2005

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
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20 Queen Street West
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Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**Cornwall *et al*** s. 127 K. Manarin in attendance for Staff Panel: TBA
TBA	**Philip Services Corp. *et al*** s. 127 K. Manarin in attendance for Staff Panel: TBA
April 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 26, 2005 10:00 a.m.	**Andrew Cheung** s. 127 Y. Chisholm in attendance for Staff Panel: TBA
April 26, 2005 10:00 a.m.	**Zoran Popovic & DXStorm.com Inc.** s. 127 Y. Chisholm in attendance for Staff Panel: TBA

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

May 30, June 1, 2, 6, 7, 8, 9 and 10, 2005
10:00 a.m.

Buckingham Securities Corporation, David Bromberg*, **Norman Frydrych,** Lloyd Bruce* **and Miller Bernstein & Partners LLP (formerly known as Miller Bernstein & Partners)**

s. 127

J. Superina in attendance for Staff

Panel: PMM/RWD/DLK

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

June 14, 2005
2:30 p.m.
June 15–30, 2005
10:00 a.m.

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

June 28, 2005
2:30 p.m.

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

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

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 Commission Approval of NI 58-101 Disclosure of Corporate Governance Practices, NP 58-201 Corporate Governance Guidelines, and Amendments to MI 52-110 Audit Committees

NOTICE OF COMMISSION APPROVAL

NATIONAL INSTRUMENT 58-101 DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES, NATIONAL POLICY 58-201 CORPORATE GOVERNANCE GUIDELINES, AND AMENDMENTS TO MULTILATERAL INSTRUMENT 52-110 AUDIT COMMITTEES

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

- National Instrument 58-101 *Disclosure of Corporate Governance Practices,* Form 58-101F1 and Form 58-101F2 (collectively, the **Disclosure Rule**);
- National Policy 58-201 *Corporate Governance Guidelines* (the **Governance Policy**);
- Amendments to Multilateral Instrument 52-110 *Audit Committees,* Form 52-110F1 and Form 52-110F2 (collectively, the **Audit Committee Amendments**); and
- Amendments to Companion Policy 52-110CP *Audit Committees* (the **Audit Committee CP Amendments**).

The materials were previously published for comment on October 29, 2004 at (2004) 27 OSCB 8825.

On February 22, 2005, the Commission made the Disclosure Rule as a rule under the *Securities Act* (Ontario) (the **Act**) and adopted the Governance Policy as a policy. On March 22, 2005, the Commission made the Audit Committee Amendments as a rule under the Act and adopted the Audit Committee CP Amendments as a policy.

The Disclosure Rule and the Audit Committee Amendments were delivered to the Chair of the Management Board of Cabinet on April 15, 2005. The Minister may approve or reject the Disclosure Rule and the Audit Committee Amendments or return them for further consideration. If the Minister approves the Disclosure Rule and Audit Committee Amendments or does not take any further action by June 14, 2005, they will come into force on June 30, 2005.

The Governance Policy and the Audit Committee CP Amendments will come into force when the Disclosure Rule and Audit Committee Amendments come into force.

1.1.3 Notice of Commission Approval - Amendments to Corporate Governance Policy Toronto Stock Exchange

TORONTO STOCK EXCHANGE AMENDMENTS TO CORPORATE GOVERNANCE POLICY

NOTICE OF COMMISSION APPROVAL

On February 22, 2005, the Commission approved amendments to the TSX Company Manual relating to corporate governance. The amendments provide that each listed issuer subject to National Instrument 58-101 *Disclosure of Corporate Governance Practices*, or any replacement of that instrument, will be required to disclose its corporate governance practices in accordance with that instrument, or any replacement of that instrument. In addition, the amendments disclose that the TSX will monitor corporate governance disclosure of listed issuers and outline the measures it will take where there is non-compliance. The amendments were initially published for comment on October 29, 2004 at (2004) 27 OSCB 8944. No comments were received.

1.1.4 Notice of Commission Approval – Housekeeping Amendments to IDA Regulation 100.20 and Notes and Instructions to Schedule 9 Regarding Securities Concentration Charge

THE INVESTMENT DEALERS ASSOCIATION (IDA)

HOUSEKEEPING AMENDMENTS TO IDA REGULATION 100.20 AND NOTES AND INSTRUCTIONS TO SCHEDULE 9 REGARDING SECURITIES CONCENTRATION CHARGE

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved the amendments to IDA Regulation 100.20 and Notes and Instructions to Schedule 9 to clarify the threshold to be used for the calculation of the securities concentration charge. In addition, the Alberta Securities Commission and the Autorité des marchés financiers approved, and the British Columbia Securities Commission did not object to the amendments. The amendments are housekeeping in nature and should be read in conjunction with amendments to Schedule 9 of Form 1, published at (2004) 27 OSCB 6098, relating to the calculation of the securities concentration charge for positions in broad based index securities, and which have been approved by the Ontario Securities Commission, the Alberta Securities Commission, the British Columbia Securities Commission and are awaiting a decision by the Autorité des marchés financiers. The description and a copy of the amendments to IDA Regulation 100.20 and Notes and Instructions to Schedule 9 are contained in Chapter 13 of this Ontario Securities Commission Bulletin.

1.1.5 OSC Staff Notice 11-739 (Revised) - Policy Reformulation Table of Concordance and List of New Instruments

OSC STAFF NOTICE 11-739 (REVISED)

POLICY REFORMULATION TABLE OF CONCORDANCE AND LIST OF NEW INSTRUMENTS

The following revisions have been made to the Table of Concordance and List of New Instruments. A full version of the Table of Concordance and List of New Instruments as of March 31, 2005 has been posted to the OSC Website at www.osc.gov.on.ca under Policy and Regulation/Status Summaries.

Table of Concordance

Item Key
The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-CSA Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

Reformulation

Instrument	Title	Status
44-101	Short Form Prospectus Distributions	***Proposed repeal and replacement published for comment Jan 7/05***

New Instruments

11-739 (Revised)	Policy Reformulation Table of Concordance and List of New Instruments	***Published Jan 28/05***
11-743	IOSCO Publishes Consultation Report Concerning Governance of Collective Investment Schemes	***Published Feb 18/05***
11-744	IOSCO and International Joint Forum Publish Final Recommendations about Outsourcing of Financial Services	***Published Mar 4/05***
11-745	IOSCO Publishes for Consultation Best Practice Standards on Anti-Market Timing and Anti-Money Laundering Guidance for Collective Investment Schemes	***Published Mar 4/05***
11-746	IOSCO Publishes Consultation Report: *Policies on Error Trades*	***Published Mar 4/05***
12-307	Ceasing to be a Reporting Issuer under the Mutual Reliance Review System for Exemptive Relief Applications	***Revised and published Feb 4/05***
13-305	Securities Regulatory Authority Closed Dates 2005	***Published Feb 18/05***
23-402	Best Execution and Soft Dollar Arrangements	***Published for comment Feb 4/05***
24-301	Responses to Comments Received on Discussion Paper 24-401 on Straight-through Processing, Proposed National Instrument 24-101 Post-trade Matching and Settlement, and Proposed Companion Policy 24-101CP to National Instrument 24-101 Post-trade Matching and Settlement	***Published Feb 11/05***
43-201	Mutual Reliance Review System for Prospectus and Initial AIFs	***Amendment published for comment Jan 7/05***
44-101	Short Form Prospectus Distributions – Amendment	***Came into Force Jan 4/05***
44-102	Shelf Distributions – Amendment	***Published for comment Jan 7/05***
44-103	Post-Receipt Pricing – Amendment	***Published for comment Jan 7/05***
51-101	Standards of Disclosure for Oil and Gas Activities – Amendment	***Published for comment Jan 7/05***
51-311	Revised Frequently Asked Questions Regarding National Instrument 51-102 Continuous Disclosure Obligations	***Published Feb 11/05***
51-314	Retirement Benefits Disclosure	***Published Jan 14/05***
52-109	Certification of Disclosure in Companies' Annual and Interim Filings	***Proposed repeal and replacement published for comment Feb 4/05***
52-111	Reporting on Internal Control over Financial Reporting	***Published for comment Feb 4/05***
58-302	Implementation of Corporate Governance Policy and Related Disclosure Instrument	***Published Jan 21/05***

For further information, contact:

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Ontario Securities Commission
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April 15, 2005

1.1.6 CSA Staff Notice 23-302 – Joint Regulatory Notice –Electronic Audit Trail Initiative (TREATS)

JOINT NOTICE OF THE STAFF OF THE CANADIAN SECURITIES ADMINISTRATORS, MARKET REGULATION SERVICES INC., BOURSE DE MONTRÉAL INC., THE INVESTMENT DEALERS ASSOCIATION, AND THE MUTUAL FUND DEALERS ASSOCIATION

1. Introduction

The electronic audit initiative is an ongoing project initiated and managed by the Canadian Securities Administrators (CSA), Market Regulation Services Inc., Bourse de Montréal Inc., the Investment Dealers Association of Canada, and the Mutual Fund Dealers Association (together the Regulators or we) to investigate, design and implement a comprehensive solution capable of fulfilling Canadian securities audit trail requirements introduced in National Instrument 23-101 *Trading Rules* (NI 23-101). The project is currently named TREATS which stands for Transaction Reporting Electronic Audit Trail System.

2. Background

On December 1, 2001, the CSA implemented NI 23-101 and its companion policy (NI 23-101CP) among other documents, as part of their initiative to create a framework for the competitive operation of traditional exchanges and alternative trading systems. Part 11 of NI 23-101 and Part 8 of NI 23-101CP deal with the audit trail requirements. NI 23-101 was amended in late 2003/early 2004 to impose obligations on dealers and inter-dealer bond brokers to record and report certain information regarding orders and trades in electronic form. These electronic requirements will come into effect on the earlier of January 1, 2007 or the date on which a self-regulatory entity or regulation services provider implements a rule requiring the recording and transmission of order and trade information in electronic form.

In June 2003, the CSA formed a committee known as the Industry Committee on Trade Reporting and Electronic Audit Trail Standards (TREATS Committee), to review the appropriate standards for data consolidation as well as the requirements for an electronic audit trail related to Canadian securities. With respect to the audit trail, the TREATS Committee had the mandate to "identify and discuss issues, options and make recommendations regarding technology standards and an implementation plan for the electronic audit trail requirements for orders and trades in securities as defined in the *Securities Act* (Ontario)". On July 26, 2004, the TREATS Committee submitted a report providing their recommendations (the Report) to the Regulators. The Report has been considered with respect to the business requirements documents and to the potential impact on the overall scope and focus of this initiative. The Report is attached to this notice as Appendix A.

In April 2004, the Regulators selected a consultant to prepare business requirements documentation to identify and further clarify the high-level requirements for the electronic audit system.

These high-level requirements formed the basis of a request for information (RFI) that was used to solicit industry recommendations on how best to fulfill the objectives of TREATS from both technical and operational perspectives. The RFI process also resulted in the creation of a list of suppliers interested in and capable of developing and delivering a solution that meets the requirements of this complex project.

The RFI process officially concluded in December of 2004 with the selection of six candidate vendors who have agreed to participate in a subsequent Request for Proposal (RFP). The RFP process will be based on detailed business, regulatory and technical requirements that are currently being developed and documented.

On March 28, 2003, the Regulators published a joint notice related to the electronic audit trail (Staff Notice 23-301), which is superseded by this notice.

3. High Level Timeline

The ultimate objective of the rule changes previously mentioned and the resulting solution is to proactively introduce strategies that leverage evolving technology to promote and ensure fair and equitable capital markets for all securities transactions in Canada. The Regulators are firmly committed to achieving this goal through the successful implementation of this project by the deadline set out in NI 23-101.

A phased implementation plan will be employed involving selected security classes and system functionality in order to promote a measured and effective implementation. The objective of the first phase of implementation is to activate the system with basic reporting and administrative functionality for exchange-traded equities in the first quarter of 2007. Subsequent phases will involve introducing additional security classes (including exchange-traded options and futures, over-the-counter traded equity securities, fixed income securities, investment fund securities and over-the-counter derivative securities) and enhancing the functional reporting capabilities, internal processes, data structures and administrative capabilities of the system.

The project is currently in the detailed requirements phase, which includes preparing the request for proposal (RFP). The RFP will solicit proposals from a list of qualified industry vendors for technical and operational solutions that satisfy the detailed requirements. These proposals will include supplier pricing, approach and detailed time plans, and they will be used to select one vendor that will work with the Regulators to develop and implement the solution.

Industry involvement in current project initiatives will be assured through a representative Industry Advisory Group (IAG) to be assembled in April 2005. This group will include industry representatives including some participants from the original TREATS Committee as well as a group of representatives appointed by the Regulators to represent dealers, marketplaces, service bureaus and other industry firms and organizations.

As the project proceeds and requirements and specifications are more completely defined, direct communication with industry participants will be undertaken. As indicated in the milestone section below, it is anticipated that requirements documents and draft and final technical specifications will be made available to all industry participants.

The Regulators understand that industry participants will likely be required to make significant modifications to their own business processes and technical systems in order to comply with the new system. We also understand that these modifications will require sufficient resources, lead time and support in order to be achieved and we are committed to supporting these participant requirements as effectively as possible.

The current timeline includes the following milestones:

Milestone	Target Date
Initiate Industry Advisory Group	April 2005
Distribute RFP to selected vendors	August 2005
Distribute requirements documents to industry participants	August 2005
Select vendor	September 2005
Distribute draft technical specifications to industry participants	January 2006
Initiate development and delivery project phase	October 2005
Initiate project implementation phase	April 2006
Distribute Phase 1 Technical specifications	April 2006
Phase 1 Production (electronically traded equities)	**January 2007**

As with any complex project, the milestone dates presented above are subject to change as the project proceeds. As such, updated milestone schedules will be provided in all subsequent Industry Status Reports. The Regulators are committed to continually reporting project status and progress to the industry participants.

4. Current Phase: Request for Proposal

The Regulators, along with our consultant, are currently working towards completing an RFP that will include detailed business, regulatory, and technical requirements for the eventual system. This phase consists of reviewing and enhancing the high-level business requirements prepared during the RFI phase by conducting a series of detailed review sessions with Regulators, marketplaces and industry representatives. Once the requirements documentation is complete, the IAG will have an opportunity to provide comments prior to its inclusion in the RFP. Finalized requirements will also be made available to industry participants for review.

The RFP process is intended to result in the selection and engagement of an appropriate vendor to develop and deliver the central components of this system.

5. Communication Plan

The Regulators intend to provide the industry with the following communications which will convey critical project information in a timely manner and provide the industry participants with reasonable notice and details to prepare for the required changes.

a) Industry Status Report

Industry Status Reports such as this will be made available to all industry participants at critical points in the project's evolution when there is relevant information to communicate. The next Industry Status Report will likely be issued in August 2005 to coincide with the completion of the RFP.

b) Industry Advisory Group

The IAG will be assembled in April 2005 to promote communication between the Regulators and participants in the market. The purpose of the IAG will be to facilitate the introduction and discussion of industry related questions and issues associated with

TREATS and its implementation. IAG members will be encouraged to participate by asking questions and providing updates and responses as required.

c) Electronic Audit Trail Discussion Forum

An online moderated Discussion Forum will be available to facilitate open discussion of relevant issues, questions and concerns amongst the Regulators and industry participants. As indicated above, IAG members will be participants in the Discussion Forum but more direct access for industry participants will be evaluated as the project progresses.

d) CCMA - STP Initiative

There are certain similarities between the Canadian Capital Markets Association's straight-through processing initiative and TREATS, not the least of which is the timeframe under which the two initiatives are operating and the fact that each project has the potential to introduce significant procedural and technical changes to industry participants. Representatives from both projects will work together to ensure an effective sharing of information, direction and status between both projects and towards the affected industry participants.

6. Impact on Industry Participants

The Regulators anticipate that this report will result in industry participants wanting to understand exactly how this initiative will affect their firms and the procedures and systems which they currently employ. However, it is too early in the process for the Regulators to define at this time the specific technical requirements with which participants will be required to conform. Therefore, our commitment to industry participants going forward is to communicate these details as soon as they are clearly defined and to support as effectively as possible all efforts by industry participants to conform to the obligations which this new initiative will require.

At this point, industry participants must begin to understand NI 23-101 and to internally assess and prepare for the need to electronically record the required information. Additionally, consideration should be made for the future implementation of electronic reporting requirements.

7. Conclusion

While it is still relatively early in this project, the Regulators feel that it is important to communicate the status and the progress of this initiative to industry. We will endeavour to provide details and information as appropriate to ensure that industry participants clearly understand the implications of this initiative and are able to suitably plan and prepare for the changes that will result.

If there are any questions at this stage or you wish provide further input into this process, please contact:

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APPENDIX A

RECOMMENDATIONS ON ELECTRONIC AUDIT TRAIL

The Industry Committee on Trade Reporting and Electronic Audit Trail
(TREATS COMMITTEE)

For the Canadian Securities Administrators (CSA)

VERSION 2.65
JULY 26, 2004

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Executive Summary

The industry Committee on Trade Reporting and Electronic Audit Trail Standards (the TREATS Committee) was convened by the Canadian Securities Administrators (the "CSA") in June 2003 to identify and discuss issues, options and recommendations regarding standards for an open model of data consolidation as well as technology standards and an implementation plan for electronic audit trail requirements.

The recommendations of the TREATS Committee on data consolidation have been published in a separate report entitled Recommendations on Data Consolidation.[1]

In reviewing the issues regarding an electronic audit trail implementation, the TREATS Committee undertook to understand the issues and problems facing regulators in their ability to access data in a complete and timely fashion. The Committee felt that it was important to develop a strategic solution which could be used for electronic audit trail for all instrument types in scope and would accommodate current and future audit trail needs of the various regulators. To that end, the Committee recommended development of an Audit Trail Framework, as a collection of processes and standards, that all regulators will use to define specific audit trail requirements. Finally, the committee recommended that implementation should proceed in stages, by instrument class/marketplace for those securities in scope, and that within each instrument class/marketplace, implementation proceed according to the degree of electronic processing used. In this way, the Industry would have the necessary lead-time to respond to the requirements for electronic recording. In addition, the implementation would benefit from phased implementation and the learning gained during initial stages.

This TREATS Report, which is a consensus document, outlines the analysis of the issues and the recommendations of the TREATS Committee for Electronic Audit Trail.

[1] The first report of the TREATS Committee was published in draft form October 2003 and deals with the first part of the TREATS Committee mandate on Data Consolidation. The final version was submitted to the CSA in July 2004.

1. Summary of TREATS Recommendations

1. Implement audit trail data recording in phases based on the readiness of a regulator to receive and process the data.

2. Develop an open, extendible Audit Trail Framework for transmission of audit trail data, which all regulators can build upon. It is recommended that an external consulting firm be retained for development of a detailed Audit Trail Framework specification.

3. The Audit Trail Framework should define processes and standards with which all parties must comply, e.g. data field definitions for account numbers, client identifiers, the process by which new regulators join in or add to requirements, etc. These processes and standards should be aligned with relevant industry standards.

4. The Audit Trail Framework should be owned by the CSA with a governance structure established for ongoing maintenance. This would include the process by which new regulators would join in the data recording and transmission request, or specify additional data elements required.

5. Detailed Audit Trail Requirements conforming to the Audit Trail Framework should be specified by each regulator committed to electronic processing of audit trail data.

6. Amend the National Instrument to reflect that specific data elements for each instrument type in scope are specified in the Audit Trail Requirements of each regulator.

7. Dealers, regulators and infrastructure participants should synchronize audit trail timestamps with an atomic clock (e.g. the atomic clock in Ottawa). Clock synchronization standards and definitions should be included in the Audit Trail Framework.

8. The regulators should determine whether there are any privacy issues, rules, policies or impediments related to providing the client account number or unique client identifier on the order at source for electronic transmission to a regulator.

9. It is recommended that the regulators confirm that they will be able to detect the types of trading patterns they hoped to derive from this data.

10. Build the Audit Trail Framework on an order centric transmission model to accommodate both retail and institutional trading segments.

11. Delivery of additional "at-source" data to RS Inc. via TSX should not be mandated as a tactical solution. SROs should rely on the strategic solution for this information.

12. If the regulators decide not to adopt Recommendation 11, then the Committee recommends that prior to publishing for industry comment, the regulators should formally request that the Canadian service bureaus (ADP, Dataphile and ISM) and Canadian trading system vendors and marketplaces (TSX markets and the Bourse) provide an estimate of cost, complexity and time to implement the SROs requirements for the following two items:

- **a) The ability to carry account number or unique identifier through the order/trade life cycle, and;**
- **b) The ability to carry timestamp information relating to specific events such as order receipt, passing to another department or firm, cancels and amends, etc. This will allow for re-creation and linkage of order and trade information by the SROs."**

13. SROs should review existing rules requiring dealers to submit information to support an investigation to ensure it is delivered in a timely and accurate fashion, regardless of the source (service bureau, trading system vendor, etc.). Dealers should ensure that their service bureau is made aware of the obligations regarding timely delivery of data to regulators.

14. Implementation should be phased in by securities type/marketplace, starting with equities first, followed by equity-derivatives, fund trading and fixed income.

15. Implementation should be phased in by instrument and by trading model (i.e. electronic, manual, internal handling).

16. CSA to seek industry comment on the overall Audit Trail initiative, which may include publishing any/all of:

a) Revised NI 23-101 and Companion Policy

b) Finalized Audit Trail Framework Specification

c) Finalized Audit Trail Requirements of regulators

d) Request for comment on specific questions

17. The CSA should publish an annual Audit Trail Impact Report to the industry.

2. Background

National Instrument 21-101 and NI 23 -101 and its companion policies, known as the ATS Rules, became effective December 2001. They sought to establish a framework wherein multiple competing marketplaces could operate in Canada for the purpose of trading securities. The Audit Trail Framework established specific principles to provide for a consolidated market where all participants would have access to information to prevent market fragmentation. In addition, the ATS Rules were intended to facilitate "best execution" and ensure market integrity.

Further to the establishment of National Instrument 21-101 in 2003, the CSA formed an Industry Committee on Data Consolidation and Marketplace Integration (the Industry Committee). The Industry Committee report recommended a market-driven solution to provide for data consolidation and market integration, stating that a more open model should be adopted and that technology standards be set for this open model.

National Instrument 23-101 defined trading rules governing marketplaces and set forth requirements for electronic audit trail reporting.

Subsequent to these recommendations of the Industry Committee (March 2003), the CSA decide to form another committee to review the appropriate standards for data consolidation. At the same time, the CSA was also considering forming a committee to review the requirements for an electronic audit trail, as specified in National Instrument 23-101. Since the two topics were closely aligned and both dealt with technology standards, the CSA decided to form a single committee, which would have a mandate covering both standards for data consolidation as well as electronic audit trail requirements. This Committee, known as the Industry Committee on Trade Reporting and Electronic Audit Trail Standards (TREATS), was convened in June 2003.[2]

As part of their mandate, the TREATS Committee presented a preliminary report on data consolidation in the fall of 2003. The final report was submitted to the CSA in July 2004.

The Committee then reviewed the issues and concerns around electronic audit trail and presented a set of draft recommendations to the CSA on May 5, 2004.

This report, which represents the final TREATS report, includes the analysis of the issues and the recommendations of the TREATS Committee for Electronic Audit Trail.

3. Mandate of the TREATS Committee

The mandate of the TREATS Committee included two primary goals:[3]

- To "identify and discuss issues, options and recommendations regarding the standards for an open model of data consolidation for equity securities traded on marketplaces in Canada" and

- To "identify and discuss issues, options and recommendations regarding technology standards and an implementation plan for the electronic audit trail requirements for orders and trades in securities as defined in the *Securities Act* (Ontario)".[4]

The Committee first addressed the initial part of their mandate and analyzed the issues and potential solutions for setting data standards for data consolidation. The TREATS Committee presented a draft version of this report to the CSA on Oct. 20, 2003.

[2] The list of members of the TREATS Committee is provided in Appendix A
[3] TREATS Committee Mandate, as approved June 26, 2003
[4] While the model for data consolidation addresses only those marketplaces which trade equity securities, it should be noted that the audit trail requirements apply to marketplaces trading other securities (including debt securities) as defined in National Instrument 21-101.

The Committee then reviewed the issues and concerns around Audit Trail and presented a preliminary set of recommendations to the CSA on May 5, 2004.

4. Electronic Audit Trail Objectives

The Committee mandate regarding audit trail requirements was to "identify and discuss issues, options and recommendations regarding technology standards and an implementation plan for the electronic audit trail requirements for orders and trades in securities as defined in the Securities Act (Ontario)". National Instrument 23-101 set out specific requirements related to the electronic recording and transmission of information to regulators for dealers.

The Committee believed, in developing its recommendations, that it should set the following objectives:

- To fully understand the current and future requirements of the regulators for all audit trail reporting including equities, debt and derivative instruments
- To develop an approach that would support existing and future technologies
- To provide a solution which would provide the greatest benefit at a reasonable cost
- To align with other industry initiatives, such as STP, in developing standards which would be a foundation for future growth, and
- To develop a solution which would be achievable and could be implemented in a phased, orderly fashion

5. Findings

The Committee started electronic audit trail discussions in November 2003. The majority of the time was spent in gaining an understanding CSA's vision with respect to electronic audit trail and in clarifying the existing audit trail rules and requirements, in order to better appreciate the issues that regulators were trying to address.

The Committee also reviewed existing electronic audit trail implementation in other areas, particularly in the US, to understand the standards currently applied in other jurisdictions.

5.1 CSA's Audit Trail Vision

A pre-requisite to the Committee's recommending an Audit Trail implementation was to fully understand the CSA's Audit Trail vision as captured in the National Instrument 23 –101 ("Instrument"). Upon request, the CSA provided further clarifications of existing Audit Trail rules specified in part 11 of the Instrument.

The Committee's understanding of the CSA's vision was that regulatory oversight required a co-ordinated approach to implementing electronic audit trail to ensure dealers electronically record and transmit trade and order data to regulators for electronic processing. Electronic audit trail recording and transmission is considered critical to effective and timely compliance monitoring of dealer activities. The regulators expressed their belief that additional information in an electronic format would facilitate compliance reviews and investigations. They further noted that the work done by the Insider Trading Task Force emphasized the need for both client identifiers and electronic linkages to information. The CSA emphasized their desire to build a solution for the future, which would support new and sophisticated technologies, rather than one based on legacy systems.

The Committee understood the CSA's objective to have all regulators and dealers implement Audit Trail in a coordinated manner under the same rule. This is in contrast with the US market, where audit trail requirements are marketplace/SRO specific. While there is a strong commonality of audit trail requirements, each US SRO has implemented them individually.

5.2 Data Recording Requirements

Currently, under the Instrument, dealers are required to electronically record all audit trail data, whether or not a regulator requires the transmission of that data. Once the scope of securities for which this data-recording rule applies was clarified, many of the committee members were surprised at the broad range of the securities included in the list.[5]

For securities that are not traded fully electronically, it is believed that the bulk of the dealer's audit trail investment[6] would be in data recording as new electronic systems would have to be introduced and existing systems and business processes would

[5] The list of securities in scope is provided in Appendix B.
[6] Based on the size of firm and types of trading it supports, electronic recording and storage of data can be significant. Storage entails integrity, replication for BCP and high availability for at least two years. Consensus on this issue was not reached.

have to be modified. Once all the data is electronically recorded it is anticipated that transmission of that data would entail a significantly smaller investment.

The Committee believes there is a high initial investment to implement audit trail recording across all security types and that there is little value in recorded data if there is no regulator with the capacity to process it. Therefore, it is the Committee's opinion that the CSA should amend the electronic audit trail requirements to require that data only be required to be recorded as each regulator becomes ready to receive it and process it electronically. It is the Committee's recommendation that electronic recording and transmission should be implemented in stages as outlined later in this report. *This does not eliminate any existing requirement that dealers record data for investigations.*

Recommendation 1.

Implement audit trail data recording in phases based on the readiness of a regulator to receive and process the data.[7]

5.3 Data Transmission Requirements

Representatives of each SRO provided clarification of their regulatory role in the Canadian marketplace and confirmed the text of brief descriptions noted below. In addition, presentations and written materials were provided. This ensured all regulatory stakeholders were represented and had an opportunity to explain their needs and goals.

All regulators stated a requirement that dealers electronically record all order and trade information however only some are capable of processing electronically transmitted data.

The following is a brief summary of each regulator's role and goals.

RS Inc. is responsible for regulating equity trading marketplaces. It currently receives and processes order, trade and client data electronically. RS Inc. has indicated that available data and data delivery processes currently in place do not allow for effective surveillance or investigations. It has requested additional data elements and some process improvements.

