The Ontario Securities Commission

OSC Bulletin

May 20, 2005

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

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

MAY 20, 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
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Mary Theresa McLeod	—	MTM
H. Lorne Morphy, Q.C.	—	HLM
Carol S. Perry	—	CSP
Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: 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
May 30, 2005 June 1 & 3, 2005 10:00 a.m.	ATI Technologies Inc.***, Kwok Yuen Ho, Betty Ho,** JoAnne Chang*, David Stone*, Mary de La Torre*, Alan Rae* and Sally Daub* s. 127 M. Britton in attendance for Staff Panel: SWJ/HLM/MTM * Settled
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 3, 2005 11:00 a.m.	**Robert Patrick Zuk, Ivan Djordjevic, Matthew Noah Coleman, Dane Alan Walton, Derek Reid and Daniel David Danzig** s. 127 J. Waechter in attendance for Staff Panel: PMM
June 16, 2005 10:00 a.m.	**Gregory Hryniw and Walter Hryniw** s.127 K. Wootton in attendance for Staff Panel: TBA
June 27, 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
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
August 29, 2005 to September 16, 2005 10:00 a.m. September 12, 2005 2:30 p.m.	**In the matter of Allan Eizenga,** Richard Jules Fangeat*, Michael Hersey*, Luke John McGee* and Robert Louis Rizzutto* **and In the matter of Michael Tibollo** s.127 T. Pratt in attendance for Staff Panel: WSW/PKB/ST * Fangeat settled June 21, 2004 * Hersey settled May 26, 2004 * McGee settled November 11, 2004 * Rizzutto settled August 17, 2004
September 16, 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
September 28 and 29, 2005 10:00 a.m.	**Francis Jason Biller** s.127 J. Cotte in attendance for Staff Panel: TBA

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 MFDA Investor Protection Corporation - Notice of Approval

MFDA INVESTOR PROTECTION CORPORATION

NOTICE OF APPROVAL

MFDA IPC Approval

On May 3, 2005, the Commission approved the MFDA Investor Protection Corporation (MFDA IPC) as a compensation fund, pursuant to subsection 110(1) of Regulation 1015, as amended, made under the *Securities Act* (Ontario). The MFDA IPC will provide protection to eligible customers of MFDA members on a discretionary basis to prescribed limits if securities, cash and other property held by any such member are unavailable as a result of the member's insolvency. The MFDA IPC intends to commence coverage of customer accounts on July 1, 2005.

Alberta, British Columbia, Nova Scotia and Saskatchewan have also approved the MFDA IPC as a compensation fund. A copy of Ontario's approval order is published in Chapter 2 of this Bulletin.

The Commission published the MFDA IPC's revised application for approval as a compensation fund on February 25, 2005, at (2005) 28 OSCB 2067. Fourteen commenters responded to the request for comments. The MFDA IPC's summary of comments and responses are published in Chapter 13 of this bulletin.

Ontario Contingency Trust Plan

Mutual fund dealers who are currently participants in the Ontario Contingency Trust Plan (OCTF) will no longer be required to participate in the OCTF once they have become covered by the MFDA IPC and have had their participation in the OCTF terminated in accordance with its procedures.

1.1.3 OSC Staff Notice 11-752 - Limited Market Dealer Initiative – Compliance Team

OSC STAFF NOTICE 11-752
LIMITED MARKET DEALER INITIATIVE – COMPLIANCE TEAM

The Compliance team of the Ontario Securities Commission (OSC) has commenced a new initiative regarding limited market dealers (LMD). This initiative developed from our efforts to evolve our Compliance mandate in 2004. In the past, we have monitored LMDs as part of our reviews of those investment counsel/portfolio managers (ICPM) who are also registered as LMDs. This initiative is the first step in our plan to enhance our oversight of LMDs.

Currently there are approximately 550 LMDs registered with the OSC. The spectrum of LMDs is very broad and includes LMDs registered as mutual fund dealers, as investment dealers, as ICPMs or solely as LMDs. These differences give rise to various business models and potentially different risks facing these firms.

Our initiative will have three phases: information gathering, program development and finally, on-site focussed reviews of a sample of LMDs. We are currently at the information gathering stage and anticipate performing on-site reviews in the fall. An industry report will be issued in 2006, documenting the results of our reviews and recommending changes (if any) to the existing legislation which applies to LMDs.

In an effort to broaden our understanding of this registration category, including the various business models and risks facing these firms, we will be sending a survey to all LMDs in Phase 1. The survey will consist of a series of questions which will require written responses. All LMDs will be asked to complete the survey. We also intend to hold several focus groups in Phase 1. Each focus group will include 15 – 20 LMDs, representing a cross section of the population. Meetings will be 2 hours in length to ensure adequate coverage of the issues. We view this as a very important step in our initiative and would encourage firms to participate. If you are interested in attending one of our focus groups, please send an email to compliance@osc.gov.on.ca. Once meeting dates and times have been determined, those individuals expressing interest will be contacted.

We expect that this initiative will assist LMDs in enhancing their compliance structure and will result in a more effective regulatory regime.

For more information, please contact:

Marrianne Bridge
Manager, Compliance
(416) 595-8907
mbridge@osc.gov.on.ca

Christina Forster Pazienza
Assistant Manager, Compliance
(416) 593-8061
cpazienza@osc.gov.on.ca

May 20, 2005

1.1.4 Notice of Ministerial Approval of Amendments To OSC Rule 51-501 – *AIF and Md&A* and OSC Rule 51-801 – *Implementing National Instrument 51-102 Continuous Disclosure Obligations*

NOTICE OF MINISTERIAL APPROVAL OF AMENDMENTS TO ONTARIO SECURITIES COMMISSION RULE 51-501 – *AIF AND MD&A* AND ONTARIO SECURITIES COMMISSION RULE 51-801 – *IMPLEMENTING NATIONAL INSTRUMENT 51-102 CONTINUOUS DISCLOSURE OBLIGATIONS*

On April 12, 2005, the Chair of Management Board of Cabinet approved amendments to Ontario Securities Commission Rule 51-501 – *AIF and MD&A* and Ontario Securities Commission Rule 51-801 – *Implementing National Instrument 51-102 Continuous Disclosure Obligations*. These amendments, together with amendments to Companion Policy 51-501CP, were previously published in the Bulletin on March 4, 2005 and came into effect on May 16, 2005.

The text of these amendments is published in Chapter 5 of this Bulletin.

1.1.5 MFDA - Notice of Consent to Enter into a Co-operative Agreement in Quebec

THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA

APPLICATION FOR CONSENT TO ENTER INTO A CO-OPERATIVE AGREEMENT IN QUEBEC

NOTICE OF CONSENT

On March 8, 2005, the Commission consented to the Mutual Fund Dealers Association of Canada (MFDA) entering into a Co-operative Agreement with l'Agence nationale d'encadrement du secteur financier (Autorite) and the Chambre de la securite financiere (Chambre) in Quebec. The objectives of the Co-operative Agreement are to avoid regulatory inefficiencies and to preserve and enhance the respective separate mandates of the Autorite, the Chambre and the MFDA. Under the Co-operative Agreement, the Autorite, the Chambre and the MFDA will co-ordinate their various regulatory functions with respect to MFDA Members and their Approved Persons operating in Quebec.

Alberta, British Columbia, Nova Scotia and Saskatchewan have also consented to the MFDA entering into the Co-operative Agreement. A copy of the Ontario consent is published in Chapter 25 of this bulletin.

The Commission published the MFDA's application for consent and related documents on December 12, 2003, at (2003) 26 OSCB 8111. One commenter responded to the request for comments. The MFDA's summary of the comments and response are published in Chapter 13 of this bulletin.

1.1.6 OSC Issues Temporary Order Suspending Registration of Olympus and Reinstates Registration of Norshield

FOR IMMEDIATE RELEASE
MAY 16, 2005

OSC ISSUES TEMPORARY ORDER SUSPENDING REGISTRATION OF OLYMPUS AND REINSTATES REGISTRATION OF NORSHIELD

TORONTO – The Ontario Securities Commission (OSC) issued Temporary Orders on May 13, 2005, suspending the registration of Norshield Asset Management (Canada) Ltd. (Norshield) and Olympus United Group Inc. ("Olympus").

Norshield is the manager and adviser of a variety of hedge funds and alternative investment products offered across Canada by Olympus. These products are sold as shares in the Olympus United Funds Corporation (Olympus Funds). At present, Olympus Funds has approximately 2,000 shareholders, the majority of whom are resident in Ontario.

On May 2, 2005, Olympus Funds announced the deferral of redemptions in a number of its funds. In addition, on May 2, 2005, the registered trading and compliance officer at Olympus resigned. On May 6, 2005, the registered advising and compliance officer at Norshield resigned.

Operation without a compliance officer is contrary to subsection 1.3 of OSC Rule 31-505. Accordingly, the OSC made Temporary Orders in the public interest suspending the registration of Norshield and Olympus because they did not meet the registration requirements necessary to trade and advise on behalf of their clients in Ontario.

Today, Norshield was granted registration for an adviser by the OSC. The individual is currently registered with Norshield in Quebec. The adviser has been designated by Norshield as compliance officer with respect to operations in Ontario.

Norshield is now in compliance with the registration requirements of the Act and the OSC issued an Order today revoking the suspension of Norshield's registration. Nonetheless, the OSC, the Autorité des Marchés Financiers, and the Mutual Fund Dealers Association, commenced a coordinated review of the operations of Norshield and Olympus in Quebec and Ontario today.

The suspension Order with respect to Olympus remains in effect. The hearing to consider the extension of that Order is scheduled to take place on Friday, May 27 at 10:00 a.m. at the Offices of the Ontario Securities Commission, 20 Queen Street West, 17th Floor, Hearing Room, Toronto, Ontario.

The Orders and Notices of Hearing are available on the OSC website (**www.osc.gov.on.ca**).

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1.3 News Releases

1.3.1 Securities Commissions to Consult on Market Structure Rules – Concept Release Planned for June

FOR IMMEDIATE RELEASE
May 12, 2005

SECURITIES COMMISSIONS TO CONSULT ON MARKET STRUCTURE RULES – CONCEPT RELEASE PLANNED FOR JUNE

TORONTO – Securities Commissions in five Canadian jurisdictions will issue a concept paper in June to address issues relating to the structure of Canada's evolving capital markets. The paper by securities Commissions in Alberta, British Columbia, Manitoba, Ontario and Quebec will address issues relating to executing orders at the best price available in any marketplace in Canada, often referred to as the "trade-through" rule. A 90-day comment period will follow the June paper, with a proposed solution to be in place by the fall.

"Securities markets the world over are facing dramatic changes in structure," said David Brown, Chair of the Ontario Securities Commission. "As innovative market-laces emerge and offer new products or services, the onus is on us as regulators to lead the changes that are required to ensure fairness for all market participants, including new entrants."

The current regime in Canada set out in the Universal Market Integrity Rules (UMIR) places obligations on dealers when they are acting as agents for both best execution and best price. Market Regulation Services Inc. (RS) has approached the five provincial regulators to consider immediately implementing a rule aimed at reducing potential trade-throughs by institutional investors. A trade-through occurs when a trade is executed at a price that is inferior to the best available price. Current regulation in the UMIR places a best-price obligation on participants therefore preventing trades "through" the best available price.

The five regulators do not believe that implementation without public comment is appropriate at this time, especially in the absence of lack of evidence of harm to investors in maintaining the *status quo* while stakeholders' input is gathered. In light of the complexity and importance of the issue, the five regulators believe it is important to have a full and transparent debate before any changes are made.

"We appreciate RS's position on the issue and look forward to working cooperatively to find a solution that accommodates all stakeholders' points of view in as fair a manner as possible," said Brown. "We believe that as the regulatory landscape shifts, we must continuously update our rules - but the debate must always be open and transparent."

The core issues that the concept paper will address include the scope of the trade-through obligation and the flexibility available to traders, whether it applies to dealers or institutional investors, and whether factors such as speed of execution should be put ahead of price consideration. These issues are becoming increasingly important as Canada's market matures and large block trades become more common in our marketplaces.

"At the end of the day, retail investors and pensioners are impacted by trades executed in our markets," said Brown. "Clearly, the resolution of this issue will affect small investors – both as direct investors and as mutual fund holders or pensioners of the large institutions. It is a question of balance. The rules that govern how trading is permitted may seem arcane to some, but the fairness they promote has a true impact on every one of us.

"The challenge we face in this evolving market is similar to the challenge faced in every jurisdiction globally: how to balance fairness for all investors with efficiency and innovation. We must consider adaptations carefully to ensure that we get it right. We can only do that by listening carefully to what every affected party has to say. This is a fundamental issue in ensuring the integrity and reputation of our market."

Randee Pavalow, OSC Director of Capital Markets, said that the U.S. Securities and Exchange Commission has examined the issue over the past two years. "Their experience can contribute to our understanding of the impact of potential rule changes. We have closely monitored their discussion of the issues."

Noting that the current rules could lead to trades that favour speed of execution and anonymity over price, the five provincial regulators said they would ensure that marketplaces monitor trades vigilantly to ensure market integrity. The surveillance will rely on the cooperation among the country's securities regulators and the self-regulatory organizations (SROs), including RS Inc.

"We intend to issue the concept paper in June for a 90-day comment period, and subsequently develop a proposed solution by the fall," said Randee Pavalow, OSC Director of Capital Markets. "The debate is highly technical and we are hearing strong, divergent views from different parties, so we must ensure that we take the time to hear from all stakeholders and come up with the right solution."

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1.3.2 OSC Adjourns Proceedings in Relation to Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee, and Peter Y. Atkinson

FOR IMMEDIATE RELEASE
May 12, 2005

OSC ADJOURNS PROCEEDINGS IN RELATION TO HOLLINGER INC., CONRAD M. BLACK, F. DAVID RADLER, JOHN A. BOULTBEE, AND PETER Y. ATKINSON

Toronto – The Ontario Securities Commission issued an order adjourning the hearing in relation to Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee, and Peter Y. Atkinson from May 18, 2005 to June 27, 2005, at 9:00 a.m. on consent of staff of the commission and counsel for the respondents.

Copies of the Order, Notice of Hearing issued on March 18, 2005 and Statement of Allegations are made available on the Commission's website (**www.osc.gov.on.ca**).

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1.3.3 Ontario Superior Court of Justice, Divisional Court Affirms OSC's Decision In The Matter Of Dimitrios Boulieris

FOR IMMEDIATE RELEASE
May 17, 2005

Ontario Superior Court of Justice,
Divisional Court Affirms
Ontario Securities Commission's Decision In The Matter Of Dimitrios Boulieris

Toronto - In a decision released on May 11, 2005, the Ontario Superior Court of Justice, Divisional Court affirmed the Ontario Securities Commission's decision in the Matter of Dimitrios Boulieris reinforcing that a "high level of deference should be afforded to the Commission when it determines what is in the public interest, especially in relation to sanctions." In doing so, the Divisional Court also affirmed that market participants whose conduct has facilitated a market manipulation will be met with severe sanctions, including removal from the marketplace for an appropriate period of time.

The Divisional Court decision related to Boulieris' appeal of a decision of the Commission dated January 28, 2004, which set aside part of a decision of the Ontario District Council of the Investment Dealers Association relating to allegations concerning Boulieris' facilitation of a market manipulation. The Commission overturned the District Council's decision on this issue as it concluded that the District Council erred in failing to appreciate the essential business and operational elements necessary to prove that Boulieris facilitated a market manipulation. The Commission also found that the District Council had erred by imposing a penalty that was "completely unfit and inappropriate in light of [Boulieris'] facilitation of the market manipulation" and imposed a harsher sanction which included a fine of $128,504 and the suspension of Boulieris' approval for registration for a period of seven years.

In finding that the Commission's decision was reasonable, the Divisional Court quoted with approval the following excerpt from the Commission's decision:

Where a registrant has willfully facilitated a market manipulation, he should face severe consequences, including removal from the marketplace for an appropriate period and disgorgement of moneys received as a consequence of his conduct. Otherwise, confidence in the capital markets will suffer and the market will be at risk of further disreputable conduct, and harm from the registrant.

Divisional Court decisions are made available online at **http://www.canlii.org/on/cas/onscdc/**.

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1.3.4 McMaster University confers honorary degree upon OSC Chair David Brown

FOR IMMEDIATE RELEASE
May 17, 2005

MCMASTER UNIVERSITY CONFERS HONORARY DEGREE UPON OSC CHAIR DAVID BROWN

TORONTO – Ontario Securities Commission (OSC) Chair David Brown will receive an honorary Doctor of Laws degree from McMaster University, in recognition of his distinguished public service in the field of securities regulation on the provincial, national and international stages.

The honorary degree will be conferred upon Brown at the spring convocation of the Faculty of Business on June 6, 2005, at the Great Hall, Hamilton Place in Hamilton, Ontario. During the ceremony, Brown will address the students of McMaster's DeGroote School of Business who will receive undergraduate or graduate degrees, including those from the MBA and Ph.D. programs.

"David Brown is an outstanding leader in Canada's capital markets ? his insight, integrity and clarity of purpose contributed to significant improvements in our system of securities regulation," said Peter George, President and Vice-Chancellor of McMaster University. "He has provided a strong, guiding hand to staff at the OSC, and is respected internationally by his regulatory colleagues."

The honorary degree recognizes Brown's leadership of substantial regulatory developments at a key time for capital markets in Canada and internationally. Over the past seven years, Brown has made important contributions as a senior member of the Canadian Securities Administrators (CSA), which co-ordinates securities policy across the country. He has played an integral role in numerous CSA initiatives, including the development of new investor confidence rules and the ongoing effort to harmonize and streamline the securities regulatory system in Canada.

Given the global nature of capital markets, Brown has made it a priority of the OSC to foster international regulatory cooperation. He is the past Chair of the principal policy-setting body of the International Organization of Securities Commissions, and currently represents the OSC on the organization's Executive Committee.

"It is indeed a great privilege to receive an honorary Doctor of Laws degree from a university that it so committed to innovation and excellence. And I am honored to be invited to address the graduating class of McMaster's Faculty of Business – members of the next generation of business leaders in Canada," said Brown.

Brown was first appointed Chair of the OSC in April, 1998. On April 14, 2003, he was re-appointed for a second five-year term. Since his appointment, the OSC has moved from a government agency to a self-funded Crown Corporation with a focus on providing effective protection to investors and maintaining strong, efficient Canadian capital markets. Brown will step down as Chair on June 30, 2005.

In March of this year, Brown was appointed to the Public Interest Oversight Board (PIOB), a new international oversight board for the accountancy profession. The PIOB will oversee the public interest activities of the International Federation of Accountants in setting standards for auditor education and audit performance, quality control, independence and ethics. His appointment to PIOB is for a three-year term.

Prior to his appointment to the OSC, Brown was a senior corporate law partner for Davies Ward Phillips and Vineberg, where he worked for 28 years. Brown received his Bachelor's degree in Civil Engineering from Carleton University in 1963 and a law degree from the University of Toronto in 1966. He was appointed Queen's Counsel in 1984.

McMaster University is based in Hamilton, Ontario, and has a student population of more than 23,000, and more than 112,000 alumni in 128 countries.

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1.3.5 OSC Extends Temporary Orders Against Portus And Manor

FOR IMMEDIATE RELEASE
MAY 16, 2005

OSC EXTENDS TEMPORARY ORDERS AGAINST PORTUS AND MANOR

TORONTO – The Ontario Securities Commission (OSC) issued an Order today adjourning the hearing to consider whether the temporary orders issued on February 2 and 10, 2005 against Portus Alternative Asset Management Inc. and Boaz Manor should be extended, until September 16, 2005. On consent, the Commission continued the Temporary Orders pending the hearing on September 16, 2005.

As a result of the Order issued today, the protections put in place by the Temporary Orders will remain in effect while the OSC continues to investigate this matter.

A copy of the Order is made available on the OSC website (**www.osc.gov.on.ca**).

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1.3.6 Media Advisory - Webcast on Investment Fund Continuous Disclosure

FOR IMMEDIATE RELEASE
May 16, 2005

WEBCAST ON INVESTMENT FUND CONTINUOUS DISCLOSURE

TORONTO – The Investment Funds Branch of the Ontario Securities Commission (OSC) has produced a webcast about a new rule of the Canadian Securities Administrators (CSA) which sets out the continuous disclosure requirements for all investment funds. The webcast explains some key requirements of National Instrument 81-106 Investment Fund Continuous Disclosure (NI 81-106), which is accompanied by Companion Policy 81-106CP.

The purpose of NI 81-106 is to harmonize continuous disclosure requirements among jurisdictions in Canada and to consolidate requirements currently found in legislation, various rules and policies into one rule. The Rule applies to all types of investment funds, including mutual funds, non-redeemable investment funds, labour sponsored funds and scholarship plans.

The OSC webcast is approximately 40 minutes in length and is posted in the webcast section of Canada NewsWire (**http://www.newswire.ca/en/**). The webcast is available in chapters for the convenience of the audience.

You can also access the webcast on the OSC website (**www.osc.gov.on.ca**) in the Investment Funds section, under "Speeches and Presentations", and in the Rules, Polices & Notices section, under 81-106, in the "Mutual Funds" category.

NI 81-106 and related consequential amendments were published on March 11, 2005, and can be found on the OSC website as well as websites of other members of the CSA. NI 81-106 is expected to come into force on June 1, 2005.

The OSC webcast is meant for informational purposes only and was written for market participants in Ontario, although stakeholders in other jurisdictions may find the content informative.

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1.4 Notices from the Office of the Secretary

1.4.1 Andrew Cheung

FOR IMMEDIATE RELEASE
April 26, 2005

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, as amended

AND

IN THE MATTER OF
ANDREW CHEUNG

TORONTO – The Commission issued an Order approving the settlement agreement between Staff of the Commission and Andrew Cheung today.

A copy of the Order and Settlement Agreement is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Eveready Income Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from the requirement to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a prospectus with respect to securities issued pursuant to a distribution reinvestment and optional trust unit purchase plan - Relief for first trades of additional trust units, subject to conditions.

Statutes Cited

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

Instruments Cited

Multilateral Instrument 45-102 Resale of Securities, s. 2.6.

April 29, 2005

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

AND

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

AND

IN THE MATTER OF
EVEREADY 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 a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the dealer registration requirement and the prospectus requirements of the Legislation (the Requested Relief) with respect to certain trades in fund units of the Filer pursuant to a distribution reinvestment plan (the Plan);

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

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

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

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 unincorporated, open-ended, mutual fund trust established under the laws of the Province of Alberta pursuant to a declaration of trust dated August 18, 2004, as amended and restated as of March 31, 2005.

2. The beneficial interests in the Filer are divided into interests of one class, described and designated as “Fund Units”. The Filer is authorized to issue an unlimited number of Fund Units, of which 12,130,616 are issued and outstanding as of April 20, 2005.

3. The Filer became a reporting issuer or the equivalent in Alberta and British Columbia on September 30, 2004 upon the completion of a plan of arrangement (the First Arrangement) involving, among others, River Valley Energy Services Ltd. (RV Corp.).

4. RV Corp. was a reporting issuer in Alberta and British Columbia at the time of the First Arrangement. RV Corp. has since ceased to be a reporting issuer in both Alberta and British Columbia.

5. The Filer completed a second plan of arrangement (the Second Arrangement) on March 31, 2005 involving, among others, Eveready Industrial Group Ltd. (Eveready). Pursuant to the Second Arrangement, the Filer acquired all of the outstanding shares of Eveready in exchange for Fund Units and limited partnership units of a subsidiary of the Filer. The transaction was effectively a reverse take-over of the Filer by Eveready. The information circular of the Filer

dated February 24, 2005 provided to Unitholders and filed on SEDAR contained prospectus level disclosure on each of the Filer and Eveready. Pursuant to the Second Arrangement, the Filer changed its name from River Valley Income Fund to Eveready Income Fund.

6. To the best of the knowledge of the Filer, the Filer is current on all filings required to be made under the Legislation.

7. The Fund Units are currently listed and posted for trading on the TSX Venture Exchange under the symbol "EIS.UN". The Filer has submitted an application to list the Fund Units on the Toronto Stock Exchange.

8. The Filer anticipates making cash distributions of a proportionate share of its annual distributable cash flow (Distributions) periodically to the unitholders of record (Unitholders) on the last business day of each period as may be selected or determined by the trustees of the Filer from time to time (each, a Record Date) with such distributions being payable on or about the 15th of the month immediately following the expiry of the applicable period or such other date as may determined from time to time by the trustees (each, a Distribution Date).

9. The Filer has adopted the Plan which, subject to obtaining all necessary regulatory approvals, will permit Unitholders who are not "non-residents" within the meaning of the *Income Tax Act* (Canada) and the regulations thereunder, at their option, to reinvest Distributions by electing to purchase additional Fund Units (Plan Units) pursuant to the Plan and in accordance with a distribution reinvestment plan services agreement between the Filer and Computershare Trust Company of Canada in its capacity as agent under the Plan (the Plan Agent). Unitholders who cannot or do not elect to purchase Plan Units pursuant to the Plan will continue to receive cash Distributions.

10. A registered holder of Fund Units may elect to participate in the Plan by completing an authorization form and sending it to the Plan Agent. Beneficial owners of Fund Units may elect to participate in the Plan by notifying the Plan Agent via the applicable participant (CDS Participant) in the Canadian Depository for Securities Limited (CDS) depository service.

11. Distributions due to participants in the Plan (Plan Participants) will be paid to the Plan Agent and applied to purchase Plan Units directly from the Filer.

12. The price of Plan Units purchased with Distributions will be 95% of the volume weighted average price of all Fund Units traded on the exchange upon which the Fund Units are then listed for trading on the ten (10) days preceding such Distribution Date on which there was trading in the Fund Units of the Filer.

13. Plan Participants who beneficially own their Fund Units through a CDS Participant may terminate their participation in the Plan by written notice to their CDS Participant, who will in turn notify CDS. CDS will notify the Plan Agent each period of the number of Fund Units participating in the Plan through CDS. Registered Unitholders may terminate their participation in the Plan by written notice to the Plan Agent.

14. No commissions or brokerage fees will be payable on the purchase of Plan Units and administrative costs will be borne by the Filer.

15. The Filer reserves the right to suspend or terminate the Plan at any time, in its sole discretion, upon not less than 30 days' notice to (i) the Plan Participants who are registered Unitholders, (ii) CDS and (iii) the Plan Agent.

16. Subject to the approval of the exchange upon which the Fund Units are then listed, the Filer may amend the Plan at any time and may, in consultation with the Plan Agent, adopt additional rules and regulations to facilitate the administration of the Plan.

17. The distribution of the Plan Units by the Filer pursuant to the Plan cannot be made in reliance on certain registration and prospectus exemptions contained in the Legislation for the reinvestment of dividends, interest or distributions of capital gains, earnings or surplus, as the Plan involves the reinvestment of Distributions of all distributable cash flow of the Filer which may not fall into any of these categories.

18. Additionally, the distribution of Plan Units by the Filer pursuant to the Plan cannot be made in reliance on certain registration and prospectus exemptions contained in the Legislation for the reinvestment plans of mutual funds as the Filer is not a "mutual fund" within the definition in the Legislation because the Unitholders are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in a part of the net assets of the Filer.

Decision

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

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

(a) at the time of the trade, the Filer is a reporting issuer (or the equivalent) not in default in a jurisdiction listed in Appendix B to Multilateral Instrument 45-102 *Resale of Securities* (MI 45-102);

(b) no sales charge is payable in respect of the distributions of Plan Units from treasury;

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

(i) their right to withdraw from the Plan and to make an election to receive cash instead of Plan Units on the making of a distribution by the Filer; and

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

(d) except in Québec, the first trade in Plan Units acquired pursuant to this Decision will be a distribution or primary distribution to the public under the Legislation unless the conditions of subsection 2.6(3) of MI 45-102 are satisfied; and

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

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

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

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

(iv) if the seller of the securities is an insider of the Filer, the seller has no reasonable grounds to believe that the Filer is in default of any requirement of the Legislation.

Notwithstanding the foregoing, the first trade (alienation) of Plan Units can occur without a prospectus or an exemption from the prospectus requirements of the Legislation if such trade is made outside of Québec through an exchange or organized market, provided that the Filer is not a reporting issuer in Québec.

"Robert L. Shirriff", Q.C."
Commissioner
Ontario Securities Commission

"Robert W. Davis", FCA
Commissioner
Ontario Securities Commission

2.1.2 ING Canadian Dividend Fund - MRRS Decision

Headnote

Exemptive Relief Applications - application for mutual fund prospectus lapse date extension.

Applicable Ontario Provisions:

Securities Act, R.S.O. 1990, c. S.5, s. 62(5).

April 22, 2005

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

AND

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

AND

IN THE MATTER OF
ING CANADIAN DIVIDEND FUND
(THE "FUND")

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces and territories of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory and Nunavut (the "Jurisdictions") has received an application (the "Application") from ING Investment Management, Inc. ("ING IM"), manager of the Fund for a decision pursuant to securities legislation of the Jurisdictions (the "Legislation") that the time limits pertaining to the distribution of the Investor Class Units, Exclusive Class Units and Institutional Class Units (collectively, the "Units") under the simplified prospectus and annual information form (the "Prospectus") of the Fund dated April 22, 2004 be extended to the time limits that would be applicable if the lapse dates were July 31, 2005;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Ontario Securities Commission is the principal regulator for the Application;

AND WHEREAS the Funds have represented to the Decision Makers that:

1. The Fund is a trust governed by the laws of Ontario pursuant to a declaration of trust (the "Declaration of Trust") dated December 12, 2000, as amended and restated November 1, 2001 as further amended, and to which the ING Canadian Dividend Income Fund was added on April 14, 2003.

2. ING IM is the manager of the Fund.

3. The Fund currently distributes its Units in each Jurisdiction pursuant to the Prospectus.

4. The Fund is a reporting issuer as defined in the securities legislation of each Jurisdiction and is not in default of any of the requirements of such legislation.

5. Pursuant to the Legislation or the regulations made thereunder, the lapse date (the "Lapse Date") for the distribution of the Units is April 22, 2005 in all Jurisdictions except in Quebec and April 23, 2005 in Quebec.

6. Pursuant to the Legislation or the regulations made thereunder, the Fund is required to file its pro forma renewal prospectus (the "Pro Forma Renewal Prospectus") and pro forma renewal annual information form (the "Pro Forma Renewal AIF") (the Pro Forma Renewal Prospectus and the Pro Forma Renewal AIF, collectively, the "Pro Forma Renewal Documents") on or before March 23, 2005 in all Jurisdictions except in Quebec and on or before March 24, 2004 in Quebec.

7. In a press release dated March 30, 2005, ING IM announced that an agreement (the "Agreement") has been entered into between ING IM and AGF Funds Inc. ("AGF") providing for, among other things, the mergers of mutual funds managed by ING IM into certain mutual funds ("AGF Funds") managed by AGF (the "Mergers").

8. As part of the Agreement, it is proposed that (i) the manager of the Fund be changed from ING IM to AGF Funds Inc. ("AGF"); (ii) the auditors of the Fund be changed from Ernst and Young LLP to Pricewaterhouse Coopers LLP; (iii) the declaration of trust of the Fund be replaced with the master trust agreement of AGF so that the Fund can be added to the master trust agreement in common with other funds managed by AGF and the trustee of the Fund be changed from Natcan Trust Company to AGF; (iv) ther termsn under which deferred sales charges payable be changed such that they will be identical with the terms under which AGF currently charges deferred sales charges in connection with redemptions from other AGF Funds; and (v) such other changes as will be disclosed in the management information circular relating to the Meeting (as defined below), which may include fee increases (the "Fund Amendments") (together with the Mergers, the "Transactions").

9. On April 8, 2005, amendments to the Prospectus were filed with the securities regulatory authority of each Jurisdiction to reflect the proposed Fund Amendments.

10. At a meeting of unitholders of the Fund (the "Unitholders") scheduled to be held on June 8, 2005 (the "Meeting"), Unitholders will be asked, among other things, to approve the Fund Amendments. If Unitholders approve the Fund Amendments, it is proposed that they will take effect after the close of business on August 5, 2005, subject to regulatory approvals.

11. The Meeting materials, which include a notice of the Meeting and a management information circular of the Fund will be mailed to Unitholders and filed on SEDAR in May, 2005.

12. The Fund seeks to extend the Lapse Date to July 31, 2005 in order to have the time to incorporate any changes approved by Unitholders at the Meeting (the "Approved Changes") and the closing of the Transactions in the Pro Forma Renewal Documents and the Final Renewal Documents (as defined below).

13. There have been and are expected to be no material changes in the affairs of the Fund since the filing of the Prospectus other than those for which amendments regarding the Transactions will be filed. Accordingly, the Prospectus and the amendments thereto represent current information regarding the Fund. The requested lapse date extension will not affect the accuracy of information in the Prospectus, as amended, and therefore will not be prejudicial to the public interest.

14. Without an extension to the Lapse Date, the Fund will have to file the Pro Forma Renewal Documents not later than March 23, 2005 in all Jurisdictions except in Quebec and March 24, 2005 in Quebec and file amended Pro Forma Renewal Documents again shortly thereafter at the time when the Transactions are publicly announced, resulting in increased costs and time involved in preparing, printing and distributing the Pro Forma Renewal Documents.

15. Furthermore, without an extension to the Lapse Date, the Fund will not be able to include the outcome of the Meeting in the final renewal prospectus and annual information form (collectively, the "Final Renewal Documents"), which are due for filing not later than May 2, 2005 in all Jurisdictions except in Quebec and not later than May 3, 2005 in Quebec, and, shortly thereafter, the Fund will have to file amended and restated Final Renewal Documents to incorporate Approved Changes, incurring the additional costs, time and expenditures of preparing, printing and distributing the Final Renewal Documents twice within a short period of time.

AND WHEREAS under the system, this MRRS Decision Document evidences the decision of each Decision Makers (collectively, the "Decision"); and

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the time periods provided in the Legislation as they apply to a distribution of securities under the Prospectus, are hereby extended to the time limits that would be applicable if the lapse date for the distribution of the Units under the Prospectus was July 31, 2005.

"Leslie Byberg"
Manager, Investment Funds Branch

2.1.3 Landore Resources Inc. - s. 83

Headnote

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

Applicable Ontario Statutory Provisions

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

Borden Ladner Gervais
1000, 400 - 3rd Avenue S.W.
Calgary, Alberta T2P 4H2

Attention: Robyn Bourgeois

Dear Madam:

Re: Landore Resources Inc. (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta and Ontario (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

Relief requested granted on the 21st day of April, 2005.

"Marsha M. Manolescu"
Deputy Director, Legislation
Alberta Securities Commission

2.1.4 Fairway Investment Grade Income Fund - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

Multilateral Instrument Cited

Multilateral Instrument 45-102 Resale of Securities (2001), 24 OSCB 5522.

May 13, 2005

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

AND

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

AND

IN THE MATTER OF
FAIRWAY INVESTMENT GRADE 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 a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for an exemption from the dealer registration requirement and the prospectus requirements of the Legislation (the "**Requested Relief**") for certain trades of units of the Filer pursuant to a distribution reinvestment plan (the "**Plan**"):

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

(b) this MRRS decision document evidences that 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 closed-end investment trust established under the laws of the Province of Ontario by a declaration of trust made as of February 25, 2005 as amended and restated on March 15, 2005.

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

3. The Filer became a reporting issuer or the equivalent thereof in the Jurisdictions on February 28, 2005 upon obtaining a receipt for its final prospectus dated February 25, 2005. As of the date hereof, the Filer is not in default of any of the requirements under the Legislation.

4. Each unit of the Filer ("**Unit**") represents an equal, undivided interest in the net assets of the Filer and is redeemable at the net asset value of the Filer ("**Net Asset Value**") per Unit on the second last business day in August of each year. Each Unit is also redeemable on a monthly basis at a price determined by reference to the market price of the Units.

5. Each Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with all other Units with respect to any and all distributions made by the Filer.

6. The Units are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "FGF.UN".

7. Fairway Advisors Inc. is the manager ("**Manager**") and trustee ("**Trustee**") of the Filer.

8. The Filer intends to make monthly cash distributions to Unitholders. The distribution for the first twelve months following the closing of the offering of Units is expected to be $0.60 per Unit, representing an annual distribution of 6% based on a subscription price of $10.00 per Unit. Distributions will be payable to Unitholders of record on the last business day of each calendar month prior to the termination date of the Filer, or such other date determined by the Trustee from time to time (each, a "**Record Date**"). The Filer intends to pay distributions to Unitholders not more than 15 days after each Record Date (each, a "**Distribution Date**"). The first distribution was payable to Unitholders of record on April 30, 2005. The Filer may also make other distributions at any time in addition to monthly distributions, if it considers it appropriate, including to ensure that the Filer will not be liable for income tax under the Income Tax Act (Canada).

9. The Filer has adopted the Plan which, subject to obtaining all necessary regulatory approvals, will permit distributions to be automatically reinvested, at the election of a Unitholder, to purchase additional Units ("**Plan Units**") pursuant to the Plan and in accordance with the provisions of a distribution reinvestment plan agency agreement entered into by Fairway Advisors Inc., as trustee of the Filer (in such capacity, the "**Trustee**") and Computershare Investor Services Inc. (the "**Plan Agent**").

10. Pursuant to the terms of the Plan, a Unitholder will be able to elect to become a participant in the Plan by notifying the Plan Agent, via the applicable participant ("**CDS Participant**") in the Canadian Depository for Securities Limited ("**CDS**") depository service through which such Unitholder holds Units, of its decision to participate in the Plan. Participation in the Plan will not be available to Unitholders who are not residents of Canada for the purposes of the Income Tax Act (Canada).

11. Distributions due to Unitholders who have elected to participate in the Plan (the "**Plan Participants**") will be automatically reinvested on their behalf by the Plan Agent to purchase Plan Units directly from the Filer at a price equal to the weighted average trading price on the TSX for the five trading days immediately preceding the relevant Distribution Date. Plan Participants will receive a report of the Units purchased for the Plan Participant's account in respect of each distribution and the cumulative total of all Units purchased for that account from the applicable CDS Participant in accordance with the practices and procedures of such CDS Participant.

12. The Plan Agent will purchase Plan Units only in accordance with mechanics described in the Plan and, accordingly, there is no opportunity for a Plan Participant or the Plan Agent to speculate on Net Asset Value per Unit.

13. The amount of distributions that may be reinvested in Plan Units issued from treasury will be small relative to a Unitholder's equity in the Filer.

14. The Plan is open for participation by all Unitholders (other than non-residents of Canada), so that such Unitholders can reduce potential dilution by electing to participate in the Plan.

15. Since all Units, including those issued pursuant to the Plan, are issued in book entry only form and are held by, and registered in the name of CDS, Plan Participants will not be entitled to receive certificates representing Plan Units purchased or issued under the Plan.

16. A cash adjustment for any fractional Plan Unit to which a Plan Participant is entitled will be paid by the Plan Agent upon each distribution, provided that the Filer has first caused the amount of any such cash adjustment to be paid to the Plan Agent. The Plan Agent's fees for administering the Plan will be paid by the Filer out of the assets of the Filer.

17. A Plan Participant may terminate his or her participation in the Plan by causing to be provided, via the applicable CDS Participant, at least ten business days' prior written notice to the Plan Agent and, such notice, if actually received no later than ten business days prior to the next Record Date, will have effect beginning with the distribution to be made with respect to such Record Date. Thereafter, distributions payable to such Unitholder will be in cash.

18. The Trustee may terminate or suspend the Plan in its sole discretion, upon not less than 30 days' prior written notice to the Plan Participants via the applicable CDS Participant and the Plan Agent.

19. The Trustee may amend or modify the Plan at any time, provided that it gives notice of that amendment or modification to (i) CDS Participants through which the Plan Participants hold their Units and (ii) the Plan Agent. Any amendments to the Plan are subject to the approval of the TSX. The Trustee may adopt additional rules and regulations to facilitate the administration of the Plan subject to the approval of any applicable securities regulatory authority or stock exchange.

20. The distribution of the Plan Units by the Filer pursuant to the Plan cannot be made in reliance on registration and prospectus exemptions contained in certain Legislation as the Plan involves the reinvestment of distributable income distributed by the Filer and not the reinvestment dividends, interest, capital gains or earnings or surplus of the Filer.

21. The distribution of the Plan Units by the Filer pursuant to the Plan cannot be made in reliance on certain registration and prospectus exemptions contained in the Legislation for distribution reinvestment plans of mutual funds, as the Filer is not considered to be a "mutual fund" as defined in the Legislation because the Unitholders are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in a portion of the net assets of the Filer.

Decision

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

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

(a) except in Alberta, New Brunswick, and Saskatchewan, the Requested Relief is granted provided that:

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

  (ii) no sales charge is payable in respect of the distributions of Plan Units from treasury;

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

    (I) their right to withdraw from the Plan and to make an election to receive cash instead of Plan Units on the making of a distribution by the Filer; and

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

(b) in each of the Jurisdictions the first trade (alienation) of the Plan Units acquired under this Decision shall be deemed to be a distribution or a primary distribution to the public; and

(c) in each of the Jurisdictions the prospectus requirement contained in the

Legislation shall not apply to the first trade (alienation) of Plan Units acquired by the Plan Participants pursuant to the Plan, provided that:

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

(ii) in Québec:

(I) at the time of the first trade, the Filer is a reporting issuer in Québec and is not in default on any of the requirements of securities legislation in Québec;

(II) no unusual effort is made to prepare the market or to create a demand for the Plan Units;

(III) no extraordinary commission or consideration is paid to a person or company other than the vendor of the Plan Units in respect of the first trade; and

(IV) the vendor of the Plan Units, if in a special relationship with the Filer, has no reasonable grounds to believe that the Filer is in default of any requirement of the Legislation of Québec.