OSC is satisfied to leverage RS Inc.'s data once additional data elements are available. It is seeking more timely submission of data for investigations.

Bourse de Montréal is an SRO and a marketplace. It is satisfied with its current frequency of data transmission; however, it seeks client account information or unique client account identifiers for options trading.

IDA is responsible for surveillance of the fixed income market. It currently performs desk audits of the dealers and does not require electronic transmission of audit trail data, and has no systems in place to use it.

MFDA is responsible for surveillance of fund trading. It has no systems in place to receive and analyse audit trail data and recognizes that a significant investment would be required to implement such systems. There was no request for transmission of data.

The relationships amongst the audit trail stakeholders, both regulatory and non-regulatory, have been identified and documented in Appendix D.

The TREATS Committee recognizes the regulatory need for effective market surveillance and is supportive of its vision. Based on the size and type of dealer, the level of complexity and time to implement electronic audit trail varies.[8] To reduce the cost of implementing audit trail and the potential for re-work to support new requirements, the TREATS Committee is supportive of an open, strategic solution that would accommodate current and future electronic audit trail needs of the various regulators.

Recommendation 2.

Develop an open, extendible Audit Trail Framework for transmission of audit trail data, which all regulators can build upon. It is recommended that an external consulting firm be retained for development of a detailed Audit Trail Framework specification.

[7] This ensures that any investment made to build recording and transmission capabilities are based on SRO needs that can be acted upon. The IDA and MFDA are not currently in a position to use the data and would have to invest substantial resources to make use of it. It is also recommended that the new systems/changes be validated before additional SROs are added.
[8] See Appendix C for information on dealer environments.

Recommendation 3.

The Audit Trail Framework should define processes and standards with which all parties[9] must comply, e.g. data field definitions for account numbers, client identifiers, the process by which new regulators join in or add to requirements, etc. These processes and standards should be aligned with relevant industry standards.

Recommendation 4.

The Audit Trail Framework should be owned by the CSA with a governance structure established for ongoing maintenance. This would include the process by which new regulators would join in the data recording and transmission request, or specify additional data elements required.

Recommendation 5.

Detailed Audit Trail Requirements conforming to the Audit Trail Framework should be specified by each regulator committed to electronic processing of audit trail data.

Recommendation 6.

Amend the National Instrument to reflect that specific data elements for each instrument type in scope are specified in the Audit Trail Requirements of each regulator.

Recommendation 7.

Dealers, regulators and infrastructure participants should synchronize audit trail timestamps with an atomic clock (e.g. the atomic clock in Ottawa). Clock synchronization standards and definitions should be included in the Audit Trail Framework[10].

5.4 Client Identification Information

Part 11 of the Instrument requires dealers to record and eventually transmit the client account number or client identifier for each order, among other data elements. This requirement is considered essential to regulators in their surveillance or investigation efforts regardless of timeliness. It was also the most contentious issue discussed by the Committee.

A number of concerns regarding this request were raised in Committee discussions, mostly focused on privacy issues and integrity of client information. It should be noted that there was no consensus reached by all Committee members regarding the feasibility or appropriateness of providing this information via transmission.

Firstly, for some dealers, there is a concern that such a request violates client privacy and that it is not appropriate to send this information electronically to systems outside the dealer's span of control. For other firms this request poses no issues or concerns, and they believe that this is information that the regulators are already entitled to receive today.[11] In light of recent privacy legislation and the importance of this issue, it is recommended that the CSA review whether there are any privacy issues, rules, policies or impediments related to providing the client account number or unique identifier on the order for electronic transmission to a regulator.

Secondly, the Committee questioned whether the client information requested would provide the value the regulators believed it would. Since there is no centralized source of client identifiers or account numbers shared by all dealers, there would be no way for the regulators to identify the same client trading through different dealers systems. However, it was noted that having the client information would provide at least a better source for investigative data than exists currently. It is therefore recommended that regulators review whether this data would indeed add value, having this data inaccuracy in mind.

During a videoconference call with the NASD, the Committee learned that NASD's initial vision was similar to that of the CSA and that client account information was included in its initial specification. NASD encountered significant push back from the industry due to challenges with implementing client identifiers. It was ultimately excluded from the specification due to technical complexities of passing that data through the systems with integrity.

[9] Parties are defined as dealers, infrastructure participants, third party vendors, SROs, etc.
[10] Clarity as to what an atomic clock means is essential as well as maximum drift from order source to the application, etc.
[11] For example, the Bourse has pointed out in Committee discussions that they already receive client identification data for all orders in their futures market.

Recommendation 8.

The regulators should determine whether there are any privacy issues, rules, policies or impediments related to providing the client account number or unique client identifier on the order at source for electronic transmission to a regulator.

Recommendation 9.

It is recommended that the regulators confirm that they will be able to detect the types of trading patterns they hoped to derive from this data.

5.5 Audit Trail Implementation Models

The Committee identified two audit trail transmission models: trade centric and order centric.

In a **trade centric model**, an order traveling through various systems is enriched with data along the way[12] and finally delivered to the marketplace and to the surveillance system, with available audit trail information attached. This is the model that RS Inc. has in place today to monitor equity orders delivered to TSX and is an essential source of information that the OSC uses in its investigations.

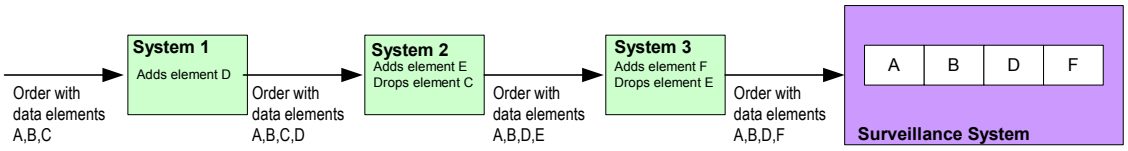


Figure 1 – Trade Centric Model

In an **order centric model**, as an order is traveling through the various systems, each system is transmitting its relevant data to surveillance system, together with information required to link order events from two adjacent systems. A surveillance system then reassembles the data to provide the order and trade history. This is the model used in the OATS implementation.

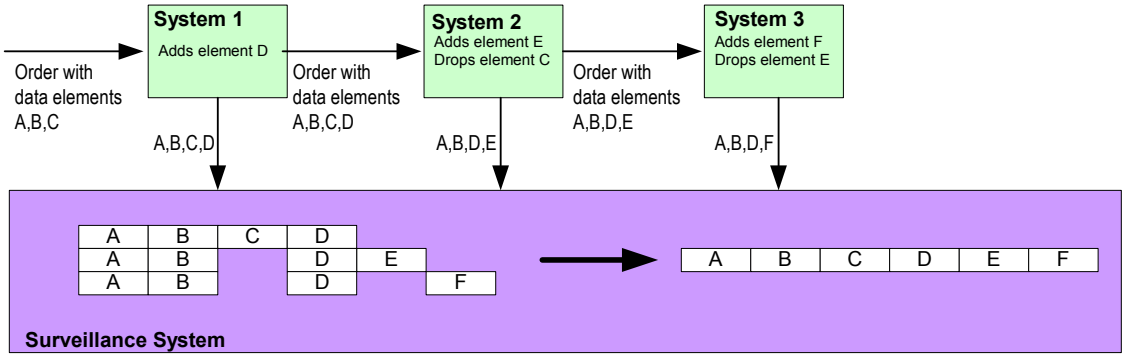


Figure 2 – Order Centric Model

The trade centric model works well when there is a one-to-one relationship between orders at source and orders at the marketplace and, when the complete order flow is electronic, i.e. with no manual re-keying of orders between systems. This is the case for a large percentage of retail orders in Canada.

However, the trade centric model fails when there is a many-to-one relationship between orders at source and orders at the marketplace (order grouping or “bunching”), as the one marketplace order cannot accurately represent data of all constituent orders. This is the case with a portion of the retail business such as high net-worth clients and the majority of the institutional business in Canada. With this kind of trading, an order centric audit trail transmission model is required, as it provides for transmission of both the constituent order data and grouped order data. The order centric model is also preferred in environments where there is partial integration (or partly manual) environments, since all audit trail data does not need to travel through all systems in the chain.

[12] Data can be added or dropped in each system: account number, order receipt time, trader name, etc.

The Committee believes that a strategic Audit Trail Framework should be developed to accommodate all segments of trading. A variant of the order centric model is recommended. This was based on the SEAT Platform discussion paper, which contained additional information on strategic implementation models.[13]

Recommendation 10.

Build the Audit Trail Framework on an order centric transmission model to accommodate both retail and institutional trading segments.

5.6 Feasibility of a Tactical Solution for RS Inc.

RS Inc. is the only regulator that has identified a processing gap with the audit trail information it currently receives via the marketplaces it regulates. Since currently available systems via the TSX provide the majority of the data RS requires today, consideration was given to a tactical solution that would satisfy some of RS's requirements. It is assumed that the OSC and the Bourse through its MOU with RS would be beneficiaries of this additional data.

The two main gaps that have been identified are:

- Lack of client identifier/account number and order origination timestamp on order data delivered to TSX.
- Time delays for delivering investigative data from service bureaus to RS and OSC.

After some investigation, the Committee believed that *for fully electronic, retail orders*, it would be technically possible to pass additional data elements to RS Inc. via the marketplace. However, for most dealers the order receipt timestamp and client identifier are currently contained only in the order origination systems at the very beginning of the systems chain. Upgrades to the order origination systems and integration with core downstream processes and systems that manage order and execution processing would be required. Although a detailed costs analysis was not done, the Committee believed that the cost to the service bureaus, third party trading systems, medium/large dealers with multiple order gathering and order management systems could be significant and lengthy if this information is to be passed down the chain. For institutional trading where order grouping frequently occurs, the meaning of data elements like client account and origination timestamp on the exchange order is uncertain.

Considering the value of this solution would be derived primarily by RS Inc, this approach is not recommended. In addition, applying focus to the short-term tactical solution would further delay implementation of the strategic solution. It is therefore recommended that RS and the OSC should rely on the new audit trail framework to collect this data.

The Committee recommends that every effort to improve the timeliness and accuracy of data currently received from the service bureaus be pursued and that existing rules to support investigations be re-examined. In discussions with service bureaus, it was determined that although dealers have existing Service Level Agreements (SLAs) in place with their service bureaus, these SLAs do not contain any provision for timely delivery of data to regulators. The Committee believes that dealers should either include such a provision in their SLA or communicate to their service bureau their expectation data requested by a regulator be delivered in a timely fashion.

Recommendation 11.

Delivery of additional "at-source" data to RS Inc. via TSX should not be mandated as a tactical solution. SROs should rely on the strategic solution for this information.

Recommendation 12.

If the regulators decide not to adopt Recommendation 11, then the Committee recommends that prior to publishing for industry comment, the regulators should formally request that the Canadian service bureaus (ADP, Dataphile and ISM) and Canadian trading system vendors and marketplaces (TSX markets and the Bourse) provide an estimate of cost, complexity and time to implement the SROs requirements for[14] the following two items:

[13] The SEAT Platform discussion Paper was presented to the TREATS Committee for discussion.

[14] Currently any dealer that requests an estimate for work by a vendor needs at least high level requirements and based on the request, budget to pay for it. Since the audit trail requirements are common to all clients, it is more practical to have the estimate driven by the regulators. In addition, the priority assigned by the vendors will be higher. Based on the results of the estimate and analysis, dealers will be better positioned to assess the implications of these changes within their own operations.

a) The ability to carry account number or unique identifier through the order/trade life cycle[15], and;

b) The ability to carry timestamp information relating to specific events such as order receipt, passing to another department or firm, cancels and amends, etc. This will allow for re-creation and linkage of order and trade information by the SROs."[16]

Recommendation 13.

SROs should review existing rules requiring dealers to submit information to support an investigation to ensure it is delivered in a timely and accurate fashion, regardless of the source (service bureau, trading system vendor, etc.). Dealers should ensure that their service bureau is made aware of the obligations regarding timely delivery of data to regulators.

5.7 Electronic Audit Trail Implementation

The following are considered pre-requisites before the implementation period commences:

- Audit Trail Framework specification finalized
- Detailed data recording and transmission requirements defined within the Audit Trail Requirements, for all regulators committed to electronic processing of audit trail data.
- Audit Trail Framework governance and maintenance in place
- Implementation should be phased in by instrument class/marketplace and by trading model:[17]
    - Electronic Orders
    - Manual Orders
    - Internal Handling of Orders

The Committee believes that the first phase for audit trail for electronic orders should be implemented within one year from final rule approval and publication of the Audit Trail Framework and Requirements, if only equities are included (RS and with OSC as the beneficiary). The Committee believes that the highest implementation priority should be given to equities and then derivatives, based on the requirements outlined by the regulators. The Committee then suggests implementation of mutual funds prior to fixed income securities since the processing of mutual funds today is more electronic than that of debt securities and would be readily implemented.

If additional regulators require electronic recording and transmission (IDA and/or MFDA) then the industry implementation timeline is at least two years. However the Committee does not recommend that all regulators join the implementation from the onset. This will allow for the concept and the Audit Trail Framework to be validated in stages, and improvements made based on the lessons learned.

These are preliminary time estimates and may be significantly changed once the Audit Trail Framework and Requirements are finalized.

Recommendation 14.

Implementation should be phased in by securities type/marketplace, starting with equities first, followed by equity-derivatives, fund trading and fixed income.

Recommendation 15.

Implementation should be phased in by instrument and by trading model (i.e. electronic, manual, internal handling).

[15] Even if vendors are able to make the requisite system changes in a timely and cost effective manner, there still needs to be internal analysis of the changes within the dealer's operations. While the fields may exist within various systems to support account information, dealers use the fields differently based on their business requirements.

[16] It is essential that the events be clearly defined along with the SRO requirements for the vendors to perform an estimate. They should be asked to do this in a coordinated fashion to ensure all upstream and downstream information can be received or passed with integrity.

[17] Each stage should be validated against clearly defined success criteria, i.e. are SROs expectations met and lessons learned are addressed before moving to the next phase, etc.

Recommendation 16.

CSA to seek industry comment on the overall Audit Trail initiative, which may include publishing any/all of:

a. Revised NI 23-101 and Companion Policy

b. Finalized Audit Trail Framework Specification

c. Finalized Audit Trail Requirements of regulators
d. Request for comment on specific questions

Recommendation 17.

The CSA should publish an annual Audit Trail Impact Report to the industry.

Appendix A: Members of the TREATS Committee

AnneMarie Ryan, Chair	AMR Associates
Andrew Jappy	Canaccord Capital
Nick Thadaney	ITG Canada
Fionnuala Martin	BMO-Nesbitt Burns
Blair Morton	RBC Capital Markets
Tom Briant	Westwind
Helen Hogarth	Reuters
Ray Hori	Collective Bid Markets
Andre Craig	TSX Group
Bruce Garland	Bloomberg Tradebook
Scott Deacon	CanDeal Inc.
Deana Djurdjevic	E*TRADE Canada
Robbie Goldberg	e3M

Regulatory Observers:

Randee Pavalow	Ontario Securities Commission
George Gunn	Ontario Securities Commission
Tracey Stern	Ontario Securities Commission
Maureen Jensen	Regulation Services Inc.
Mike Prior	Regulation Services Inc.
Paul Bourque	IDA
Larry Boyce	IDA
Richard Corner	IDA
Greg Ljubic	MFDA
Nathalie Gallant	Bourse de Montreal
Jacques Tanguay	Bourse de Montreal

Appendix B: Master List of Securities Prepared by OSC and SROs

SRO	Security in Audit Trail Scope
OSC	• All securities traded on a marketplace, wherever located. • Over the Counter Securities → Equity (broadly distributed products) → Debt (including fixed income securities, government bonds, corporate bonds, T-bills) • Derivatives → futures options, → swaps → forward contracts → limited partnerships • Private Placements → equity → warrants → options → labour sponsored investment funds • Pooled Fund Units • Mutual Fund Units • Hedge Fund Units • Money Market Securities • Asset Backed Securities • Equity linked Debt Securities → global equity, bond, commodity, foreign exchange, other indices → global equity and bond mutual funds, → single equity securities or baskets of equity securities, and → electronically traded funds.
RS Inc	• Anything publicly traded on an equity marketplace
IDA	• Equities → shares and trust units, → listed or unlisted (broadly distributed securities) • Fixed Income → bonds, → debentures → GICs → money market instruments • Derivatives → warrants, → rights → listed options → listed futures → futures options • Mutual funds
MFDA	• Mutual Funds • Labour Sponsored Funds • Hedge Fund and “Alternative Strategy Funds • Commodity Pools • Limited Partnerships • Other Exempt Products → Government or municipal bonds or debentures [s. 35(2)(a) and (b)] [18] → GIC’s

[18] All section numbers refer to the *Ontario Securities Act*, R.S.O. 1990, c. S.5.

SRO	Security in Audit Trail Scope
	→ Other Government or municipal-backed securities (e.g. Index-linked notes) [s. 3(2)1(a) and (b)] → Bank and other FI-related securities [s. 35(2)(1)(c) to (e)] → Promissory notes or commercial paper [s. 35(2)(4)] → Trade-related exemptions 1. exempt purchaser [s. 35(1)(4)] 2. $150 000 amount [s. 35(1)(5)] 3. seed capital → Any other exempt product [s. 35(1) 21] • Exchange Traded Funds[19] • Segregated Funds[20]
Bourse	Equity Derivatives • Single Stock Futures • Equity Options • Sponsored Options Interest Rate Derivatives • Long Term Futures → 10 and 2 year Canadian Government Bonds • Short term futures and options on futures → Three-month Canadian Bankers' Acceptance → 20-Day Overnight Repo Rate Index Derivatives • S&P 60 Index Future • Sectorial Index Future • S&P 60 Index Option • IUnits Index Fund • Barclays iUnits/Sectorial Fund

[19] to extent, if any that Members allowed to trade under securities legislation and MFDA Rules.
[20] to extent, if any that Members are properly registered and allowed to trade under securities legislation and MFDA Rules.

Appendix C: Dealer Environments

While there are significant similarities between the Canadian and US marketplace there are also differences. The Canadian marketplace is significantly smaller than the US with a focus on delivering orders to the marketplace for execution. Major US dealers have significant proprietary trading businesses and have invested heavily in new technologies and upgrades to support this highly competitive and lucrative market making business. The cost and complexity of introducing electronic audit trail recording and transmission will vary with dealers based on their size, business complexity of current technology. Making system changes to comply with regulatory rules and policies is accepted as a cost of doing business however, making major technology and system changes without a solid business case and ROI is not.

Some Canadian firms have invested in flexible and sophisticated technologies that readily lend themselves to meeting some audit trail requirements quickly and inexpensively. Others have not. For many, the process and pace of making changes is costly, substantial and complex. Many medium and large dealers have evolved through growth strategies built upon mergers, acquisitions and investment involving a patchwork of new and legacy systems. In many cases, the level of integration was and is limited to "must do" changes where in others, intentional business decisions were made to keep the subsidiary business separate with little or no integration.

The Canadian equity/option marketplace is centralized. Technology and trading systems moved from the exchange trading floors up to the firm's trading floors. This was a gradual process that did not lend its self to the wholesale replacement of new trade order management and execution systems. The reason for this is two fold. Firstly, the migration occurred over decades and secondly, there were no vendor enterprise trading platforms that met the requirements of the Canadian dealers and the securities they traded. It is just recently that technology providers are emerging with end-to-end solutions and even these vendors do not necessarily meet the business needs of the major dealers. [21]

The brokerage industry is currently re-engineering to meet the industry target of STP, which involves changes to front and back office system processes as well as trader behaviour. This initiative focuses only on the portion of the trade life cycle that deals with trade execution to settlement. The proposed Audit Trail requirements move even further upstream to include order receipt and handling. The CSA has acknowledged the complexity and challenges facing the industry as it tries to meet the STP goal as well as recognizes that it is "unrealistic to suggest that there is a one-size-fits-all solution". [22] It is no different for the electronic Audit Trail.

The typical dealer can have one or more systems between the "order" and the "trade" with each system passing its unique identifier to the next to support trade reporting, etc. As interfaces were developed to integrate these systems, data elements such as client indicator and order time stamp were not passed through to the next system either because they weren't required at the time or the system didn't support them. Since there was no need for conformity in the use of certain fields, dealers assigned them their own uses and definitions.

Most retail trading in Canada is highly automated and seamless in nature. There are a number of circumstances where the order is interrupted from receipt to execution. Depending upon the firm's business model and technology in place, interruptions[23] can be STP pauses or manual breaks in processing. The result in either case is that the time stamps and certain data elements may be dropped from the order or timestamps overwritten. Canadian institutional trading is very manual from the receipt of the order to trade execution. For many firms, phone orders are recorded on tickets and time stamped immediately. Each dealer will have its own business model for executing these orders which may be verbally directed to other trading desks for handling and may involve grouping or splitting. The negotiation process of filling a block order is very fluid and time sensitive. It would be virtually impossible to complete this process and have client account information and electronic time stamping added to each stage of order processing. The time sensitivity of executing an order will take priority over administrative tasks.

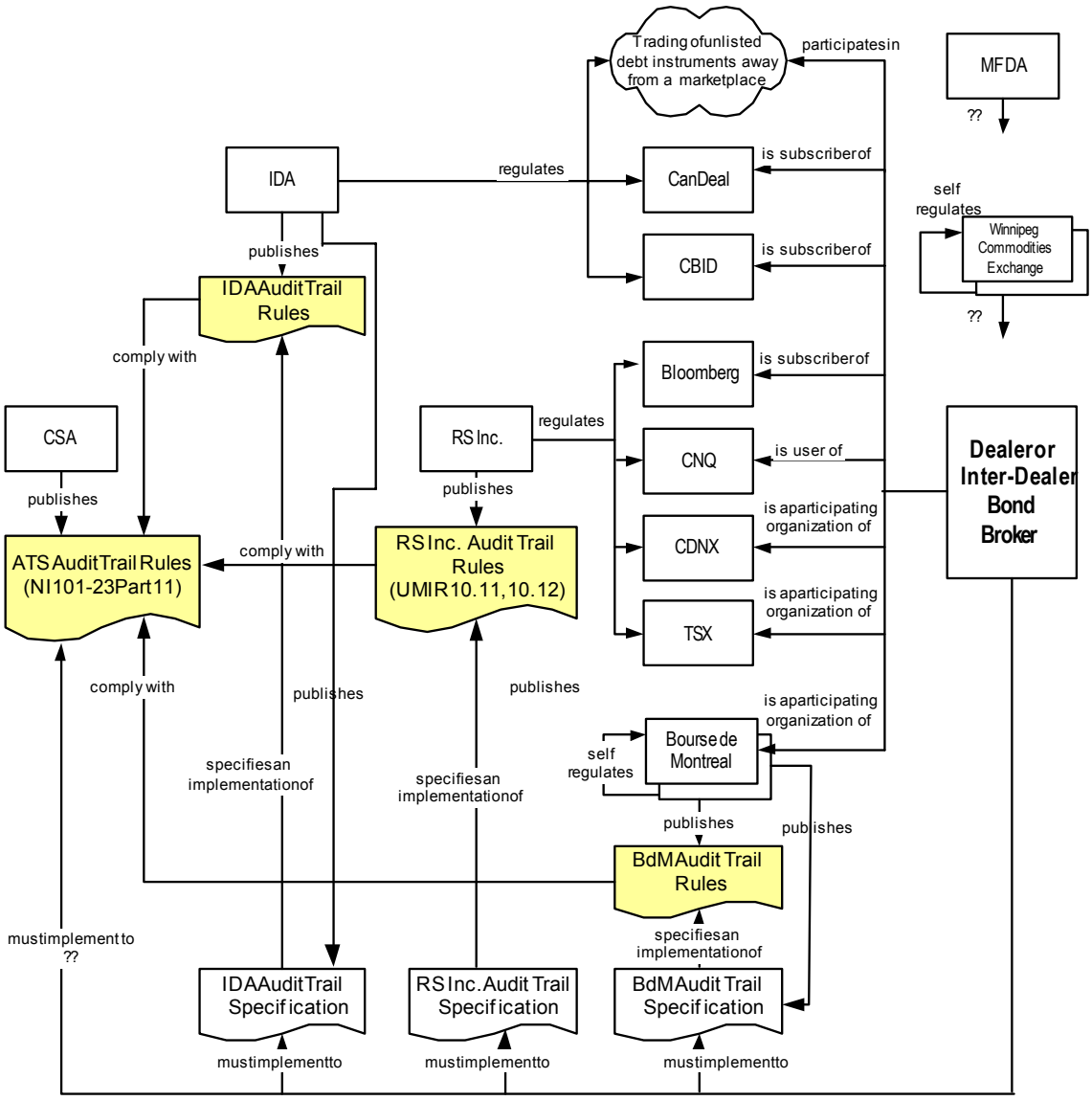
Many dealers will need to make system, business process and behavioural changes to meet electronic audit trail requirements.

[21] The Canadian marketplace has been too small for vendors to justify developing complete Canadian solutions. While we may culturally be similar to the US market, for trading we are more like the European marketplace. Firms trade multiple securities, in multiple marketplaces and time zones and in multiple currencies. US firms are more likely to be equity centric and US based. As a result US solutions were not suitable for the large and diverse dealer.

[22] CSA Discussion Paper 24-401 on STP.

[23] Orders may be interrupted for compliance reasons such as margin checks, restricted trading, etc. High net worth retail clients may be manually directed to the institutional desk for trading.

Appendix D: Relationship of Electronic Audit Trail Stakeholders



1.3 News Releases

1.3.1 OSC to Consider Settlement Agreement Respecting Jo-Anne Chang and David Stone

FOR IMMEDIATE RELEASE
April 8, 2005

OSC TO CONSIDER SETTLEMENT AGREEMENT RESPECTING JO-ANNE CHANG AND DAVID STONE

Toronto – On Monday, April 11, 2005, the Ontario Securities Commission (OSC) will convene a hearing at 2:00 p.m. to consider a Settlement Agreement between Staff of the Commission and Jo-Anne Chang and David Stone.

The terms of the Settlement Agreement are confidential until approved by the Commission. Copies of the Notice of Hearing dated April 8, 2005 and the related 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.

The hearing on the merits In the Matter of ATI Technologies Inc. with respect to the remaining respondents, K. Y. Ho and B. Ho, scheduled to commence on Monday, April 11, 2005 has been adjourned to commence at 10:00 a.m. on Tuesday, April 12, 2005.

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

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

1.3.2 FINAL COMMUNIQUÉ OF THE XXXTH ANNUAL CONFERENCE OF THE INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS (IOSCO)

7 April, 2005

FINAL COMMUNIQUÉ OF THE XXXTH ANNUAL CONFERENCE OF THE INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS (IOSCO)

The world's securities and futures regulators as well as other members of the international financial community met in Colombo, Sri Lanka, from 4 to 7 April 2005, on the occasion of the XXXth Annual Conference of the International Organization of Securities Commissions (IOSCO).

This year's conference, which attracted more than 400 delegates from around the world and included representatives from more than 100 jurisdictions, was hosted by the Securities and Exchange Commission of Sri Lanka.

The official guest, Sri Lankan Minister of Finance & Planning, Dr. Sarath Amunugama, said in his opening remarks to the Conference that the Sri Lankan commitment in hosting the conference was indicative of "international efforts to develop global standards in the securities market".

The Chairman of the Securities & Exchange Commission of Sri Lanka, Dr. Dayanath Jayasuriya, stated that: "As we rapidly move towards "one global village" with increased cross-border trading, regulators need to have access to new information gateways and channels of communication with fellow regulators".

The Chairman of the IOSCO Executive Committee, Ms Jane Diplock, added that: "Here in Sri Lanka this week we have taken landmark decisions in adopting a new strategic direction for IOSCO which sets the path for the next few years. It provides IOSCO with the opportunity to live up to its important responsibilities as the international standard setter for securities regulation."

In discussing the Organization's recent activities, the Chairman of the IOSCO Technical Committee, Mr. Andrew Sheng, stated that: "I want to thank everyone for working so hard to ensure that as an institution, IOSCO has visibly, decisively and demonstrably delivered on the expectations of the international community. This can be seen by the positive response of the Financial Stability Forum recently to our work".

The Chairman of the IOSCO Emerging Markets Committee, Mr. Dogan Cansizlar, supported this view and added that: "The challenges facing the developing markets should not be underestimated but the atmosphere of international collaboration within the IOSCO structures through investor

education programs and training seminars is delivering positive results for the emerging markets".
The world's securities and futures regulators as well as other members of the international financial community met in Colombo, Sri Lanka, from 4 to 7 April 2005, on the occasion of the XXXth Annual Conference of the International Organization of Securities Commissions (IOSCO).

A number of important initiatives and accomplishments were announced at the Conference including:

1. IOSCO Strategic Direction

In recent years IOSCO has demonstrated tremendous success in raising the quality of securities market regulation and in strengthening consultation and cooperation between regulators. This has been one of the Organization's key achievements. In keeping with this success and in recognition of the important international role which IOSCO plays, the Organization will be moving to ensure its continued effectiveness.

Accordingly, IOSCO has formally endorsed a range of operational priorities that will further strengthen the effectiveness of the Organization. These operational priorities will help continue a focus on common efforts as well as to coordinate actions. The objectives include maintaining the role of IOSCO as the international standard setter for securities regulation by improving enforcement related cross-border cooperation and implementing the *IOSCO Objectives and Principles of Securities Regulation* (IOSCO Principles). In addition, the Annual Conference has endorsed a new IOSCO Public Consultation Policy.

Part of the strategy will involve greater emphasis on the *IOSCO Multilateral Memorandum Concerning Consultation and Cooperation and the Exchange of Information* (IOSCO MOU). Adopted in May 2002, the IOSCO MOU represents one of the Organization's most significant contributions in the area of regulatory cooperation and effective cross-border enforcement. Currently, 27 IOSCO members have signed the MOU including the Banking Finance and Insurance Commission of Belgium, which was welcomed as the 27th signatory during the Conference. An additional five members have expressed their commitment in accordance with Appendix B of the IOSCO MOU.

At this Annual Conference, IOSCO has adopted a timetable by which all member regulators, which are not already signatories to the MOU, will be asked to meet this benchmark by 1 January 2010. By this date all member regulators should have applied for and been accepted as signatories under Appendix A of the IOSCO MOU or have expressed (via Appendix B), a commitment to seek legal authority to enable them to become signatories. In order to achieve these objectives, IOSCO will provide resources to members including technical assistance so that progress is made.

It is anticipated that the operational priority measures adopted at this Annual Conference involving the systematic implementation of the full spectrum of IOSCO Principles as well as an expanded network within the IOSCO MOU, will deliver significant benefits as the enforcement activities of members become stronger and national markets are made more attractive to investors.

2. Dealing with Uncooperative Jurisdictions

IOSCO re-confirmed its commitment to raise the standards for cross-border co-operation among securities regulators following the launch of this initiative in March 2005. This represents one of the Organization's most important activities at the present time and includes work in relation to offshore financial centres (OFCs). Since October 2004, an IOSCO committee has been working to identify jurisdictions that appear to be unable or unwilling to co-operate and then entering into a dialogue with them in order to resolve related issues.

3. Fight against Financial Fraud

Earlier this year, IOSCO released a report on Strengthening Capital Markets Against Financial Fraud. The report following an exhaustive assessment of existing regulatory structures aimed at identifying possible weaknesses in the international financial system. IOSCO has adopted an action plan that addresses a number of issues in order to rectify the most pressing concerns.

IOSCO's work in this area is based on two operational priorities for the future. These are to promote the implementation of existing standards and principles and secondly to improve the abilities of securities regulators to cooperate with each other in enforcing existing securities laws and regulations. As such, this work is entirely consistent with the operational priorities which IOSCO has endorsed at this Annual Conference.

4. Code of Conduct Fundamentals for Credit Rating Agencies

In late 2004, IOSCO published a Code of Conduct Fundamental for Credit Rating Agencies (CRAs). This followed an extensive consultation process involving rating agencies, issuers, investors, academics and financial institutions. In the period since the release of the Code Fundamentals, IOSCO has been pleased with the way in which financial markets have responded to date and it looks forward to the adoption of the Code Fundamentals in credit rating agency operations. The degree of flexibility that had been built into the Code Fundamentals has been essential to the success of this initiative.

5. Joint Forum

During the recent years IOSCO has been encouraged by the positive benefits that have resulted from its collaboration with the Basel Committee on Banking Supervision as well as the International Association of Insurance Supervisors. This work has included initiatives to coordinate actions in combating money laundering and the financing of terrorism. More recently, IOSCO has united with its Joint Forum partners to issue guidance on outsourcing in the financial services and also to finalize

proposals for dealing with credit risk transfer management practices.
Given the success of these partnerships, IOSCO is committed to ensuring that these close collaborative relationships continue.

6. The IOSCO Assisted Assessment Program

As indicated earlier in this communiqué, the Organization continues to place a great deal of emphasis on efforts to promote compliance with the IOSCO Principles by members. The diversity in the structures of securities markets around the world and the degree of development in those markets as well as the varying institutional regulatory arrangements continue to present challenges in efforts to achieve full implementation.

In fulfilling this objective, IOSCO has in recent years been undertaking a pilot program to assist members in the completion of an assessment of their level of implementation of the IOSCO Principles using the IOSCO Assessment Methodology adopted in 2003. The program includes the development of an action plan in participating jurisdictions in order for them to overcome identified deficiencies. The objective will be further enhanced by the publication in electronic form on the IOSCO website of the implementation methodology during the second quarter of 2005. This will provide a link to all relevant IOSCO reports and be accessible by the international financial community.

To date a number of IOSCO members have greatly benefited from assistance in this initiative including those from El Salvador, Turkey, Thailand and Morocco. In addition, programs have more recently been launched to assist members from Sri Lanka, Ecuador and Russia.

7. IOSCO Training

IOSCO and its members conduct a wide variety of seminars and training programs throughout the year. These programs which have been developed and maintained by the General Secretariat, occur in all regions of the world and provide positive benefits particularly with the participation of IOSCO expert staff. As always, the Seminar Training Program will form a key component of the annual training program. It is scheduled to take place in October 2005 in Madrid.

8. Accounting, Auditing and Disclosure

8.1 International Financial Reporting Standards (IFRS) At this Annual Conference IOSCO has taken the opportunity to reiterate its support for the work of the International Accounting Standards Board (IASB), and encourages its members to accept financial statements in fillings for cross-border offerings prepared under the International Financial Reporting Standards (IFRS), with additional reconciliation or disclosure as necessary to meet national standards. In addition, IOSCO has encouraged those members still using supplemental treatments to continue to evaluate their need with the hope that within the foreseeable future, such reconciliation treatments will no longer be necessary.

IOSCO is also developing procedures to encourage cooperation and consultation among members in the regulatory interpretation and enforcement of IFRS. A consultation paper outlining the options with this approach as well as the principles to be adopted and their implementation has been distributed to the IOSCO membership. IOSCO envisages that it will be in a position to confirm a final model during the second half of 2005, in time to be used in conjunction with reviews of 2005 annual financial statements.

8.2 Regulation and Oversight of Auditors In response to the widespread interest in the conduct and quality of audits and in oversight of auditors, IOSCO recently conducted a survey on the regulation and oversight of auditors in a number of different jurisdictions. The survey revealed that IOSCO principles for auditor oversight and auditor independence were broadly implemented in most of the developed markets and some of the emerging markets even though there remained wide variations in the approaches and structures that are applied. IOSCO is currently in the process of analyzing the survey results and considering possible revisions to the related IOSCO regulatory principles.

9. Regulation of Secondary Markets

9.1 Error Trade Policies IOSCO is currently undertaking a project to analyze the policies of organized securities and derivatives exchanges as well their regulators, in order to assess how they deal with transactions that are executed in error either due to the actions of a market participant or through malfunction of a trading system.

IOSCO believes that publishing a compilation of error trade policies will assist markets and market regulators to assess and develop their practices as well as encourage greater harmonization of approaches, thereby providing greater certainty concerning sources of operational risk. It is anticipated that a draft report will be prepared and considered by the IOSCO Technical Committee during the final quarter of 2005.

9.2 Exchange demutualization and cross-border linkages

Given that a number of exchanges have chosen to demutualize and obtain stock exchange listings in recent years, IOSCO has been reexamining the regulatory issues associated with this trend. Among other things, IOSCO is exploring approaches that could be considered by regulators in jurisdictions where demutualization might occur in the future and the regulatory issues that they raise, including the maintenance of public interest and conflicts of interest. A report dealing with these issues in emerging economies has been endorsed and it is anticipated that a further report on these issues in developed markets will also be considered by IOSCO in the final quarter of 2005.

10. Regulation of Market Intermediaries

10.1 Outsourcing

In consultation with the Joint Forum, IOSCO has finalized a position on outsourcing principles. This follows the publication in August 2004 of an IOSCO Consultation Report on *Principles on Outsourcing of Financial Services for Market Intermediaries*. The report sets out a number of regulatory principles that are designed to assist regulated entities in determining the steps that should be taken when considering outsourcing activities.

10.2 Compliance

IOSCO is publishing a paper which addresses the wide range of issues associated with the responsibilities of market intermediaries to establish a compliance function that identifies, assesses, monitors and reports on its compliance with all laws and rules relevant to the jurisdiction it is operating in. The IOSCO Paper identifies principles and specific issues that need to be taken into account. It is being released for consultation with relevant stakeholders, interested groups and the general public.

11. Enforcement and the Exchange of Information

11.1 Enforcement

An ongoing priority for IOSCO is to enhance the ability of its members to obtain timely and useful cooperation in the context of the cross-border aspects of their investigations into potential securities violations. As mentioned earlier in this communiqué IOSCO efforts are focused on ensuring that jurisdictions are able and willing to provide assistance in accordance with the co-operation standards set out in the IOSCO Principles as well as the benchmarks of the IOSCO MOU. Part of this current work includes analyzing the powers available to regulators or other authorities to freeze assets and repatriate overseas. This work includes developing a range of approaches that can deal with issues associated with freezing assets and recovering property.

11.2 Boiler Room Operations and Cold Calling

In a similar vein, IOSCO is also devoting significant resources to the issue of boiler rooms and cold calling in order to address trends in securities and futures violations. A task force has been established and is currently working on options to tackle boiler room operations that have been identified.

12. Investment Management

12.1 Governance for Collective Investment Schemes

As foreshadowed during the 2004 Annual Conference, IOSCO is working to establish broad principles for collective investment schemes (CIS) governance. At the core of this work is the objective of investor protection which in the context of this project aims to prevent misleading, manipulative and fraudulent practices by ensuring that CIS have strong internal governance mechanisms. The general goal is to enable investors to understand the risks that relate to investments in specific CIS. The public consultation period ends during May 2005 following which IOSCO will consider the submissions and comments it has received from the international financial community.

12.2 Market Timing

IOSCO recently published a Consultation Paper on this issue which outlines what steps regulators might need to undertake in order to address issues arising from market timing. It is recognized that market timing issues have the potential to adversely impact investors. Ultimately it is anticipated that this work will result in the development of international best practice standards. . The standards will among other things attempt to deter detrimental market timing as well as outline the obligation of collective investment scheme operators. The consultation period ends during May 2005 following which the IOSCO will consider the submissions it has received and then proceed to issue a final Report.

12.3 Hedge Funds

In recognition of the growing significance of hedge funds as an investment vehicle option, IOSCO is currently undertaking a research project surveying different jurisdictions in order to assess the various regulatory approaches being taken. Based on the information collected, IOSCO will consider developing guidelines for hedge funds that would include clear disclosure principles.

13. The SRO Consultative Committee

The IOSCO SRO Consultative Committee (SROCC) which represents self regulating organizations and other securities and derivatives markets around the world has a number of important projects currently underway. Among them the Committee is developing a Model Code of Ethics intended to strengthen a culture of ethical behavior within the financial services industry.

14. Public Panels at this Annual Conference

The public panels at this year's Annual Conference focused on the following current regulatory issues:

14.1 Regulation of Credit Rating Agencies

This panel discussion took place at a very timely juncture following the recent release of the IOSCO Code of Conduct Fundamentals in December 2004. Panelists who included representatives from the leading rating agencies, held a robust discussion about how valuable the IOSCO Code of Conduct Fundamentals were in dealing with the issues relating to the regulation of credit rating agencies.

14.2 Challenges in Rapidly Developing Economies

Recent years have witnessed a remarkable growth rate in emerging economies. As more and more investors in these economies are exposed to the global financial market, it is important that issues of investor protection are

not ignored. This Panel held a wide ranging discussion about this and other matters. There was general agreement among the panel that investor education was essential in enhancing investor protection.

14.3 Regulation of Financial Analysts

The role of financial analysts is recognized as increasingly important but the performance of some of them has been the subject of considerable criticism in some markets in recent years. The debate in this panel included consideration of the IOSCO Principles with the ensuing discussion ranging across a number of related issues as well as the possible need for greater regulation.

14.4 Rapidly Evolving Activities of Hedge Funds

In recent years, hedge funds have played an increasingly important role in investors´ portfolios. The current debate has focused on whether greater regulation is necessary. This and a number of other related questions were comprehensively encapsulated in the presentation and the discussion that followed. The vigorous discussion demonstrated how many divisions still remained to be overcome in this area and on the question of whether more regulation was necessary.

15. Admission of New Members

IOSCO is pleased to announce that the following were admitted as new ordinary members:

Securities Commission of Armenia
Financial Services Commission of Gibraltar
Securities Commission of Montenegro

The following was admitted as a new associate member:

Dubai Financial Services Authority

In addition, the following were admitted as new affiliate members:

Association Française des Enterprises d'Investissements (AFEI)
Cairo and Alexandria Stock Exchange
Clearing, Settlement and Central Depository of Egypt
Montreal Exchange
Market Regulation Services (Canada)
National Association of Investment Banks of Brazil
National Association of Securities Market Participants of Russia (NAUFOR)
National Securities Depository of India

16. Future Annual Conference

IOSCO will hold its next Annual Conference in Hong Kong from 5-8 June 2006.

17. Future IOSCO Technical Committee Conference

The IOSCO Technical Committee is organizing a high-level conference to be held in Frankfurt, Germany on 5-6 October 2005. Invitees to the conference will include senior executives and market professionals from all sectors of the global financial services market as well as representatives from other international financial organizations and academics. The Frankfurt Conference will be organized around a series of high-profile panel discussions on topical and emerging issues in global financial services.

This follows on from the inaugural Technical Committee Conference which took place in New York in October 2004.

18. Further Information

For further information on IOSCO activities, contact:

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IOSCO Secretary General
+ (34) 91 417 5549 or (34) 650 378 898

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IOSCO Public Affairs
+ (34) 91 417 5549 or (34) 679 969 004

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1.3.3 OSC Panel Approves Settlement with Jo-Anne Chang and David Stone

FOR IMMEDIATE RELEASE
April 11, 2005

OSC PANEL APPROVES SETTLEMENT WITH JO-ANNE CHANG AND DAVID STONE

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 Jo-Anne Chang and David Stone.

The settlement is in relation to allegations made by the OSC against Chang and Stone. In the settlement agreement, the respondents admit Chang had access to material information that had not been generally disclosed which was communicated to Stone, her husband, prior to May 10, 2000. At the time, Chang was director of investor relations at ATI Technologies Inc. Between May 10 and May 19, 2000, Stone purchased through the QDOS account 1,000 put options in ATI, for a total cost of $311,180.20 in advance of a news release issued May 24, 2000, announcing that ATI would fail to meet revenue and sales expectations for 2000.

In accordance with the terms of the settlement agreement, Chang and Stone were reprimanded by the Commission. Both agreed to disgorge $950,384.80 as obtained as a result of non-compliance with Ontario securities law, plus disgorge accrued interest of $126,820.

They also agreed to pay $311,180.20 for allocation to or for the benefit of third parties under section 3.4(2) of the Act.

In addition, Chang and Stone were ordered to pay costs of $100,000 related to the investigation and hearing.

Chang was also ordered to cease trading in securities for 20 years, with the exception of her RRSP and certain limited securities, and was prohibited from becoming or acting as a director or officer of any reporting issuer for 10 years.

Stone was ordered to permanently cease trading in securities, with the exception of his RRSP and certain limited securities, and was permanently prohibited from becoming or acting as a director or officer of any reporting issuer.

The panel, comprised of Commissioner Wendell S. Wigle and Commissioner David L. Knight, approved the settlement as being in the public interest.

“The prohibitions against tipping and insider trading constitute the foundations of the investor protection provisions of the Act,” said Michael Watson, OSC Director of Enforcement. “The sanctions in this case seek to achieve the purposes of the Act. They protect investors by removing participants in the market who have abused those markets and send a clear message to all market participants that persons who tip and insider trade can expect serious consequences.”

Copies of the notice of hearing and statement of allegations dated January 16, 2003, as well as the settlement agreement and order dated April 9, 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.

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

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Data Group Income Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted from the requirement for income trust to file and send to its securityholders financial statements and MD&A where year end falls within short period after date of final receipt for its prospectus, provided the income trust files a balance sheet for the period and includes the period in its next quarterly financial statements.

Rules Cited

National Instrument 51-102 - Continuous Disclosure Obligations.

March 31, 2005

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

AND

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

AND

IN THE MATTER OF
THE DATA GROUP INCOME FUND (the Filer)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for: (i) a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the requirement that certain financial statements for the Stub Period (as defined below) prescribed by section 4.1(a) of National Instrument 51-102 (NI 51-102) and related management's discussion and analysis of results of operations and financial condition (MD&A) be filed and sent to the Filer's securityholders, and (ii) in Quebec, for a revision of the general order that will provide the same result as an exemption order (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

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

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

3. An Application is not being made with the securities regulatory authorities in Prince Edward Island, Yukon, the Northwest Territories or Nunavut (together with the Decision Makers, the Regulators) as NI 51-102 has not been adopted in these jurisdictions.

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

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

6. On November 15, 2004, the Filer filed a preliminary prospectus (the Preliminary Prospectus) for its initial public offering of Units (the **IPO**) which disclosed, among other things, that the Filer has been established to acquire and hold all of the common shares of Data Business

Forms Limited (DBFL). A mutual reliance review system decision document evidencing the issue of preliminary receipts for the Preliminary Prospectus by the Regulators was issued by the OSC on November 15, 2004.

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

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

9. The Prospectus contained full, true and plain disclosure with respect to the Filer, the Filer's proposed acquisition of DBFL (the Acquisition), DBFL and the prescribed financial statement disclosure, including the following financial statement disclosure for "significant probable acquisitions" pursuant to section 6.4 of OSC Rule 41-501 in respect of the Acquisition: (the Prospectus Financial Statements)

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

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

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

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

11. The Filer filed a business acquisition report with respect to the Acquisition pursuant to NI 51-102 and will file unaudited comparative financial statements of DBFL for the six months ended October 31, 2004 by March 31, 2005, as provided for in an MRRS decision document dated March 7, 2005.

12. Other than the offering described in the Prospectus, there were no material acquisitions or dispositions of units of the Filer during the period from December 14, 2004 to December 31, 2004 (the Stub Period).

13. The only operations of the Filer prior to the end of its fiscal year ended December 31, 2004 involved the issuance of 13,327,377 units, the purchase of the common shares of DBFL, and certain related transactions, as described in the Prospectus.

14. The Filer will prepare, file and send to those of its unitholders that request such financial statement, a balance sheet of the Filer as at December 31, 2004, together with an auditor's report thereon (the 2004 Audited Balance Sheet).

15. The Filer will prepare, file and send to those of its unitholders that request such financial statements, unaudited consolidated financial statements of the Filer as at and for the period from December 21, 2004 to March 31, 2005 (the Q1 Unaudited Financial Statements) within the applicable time period, which financial statements will include the Filer's results of operations for the Stub Period, together with MD&A in respect of such financial statements and certain comparative financial information for the same period in 2004.

16. The MD&A filed by the Filer in respect of the financial statements of the Filer in respect of the six and nine month periods ended June 30, 2005 and September 30, 2005, respectively, will be prepared on a comparative basis.

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that (i) the 2004 Audited Balance Sheet is filed by the Filer on or prior to March 31, 2005, and (ii) the Q1 2005 Unaudited Financial Statements and related MD&A are filed on or prior to May 15, 2005.

"John Hughes"
Manager, Corporate Finance
Ontario Securities Commission

2.1.2 Fording Canadian Coal Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted to an income trust from the requirement to include financial statement disclosure for certain entities in the trust's management information circular to be sent to unitholders of the trust in connection with an annual and special meeting of unitholders. At the meeting, unitholders will consider a proposed restructuring transaction pursuant to a plan of arrangement involving the trust and its subsidiaries. Without the relief, financial statement disclosure would be required for certain entities whose securities will be exchanged or distributed as part of the arrangement and for an entity that will result from the arrangement. Arrangement is being undertaken to reorganize the manner in which the trust holds its operating assets. Arrangement does not contemplate the acquisition of any additional operating assets or the disposition of any of the trust's existing operating assets. Following completion of the arrangement, unitholders will continue to hold units of the trust and the trust will continue to own all of its existing operating assets.

Applicable Ontario Rules

National Instrument 51-102 – Continuous Disclosure Obligations, paragraph 9.1(2)(a) and section 13.1
Form 51-102F5 – Information Circular, item 14.2

Citation: Fording Canadian Coal Trust, 2005 ABASC 274

April 1, 2005

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

AND

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

AND

IN THE MATTER OF
FORDING CANADIAN COAL 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") that the requirements of the Legislation to include financial statement disclosure for:

(a) each entity whose securities are being changed, exchanged, issued or distributed in connection with a restructuring transaction, and

(b) each entity that would result from a restructuring transaction,

in a management information circular sent in connection with a special meeting of securityholders at which a restructuring transaction will be considered (the "Financial Statement Requirement"), shall not apply to the management information circular of the Filer (the "Information Circular") to be sent to the holders of units of the Filer ("Unitholders") in connection with the annual and special meeting of Unitholders to be held on May 4, 2005 (the "Meeting") at which Unitholders will consider an arrangement transaction involving the Filer and its wholly owned subsidiaries;

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

1. The Filer is an open ended mutual fund trust established under the laws of the Province of Alberta pursuant to a declaration of trust (the "Declaration of Trust") dated February 26, 2003.

2. The Filer is a reporting issuer in each of the provinces and territories of Canada where such a concept exists and is not in default of its obligations as a reporting issuer.

3. The Filer is authorized to issue an unlimited number of trust units ("Units"). As of March 10, 2005, 48,987,438 Units were issued and outstanding. The Units are listed and posted for trading on the Toronto Stock Exchange under the symbol FDG.UN and on the New York Stock Exchange under the symbol FDG.

4. The Filer qualifies, as a Substantial Issuer, under section 2.3 of NI 44-101 to file a prospectus in the form of a short form prospectus.

5. Fording is a corporation governed by the *Canada Business Corporations Act*.

6. Fording is authorized to issue an unlimited number of common shares (the "Fording Shares"), class "A" preferred shares and class "B preferred shares. As of March 10, 2005, 100,000 common shares were issued and outstanding and no class "A" preferred shares or class "B" preferred shares were issued and outstanding. All of the issued and outstanding Fording Shares are held by the Filer.

7. Fording has outstanding indebtedness owing to the Filer in the aggregate principal amount of $1,565,686,520 which is represented by three interest bearing, subordinated promissory notes of Fording (the "Fording Subordinated Debt").

8. Fording does not carry on any business directly. Fording's business is principally comprised of (a) holding a 62% partnership interest (the "EVC Partnership Interest") in the Elk Valley Coal Partnership (the "EVC Partnership"), which is engaged in the mining, processing and sale of metallurgical coal, and (b) holding securities of its wholly-owned subsidiaries who are engaged in the mining, processing and sale of industrial minerals (the "Industrial Minerals Subsidiaries").

9. The EVC Partnership Interest will be reduced to 61% effective April 1, 2005 pursuant to the terms of a partnership agreement dated February 26, 2003, as amended, establishing the EVC Partnership (the "EVC Partnership Agreement").

10. Fording is proposing to undertake an arrangement under the *Canada Business Corporations Act* which would result in the reorganization of the Filer's indirect interest in the EVC Partnership to create a flow through structure (the "Arrangement").

11. The EVC Partnership is a general partnership formed under the laws of the Province of Alberta pursuant to the EVC Partnership Agreement.

12. The EVC Partnership owns and operates metallurgical coal mines situated in Alberta and British Columbia and owns 46% of the issued and outstanding shares of Neptune Bulk Terminals (Canada) Ltd., the owner of Neptune Terminals, a multi-product bulk port facility located in North Vancouver, British Columbia.

13. The partners of the EVC Partnership and their respective ownership interests as of April 1, 2005 are as follows: Fording (61%), Teck Cominco Coal Partnership (38.836%) and The Quintette Coal Partnership (0.164%).

14. Pursuant to the EVC Partnership Agreement, Teck Cominco Coal Partnership is the managing partner of the EVC Partnership.

15. A numbered company ("Newco2") will be a corporation incorporated under the *Canada Business Corporations Act* prior to the Arrangement. Newco2 will be incorporated for the sole purpose of effecting the Arrangement.

16. Newco2 will be authorized to issue an unlimited number of common shares, an unlimited number of non-voting, redeemable, retractable class A preferred shares (the "Class A Shares") and an unlimited number of non-voting, redeemable, retractable class B preferred shares. Prior to the Arrangement, the Filer will be the sole shareholder of Newco2.

17. Fording Limited Partnership ("Fording LP") will be a limited partnership established under the *Partnership Act* (Alberta) prior to the Arrangement.

18. Prior to the Arrangement, an indirect wholly-owned subsidiary of Fording will be the sole general partner of Fording LP and Fording will be the sole limited partner of Fording LP.

19. As part of the Arrangement:

    (a) the Filer will subscribe for Class A Shares and will distribute the Class A Shares to its Unitholders as a return of capital;

    (b) following a series of transactions that will result in Newco2 acquiring all of the Fording Shares and Fording Subordinated Debt, Newco2 and Fording will amalgamate to form "Fording Amalco";

    (c) following the amalgamation and a series of transactions that will result in the Filer acquiring all of the assets of Fording Amalco, other than an amount of cash to be retained by Fording Amalco in respect of possible unpaid liabilities, Fording Amalco will redeem all of the Class A Shares in exchange for Units, following which the Class A Shares will be cancelled;

    (d) the issued and outstanding Units will be consolidated on a basis such that the number of Units outstanding following the consolidation will be equal to the number of Units outstanding immediately prior to the effective time of the Arrangement; and

    (e) the Units will then be subdivided on a 3-for-1 basis.

20. The completion of the Arrangement is conditional upon the receipt of an advance tax ruling from the Canada Revenue Agency upon terms and

conditions satisfactory to the Filer, the receipt of a final order from the Alberta Court of Queen's Bench in respect of the Arrangement and the approval of the Arrangement by special resolution of the Unitholders at the Meeting.

21. Following completion of the Arrangement, the EVC Partnership Interest will be held by Fording LP, rather than Fording, and the Filer will directly hold all of the limited partnership interests in Fording LP and the securities of the Industrial Minerals Subsidiaries previously held by Fording.

22. The Arrangement is being undertaken to reorganize the manner in which the Filer holds its operating assets. The Arrangement does not contemplate the acquisition of any additional operating assets or the disposition of any of the Filer's existing operating assets. Following completion of the Arrangement, Unitholders will continue to hold Units of the Filer and the Filer will continue to indirectly own all of its existing operating assets. While changes to the financial statements of the Filer will likely be required to reflect the Filer's organizational structure following the Arrangement, the financial position of the Filer at that time will largely be the same as is reflected in the Filer's audited financial statements for the year ended December 31, 2004.

23. Newco2 will not carry on any business prior to the Arrangement and following the amalgamation of Newco2 and Fording pursuant to the Arrangement, Fording Amalco will not carry on any business.

24. The Information Circular will contain prospectus level disclosure of the Filer including the Filer's audited annual financial statements for the year ended December 31, 2004.

25. The Information Circular will contain prospectus level disclosure of Newco2 and Fording Amalco (other than the financial statement disclosure required by the Financial Statement Requirement).

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 Financial Statement Requirement for Newco2 and Fording Amalco shall not apply to the Information Circular, provided the Filer complies with all other requirements of the Legislation, including but not limited to the requirement that the Information Circular include the audited consolidated financial statements of the Filer for the year ended December 31, 2004.

"Agnes Lau, CA"
Deputy Director, Capital Markets

2.1.3 QSA US Value 50 Cdn$ Fund - MRRS Decision

Headnote:

Mutual Reliance Review System for Exemptive Relief Applications – A mutual fund is deemed to have ceased being a reporting issuer, provided it meets the requirements set out in CSA Notice 12-307 and subject to additional representations.

Applicable Ontario Statutory Provisions, Rules and Notices

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

CSA Staff Notice 12-307 - Ceasing to be a Reporting Issuer under the Mutual Reliance Review System for Exemptive Relief Applications. (2003) 26 OSCB 6348

April 8, 2005

McMillan Binch LLP
BCE Place
Suite 4400, Bay Wellington Tower
181 Bay Street
Toronto, Ontario
M5J 2T3

Attention: H. Stewart Ash

Dear Mr. Ash:

Re: QSA US Value 50 Cdn$ Fund (the "Applicant")
Application to cease to be a reporting issuer under the securities legislation of the provinces of Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador (collectively, the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that,

- the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
- no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
- the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer;
- the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer;
- all of the existing security holders of the Applicant are accredited investors who are eligible to purchase the securities of the Applicant pursuant to exemptions from the registration and prospectus delivery requirements of the Jurisdictions; and
- all of the existing security holders of the Applicant have been given notice of the Applicant's request to cease to be 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.