"Paul M. Moore"
Vice-Chair
Ontario Securities Commission

"Susan Wolburgh Jenah"
Vice-Chair
Ontario Securities Commission

2.1.5 Queensland Minerals Ltd. - s. 83

Headnote

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

Ontario Statutes

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

May 2, 2005

Thomas, Rondeau
P.O. Box 10037, Pacific Centre
1925 - 700 West Georgia Street
Calgary, Alberta V7Y 1A1

Attention: Bradley Dick

Dear Sir:

Re: Queensland Minerals Ltd. (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta and Ontario (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

Relief requested granted on the 2nd day of May, 2005.

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

2.1.6 Altegris Investments Inc. - s. 6.1(1) of MI 31-102 *National Registration Database* and s. 6.1 of Rule 13-502 *Fees*

Headnote

Applicant seeking registration status as a non-resident limited market dealer exempted from the electronic funds transfer requirement pursuant to subsection 6.1(1) of Multilateral Instrument 31-102 *National Registration Database* and activity fee contemplated under section 4.1 of Ontario Securities Commission Rule 13-502 *Fees* waived in respect of this discretionary relief, subject to certain conditions.

Rules Cited

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

May 14, 2005

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

AND

IN THE MATTER OF
ALTEGRIS INVESTMENTS INC.

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

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

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

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

1. The Applicant is organized under the laws of the State of Arkansas in the United States and originally incorporated under the name Rockwell Investments Inc. The name was changed to Altegris Investments Inc. on June 25, 2002. The Applicant is not a reporting issuer in any province or territory in Canada. The Applicant is seeking registration under the Act as a dealer in the

category of Non-Resident Limited Market Dealer. The head office of the Applicant is located in La Jolla, California.

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

3. The Applicant has encountered difficulties in setting up a Canadian based bank account for purposes of fulfilling the EFT Requirement.

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

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

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

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

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

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

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

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

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

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

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

"David M. Gilkes"

2.1.7 Macquarie Securities (USA) Inc. - s. 6.1(1) of MI 31-102 National Registration Database and s. 6.1 of Rule 13-502 Fees

Headnote

Applicant seeking registration status as a non-resident limited market dealer exempted from the electronic funds transfer requirement pursuant to subsection 6.1(1) of Multilateral Instrument 31-102 National Registration Database and activity fee contemplated under section 4.1 of Ontario Securities Commission Rule 13-502 Fees waived in respect of this discretionary relief, subject to certain conditions.

Rules Cited

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

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

AND

IN THE MATTER OF
MACQUARIE SECURITIES (USA) INC.

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

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

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

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

1. The Applicant is organized under the laws of the State of Delaware in the United States. The Applicant is registered as a broker-dealer with the U.S. National Association of Securities Dealers. The Applicant is not a reporting issuer in any province or territory in Canada. The Applicant is seeking registration in Ontario as a dealer in the category of international dealer. The Applicant carries on business in New York, New York.

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

3. The Applicant has encountered difficulties in setting up a Canadian based bank account for purposes of fulfilling the EFT Requirement.

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

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

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

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

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

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

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

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

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

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

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

"David M. Gilkes"

2.2 Orders

2.2.1 Canadian Baldwin Holdings Limited - s. 144

Headnote

Section 144 - application for revocation of cease trade order - issuer subject to cease trade order as a result of its failure to file interim financial statements - issuer has brought filings up to date - trade made in contravention of cease trade order - trade subsequently unwound - full revocation granted.

Ontario Statutory Provisions Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss.127 and 144.

Rule Cited

National Instrument 21-101 - Marketplace Operation.

May 6, 2005

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

AND

IN THE MATTER OF
CANADIAN BALDWIN HOLDINGS LIMITED

ORDER
(Section 144)

WHEREAS the securities of Canadian Baldwin Holdings Limited ("Canadian Baldwin") are subject to a Cease Trade Order (the "Cease Trade Order") of the Ontario Securities Commission (the "Commission") pursuant to paragraph 2 of subsection 127(1) of the Act on December 12, 2003 and extended December 24, 2004, directing that trading in the securities of Canadian Baldwin cease until the Cease Trade Order is revoked by a further order of revocation;

AND UPON Canadian Baldwin having applied to the Commission for revocation of the Cease Trade Order pursuant to section 144 of the Act;

AND UPON Canadian Baldwin having represented to the Commission that:

1. Canadian Baldwin is incorporated under the laws of the Province of Ontario and is a reporting issuer in the Province of Ontario;

2. Canadian Baldwin has been a reporting issuer in Ontario since February 20, 1989;

3. Canadian Baldwin is not a reporting issuer, or the equivalent, in any other jurisdiction of Canada;

4. The authorized capital of Canadian Baldwin consists of an unlimited number of common shares (the "Common Shares") of which 955,001 are issued and outstanding;

5. Other than the Common Shares, Canadian Baldwin has no securities (including debt securities) outstanding;

6. No securities of Canadian Baldwin are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

7. Canadian Baldwin has not carried on business since April, 1989 and has no material assets or liabilities, other than indebtedness owed to its creditors;

8. The Cease Trade Order was issued by reason of the failure of Canadian Baldwin to file with the Commission its interim financial statements for the nine-month period ended September 30, 2003 (the "CTO Interim Financial Statements") by the required filing date of November 29, 2003, as required by the Act;

9. Canadian Baldwin filed with the Commission through SEDAR on December 31, 2003 the CTO Interim Financial Statements; however, Canadian Baldwin through inadvertence failed to note that the Cease Trade Order had been issued;

10. Canadian Baldwin has maintained all of its continuous disclosure filings up to date since December, 2003;

11. Except for the Cease Trade Order, Canadian Baldwin is not otherwise in default of any requirements of Ontario securities legislation;

12. Notwithstanding the foregoing, on February 7, 2005 Canadian Baldwin announced that Dennis H. Peterson acquired 580,000 Common Shares from Wayne V. Issacs (an officer and director of Canadian Baldwin) for a total consideration of $49,918 (the "Transaction");

13. As part of the Transaction, changes were made in the officers and directors of Canadian Baldwin;

14. The Transaction contravened the terms of the Cease Trade Order;

15. The Transaction has been unwound and all changes in the officers and directors of Canadian Baldwin as part of the Transaction have been reversed; and

16. Canadian Baldwin is not aware of any other trades in securities of Canadian Baldwin that occurred since the issuance of the Cease Trade Order;

AND UPON considering the application and the recommendation of Staff of the Commission

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

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order is revoked.

"Charlie MacCready"
Assistant Manager, Corporate Finance

2.2.2 Arbour Glen Apartments Limited -- ss. 25, 53, 74(1) and 83 of the Act and s. 1(6) of the OBCA

Headnote

Issuer that operates apartment building deemed to have ceased to be a reporting issuer under the Securities Act (Ontario) and deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario). Issuer became a reporting issuer in 1971 when it filed a prospectus to qualify "units" comprising shares of the issuer and occupancy rights to apartment suites in the building. Issuer holds title as bare trustee for the beneficial owners of the apartment building. In order to purchase an apartment suite, a purchaser must also purchase the corresponding shares from the existing owner occupant of the apartment suite and enter into a new occupancy agreement with the issuer. Shares not quoted or listed on a marketplace. Primary reason to own shares is to secure personal living space and not for investment purposes.

Relief from the registration and prospectus requirements also granted under subsection 74(1) of the Securities Act (Ontario) for future trades of shares to purchasers of apartment suites, subject to conditions.

Fee relief granted for application under subsection 74(1).

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 25, 53, 74(1) and 83.
Business Corporations Act, R.S.O. 1990, c. B.16, as amended, s. 1(6).

Ontario Rules

Ontario Securities Commission Rule 13-502 - Fees, section 6.1.

April 29, 2005

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

AND

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT
R.S.O. 1990, CHAPTER B.16, AS AMENDED (the "OBCA")

AND

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 13-502 –
***FEES* (the "Fees Rule")**

AND

IN THE MATTER OF
ARBOUR GLEN APARTMENTS LIMITED

ORDER

UPON the application of Arbour Glen Apartments Limited (the **"Applicant"**) for the following:

1. an order of the Ontario Securities Commission (the **"Commission"**) pursuant to section 83 of the Act that the Applicant be deemed to have ceased to be a reporting issuer under the Act;

2. an order of the Commission pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public for the purposes of the OBCA;

3. a ruling of the Commission pursuant to subsection 74(1) of the Act that trades in Arbour Glen Shares (as defined below) are not subject to sections 25 or 53 of the Act (the **"Section 74 Application"**) subject to certain conditions; and

4. an order of the Director pursuant to section 6.1 of the Fees Rule that the Applicant be exempt from paying the required fees for the Section 74 Application;

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

AND UPON the Applicant having represented to the Commission and the Director that:

1. The Applicant is a corporation existing under the OBCA;

2. The Applicant was incorporated on September 22, 1970 for the purpose of taking title to, and holding as bare trustee for the beneficial owners, the lands, premises and apartment building erected at 120 Rosedale Valley Road/16 Rosedale Road, Toronto, Ontario (the **"Building"**);

3. The Applicant became a reporting issuer in Ontario as a result of filing a prospectus dated January 11, 1971 qualifying the initial distribution of its securities (the "**Original Prospectus**");

4. The Applicant is not a reporting issuer in any other jurisdiction in Canada;

5. The authorized capital of the Applicant is fixed at 1,725 shares without par value (the **"Arbour Glen Shares"**). There are currently 1,725 Arbour Glen Shares issued and outstanding;

6. 1,710 of the 1,725 authorized Arbour Glen Shares were offered pursuant to the Original Prospectus and subsequent prospectus offerings during the years 1971 to 1975. Each prospectus qualified

"units" comprising Arbour Glen Shares and occupancy rights to apartment suites in the Building. The remaining 15 Arbour Glen Shares, which had been held in trust for the Superintendent of Arbour Glen, appear to have been transferred to an Owner Occupant sometime during the early 1970s;

7. Other than the Arbour Glen Shares, the Applicant does not have any securities, including debt securities, outstanding;

8. The Building is made up of 114 apartment suites (the **"Apartment Suites"**). The Applicant maintains the common elements and provides common services for the benefit of owner occupants of the Apartment Suites (the **"Owner Occupants"**). The beneficial ownership of the Apartment Suites and the common elements are vested in the holders of the Arbour Glen Shares, being the Owner Occupants;

9. There are currently 114 shareholders of the Applicant holding all of the issued and outstanding Arbour Glen Shares, each of whom is an Owner Occupant of one of the 114 Apartment Suites. No shareholder of the Applicant owns more than 10% of the issued and outstanding Arbour Glen Shares;

10. The Applicant does not intend to seek financing by way of a future offering of securities of the Applicant;

11. The Arbour Glen Shares are not quoted or listed on a marketplace as defined in National Instrument 21-101 - *Marketplace Operation*;

12. There is no market for the Arbour Glen Shares in and of themselves, and any market for the Arbour Glen Shares is incidental to the real estate value associated with the right to occupy the Apartment Suites. The Applicant does not anticipate any market for the Arbour Glen Shares themselves developing;

13. Purchasers of Arbour Glen Shares are restricted to those persons who will be Owner Occupants of an Apartment Suite. In order to become an Owner Occupant of an Apartment Suite, a purchaser must acquire the specified number of Arbour Glen Shares which are associated with that Apartment Suite. The number of Arbour Glen Shares purchased depends on, among other things, the size of the Apartment Suite being acquired. The purchased Arbour Glen Shares are transferred to a new Owner Occupant (a **"Purchasing Owner Occupant"**) from the existing Owner Occupant (a **"Selling Owner Occupant"**). In selling Arbour Glen Shares associated with an Apartment Suite, the Selling Owner Occupant also assigns all of his or her rights under an occupancy agreement with the Applicant (the "**Occupancy Agreement**") in respect of the Apartment Suite to the Purchasing Owner Occupant. Following closing of the purchase and sale, the Purchasing Owner Occupant will enter into a new Occupancy Agreement with the Applicant;

14. The purchase price paid by a Purchasing Owner Occupant is an aggregate amount for the acquisition of both the right to occupy an Apartment Suite and the specified number of Glen Arbour Shares associated with that Apartment Suite. The purchase price paid by a Purchasing Owner Occupant reflects the value of the right to occupy the Apartment Suite and is, therefore, essentially an investment in real estate;

15. Pursuant to the standard form Occupancy Agreement entered into between each Owner Occupant and the Applicant, an Owner Occupant cannot assign his or her Arbour Glen Shares unless such Owner Occupant also assigns to the purchaser of such Arbour Glen Shares the rights under the Occupancy Agreement. In order to assign his or her rights under an Occupancy Agreement, the Owner Occupant must, among other things, obtain the consent of the majority of the members of the board of directors of the Applicant (the "**Board of Directors**");

16. The Occupancy Agreement provides the consent of the Board of Directors is not required for the Owner Occupant to pledge its rights under the Occupancy Agreement to secure a loan from a lender or for any sale of those rights by the lender in the event of a default under the loan;

17. The Occupancy Agreement sets out the rights and obligations of the Owner Occupants in respect of the Apartment Suites and the facilities of the Building;

18. Secondary trades in Arbour Glen Shares occur only in the following circumstances:

    (a) in the event that that a Selling Owner Occupant transfers his or her right to occupy an Apartment Suite to a Purchasing Owner Occupant;

    (b) in the event that the Applicant takes possession of an Apartment Suite, in accordance with the provision of the Occupancy Agreement and pursuant to a default in obligations by a current Owner Occupant, and subsequently transfers the right to occupy an Apartment Suite and the Arbour Glen Shares which are associated with such Apartment Suite to a Purchasing Owner Occupant, as agent for the defaulting Owner Occupant; or

(c) in the event that an Owner Occupant (a "**Debtor Owner Occupant**") defaults in its obligations to a lender under a loan that is secured by a charge on the Debtor Owner Occupant's interests in an Apartment Suite and the lender subsequently transfers the right to occupy an Apartment Suite and the Arbour Glen Shares which are associated with such Apartment Suite to a Purchasing Owner Occupant for the purpose of liquidating the loan;

19. The Applicant's by-laws prohibit the Applicant from entering into an Occupancy Agreement with a proposed Owner Occupant until the proposed Owner Occupant provides an undertaking that they will personally occupy their Apartment Suite for a minimum of one year from the date of first possession. Therefore, all prospective Owner Occupants must purchase Apartment Suites for the purpose of personally residing in them;

20. The Applicant's owner's manual (the **"Owner's Manual"**) allows Owner Occupants to rent out their Apartment Suites only where such rental is first approved by the Board of Directors. In particular, the Owner's Manual states that the purpose of the rental provision is to allow for situations where Owner Occupants may contemplate leaving the area for an extended period of time, and wish to be able to return to their Apartment Suites. The Board of Directors reviews any Apartment Suite rental both on a yearly basis and in the event of a change of circumstances of the Owner Occupant. Where it is apparent to the Board of Directors that an Owner Occupant will not return to reside in the Apartment Suite, the Board of Directors asks the Owner Occupant to sell his or her Apartment Suite. Currently, three of the 114 Apartment Suites are being rented out by Owner Occupants;

21. The purchase of Arbour Glen Shares by Owner Occupants is to secure personal living space, and not for the purpose of investment;

22. Even though it is a corporation governed by the OBCA, the Applicant is run like a non-profit cooperative. The anticipated yearly expenses of the Apartment Suites, including all taxes, insurance premiums, repairs to common elements, reserves, etc. are determined by the Board of Directors. Thereafter, the Board of Directors sets monthly carrying charges to be paid by the Owner Occupants in an amount sufficient to cover the anticipated yearly expenses. The Applicant carries on no other business activity other than the asset management of the Building and has no other sources of revenue other than the carrying charges paid by Owner Occupants;

23. Pursuant to subsection 22(3) of the OBCA, the holders of the Arbour Glen Shares have the right to vote at all meetings of shareholders, and the right to receive the remaining property of the Applicant upon dissolution;

24. Under the OBCA, the Applicant is subject to various disclosure obligations in respect of its shareholders, including the obligation:

(a) to hold annual meetings of shareholders pursuant to subsection 94(1) of the OBCA;

(b) to provide the shareholders with financial statements, prior to any annual meeting of shareholders, pursuant to subsection 154(1) of the OBCA; and

(c) to allow the shareholders to examine the Applicant's records, including its articles and by-laws, minutes of meetings and resolutions of shareholders, the register of directors and securities register, pursuant to subsection 145(1) of the OBCA;

25. The Applicant is not in default of the requirements of the Act and the rules and regulations made thereunder, except as follows:

(a) the Applicant has not filed interim certificates pursuant to Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* or interim management discussion and analysis pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*; and

(b) the Applicant has not filed all interim financial statements as required by National Instrument 51-102;

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

IT IS ORDERED, pursuant to section 83 of the Act, that the Applicant is deemed to have ceased to be a reporting issuer under the Act,

AND IT IS ORDERED, pursuant to subsection 1(6) of the OBCA, that the Applicant is deemed to have ceased to be offering its securities to the public for the purposes of the OBCA,

AND IT IS RULED, pursuant to subsection 74(1) of the Act, that a trade in Arbour Glen Shares is not subject to section 25 or 53 of the Act, provided that there is no material change to the business of the Applicant and that trading in Arbour Glen Shares is limited to:

(a) trades from a Selling Owner Occupant to a Purchasing Owner Occupant;

(b) trades by the Applicant, as agent for an Owner Occupant, to a Purchasing Owner Occupant in connection with an Apartment Suite that the Applicant has taken possession of pursuant to the provisions of an Occupancy Agreement; and

(c) trades by a lender to a Purchasing Owner Occupant for the purposes of liquidating a loan secured by a charge on a Debtor Owner Occupant's interests in an Apartment Suite following a default by the Debtor Owner Occupant in its obligations under the loan.

"Carol S. Perry"
Commissioner
Ontario Securities Commission

"Paul K. Bates"
Commissioner
Ontario Securities Commission

April 29, 2005

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

IT IS THE DECISION of the Director, pursuant to section 6.1 of the Fees Rule, that the Applicant is exempt from the requirement in section 4.1 of the Fees Rule to pay an activity fee for the filing of the Section 74 Application.

"Iva Vranic"
Manager, Corporate Finance
Ontario Securities Commission

2.2.3 MFDA Investor Protection Corporation - s. 110 of the Regulation

May 3, 2005

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

AND

IN THE MATTER OF
REGULATION 1015 MADE UNDER THE ACT, R.R.0. 1990, AS AMENDED (the "Regulation")

AND

IN THE MATTER OF
THE MFDA INVESTOR PROTECTION CORPORATION

AND

IN THE MATTER OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA

APPROVAL ORDER
(Section 110 of the Regulation)

WHEREAS, pursuant to section 110(1) of the Regulation, every dealer, other than a security issuer, shall participate in a compensation fund or contingency trust fund approved by the Commission and established by, among others, a self-regulatory organization;

AND WHEREAS the Mutual Fund Dealers Association of Canada (MFDA) and the MFDA Investor Protection Corporation (MFDA IPC) have applied for approval, pursuant to section 110(1) of the Regulation, of the MFDA IPC as a compensation fund for customers of mutual fund dealers that are members of the MFDA;

AND WHEREAS the MFDA IPC is established by the MFDA;

AND WHEREAS the Commission has recognized the MFDA as a self-regulatory organization under section 21.1 of the Act on February 6, 2001 (Recognition Order);

AND WHEREAS the terms and conditions of the Recognition Order refer to the establishment of the MFDA IPC;

AND WHEREAS members of the MFDA must contribute to the MFDA IPC by way of assessments pursuant to MFDA by-laws;

AND WHEREAS the MFDA IPC intends to provide protection to eligible customers of MFDA members on a discretionary basis to prescribed limits if securities, cash and other property held by any such member are unavailable as a result of the member's insolvency;

AND WHEREAS the MFDA IPC intends to commence coverage of customer accounts on July 1, 2005 (Coverage Date);

AND WHEREAS the MFDA IPC will, prior to the Coverage Date, enter into an agreement with the MFDA pursuant to which the MFDA IPC will receive all information it deems necessary to ensure that the MFDA IPC can fulfil its mandate and manage risks to the public and MFDA IPC assets on a reasonable basis;

AND WHEREAS the MFDA IPC and the MFDA have agreed to the terms and conditions set out in Schedule "A";

AND WHEREAS the terms and conditions set out in Schedule "A" may be varied or waived by the Commission;

AND WHEREAS, based on the application of the MFDA and the MFDA IPC and the representations and undertakings the MFDA and the MFDA IPC have made to the Commission, the Commission is satisfied that the approval of MFDA IPC would not be prejudicial to the public interest;

The Commission hereby approves the MFDA IPC as a compensation fund pursuant to section 110 of the Regulation, subject to the terms and conditions set out in Schedule "A**".**

"David A. Brown"

"Paul M. Moore"

SCHEDULE A

TERMS AND CONDITIONS

1. Corporate Structure and Purpose of the MFDA IPC

The MFDA IPC has, and will continue to have, the appropriate legal authority to carry out its objective of providing compensation, in accordance with established by-laws, rules, regulations or policies of the MFDA IPC, to eligible customers of members of the MFDA on a discretionary basis to prescribed limits if customer property comprising securities, cash and other property held by such members (Customer Property) is unavailable as a result of the insolvency of such members.

2. Corporate Governance

(a) To ensure diversity of representation, the MFDA IPC will ensure that:

(i) its board of directors (Board) is comprised of individuals that represent the size, diversity, nature and regional distribution of the businesses of MFDA members and the interests of investors in order to provide a proper balance between the differing interests among MFDA members and investors; and

(ii) in recognition that the protection of the public interest is a primary goal of the MFDA IPC, its Board is comprised of an odd number of directors, the majority of which will be public directors.

(b) For greater certainty, a public director is a director

(i) who is not a current director (other than a public director of the MFDA IPC), officer or employee of, or of an associate or affiliate of:

(A) the IPC,

(B) the MFDA, or

(C) the Investment Funds Institute of Canada or the Investment Dealers Association of Canada;

(ii) who is not a current director, partner, significant shareholder, officer, employee or agent of a member, or of an associate or affiliate of a member, of:

(A) the MFDA, or

(B) the Investment Funds Institute of Canada or the Investment Dealers Association of Canada;

(iii) who is not a current employee of a federal, provincial or territorial government or a current employee of an agency of the Crown in respect of such government;

(iv) who is not a current member of the federal House of Commons or member of a provincial or territorial legislative assembly;

(v) who has not, in the two years prior to election as a public director, held a position described in (i)-(iv) above;

(vi) who is not:

(A) an individual who provides goods or services to and receives direct significant compensation from, or

(B) an individual who is a director, partner, significant shareholder, officer or employee of an entity that receives significant revenue from services the entity provides to, if such individual's compensation from that entity is significantly affected by the services such individual provides to,

the IPC, the MFDA or a member of the MFDA; and

(vii) who is not a member of the immediate family of the persons listed in (i)-(vi) above.

(c) For the purposes of the above definition of public director:

(i) "significant compensation" and "signi-icant revenue" means compensation or revenue the loss of which would have, or appear to have, a material impact on the individual or entity;

(ii) "significant shareholder" means an individual who has an ownership interest in the voting securities of an entity, or who is a director, partner, officer, employee or agent of an entity that has an ownership interest in the voting securities of another entity, which voting securities in either case carry more than 10% of the voting rights attached to all voting securities for the time being outstanding.

(d) Notwithstanding 2(b)(i)(A), above, the Chair shall be eligible as a public director as long as he or she

(i) holds no other office with the MFDA IPC;

(ii) is not an employee of the MFDA IPC; or

(iii) performs no management or executive functions on behalf of the MFDA IPC in respect of its operations after the earlier of

(A) the third anniversary of the date of approval of the MFDA IPC as a compensation fund; and

(B) the date the MFDA IPC first hires its own executive officers or management employees.

(e) The MFDA IPC's governance structure will provide for:

(i) fair and meaningful representation on its Board and any committees of its Board, having regard to the differing interests among MFDA members and investors;

(ii) appropriate representation of persons independent of the MDFA or any of its members or of any affiliated or associated company of such member on MFDA IPC committees and on any executive committee or similar body;

(iii) appropriate qualification, remuneration, conflict of interest provisions and limitation of liability and indemnification protections for directors and officers and employees of the MFDA IPC generally; and

(iv) an audit committee, the majority of which will be made up of directors that are public directors.

(f) The MFDA IPC Board or MFDA IPC members will appoint independent auditors for the MFDA IPC, for the purpose of conducting an audit of the MFDA IPC's annual financial statements.

3. Funding and Maintenance of MFDA IPC

(a) The MFDA IPC will have a fair, transparent and appropriate process for setting fees, levies and assessments (collectively, the Assessments) for each MFDA member's contribution. The Assessments will:

(i) be allocated on an equitable basis among MFDA members; and

(ii) balance the need for the MFDA IPC to have sufficient revenues to satisfy claims in the event of an insolvency of an MFDA member and to have sufficient financial resources to satisfy its operations costs against the goal that there be no unreasonable financial barriers to becoming a member of the MFDA.

(b) The MFDA IPC has provided the Commission with a current copy of the method of assessing MFDA members and will notify the Commission 30 days prior to making any changes to the method of assessment.

(c) The MFDA IPC will make all necessary arrangements for the notification to MFDA members of the Assessments and the collection of the Assessments either directly from MFDA members or indirectly through the MFDA.

(d) The MFDA IPC Board has determined that $30 million, comprised of cash and credit facilities from institutional lenders, is an adequate initial fund size. The MFDA IPC Board will conduct an annual review, the first to be completed twelve months after approval and thereafter on a calendar year basis, of the adequacy of the level of assets, Assessment amounts and Assessment methodology and will ensure that the level of assets remains adequate to cover potential customer claims pursuant to section 4.

(e) The MFDA IPC will immediately report to the Commission any actual or potential material adverse change in the level of MFDA IPC assets.

(f) Any increases in fund size or changes to Assessments or Assessment methodology will be determined by the MFDA IPC Board after consultation with the MFDA. If the MFDA does not agree with the MFDA IPC's proposed changes, the MFDA IPC will immediately report such disagreement to the Commission. However, this will not prevent the IPC from imposing Assessments in order to permit the MFDA IPC to meet its obligations to its lenders or to satisfy claims incurred from eligible customers of MFDA members that exceed the assets available to the MFDA IPC.

(g) Moneys in the MFDA IPC will be invested in accordance with rules, regulations and policies (collectively, the Investment Policies) approved by the MFDA IPC Board, who will be responsible for regular monitoring of the investments. The general parameters of the Investment Policies shall include safety of principal and a reasonable income while at the same time ensuring that sufficient liquid funds are available at any time to pay customer claims. The MFDA IPC shall provide the Commission with its current Investment Policies and will inform the Commission of any changes to the Investment Policies within thirty days of such changes.

(h) The MFDA IPC will implement an appropriate accounting system, including a system of internal controls for maintaining MFDA IPC assets.

4. Customer Protection

(a) The MFDA IPC will provide, on a discretionary basis, fair and adequate coverage, for all eligible customers of MFDA members, for customer losses of Customer Property resulting from the insolvency of an MFDA member.

(b) Without limiting the foregoing, the MFDA IPC will provide, at a minimum, coverage of $1,000,000 per separate account (as defined in the MFDA IPC Coverage Policy) of an eligible customer for Customer Property, where customer losses result from the insolvency of an MFDA member.

(c) The MFDA IPC will offer coverage in a jurisdiction only if the requirements relating to risk management, prudent business conduct and practices and firm solvency that apply in that jurisdiction are not materially different from the requirements established by the MFDA IPC and/or the MFDA and the MFDA and the MFDA IPC are able to monitor and enforce their requirements in this regard.

(d) The MFDA IPC has established and will maintain by-laws, rules, regulations and policies (collectively, the Coverage Policies) relating to customer coverage including, but not limited to:

(i) a definition of eligible customer and ineligible customer;

(ii) types of products covered and amount of coverage per eligible customer account;

(iii) a process for the review of claims that will be based on fairness to customers, expediency and cost efficiency and that will ensure that decisions by the MFDA IPC will be objective and consistent with prior decisions according to the Coverage Policies; and

(iv) a fair and reasonable internal appeals or review process whereby customer claims that are not accepted for payment by the initial reviewer(s) will be reconsidered by directors, either individually or in a sub-committee, who were not involved in the initial decision under review.

(e) The Coverage Policies will not prevent a customer from taking legal action against the MFDA IPC in a court of competent jurisdiction in Canada, nor will the MFDA IPC contest the jurisdiction of such a

court to consider a claim where the claimant has exhausted the MFDA IPC's internal appeals or review process.

(f) The MFDA IPC will provide a current copy of the Coverage Policies to the Commission and the MFDA IPC will inform the Commission 30 days prior to implementing any changes to its Coverage Policies.

(g) The MFDA IPC will adequately inform customers of MFDA members, either directly or indirectly through the MFDA, of the principles and policies on which coverage will be available, including, but not limited to, the process for making a claim and the maximum coverage available per customer account.

(h) In the event of an insolvency of a member of the MFDA, the MFDA IPC will respond quickly and decisively, in accordance with its Coverage Policies, in assessing claims.

(i) The MFDA IPC and the MFDA will co-operate and provide reasonable assistance to each other when a member firm is in or is approaching financial difficulty, or when either the MFDA IPC or the MFDA is administering an insolvency.

5. Financial and Operational Viability

(a) The MFDA IPC has, and will maintain, sufficient financial and human resources for the proper performance of its functions including, but not limited to,

(i) assessing and managing risks to the public and to MFDA IPC assets;

(ii) administering any insolvencies, including the processing of customer claims;

(iii) setting and collecting of Assessments, including conducting reviews of the Assessment methodology;

(iv) maintaining an adequate fund size, including assessing the fund size on a regular basis; and

(v) day-to-day administrative work, including required reporting to the Commission.

(b) The MFDA IPC will ensure that it has sufficient funds set aside and allocated to operating costs within 90 days of this order being granted.

6. Risk Management

(a) The MFDA IPC will ensure it identifies and requests all necessary information from the MFDA, and the MFDA will provide such information, in order for the MFDA IPC to:

(i) fulfil its mandate and manage risks to the public and to MFDA IPC assets;

(ii) assess whether the prudential standards and operations of the MFDA are appropriate for the coverage provided and the risks incurred by the MFDA IPC; and

(iii) identify and deal with MFDA members that may be in financial difficulty.

(b) While the MFDA IPC will usually rely on the MFDA to conduct reviews of MFDA members for MFDA IPC purposes, the MFDA IPC will reserve the right to conduct reviews of MFDA members in particular situations where the MFDA IPC has concerns about the integrity of the fund or possible claims.

(c) The MFDA IPC will monitor risk management issues and will report to the Commission, on an annual basis, on how the MFDA IPC evaluated risks, what risk management issues were identified and how the MFDA IPC dealt with these issues. The annual report will also include an assessment by the MFDA IPC Board of the need for additional risk management tools.

(d) As part of the first annual risk management review, the MFDA IPC will include a review of the different risks posed by different types of products and assess the appropriateness of offering coverage for all Customer Property.

7. Reporting to the Commission

(a) The MFDA IPC will provide to the Commission any reports, documents or information requested by the Commission or Commission staff. The Commission or Commission staff and the MFDA IPC may review and revise such reporting requirements as necessary on an on-going basis.

(b) The MFDA IPC will immediately notify the Commission where it has knowledge of:

(i) any conditions which in the opinion of the MFDA IPC could give rise to payments being made out of the MFDA IPC, including any conditions which have contributed substantially to or, if appropriate corrective action is not taken, could reasonably be expected to:

(A) inhibit an MFDA member from promptly completing securities transactions, promptly segregating customers' securities as required or promptly discharging its responsibilities to customers, other MFDA members or other creditors,

(B) result in material financial loss,

(C) result in material misstatements of an MFDA member's financial statements, or

(D) result in violations of the minimum record requirements to an extent that could reasonably be expected to result in the conditions described in paragraphs (A), (B) or (C) above;

(ii) misconduct or apparent misconduct by an MFDA member or its registered or approved employees and others where investors, customers, creditors, MFDA members, or the MFDA IPC may reasonably be expected to suffer serious damage as a consequence thereof, including where the solvency of an MFDA member is at risk, fraud is alleged or there is a concern of deficiencies in supervision or internal controls; and

(iii) the withdrawal or expulsion of any MFDA member from the MFDA.

(c) The MFDA IPC will provide to the Commission a report detailing any action taken with respect to an MFDA member in relation to the member's insolvency. The report shall describe the circumstances of the insolvency, including a summary of the actions taken by the MFDA member, the MFDA and the MFDA IPC and any committee or person acting on behalf of such parties.

(d) The annual audited financial statements of the MFDA IPC, prepared in accordance with generally accepted accounting principles, will be delivered to the Commission promptly after being approved by the MFDA IPC Board and no later than 120 days after the close of the MFDA IPC fiscal year.

(e) The MFDA IPC shall provide a written report to, and will meet with, the Canadian Securities Administrators (CSA) or their representatives at least once a year to report on the MFDA IPC's operations and activities including, but not limited to:

(i) the MFDA IPC Board's annual review of the adequacy of the level of assets in the fund, Assessment amounts and the Assessment methodology;

(ii) MFDA IPC resources;

(iii) MFDA member firm failures and any resulting customer claims;

(iv) risk management issues; and

(v) the results of any reviews of MFDA members.

8. Rules

(a) The MFDA IPC will establish by-laws, rules, regulations, policies, procedures, practices and other similar instruments (Rules) that:

(i) are not contrary to the public interest; and

(ii) are necessary or appropriate to govern all aspects of its business and affairs.

(b) More specifically, the MFDA IPC will ensure that:

(i) the Rules are designed to:

(A) ensure the continued business viability of MFDA members,

(B) ensure reasonable funding of the MFDA IPC through Assessments to MFDA members, without creating unreasonable barriers to the mutual fund industry and without compromising investor protection,

(C) ensure the maintenance of a reasonable level of MFDA IPC assets to afford protection for eligible customers of MFDA members, and

(D) ensure that its business is conducted in an orderly manner so as to afford protection to investors;

(ii) the Rules shall not:

(A) be contrary to securities legislation,

(B) permit unreasonable discrimination among customers of MFDA members and among MFDA members, or

(C) impose any burden on competition that is not necessary or appropriate in furtherance of securities legis-lation.

9. Agreement between the MFDA IPC and the MFDA

The MFDA IPC and the MFDA will, prior to the Coverage Date, enter into an agreement, approved by the

Commission or the Executive Director, where applicable, pursuant to which the MFDA IPC will, among other things, receive all information it deems necessary to ensure that the MFDA IPC can fulfil its mandate and manage risks to the public and to MFDA IPC assets on a reasonable basis. Such agreement, as may be amended from time to time, shall continue to be in force at all times. All amendments will be subject to prior approval by the Commission or the Executive Director, where applicable.

10. **Establishment of a Working Group**

(a) The MFDA IPC will establish a working group consisting, at a minimum, of representatives of the MFDA IPC, the MFDA and mutual fund dealers (including representatives from both mutual fund dealers that hold client investments primarily in client name and mutual fund dealers that do not hold client investments primarily in client name), with representatives of the CSA as observers, to review various aspects of the MFDA IPC, including, but not limited to, the following:

(i) identification of the risks of mutual fund dealer failures leading to potential investor losses;

(ii) consideration of the size of fund that is appropriate having regard to:

(A) identified risks,

(B) amounts of Customer Property held in client name,

(C) amounts of Customer Property held in nominee name,

(D) average size of customer accounts,

(E) average cash flow of customer monies through the dealer, and

(F) other non-mutual fund products being covered under the fund;

(iii) the type of products that should be covered;

(iv) the appropriate coverage amount per customer account;

(v) assessment methodology, including whether it should be risk based;

(vi) the appropriate long term methods of funding the MFDA IPC;

(vii) the types of risk management tools required by the MFDA IPC; and

(viii) the appropriate MFDA IPC advertising requirements.

(b) A written report of the working group's findings will be submitted to the MFDA IPC Board and to the Commission within one year from the date of Commission approval of the MFDA IPC.

(c) he MFDA IPC Board will evaluate the working group's findings and will provide a written report of its evaluation to the Commission and to the working group within 30 days of receipt of the working group's report.

2.2.4 Crispin Energy Inc. - s. 83

Headnote

Issuer meets the requirements set out in OSC Staff Notice 12-703 - issuer deemed to have ceased to be a reporting issuer.

Applicable Ontario Statutory Provisions

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

ORDER GRANTING THE RELIEF

May 11, 2005

Gowling Lafleur Henderson LLP
Barristers & Solicitors
1400, 700-2nd Street S.W.
Calgary, AB T2P 4V5

Dear Mr. Wong:

Crispin Energy Inc. (the "Applicant") – Application to Cease to be a Reporting Issuer under s. 83 of the *Securities Act* (Ontario)

The Applicant has applied to the Ontario Securities Commission (the "Commission") for an order under s. 83 of the *Securities Act* (Ontario) (the "Act") to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Commission that,

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

the Directors are satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is deemed to have ceased to be a reporting issuer.

"Charlie MacCready"
Assistant Manager

2.2.5 Infolink Technologies Ltd. - s. 144

Headnote

Cease trade order revoked where the issuer has remedied its default in respect of disclosure requirements under the Act.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1)2, 127(5), 127(8), 144.

May 11, 2005

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

AND

IN THE MATTER OF
INFOLINK TECHNOLOGIES LTD.

ORDER
(Section 144)

WHEREAS the securities of Infolink Technologies Ltd. (the Corporation) are subject to a Temporary Order of the Director dated January 28, 2005 under paragraph 127(1)2 and subsection 127(5) of the Act, as extended by an Order of the Director dated February 9, 2005 under subsection 127(8) of the Act (together, the Cease Trade Order) directing that trading in the securities of the Corporation cease;

AND WHEREAS the Corporation has applied to the Ontario Securities Commission (the Commission) for revocation of the Cease Trade Order pursuant to section 144 of the Act;

AND UPON the Corporation having represented to the Commission that:

1. The Corporation was incorporated under the *Business Corporations Act* (Ontario) on November 7, 1996.
2. The Corporation is a reporting issuer in the Provinces of Alberta, British Columbia and Ontario.
3. The Corporation's authorized capital consists of an unlimited number of common shares and an unlimited number of preference shares, issuable in series, of which 34,770,415 common shares and no preference shares are issued and outstanding.
4. The Corporation's shares are listed for trading on the TSX Venture Exchange under the symbol "IFL", but are currently halted for trading.

5. The Cease Trade Order was issued as a result of the Corporation's failure to file its annual financial statements for the year ended August 31, 2004 (the Annual Financial Statements), as required by the Act.

6. Subsequently, the Corporation failed to file its unaudited interim financial statements for the three-month period ended November 30, 2004 (the Interim Financial Statements), as required by the Act.

7. The Annual Financial Statements were filed with the Commission on March 23, 2005.

8. The Interim Financial Statements were filed with the Commission on March 24, 2005 and refiled with the Commission on April 27, 2005.

9. The Corporation has now brought its continuous disclosure filings up to date.

10. Except for the Cease Trade Order, the Corporation is not otherwise in default of any requirement of the Act or the regulations made thereunder.

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

AND UPON the Commission being satisfied that it would not be prejudicial to the public interest to revoke the Cease Trading Order;

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order be revoked.

"John Hughes"
Manager, Corporate Finance

2.2.6 Jilbey Gold Exploration Ltd. - s. 83.1(1)

Headnote

Subsection 83.1(1) - Issuer deemed to be a reporting issuer in Ontario - issuer already a reporting issuer in [Alberta] and British Columbia since September 18, 1986 and Quebec since September 30, 1987 - Issuer's securities listed for trading on the TSX Venture Exchange. Continuous disclosure requirements in Alberta, British Columbia and Quebec substantially the same as those in Ontario.

Statutes Cited

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

May 11, 2005

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

AND

IN THE MATTER OF
JILBEY GOLD EXPLORATION LTD.

ORDER
(Subsection 83.1(1))

UPON the application of Jilbey Gold Exploration Ltd. (the Company) for an order, pursuant to subsection 83.1 (1) of the Act, deeming the Company to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Company having represented to the Commission as follows:

1. The Company was incorporated under the *Company Act* (British Columbia) on March 14, 1983 and continued federally under the *Canada Business Corporations Act* on August 26, 1993.

2. The Company's head office is located in Toronto, Ontario.

3. The Company is authorized to issue 100,000,000 common shares. As of February 7, 2005, the Company had 34,664,062 common shares issued and outstanding.

4. The common shares of the Company are listed on the TSX Venture Exchange and the Company is in compliance with and not in default of the requirements of the TSX Venture Exchange.