"Leslie Byberg"
Manager, Investment Funds

2.1.4 National Bank Securities Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Extension of lapse date for mutual fund prospectus in response to elimination of foreign content restrictions in February 23, 2005 federal budget.

Statutes Cited

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

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

AND

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

AND

IN THE MATTER OF
NATIONAL BANK SECURITIES INC.

AND

THE MUTUAL FUNDS SET OUT IN SCHEDULE "A"
(THE "FUNDS")

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the "Jurisdictions") has received an application (the "Application") from National Bank Securities Inc. (the "Manager") and the Funds for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the time limits for the renewal of the simplified prospectus of the Funds dated April 1, 2004 (the "Prospectus") be extended to those time limits that would be applicable if the lapse date of the Prospectus were April 15, 2005 (the "Requested Relief").

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Authorité des marchés financiers is the principal regulator for this application;

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

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

(b) The Funds are either open-ended mutual fund trusts established under the laws of Quebec or classes of a mutual fund corporation, as indicated in Appendix "A".

(c) The Funds are currently qualified for distribution in all of the provinces and territories of Canada under a simplified prospectus and annual information form of the Funds dated April 1, 2004 (the "Prospectus").

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

(e) In each province of Canada other than Quebec, the lapse date for the Funds is April 1, 2005, which allows the Funds until April 11, 2005 to file their final materials such that a receipt for the Prospectus is issued by securities regulatory authorities by April 21, 2005. In Quebec, the lapse date for the Funds is April 2, 2005 and the Funds must file their final materials no later than April 12, 2005 and obtain a receipt no later than April 22, 2005.

(f) On January 24, 2005, a pro forma prospectus and annual information form was filed for the Funds in all of the provinces and territories of Canada under SEDAR Project No. 732058.

(g) On February 15, 2005, a revised draft of the pro forma prospectus and annual information form for the Funds was filed in each province and territory of Canada and the Funds were prepared to file their final prospectus and annual information form, once securities regulators in each jurisdiction had cleared the Funds to do so.

(h) On February 23, 2005, the Budget Plan 2005 was released by the Department of Finance, Canada (the "Federal Budget"). At the present date, the Federal Budget is not fully approved and did not receive Royal Assent.

(i) The Federal Budget contemplates the repeal of the rule that limits the amount of foreign property that may be held in a registered plan, effective as of 2005. The repeal of the foreign property limit will affect a number of the Funds, particularly the RSP funds.

(j) If the requested relief is not granted, a prospectus must be filed in accordance with the existing time limits for the renewal of

the Prospectus, and must be receipted by April 21, 2005.

(k) The Manager requires additional time to assess the impact of the Federal Budget on the Funds and to determine any changes that must be made to the Prospectus in response to the Federal Budget.

(l) A prospectus that does not address the initial measures may need to be substantially revised shortly thereafter. This process results in undue financial costs to the Funds (and thereby to investors in the Funds) as the result of preparing, filing and printing a revised prospectus.

(m) Since April 1, 2004, the date of the Prospectus, no undisclosed material change has occurred. Accordingly, the Prospectus provides accurate information regarding the Funds. The extension requested will not affect the currency or accuracy of the information contained in the Prospectus, and, accordingly, will not be prejudicial to the public interest.

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

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

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

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided a final simplified prospectus is filed no later than 10 days after April 15, 2005 and that a receipt for the simplified prospectus is obtained no later than 20 days after April 15, 2005.

April 8, 2005.

"Josée Deslauriers"
Director of Capital Markets

SCHEDULE "A"

Money Market Funds
National Bank Money Market Fund
National Bank Treasury Bill Plus Fund
National Bank U.S. Money Market Fund

Institutional Funds
National Bank Corporate Cash Management Fund
National Bank Treasury Management Fund

Income Funds
National Bank Mortgage Fund
National Bank Bond Fund
National Bank Dividend Fund
National Bank Global RSP Bond Fund
National Bank High Yield Bond Fund
National Bank Monthly Income Fund

Diversified Funds
National Bank Retirement Balanced Fund
National Bank Secure Diversified Fund
National Bank Conservative Diversified Fund
National Bank Moderate Diversified Fund
National Bank Balanced Diversified Fund
National Bank Growth Diversified Fund

Canadian Growth Funds
National Bank Canadian Equity Fund
National Bank Canadian Opportunities Fund
National Bank Canadian Index Fund
National Bank Canadian Index Plus Fund
National Bank Small Capitalization Fund

International Growth Funds
National Bank Global Equity Fund
National Bank Global Equity RSP Fund
National Bank International RSP Index Fund
National Bank American RSP Index Fund
National Bank American Index Plus Fund
National Bank European Equity Fund
National Bank European Small Capitalization Fund
National Bank Asia-Pacific Fund
National Bank Emerging Markets Fund

Specialized Funds
National Bank Quebec Growth Fund
National Bank Natural Resources Fund
National Bank Future Economy Fund
National Bank Future Economy RSP Fund
National Bank Global Technologies Fund
National Bank Global Technologies RSP Fund
National Bank Strategic Yield Class of National Bank Funds Corporation

National Bank/Fidelity Funds
National Bank/Fidelity Canadian Asset Allocation Fund
National Bank/Fidelity True North Fund
National Bank/Fidelity International Portfolio Fund

2.1.5 Fidelity International Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Filers are members of an international group of companies offering investment services outside the U.S. and Canada. The International group are joint actors with a North American group of companies for the purposes of National Instrument 62-103. The Filers are not "eligible institutional investors" under NI 62-103 because they are not in a jurisdiction set out in the definition of "investment manager" in NI 62-103. Filers are exempt from the early warning requirements, moratorium provisions and insider reporting requirements and the Filers' officers and directors are exempt from the insider reporting requirements subject to conditions.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., ss. 101, 104(2)(c), 107, 121(2)(a)(ii).

Rules Cited

National Instrument 62-103 The Early Warning System and Related Take-over Bid and Insider Reporting Issues, Parts 4 and 9 and ss. 10.1(4), 11.

April 4, 2005

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

AND

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

AND

IN THE MATTER OF
FIDELITY INTERNATIONAL LIMITED (FIL)
AND CERTAIN OF ITS AFFILIATES

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from FIL, on behalf of the Filers (as defined herein) for a decision under the securities legislation of the Jurisdictions (the Legislation) (i) exempting the Filers from the early warning requirements, the moratorium provisions and the insider reporting requirements of the Legislation, and (ii) exempting the respective directors and senior officers of the Filers from the insider reporting requirements in cases where they are insiders of a reporting issuer solely as a result of being a director or senior officer of the Filers, (the Requested Relief) in each case, provided that:

(a) the joint actors of the Filers which are eligible institutional investors as defined in NI 62-103 (an EII)

  (i) are entitled to comply with the reporting requirements in Part 4 of National Instrument 62-103 (NI 62-103);

  (ii) are entitled to relief from the moratorium provisions under section 10.1 of NI 62-103; and

  (iii) are exempt from the insider reporting requirements in reliance on Part 9 of NI 62-103; and

(b) a Filer complies with, and otherwise meets, the reporting, filing, and the other applicable conditions of NI 62-103 in each case as if the Filer is an EII thereunder.

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 and in NI 62-103 have the same meaning in this decision unless they are defined in this decision. Filers means FIL, the affiliates of FIL set out in Appendix A and any future affiliates which are established and are not EIIs.

Representations

This decision is based on the following facts represented by FIL, on behalf of the Filers:

1. FIL is a privately owned investment management company incorporated under the laws of Bermuda. It is the ultimate holding company of an international group of companies offering investment services to investors outside the United States and Canada (FIL and its consolidated subsidiaries, together, the FIL Group).

2. FIL Group's primary business activities are providing, or arranging to provide, investment advisory and management services to open or closed end funds managed by FIL Group (the FIL Funds) and to institutional clients (the FIL Funds and the FIL institutional clients being together the

FIL Accounts) and distributing funds. FIL is exempt from registration as an adviser pursuant to the laws of Bermuda.

3. FIL does not qualify as an EII as it is not an investment manager in a jurisdiction set forth in the definition of investment manager in NI 62-103.

4. While many of the members of the FIL Group are EIIs, there are others which are not EIIs. Each of the affiliates of FIL named in Schedule A manages FIL Funds or provides advice to FIL Accounts but does not qualify as an EII as it is not an investment manager in a jurisdiction set forth in the definition of investment manager in NI 62-103.

5. There are two groups of Fidelity companies, the international FIL Group and the North American (Canada and US) group, in respect of which latter group, FMR Corp. is the parent company (the FMR Group). Each of the FMR Group companies which manages an FMR fund or provides advice to accounts of the FMR Group or of the FIL Group is an EII. FIL Group and FMR Group use a common name in carrying on business, namely Fidelity and Fidelity Investments.

6. The Canadian securities in FIL Accounts included in the early warning reports of FIL Group is very small relative to the Canadian securities reported in the early warning report of FMR Group and FIL Group. The number of Canadian securities in such reports where a FIL Group member is not an EII but must report is even smaller.

7. None of the FIL Funds have an investment objective to invest solely in Canadian securities. To the extent that it is desired that investments include North American securities, the relevant FIL Group company will generally retain FMR or a FIL Group UK member which is an EII. FIL Group members which are not EIIs rarely make direct decisions to invest in Canadian equities. FIL does not itself make any investment decisions regarding Canadian securities; all such decisions are taken by the aforesaid regulated and licensed subsidiaries of the FMR Group or FIL Group.

8. Although a small number of FIL Group members are not EIIs, they follow the same processes and controls as other members of the FIL Group which are EIIs. In particular, with respect to the filing of early warning reports, all FIL Group companies provide their numbers for such purpose through the same internal FIL Group process so that they can be combined where required by law with the FMR Group numbers to determine whether reports have to be filed.

9. Members of the FIL Group acting as manager of the FIL Funds are required to file reports in respect of the holdings in FIL Funds advised by a FIL Group member because aggregation relief is not available to them under section 5.2 of NI 62-103 due to the fact that the FIL Group advisory companies are controlled by FIL. As a result, condition (f) of section 5.2 is not met.

10. Aggregation relief under section 5.1 of NI 62-103 cannot be relied on due to the fact that an entity (i.e. an FMR Group advisory entity) that makes decisions with respect to securities controlled by the entity also makes decisions with respect to securities controlled by other business units. As a result, condition (c) of section 5.1 cannot be met.

11. Currently, the early warning requirements and insider reporting requirements have been satisfied by complying with the press release, early warning reporting and insider reporting requirements of securities legislation, where applicable. Such reports have been issued in the name of FMR and its affiliates and FIL and its affiliates and aggregate all of the positions of the joint actors.

12. Each of the Filers is not an EII and must issue a press release, file an early warning report, comply with the moratorium provisions and file insider reports, where applicable, whenever the relevant thresholds have been crossed.

13. Section 4.8 of NI 62-103 exempts joint actors with an EII from having to file multiple reports if the EII files a report at the time the joint actor would be required to file a report. In a situation where the EIIs of the FIL Group or the FMR Group are required to file reports in respect of the aggregated positions in a Canadian reporting issuer, which includes positions held by the FIL Accounts, and are entitled to do so under Part 4 using the alternative monthly reporting system, the early warning obligations of one or more of the Filers as non-EIIs result in the requirement for FIL and all of its affiliates and FMR and all of its affiliates to issue instead a press release and to file an early warning report in compliance with section 3 of NI 62-103 as the timing requirement for the Filers is different than for all of its other joint actors.

14. EIIs are not required to issue a press release promptly or to file the report within 2 days. As a result, positions in FIL Accounts (and FMR Group accounts) are being reported as though they are active, controlling investors in the Canadian reporting issuers, rather than as investments managed by a portfolio manager of a fund or account, where no control or direction over the issuer is sought.

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 each case, provided that:

(a) the joint actors of the Filers which are EIIs

(i) are entitled to comply with the reporting requirements in Part 4 of NI 62-103,

(ii) are entitled to relief from the moratorium provisions under section 10.1 of NI 62-103, and

(iii) are exempt from the insider reporting requirements in reliance on Part 9 of NI 62-103,

(b) a Filer complies with, and otherwise meets, the reporting, filing, and the other applicable conditions of NI 62-103 in each case as if the Filer is an EII thereunder, and

(c) the Filer is licensed, qualified or registered to provide portfolio management, investment counselling or similar advisory services in respect of securities, or is exempt from the requirement to be so licensed, qualified or registered, in the jurisdiction where its head office is located.

"Paul M. Moore"
Ontario Securities Commission

"Wendell S. Wigle"
Ontario Securities Commission

Schedule A

Fidelity Investments Management (Hong Kong) Limited

Fidelity Investment Securities Investment Trust Co., Limited

Fidelity Investments Australia Limited

Fidelity Investment Management GmbH

Fidelity Investments Advisory (Korea) Limited

Fidelity Fund Management Private Limited

2.1.6 Snecma - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – application for relief from registration and prospectus requirements in respect of certain trades made pursuant to an employee share offering by French issuer and a selling shareholder, the French State – employee share offering involves the use of a collective employee shareholding vehicle, a fonds commun de placement d'enterprise (FCPE) – employee share offering does not contain a "leveraged fund" component – relief granted for trades in shares by the selling shareholder to Canadian participants, trades in shares by Canadian participants made to or with the FCPE and trades in units of the FCPE made to or with Canadian participants, subject to resale restrictions – relief granted to manager of FCPE from advisor and dealer registration requirements.

Applicable Ontario Statutory Provisions

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

April 7, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND QUÉBEC
(THE "JURISDICTIONS")

AND
IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS
AND
IN THE MATTER OF
SNECMA, SNECMA OUVERTURE, NATEXIS EPARGNE ENTERPRISE
AND THE REPUBLIC OF FRANCE

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from Snecma (the "**Filer**") for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for:

1. an exemption from the dealer registration requirements and the prospectus requirements of the Legislation so that such requirements shall not apply to:

   (a) trades in ordinary shares ("**Shares**") of the Filer by the Republic of France (the "**Selling Shareholder**") to Qualifying Employees (including Former Employees, both as described below) who choose to participate (the "**Canadian Participants**") in the global employee offering of Shares of the Filer (the "**Snecma Employee Share Plan 2005**");

   (b) trades in the Shares acquired by the Canadian Participants pursuant to the Snecma Employee Share Plan 2005 to a collective employee shareholding vehicle, the Snecma Ouverture, a *fonds commun de placement d'entreprise* or "**FCPE**" (the "**Fund**");

   (c) trades in the securities (the "**Units**") of the Fund made to or with the Canadian Participants;

   (d) the redemption of the Units by the Fund; and

2. an exemption from the advisor registration requirements and dealer registration requirements of the Legislation so that such requirements shall not apply to the manager of the Fund, Natexis Epargne Enterprise (the "**Manager**"), to the extent that its activities in relation to the Snecma Employee Share Plan 2005 require compliance with the adviser registration requirements and dealer registration requirements.

(collectively, the "**Requested Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation formed under the laws of the Republic of France with a head office in Paris. The Shares of the Filer are listed on Euronext Paris. The Filer is not and has no current intention of becoming a reporting issuer (or equivalent) under the Legislation.

2. Messier-Dowty Inc., Turboméca Canada Inc., Techspace Aero Canada Ltée and other Canadian affiliates of the Filer (the "**Canadian Affiliates**",

and together with the Filer and other affiliates of the Filer, the "**Snecma Group**") are direct or indirect controlled subsidiaries of the Filer and are not and have no current intention of becoming reporting issuers (or equivalent) under the Legislation.

3. The Filer and Sagem S.A. ("**Sagem**") are participating in a transaction under which Sagem has made a public tender offer for the outstanding Shares of the Filer (the "**Sagem Tender Offer**"). The Sagem shares are listed on Euronext Paris.

4. The Selling Shareholder is the Republic of France. The Selling Shareholder owns or controls, directly or indirectly, 22 374 198 Shares, representing approximately 8.2% of the issued and outstanding Shares. Prior to tendering some if its holdings of Shares to Sagem under the Sagem Tender Offer, the Selling Shareholder beneficially owned or controlled, directly or indirectly, approximately 62.2% of the issued and outstanding Shares. Under French privatization law, the tender of Shares by the Selling Shareholder is considered a disposal which obliges the Selling Shareholder to make an offering of Shares to Qualifying Employees (as defined below) under the Snecma Employee Share Plan 2005. The Selling Shareholder is not and has no current intention of becoming a reporting issuer (or equivalent) under the Legislation.

5. Current employees of the Snecma Group and former employees of the Snecma Group (the "**Former Employees**" and together with the current employees of the Snecma Group, the "**Qualifying Employees**") are invited to participate in the Snecma Employee Share Plan 2005 implemented in accordance with a French ministerial order enacted under French privatization law (the "**Ministerial Order**").

6. The Fund is a FCPE established by the Manager to facilitate the participation of Qualifying Employees in the Snecma Employee Share Plan 2005 and to simplify custodial arrangements for such participation. The Fund has been established for the sole purpose of providing Qualifying Employees with an opportunity to indirectly acquire an interest in the Shares. The Fund is not and has no current intention of becoming a reporting issuer (or equivalent) under the Legislation. The Fund is a collective shareholding vehicle of a type commonly used in France for the conservation of shares held by employee investors and is registered and approved by the French Autorité des marchés financiers (the "**French AMF**"). Only Qualifying Employees are allowed to hold Units of the Fund, and such holdings will be in an amount reflecting the number of Shares held by the Fund on behalf of such Qualifying Employees.

7. The Manager is an asset management company governed by the laws of the Republic of France. The Manager is registered with the French AMF to manage French investment funds and complies with the rules of the French AMF. The Manager is not and has no current intention of becoming a reporting issuer (or equivalent) under the Legislation.

8. Qualifying Employees will be invited to participate in the Snecma Employee Share Plan 2005 under the following terms:

   (a) The purchase price for the Shares is calculated as (i) the closing price of the Sagem shares on the date of their delivery to the Selling Shareholder pursuant to the Sagem Tender Offer, (ii) divided by the Sagem/Snecma exchange ratio applied in the Sagem Tender Offer, (iii) less a 20% discount.

   (b) Payment for the Shares may be made upon delivery or in instalments.

   (c) The Shares cannot be sold for a period of two years (the "**Hold Period**") from the date of purchase.

   (d) At the end of the Hold Period, a Canadian Participant may (i) redeem Units with the Fund in exchange for a cash payment based on the then market value of the Shares (or the equivalent shares of the continuing company resulting from the merger) represented by the Units; or (ii) continue to hold the Units and redeem them at a later date.

   (e) A purchaser who retains his or her purchased Units for three years will receive bonus shares ("**Bonus Shares**"). It is anticipated that at the end of the three-year ownership period, an eligible subscriber will receive one Bonus Share for each 4 Shares that he or she purchased, up to a limit on the value of all Bonus Shares received. Canadian Participants will receive one Unit for each Bonus Share contributed to the Fund.

9. The Shares subscribed for by the Canadian Participants under the Snecma Employee Share Plan 2005 will be contributed to the Fund and the Canadian Participant will receive one Unit for each contributed Share. Canadian Participants will also receive one Unit for each Bonus Share contributed to the Fund on their behalf.

10. Dividends paid on the Shares (or the equivalent shares of the continuing company resulting from the merger) held in the Fund pursuant to the Snecma Employee Share Plan 2005 will be

contributed to the Fund and used to purchase additional Shares (or the equivalent shares of the continuing company resulting from the merger). The Canadian Participants will receive additional Units representing such contribution.

11. For Canadian federal income tax purposes, the Canadian Participants will be deemed to receive any dividends paid on the Shares (or the equivalent shares of the continuing company resulting from the merger) held by the Fund on their behalf, at the time such dividends are received by the Fund. This will be the case notwithstanding the reinvestment of such dividend amounts by the Fund to acquire additional Shares (or the equivalent shares of the continuing company resulting from the merger) on behalf of the Canadian Participants. Consequently, the Canadian Participants will be required to fund the tax liabilities associated with the dividends without immediate recourse to the actual dividends.

12. In the event of an over-subscription of the Shares available under Snecma Employee Share Plan 2005, the French Minister of the Economy, Finance and Industry may reduce the number of Shares that should be allocated to each subscriber in approximate proportion to the amount of his or her initial subscription.

13. The Fund is established for the purpose of implementing the Snecma Employee Share Plan 2005. To facilitate the management of Shares purchased under the Snecma Employee Share Plan 2005, as well as the arrangements for granting Bonus Shares and treatment of revenues thereon, two separate compartments in the Fund will be used in 2005: one in respect of Shares purchased under the Snecma Employee Share Plan 2005, and one in respect of fractions of Bonus Shares and revenues (such as dividends paid on Shares, Bonus Shares and fractions of Bonus Shares (the "**Revenue Compartment**"). The Fund's portfolio will consist exclusively of Shares (or the equivalent shares of the continuing company resulting from the merger) and, from time to time, cash in respect of dividends paid on the shares held in the Fund and cash or cash equivalents which the Fund may hold for purposes of facilitating Unit redemptions. The Fund will not engage in any of the investment practices described in sections 2.3 through 2.6 of National Instrument 81-102 *Mutual Funds* except as described herein.

14. Except as described herein, shares purchased under the Snecma Employee Share Plan 2005 will be deposited in the Fund through Natexis Banques Populaires (the "**Custodian**"), a French bank subject to French banking legislation. Under French law, the Custodian must be selected by the Manager from among a limited number of companies identified on a list by the French Minister of the Economy, Finance and Industry and its appointment must be approved by the French AMF. The Custodian carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow the Fund to exercise the rights relating to the securities held in its portfolio.

15. The Manager's asset management activities in connection with the Snecma Employee Share Plan 2005 and the Fund is limited to receiving the Shares from the Custodian on behalf of the Canadian Participants, and selling such Shares (or the equivalent shares of the continuing company resulting from the merger) as necessary in order to fund redemption requests. The Manager is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of the Fund. The Manager's activities in no way affect the underlying value of the shares held in the Fund, and the Manager will not be involved in providing advice to any Canadian Participants.

16. The initial value of a Unit in the Fund corresponds to the purchase price for the Shares when the Shares are transferred to the Fund. The Unit value of the Fund will be calculated on a daily basis and reported to the French AMF, based on the net assets of the Fund divided by the number of Units outstanding. The number of Units will be adjusted on the basis of the market price of the Shares and other assets (ie. cash) held by the Fund, effective from the first date on which the net asset value is calculated and whenever Shares (ie. Bonus Shares) or other assets are contributed to the Fund. The net asset value of a Unit in the compartment dedicated to the Shares subscribed for under the Snecma Employee Share Plan 2005 will remain equal to that of a Share.

17. Upon redemption of the Units, the Canadian Participant will be paid in cash on the basis of the net market price of the Shares (or the equivalent shares of the continuing company resulting from the merger) corresponding to the Canadian Participant's Units and will pay the redemption charges in connection with such redemption (except that the Revenue Compartment of the Fund will bear the cost of brokerage fees and commissions incurred in connection with trades effected on shares held therein).

18. There are approximately 969 Qualifying Employees resident in Canada, including approximately 660 current employees in Ontario, 275 current employees in Quebec and 34 Former Employees across Canada, all of whom together account for less than 2% of the Qualifying Employees worldwide.

19. The Canadian resident Qualifying Employees will not be induced to participate in the Snecma

Employee Share Plan 2005 by expectation of employment or continued employment.

20. The total amount invested by a Qualifying Employee cannot exceed €150,900 (an official exchange rate will be fixed on the day before the opening of the subscription period), subject to the availability of Shares.

21. None of the Filer, the Selling Shareholder, the Manager or any of their employees, agents or representatives will provide investment advice to the Canadian Participants with respect to an investment in the Shares or the Units.

22. The Canadian Participants will receive an information package in the French or English language, as applicable, which will include a summary of the terms of the Snecma Employee Share Plan 2005 and a description of the relevant Canadian income tax consequences. Upon request, Canadian Participants may receive copies of the French *Document de Référence and Note d'opération* filed with the French AMF in respect of the Shares and a copy of the Fund's rules (which are analogous to company by-laws).

23. It is not expected that there will be any market for the Shares (or the equivalent shares of the continuing company resulting from the merger) or the Units in Canada. The Units will not be listed on any exchange.

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the first trade (alienation) in any Units or Shares (or the equivalent shares of the continuing company resulting from the merger) acquired by Canadian Participants pursuant to this Decision shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction.

"Wendell S. Wigle"
Commissioner
Ontario Securities Commission

"David L. Knight"
Commissioner
Ontario Securities Commission

2.1.7 Sanofi-Aventis - MRRS Decision

Headnote

Issuer and other entity entered into merger agreement providing for merger of other entity with and into the issuer — all assets and liabilities of the other entity were transferred to the issuer and the other entity subsequently dissolved — other entity previously obtained four exemption orders in connection with offering of its securities to its employees — issuer seeking variation of the previous exemption orders to reflect occurrence of merger

Applicable Ontario Statutory Provisions

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

March 30, 2005

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

AND

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

AND

**IN THE MATTER OF
SANOFI-AVENTIS
(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 the following variation to decision documents previously issued by the Decision Makers:

(i) in paragraphs (b) and (c) of the operative section of the 2001 Leveraged Plan Decision (defined below), deleting references to the word "Shares" and replacing them with the words "shares of sanofi-aventis";

(ii) in paragraphs (c) and (d) of the operative section of the 2002 Decision (defined below), deleting the word "Shares" and replacing them with the words "shares of sanofi-aventis"; and

(iii) in paragraphs (c) and (d) of the operative section of the 2003 Decision (defined below), deleting the word "Shares" and replacing them with the words "shares of sanofi-aventis".

(collectively, the **Amendment Relief**)

The Filer has also applied for a further decision under the Legislation for the following variation of a decision document previously issued by the Decision Makers (other than the Decision Makers in New Brunswick, Nova Scotia and Newfoundland and Labrador):

(iv) in paragraph (c) and(d) of the 2001 Classic Plan Decision (defined below), deleting the word "Shares" and replacing those words with "shares of sanofi-aventis".

(the **Classic Plan Amendment Relief**)

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

2. The Filer is a corporation formed under the laws of the Republic of France. The shares of the Filer are listed on Euronext and on the New York Stock Exchange (in the form of American Depositary Shares). The Filer is not and has no current intention of becoming a reporting issuer (or equivalent) under the Legislation.

3. In 2004, the Filer acquired a controlling majority of the share capital and voting rights of Aventis S.A. (**Aventis**) through a public tender offer and Aventis became a majority owned subsidiary of the Filer. The Filer also changed its name from Sanofi-Synthélabo SA to sanofi-aventis.

4. The Filer and Aventis entered into a merger agreement dated October 14, 2004 providing for the merger of Aventis with and into the Filer, with the Filer continuing as the surviving company. The merger took effect on December 31, 2004. In the merger, all of the assets and liabilities of Aventis were transferred to the Filer, and Aventis was dissolved.

5. Previously, Aventis had conducted global employee offerings (**Offerings**) whereby shares of Aventis were issued to French collective employee shareholding vehicles (a *fonds commun de placement d'entreprise* or FCPE, but each referred to here as a **Fund**) which were registered and approved by the French Autorité des marchés financiers. In exchange for the contribution of Aventis shares to a Fund on behalf of the participants, each participant was issued units (**Units**) of the relevant Fund. The Funds are not and have no current intention of becoming reporting issuers (or equivalent) under the Legislation.

6. In connection with the global employee offering, Aventis previously obtained from the Decision Makers the following decisions:

(a) *In the Matter of Aventis S.A.* dated March 20, 2001 (the **2001 Leveraged Plan Decision**) granted by the Decision Maker in each of the Jurisdictions;

(b) *In the Matter of Aventis S.A.* dated November 29, 2001 (the **2001 Classic Plan Decision**) granted by the Decision Maker in each of the Jurisdictions other than New Brunswick, Nova Scotia and Newfoundland and Labrador;

(c) *In the Matter of Aventis S.A.* dated April 18, 2002 (the **2002 Decision**) granted by the Decision Maker in each of the Jurisdictions; and

(d) *In the Matter of Aventis S.A.* September 19, 2003 (the **2003 Decision**) granted by the Decision Maker in each of the Jurisdictions.