5. The Company is a reporting issuer under the Securities Act (British Columbia) (the B.C. Act),

the *Securities Act* (Alberta) (the Alberta Act) and the *Securities Act* (Quebec) (the Quebec Act). The Company became a reporting issuer in British Columbia on September 18, 1986 and in Quebec on September 30, 1987.

6. The Company is not in default of any requirements under the B.C. Act, the Alberta Act or the Quebec Act.

7. Other than British Columbia, Alberta and Quebec, the Company is not a reporting issuer or the equivalent under the securities legislation of any other jurisdiction in Canada.

8. The Company has a significant connection to Ontario because (i) its head office is located in Ontario; and (ii) at least 10% of its equity securities are held by registered or beneficial holders resident in Ontario.

9. The continuous disclosure requirements of the B.C. Act, the Alberta Act and the Quebec Act are substantially the same as the requirements under the Act.

10. The continuous disclosure materials filed by the Company under the B.C. Act, the Alberta Act and the Quebec Act are available on the System for Electronic Document Analysis and Retrieval.

11. Neither the Company nor any of its officers, directors nor, to the knowledge of the Company, its officers and directors, any controlling shareholder, has:

    (a) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;

    (b) entered into a settlement agreement with a Canadian securities regulatory authority; or

    (c) been subject to 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.

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

    (a) any known or ongoing or concluded investigations by

        (i) a Canadian securities regulatory authority, or

        (ii) 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

    (b) 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 ten (10) years.

13. None of the directors or officers of the Company, nor to the knowledge of the Company, its directors and officers, any of its controlling shareholders, is or has been at the time of such event, a director or officer of any other issuer which is or has been subject to

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

    (b) 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 ten (10) years.

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

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

"Iva Vranic"
Manager, Corporate Finance Branch

2.2.7 Andrew Cheung - ss. 127, 127.1

April 26, 2005

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

AND

IN THE MATTER OF
ANDREW CHEUNG

ORDER
(Sections 127 and 127.1)

WHEREAS on March 15, 2005, the Ontario Securities Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") in respect of Andrew Cheung ("Cheung");

AND WHEREAS Cheung entered into a Settlement Agreement with Staff of the Commission dated April 20, 2005 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing and Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Cheung and from Staff of the Commission;

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

IT IS HEREBY ORDERED THAT:

(a) Pursuant to section 127(1) clause 9 of the Act Cheung pay an administrative penalty of $5,000.00; and

(b) Pursuant to section 127.1 of the Act Cheung pay $3,500.00 in costs.

"Wendell Wigle"

"Carol S. Perry"

"Suresh Thakrar"

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
*Gibraltar Springs Capital Corporation	03 May 05	13 May 05	13 May 05	
Arbour Energy Inc.	11 May 05	20 May 05		
Cade Struktur Corporation	13 May 05	26 May 05		
Chrysalis Capital II Corporation	17 May 05	27 May 05		
Dexx Corporation	04 May 05	16 May 05	16 May 05	
FW Omnimedia Corp.	09 May 05	20 May 05		
Mill Run Golf & Country Club	05 May 05	17 May 05	17 May 05	
Multi-Glass International Corp.	04 May 05	16 May 05		
NSR Resources Inc.	12 May 05	24 May 05		
Rhonda Corporation	18 May 05	30 May 05		
Ribbon Capital Corp.	09 May 05	20 May 05		18 May 05
Saratoga Capital Corp.	04 May 05	16 May 05	16 May 05	
TeraForce Technology Corporation	09 May 05	20 May 05		
The Lodge at Kananaskis Limited Partnership	03 May 05	13 May 05		17 May 05
The Loyalist Insurance Group Limited	04 May 05	16 May 05	16 May 05	
The Mountain Inn at Ribbon	03 May 05	13 May 05		17 May 05
TSI TelSys Corporation	13 May 05	25 May 05		
Turbodyne Technologies Inc.	09 May 05	20 May 05		
Vindicator Industries Inc.	09 May 05	20 May 05		
West Coast Forest Products Ltd.	13 May 05	25 May 05		
World Wide Minerals Ltd.	12 May 05	24 May 05		
Wysdom Inc.	18 May 05	30 May 05		

* **ICTO was not originally recorded on the May 4, 2005 Bulletin**

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		
Arise Technologies Corporation	09 May 05	20 May 05			
Augen Capital Corp.	03 May 05	16 May 05			
Brainhunter Inc.	18 May 05	31 May 05			
Cimatec Environmental Engineering	04 May 05	17 May 05	17 May 05		
Dynex Power Inc.	09 May 05	20 May 05			
Foccini International Inc.	03 May 05	16 May 05	17 May 05		
Greentree Gas & Oil Ltd.	04 May 05	17 May 05		17 May 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		
How To Web Tv Inc.	04 May 05	17 May 05	17 May 05		
Kinross Gold Corporation	01 Apr 05	14 Apr 05	14 Apr 05		
Lucid Entertainment Inc.	03 May 05	16 May 05	16 May 05		
Mamma.Com Inc.	01 Apr 05	14 Apr 05	14 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		
Sargold Resources Corporation	04 May 05	17 May 05	17 May 05		
Thistle Mining Inc.	05 Apr 05	18 Apr 05	18 Apr 05		
Timminco Limited	01 Apr 05	14 Apr 05	14 Apr 05	02 May 05	
Tintina Mines Limites	09 May 05	20 May 05			

4.3.1 Issuer CTO's Revoked

Company Name	Date of Revocation
Infolink Technolgies Ltd.	**11 May 2005**
King Products Inc.	**04 May 2005**

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Chapter 5

Rules and Policies

5.1.1 Amendments to OSC Rule 51-501 – *AIF and MD&A* and to OSC Rule 51-801 – *Implementing National Instrument 51-102 Continuous Disclosure Obligations*

Amendments to
Ontario Securities Commission Rule 51-501 – *AIF and MD&A* and to
Ontario Securities Commission Rule 51-801 – *Implementing National Instrument 51-102 Continuous Disclosure Obligations*

1. Section 1.2 of Ontario Securities Commission Rule 51-501 – *AIF and MD&A* is amended by

   (a) deleting subsection (3) and substituting the following:

   "(3) For reporting issuers other than non-redeemable investment funds, this Rule does not apply to financial years beginning on or after January 1, 2004 nor to interim periods in financial years beginning on or after January 1, 2004."; and

   (b) adding the following after subsection (3):

   "(4) For reporting issuers that are non-redeemable investment funds, this Rule does not apply to financial years ending on or after June 30, 2005."

2. Ontario Securities Commission Rule 51-801 – *Implementing National Instrument 51-102 Continuous Disclosure Obligations* is amended by deleting subsection 4.1(2).

3. Ontario Securities Commission Rule 51-501 – *AIF and MD&A* is revoked effective May 30, 2006.

4. These amendments come into effect on May 16, 2005.

Amendment to
Companion Policy 51-501CP - To Ontario Securities Commission Rule 51-501 AIF and MD&A

1. The effective rescission date of Companion Policy 51-501CP – *To Ontario Securities Commission Rule 51-501 AIF and MD&A* is extended from May 19, 2005 to May 30, 2006.

2. This amendment comes into effect on May 16, 2005.

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesScource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

Transaction Date	Purchaser	Security	Total Purchase Price ($)	Number of Securities
10-May-2005	Quorum Investment Pool LP	AADCO Automotive Inc. - Convertible Debentures	1,200,000.00	1.00
02-May-2005	4 Purchasers	AirIQ Inc. - Common Shares	2,982,507.47	5,580,099.00
04-May-2005	Sun Life Assurance Company of Canada The Manufacturers Life Assurance Company	Alberta Ethane Gathering Systems LP - Notes	60,000,000.00	60,000,000.00
30-Apr-2005	John Johnson Rene Clonfero	American Creek Resources Ltd. - Common Shares	20,000.40	33,334.00
05-May-2005	6 Purchasers	Amica Mature Lifestyles Inc. - Common Shares	3,775,000.00	755,000.00
11-May-2005	10 Purchasers	Baffinland Iron Mines Corporation - Flow-Through Shares	946,945.00	611,900.00
08-Apr-2005	9 Purchasers	Baymount Corporation - Debentures	830,000.00	830,000.00
29-Apr-2005	Chris Dundas.	BRC Development Corporation - Common Shares	150,000.00	60,000.00
29-Apr-2005	Kingsdale Capital Markets Inc.	BRC Development Corporation - Warrants	0.00	60,000.00
04-May-2005	George Tsiolis	BSM Technologies Inc. - Common Shares	29,211.00	292,110.00
04-May-2005	4 Purchasers	Central Alberta Well Services Corp. - Units	599,400.00	666.00
12-May-2005	John Bargis	Cervus Financial Group Inc. - Common Shares	258,000.00	200,000.00
27-Apr-2005	199 Purchasers	Chamaelo Energy Inc. - Subscription Receipts	41,140,969.00	2,521,676.00
04-May-2005	11 Purchasers	Choice Resources Corp. - Flow-Through Shares	3,255,825.00	4,341,100.00
04-May-2005	Molin Holdings Ltd. Attila S. Gyorody	Choice Resources Corp. - Units	115,050.00	74,783.00
29-Apr-2005	9 Purchasers	Commercial Alcohols Inc. - Common Shares	802,550.00	22,930.00
29-Apr-2005	5 Purchasers	Commercial Alcohols Inc. - Common Shares	144,620.00	4,132.00

29-Apr-2005	3 Purchasers	Commercial Alcohols Inc. - Common Shares	520,450.00	14,870.00
29-Apr-2005	3 Purchasers	Commercial Alcohols Inc. - Common Shares	1,249,255.00	35,693.00
29-Apr-2005	KTV Holdings Inc.	Commercial Alcohols Inc. - Common Shares	35,000.00	1,000.00
29-Apr-2005	KTV Holdings Inc. 794457 Ontario Inc.	Commercial Alcohols Inc. - Common Shares	951,125.00	27,125.00
29-Apr-2005	3 Purchasers	Commercial Alcohols Inc. - Common Shares	1,750,000.00	50,000.00
29-Apr-2005	Harvey Kotler	Commercial Alcohols Inc. - Common Shares	350,000.00	10,000.00
29-Apr-2005	Bruce Reynolds	Commercial Alcohols Inc. - Common Shares	250,005.00	7,143.00
29-Apr-2005	Vivian Berman Robert A. Jones	Commercial Alcohols Inc. - Common Shares	2,000,005.00	57,143.00
29-Apr-2005	7 Purchasers	Creststreet Energy Hedge Fund L.P. - LP Units	500,000.00	50,000.00
11-May-2005	4 Purchasers	Daniels Management Limited Partnership - LP Units	2,548,000.00	91.00
11-May-2005	4 Purchasers	Daniels Residential Limited Partnership - LP Units	4,570,488.00	363.00
02-May-2005	Manford Schubert Karr Gayadat	Earth Energy Resources Inc. - Common Shares	15,000.00	60,000.00
02-Nov-2004	Redwood Long/Short Canadian Growth Fund	Energy Equities, LP - Units	2,520,000.00	420.00
01-May-2005	25 Purchasers	FactorCorp. - Units	1,533,000.00	1,533,000.00
06-May-2005	McKenzie Financial Corporation	Fair Sky Resources Inc. - Common Shares	750,000.00	600,000.00
29-Apr-2005	22 Purchasers	First Nickel Inc. - Units	11,500,000.00	11,500.00
28-Apr-2005	Bartlett H. MacDougall	First Point Minerals Corp. - Units	30,000.00	200,000.00
26-Apr-2005 to 04-May-2005	Mill City Gold Corp. Wildcat Exploration Ltd.	Grandview Gold Inc. - Common Shares	261,475.00	188,500.00
25-Apr-2005 to 04-May-2005	9 Purchasers	IMAGIN Diagnostic Centres, Inc. - Common Share Purchase Warrant	140,000.00	140,000.00
06-May-2005	14 Purchasers	Kensington Resources Ltd. - Flow-Through Shares	8,860,205.00	3,770,300.00
06-May-2005	42 Purchasers	Kensington Resources Ltd. - Units	9,578,940.00	4,561,400.00
05-May-2005	Guardian Capital LP	Killam Properties Inc. - Common Shares	790,500.00	310,000.00

05-May-2005	20 Purchasers	Killam Properties Inc. - Convertible Debentures	31,702,000.00	31,702.00
30-Apr-2005	R. Gofine; Spsl RSP Estate of D. Lipman	Kingwest Avenue Portfolio - Units	307,500.00	12,541.00
02-May-2005	Robert Doyle Peter Volk	KPS Ventures Ltd. - Units	17,500.00	350,000.00
30-Apr-2005	Lancaster Balanced Fund II	Lancaster Canadian Equity Fund - Trust Units	1,847,748.53	114,377.00
30-Apr-2005	Computershare in Trust for Dogrib Power Corp	Lancaster Short Bond Fund - Trust Units	2,777,870.44	275,266.00
19-Apr-2005	Paul Anthony Parisotto	Long View Resources Corporation - Units	7,500.00	25,000.00
09-May-2005	3 Purchasers	Magnifoam Technology International Inc. - Common Shares	1,504,000.00	640,000.00
02-May-2005	9 Purchasers	Mahalo Energy Ltd. - Common Shares	895,000.00	358,000.00
11-May-2005	TMI Communications Delaware LP	Mobile Satellite Ventures LP - Shares	0.00	5,073,715.00
04-May-2005	Investors Group	Navteq Corporation - Shares	8,207,063.00	175,000.00
02-May-2005	3 Purchasers	Nayarit Gold Inc. - Units	139,900.00	399,714.00
30-Apr-2005	3 Purchasers	Newport Alternative Income Fund - Units	195,000.00	207.00
30-Apr-2005	288 Purchasers	Newport Private Yield LP - Limited Partnership Units	22,331,653.45	1,729,795.00
06-May-2005	Don Wright	Non-Elephant Encryption Systems Inc. - Common Shares	150,000.00	3,000,000.00
06-May-2005	6 Purchasers	North West Upgrading Inc. - Common Shares	11,050,000.00	11,050,000.00
03-May-2005	Canada Mortgage and Housing Corporation	Northern Rock plc - Notes	20,000,000.00	20,000,000.00
10-May-2005	Quorum Investment Pool LP	Noveko Echographs Inc. - Debentures	1,000,000.00	1,000,000.00
10-May-2005	Quorum Investment Pool LP	Noveko Echographs Inc. - Warrants	1,000,000.00	250,000.00
03-May-2005	3 Purchasers	NSP Pharma Corp. - Common Shares	8,880,000.00	7,400,000.00
06-May-2005	3 Purchasers	O'Donnell Emerging Companies Fund - Units	26,000.00	3,448.00
07-Apr-2005	13 Purchasers	Pacific Lottery Corporation - Units	1,300,000.00	5,200,000.00
22-Apr-2005	First Canadian Title Company Limited	Paradigm Quest Inc. - Common Shares	3,000,000.00	3,000,000.00

06-May-2005	3 Purchasers	PetroQuest Energy Inc./PetroQuest Energy LLC - Notes	25,760,432.00	21,000,000.00
06-May-2005	11 Purchasers	Phoenix Matachewan Mines Inc. - Flow-Through Shares	156,750.00	1,045,000.00
06-May-2005	MCAP Inc.	Planet Trust - Bonds	419,579.00	419,579.00
03-May-2005	J.L. Albright/Predixis Investment Corp	Predixis Corporation - Preferred Shares	3,000,000.00	8,134,200.00
27-Apr-2005	7 Purchasers	Pro Ice 2005 LP - Units	1,038,276.00	8.00
09-May-2005	3 Purchasers	Stirling Exploration Ltd. - Common Shares	247,500.00	1,980,000.00
02-May-2005	Michael Kelly	The Alpha Fund - Limited Partnership Units	1,000,000.00	6.00
29-Apr-2005	David Van Halteren Timothy Wilkin	The McElvaine Investment Trust - Trust Units	125,000.00	4,555.00
05-May-2005	Stephen A. Abrams	Trillium Beverage Inc. - Units	150,000.00	238,095.00
09-May-2005	3 Purchasers	TrueContext Corporation - Promissory note	309,450.00	309,450.00
30-Apr-2005	Ruth Bear	Van Arbor Asset Management Ltd. - Units	20,000.00	1,536.00
30-Apr-2005	5 Purchasers	Vertex Balanced Fund - Trust Units	140,000.00	12,374.00
30-Apr-2005	10 Purchasers	Vertex Fund - Trust Units	706,206.34	111,584.00
03-May-2005	17 Purchasers	Virgin Metals Inc. - Units	280,000.00	2,800,000.00
28-Apr-2005	The B.E.S.T. Discoveries Fund Inc. The B.E.S.T. Total Return Fund Inc.	VNRAND, Inc. - Shares	488,658.07	890,561.00
27-May-2005	Roytor & Co.	Western Keltic Mines Inc. - Flow-Through Shares	350,000.00	1,000,000.00
05-May-2005	14 Purchasers	Western Lakota Energy Services Energy Inc. - Subscription Receipts	25,200,000.00	4,800,000.00
10-May-2005	Kulwant Sandler Bernard F. Kelly	Win Energy Corporation - Common Shares	197,500.00	158,000.00
10-May-2005	M. Paul Bloom	Win Energy Corporation - Flow-Through Shares	150,000.00	100,000.00
02-May-2005	OTPPB DLJ (no. 1) Inc.	Wind Point Partners VI, L.P. - LP Interest	81,607,500.00	81,607,500.00
06-May-2005	Ned Goodman Jodamada Corporation	Woodruff Capital Management Inc. - Units	279,999.00	33,332.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Assante Institutional Managed Canadian Equity Pool
Assante Institutional Managed Income Pool
Assante Institutional Managed International Equity Pool
Assante Institutional Managed US Equity Pool
Principal Regulator - Manitoba
Type and Date:
Preliminary Simplified Prospectuses dated May 13, 2005
Mutual Reliance Review System Receipt dated May 13, 2005
Offering Price and Description:
Offering Class W, A, F Units and Class I Units
Underwriter(s) or Distributor(s):
Assante Asset Management Ltd.
Assante Capital Management Ltd.
Assante Financial Management Ltd.
Assante Capital Managmenet Ltd.
Assante Capital Management Ltd.
Promoter(s):
Assante Management Ltd.
Project #782529

Issuer Name:
Avnel Gold Mining Limited
Type and Date:
Amended and Restated Preliminary Prospectus dated May 17, 2005
Receipted on May 17, 2005
Offering Price and Description:
Minimum * Units (C$ *) and Maximum * Units (C$ *) - Price C$ * per Unit
Underwriter(s) or Distributor(s):
Credifinance Securities Limited
Dominick & Dominick Securities Inc.
Promoter(s):
Elliott Associates L.P.
Hambledon Inc.
Merlin Group Securities Limited
Project #741575

Issuer Name:
CIBC Balanced Index Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 16, 2005
Mutual Reliance Review System Receipt dated May 17, 2005
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
CIBC Securities Inc.
Promoter(s):
Canadian Imperial Bank of Commerce
Project #784126

Issuer Name:
Coast Wholesale Appliances Income Fund
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated May 11, 2005
Mutual Reliance Review System Receipt dated May 12, 2005
Offering Price and Description:
$ * - * Units - Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Promoter(s):
Coast Wholesale Appliances Ltd.
Project #781666

Issuer Name:
Creststreet Kettles Hill Windpower LP
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated May 12, 2005
Mutual Reliance Review System Receipt dated May 13, 2005
Offering Price and Description:
$ * - * Limited Partnership Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Promoter(s):
Creststreet Capital Corporation
Project #782605

Issuer Name:
Elite Technical Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated May 11, 2005
Mutual Reliance Review System Receipt dated May 13, 2005
Offering Price and Description:
$ * - * Units Price; $ * per Unit
Underwriter(s) or Distributor(s):
Wolverton Securities Ltd.
Promoter(s):
Peter K. Fenton
Project #781938

Issuer Name:
Frontera Copper Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Prospectus dated May 11, 2005
Mutual Reliance Review System Receipt dated May 12, 2005
Offering Price and Description:
$ * - * Units Price: $1,000.00 per Unit. Each Unit consists of a $1,000 principal amount of senior unsecured note and * Common Shares of the Corporation
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Haywood Securities Inc.
Orion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #776729

Issuer Name:
Global Credit Pref Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 12, 2005
Mutual Reliance Review System Receipt dated May 13, 2005
Offering Price and Description:
$ * - * Preferred Shares Price: $25.00 per Preferred Share
Minimum Purchase: $ *
Underwriter(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
Gatehouse Capital Inc.
Project #782387

Issuer Name:
Norcast Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 12, 2005
Mutual Reliance Review System Receipt dated May 13, 2005
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
Promoter(s):
Amcan Consolidated Technologies Corp.
Project #782583

Issuer Name:
Onsino Capital Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated May 13, 2005
Mutual Reliance Review System Receipt dated May 16, 2005
Offering Price and Description:
MINIMUM OFFERING: $500,000 or 2,000,000 Common Shares; MAXIMUM OFFERING: $1,000,000 or 4,000,000 Common Shares PRICE: $0.25 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporatin
Promoter(s):
Oliver Xing
Project #783497

Issuer Name:
Red Tusk Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated May 9, 2005
Mutual Reliance Review System Receipt dated May 11, 2005
Offering Price and Description:
$ 2,025,000.00 - 4,500,000 Common Shares Price: $0.45 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
David R.C. McMillan
Project #780317

Issuer Name:
ROW Entertainment Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 11, 2005
Mutual Reliance Review System Receipt dated May 11, 2005
Offering Price and Description:
$70,000,000.00 - 7,000,000 Subscription Receipts, each representing the right to receive one Unit Price: $10.00 per Subscription Receipt
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Promoter(s):
-
Project #780634

Issuer Name:
Scotia Cassels Canadian Bond Index Fund
Scotia Cassels Canadian Bond Fund
Scotia Cassels Canadian Equity Fund
Scotia Cassels International Equity Fund
Scotia Cassels North American Equity Fund
Scotia Cassels U.S. Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated May 10, 2005
Mutual Reliance Review System Receipt dated May 11, 2005
Offering Price and Description:
(Scotia Private Client Units)
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Scotia Securities Inc.
Promoter(s):
The Bank of Nova Scotia
Project #779776

Issuer Name:
Scotia Diversified Monthly Income Fund
Scotia Vision Aggressive 2010 Fund
Scotia Vision Aggressive 2015 Fund
Scotia Vision Aggressive 2020 Fund
Scotia Vision Aggressive 2030 Fund
Scotia Vision Conservative 2010 Fund
Scotia Vision Conservative 2015 Fund
Scotia Vision Conservative 2020 Fund
Scotia Vision Conservative 2030 Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated May 10, 2005
Mutual Reliance Review System Receipt dated May 11, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Scotia Securities Inc.
Promoter(s):
The Bank of Nova Scotia
Project #779710

Issuer Name:
StarPoint Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 11, 2005
Mutual Reliance Review System Receipt dated May 11, 2005
Offering Price and Description:
$295,200,000.00 - 16,400,000 Subscription Receipts, each representing the right to receive one Trust Unit
Price: $18.00 per Subscription Receipt $60,000,000 - 6.50% Convertible Extendible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
FirstEnergy Capital Inc.
CIBC World Markets Inc.
TD Securities Inc.
Orion Securities Inc.
National Bank Financial Inc.
GMP Securities Ltd.
RBC Dominion Securities Inc.
Tristone Capital Inc.
Canaccord Capital Corporation
First Associates Investments Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #780959

Issuer Name:
Wajax Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 12, 2005
Mutual Reliance Review System Receipt dated May 16, 2005
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Sprott Securities Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Promoter(s):
Wajax Limited
Project #783626

Issuer Name:
Western Goldfields, Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 11, 2005
Mutual Reliance Review System Receipt dated May 12, 2005
Offering Price and Description:
MINIMUM OFFERING: US$* or * Units; MAXIMUM OFFERING: US$* or * Units PRICE: US$* per Unit
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
-
Project #781029

Issuer Name:
Altus Group Income Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated May 11, 2005
Mutual Reliance Review System Receipt dated May 11, 2005
Offering Price and Description:
$75,000,000.00 - 7,500,000 Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
Promoter(s):
The Altus Group Inc.
Derbyshire Viceroy Consultants Limited
1493319 Ontario Inc.
951510 Ontario Inc.
Project #765868

Issuer Name:
Canwel Building Materials Income Fund
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated May 9, 2005
Mutual Reliance Review System Receipt dated May 11, 2005
Offering Price and Description:
$125,001,600.00 - 14,368,000 Units Price: $8.70 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:
Ceduna Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated May 12, 2005
Mutual Reliance Review System Receipt dated May 13, 2005
Offering Price and Description:
$2,500,000.00 - 5,000,000 Units Price: $0.50 per Unit (the "Offering")
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #764497

Issuer Name:
CIBC Diversified Income Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated May 9, 2005
Mutual Reliance Review System Receipt dated May 11, 2005
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
CIBC Securities Inc.
Promoter(s):
Canadian Imperial Bank of Commerce
Project #753183

Issuer Name:
Communications DVR inc.
Principal Regulator - Quebec
Type and Date:
Final CPC Prospectus dated May 12, 2005
Mutual Reliance Review System Receipt dated May 16, 2005
Offering Price and Description:
Minimum Offering: $500,000.00 or 2,500,000 common shares; Maximum Offering: $750,000.00 or 3,750,000 common shares Price: $0.20 per common share
Underwriter(s) or Distributor(s):
Investpro Securities Inc.
Promoter(s):
Marc Lafontaine
Project #747081

Issuer Name:
DMP Canadian Dividend Class
DMP Canadian Value Class
DMP Focus+ Equity Class
DMP Global Value Class
DMP Power Canadian Growth Class
DMP Power Global Growth Class
of
Dynamic Managed Portfolios Ltd.
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 11, 2005
Mutual Reliance Review System Receipt dated May 16, 2005
Offering Price and Description:
Series A Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
Goodman & Company, Investment Counsel Ltd.
Promoter(s):
Goodman & Company, Investment Counsel Ltd.
Project #768757

Issuer Name:
Empower Technologies Corporation
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated May 12, 2005
Mutual Reliance Review System Receipt dated May 13, 2005
Offering Price and Description:
$7,500,000.00 - 3,333,333 Units PRICE: $2.25 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:
Final Prospectus dated May 16, 2005
Mutual Reliance Review System Receipt dated May 17, 2005
Offering Price and Description:
-
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:
Hanfeng Evergreen Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 11, 2005
Mutual Reliance Review System Receipt dated May 11, 2005
Offering Price and Description:
$15,000,050.00 - 6,383,000 Common Shares Price: $2.35 per Common Share
Underwriter(s) or Distributor(s):
CIBC World Makets Inc.
Paradigm Capital Inc.
Promoter(s):
-
Project #770292

Issuer Name:
Imperial Money Market Pool
Imperial Short-Term Bond Pool
Imperial Canadian Bond Pool
Imperial Canadian Dividend Pool
Imperial International Bond Pool
Imperial Canadian Income Trust Pool
Imperial Canadian Dividend Income Pool
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
Imperial Overseas Equity Pool
Imperial Emerging Economies Pool
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 9, 2005
Mutual Reliance Review System Receipt dated May 13, 2005
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CIBC Imperial Bank of Commerce
Project #747343

Issuer Name:
InterOil Corporation
Type and Date:
Final Short Form Base Shelf Prospectus dated May 13, 2005
Receipted on May 13, 2005
Offering Price and Description:
$125,000,000.00 - 3,333,334 Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #777490

Issuer Name:
Ondine Biopharma Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated May 16, 2005
Mutual Reliance Review System Receipt dated May 17, 2005
Offering Price and Description:
Cdn$12,000,000.00 - 6,000,000 Common Shares Price: $2.00 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:
Final Prospectus dated May 11, 2005
Mutual Reliance Review System Receipt dated May 12, 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)
Underwriter(s) or Distributor(s):
FirstEnergyCapitalCorp.
Tristone Capital Inc.
Canaccord Capital Corporation
Orion Securities Inc.
Promoter(s):
L. Wade Becker
Project #763311

Issuer Name:
Tradex Bond Fund
Tradex Equity Fund Limited
Tradex Global Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 10, 2005
Mutual Reliance Review System Receipt dated May 11, 2005
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Mutual Fund Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
Tradex Management Inc.
Promoter(s):
Tradex Management Inc.
Project #763614

Issuer Name:
Voxcom Income Fund
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated May 12, 2005
Mutual Reliance Review System Receipt dated May 12, 2005
Offering Price and Description:
$57,500,000.00 - 5,750,000 Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
First Associates Investments Inc.
Promoter(s):
Voxcom Incorporated
Project #764903

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	NCP Securities Inc.	Limited Market Dealer	May 17, 2005
New Registration	First Canadian Capital Markets Ltd.	Limited Market Dealer	May 16, 2005
New Registration	Maxim Group LLC	International Dealer	May 16, 2005
New Registration	SG Americas Securities, LLC	International Dealer	May 12, 2005
New Registration	Manning & Napier Advisors, Inc.	Non-Canadian Adviser (Investment Counsel and Portfolio Manager)	May 6, 2005
New Registration	BBVA Securities Inc.	International Dealer	April 29, 2005
Change of Name	From: Stalworth Investment Management Company Inc., To: Innerkip Capital Management Inc.	Limited Market Dealer & Investment Counsel & Portfolio Manager	May 2, 2005
Surrender of Registration	Brookshire Capital Corporation	Limited Market Dealer	May 4, 2005
Change in Category	CPA Securities Inc.	From: Mutual Fund Dealer To: Investment Dealer	May 12, 2005
Surrender of Registration	Carmel Capital Corporation	Limited Market Dealer	May 10, 2005

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA Investor Protection Corporation - Summary of Public Comments

SUMMARY OF PUBLIC COMMENTS
RESPECTING
APPLICATION FOR APPROVAL OF
MFDA INVESTOR PROTECTION CORPORATION
AND
RESPONSE OF THE MFDA AND MFDA IPC

On February 25, 2005, the Ontario Securities Commission (the "OSC") published for comment the Application (the "Revised Application") of the Mutual Fund Dealers Association of Canada (the "MFDA") and the MFDA Investor Protection Corporation (the "IPC") for the approval by the OSC of the IPC as a compensation fund, pursuant to subsection 110(1) of R.R.O. 1990, Regulation 1015, as amended, made under the Securities Act R.S.O. 1990, c.S.5, as amended. The Revised Application was published in Volume 28, Issue 8 of the Ontario Securities Commission Bulletin, dated February 25, 2005. The Application was simultaneously filed with the Executive Director of the British Columbia Securities Commission, the Alberta Securities Commission, the Saskatchewan Securities Commission, the Manitoba Securities Commission and the Nova Scotia Securities Commission (together with the OSC, the "CSA Members") for approval, designation or consideration, as the case may be, of IPC by those CSA Members. The OSC has acted as the principal or lead CSA Member for the purposes of the Application and co-ordinating comments.

The Revised Application followed the application (the "Initial Application") by MFDA and IPC made to the CSA Members in November 2002 and published in Volume 25, Issue 48 of the Ontario Securities Commission Bulletin dated November 29, 2002. Public comments were received in respect of the Initial Application and such comments were summarized and responded to by MFDA and IPC and such summary and responses were published in Volume 28, Issue 8 of the Ontario Securities Commission dated February 25, 2005. The responses of MFDA and IPC with respect to the Initial Application were directed to be read together with the Revised Application.

The Revised Application included a copy of letters patent for IPC (the "Letters Patent"), draft by-law No. 1 of IPC (the "By-laws"), draft MFDA policy relating to IPC coverage (the "Coverage Policy"), proposed MFDA rule relating to IPC advertising (the "Advertising Rule") and proposed MFDA policy relating to IPC advertising (the "Advertising Policy"). The contents of the Revised Application addressed the subject of the seven criteria identified by the CSA Members and reproduced as the Approval Criteria in the Revised Application. A draft proposed order (the "Order") and draft terms and conditions to such Order were also published for comment with the Revised Application.

The public comment period in respect of the Revised Application expired on March 28, 2005. Fourteen comment letters were received during the public comment period:

1. Royal Mutual Funds Inc. ("RMFI") (March 30, 2005).
2. Worldsource Financial Management Inc. ("Worldsource") (March 29, 2005).
3. BMO Investments Inc. ("BMOII") (March 28, 2005).
4. Independent Financial Brokers of Canada ("IFB") (March 28, 2005).
5. Investors Group Financial Services Inc. ("IGFS"), on behalf of IGFS. And M.R.S. Inc. (March 28, 2005).
6. Lawton Partners Financial Planning Services Limited ("Lawton Partners") (March 28, 2005).
7. PFSL Investments Canada Ltd. ("PFSL") (March 28, 2005).
8. Small Investor Protection Association ("SIPA") (March 26, 2005).
9. IPC Investment Corporation ("IPCIC") (March 25, 2005).
10. Martin + Becker Financial Management Ltd. ("Martin and Becker") (March 25, 2005).
11. Canadian Bankers Association ("CBA") (March 24, 2005).
12. The Investment Funds Institute of Canada ("IFIC") (March 24, 2005).
13. David Hawkins (March 11, 2005).
14. Rissling Financial Corporation ("Rissling") (March 3, 2005).

In addition, eight comment letters were received in response to MFDA Bulletin #0102-P MFDA Investor Protection Fund Update, issued October 14, 2004. A summary of these comment letters has also been incorporated into this document.

15. Federation of Independent Mutual Fund Dealers (the "Federation) (February 4, 2005).

16. Legacy Associates Inc. ("Legacy") (December 12, 2004).

17. Susan Monk (PEAK Investment Services Inc.) (November 1, 2004).

18. Sean McGratten (Dundee Private Investors Inc.) (October 25, 2004).

19. Sinclair-Cockburn Financial Services Inc. (Sinclair-Cockburn) (October 15, 2004).

20. Tradex Management Inc. ("Tradex") (October 15, 2004).

21. Lawton Partners (October 14, 2004).

22. Generation Financial Corp. ("Generation") (October 14, 2004).

Copies of comment submissions may be viewed at the office of the MFDA, 121 King Street West, Suite 1000, Toronto, Ontario by contacting Greg Ljubic, Corporate Secretary, (416) 943-5836.

The following is a summary of the comments received, together with the MFDA's responses to the Revised Application. A number of the comments received in respect of the Revised Application were similar to those received in respect of the Initial Application and reference should be made to the responses of MFDA and IPC in that regard and referred to above.

MFDA Response

1. General Comments

Most commentators expressed support for the general goal of investor protection but expressed concern with various aspects of the IPC as proposed. In particular, many of the comments received in respect of the Revised Application reflected common concerns regarding the lack of coverage for client name assets, the proposed assessment method, the size of the fund and IPC advertising requirements. The substance of these comments is set out below.

A few commentators questioned whether a compensation fund for clients of mutual fund dealers was necessary. These commentators noted the relatively low risk business operations and activities of mutual fund dealers, in particular the fact that the majority of mutual fund assets are held in client name.

Rissling was of the view that with proper monitoring of capital requirements and internal controls for handling client investments, the solvency of mutual fund dealers should not be an issue for investor protection. This commentator felt that the compliance role of the MFDA was the key factor in investor protection as opposed to a protection fund.

Rissling was of the view that if an IPC is to be created, then participation should be voluntary. If a voluntary IPC is developed, those members that join will articulate the value of the fund to the marketplace and those clients who view the protection as advantageous will be drawn to those members who are part of the IPC.

MFDA Response:

MFDA and IPC have confirmed with the CSA Members that a fund or similar protection plan is necessary. The respective Boards of MFDA and IPC have confirmed a protection fund as being in the public interest and have also recognized that a plan similar to that of the Canadian Investor Protection Fund is in the interest of MFDA members for competitive reasons. MFDA and IPC do not believe that a wholly voluntary fund would be sustainable or fair to the industry at large which will benefit from the fund regardless of who is a member. However, it is acknowledged that there are a number of aspects of the protection plan proposed for customers of MFDA members that may require review and evaluation after the plan begins providing coverage and experience in the regulation and risks of mutual fund dealers has been gained. In this regard, the recurring public comments with respect to coverage for client name assets, proposed assessment methods, the size of the fund and advertising requirements will be addressed. The creation of a Working Group by MFDA IPC (as proposed to be a condition of the Order in respect of the Revised Application) will provide a forum to review and report findings to the MFDA IPC and CSA Members with respect to the relevant issues.

2. IPC Application and Approval Process

2.1 Lack of Member Input in Development of IPC

The CBA, RMFI and BMOII felt that MFDA Members have not had sufficient opportunity to provide input into the Revised Application or the method of assessment of the IPC. IFIC, IPCIC and RMFI noted that some of the previous submissions by the industry participants have not been given sufficient consideration in the Revised Application.

Several commentators were of the view that there has been a failure to undertake the necessary research and analysis, particularly in relation to the relevant risks, that should provide the basis for the IPC.

MFDA Response:

MFDA and IPC are of the view that there has been ample opportunity for MFDA members to provide input into all issues relating to the establishment of the protection fund of IPC. In this regard, the public comments in respect of both the Initial Application and the Revised Application themselves contain specific, substantive and useful suggestions, all of which have been carefully considered by MFDA and IPC. In addition, MFDA and IPC themselves are member organizations and their constitution, as well as MFDA's recognition orders and the proposed Approval Order for IPC, require that the diversity of interests of all

members be represented and, in fact, such interests are represented. Apart from the foregoing, MFDA and IPC have made extended efforts to communicate directly with members not only in inviting comments but also requesting that relevant information relating to specific issues about the plan and its consequences to members be provided. For example, in evaluating whether MFDA should participate in CIPF during the summer of 2004, detailed questionnaires relating to capital, assessment methods and other matters were requested of members. The efforts of MFDA and IPC in seeking input from members were directed in particular to smaller members which may not have the resources to analyze and comment on IPC's plan or the industry association representation to be assured such analysis and comment will be provided for them. MFDA, IPC and their staff and advisers have met on several occasions during the development of IPC with representatives of larger members and organizations such as the Canadian Bankers Association and fund managers represented by IFIC.

Notwithstanding the foregoing, MFDA and IPC welcome the establishment of the Working Group as proposed and expect that it will provide further opportunity for members to have input into the future development and operations of the plan.

The matter of whether appropriate research and analysis with respect to risks in the mutual fund distribution industry is available has been acknowledged in the sense that very little information of the relevant kind is available. This is true for securities industry compensation plans both in Canada and in the United States. However, the persons (including members, MFDA staff, advisors and others) involved in the development of IPC have had considerable experience in the mutual fund industry and dealer insolvencies and are able to provide a reasonable assessment as to the risks and implications of IPC coverage. As stated in response to comments on the Initial Application, it is expected that as experience and knowledge is gained while IPC operates, its structure, coverage and operations could be modified.

2.2 IPC Working Group

The CBA, IFIC, RMFI and BMOII supported the creation of the IPC Working Group (as set out in section 10 of Schedule A to the draft Order in the Revised Application), which will be mandated to review various aspects of the IPC once it is approved and operational. The CBA, RMFI and IFIC made specific comments respecting the timing of the Working Group's report and the mandate of the Working Group.

The CBA and RMFI felt that the Working Group should be established prior to the approval of the IPC to ensure adequate industry input. RMFI recommended that the establishment of the IPC be delayed to allow the Working Group a six month period to meet, deliberate and provide a report containing recommendations. RMFI felt that the report and any summary of the Working Group's findings prepared by the IPC Board of Directors should be made public. In the alternative, should the CSA not be prepared to delay the approval of the Revised Application to allow for preparation of the Working Group's report, RMFI suggested that CSA approval be granted provisionally, with formal recognition of the IPC by the CSA made conditional upon the incorporation of the recommendations of the Working Group into the Revised Application. RMFI also proposed that once recommendations have been delivered, they should be reflected in changes to the structure and practices of the IPC prior to any fees being assessed in 2006.

IFIC commented that is unclear whether the Working Group will have a mandate to review various aspects of the IPC on an ongoing basis or whether the Working Group will expire after the first written report to the IPC Board of Directors and the OSC has been issued. IFIC was of the view that the mandate of the Working Group should not be limited in this way, as it would serve to remove the operations of the MFDA IPC from the ongoing scrutiny of MFDA Members. IFIC recommended that section 10 of Schedule A to the Revised Application be amended to explicitly state that the mandate of the Working Group will be to assess and make recommendations with respect to various aspects of the IPC on an annual basis so long as the IPC is operational with the role of MFDA Member representatives of the Working Group being likewise continued as active participants and not observers.

In addition, IFIC suggested that the Working Group be permitted to submit its first report to the IPC Board of Directors and to the OSC prior to the issuance of the second year's assessments (within six months from the date of the OSC's approval of the IPC). IFIC also recommended that, in addition to the IPC Board of Directors and the OSC, the Working Group report should be submitted directly to the CSA. In the interest of transparency, the Working Group's report should be made public at the time of its submission to the IPC Board of Directors, the OSC and the CSA. IFIC also recommended that the MFDA IPC Board evaluation of the Working Group's findings be provided to the Working Group in addition to the OSC.