(collectively, the **Previous Decision Documents**)

7. As described in the Previous Decision Documents, Units are subject to a hold period of approximately five years (the **Lock-Up Period**), subject to certain exceptions prescribed by French law (such as early release on death or termination of employment). At the end of the Lock-Up Period, Canadian participants are permitted to continue to hold their Units or redeem their Units in consideration for the underlying Aventis shares. The terms of some of the Offerings also allow Canadian participants to redeem their Units for a cash payment equal to the then market value of the Aventis shares represented by their Units.

8. As a result of the tender offer and merger described above, the Funds now hold shares of the Filer instead of Aventis shares.

9. The Filer wishes to vary the Previous Decision Documents to permit the Units to be redeemed for Filer's shares and to allow the first trade of these shares by Canadian participants.

10. It is not expected that there will be any market for the shares or the Units in Canada. The Units are not listed on any exchange.

11. As of the date hereof, Canadian participants do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all shares of the Filer held by the Funds on behalf of Canadian Participants) more than 10 per cent of the Filer's shares and do not represent more than 10 per cent of the total number of holders of the Filer's shares as shown on the books of the Filer.

12. The Filer is in compliance with, and will continue to comply, with the remaining terms and conditions of the Previous Decision Documents.

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 Amendment Relief is granted, provided that the Filer continues to comply with all terms and conditions contained in the 2001 Leveraged Plan, 2002 Decision and the 2003 Decision, except as varied by this decision.

The further decision of the Decision Makers (other than those in New Brunswick, Nova Scotia and Newfoundland and Labrador) under the Legislation is that the Classic Plan Amendment Relief is granted, provided that the Filer continues to comply with all terms and conditions contained in the 2001 Classic Plan Decision, except as varied by this decision.

"Paul Moore"
Commissioner
Ontario Securities Commission

"Paul Bates"
Commissioner
Ontario Securities Commission

2.1.8 Chartwell Seniors Housing Real Estate Investment Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – real estate investment trust granted relief to use a test based on net operating income rather than income from continuing operations for the purposes of the requirement to file business acquisition reports in respect of acquisitions.

Rules Cited

National Instrument 51-102 - Continuous Disclosure Obligations.

March 31, 2005

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

AND

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

AND

IN THE MATTER OF
CHARTWELL SENIORS HOUSING
REAL ESTATE INVESTMENT TRUST

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Newfoundland and Labrador (collectively, the Jurisdictions) has received an application from Chartwell Seniors Housing Real Estate Investment Trust (the REIT) for a decision pursuant to the securities legislation in the Jurisdictions (the Legislation), and in Québec a revision of the general order that will provide the same result as an exemption order, granting relief to use the NOI test (as defined below) rather than the income test for the purposes of its continuous disclosure obligations under the Legislation in respect of acquisitions completed in 2005 (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. The REIT is an unincorporated, open-ended investment trust established under the laws of the Province of Ontario by a declaration of trust with its head office located in Mississauga, Ontario.

2. The REIT is a reporting issuer under the securities legislation of each of the provinces of Canada.

3. The units of the REIT are listed and posted for trading on the Toronto Stock Exchange under the trading symbol CSH.UN.

4. The REIT completed its initial public offering (the IPO) on November 14, 2003 pursuant to its final long form prospectus dated October 31, 2003.

5. The proceeds of the IPO were used by the REIT to indirectly acquire a portfolio of seniors housing facilities from various vendors.

6. The REIT is contemplating the acquisition of certain seniors housing facilities during the course of 2005.

7. The application of the income test using the income from continuing operations of the REIT for the 12 months ended December 31, 2004 leads to anomalous results in that the significance of businesses acquired or to be acquired is exaggerated out of proportion to their significance on an objective basis and in comparison to the results of the asset and investment tests.

8. The use of a test (the NOI test) based on net operating income of the business or related businesses and of the REIT (calculated as revenue less operating expenses and less allowance for bad debt, but before deducting principal and interest payments, depreciation allowances and costs of capital expenditures), rather than using income from continuing operations, provides a more realistic indication of the significance of the acquisitions and its results are generally consistent with the asset test and investment test.

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.

"Cameron McInnis"
Manager, Corporate Finance
Ontario Securities Commission

2.1.9 Rio Tinto Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Issuer bid by Australian corporation that is not a reporting issuer in any jurisdiction of Canada – bid made in compliance with applicable Australian laws – 44 registered and 57 unregistered shareholders in Canada holding less than 0.6703% of the outstanding shares – corporation exempted from issuer bid requirements, subject to conditions.

Applicable Ontario Statutes

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

Recognition Orders Cited

In the Matter of the Recognition of Certain Jurisdictions Recognition Order (Clauses 93(1)(e) and 93(3((h) of Act) (1997), 20 OSCB 1035.

April 11, 2005

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

AND

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

AND

IN THE MATTER OF
RIO TINTO LIMITED (RTL or the Filer)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from RTL for a decision under the securities legislation of the Jurisdictions (the Legislation) that the formal requirements relating to an issuer bid contained in the Legislation, including the provisions relating to delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up of and payment for securities tendered to the issuer bid and disclosure (collectively, the Issuer Bid Requirements), do not apply to the Offer (as defined below) (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. RTL is a corporation incorporated under the laws of Victoria, Australia. RTL, with Rio Tinto plc (RTP), is part of a dual listed company structure, referred to as the Rio Tinto Group (Rio Tinto). While Rio Tinto operates as a single economic entity, both RTL and RTP remain legal entities with separate share listings and registers.

2. RTL is a listed corporation under the laws of Australia and is also subject to the reporting requirements of the federal securities laws of the United States as a foreign private issuer.

3. As at January 4, 2005, RTL's issued and outstanding capital consisted of 499,259,220 ordinary shares (the Shares).

4. RTL is not a reporting issuer in any jurisdiction of Canada.

5. The Shares are listed on the Australian Stock Exchange and the New Zealand Stock Exchange. The Shares are not listed on any Canadian stock exchange.

6. On February 3, 2005, Rio Tinto announced an intention to return up to US$1.5 billion of capital to shareholders during the course of 2005 and 2006, subject to market conditions. As part of this capital management programme, Rio Tinto indicated its intention to seek shareholder approval, to make off-market buy-backs of Shares during the next 12 months under one or more off-market tender buy-back schemes.

7. Under the dual listed company structure RTL has with RTP, the off-market tender buy-back scheme(s) will require shareholder approval by both the shareholders of RTL and RTP.

8. Broadly, RTL is targeting to repurchase the equivalent of approximately A$400-500 million of capital under the off-market tender buy-back scheme(s), but the ultimate size of the buy-back will be dependent on shareholder demand and market conditions at the time.

9. Each off-market buy-back tender (each, an Offer) to acquire the Shares, and any amendments to such Offer will be made in accordance with the corporate and securities laws of Australia and will be effected by way of a bid circular (the Offering Document). For each Offer, the Offering Document will comprise a booklet containing the complete terms of the buy-back tender and will be sent to eligible shareholders of RTL.

10. Under the tender process, shareholders will be invited to tender a number of their Shares, as specified by them, at any of the specified prices within a set price range. It is currently expected that the price range will be a range of discounts set by RTL to the then prevailing market price. The tenders will need to be submitted within a specified tender period, subject to extension by RTL. The market price will be the volume weighted average price for the Shares over the five day period ending on the close of the tender period.

11. It is intended that the Offer will be a pro rata invitation to all shareholders of RTL to make an offer to sell up to 100% of their Shares, provided that shareholders resident in particular jurisdictions may not be able to participate if, pursuant to the laws of those jurisdictions, the Offer is not permitted to be conducted in accordance with the laws of Australia. Participation by RTL shareholders will be voluntary so that shareholders not wishing to participate in the Offer will not be required to take any action to retain their Shares.

12. The number of Shares which RTL will buy back, if any, and the final price that will apply to the Shares bought back will, if RTL proceeds with the issuer bid, be determined by the directors of RTL after all tenders have been received and will depend upon the number of Shares tendered at the relevant tender prices.

13. Only Shares tendered at or below the final buy back price set by RTL will be bought back under the Offer. All shareholders whose tenders are successful will receive the same consideration per Share. However, it is possible that, if the Offer is over-subscribed at the nominated final price determined by RTL, there will be a scale back of the number of Shares to be bought back from shareholders who tendered their Shares at or below the final buy-back price, as determined by the Directors of RTL. Such scale-back is expected to be done on a pro-rata basis although some preference for redeeming odd-lot holders may be made.

14. In accordance with Australian law, Shares bought back will be cancelled immediately upon transfer to RTL.

15. Based upon the list of registered shareholders and inquiries made with various intermediaries, RTL believes that there are:

Jurisdiction	Number of Registered Shareholders	Number of Unregistered Shareholders	Aggregate Number of Shares Held	Approximate % of Shares Outstanding
British Columbia	16	2	382,641	0.08

Alberta	4	3	68,618	0.01
Saskatchewan	1	0	85	0.0001
Manitoba	1	2	848,425	0.17
Ontario	16	46	1,622,339	0.32
Quebec	4	4	427,246	0.09
New Brunswick	1	0	598	0.0001
Nova Scotia	1	0	539	0.0001
Total	44	57	3,350,491	0.6703

16. RTL cannot rely on the *de minimus* exemption from the Issuer Bid Requirements because the Decision Makers have not recognized Australia for this purpose in the Legislation.

17. The Offer will be made on the same terms and conditions to Canadian shareholders and to shareholders resident in Australia, including offering identical consideration.

18. The Offering Document and all other material relating to the Offer that will be send by RTL to shareholders resident in Australia, including any amendments thereto, will be sent concurrently to Canadian shareholders and filed with the Decision Makers.

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:

1. the Offer, and any amendments thereto, is made in compliance with applicable Australian laws; and

2. all materials relating to the Offer and any amendments thereto which are sent by or on behalf of the Filer to holders of Shares in Australia are concurrently sent to Canadian holders of Shares and copies thereof are concurrently filed with the Decision maker in each Jurisdiction.

"Wendell S. Wigle"
Ontario Securities Commission

"Paul K. Bates"
Ontario Securities Commission

2.2 Orders

2.2.1 Morgan Stanley DW Inc. - s. 147 of the Act

Headnote

Morgan Stanley DW Inc.

International adviser exempted from the requirements in subsections 21.10(3) and 21.10(4) of the Act, and section 139 of the Regulation, to file, or deliver, annual audited financial statements.

Statutes Cited

Securities Act, R.S.O. 1990 c. S.5, as am., ss. 21.10(3), 21.10(4) and 147.

Regulation Cited

Ontario Regulation 1015, R.R.O. 1990, as am., s. 139.

Rules Cited

Ontario Securities Commission Rule 35-502 Non-Resident Advisers, Part 4.

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

AND

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

AND

IN THE MATTER OF
MORGAN STANLEY DW INC.

ORDER
(Section 147 of the Act)

UPON the application (the "Application") of Morgan Stanley DW Inc. ("Morgan DW") to the Ontario Securities Commission (the "Commission") for an order, pursuant to section 147 of the Act, exempting Morgan DW from the following (collectively, the "Financial Statement Submission Requirements"):

(i) the provisions (the "Adviser Financial Statement Submission Requirements") in subsection 21.10(3) and 21.10(4) of the Act and section 139 of the Regulation, that require a registrant that is registered under the Act as an adviser to file with, or to deliver to, the Commission its annual financial statements, together with an auditor's report thereon; and

(ii) the provisions (the "Dealer Financial Statement Submission Requirements") in subsections 21.10(3) and 21.10(4) of the Act that require a registrant that is registered under the Act as a dealer to file with, or deliver to, the Commission its annual financial statements, together with an auditor's report thereon;

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

AND UPON Morgan DW having represented to the Commission that:

1. Morgan DW is a corporation organized under the laws of the State of Delaware, in the United States of America (the U.S.A."), and is a wholly-owned subsidiary of Morgan Stanley ("Morgan Stanley"). The head office of Morgan DW is located in Purchase, New York, U.S.A.

2. Morgan DW is not presently registered under the Act. Morgan DW has applied for registration under the Act as an adviser, in the category of "international adviser" (investment counsel and portfolio manager), and, as a dealer, in the category of "international dealer".

3. Morgan DW is a global financial services firm and is registered as an investment adviser and broker-dealer with the United States Securities and Exchange Commission (the "SEC"). Morgan DW provides investment, financing, and related services to individuals and institutions on a global basis.

4. Morgan DW is not able to apply to the Commission for an exemption from the requirement in subsection 21.10(3) of the Act that it file annual audited financial statements, in accordance with the procedure to apply for such an exemption provided for in Part 4 of Ontario Securities Commission Rule 35-502 Non-Resident Advisers (the "Rule), because this procedure is only available to an applicant for registration as an international adviser, that is not registered, and is not applying for registration, in any other category of registration.

5. It is the practice of staff of the Commission to not require the filing with, or delivery to, the Commission of any financial statement (or any auditor's report thereon) by registrants that are only registered as international dealers, or by applicants for registration as an international dealer, where the applicant is not registered, and is not applying for registration, in an other category of registration other than international dealer.

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

IT IS ORDERED, pursuant to section 147 of the Act, that, Morgan DW is exempt from the Financial Statement Submission Requirements, provided that this exemption shall terminate upon Morgan DW being registered under the Act in any other category of registration other than international adviser or international dealer.

April 5, 2005.

"Wendell S. Wigle" "Paul K. Bates"

2.2.2 NEMI Northern Energy & Mining Inc. - ss. 83.1(1) of the Act, ss. 9.1(1) of NI 43-101 & ss. 6.1 of OSC Rule 13-502

Headnote

Order deemed issuer to be a reporting issuer. Issuer is a reporting issuer in British Columbia and Alberta, and its securities are listed on the TSX Venture Exchange. Issuer also granted limited exemption from requirement in NI 43-101 to have technical report prepared by independent qualified person. Issuer also exempted from paying fees in connection with request for exemption from NI 43-101 requirements.

Statute Cited

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

Ontario Policy

Ontario Securities Commission Policy 12-602 Deeming a Reporting Issuer in Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario.

Ontario Rule

OSC Rule 13-502 Fees

National Instrument

National Instrument 43-101 - Standards of Disclosure for Mineral Projects

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

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

AND

IN THE MATTER OF
OSC RULE 13-502 *FEES*

AND

IN THE MATTER OF
NEMI NORTHERN ENERGY & MINING INC.

ORDER and DECISION

(Subsection 83.1(1) of the Act, Subsection 9.1(1) of NI 43-101 & Subsection 6.1 of OSC Rule 13-502)

UPON the application of NEMI Northern Energy & Mining Inc. (the Issuer) to the Ontario Securities

Commission (the Commission) for an order pursuant to subsection 83.1(1) of the Act deeming the Issuer to be a reporting issuer for the purposes of Ontario securities law;

AND UPON the application of the Issuer for a decision under subsection 9.1(1) of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) that the Issuer be exempt from the requirement that the technical report to be filed for each material property upon an issuer first becoming a reporting issuer in a Canadian jurisdiction be prepared by a qualified person that is independent of the Issuer;

AND UPON the application of the Issuer to the Director of the Commission for a decision under section 6.1 of Ontario Securities Commission Rule 13-502 *Fees* (Rule 13-502) granting the Issuer an exemption from paying an activity fee for the application for relief from NI 43-101;

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

AND UPON the Issuer having represented to the Commission and the Director as follows:

1. The Issuer was incorporated on October 21, 1987 as "*Goldbank Ventures Ltd*." pursuant to the provisions of the *Business Corporations Act* (Alberta). On September 15, 2000, the Issuer changed its name to "*Consolidated Goldbank Ventures Ltd*." pursuant to a share consolidation and on August 13, 2003, changed its name to "*NEMI Northern Energy & Mining Inc.*". On April 10, 1990, the Issuer was registered as an extra-provincial company in British Columbia.

2. The Issuer's registered office is located at 530 - 8th Avenue S.W., Calgary, Alberta, T2P 3S8, and its head office is located at 200 - 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

3. The Issuer is a resource company involved in the exploration and development of coal properties in northeast British Columbia.

4. The authorized share capital of the Issuer consists of an unlimited number of Class "A" common shares without par value (the Class "A" Shares), an unlimited number of Class "B" common shares without par value, an unlimited number of Class "C" common shares without par value, and an unlimited number of Class "D" non-voting preferred shares. As of March 31, 2005, there were 45,863,114 Class "A" Shares issued and outstanding.

5. The Issuer is and has been, as a reporting issuer, subject to the requirements of the *Securities Act* (Alberta) (the Alberta Act) since February 22, 1988, and to the requirements of the *Securities Act* (British Columbia) (the BC Act) since November 29, 1999.

6. The Class "A" Shares were listed on the Alberta Stock Exchange (a predecessor to the TSX Venture Exchange) on May 2, 1988, and continue to be listed and posted for trading on the TSX Venture Exchange under the symbol "NNE.A".

7. The Issuer is in good standing under the rules, regulations and policies of the TSX Venture Exchange.

8. The Issuer has applied to the Commission pursuant to subsection 83.1(1) of the Act for an order that it be deemed to be a reporting issuer in Ontario.

9. Subsection 4.1(1) of NI 43-101 provides that, upon first becoming a reporting issuer in a Canadian jurisdiction, an issuer shall file with the securities regulatory authority in that Canadian jurisdiction, a current technical report for each property material to the issuer. Subsection 5.2(1)4 further requires that this report be prepared by a qualified person that is independent of the issuer.

10. The Issuer has a significant connection to Ontario because registered and beneficial shareholders resident in Ontario hold more than 20% of the issued and outstanding Class "A" Shares.

11. The Issuer has two material properties: the Trend Property and the Saxon Coal Project, both of which are located in northeastern British Columbia.

12. On June 17, 2004, the Issuer filed on the System for Electronic Document Analysis and Retrieval (SEDAR), a technical report entitled "*Summary Report on the Extension Block Trend Coal Property*", dated June 7, 2004 and prepared by JHP Coal-Ex Consulting Ltd.

13. On March 17, 2004, the Issuer filed on SEDAR, a technical report entitled "*Summary Report on the Saxon Coal Project*", dated February 19, 2004 and prepared by JHP Coal-Ex Consulting Ltd.

14. The Issuer would not otherwise be required to file an independent technical report pursuant to NI 43-101 at this time, except for it applying to become a reporting issuer in Ontario.

15. The Issuer is not in default of any requirements contained in the Alberta Act or the BC Act, or any of the rules and regulations thereunder, and is not on the lists of defaulting reporting issuers maintained pursuant to the Alberta Act and the BC Act.

16. The continuous disclosure requirements of the Alberta Act and the BC Act are substantially the same as the requirements under the Act.

17. The materials filed by the Issuer as a reporting issuer in the Provinces of Alberta and British Columbia since November 3, 1997 (the implementation date of SEDAR) are available on SEDAR. The Issuer's continuous disclosure record is up to date and includes a description of the Issuer's material coal properties.

18. Neither the Issuer, any of its directors or officers, nor, to the knowledge of the Issuer and its directors and officers, any controlling shareholder of the Issuer, has been subject to:

    (i) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, or

    (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

19. Neither the Issuer, any of its directors or officers, nor, to the knowledge of the Issuer and its directors and officers, any controlling shareholder of the Issuer, has been subject to:

    (i) any known ongoing or concluded investigations by:

        (a) a Canadian securities regulatory authority; or

        (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or

    (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver manager or trustee, within the preceding 10 years.

20. None of the directors or officers of the Issuer, nor, to the knowledge of the Issuer and its directors and officers, any controlling shareholder of the Issuer, is or has been at the time of such event, an officer or director of any other issuer which is or has been subject to:

    (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or

    (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver manager or trustee, within the preceding 10 years.

21. The Issuer shall remit all participation fees due and payable by it pursuant to Rule 13-502 by no later than two (2) business days from the date hereof.

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

IT IS HEREBY ORDERED, pursuant to section 83.1(1) of the Act, that the Issuer be deemed to be a reporting issuer for the purposes of Ontario securities law.

April 8, 2005.

"Iva Vranic"
Manager, Corporate Finance

AND IT IS DECIDED pursuant to subsection 9.1(1) of NI 43-101 that the Issuer is exempt from the requirement in section 5.3(1) of NI 43-101 that a technical report filed pursuant to section 4.1(1) of NI 43-101 upon the Issuer first becoming a reporting issuer in Ontario be prepared by a qualified person that is independent from the Company.

AND IT IS FURTHER DECIDED pursuant to section 6.1 of Rule 13-502 that the Issuer is exempt from paying the activity fee in connection with the making of the application under subsection 9.1(1) of NI 43-101.

April 8, 2005.

"Iva Vranic"
Manager, Corporate Finance

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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
AFM Hospitality Corporation	08 Apr 05	20 Apr 05		
International Utility Structures Inc.	13 Apr 05	25 Apr 05		
Promax Energy Inc.	28 Mar 05	08 Apr 05	08 Apr 05	
Unisphere Waste Conversion Ltd.	05 Apr 05	15 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		
Central Asia Gold Limited	01 Apr 05	14 Apr 05		06 Apr 05	
CFM Corporation	16 Feb 05	01 Mar 05	01 Mar 05		
Golden Queen Mining Co. Ltd.	12 Apr 05	25 Apr 05			
Guyanor Ressources S.	12 Apr 05	25 Apr 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		
Kinross Gold Corporation	01 Apr 05	14 Apr 05			
Mamma.com Inc.	01 Apr 05	14 Apr 05			
MDC Partners Inc.	05 Apr 05	18 Apr 05			
Nortel Networks Corporation	17 May 04	31 May 04	31 May 04		
Nortel Networks Limited	17 May 04	31 May 04	31 May 04		
Stelco Inc.	01 Apr 05	14 Apr 05			
Thistle Mining Inc.	05 Apr 05	18 Apr 05			
Timminco Limited	01 Apr 05	14 Apr 05			

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Chapter 5

Rules and Policies

5.1.1 National Policy 58-201 Corporate Governance Guidelines and National Instrument 58-101 Disclosure of Corporate Governance Practices

NOTICE
NATIONAL POLICY 58-201
CORPORATE GOVERNANCE GUIDELINES

AND

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

National Policy 58-201 *Corporate Governance Guidelines* (the **Policy**) and National Instrument 58-101 *Disclosure of Corporate Governance Practices*, Form 58-101F1 and Form 58-101F2 (collectively, the **Instrument**) are initiatives of the members of the Canadian Securities Administrators.

The Instrument has been made, or is expected to be made, as a rule in each of British Columbia, Alberta, Manitoba, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador, as a Commission regulation in Saskatchewan and Nunavut, as a regulation in Québec, as a policy in Prince Edward Island and the Yukon Territory, and as a code in the Northwest Territories. The Policy has been made, or is expected to be made, as a policy in every jurisdiction in Canada.

We intend the Policy and the Instrument to come into force on June 30, 2005. However, the Instrument will only apply to information circulars or AIFs, as the case may be, which are filed following financial years ending on or after June 30, 2005.

In Ontario, the Instrument and other required materials were delivered to the Chair of the Management Board of Cabinet on April 15, 2005. The Minister may approve or reject the Instrument or return it for further consideration. If the Minister approves the Instrument or does not take any further action by June 14, 2005, the Instrument will come into force on June 30, 2005. The Policy will come into force on the date that the Instrument comes into force.

In Québec, the Instrument is a regulation made under section 331.1 of *The Securities Act* (Québec) and must be approved, with or without amendment, by the Minister of Finance. The Instrument will come into force on the date of its publication in the *Gazette officielle du Québec* or on any later date specified in the regulation. It must also be published in the Bulletin.

In Alberta, the Instrument and other materials were delivered to the Minister of Finance. The Minister may approve or reject the Instrument. Subject to Ministerial approval, the Instrument and Policy will come into force on June 30, 2005. The Alberta Securities Commission will issue a separate notice advising whether the Minister has approved or rejected the Instrument.

Background to the Instrument and Policy

On January 16, 2004, the securities regulatory authorities in Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Yukon Territory, the Northwest Territories and Nunavut published for comment proposed Multilateral Policy 58-201 *Effective Corporate Governance* and proposed Multilateral Instrument 58-101 *Disclosure of Corporate Governance Practices* (the **January Proposal**). On April 23, 2004, the securities regulatory authorities in British Columbia, Alberta and Québec published for comment proposed Multilateral Instrument 51-104 *Disclosure of Corporate Governance Practices* (the **April Proposal**).

On October 29, 2004, we published the Policy and the Instrument for comment. The Policy and Instrument reflected elements of each of the January Proposal and the April Proposal. The comment period expired on December 13, 2004 (December 27, 2004 in Manitoba).

Summary and Discussion of the Policy and the Instrument

The Policy

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

The following corporate governance guidelines are contained in the Policy:

- maintaining a majority of independent directors on the board of directors (the **board**)
- appointing a chair of the board or a lead director who is an independent director
- holding regularly scheduled meetings of independent directors at which non-independent directors and members of management are not in attendance
- adopting a written board mandate
- developing position descriptions for the chair of the board, the chair of each board committee, and the chief executive officer
- providing each new director with a comprehensive orientation, and providing all directors with continuing education opportunities
- adopting a written code of business conduct and ethics (a **code**)
- appointing a nominating committee composed entirely of independent directors
- adopting a process for determining the competencies and skills the board as a whole should have, and applying this result to the recruitment process for new directors
- appointing a compensation committee composed entirely of independent directors
- conducting regular assessments of the board effectiveness, as well as the effectiveness and contribution of each board committee and each individual director

The Instrument

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

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

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

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

Summary of Written Comments Received

We received submissions from 19 commenters regarding the Policy and the Instrument. We have considered all the comments received and thank all the commenters. The names of the commenters are contained in Schedule A of this Notice.

A summary of the comments we received, and our responses to those comments, is contained in Schedule B of this Notice. Upon consideration of the comments, we determined to incorporate a number of changes into the Policy and the Instrument. A summary of the principal changes is set out below.

Summary of Principal Changes

The Policy

The following principal changes were made to the Policy:

- Paragraph 3.3 of the Policy was clarified to state that the independent directors should hold regularly scheduled meetings at which members of management and non-independent directors are not in attendance.

- Paragraph 3.14 was revised to recommend that the nominating committee should specifically consider whether or not each new nominee can devote sufficient time and resources to his or her duties as a board member. Footnote 2, which formerly contained this guidance, was consequently deleted.

The Instrument

Similarly, the following principal changes were made to the Instrument:

- The definition of independence applicable to issuers that are reporting issuers in British Columbia (section 1.2 of the Instrument) was modified. In addition, a definition of "significant security holder" has also been added to the Instrument.

- Subsection 1.3(d) of the Instrument was revised to provide an exemption which more closely paralleled that provided in Multilateral Instrument 52-110 *Audit Committees* (**MI 52-110**).

- Item 1(g) was added to Form 58-101F1. Consequently, issuers other than venture issuers must now disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

- The phrase "an interested party" in Item 5(a)(i) of Form 58-101F1 has been replaced by the phrase "any person or company".

- Item 5(a)(ii) of Form 58-101F1 has been revised to clarify that a board of directors is not expected to guarantee compliance with its code.

- Item 7 of Form 58-101F1 has been revised to require issuers other than venture issuers to disclose whether or not a compensation consultant or advisor has, at any time since the beginning of the most recently completed financial year, been retained to assist in determining director and officer compensation. If a compensation consultant has been retained, the issuer must:

  (a) disclose the identity of the consultant or advisor;

  (b) briefly summarize the mandate for which the consultant has been retained; and

  (c) if the consultant or advisor is performing any other work for the issuer, briefly describe the nature of the work.

- The Instructions to Forms 58-101F1 and 58-101F2 have been revised to require, in appropriate circumstances, disclosure regarding both existing and proposed directors of the issuer.

Transition from TSX Guidelines

Upon the coming into force of the Policy and the Instrument in Ontario, the Toronto Stock Exchange Company Manual will be amended by replacing sections 472 through 475 with a requirement than each listed issuer subject to the Instrument be required to comply with the Instrument.

Consequential Amendments to MI 52-110

On October 29, 2004, the securities regulatory authorities in every jurisdiction in Canada other than British Columbia proposed changes to the definition of independence contained in MI 52-110. Concurrently with the publication of this notice, the participating securities regulatory authorities have also published a notice and final version of the MI 52-110 amendments.

Authority for the Instrument — Ontario

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

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

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

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

Related Instruments

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

Alternatives Considered

In developing the Policy and Instrument, we considered seeking legislative authority to require reporting issuers to adopt certain corporate governance practices. However, we appreciate that corporate governance is in a constant state of evolution, and that some governance practices may not be appropriate for all issuers. Consequently, we determined to adopt a policy which provides guidance on corporate governance practices, and to implement a rule to require issuers to disclose those corporate governance practices they currently utilize.

Anticipated Costs and Benefits of Instrument

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

Reliance on Unpublished Studies, Etc.