MFDA Response:

The MFDA and IPC are not in a position to determine whether the establishment of IPC should be delayed to permit the Working Group a period of time to prepare recommendations. That is, in part, a matter for the CSA Members to decide but MFDA and IPC believe that it is in the interests of members and the public to commence the coverage that was announced several years ago and then make appropriate adjustments on the basis of ongoing reviews. In addition, based on the experience of MFDA and IPC in the establishment of the plan to date, the proposal for even a six month period to permit further deliberation and reporting on recommendations would for practical purposes delay the commencement of coverage of any plan for a period of at least two years. This is based on the time required to have recommendations considered, prepare and confirm an appropriate new structure, seek membership review and comment, seek and respond to public comments and then leave time for implementation

and preparation by members for coverage to commence. This time projection is entirely consistent with the development of the IPC Plan to date.

MFDA and IPC understand that the Working Group would review and report to MFDA IPC and CSA Members on a wide range of matters relating to the operations of IPC including risks, fund size, products covered, customer accounts, assessment methodology, funding and risk management tools. In fact, most of those kinds of issues are linked and cannot be reviewed individually. One of the initial tasks of the Working Group would be to identify the matters that it wishes to address.

It is the view of MFDA and IPC that commitments as to the operation of the fund including matters relating to second year assessments should be determined after the work of the Working Group has been completed and findings have been reported. The nature of the issues involved do not ensure that there will be unanimity in any findings and during the time that the findings are being reviewed and considered by the MFDA, IPC and CSA members, IPC must maintain its coverage on the basis proposed in the Revised Application. With respect to the use and dissemination of the Working Group's findings, MFDA and IPC are of the view that those matters could be reported on by the Working Group itself and included in their findings. At present, MFDA and IPC are not aware of any reason why the process would not be entirely transparent but there may be sensitivities identified by the Working Group that should be assessed by that group.

3. Corporate Governance

The CBA, RMFI and IFIC felt that the provision for representation of the industry on the Board of Directors of the IPC was insufficient as the definition of "Industry Directors" includes directors, officers or employees of the MFDA.

The CBA and RMFI believed that the term "Industry Directors" should be redefined to only include those individuals who are directors, officers or employees of MFDA Members. The CBA and RMFI suggested that it would be appropriate to permit the appointment of one or more directors, officers or employees of the MFDA as non-voting ex-officio members of the Board.

IFIC stated that the governance structure of the IPC should adequately ensure that MFDA Members have an opportunity to provide meaningful input at the IPC Board level and suggested that it might be desirable to provide a guaranteed place for MFDA Members on the IPC Board of Directors. To this end, IFIC recommended that: (i) the definition of "Industry Directors" be amended to include only MFDA Members; (ii) Industry Directors not be subject to removal from office without the consent of the MFDA; and (iii) the MFDA's ability to appoint or elect Industry Directors should not be subject to the approval of the IPC Board of Directors.

Tradex suggested that it would be more efficient for the MFDA and the IPC to have the same Board of Directors, particularly since it is contemplated that the IPC would be an interim vehicle.

Rissling felt that MFDA Members should have the right to vote for the IPC Board of Directors. Rissling commented that the IPC Board of Directors should not have the power to select its replacement members as this would result in an inherent bias. Rissling further noted that while a nominating committee of the IPC Board could make its nominations for future members of the Board, this should not preclude other nominations from MFDA Members.

The SIPA noted that the majority of the Board, including the Chair, should be independent so that investors will have confidence in the IPC's operations and process for dealing with claimants.

MFDA Response:

Careful consideration has been given to the governance structure of IPC. Some of the more important principles that have been determinative of the corporate structure are: IPC is a passive fund and relies on MFDA and its rules for risk management purposes; the interests of MFDA members as responsible for funding IPC should be appropriately represented; and to the extent that IPC is considering and paying claims of customers of insolvent members of MFDA, IPC must be seen to be independent of the mutual fund industry. Accordingly, it was determined at an early stage of IPC's development that a majority of the Board of Directors should be comprised of independent or non-industry directors and that after an initial organizational period for IPC its Chair would only be considered as a public director if he or she did not have employee/management functions with IPC. MFDA and IPC believe that this independence is critical to public confidence in IPC. The principles described above preclude IPC having the same Board of Directors as MFDA.

With respect to which persons may be considered and appointed as "Industry Directors" of IPC, MFDA and IPC consider that the best judge would be MFDA itself. This view is based on the fact that MFDA is the mutual fund dealer industry SRO and can assess who should represent the members and the industry on the IPC Board. Accordingly, proposed By-laws of IPC provide that only MFDA nominees can be appointed as Industry Directors of IPC. Such persons are also restricted to directors, officers or employees of the MFDA or members of the MFDA. If MFDA considered that it was not appropriate for officers or employees of MFDA itself to be Industry Directors of IPC, MFDA would not nominate them.

4. Coverage

4.1 General Comments

Rissling commented that the IPC would create an "expectations gap" between investor's perception that the IPC will cover investment losses created by market fluctuations and actual IPC coverage. The commentator was of the view that this "expectation gap" may have a

more negative impact on investor confidence than having no protection fund at all.

SIPA was of the view that all holdings with a dealer should be covered unless specifically identified as a noninsured security or account. SIPA also commented that there should be assurance that if a troubled firm is unable to make its fee payments to the MFDA or its contributions to the IPC, that insurance coverage will still be provided. SIPA expressed concern that if any action is taken to terminate a MFDA Member's membership that insurance coverage would be negated.

SIPA also commented that the risk assessment system should be sufficiently responsive to provide an early warning sytem and timely appropriate action.

MFDA Response:

IPC is intended to cover the insolvency risk of MFDA members and, in that regard, it is similar to Canadian Investor Protection Fund in Canada and Security Investor Protection Corporation in the United States. The fact that there may be an "expectation gap" for some investors has been illustrated in the experience of both CIPF and SIPC. However, it is impossible for a fund such as IPC to cover the gap and the suggested alternative of no protection fund at all has not been accepted. Therefore, the best response to the concern is to ensure that appropriate public disclosure and information is available to customers so that there is a clear understanding of what risks are covered. In addition, IPC coverage is intended to apply to all holdings that a customer has with a member.

IPC coverage is automatic as long as the member is a member of MFDA and regardless of whether its assessments have been paid. Customers should not be put at risk once coverage has been available because of the unwillingness or inability of a member to pay assessments. In such cases, steps would be taken to terminate membership and ensure that customers have an opportunity to transfer their accounts to another member. MFDA's regulatory monitoring includes early warning mechanisms to identify potential risks.

4.2 Lack of Coverage for Client Name Assets

Many commentators were concerned that the IPC would be of very limited benefit to the industry and investors because it will not provide coverage to assets held in client name. Some commentators suggested that the coverage should be extended to client name assets. The Federation commented that establishing an IPC that only covers nominee name assets could only be perceived as a partial solution at best. The Federation supported the idea of an industry-wide contingency fund that would involve fund company participation and cover client name assets as well.

Several commentators were concerned that the recognition of an investor protection plan which leaves the majority of customer assets held by mutual fund dealers without coverage may result in significant investor confusion or create the false expectation that assets are covered when they are not.

IFIC was of the view that either more work should be done to determine how client name assets might be brought within the IPC coverage or MFDA Members in client name should not be required to contribute to the same extent towards coverage that will only remotely apply to their clients.

IGFS commented that the distinction between operations in client name and operations in nominee name should be clearly understood and comprehensive definitions and guidelines should be developed and documented.

Lawton Partners felt that there should be clarification that the IPC will cover client cash if held in client name.

MFDA Response:

The matter of "coverage for client name assets" has been raised by a number of commentators during the course of the development of IPC. The solution suggested by some commentators is that IPC coverage should be extended to client name assets. Proposals of this kind raise the question of what "coverage" means in the context of IPC and its insolvency loss protection. IPC protection protects property held by members as intermediaries for customers if a member becomes insolvent. Client name coverage refers to protection of the clients' rights as against the issuer of an investment product. For instance, if insolvency loss protection is to be extended to client name assets that are held by mutual fund managers, then a protection fund covering the insolvency of mutual fund managers would have to be created. That is well beyond the mandate of MFDA and IPC.

It is recognized that the relationship between funding and coverage may be distorted to the extent client name assets are not the responsibility of MFDA members and therefore are not subject to IPC coverage. On the other hand, insolvency losses can and do arise with respect to dealers whose clients' assets are held in either nominee or client name. Client property that may be at risk includes cash handled by a dealer or assets that a dealer or its representatives are able to control. The risk often arises because account arrangements that are generally referred to as client name may involve the member actually holding or controlling client assets that are intended to be held in client name. In addition, it is difficult to segment the industry for the purpose of determining the overall benefits of protection for all customers of mutual fund dealers. It will be one of the subjects of the Working Group to review whether the relationship, for instance, between IPC assessments and the nature of a dealer's business is fair.

4.3 Products Covered

IFB felt that increasing coverage to include all assets in client accounts (including assets which are not mutual funds or cash) yet excluding mutual fund assets held in client name is inconsistent with the objective of investor protection. This commentator also questioned whether

expanding the range of assets covered to include other non-mutual fund products was beyond the jurisdiction of the IPC. The commentator stated that some of the non-mutual fund assets proposed for coverage by the IPC are already covered by other forms of consumer protection insurance resulting in double coverage and no actual increase in consumer protection.

The CBA noted that several definitions with respect to assets covered under the IPC were unclear. In particular, several different terms are used throughout the Revised Application in reference to assets covered under the fund: "financial products", "client property eligible for protection" and "financial investment products". The CBA also wondered how a mutual fund dealer can hold segregated funds for a client, given that they are insurance contracts and are not considered securities. This commentator was also of the view that the definition of "customers" required clarification.

MFDA Response:

The range of products proposed to be covered by IPC under the Revised Application has been expanded to include all assets held in a client's account. Typically, this could include mutual fund securities, permitted exempt securities, deposits, segregated funds and other kinds of products. The scope of coverage contemplates some flexibility in that the IPC Board has discretion as to payments and defining by its coverage policy what is to be included. It is the view of MFDA and IPC that there will be less confusion for consumers by adopting a broad definition of products covered because it is difficult for consumers to distinguish among the variety of financial products available, many of which require technical understanding and often resemble other products. IPC has the jurisdiction to provide coverage with respect to whatever property held by an MFDA member is considered appropriate. The risk of double coverage with respect to products for which there may be other compensation available is minimized by virtue of the fact that IPC would expect to pay last. For example, if a deposit instrument were held in an MFDA account and CDIC coverage were available if the instrument was not recovered, IPC would expect CDIC to pay the loss. This would only arise, of course, if the issuer of the deposit instrument were insolvent; otherwise, IPC would be responsible for the failure of the insolvent member to deliver the deposit instrument or its value to the eligible customer.

The need for clear explanations and definitions with respect to products covered and customers eligible for protection is acknowledged. IPC has attempted to benefit from the extensive experience of CIPF in respect of analyzing claims by customers and determining who should be eligible for protection as a customer of an insolvent MFDA member. It is further acknowledged that some of the distribution structures and customer relationships in the mutual fund industry differ from those of investment dealers who are members of CIPF and these differences should be accommodated in IPC's protection plan coverage.

The matter of holding segregated fund products (which are insurance policies) has been under review in the securities industry and it is acknowledged that "holding" such products is not on the same basis as that of securities. The customer should remain the insured.

5. Fund Size

The Federation and IPCIC questioned whether the proposed size of the fund is appropriate. The commentators noted that there was no discussion in the IPC Application as to how the size of the fund was determined. The Federation was of the view that it was necessary to provide a detailed explanation of the methodology used to establish the proposed fund size of $30 million to MFDA Members. The Federation noted that the IPC target fund size of $30 million was discussed prior to the proposed increase in coverage from $100,000 to 1 million, which suggests that either the initial target fund size was significantly overstated or that initial coverage estimates were significantly understated.

The Federation also noted that the proposed fund size as a percentage of the assets that would be covered under the fund represented a much larger percentage than the size of the CIPF in proportion to the total AUA of the assets covered under the CIPF. The Federation was of the view that this would be justified if the business model used by MFDA Members carried significantly greater risk than the business model used by IDA Members, however the Federation did not feel that this was the case. The IPCIC suggested that the amount of the IPC might be excessive given that there is no record of mutual fund dealer insolvencies.

SIPA noted that, while it was not in a position to comment on the adequacy of the proposed $30 million fund size, it was not uncomfortable with the $1 million coverage per account. SIPA was also of the opinion that a five-year automatic review mechanism for assessing the adequacy of the level of coverage should be implemented, which should consider factors such as inflation, asset appreciation and demographics. In addition, SIPA recommended that should the protection fund turn out to be inadequate, there should be a clear understanding and obligation that industry participants make up any difference in payout.

MFDA Response:

The proposed size of the fund of assets to be initially maintained by IPC has been determined according to best estimates as to the risk of losses occurring as well as revenues required (by way of assessments and investment income) to maintain IPC's operations. The fund held by IPC at any time represents only the prefunded portion of losses that IPC may have to pay. If the eligible losses exceed the amount of assets IPC then holds, IPC through MFDA would have to make assessments or borrow funds to cover any shortfall.

It is acknowledged that a review of the proposed fund size will be one of the tasks of the Working Group. Apart from

the role of the Working Group, the Revised Application provides that the fund size will be reviewed by MFDA and IPC at least annually in any event. The relationship between the size of the fund and the per account coverage of $1 million for eligible customers will be one of the factors considered. However, the increase of per account coverage to $1 million under the Revised Application was accompanied by a proposed immediate $30 million fund size rather than an initial $5 million with a target of $30 million in five years. Accordingly, the size of the fund was increased to accommodate the greater per account coverage.

6. Amount of Account Coverage

IFB was strongly opposed to the proposal to increase client account protection to $1 million from the previously proposed $100,000. IFB was of the opinion that the $1 million coverage per account was excessive and expressed concern with the fees that would be necessitated in order to support such a level of protection. IFB stated that coverage of $100,000 is more in line with consumer protection available in other segments of the financial industry (CDIC and CompCorp) and more accurately reflects the low risk of failure within the mutual fund industry in Canada. IBF felt that setting the level of account protection at $1 million would decimate the fund quickly in the event of large claims and noted that the $100,000 coverage level was adequate for many mutual fund clients given that mutual funds have traditionally been the favoured investment choice of smaller investors. It was also suggested by IFB that the $100,000 coverage level would be less financially onerous on sales representatives who, without proper controls placed on dealers, will be the ones covering the cost.

MFDA Response:

There has been relatively strong support among mutual fund dealers to have the per account protection correspond to that available from CIPF. This view was strongest amongst members who may have affiliates who are CIPF members, but many members without such affiliates were of the view that similar coverage was important for competitive reasons and reducing confusion among customers of distributors of financial products and services. On the other hand, it is true that most expected losses in a mutual fund dealer's customers' accounts in the event of insolvency would be much less than $1 million and likely under the $100,000 coverage level. This is accounted for by statistics relating to the average size of customer accounts with MFDA members across Canada. As well, equally importantly, because of the effect of the pooling of losses under Part XII of the Bankruptcy and Insolvency Act (Canada), the likelihood of losses per customer account approaching $1 million are (in the view of MFDA and IPC) relatively remote.

7. Funding and Assessments

7.1 General Comments

Several commentators expressed general concern over the cost of the IPC and the introduction of another fee for mutual fund dealers in light of the current state of the mutual fund industry.

Several commentators sought clarification as to how money in the existing provincial contingency funds will be handled and whether it will be incorporated into the IPC or returned to dealers. The Federation recommended that any existing provincial contingency fund deposits be returned to MFDA Members (subject to any limited term holdbacks relating to potential insolvencies where provincial payouts will be required). The Federation also commented that the provincial commissions should provide dealers with information on the size of the funds, details of claims made on these funds, their returns (if any) and their present status. Martin and Becker believed that the OSC should not approve the Revised Application until it has announced how and when it plans to return the contingency fund deposits to mutual fund dealers.

Generation sought clarification as to whether, once the IPC is established, the MFDA would contact provincial securities regulators in Manitoba and Saskatchewan to provide relief for smaller dealers from surety bond requirements in the respective provinces.

MFDA Response:

MFDA and IPC are very aware of the concerns regarding costs in the form of fees and assessments for mutual fund dealers and for that reason have attempted to minimize such fees and costs without prejudicing the protection to be available to the public.

The future of the existing provincial contingency funds maintained in British Columbia, Ontario and Nova Scotia will be determined by the relevant CSA Members and are not within the jurisdiction of IPC or MFDA. However, the understanding is that mutual fund dealers who are currently participating in such plans will not be required to continue such participation after IPC is established. The return of funds or deposits in such plans will be determined according to the terms of the plans and any liabilities that such plans may have. It is not expected that funds in those plans would be directed to IPC. One of the reasons that financial institution bonds are required for MFDA members relates to risk management for IPC and MFDA. Any relief from FIB requirements would be assessed from that perspective and IPC coverage is not intended as a substitute for commercial insurance required of each member.

7.2 Assessment Methodology

7.2.1 Assessments on Client Name Assets

Many commentators were of the view that levying assessments on the basis of total assets under

administration ("AUA") while not providing coverage for client name assets would be inequitable. It was noted that the CSA criteria included the principle that assessments be equitably allocated and set by a process that is fair and reasonable.

The CBA, BMOII, RMFI commented that the proposed assessment methodology based on AUA would be inequitable and unreasonable since they would be required to pay substantial assessments, yet neither they nor their clients would derive much benefit from the IPC as client name assets are not covered.

Several commentators noted that the proposed AUA assessment methodology discriminates against mutual fund dealers that hold customer assets in client name compared to those that hold customer assets in nominee name. It was also noted that the proposed assessment methodology would result in significant and inequitable cross-subsidies from MFDA Members who deal in client name to those who deal in nominee name and as between larger and smaller dealers.

Several commentators noted that if client name assets are not covered than they should not be subject to assessment. If however they are to be assessed, they should be entitled to the same protection as nominee name assets. Legacy recommended that assessments should be based on the makeup of a dealer's AUA, with dealers that have nominee name accounts paying higher fees than dealers with little or no nominee name accounts.

MFDA Response:

Reference is made to the MFDA response in respect of item 4.2 above including the fact that assets held in client name can be at risk in a dealer insolvency. It is expected that the Working Group will review the substantive comments that have been made. In the context of the initial establishment of IPC and its fund, it was felt strongly that the convenience of using an assessment basis that matched the MFDA fee structure was appropriate. All mutual fund dealers will be beneficiaries of a protection fund to the extent that public confidence is enhanced and risk of client loss can be reduced. Moreover, IPC assessments according to AUA may be seen as a reasonable proxy for the risks involved. The high risk assets are cash and short term liquid securities handled by dealers and their representatives, and the fact that a mutual fund investment may ultimately be held in client name does not resolve all risks to customers.

7.2.2 Need for Risk Based Methodology

A number of commentators noted that the IPC assessment methodology does not allocate costs on the basis of risk. These commentators indicated that the IPC assessment methodology should address the higher risks associated with a dealer's operations including the holding of assets in nominee form and the sale of prospectus-exempt products (including limited partnerships and hedge funds) and other instruments not covered under National Instrument ("NI") 81-102. The CBA submitted that regulators should, in the context of any formal approval of the Revised Application, expressly acknowledge that AUA is not an appropriate proxy for risk and that funding should be substantially risk based.

The CBA noted that differentiating the cost of IPC coverage for non NI 81-102 products, in addition to being more equitable, would also serve to highlight for dealers the additional risk and corresponding burden of care that comes with such products. The CBA also noted that IPC coverage will cover securities, cash and property held by the Member, including segregated funds, which CBA members are prohibited from selling but will be required to cover through assessments.

Several commentators suggested that Members assessed as having a low potential risk of loss should be given a rate reduction while those assessed as higher risk could be assessed at a higher rate.

Lawton Partners was of the view that IPC assessments should be based on a reasonable measure of the perceived risk to the client's assets. Lawton Partners commented that given the MFDA Rules and requirements in place with respect to monthly reconciliation of bank balances, segregation of client assets and monthly financial reporting it should be quite straightforward to isolate assets most at risk at an insolvent client name dealer and assess a fee for the IPC accordingly. Lawton recommended that the MFDA IPC assessment methodology should recognize the fact that nominee name and client assets are subject to substantially different risk in dealer insolvencies. Lawton suggested that the proposed AUA formula be discounted by at least 50% for client name dealers until such time as the IPC is in place, and going forward should be based on the client's actual assets at risk in a dealer insolvency.

Tradex recommended that total revenue rather than the AUA should be used as the basis for assessment since revenue provides a better measure of risk and thus would be more equitable. In addition, Tradex stated that basing fee assessment on revenue would be consistent with the CIPF model and would facilitate a future merger with the CIPF.

The Federation questioned why the IPC would only be able to rely on experience going forward in order to assess the risk associated with mutual fund dealers. The Federation noted that the mutual fund dealer registration category has been around for some time and that provincial securities commissions and the IDA maintain records with respect to mutual fund dealer insolvencies.