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

Questions may be referred to the following people:

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

Michael Brown
Ontario Securities Commission
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Susan Toews
British Columbia Securities Commission
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Autorité des marchés financiers
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Text of Policy and Instrument

The text of the Policy and the Instrument follow.

Date: April 15, 2005.

SCHEDULE A

List of Commenters

Borden Ladner Gervais LLP
Canadian Bankers Association
Canadian Coalition for Good Governance
Canadian Investor Relations Institute
Canadian Society of Corporate Secretaries
Canadian Tire Corporation, Limited
Dynetek Industries Ltd.
Imperial Oil Limited
MVC Associates Consultants
Ogilvy Renault
Ontario Teachers Pension Plan
Pension Investment Association of Canada
Power Corporation of Canada
Pulse Data Inc.
Simon Romano
Social Investment Organization
Torys LLP
Talisman Energy Inc.
TSX Group

SCHEDULE B

Summary of Comments and Responses

No.	Topic	Comment	Response
General Comments			
1.	**National approach**	Seven commenters commended us on producing a harmonized set of instruments.	We thank the commenters for their support.
2.	**Plethora of codes and paperwork**	Two commenters expressed concern with the emerging plethora of charters, codes, mandates, position descriptions, policies and the like. The commenters believed that emphasis on these types of documents would result in a focus on paperwork and procedures rather than on substantive good governance. One of the commenters recommended that the Policy include a statement that substantive good governance, not procedure and paperwork, is what is important, and that it is the prerogative of issuers to choose whether or not to adopt charters and the like.	The Policy does not suggest that issuers should focus on paperwork and procedures at the expense of substantive good governance or, for that matter, the operation of the issuer's business. Nevertheless, we believe that good corporate governance necessarily involves some degree of process and structure which can assist the issuer, its board and employees in managing the business and affairs of the issuer in an appropriate and responsible manner. As noted in paragraph 1.1 of the Policy, the guidelines are not intended to be prescriptive. We encourage issuers to consider the guidelines in developing their own corporate governance practices.
3.	**Non-Prescriptive Nature**	One commenter suggested that it was important for us to educate issuers about the non-prescriptive nature of the Policy and the Instrument, and to remind issuers that although they may feel pressure to comply with the Policy, they should choose a corporate governance regime appropriate to them.	We believe the statements in this Notice and in paragraph 1.1 of the Policy sufficiently address the commenter's concern.
4.	**Centralization of Continuous Disclosure Requirements**	One commenter recommended that all continuous disclosure requirements (including corporate governance disclosure required to be included in an information circular) be centralized in one instrument.	While the centralization of all continuous disclosure requirements would be desirable, it is not always practical. However, we do periodically review our various rules and requirements with a view to consolidation when this appears to be appropriate.

5.	**Application to Controlled Companies**	Two commenters noted that, unlike Multilateral Instrument 52-110 *Audit Committees* (**MI 52-110**), neither the Instrument nor the Policy incorporate an exemption for controlled companies. The commenters argued that, although the guidelines are not mandatory, the absence of such an exemption would not allow an issuer to make simplified disclosure that they are relying on a recognized policy exemption from the general guideline. The commenters also noted that the New York Stock Exchange (**NYSE**) guidelines provided just such an exemption for controlled companies.	We believe that a foundation for the regulation of corporate governance is transparency. Issuers that are controlled companies are not required to adopt the guidelines; nevertheless, we believe that it is essential that they provide meaningful disclosure to the markets regarding those practices and procedures that they have adopted. As a result, we have not revised the Instrument to provide for a simplified exemption for controlled companies. Although both MI 52-110 and the NYSE listing requirements provide a similar exemption, we note that they are requirements and not guidelines. Furthermore, the higher percentage of Canadian public companies that are controlled companies as compared to those listed on the NYSE merit a Canadian approach which differs from that adopted in the United States. We do, however, understand that some parties have concerns about how the Policy and the Instrument affect controlled companies. Accordingly, we intend, over the next year, to carefully consider these concerns in the context of a study to examine the governance of controlled companies. We will consult market participants in conducting the study. After completing the study, we will consider whether to change how the Policy and the Instrument treat controlled companies.
6.	**Application to wholly-owned subsidiaries**	Two commenters suggested that section 1.3(d) of the Instrument be revised to more closely parallel the exemption contained in section 1.2(e) of MI 52-110.	We agree. We have revised the Instrument accordingly.
7.	**Application to Venture Issuers**	One commenter noted that, while mindful of their limited resources, venture issuers should attempt to conform, as much as reasonably possible, to the principles and standards applied to more senior listed companies. Another commenter considered the disclosure guidelines for venture issuers to be appropriate. However, the commenter remained concerned that the language in the Policy remained too prescriptive, and did not seem consistent with the movement away from the comply or explain model for venture issuers.	We believe that the disclosure required by Form 58-101F2 achieves an appropriate balance for venture issuers. We will, however, continue to monitor the disclosure provided by venture issuers to ensure that the balance we achieved remains appropriate in the future. We do not consider the language in the Policy to be too prescriptive. No changes to the language in the Policy have therefore been made. We have, however, revised Item 8 of Form 58-101F2 to more clearly reflect our movement away from the comply or explain approach for venture issuers.

8.	**Application to Non-Corporate Issuers**	Two commenters believed that the guidance regarding the application of the Policy and the Instrument to income trusts was not sufficiently clear. One of these commenters was unclear whether the guidance in the Instructions to Forms 58-101F1 and 58-101F2 applied to the Instrument as a whole. The other commenter recommended revising the Instrument to explicitly acknowledge that a non-corporate issuer has the flexibility to develop corporate governance structures and practices in ways that fit with its specific relationships with its trustee, management company and operating entities. One commenter also recommended revising the Instrument to acknowledge that not all of the enumerated governance policies will have application to a non-corporate issuer.	We believe the guidance in the Policy and the Instrument is sufficiently clear to permit their application to income trusts. In particular, we believe that it is clear that the income trust guidance applies to the Instrument as a whole and not just to Forms 58-101F1 and 58-101F2. We also believe that the Policy, as drafted, provides non-corporate issuers with sufficient guidance and flexibility to develop their own corporate governance practices and to provide meaningful disclosure to investors. We disagree. We see no reason that non-corporate issuers, as a class, should not consider all of the guidelines when developing their own practices.
9.	**Application to Investment Funds that are not Mutual Funds**	One commenter noted a gap between the Instrument and Policy, on one hand, and proposed National Instrument 81-107 *Independent Review Committees for Mutual Funds*. The commenter suggested that there was an absence of regulatory guidance for investment funds that were not mutual funds.	We acknowledge this comment and will consider revising proposed National Instrument 81-107 to address the gap between the two regimes.
10.	**Application of the Policy**	One commenter noted that the Policy applied to more issuers than the Instrument. The commenter recommended that the Policy be made to conform to the Instrument to avoid confusion.	This was intentional. In our view, the Policy contains guidelines that every issuer (other than investment funds, which are dealt with under a separate instrument) should consider in developing their approach to corporate governance. The application provision in the Instrument merely recognizes that, for sound policy reasons, certain types of issuers need not be burdened with the task of providing disclosure to the marketplace of their corporate governance.
11.	**Monitoring and Compliance**	Two commenters noted that it was unclear how we will monitor compliance with the Instrument.	We currently intend to monitor compliance with the Instrument in the same manner in which we monitor compliance with all other applicable securities legislation.

12.	**Transition and Timing**	Four commenters were concerned that if the Instrument was implemented during the 2005 proxy season, issuers would have insufficient time in which to properly prepare their disclosure materials. Two of these commenters noted that this was particularly important given the number of other substantive changes (including reduced filing periods) to be implemented in 2005 under Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, MI 52-110, and National Instrument 51-102 *Continuous Disclosure Obligations*.	We intend for the Policy and the Instrument to come into force on June 30, 2005. However, the Instrument will only apply to information circulars or AIFs, as the case may be, which are filed following financial years ending on or after June 30, 2005. *E.g., an issuer with a June 30th year end would include the disclosure required by the Instrument in its information circulars commencing with the first information circular it files after June 30, 2005. Similarly, an issuer with a July 31st year end would include the required disclosure in its information circulars commencing with the first information circular it files after July 31, 2005.* We believe that this will provide issuers with a sufficient period of time in which to consider the guidelines contained in the Policy and to revise their disclosure documents accordingly.
		Another commenter recommended that we publish guidance regarding the transition from the TSX corporate governance guidelines and disclosure requirements to the Policy and the Instrument.	See "Transition from TSX Guidelines" in the Notice.
		Two commenters recommended that, as both the Instrument and the Policy rely upon the definition of independence contained in MI 52-110, the implementation of the Instrument and Policy should be deferred until the amendments to MI 52-110 come into effect.	We agree. The Instrument and the Policy will come into force when the amendments to MI 52-110 become effective.

Comments on Specific Portions of Policy and/or Instrument			
13.	**Definition of Independence**	Four commenters made specific remarks on the definition of independence as set out in MI 52-110.	Comments regarding specific elements of the definition of independence will be discussed in the notice that accompanies the publication of the amendments to MI 52-110.
		One commenter recommended that the Instrument and Policy have one definition of independence. In the alternative, the Instrument should explicitly state that the only occasion when an issuer can assess independence based upon British Columbia's meaning of independence is when the issuer is a reporting issuer only in BC and in no other jurisdiction.	By using the meaning of independence set out in MI 52-110, we have ensured that there is only one set of criteria for the vast majority of issuers. As MI 52-110 was not adopted by the British Columbia Securities Commission, issuers that are reporting issuers in only BC must apply a different independence standard. We believe that this conclusion is sufficiently obvious and that it is unnecessary to revise either the Instrument or the Policy to explicitly state this fact.
		Another commenter noted that paragraphs 1.4(3)(c) and (d) of the definition of independence (as found in MI 52-110) dealt with the relationship of the director to the issuer's internal or external auditor, which the commenter noted was particularly relevant for audit committee members but less so for other directors.	We believe that a director's relationship with the issuer's internal or external auditor is relevant to the determination of independence for both audit committee members and directors, generally. Consequently, we have not revised the Instrument and Policy as suggested.
		One commenter suggested that to be independent for the purposes of the Instrument and the Policy, a director should be independent within the meaning of both sections 1.4 and 1.5 of the proposed amendment to MI 52-110.	By defining independence for the purposes of the Policy and the Instrument by reference to both sections 1.4 and 1.5 of the proposed amendments to MI 52-110, we would be creating a definition of independence significantly out of step with that applied in the United States. As noted above, one goal of the Instrument and the Policy is to ensure a degree of harmonization between Canadian and American corporate governance standards. In our view, it is neither necessary nor desirable to make our corporate governance standards different in this regard.
		One commenter suggested that it would be more logical to include the definition of independence in the Instrument, and to provide a cross-reference in MI 52-110, rather than the other way around. Another commenter recommended that the MI 52-110 definition also be reproduced in each of the Policy and the Instrument, for ease of reference.	We do not believe these suggestions to be practical at this time. However, we believe that the proposed amendments to MI 52-110 will make reference to the definition of independence more "user friendly".

14.	**Majority of Independent Directors**	Two commenters recommended that exemptions from the independence guidelines be adopted, similar to those incorporated into MI 52-110. One commenter noted that we have not previously incorporated the exemptions into the Policy or Instrument because, unlike MI 52-110, the independence requirements are not mandatory. However, the commenter believed that this approach failed to recognize that the absence of an exemption will not allow an issuer to make the simple disclosure that they are relying upon an exemption based upon a recognized policy exemption; instead, they will have to provide such justification themselves.	See the response to Topic 5, above.
15.	**Disclosure re Independent Directors**	One commenter recommended that issuers be required to describe the basis for concluding that a director is independent.	For the purposes of the Policy and the Instrument, independence is defined as the absence of a material relationship with the issuer. We are not convinced that describing the basis for determining that there is an absence of a material relationship would provide meaningful disclosure to the marketplace. Consequently, we have not revised the Instrument in this way.
16.	**Meetings of Independent Directors**	One commenter noted that the Policy recommends that independent directors have regularly scheduled meetings at which management is not in attendance. The commenter suggested that the Policy clarify that such meetings may be scheduled before or after meetings of the full board, as this is a normal and practical procedure for most issuers. Another commenter proposed that the guidance be amended to state that at each board meeting, the independent directors should hold a meeting at which members of management are not in attendance. A third commenter requested clarification regarding whether non-independent non-management directors should be excluded from independent directors' meetings. A fourth commenter reiterated its comment that the purpose of this provision should be to empower non-management directors rather than independent directors. Consequently, the guideline should provide for regular meetings of non-management directors rather than independent directors.	The holding of regularly scheduled meetings of independent directors either before or after a full board meeting would clearly comply with the guideline as drafted. We see no need to revise the guideline to provide additional clarification. While we assume that regularly scheduled meetings of independent directors would occur more frequently than once a year, we do not believe it is necessary to revise the guideline as suggested. We also note that Item 1(e) of Form 58-101F1 requires issuers to disclose whether or not the independent directors hold regularly scheduled meetings, and, if so, the number of such meetings held since the beginning of the issuer's most recently completed financial year. We believe this will provide the marketplace with sufficient insight into the issuer's interpretation of "regularly scheduled meetings". We have revised paragraph 3.3 of the Policy to provide additional clarification. We disagree. We continue to believe that it is important to empower independent directors.

17.	**Board Mandate — General**	One commenter requested clarification that a board can satisfactorily discharge its responsibilities through committees, and that any responsibility attributable to a particular committee may be satisfied by another appropriate committee. While one commenter agreed that an issuer should adopt measures to receive feedback from security holders, the commenter suggested that the board mandate was not an appropriate place for such disclosure. The commenter recommended that such disclosure be provided in Form 58-101F1. One commenter suggested that the expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at board meetings and the advance review of meeting materials, were too basic to be appropriate matters for the board's mandate. Instead, the commenter recommended including this in Form 58-101F1.	We do not believe that any further clarification is necessary or appropriate. We disagree. In our view, this is a fundamental responsibility of the board. We disagree. Although these duties and responsibilities may be basic, we also believe them to be fundamental.
18.	**Board Mandate — Integrity of the CEO and Other Executive Officers**	Two commenters recommended that guidance be provided regarding the steps, if any, that should be taken to assess the integrity of the CEO and other executive officers. One commenter suggested that this requirement lacked clarity and would not provide meaningful disclosure or useful guidance to shareholders.	The steps that should be taken to assess the integrity of the CEO and other executive officers will vary from situation to situation. We believe these steps are best determined by the board, upon consideration of the issuer's specific situation. We believe that the board's responsibility in this respect is fundamental to a good corporate governance process. In our view, disclosure of the fact that the board has explicitly assumed responsibility for this matter will be meaningful and important for investors.
19.	**Board Mandate — Board-Shareholder Communications**	One commenter recommended that the Policy provide more specific guidance regarding how boards can effectively receive investor feedback.	We do not believe that any further guidance is necessary nor, given the diversity of reporting issuers, appropriate.
20.	**Separation of Chair and CEO; Lead Directors**	One commenter expressed concern regarding the requirement in the Policy that an issuer either separate the role of chair and CEO, or appoint an independent lead director. The commenter strongly encouraged us to amend the Policy and Instrument to the effect that an issuer would not be required to split the position of chair and CEO, provided that it could demonstrate by alternative effective mechanisms that our objectives have been met.	None of the guidelines contained in the Policy are intended to be prescriptive; rather, we encourage issuers to consider the guidelines in developing their own corporate governance practices. See paragraph 1.1 of the Policy. We also note that issuers may comply with the disclosure requirement in Item 1(f) of Form 58-101F1 by simply describing what the board does to provide leadership for its independent directors.

21.	**Position Descriptions**	One commenter suggested that the Policy and Instrument be more specific about the CEO's written position description; in particular, the commenter suggested that the description must contain the key accountabilities, metrics and the time horizon for performance measurement for the CEO role. Another commenter sought clarification that one position description for the chairs of all committees is sufficient.	While we acknowledge the merit of this suggestion, we also note that the CEO's position description, including the corporate goals and objectives that the CEO is responsible for meeting, fall within the purview of the issuer's board and should reflect the board's strategic plan for the issuer. To this extent, it would be inappropriate for the Policy to recommend the framework of such goals and objectives. We do not believe this type of clarification is either necessary or appropriate.
22.	**Director Education and Orientation**	One commenter recommended that each director's orientation and continuing education involve greater focus on shareholder expectations and concerns.	Paragraphs 3.6 and 3.7 of the Policy provide some basic guidance on the content of a director's orientation and continuing education. Issuers are encouraged to supplement this guidance to address their own particular business and circumstances.
23.	**Code of Business Conduct and Ethics — General**	One commenter queried, in reference to paragraph 3.8 of the Policy, whether our investor protection-related jurisdiction was sufficient justification to suggest an obligation of "fair dealing" with "customers, suppliers, competitors and employees". The commenter suggested that such matters were better left to labour and competition law. One commenter agreed that a code of business conduct and ethics (a **code**) should be made public; however, the commenter questioned whether this would be achieved through filing on SEDAR. Instead, the commenter recommended that the Policy require an issuer to post a copy of its code on its website (if any) in addition to posting it on SEDAR. One commenter suggested that paragraph 3.8(a) of the Policy be strengthened by stating that conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest, must always be disclosed to, and considered by, directors who are not conflicted. One commenter also believed that where there is a dominant shareholder (either through equity control or voting control), the issuer should establish a "conduct review committee" composed entirely of independent directors, which would determine any and all areas of potential conflict from board and committee composition to payments to related party transactions.	As fair dealing with an issuer's customers, suppliers, competitors and employees is suggestive of an organizational culture of integrity, we believe there is a sufficient nexus between the provisions of paragraph 3.8(d) and our mandate and jurisdiction. Although we encourage issuers to post copies of their codes on their websites, we are unable to make this amendment as many CSA members have insufficient rule-making authority. We believe that the current wording of the Policy and Instrument adequately address this concern. Given the guidelines in the Policy regarding independence, generally, it is unclear that issuers would necessarily benefit from the adoption of an independent conduct review committee. Nevertheless, we will continue to study this suggestion.

24.	**Code of Business Conduct and Ethics — Waivers**	Two commenters noted that we would have no idea what may be in any particular code. Consequently, the commenters suggested that it was difficult to see on what basis we could reasonably have concluded that material departures from a code would likely constitute material changes. One commenter recommended removing the guidance in paragraph 3.9 of the Policy regarding the content of a material change report. The commenter noted that National Instrument 51-102 already requires every material change report to include a full description of a material change.	While the precise content of a code is not prescribed, we are aware that a code, by its very nature, typically constitutes written standards that are reasonably designed to promote integrity and to deter wrongdoing. In light of this, we believe that it is reasonable for us to have determined that conduct by a director or executive officer of an issuer that constitutes a material departure from a code would likely constitute a material change. We agree that the guidance set out in paragraph 3.9 of the Policy is largely illustrative of an issuer's obligation under National Instrument 51-102. However, as we believe this guidance to be useful, we have retained it in the Policy.
25.	**Code of Business Conduct and Ethics —Social and Environmental Concerns**	One commenter expressed disappointment with the Policy and Instrument because they failed to incorporate social and environmental expectations as an essential part of good corporate governance practice. In the view of the commenter, this demonstrated a lack of understanding of how social and environmental issues are coming to impact the fundamentals of corporate performance and stock returns.	At this time, we do not believe it to be appropriate to incorporate these suggestions.
26.	**Code of Business Conduct and Ethics —Monitoring**	One commenter requested clarification regarding who may be an "interested party" within the meaning of Item 5(a)(i) of Form 58-101F1. Two commenters suggested the language in Item 5(a)(ii) of Form 58-101F1 was inappropriate, as it suggested that directors must ensure and guarantee compliance with a code. One commenter recommended that paragraph 3.9 of the Policy should state that boards should oversee the monitoring of compliance with the code instead of being responsible for such compliance. Two commenters suggested that the Policy provide guidance regarding what steps a board should take to ensure compliance with its code.	We have revised Item 5(a)(i) of Form 58-101F1 to refer to "a person or company". We have amended Item 5(a)(ii) of Form 58-101F1 to address this concern. We have not made this change because we believe that responsibility for monitoring compliance with the code should rest with the board. We have not provided this additional guidance because the steps a board should take to ensure compliance may differ from issuer to issuer. Each board should carefully consider its own situation before determining what steps would be appropriate.
27.	**Code of Business Conduct and Ethics- Other**	One commenter noted that Canadian corporate law already prescribes board procedures for contracts or transactions in which a director or officer has a material interest. Consequently, the commenter suggested that item 5(b) of Form 58-101F1 be refined to specify that disclosure of corporate law requirements applicable to the issuer is not required.	We expect more than boilerplate disclosure. However, we also believe that disclosure should be made of all board procedures for contracts or transactions in which a director or officer has a material interest, regardless of whether or not the procedures arise from statutory obligations.

28.	**Nomination of Directors and Nominating Committees**	One commenter noted that the disclosure regarding nominating committees assumes that companies have much discretion and a wide slate of candidates to choose from, which simply is not the case.	In our view, the disclosure does not convey this assumption.
		Another commenter believed that recommending that the nominating committee be composed entirely of independent directors will make it difficult for companies with controlling shareholders to manage their nomination process.	See the response to Topic 5, above.
		One commenter suggested that section 3.14 should recommend that nominating committees consider, at the time a director is nominated, whether or not the candidate can devote sufficient time and resources to the task.	We agree, and have amended the Policy accordingly.
		One commenter noted that the Instrument requires disclosure regarding the names of other reporting issuers on whose boards the issuer's directors serve. The commenter suggested that issuers be required to disclose the name of any entity on whose board the issuer's directors and CEO serve.	While this suggestion has merit, we believe that a requirement for such disclosure would be too invasive and onerous, and would outweigh any benefit of such disclosure. Consequently, we have not revised the Instrument as suggested.

29.	**Compensation and Compensation Committees**	One commenter suggested that the compensation committee must ensure that all compensation policy disclosures reflect what is measured, over what time duration, and that actual compensation decisions made are linked to performance metrics and executed in a manner consistent with disclosed policy.	While the suggestion has merit, the disclosure of compensation metrics is outside the parameters of the Policy and Instrument. We will, however, retain the suggestion for consideration in connection with future amendments to National Instrument 51-102.
		One commenter recommended that the compensation committee should review and approve all compensation that is offered to the CEO. The commenter was concerned that issuers were taking an unreasonably narrow view of "compensation" and that many compensation committees may not have the opportunity to review and assess substantial "non-traditional" forms of compensation (*e.g.*, perks and benefits) that CEOs receive. Another commenter recommended that all compensation, retirement and severance agreements be disclosed.	We have not revised the Policy as we believe that the wording of paragraph 3.17 is sufficiently broad to capture "non-traditional" forms of CEO compensation.
		Two commenters recommended that issuers be required to disclose the identity of any compensation consultant who assisted the compensation committee in determining executive compensation. One of the commenters also recommended that an issuer disclose the mandate of any compensation consultant retained, and any other work the consultant is performing for the issuer.	We agree. We have revised the Instrument appropriately.
		One commenter recommended that the Policy suggest that compensation committees review compensation for proposed CEOs as well as existing CEOs.	We believe this suggestion is already reflected in the drafting of paragraph 3.17. Consequently, no additional change has been made to the Policy.
		One commenter reiterated its previous view that paragraph 3.17(b) of the Policy should be amended to enable compensation decisions in connection with non-CEO officer and director compensation, incentive-compensation plans and equity-based plans to be made at the committee level.	Nothing in the Policy or Instrument would prohibit compensation decisions in connection with non-CEO officer and director compensation, incentive-compensation plans and equity-based plans from being made at the compensation committee level.
		One commenter also suggested that the reference in paragraph 3.17(b) of the Policy to non-CEO "officer and director" compensation should be restricted to "executive officer and director" compensation.	We disagree. We see no reason to restrict the compensation committee's responsibility in this manner.
		One commenter asked that paragraph 3.17(b) of the Policy be amended such that the compensation committee is responsible only for incentive-compensation plans and equity-based plans that are subject to board approval.	We disagree. We see no reason to restrict the compensation committee's responsibility in this manner.

30.	**Regular Board Assessments**	One commenter recommended that board and director assessments include a review of efforts by the board collectively and directors individually to gain the information they need to effectively represent shareholders.	Given the diversity of reporting issuers, we have not revised paragraph 3.18 of the Policy to provide additional guidance regarding board assessments. Boards are encouraged, however, to tailor their assessments to their own situations.
Other Comments			
31.	**Individual Director Voting**	One commenter noted that, in Canada, shareholders often vote FOR or WITHHOLD for an entire slate of directors, rather than FOR or AGAINST individual directors. The commenter recommended that we either push for change in legislation to permit votes for individual directors or otherwise force boards to pass by-laws requiring a threshold level of votes to elect a director.	We believe this comment goes beyond the ambit of the Policy and Instrument. However, in a letter dated September 29, 2004, we encouraged Industry Canada to consider whether such voting procedures should be amended. We will continue to consider whether and how further action may be taken.
32.	**Corporate Governance Officer and Role of Corporate Secretary**	One commenter strongly believed that the cause of good governance could be greatly served by recognizing the role of the corporate secretary in the Policy and encouraging issuers to appoint a chief governance officer.	We acknowledge that corporate secretaries and chief governance officers may play important roles in the corporate governance processes of certain issuers. However, due to the diversity of issuers subject to the Policy and the Instrument, we believe it would be inappropriate to revise the Policy as requested.
33.	**Disclosure of Attendance Records**	Two commenters considered director attendance to be invaluable information for shareholders to determine if a director is meeting the time commitment required to be a director. Consequently, the commenters recommended that disclosure of director attendance be mandated.	We agree, and have amended the Instrument to require disclosure of director attendance.
34.	**Period of Disclosure**	Certain elements of Form 58-101F1 require disclosure of events during the preceding 12 month period. One commenter recommended that the requirement be revised to refer to the period since the issuer last filed a Form 58-101F1 (provided that an issuer's first Form 58-101F1 should cover the preceding 12 month period). One commenter recommended that elements of Forms 58-101F1 and 58-101F2 be amended to cover individual directors (and the board as a whole) at the date of the management information circular and any new directors (and the proposed slate as a whole) supported by management in the management information circular.	We agree, and have revised Form 58-101F1 accordingly. We have revised Forms 58-101F1 and 58-101F2 accordingly.
35.	**Format of Disclosure**	One commenter believed that the disclosure required by the Instrument should be presented in tabular format.	We do not believe it is necessary to prescribe the format of the disclosure.

36.	**Incorporation by reference to website**	One commenter reiterated its request that issuers be given the option to make corporate governance disclosure in either their management information circulars or on their websites (with notice in their annual report or management information circular that the information is available on the website and, upon request, in print).	Instruction 1(c) to Form 51-102F5 Information Circulars provides that issuers may incorporate information required to be included in an information circular by reference to another document provided that the other document has been filed on SEDAR. In light of this flexibility, the commenter's suggested amendment is not necessary.

NATIONAL INSTRUMENT 58-101
DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Part 1 Definitions and Application

1.1 Definitions — In this Instrument,

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

"CEO" means a chief executive officer;

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

"executive officer" has the same meaning as in National Instrument 51-102;

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

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

"MI 52-110" means Multilateral Instrument 52-110 *Audit Committees*, as enacted or adopted by the securities regulatory authority in each jurisdiction in Canada except British Columbia;

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

"significant security holder" means, in relation to an issuer, a security holder that

(a) owns or controls 10% or more of any class of the issuer's voting securities, or

(b) is able to affect materially the control of the issuer, whether alone or by acting in concert with others;

"subsidiary entity" has the meaning set out in MI 52-110;

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

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

1.2 Meaning of Independence —

(1) In a jurisdiction other than British Columbia, a director is independent if he or she would be independent within the meaning of section 1.4 of MI 52-110.

(2) In British Columbia, a director is independent if

(a) a reasonable person with knowledge of all the relevant circumstances would conclude that the director is independent of management of the issuer and of any significant security holder, or

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

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

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

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

(c) a credit support issuer or exchangeable security issuer that is exempt under sections 13.2 and 13.3 of National Instrument 51-102, as applicable; and

(d) an issuer that is a subsidiary entity, if

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

(ii) the person or company that owns the issuer is

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

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

Part 2 Disclosure and Filing Requirements

2.1 Required Disclosure —

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

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

2.2 Venture Issuers —

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

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

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

Part 3 Exemptions and Effective Date

3.1 Exemptions —

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

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

3.2 Effective Date —

(1) This Instrument comes into force on June 30, 2005.

(2) Despite subsection (1), sections 2.1 and 2.2 only apply to management information circulars, AIFs and annual MD&A, as the case may be, which are filed following an issuer's financial year ending on or after June 30, 2005.

FORM 58-101F1
CORPORATE GOVERNANCE DISCLOSURE

1. Board of Directors —

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

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

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

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

(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

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

(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

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

3. Position Descriptions —

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

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

4. Orientation and Continuing Education —

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

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

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

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

5. Ethical Business Conduct —

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

(i) disclose how a person or company may obtain a copy of the code;

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

(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

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

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

6. Nomination of Directors —

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

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

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

7. Compensation —

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

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

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

(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

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

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

INSTRUCTION:

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

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

(2) If the disclosure required by Item 1 is included in a management information circular distributed to security holders of the issuer for the purpose of electing directors to the issuer's board of directors, provide disclosure regarding the existing directors and any proposed directors.

(3) Disclosure regarding board committees made under Item 8 of this Form may include the existence and summary content of any committee charter.

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

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

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

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

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

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

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

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

(i) who identifies new candidates, and

(ii) the process of identifying new candidates.

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

(i) who determines compensation, and

(ii) the process of determining compensation.

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

8. **Assessments —** Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

INSTRUCTION:

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

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

(2) If the disclosure required by Items 1 and 2 is included in a management information circular distributed to security holders of the issuer for the purpose of electing directors to the issuer's board of directors, provide disclosure regarding the existing directors and any proposed directors.

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

NATIONAL POLICY 58-201
CORPORATE GOVERNANCE GUIDELINES

Part 1 Purpose and Application

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

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

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

We do, however, understand that some parties have concerns about how this Policy and National Instrument 58-101 *Disclosure of Corporate Governance Practices* affect controlled companies. Accordingly, we intend, over the next year, to carefully consider these concerns in the context of a study to examine the governance of controlled companies. We will consult market participants in conducting the study. After completing the study, we will consider whether to change how this Policy and National Instrument 58-101 treat controlled companies.

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

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

Part 2 Meaning of Independence

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

Part 3 Corporate Governance Guidelines

Composition of the Board

3.1 The board should have a majority of independent directors.

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

Meetings of Independent Directors

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

Board Mandate

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

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

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

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

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

(e) adopting a communication policy for the issuer;

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

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

The written mandate of the board should also set out:

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

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

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

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

Position Descriptions

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

Orientation and Continuing Education

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

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

Code of Business Conduct and Ethics

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

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

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

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

(c) confidentiality of corporate information;

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

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

(f) reporting of any illegal or unethical behaviour.

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

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

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

Nomination of Directors

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

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

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

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

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

The board should also consider the appropriate size of the board, with a view to facilitating effective decision-making.

In carrying out each of these functions, the board should consider the advice and input of the nominating committee.

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

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

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

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

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

The nominating committee should also consider whether or not each new nominee can devote sufficient time and resources to his or her duties as a board member.

Compensation

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

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

3.17 The compensation committee should be responsible for:

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

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

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

Regular Board Assessments

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

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

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

5.1.2 Multilateral Instrument 52-110 Audit Committees and Companion Policy 52-110CP

NOTICE

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

This Notice accompanies amendments to Multilateral Instrument 52-110 *Audit Committees*, Form 52-110F1 and Form 52-110F2 (together, the **Rule Amendment**) and to Companion Policy 52-110CP to Multilateral Instrument 52-110 *Audit Committees* (the **Policy Amendment**, and together with the Rule Amendment, the **Amendments**). The Amendments are an initiative of the securities regulatory authorities in every province and territory in Canada, other than British Columbia (the **Participating Jurisdictions**).

The Rule Amendment has been made, or is expected to be made, as a rule in each of Alberta, Manitoba, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador, as a Commission regulation in Saskatchewan and Nunavut, as a policy in Prince Edward Island and the Yukon Territory, and as a code in the Northwest Territories. The Policy Amendment has been adopted, or is expected to be adopted, as a policy in each of the Participating Jurisdictions other than Québec. We intend the Amendments to come into force on June 30, 2005.

In Ontario, the Rule Amendment and other required materials were delivered to the Chair of the Management Board of Cabinet on April 15, 2005. The Minister may approve or reject the Rule Amendment or return it for further consideration. If the Minister approves the Rule Amendment or does not take any further action by June 14, 2005, the Rule Amendment will come into force on June 30, 2005.

In Québec, since Multilateral Instrument 52-110 *Audit Committees* (the **Audit Committee Rule**) and the Companion Policy 52-110CP to the Audit Committee Rule (the **Companion Policy**) have not been adopted yet, the Rule Amendment is being published as Amendment to Proposed *Regulation 52-110 respecting Audit Committees*, and the Policy Amendment is being published as Amendment to Proposed Policy Statement 52-110 to *Regulation 52-110 respecting Audit Committees*.

In Alberta, the Rule Amendment and other materials were delivered to the Minister of Finance. The Minister may approve or reject the Rule Amendment. Subject to Ministerial approval, the Amendments will come into force on June 30, 2005. The Alberta Securities Commission will issue a separate notice advising whether the Minister has approved or rejected the Rule Amendment.

Background to the Audit Committee Rule

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

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

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

Background to the Amendments

The Amendments were published on October 29, 2004 for a 90 day comment period.

We proposed the Amendments for two principal reasons:

(i) *Clarification of the Definition of Independence*

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

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

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

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

Concurrently with publishing the Amendments for comment, the securities regulatory authorities in every jurisdiction in Canada also published for comment proposed National Policy 58-201 *Corporate Governance Guidelines* (the **Governance Policy**) and proposed National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the **Governance Disclosure Rule**). The purpose of the Governance Policy is to provide guidance on corporate governance practices. The purpose of the Governance Disclosure Rule is to provide greater transparency for the marketplace regarding issuers' corporate governance practices. Both the Governance Policy and the Governance Disclosure Rule use a definition of independence that is consistent with the Exchange Independent Director Requirements.[1]

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

(ii) *Update to the Definition of Independence*

On November 3, 2004, the NYSE amended Section 303A of the NYSE Listed Company Manual (the **NYSE Amendment**). The NYSE Amendment made a number of changes to the NYSE's corporate governance rules, most importantly those dealing with "bright line tests" for director independence. The Amendments incorporate many, though not all, of the changes contained in the NYSE Amendment. See "*Summary of Principal Changes to the Amendments*", below.

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

Summary of Written Comments Received

We received submissions from three commenters regarding the Amendments. Four parties provided comments on the Amendments in the context of providing comments on the Governance Policy and Governance Disclosure Rule. We have considered all the comments received and thank all the commenters. The names of the commenters are contained in Schedule A of this Notice.

A summary of the comments we received, and our responses to those comments, is contained in Schedule B of this Notice.

Summary of Principal Changes to the Amendments

The Amendments differ from those published for comment on October 29, 2004 in the following manner:

The Rule Amendment

- Section 1.4 of the Rule Amendment expands the "controlled company exemption" contained in subsection 3.3(2) of the Audit Committee Rule. Previously, this exemption was only available to an individual who would be independent but for the relationship described in clause 1.5(1)(b) of the amended Audit Committee Rule.

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

However, with the adoption of subsection 1.4(8) of the amended Audit Committee Rule, it became necessary to expand this exemption. The exemption now applies to an individual who would be independent but for the relationship described in clause 1.5(1)(b) or as a result of subsection 1.4(8) of the amended Audit Committee Rule.

- In our request for comments dated October 29, 2004, we proposed to amend certain elements of the definition of independence to more closely parallel the NYSE Amendment proposed on August 3 and August 30, 2004. One of these changes was to narrow the prescribed relationship described in clause 1.4(3)(d) of the Audit Committee Rule so that it would apply to only a "spouse, minor child or stepchild, or child or stepchild who shares a home with the individual" rather than a individual's immediate family member.[2]

  Subsequently, the NYSE determined not to narrow the scope of its corresponding prescribed relationship. As a result, the NYSE's corresponding prescribed relationship continues to refer to the broader definition of "immediate family member". Nonetheless, we have decided to retain the narrower prescribed relationship in the Rule Amendment, as we believe that that it identifies those relationships that would reasonably be expected to interfere with the exercise of an audit committee member's independent judgement without being inappropriately broad. Issuers are reminded, however, that notwithstanding the revisions to clause 1.4(3)(d), a member will only be independent if he or she does not have a direct or indirect material relationship with the issuer.

- Section 1.3 of the Rule Amendment has been revised. It now amends subsection 1.4(4) of the Audit Committee Rule to provide that an individual will not be considered to have a material relationship with the issuer solely because he or she had a relationship identified in subsections 1.4(3) by virtue of subsection 1.4(8), provided that the relationship ended before June 30, 2005.

The Policy Amendment

- Paragraph 1.2 of the Policy Amendment adds a new paragraph 3.4 to the Companion Policy. It notes that subsection 1.4(6) of the amended Audit Committee Rule provides that, for the purpose of the prescribed relationship described in clause 1.4(3)(f) of the amended Audit Committee Rule, direct compensation does not include remuneration for acting as a member of the board of directors or of any board committee of the issuer. The paragraph goes on to state that, in our view, remuneration for acting as a member of the board also includes remuneration for acting as the chair of the board or of any committee of the board.

- The Policy Amendment clarifies the guidance in paragraph 4.2 of the Companion Policy. Specifically, it is intended to clarify that a detailed understanding of accounting principles is not implied in the definition of "financial literacy". The definition of "financial literacy" is separate and apart from the requirement to disclose each audit committee member's relevant education and expertise, as found in Item 3 of Forms 52-110F1 and 52-110F2.

Authority for the Audit Committee Rule -- Ontario

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

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

Anticipated Costs and Benefits of the Amendments

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

Alternatives Considered

In developing the Amendments, no meaningful alternatives were considered.

[2] Immediate family member is defined in section 1.1 of the current Audit Committee Rule to mean an individual's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the individual or the individual's immediate family member) who shares the individual's home.

Related Instruments

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

Reliance on Unpublished Studies, Etc.

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

Questions may be referred to the following people:

Rick Whiler
Ontario Securities Commission
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Autorité des marchés financiers
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Text of the Amendments

The text of the Amendments follows.

Date: April 15, 2005.

SCHEDULE A

List of Commenters

Canadian Tire Corporation, Limited
Canadian Bankers Association
Philippe Tardif

In the context of providing comments on proposed National Instrument 58-101 *Disclosure of Corporate Governance Practices* and proposed National Policy 58-201 *Corporate Governance Guidelines*, the following parties also provided comments relevant to the Amendments:

Canadian Tire Corporation, Limited
Ogilvy Renault
Power Corporation of Canada
Simon Romano

SCHEDULE B

Summary of Comments and Responses

No.	Topic	Comment	Response
1.	**Definition of Immediate Family Member**	Two commenters noted that the corresponding New York Stock Exchange (**NYSE**) definition of immediate family member was broader than "spouse, minor child or stepchild, or child or stepchild who shares a home with the individual", as used in clauses 1.4(3)(d) and 1.5(2)(a) of the amended Multilateral Instrument 52-110 *Audit Committees* (**Amended MI 52-110**).	Clause 1.4(3)(d) of Amended MI 52-110 provides that a member will be considered to have a material relationship with the issuer if certain of his or her family members have a relationship with the issuer's internal or external auditor. Although the scope of the relationship described in clause 1.4(3)(d) is narrower than that of the corresponding NYSE requirement, we believe that it identifies those relationships that would reasonably be expected to interfere with the exercise of a member's independent judgement without being inappropriately broad. However, issuers are reminded that notwithstanding the provisions of clause 1.4(3)(d), a member will only be independent if he or she does not have a direct or indirect material relationship with the issuer. The use of the narrower definition in clause 1.5(2)(a) is consistent with section (b)(1)(i) of SEC Rule 10A-3. Consequently, we have not revised this provision.
2.	**Compensation and Independent Chairs**	One commenter noted that subsection 1.4(7) of Amended MI 52-110 provides that individuals would not be considered to have a material relationship with the issuer solely because they had acted as a chair of the board on a part-time basis. However, the commenter was concerned that such an individual would still be considered to have a material relationship with the issuer if they received more than $75,000 in compensation for acting as the part-time chair during any 12 month period. Another commentor was of the view that an individual who would be considered to be independent if they were acting as a part-time chair or vice-chair should not be precluded from being considered independent if they act in that capacity on a full-time basis.	Subsection 1.4(6) of Amended MI 52-110 provides that direct compensation does not include remuneration for acting as a member of the board of directors or of any board committee. In our view, subsection 1.4(6) also encompasses remuneration for acting as a chair of the board or of any board committee. We have amended the companion policy to clarify this point. We disagree. In our view, it is more likely that an individual who acts as a part-time chair or vice-chair will be able to maintain their independence.

3.	**Independence and paragraph 1.5(1)(a)**	One commenter noted that the wording of clause 1.5(1)(a) of Amended MI 52-110 did not precisely correspond with the definition found in SEC Rule 10A-3. In particular, the commenter noted that clause 1.5(1)(a) applies to an individual "who has a relationship with the issuer pursuant to which the individual may accept, directly or indirectly, any consulting, advisory or other compensatory fee…". In contrast, section b(1)(ii) of SEC Rule 10A-3 provides that an individual "… may not… accept directly or indirectly any consulting, advisory or other compensatory fee from the issuer…" The commenter recommended that either the wording in clause 1.5(1)(a) of Amended MI 52-110 be revised or that we otherwise provide clarification that the intended approach as regards the acceptance of fees is the same as that adopted by the SEC.	We have revised clause 1.5(1)(a) to conform to section b(1)(ii) of SEC Rule 10A-3.
4.	**Application re parent and subsidiary**	Two commenters suggested that subsection 1.4(8) of Amended MI 52-110 was too far reaching. Subsection 1.4(8) provides that for the purpose of the independence tests in section 1.4, references to an issuer also include the parent and subsidiaries of the issuer.	We disagree. We note that the NYSE corporate governance rules contain a similar provision. We have, however, revised the "controlled company exemption" in subsection 3.3(2) to ensure its applicability.
5.	**French version**	One commenter noted that there was a discrepancy between the English version of clause 2.4(b) of Multilateral Instrument 52-110 *Audit Committees* and the French version.	This wording is consistent with the French legislative drafting rules. In the French version, the provision is drafted in a way that the word "and" is implied. As the French translation truly reflects the meaning of the English provision, no change has been made.

AMENDMENTS TO
MULTILATERAL INSTRUMENT 52-110 AUDIT COMMITTEES

Part 1 Amendments

1.1 Definition of Venture Issuer — The definition of "venture issuer" in subsection 1.1 of Multilateral Instrument 52-110 *Audit Committees* (the "Instrument") is deleted and replaced by the following:

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

1.2 Meaning of Control — Subsection 1.3(4) of the Instrument is amended by deleting the words "be an affiliated entity of" and substituting the word "control".

1.3 Meaning of Independence —

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

"**1.4 Meaning of Independence —**

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

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

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

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

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

(c) an individual who:

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

(ii) is an employee of that firm, or

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

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

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

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

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

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

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

(4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because

(a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or

(b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.

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

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

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

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

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

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

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

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

1.5 Additional Independence Requirements —

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

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

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

is considered to have a material relationship with the issuer.

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

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

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

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

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

1.4 Controlled Companies — Paragraph (a) of subsection 3.3(2) is deleted and replaced by the following:

"(a) the member would be independent of the issuer but for the relationship described in paragraph 1.5(1)(b) or as a result of subsection 1.4(8);"

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

1.6 U.S. Listed Issuers — Section 7.1 of the Instrument is amended by

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

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

1.7 Replacement of "person" with "individual" —

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

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

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

1.9 Form 52-110F2 —

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

"3. Relevant Education and Experience

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

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

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

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

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

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

Part 2 Effective Date

2.1 Effective Date — These amendments come into force on June 30, 2005.

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

1.1 Application to Non-Corporate Entities. Paragraph 1.2 of Companion Policy 52-110CP to Multilateral Instrument 52-110 *Audit Committees* ("52-110CP") is deleted and replaced by the following:

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

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

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

1.2 Meaning of Independence. Part Three of 52-110CP is deleted and replaced by the following:

"**Part Three**
Independence

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

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

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

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

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

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

Subsection 1.3(4) is intended only to identify those individuals who are not considered to control an issuer. The provision is not intended to suggest that an individual who owns more than ten percent of an issuer's voting equity securities automatically controls an issuer. Instead, an individual who owns more than ten percent of an issuer's voting

equity securities should examine all relevant facts and circumstances to determine if he or she controls the issuer and is therefore an affiliated entity within the meaning of subsection 1.3(1).

3.4 Remuneration of Chair of Board, Etc. Subsection 1.4(6) of the Instrument provides that, for the purpose of the prescribed relationship described in clause 1.4(3)(f), direct compensation does not include remuneration for acting as a member of the board of directors or of any board committee of the issuer. In our view, remuneration for acting as a member of the board also includes remuneration for acting as the chair of the board or of any committee of the board."

1.3. Disclosure of Relevant Education and Experience. Paragraph 4.2 of 52-110CP is deleted and replaced by the following:

"4.2 Disclosure of Relevant Education and Experience.

(1) Item 3 of Forms 52-110F1 and 52-110F2 require an issuer to disclose any education or experience of an audit committee member that would provide the member with, among other things, an understanding of the accounting principles used by the issuer to prepare its financial statements. The level of understanding that is requisite is influenced by the complexity of the business being carried on. For example, if the issuer is a complex financial institution, a greater degree of education and experience is necessary than would be the case for an audit committee member of an issuer with a more simple business.

(2) Item 3 of Forms 52-110F1 and 52-110F2 also require an issuer to disclose any experience that the member has, among other things, actively supervising persons engaged in preparing, auditing, analyzing or evaluating certain types of financial statements. The phrase active supervision means more than the mere existence of a traditional hierarchical reporting relationship between supervisor and those being supervised. An individual engaged in active supervision participates in, and contributes to, the process of addressing (albeit at a supervisory level) the same general types of issues regarding preparation, auditing, analysis or evaluation of financial statements as those addressed by the individual or individuals being supervised. The supervisor should also have experience that has contributed to the general expertise necessary to prepare, audit, analyze or evaluate financial statements that is at least comparable to the general expertise of those being supervised. An executive officer should not be presumed to qualify. An executive officer with considerable operations involvement, but little financial or accounting involvement, likely would not be exercising the necessary active supervision. Active participation in, and contribution to, the process, albeit at a supervisory level, of addressing financial and accounting issues that demonstrate a general expertise in the area would be necessary."

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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
28-Feb-2005	5 Purchasers	2005948 Ontario Limited - Common Shares	96,839.00	65.00
01-Apr-2005	Lynn Acres	Abbey Vista Ridge Limited Partnership - Limited Partnership Units	47,443.75	1.00
21-Mar-2005	Credit Risk Advisors LP	Affinity Group Holdings Inc. - Notes	3,528,265.60	3,000.00
30-Mar-2005	Verduchi Family LLC	Alico Road Business Park LP - Limited Partnership Interest	243,325.00	1.00
31-Mar-2005	3 Purchasers	Alternum Capital - North American Value Hedge Fund - Limited Partnership Units	6,349.00	7.00
24-Mar-2005	Douglas Yates	Altrinsic Global Opportunities Fund - Units	25,000.00	211.00
01-Apr-2005	Lynn Acres	AVR Debenture Corp - Debentures	9,717.60	1.00
11-Apr-2005	Peter N. Calder	A.J. Resources Inc. - Shares William M. McLeod	22,500.00	22,500.00
23-Mar-2005	Kingsdale Capital Markets Inc.	Banro Corporation - Common Shares	960,000.00	240,000.00
24-Mar-2005	38 Purchasers	Calvalley Petroleum Inc. - Common Shares	7,362,425.00	2,103,550.00
01-Apr-2005	3 Purchasers	Canadian Golden Dragon Resources Ltd. - Common Shares	6,500.00	50,000.00
04-Mar-2005	CMB I Limited Partnership	Cervus Financial Group Inc. - Common Shares	117,600.00	105,000.00
30-Mar-2005	Spectrum Seniors Housing Development LP	Chartwell Master Care LP - Limited Partnership Units	1,159,479.59	79,909.00
29-Mar-2005	Robert Celej and Patricia Funnell	Corex Gold Corp - Units	34,800.00	58,000.00
31-Mar-2005	Fund 321 Limited Partnership	CriticalControl Solutions Corp. - Debentures	4,250,000.00	4,250,000.00
10-Mar-2005	Bennie Children's Trust Laura Bennie	Deans Knight Equity Growth Fund - Trust Units	400,000.00	189.00

29-Mar-2005	3 Purchasers	Delex Therapeutics Inc. - Convertible Debentures	700,000.00	3.00
31-Mar-2005	3 Purchasers	Denroy Manufacturing Corporation - Common Shares	100,000.00	16,666,667.00
31-Mar-2005	5 Purchasers	DEPFA ACS Bank - Units	108,700,000.00	108,700,000.00
31-Mar-2005	AGS Energy 2005-1 Limited	Dorian Energy Inc. - Common Shares	693,000.00	165,000.00
31-Mar-2005	Comerica Bank	DragonWave Inc. - Warrants	1.00	628,727.00
28-Feb-2005	Wabi Development Corp.	DynaMotive Energy Systems Corporation - Common Shares	115,000.00	179,345.00
31-Mar-2005	Venture Coaches Fund LP Axis Investment Fund Inc	Elliptic Semiconductor Inc. - Preferred Shares	250,000.00	792,040.00
28-Mar-2005	Wellington Financial Fund I Wellington Financial Fund II	Environmental Management Solutions Inc. - Debentures	1,500,000.00	633,801.00
29-Mar-2005	9 Purchasers	Equinox Minerals Limited - Units	5,762,340.00	9,603,900.00
01-Mar-2005	17 Purchasers	FactorCorp. - Units	1,500,000.00	1,500,000.00
29-Mar-2005	9 Purchasers	Fair Sky Resources Inc. - Common Shares	406,250.00	85,000.00
31-Mar-2005	Goodman & Co.	Fastclick, Inc. - Stock Option	217,782.00	15,000.00
22-Mar-2005	3 Purchasers	Fralex Therapeutics Inc. - Stock Option	100,000.00	10.00
22-Mar-2005	9 Purchasers	Fralex Therapeutics Inc. - Stock Option	200,000.00	20.00
21-Dec-2004	Kriska Holdings Ltd.	F.R. Insurance Ltd. - Common Shares	55,000.00	1.00
05-Apr-2005	Guo Fai Cheung	Georgia Ventures Inc. - Common Shares	450,000.00	3,000,000.00
31-Mar-2005	3 Purchasers	Glass Earth Limited - Units	475,000.00	2,375,000.00
15-Mar-2005	Peter Tanko	Global Financial Group Inc. - Units	10,000.00	80,000.00
24-Mar-2005	The Sheridian Platinum Group Ltd.	Halo Resources Ltd. - Common Shares	8,850,000.00	9,000,000.00
31-Mar-2005	3 Purchasers	HMZ Metals Inc. - Warrants	0.00	67,500.00
22-Mar-2005	18 Purchasers	Huntington Real Estate Investment Trust - Debentures	2,155,000.00	2,155.00
25-Mar-2005	36 Purchasers	Huntington Real Estate Investment Trust - Units	24,239,925.00	10,773,300.00
29-Mar-2005	Aegon Capital Management Inc.	iseemedia, Inc. - Units	1,200,000.00	2,117,646.00

01-Apr-2005	Alika Internet Tech. Inc John Seaman	Indicator Minerals Inc. - Units	6,000.00	20,000.00
31-Mar-2005 to 01-Apr-2005	11 Purchasers	International Nickel Ventures Inc. - Common Share Purchase Warrant	202,500.00	203.00
31-Mar-2005	A.L. LaCombe	ITL Capital Corporation - Units	50,000.00	1,000,000.00
01-Apr-2005	Bill Graham & Jennifer Graham	JT Performance Fund, LP - Limited Partnership Interest	25,000.00	25,000.00
28-Mar-2005	3 Purchasers	Kenrich Eskay Mining Corp. - Flow-Through Shares	1,721,250.00	2,025,000.00
28-Mar-2005	RBC Precious Metals Fund	Kenrich Eskay Mining Corp. - Non-Flow-Though Shares	1,125,000.00	1,500,000.00
17-Mar-2005	Global (GPMC) Holdings Inc.	KidsFutures Inc. - Common Shares	37,500.00	30,000.00
17-Mar-2005	3 Purchasers	Kommunalbanken AS - Notes	15,000,000.00	15,000,000.00
31-Mar-2005	12 Purchasers	Lake Shore Gold Corp. - Shares	5,987,975.00	6,800,500.00
31-Mar-2005	Gary Duck	Maple Key + Limited Partnership - Limited Partnership Units	1,600,000.00	1,600,000.00
24-Mar-2005	19 Purchasers	Marathon PGM Corporation - Units	1,402,581.60	1,001,844.00
30-Mar-2005	Aumerco Ltd. and J. David	Maxim Resources Inc. - Units Mason	135,000.00	270,000.00
01-Apr-2005	5 Purchasers	MCAN Performance Strategies - Limited Partnership Units	1,480,000.00	1,480,000.00
01-Apr-2005	Robert J. Davidson	MedMira Inc. - Common Shares Steven Graski	50,000.00	44,642.00
24-Mar-2005	H. Wolynetz Investments Ltd.	Midasco Capital Corp. - Common Shares	10,000.00	100,000.00
31-Mar-2005	Robert Moses	Midlands Minerals Corporation - Units	3,500.00	17,500.00
23-Mar-2005	Dynamic Cdn Precious Metals Dynamic Global Precious Metals Fund	Monster Copper Corporation - Units	150,000.00	750,000.00
01-Apr-2005	VenGrowth Investment Fund Inc. Business Development Bank of Canada	Navtel Communications Inc. - Preferred Shares	4,000,000.00	7,858,824.00
28-Feb-2005 to 22-Mar-2005	13 Purchasers	New Hudson Television Corp. - Shares	51,000.00	15,300.00
24-Mar-2005	32 Purchasers	Norwood Resources Ltd. - Units	4,697,499.00	3,131,666.00
01-Apr-2005	3 Purchasers	O'Donnell Emerging Companies Fund - Units	25,999.00	3,359.00

31-Mar-2005 to 10-Apr-2005	12 Purchasers	Paladin Resources Ltd. - Shares	15,120,225.00	15,045,000.00
03-Dec-2004	SC Stormont Inc.	PharmaGap Inc. - Option	6,666.00	1.00
03-Dec-2004	SC Stormont Inc.	PharmaGap Inc. - Option	3,334.00	1.00
23-Mar-2005	5 Purchasers	Pilot Energy Ltd. - Common Shares	552,300.00	394,500.00
24-Mar-2005	4 Purchasers	Precision Assessment Technology Corporation - Shares	750,000.00	3,750,000.00
01-Apr-2005	Royal Bank of Canada	Providence MBS Offshore Fund, Ltd. - Shares	1,088,640.00	900.00
16-Apr-2004	10 Purchasers	QuickPlay Media Inc. - Common Shares	182,508.00	506,967.00
30-Mar-2005	BAL Global Finance Canada	Saskatchewan Wheat Pool - Notes Corporation	100,000,000.00	100,000,000.00
24-Mar-2005	17 Purchasers	Sawtooth International Resources Inc. - Common Shares	1,091,875.00	873,500.00
24-Mar-2005	10 Purchasers	Sawtooth International Resources Inc. - Flow-Through Shares	2,229,750.00	1,486,500.00
31-Mar-2005	7 Purchasers	Sesame Networks Inc. - Units	349,000.00	34,900.00
31-Mar-2005	8 Purchasers	Sidense Corp. - Units	1,076,250.00	1,764,344.00
24-Mar-2005	MACRO Trust	SMART Trust - Notes	1,486,444.00	1.00
30-Mar-2005	12 Purchasers	Sofea Inc - Convertible Debentures	1,570,091.00	1,878,099.00
30-Mar-2005	10 Purchasers	Sofea Inc - Preferred Shares	702,500.00	702,500.00
31-Mar-2005	7 Purchasers	Software Innovations Inc. - Convertible Debentures	6,100,000.00	7.00
29-Mar-2005	Starfire Minerals Inc.	Starfire Minerals Inc. - Shares	27,000.00	200,000.00
04-Apr-2005	Rose Kolenda	Straight Forward Marketing Corporation - Units	38,000.00	380,000.00
01-Apr-2005	Credit Risk Advisors LP	Sunstate Equipment Co., LLC and Sunstate Equipment Co., Inc. - Notes	4,881,200.00	4,000.00
30-Mar-2005	1651035 Ontario Inc.	ThinData Inc. - Common Shares	800,000.00	4,000,000.00
31-Mar-2005	Celtic House Venture Partners BCE Inc.	Third Brigade Inc. - Preferred Shares	4,000,000.00	8,434,086.00
29-Mar-2005	Irving Ebert Ceser Cesaratto	Triacta Power Technologies Inc. - Common Shares	44,999.75	53,333.00
05-Apr-2005 J	Gregory Paul Klowak ames R. McGee	Triacta Power Technologies Inc. - Common Shares	74,999.25	99,999.00

24-Mar-2005	Suzanne Heaton	Trident Global Opportunities Fund - Units	150,000.00	1,290.00
24-Mar-2005 - Units	James Lavelle	Trident Global Opportunities Fund	150,000.00	1,290.00
24-Mar-2005	Mary Catherine Gauthier	Trident Global Opportunities Fund - Units	26,264.00	225.00
24-Mar-2005	Douglas Yates	Trident Global Opportunities Fund - Units	25,000.00	214.00
31-Mar-2005	4 Purchasers	Trigon Exploration Canada Ltd. - Common Shares	1,700,160.00	4,048,000.00
24-Mar-2005 to 30-Mar-2005	11 Purchasers	Tudor Corporation Ltd. - Common Shares	1,777,300.00	1,015,600.00
24-Mar-2005 to 30-Mar-2005	11 Purchasers	Tudor Corporation Ltd. - Common Shares	1,777,300.00	1,015,600.00
31-Mar-2005	3 Purchasers	UGL ENTERPRISES LTD. - Units	2,649,999.60	4,416,666.00
22-Feb-2005	Mavrix Resource Fund 2004 II L.P.	UR- Energy Inc. - Flow-Through Shares	540,000.00	600,000.00
28-Mar-2005	H. Alexander Rowlands and Simon Yakubowicz	Vast Exploration Inc - Flow-Through Shares	123,800.00	833,334.00
28-Apr-2005	9 Purchasers	Vast Exploration Inc - Units	240,000.00	480,000.00
09-Mar-2005	BMO Nesbitt Burns	Western Wind Energy Corp. - Units	299,999.46	365,853.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Ascalade Communications Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated April 8, 2005
Mutual Reliance Review System Receipt dated April 8, 2005
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
GMP Securities Ltd.
National Bank Financial Inc.
Canaccord Capital Corporation
TD Securities Inc.
Raymond James Ltd.
Promoter(s):
-
Project #763414

Issuer Name:
Canwel Building Materials Income Fund
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated April 11, 2005
Mutual Reliance Review System Receipt dated April 12, 2005
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
GMP Securities Ltd.
Scotia Capital Inc.
Canaccord Capital Corporation
CIBC World Markets Inc.
Dundee Securities Corporation
Promoter(s):
CanWel Building Materials Ltd.
Project #764074

Issuer Name:
Crescent Point Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated April 7, 2005
Mutual Reliance Review System Receipt dated April 7, 2005
Offering Price and Description:
$75,063,000.00 - 3,930,000 Trust Units Price: $19.10 per Trust Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Market Inc.
FirstEnergy Capital Corp.
RBC Dominion Securities Inc.
GMP Securities Ltd.
Orion Securities Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #762906

Issuer Name:
Criterion Dow Jones - AIG Commodity Index Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated April 6, 2005
Mutual Reliance Review System Receipt dated April 6, 2005
Offering Price and Description:
$ * - Units Price: $15.00 per Unit (Minimum Purchase: 200 Units)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc,
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc,
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Association Investments Inc.
Raymond James Ltd.
Richardson Partners Financial Limited
Wellington West Capital Inc.
Promoter(s):
Criterion Investments Limited
Project #762381

Issuer Name:
Empower Technologies Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated April 11, 2005
Mutual Reliance Review System Receipt dated April 12, 2005
Offering Price and Description:
$7,500,000.00 - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Paul Leung
Project #764080

Issuer Name:
First Trust/Highland Capital Floating Rate Income Fund II
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated April 4, 2005
Mutual Reliance Review System Receipt dated April 5, 2005
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit Minimum Purchase: 200 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Richardson Partners Financial Limited
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
Wellington West Capital Inc.
Promoter(s):
First Defined Portfolio Management Co.
Project #761908

Issuer Name:
Golden Credit Card Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 6, 2005
Mutual Reliance Review System Receipt dated April 6, 2005
Offering Price and Description:
$ * - *% Credit Card Receivables-Backed Senior Notes, Series 2005-1 Expected Final Payment Date of •, 20*; $• •% Credit Card Receivables-Backed Subordinated Notes, Series 2005-1 Expected Final Payment Date of *,20*
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
Laurentian Bank Securities Inc.
Promoter(s):
-
Project #762296

Issuer Name:
HSBC Financial Corporation Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated April 7, 2005
Mutual Reliance Review System Receipt dated April 8, 2005
Offering Price and Description:
$2,000,000,000.00 - Medium Term Notes (unsecured) unconditionally guaranteed as to principal and interest by HSBC FINANCE CORPORATION
Underwriter(s) or Distributor(s):
HSBC Securities (Canada) Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #762877

Issuer Name:
Livingston International Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 12, 2005
Mutual Reliance Review System Receipt dated April 12, 2005
Offering Price and Description:
$22,165,000.00 - 1,100,000 Units Price: $20.15 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #764323

Issuer Name:
Migenix Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated April 6, 2005
Mutual Reliance Review System Receipt dated April 7, 2005
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Dundee Securities Corporation
Octagon Capital Corporation
Pacific International Securities Inc.
Orion Securities Inc.
Promoter(s):
-
Project #762614

Issuer Name:
Norrep Performance 2005 Flow-Through Limited Partnership
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated April 6, 2005
Mutual Reliance Review System Receipt dated
Offering Price and Description:
$100,000,000.00 (Maximum Offering); $10,000,000 (Minimum Offering) A minimum of 1,000,000 Limited Partnership Units and a maximum of 10,000,000 Limited Partnership Units Represented by Installment Receipts Purchase Price: $10.00 per Unit Minimum Purchase: 1,000 Units ($10,000.00, of which $7,500.00 is payable on Closing)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
First Associates Investments Inc.
Bieber Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Corporation
Richardson Partners Financial Limited
Wellington West Capital Inc.
Wolverton Securities Ltd.
Promoter(s):
Hesperian Capital Management Ltd.
Project #763106

Issuer Name:
Ondine Biopharma Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated April 7, 2005
Mutual Reliance Review System Receipt dated April 8, 2005
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Sprott Securities Inc.
Promoter(s):
Carolyn Cross
Project #763341

Issuer Name:
Peerless Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated April 8, 2005
Mutual Reliance Review System Receipt dated April 8, 2005
Offering Price and Description:
Minimum: 7,000 Units ($7,000,000.00); Maximum: 9,000 Units ($9,000,000.00) Price: $1,000 per Unit Minimum Subscription: 5 Units ($5,000.00)
Underwriter(s) or Distributor(s):
FirstEnergyCapitalCorp.
Tristone Capital Inc.
Canaccord Capital Corporation
Orion Securities Inc.
Promoter(s):
L. Wade Becker
Project #763311

Issuer Name:
Schooner Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 6, 2005
Mutual Reliance Review System Receipt dated April 6, 2005
Offering Price and Description:
$381,099,000.00 (approximate) Schooner TrustTM (Issuer) COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2005-3
Underwriter(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
-
Project #762228

Issuer Name:
SCITI ROCS Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated April 4, 2005
Mutual Reliance Review System Receipt dated April 5, 2005
Offering Price and Description:
Maximum $ * - (* Units) Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Raymond James Ltd.
First Associates Investments Inc.
Wellington West Capital Inc.
Promoter(s):
Scotia Capital Inc.
Project #761866

Issuer Name:
XS Cargo Income Fund
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated April 7, 2005
Mutual Reliance Review System Receipt dated April 8, 2005
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc,
National Bank Financial Inc.
Canaccord Capital Corporation
Sprott Securities Inc.
Promoter(s):
Famous Brands (Edmonton) Inc.
Project #763057

Issuer Name:
AIC American Focused Fund
AIC RSP American Focused Fund
Principal Regulator - Ontario
Type and Date:
Amendment No. 2 dated April 4th, 2005 to the Amended and Restated Annual Information Forms dated August 17th, 2004, amending and restating the Annual Information Forms dated July 27, 2004
Mutual Reliance Review System Receipt dated April 8, 2005
Offering Price and Description:
Mutual Fund Units and Class F Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIC Limited
Project #658659

Issuer Name:
Allied Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated April 11, 2005
Mutual Reliance Review System Receipt dated April 11, 2005
Offering Price and Description:
$30,100,000.00 - 2,150,000 Units Price: $14.00 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #761560

Issuer Name:
Capital St-Charles inc.
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated March 30, 2005
Mutual Reliance Review System Receipt dated April 5, 2005
Offering Price and Description:
$3,000,000.00 - 6,000,000 Common Shares PRICE: $0.50 per Common Share
Underwriter(s) or Distributor(s):
CTI Capital Inc.
Desjardins Securities Inc.
Promoter(s):
Louis Lessard
Project #731022

Issuer Name:
Dynamic Focus+ Small Business Fund
Dynamic Global Small Cap Value Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 31, 2005 to Final Simplified Prospectuses and Annual Information Forms dated January 28, 2005
Mutual Reliance Review System Receipt dated April 6, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Goodman & Company, Investment Counsel Ltd.
Goodman & Company, Investment Counsel Ltd.
Promoter(s):
Goodman & Company, Investment Counsel Ltd.
Project #711713

Issuer Name:
First Asset Equal Weight Small-Cap Income Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated April 7, 2005
Mutual Reliance Review System Receipt dated April 7, 2005
Offering Price and Description:
$100,000,000.00 - Maximum: 10,000 Units @ $10 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
First Associates Investments Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Research Capital Corporation
Berkshire Securities Inc.
Richardson Partners Financial Limited
Promoter(s):
First Asset Funds Inc.
Project #742370

Issuer Name:
George Weston Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated April 11, 2005
Mutual Reliance Review System Receipt dated April 11, 2005
Offering Price and Description:
$1,000,000,000.00 - Debt Securities (unsecured) Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #760499

Issuer Name:
HSBC Bank Canada
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated April 8, 2005
Mutual Reliance Review System Receipt dated April 11, 2005
Offering Price and Description:
$150,000,000.00 - 6,000,000 Non-Cumulative Redeemable Class 1 Preferred Shares Series C Price: $25.00 per share to yield 5.10%
Underwriter(s) or Distributor(s):
HSBC Securities (Canada) Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
National Bank Financial Inc.
Trilon Securities Corporation
Promoter(s):
-
Project #761092

Issuer Name:
Imperial Canadian Equity Pool
Imperial Registered U.S. Equity Index Pool
Imperial U.S. Equity Pool
Imperial Registered International Equity Index Pool
Imperial International Equity Pool
Principal Regulator - Ontario
Type and Date:
- an Amendment No. 3 dated April 5th, 2005 to the Simplified Prospectuses of Imperial U.S. Equity Pool and Imperial Canadian Equity Pool dated May 10th, 2004; and
- an Amendment No. 4 dated April 5th, 2005 to the Annual Information Forms of the above Issuers dated May 10th, 2004.

Mutual Reliance Review System Receipt dated April 11, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Canadian Imperial Bank of Commerce
Project #618801

Issuer Name:
Pacific Northern Gas Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated April 6, 2005
Mutual Reliance Review System Receipt dated April 6, 2005
Offering Price and Description:
$25,966,454.00 - 1,338,477 Common Shares Price: $19.40 per Common Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
Promoter(s):
-
Project #748773

Issuer Name:
Paramount Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated April 8, 2005
Mutual Reliance Review System Receipt dated April 8, 2005
Offering Price and Description:
$160,075,000.00 - 9,500,000 Subscription Receipts, each representing the right to receive one trust unit
and $100,000,000.00 - 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:
Park Avenue Investment Corporation
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated March 31, 2005
Mutual Reliance Review System Receipt dated April 5, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Rubin Osten
Project #747825

Issuer Name:
Real Estate Asset Liquidity Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated April 6, 2005
Mutual Reliance Review System Receipt dated April 6, 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:
Sovereign Global Equity Pool
(Formerly Sovereign Global Equity RSP Pool)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 7, 2005 to Final Simplified Prospectus and Annual Information Form dated November 4, 2004
Mutual Reliance Review System Receipt dated April 11, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Frank Russell Canada Limited
Promoter(s):
Frank Russell Canada Limited
Project #704072

Issuer Name:
TD Private Canadian Bond Income Fund
TD Private Canadian Bond Return Fund
TD Private Canadian Corporate Bond Fund
TD Private North American Equity Fund
TD Private Canadian Equity Fund
TD Private Canadian Dividend Fund
TD Private Income Trust Fund
TD Private U.S. Equity Fund
TD Private RSP U.S. Equity Fund
TD Private Small/Mid-Cap Equity Fund
TD Private International Equity Fund
TD Private RSP International Equity Fund
TD Private Canadian Strategic Opportunities Fund
TD Private Global Strategic Opportunities Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated April 11, 2005
Mutual Reliance Review System Receipt dated April 12, 2005
Offering Price and Description:
Mutual Fund Units at Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
TD Asset Management Inc.
Project #744041

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Nereus Financial Inc.	Investment Counsel & Portfolio Manager	April 7, 2005
New Registration	Morgan Stanley DW Inc.	International Adviser, International Dealer	April 6, 2005
New Registration	Nuveen Investments Canada Co.	Mutual Fund Dealer	April 11, 2005
New Registration	FTC INVESTOR SERVICES INC.	Mutual Fund Dealer	April 8, 2005
New Registration	Lyons Asset Management Inc.	Investment Counsel & Portfolio Manager	April 12, 2005
Change of Name	From: New Sterling LLC To: Sterling Capital Management LLC	International Adviser (Investment Counsel & Portfolio Manager)	April 1, 2005
Surrender of Registration	W.H. Scrivens Financial Services Ltd.	Limited Market Dealer	March 31, 2005
Surrender of Registration	Julius Baer Investment Advisory (Canada) Ltd.	Investment Counsel and Portfolio Manager	April 4, 2005

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA News Release - MFDA Issues Notice of Hearing Regarding Earl Crackower

NEWS RELEASE
For immediate release

MFDA ISSUES NOTICE OF HEARING
REGARDING EARL CRACKOWER

April 8, 2005 (Toronto, Ontario) - The Mutual Fund Dealers Association of Canada ("MFDA") today announced that it has commenced disciplinary proceedings against Earl Crackower (the "Respondent").

MFDA alleges in its Notice of Hearing that Crackower engaged in the following conduct contrary to the By-laws, Rules or Policies of the MFDA.

Allegation #1: Between January 1994 and October 2003, the Respondent had, and continued in, another gainful occupation that was not approved by the Member, contrary to MFDA Rule 1.2.1(d).

Allegation #2: Between January 1994 and October 2003, the Respondent solicited and accepted monies from clients in the total amount of $3.4 million, more or less, which he failed to return or otherwise account for, thereby failing to deal fairly, honestly and in good faith with his clients and engaging in business conduct which was unbecoming and detrimental to the public interest, contrary to MFDA Rule 2.1.1.

Allegation #3: On November 11, 2003, the Respondent misled the MFDA by stating in response to an inquiry from the MFDA that he had only borrowed or solicited monies from one client when he knew that to be an incorrect response, thereby:

failing to comply with his obligations under s. 22.2 of MFDA By-law No. 1; and
failing to observe high standards of ethics and conduct in the transaction of business, contrary to MFDA Rule 2.1.1(b).

Allegation #4: On July 6, 2004, the Respondent failed to attend at the offices of the MFDA and give information for the purpose allowing the MFDA to investigate a complaint made against the Respondent, contrary to s. 22.1(c) of By-Law No. 1.

The first appearance in this matter will take place by teleconference before a Hearing Panel of the Regional Council of the Ontario Region of the MFDA in the Hearing Room located at 121 King Street West, Suite 1000, Toronto, Ontario on Wednesday, May 11, 2005 at 10:00 p.m. (EST) or as soon thereafter as can be held.
The purpose of the first appearance is to schedule the date for the commencement of the hearing on its merits and to schedule any other procedural matters.

The hearing is open to the public, except as may be required for the protection of confidential matters Members of the public attending the hearing will be able to listen to the proceeding by teleconference.

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 181 members and their approximately 70,000 representatives with a mandate to protect investors and the public interest.

For further information, please contact:
Shaun Devlin
Vice-President, Enforcement
(416) 943-4672 or sdevlin@mfda.ca

13.1.2 Notice of Commission Approval – Housekeeping Amendments to IDA Regulation 100.20 and Notes and Instructions to Schedule 9 Regarding Securities Concentration Charge

THE INVESTMENT DEALERS ASSOCIATION (IDA)

AMENDMENTS TO IDA REGULATION 100.20 AND NOTES AND INSTRUCTIONS TO SCHEDULE 9 REGARDING SECURITIES CONCENTRATION CHARGE

NOTICE OF COMMISSION APPROVAL

I OVERVIEW

A Current Rules

Current Regulation 100.20 and Schedule 9 of Form 1 require that a securities concentration charge be provided when the amount loaned exposure to a particular issuer exceeds a threshold. The threshold is based on the Member firm's risk adjusted capital level. The Notes and Instructions to Schedule 9 codify the formula and procedures to be followed.

B The Issue

In determining whether a securities concentration charge applies, the current rule wording requires that the concentration threshold be calculated as a fraction "of the Member's risk adjusted capital, before securities concentration charge plus minimum capital". This wording can be interpreted in two ways yielding two different numerical results as follows:

- ***a fraction*** of the risk adjusted capital before securities concentration charge + minimum capital

or

- ***a fraction*** of the sum of (risk adjusted capital before securities concentration charge + minimum capital)

The latter interpretation was intended. Wording changes are necessary to make this interpretation clear.

C Objective

The objective of these housekeeping amendments is to clarify the formula for calculating the concentration charge in Regulation 100.20 and Schedule 9.

D Effect of Proposed Rules

The proposed amendment is housekeeping in nature and will have no impact on market structure, competition, costs of compliance and other rules.

II DETAILED ANALYSIS

A Present Rules, Relevant History and Proposed Policy

A detailed review of present rules and relevant history was not considered necessary due to the housekeeping nature of the proposed amendments. The proposed wording amendments, included as Attachment #1, seek to ensure that the securities concentration threshold amount is calculated as:

- ***a fraction*** of the sum of (risk adjusted capital before securities concentration charge + minimum capital)

B Issues and Alternatives Considered

No other alternatives were considered.

C Comparison with Similar Provisions

A comparison with similar regulations in the US and UK was not considered necessary due to the housekeeping nature of the proposed amendments.

D Systems Impact of Rule

It is believed that the proposed amendments will have no impact in terms of capital market structure, member versus non-member level playing field, competition generally, costs of compliance and conformity with other rules.

The Bourse de Montréal is also in the process of passing this amendment. Implementation of this amendment will therefore take place once both the IDA and the Bourse de Montréal have received approval to do so from their respective recognizing regulators.

E Best Interests of the Capital Markets

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

F Public Interest Objective

The amendment is believed to be housekeeping in nature as it is intended to clarify existing requirements and will not impact the public.

III COMMENTARY

A Filing in Other Jurisdictions

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

B Effectiveness

As indicated in the previous sections, the objective of the proposal is to ensure that the securities concentration charge is calculated correctly and it is believed that the wording revisions proposed provide this clarity required for this purpose.

C Process

These proposed amendments were developed and recommended for approval by the FAS Capital Formula Subcommittee and recommended for approval by the FAS Executive Committee and the Financial Administrators Section ("FAS").

IV SOURCES

References:

- IDA Regulation 100.20
- IDA Form 1, Schedule 9 Notes and Instructions.
- Proposed amendments to IDA Form 1, Schedule 9 relating to the calculation of a securities concentration charge for positions in broad based index securities

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comments the accompanying amendments.

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

Questions may be referred to:

Jane Tan, MBA
Information Analyst, Regulatory Policy,
Investment Dealers Association of Canada
Suite 1600, 121 King West
Toronto, Ontario
M5H 3T9
Tel: 416-943-6979
E-mail: jtan@ida.ca

Arif Mian
Specialist, Regulatory Policy,
Investment Dealers Association of Canada
Suite 1600, 121 King West
Toronto, Ontario
M5H 3T9
Tel: 416-943-4656
E-mail: amian@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA
HOUSEKEEPING CHANGES TO REGULATION 100.20 AND SCHEDULE 9

BOARD RESOLUTION

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

1. Adding the words "the sum of" in the front of "the Member's risk adjusted capital, before securities concentration charge" and replacing the word "plus" with the word "and" in front of "minimum capital" in the following lines of sections within Regulation 100.20:

   - lines 3, 4 and 6 and 7 of Regulation 100.20(c)(i);
   - lines 13 and 14 of Regulation 100.20(c)(ii); and
   - lines 2 and 3 of Regulation 100.20(d).

2. Adding the words "the sum of" in the front of "the Member's risk adjusted capital" and the words "before securities concentration charge and minimum capital" immediately thereafter in lines 6 and 7 of sections within Regulation 100.20(d).

3. Replacing the words "Vice-President, Financial Compliance" with "appropriate Joint Regulatory Bodies" in Regulation 100.20(f).

4. Adding the words "the sum of" or "the sum of the firm's" in the front of "the firm's Risk Adjusted Capital, before securities concentration charge" or "Risk Adjusted Capital, before securities concentration charge", as appropriate, and replacing the word "plus" with the word "and" in front of "minimum capital" in the following lines of notes within the Notes and Instructions to Schedule 9 of Form 1:

   - lines 3 and 4 of Note 9(c);
   - lines 10, 11, 13 and 14 of Note 10(a);
   - lines 4, 5, 7 and 8 of Note 10(b);
   - lines 3, 4, 7 and 8 of Note 10(c);
   - lines 3 and 4 of Note 10(d)(ii);
   - lines 3 and 4 of Note 10(d)(iii); and
   - lines 4 and 5 of Note 10(d)(iv).

PASSED AND ENACTED BY THE Board of Directors this 19th day of January 2005, to be effective on a date to be determined by Association staff.

INVESTMENT DEALERS ASSOCIATION OF CANADA
HOUSEKEEPING CHANGES TO REGULATION 100.20 AND SCHEDULE 9

BLACKLINE COPY

100.20 Concentration of Securities

(c) (i) Subject to subclause (ii) below, where the total amount loaned by a Member on any one security for all customers and/or inventory accounts, as calculated hereunder, exceeds an amount equal to two-thirds of the sum of the Member's risk adjusted capital, before securities concentration charge ~~plus~~and minimum capital, as most recently calculated for more than five business days, an amount equal to 150% of the excess of the amount loaned over two-thirds of the sum of the Member's risk adjusted capital, before securities concentration charge ~~plus~~and minimum capital (Statement B, Line 6 of Form 1), shall be deducted from the risk adjusted capital of the Member. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the security for which the charge is incurred.

(ii) Notwithstanding subclause (i) above, where the loaned security issued by

(A) the Member, or

(B) a company, where the accounts of a Member are included in the consolidated financial statements and where the assets and revenues of the Member constitute more than 50% of the consolidated assets and 50% of the consolidated revenue, respectively, the company, based on the amounts shown in the audited consolidated financial statements of the company and the Member for the preceding fiscal year,

and the total amount loaned by the Member on any one such security, as calculated hereunder, exceeds an amount equal to one third of the Member's risk adjusted capital before securities concentration charge plus minimum capital as most recently calculated for more than five business days, an amount equal to 150% of the excess of the amount loaned over one-third of the sum of the Member's risk adjusted capital before securities concentration charge ~~plus~~and minimum capital shall be deducted from the risk adjusted capital of the Member.

(d) Where the total amount loaned by a Member on any one security for all customers and/or inventory accounts as calculated hereunder exceeds an amount equal to one half of the sum of the Member's risk adjusted capital before securities concentration charge ~~plus~~and minimum capital as most recently calculated, and the amount loaned on any other security which is being carried by a Member for all customers and/or inventory accounts as calculated hereunder, exceeds an amount equal to one-half of the sum of the Member's risk adjusted capital before securities concentration charge and minimum capital as most recently calculated for more than five business days, an amount equal to 150% of the excess of the amount loaned on the other security over one-half of the Member's risk adjusted capital shall be deducted from the risk adjusted capital of the Member. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the security for which the charge is incurred.

(e) For the purposes of calculating the concentration charges as required by paragraphs (c) and (d) above, such calculations shall be performed for the first five securities in which there is a concentration.

(f) Where the capital charges described in subsections (c) and (d) would result in a capital deficiency or a violation of the rule permitting designation in early warning pursuant to By-law 30, the Member must report the over-concentration situation to the ~~Vice-President, Financial Compliance~~ appropriate Joint Regulatory Bodies on the date the over-concentration first occurs.

Form 1, Schedule 9 - Concentration of Securities, Notes and Instructions
[Amended sections only]

SCHEDULE 9
NOTES AND INSTRUCTIONS

Amount Loaned - Note 9(c)

"(c) If the loan value of an issuer position (net of issuer securities required to be in segregation/safekeeping) does not exceed one-half (one-third in the case of an issuer position which qualifies under either Note 9(a) or 9(b) below) of the sum of the firm's Risk Adjusted Capital before securities concentration charge ~~plus~~and minimum capital (Stmt. B, line 4) as most recently calculated, the completion of the column titled "Adjustments in arriving at Amount Loaned" is optional. However, nil should be reflected for the concentration charge."

Concentration Charge – Notes 10(a) through (d)

"10. (a) Where the Amount Loaned reported relates to securities issued by

(i) the member, or

(ii) a company, where the accounts of a member are included in the consolidated financial statements and where the assets and revenue of the member constitute more than 50% of the consolidated assets and 50% of the consolidated revenue, respectively, of the company, based on the amounts shown in the audited consolidated financial statements of the company and the member for the preceding fiscal year

and the total Amount Loaned by a firm on such issuer securities exceeds one-third of the sum of the firm's Risk Adjusted Capital before securities concentration charge ~~plus~~and minimum capital (Stmt. B, line 4) , as most recently calculated, a concentration charge of an amount equal to 150% of the excess of the Amount Loaned over one-third of the sum of the firm's Risk Adjusted Capital before securities concentration charge ~~plus~~and minimum capital (Stmt. B, line 4) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the issuer security(ies) for which such charge is incurred.

(b) Where the Amount Loaned reported relates to non-marginable securities of an issuer held in a cash account(s), where loan value has been extended pursuant to the weighted market value calculation set out in Schedule 4, Note 9, and the total Amount Loaned by a firm on such issuer securities exceeds one-third of the sum of the firm's Risk Adjusted Capital before securities concentration charge ~~plus~~and minimum capital (Stmt. B, line 4) , as most recently calculated, a concentration charge of an amount equal to 150% of the excess of the Amount Loaned over one-third of the sum of the firm's Risk Adjusted Capital before securities concentration charge ~~plus~~and minimum capital (Stmt. B, line 4) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the issuer security(ies) for which such charge is incurred.

(c) Where the Amount Loaned reported relates to arm's length marginable securities of an issuer (i.e., securities other than those described in note 9(a), or 9(b)), and the total Amount Loaned by a firm on such issuer securities exceeds two-thirds of the sum of the firm's Risk Adjusted Capital before securities concentration charge ~~plus~~and minimum capital (Stmt. B, line 4), as most recently calculated, a concentration charge of an amount equal to 150% of the excess of the Amount Loaned over two-thirds of the sum of the firm's Risk Adjusted Capital before securities concentration charge ~~plus~~and minimum capital (Stmt. B, line 4) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the issuer security(ies) for which such charge is incurred.

(d) Where:

(i) The firm has incurred a concentration charge for an issuer position under either note 9(a) or 9(b) or 9(c); or

(ii) The Amount Loaned by a firm on any one issuer (other than issuers whose securities may be subject to a concentration charge under either Note 9(a) or 9(b) above) exceeds one-half of the sum of the firm's Risk Adjusted Capital before securities concentration charge ~~plus~~and minimum capital (Stmt. B, line 4) , as most recently calculated; **and**

(iii) The Amount Loaned on any **other issuer** exceeds one-half (one-third in the case of issuers whose securities may be subject to a concentration charge under either Note 9(a) or 9(b) above) of the sum of Risk Adjusted Capital before securities concentration charge ~~plus~~and minimum capital (Stmt. B, line 4) ; **then**

(iv) A concentration charge on such other issuer position of an amount equal to 150% of the excess of the Amount Loaned on the **other issuer** over one-half (one-third in the case of issuers whose securities may be subject to a concentration charge under either Note 9(a) or 9(b) above) of the sum of the firm's Risk Adjusted Capital before securities concentration charge ~~plus~~and minimum capital (Stmt. B, line 4) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the security(ies) for which such charge is incurred.

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