MFDA Response:

The many comments raised with respect to a risk based assessment methodology for IPC deserve careful consideration and it is expected that they will be the subject of the Working Group's review. MFDA and IPC acknowledge in principle that an assessment methodology that reflects risks is important. However, risk based assessments may not be the only appropriate approach if the overall viability of IPC protection cannot be maintained

and the direct and indirect benefits of the fund protecting customers of the mutual fund industry are not taken into account.

7.2.3 Initial Assessments

Rissling was of the opinion that the initial assessment was unfair because current Members would have to contribute to the fund twice. He noted that current Members would have to pay the initial assessment to bring the IPC up to 30 million and subsequent assessments for claims history from the date inception forward. Members joining after five years would only be assessed to cover the claims history. Rissling recommended that every Member (current and future) be assessed based on anticipated claims history and pay a separate surcharge which would be directed towards the initiation of the fund.

MFDA Response:

The matter of fairness among members who contribute assessments on the initial implementation of the plan and members who participate subsequently deserves consideration. The fact is, however, that initial assessments can only come from current members. If the fund were to reach its target size and an assessment holiday, in effect, were in place, it would be expected that members joining after that time would be assessed for a period of time. For instance, in that circumstance CIPF requires new members to be assessed for a period of five years. In any event, it is expected that the Working Group would review this matter.

7.2.4 Other Funding Sources

BMOII recommended that innovative funding sources be considered; such as using interest from dealer trust accounts to fund the IPC. BMOII noted that currently the interest that accrues on dealer trust accounts is paid to the mutual fund the interest relates to. BMOII further noted that interest accounting is a laborious task, which provides nominal revenue to the funds and in virtually all cases is unlikely to affect the net asset value per unit of the fund. If such interest were used to fund the IPC, the costs to MFDA members associated with administering these interest payments would be greatly reduced (as there would be only one payee) and there would be an identifiable benefit from the monies in the IPC. BMOII noted this interest alone may not be sufficient to fund the IPC, however, such a solution would provide significant benefits to consumers while dramatically reducing costs to the industry.

MFDA Response:

MFDA and IPC have considered a number of alternate funding sources as outlined in the Revised Application. With respect to interest on dealer trust accounts, the matter has been raised specifically with CSA Members on more than one occasion and has been rejected to date. Again, the Working Group may wish to make findings in that regard.

8. Advertising Related to IPC Coverage

8.1 Potential for Investor Confusion

The CBA, RMFI, BMOII, IPCI and IFIC noted that proposed Rule 2.7, which mandates advertising of IPC coverage while prohibiting the inclusion of any statement or explanation relating to the IPC other than the MFDA IPC official symbol and referral statement, could potentially be confusing and misleading to clients since client name assets would not be covered. BMOII was of the view that approval of the advertising requirements should be postponed until there has been industry and consumer consultation and an effective IPC communication strategy is fully developed.

IFIC and IPCIC noted that proposed Rule 2.7 will require the MFDA IPC symbol and official explanatory statement on client name account statements despite the fact that no assets on the statement would be covered. RMFI commented that Rule 2.7 would require dealers that operate in client name and whose clients are not protected by the IPC to create and distribute new documents and revise existing client statements at considerable expense. IPCIC and IFIC suggested that client name statements be exempted from the requirement to include the IPC symbol. As an alternative, IFIC recommended that the requirement to disclose IPC coverage should apply at the account or position level (i.e. for each security) rather than on the document as a whole.

IFIC commented that the MFDA IPC official explanatory statement is misleading as it states that customers' accounts are protected within certain limits, and refers to the IPC brochure. IFIC noted that only certain accounts are covered and that without qualifying the statement by adding the word "certain" to "customer accounts", many investors will erroneously believe that all accounts and assets are covered.

BMOII noted that their dealer activities operate primarily out of BMO bank branches and expressed concern that the posting of the IPC symbol and referral statement will lead customers of banks to infer principal protection similar to that offered by CDIC.

MFDA Response:

MFDA and IPC recognize the importance of ensuring that there is clear communication to the public as to the nature and extent of IPC protection. This objective is important from the point of view of customers, MFDA members, as well as for IPC itself as a risk management matter. The fact that IPC coverage is available is important to communicate to customers. The proposed disclosure is intended to be minimal in the sense that the purpose is to direct customers to IPC's brochures and public coverage policy for details. It is not practical or prudent to attempt to define the details of IPC coverage, including whether or not client name assets may be covered, in advertising or customer account or trading documents. With respect to the matter of client name assets, the same issue arises with respect to other protection funds such as CIPF and

SIPC in the United States and there is little evidence of customer confusion. The possibility of confusion with protection plans for other products such as CDIC would arise because of the choice of a financial institution to deliver multiple products through the same branch – not because of the existence of IPC or an IPC symbol. Dealers will be required to ensure that customers are not misled.

The matter of advertising and use by members of references to IPC could be the subject of the Working Group's review.

8.2 Corporate Groups

The CBA commented that section 2.7.4(h) appears to prohibit the use of the IPC official symbol in conjunction with the name of the dealer's umbrella corporate group. The CBA noted that this prohibition would have the effect of prohibiting the use of trade names associated with a mutual fund dealer's corporate family and also amount to a prohibition on consolidated account statements. The CBA was of the view that clear disclosure of which entity or entities operating under a corporate logo are members of the IPC would address concerns regarding customer expectations as to the extent of coverage.

IFIC was of the opinion that section 2.7.4(h) would also prohibit MFDA Members from relying on fund managers to issue trade confirmations on behalf of MFDA Members and thus contradict subsection 36(7) of the Ontario Securities Act and MFDA Rule 5.4.1, which expressly permit fund managers to send trade confirmations on behalf of mutual fund dealers. IFIC requested clarification of this point and submitted that the use of advertising with respect to IPC coverage should be determined by whether the assets reflected in the statement are covered or not.

MFDA Response:

It is important in communicating to the public the scope and nature of IPC coverage and, as a collateral matter, to avoid communication that would imply that coverage extended to affiliates or entities associated with MFDA members. This is a substantial and practical concern that arises in corporate groups. The provisions of MFDA Rule 2.7.4(h) are not intended to prohibit MFDA members from relying on fund managers to issue trade confirmations. Confirmations are dealt with under paragraph © of that section and if a member is sending the confirmation, it must include the MFDA IPC official symbol. However, MFDA and IPC acknowledge that clarification with respect to this matter and the requirement to distribute the MFDA IPC official explanatory statement should be clarified. This subject could be reviewed by the Working Group.

8.3 Other Specific Comments Regarding Advertising of IPC Coverage

The IPCIC expressed concern with the fact that its legal name, which is IPC Investment Corporation, is referred to by its clients as "IPC". IPCIC was of the opinion that using the same acronym for the protection fund would be confusing to its clients and requested that another phrase or acronym be used instead.

SIPA noted the increasing consolidation, affiliates and cross-ownership in the mutual fund industry and felt that great effort should be taken to ensure that investors understand exactly what organizations are covered by the IPC and which are not. SIPA suggested that a list of IPC Members should be posted on the Internet and should be available to clients in print form on request. In addition, SIPA commented that the nature and limitations of the coverage should be clearly documented in plain language, illustrate the coverage available under a number of different scenarios and be readily available to clients.

The CBA indicated that the "MFDA IPC referral statement" and the "MFDA IPC official explanatory statement" were not defined in the Revised Application. IFIC felt that the MFDA IPC official explanatory statement is misleading as it states that customer accounts are protected by the MFDA IPC within specified limits despite the fact that only certain accounts are covered.

MFDA Response:

The members of MFDA who will all be covered by IPC are currently posted on the website of MFDA at www.mfda.ca and will continue to be available for customers to review and print at any time. The description of IPC's coverage and customer eligibility has been attempted to be as clear and plain as possible, recognizing that it is a relatively complicated and technical subject. The brochure anticipated by IPC will be simpler and plainer than the coverage policy. The definitions of "MFDA IPC referral statement" and "MFDA IPC official explanatory statement" are defined in Exhibit D to the Revised Application as part of the revisions under Rule 2.7.4. The statement that only certain accounts may be covered by IPC is not accurate because all accounts of eligible customers of IPC will be entitled to coverage. However, some assets owned by the customer such as client name assets may not be covered whereas cash associated with such client name accounts as well as other products would be covered. The matter of clarifying which entities as members of MFDA are covered is important and members are required to ensure that customers are not misled, particularly in the case of corporate groups. Reference is made to the response to Section 8.2.

9. IPC as a Passive Fund

IGFS, the Federation and IFIC were of the opinion that the IPC should rely on the MFDA to perform member examinations. The commentators were in agreement that granting auditing power or self-regulatory organization status to the IPC would create unnecessary costs and duplication of the MFDA's mandate.

MFDA Response:

IPC has been structured as essentially a passive fund in the sense that IPC will rely primarily on MFDA to perform member examinations. However, IPC may either request

MFDA to perform member examinations or perform them itself in certain circumstances where there may be risks to the fund's assets. MFDA and IPC will agree and co-operate in this regard. The proposed terms and conditions to the Order require that IPC reserves the right to conduct reviews of MFDA members in particular situations where IPC has concerns about the integrity of the fund or possible claims. MFDA and IPC are of the view that this degree of member review is important for IPC's risk management and will benefit the integrity of the fund and regulation of MFDA members.

10. Future Association with the CIPF

Legacy and IGFS were of the view that the MFDA IPC should remain separate from the CIPF. IGFS stated that if there is to be any future association with the CIPF, mutual fund dealers must be guaranteed meaningful participation in the governance of the CIPF, operating costs for mutual fund dealers must not be higher than under the IPC and the category of registration of mutual fund dealer must be continued.

The IFB was of the opinion that an association with the CIPF would be a better model than a separate fund. IFB believed that one fund would be less confusing for investors and provide opportunities for economies of scale, which would result in lower fees.

IFIC, while acknowledging that advantages could result from a merger of the MFDA IPC with CIPF, noted that CIPF was designed to meet the needs of investment dealers who have a fundamentally different business model. IFIC was of the view that a merger with CIPF should only be contemplated if and when CIPF is willing to accept MFDA Members on terms that are tailored to meet the needs of their dramatically different business models. In addition, MFDA Members should be given the opportunity to provide input on the terms of such merger and retain the right to approve or reject such a merger through the MFDA's governance process.

MFDA Response:

As has been explained in the Revised Application, the prospect of MFDA becoming a regulating SRO with CIPF has been carefully reviewed and it was concluded that such arrangements were not able to be made in a reasonable period of time. However, the prospect of MFDA members participating in CIPF may be in the public interest and that issue will continue to be reviewed. There are obvious differences and similarities between the mutual fund industry and the business of investment dealers and the advantages and disadvantages of participation in CIPF would have to be assessed and balanced.

11. Claims Process

SIPA recommended that IPC act quickly to reimburse client losses in the event of insolvency and should not require clients to file claims but provide automatic reimbursement upon dealer insolvency. SIPA recommended that payments should be made to investor claimants within 60 days of the declaration of insolvency and should include accrued interest as of the date of insolvency. The interest should be additional to the $1 million coverage if not paid within 60 calendar days.

SIPA was also of the view that the insurance should be in Canadian dollar cash and/or the identical security(ies) and should ignore any DSC early redemption fees and other penalties. SIPA commented that any cost recovery of premiums paid should be subsumed in the management fee. If not, the method of recovery should be uniform across the industry. SIPA also questioned how insurance funds would be applied to RRIFs where new contributions are not permitted, minimum annual withdrawal penalties prevail and there are income tax issues.

In addition, the SIPA was of the view that there should be a timely and effective appeal process in place for investors who disagree with the amount of restitution, and, if the appeal were unsuccessful, there should be civil remedies available to investors, as described in the Revised Application.

MFDA Response:

MFDA and IPC agree that it is in the public interest that the accounts of customers of insolvent members be dealt with promptly and that any losses be reimbursed together with the ability of customers to trade or otherwise deal with their accounts. The ability of IPC to pay client losses and deal with client accounts is affected by the provisions of the *Bankruptcy and Insolvency Act* (Canada) and the duties and powers of a trustee in bankruptcy where the estate is administered under that legislation. IPC would expect to work co-operatively with a trustee in bankruptcy in the same manner that CIPF co-operates with a trustee in bankruptcy of an insolvent investment dealer. IPC does not anticipate paying interest on any claims after the date of the insolvency of a Member. This position is consistent with insolvency law principles in Canada and the United States including the policies of CIPF. The claims process of IPC will include an internal appeal for customers, and customers who disagree with any decision of IPC in that regard will be free to pursue any civil law remedies they may consider appropriate.

The amount of eligible loss recoverable from IPC is calculated as at the date of insolvency according to the value of property held but unavailable as a result of the insolvency. Accordingly, claims in respect of fees and premiums would not ordinarily be permitted. In the case of registered plans, it is possible to make arrangements with the relevant taxing authority such as the Canada Revenue Agency to reimburse for lost contributions.

12. Need for a Level-Playing Field for Mutual Fund Dealers and Investment Dealers

Worldsource suggested that, in light of the implementation of the IPC and additional protection afforded by the fund, mutual fund dealers should be provided with similar privileges as investment dealers. The commentator stated that since capital requirements for the two types of dealers

are essentially the same, both types of dealers should be allowed to compete equally without undue restrictions on mutual fund dealers. Worldsource was of the view that mutual fund dealers should be exempt from the NI-81-102 requirement to have separate trust accounts to hold client cash, as there is no such requirement for investment dealers. In addition, the commentator recommended that mutual fund dealers should be allowed to invest client funds to maximize their return and should be permitted to keep any interest earned on clients' funds. The commentator was of the view that these measures would prevent at least some of the costs of the IPC from being passed down to clients.

MFDA Response:

The administration of NI 81-102 is within the jurisdiction of the CSA Members and not MFDA or IPC. The ability of MFDA members to hold cash other than in a trust account materially increases the risk to IPC and matters of fund size, amount of assessments and other issues that will be reviewed by the Working Group would require consideration if cash is available to be used in a member's business.

13.1.2 MFDA News Release -- MFDA Sets Date for Earl Crackower Hearing in Toronto, Ontario

FOR IMMEDIATE RELEASE

MFDA SETS DATE FOR EARL CRACKOWER HEARING I N TORONTO, ONTARIO

May 11, 2005 (Toronto, Ontario) - The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Earl Crackower by Notice of Hearing dated March 29, 2005.

As specified in the Notice of Hearing, the first appearance in this proceeding took place earlier today at 10:00 a.m. (Eastern) by teleconference before a 3-member Hearing Panel of the Ontario Regional Council.

The date for the commencement of the hearing in this matter on the merits has been scheduled to take place before a Hearing Panel of the Ontario Regional Council on Wednesday, July 20, 2005 at 10:00 a.m. (Eastern) in the hearing room located at the MFDA Office, 121 King Street West, Suite 1000, Toronto, Ontario, or as soon thereafter as can be held.

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

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

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

For further information, please contact:

Gregory J. Ljubic
Corporate Secretary and Director of Regional Councils
(416) 943-5836 or gljubic@mfda.ca

13.1.3 MFDA Consent to Enter into a Co-operative Agreement in Quebec

SUMMARY OF PUBLIC COMMENTS RESPECTING MFDA APPLICATION FOR CONSENT TO ENTER INTO A CO-OPERATIVE AGREEMENT IN QUEBEC

On December 12, 2003, the Ontario Securities Commission published for public comment an application by the MFDA to enter into a co-operative agreement in Québec with the Bureau des services financiers ("BSF") and the Chambre de la sécurité financière ("CSF"). The MFDA application was published in Volume 28, Issue 26 of the *Ontario Securities Commission Bulletin,* dated December 12, 2003.

The public comment period expired on January 12, 2004.

One submission was received during the public comment period from the Investment Funds Institute of Canada ("IFIC").

Copies of comment submissions may be viewed at the offices of the MFDA, 121 King Street West, Suite 1600, Toronto, Ontario by contacting Laurie Gillett, Membership Services Manager, (416) 943-5827.

IFIC expressed support for the proposed co-operative agreement between the MFDA, the BSF and the CSF. IFIC noted that it is expensive, impractical and inefficient for MFDA Members situated in Québec to segregate their operations in Québec from their operations in the rest of Canada. IFIC stated that it supports the proposal that the MFDA, BSF and CSF mutually rely on each other in an effort to avoid the legislative duplication with which MFDA Members situated in Québec must currently comply.

13.1.4 MFDA News Release - MFDA Sets Date for Anthony McPhail Hearing in Toronto, Ontario

FOR IMMEDIATE RELEASE

May 11, 2005 (Toronto, Ontario) - The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Anthony McPhail by Notice of Hearing dated March 29, 2005.

As specified in the Notice of Hearing, the first appearance in this proceeding took place earlier today at 2:00 p.m. (Eastern) by teleconference before a 3-member Hearing Panel of the Ontario Regional Council.

The date for the commencement of the hearing in this matter on the merits has been scheduled to take place before a Hearing Panel of the Ontario Regional Council on Thursday, June 9, 2005 at 10:00 a.m. (Eastern) in the hearing room located at the MFDA Office, 121 King Street West, Suite 1000, Toronto, Ontario, or as soon thereafter as can be held.

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

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

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

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

13.1.5 MFDA Hearing Panel Makes Findings Against Arnold Tonnies

FOR IMMEDIATE RELEASE

MFDA HEARING PANEL MAKES FINDINGS AGAINST ARNOLD TONNIES

May 17, 2005 (Toronto, Ontario) – A disciplinary hearing in the Matter of Arnold Tonnies was held before a Hearing Panel of the Prairie Regional Council of the Mutual Fund Dealers Association of Canada (MFDA) on Monday, May 16, 2005 in Regina, Saskatchewan. The Hearing Panel found that the three allegations set out by MFDA staff in the Notice of Hearing dated February 10, 2005, summarized below, had been substantiated:

- Allegation #1: In or around July 2002, Tonnies borrowed $250,000 from two clients to finance his outside business activity as a cattle farmer, thereby placing his personal interests above those of his clients and giving rise to an actual or potential conflict of interest, contrary to MFDA Rule 2.1.4.

- Allegation # 2: In or around July 2002, Tonnies failed to abide by the policies and procedures set out by the Member regarding conflicts of interest by borrowing money from two clients to finance his outside business activity as a cattle farmer, thereby failing to observe high standards of ethics and conduct in the transaction of business, contrary to MFDA Rule 2.1.1 (b).

- Allegation #3: Commencing in or around December 2003, Tonnies failed to produce for inspection and provide copies of documents requested by the MFDA for the purpose of investigating a complaint made against Tonnies, contrary to s. 22.1 of MFDA By-Law No. 1.

The Hearing Panel advised that it would issue written reasons and its decision on appropriate sanction in due course.

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:
Gregory J. Ljubic
Corporate Secretary and Director of Regional Councils
(416) 943-5836 or gljubic@mfda.ca

Chapter 25

Other Information

25.1 Agreements

25.1.1 Andrew Cheung

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

AND

IN THE MATTER OF
ANDREW CHEUNG

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Hearing dated March 15, 2005, the Ontario Securities Commission (the "Commission") announced that it would hold a hearing on April 26, 2005 to consider whether pursuant to section 127 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") it is in the public interest to make an order that:

(a) pursuant to section 127(1) clause 2 of the Act, Andrew Cheung ("Cheung") cease trading in securities until he has filed all reports in respect of changes in his direct or indirect beneficial ownership of or control over 01 Communiqué Laboratory Inc. ("01 Communiqué") for 2003 and 2004, as required by section 107 (2) of the Act;

(b) pursuant to section 127(1) clause 6 of the Act, Cheung be reprimanded;

(c) pursuant to section 127(1) clause 9 of the Act, Cheung pay an administrative penalty;

(d) pursuant to section 127.1 of the Act, Cheung pay a portion of the costs of the investigation and this proceeding; and

(e) such other order as the Commission may deem appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") recommend settlement of the proceeding initiated in respect of Cheung in accordance with the terms and conditions set out below. Cheung consents to the making of an order against him in the form attached as Schedule "A" on the basis of the facts set out below.

III. STATEMENT OF FACTS

Acknowledgement

3. For the purposes of this Settlement Agreement, Cheung agrees with the facts set out in Part III.

4. 01 Communiqué is a reporting issuer in Ontario.

5. Cheung has been the president of 01 Communiqué since October 7, 1992. Cheung is the beneficial owner of a company called Global Genius Investments Ltd. ("GGI").

6. Between November 14, 2003 and October 7, 2004, GGI conducted 21 transactions in the shares of 01 Communiqué.

7. Section 107(2) of the Act required Cheung to file a report of each change in his direct or indirect beneficial ownership of the reporting issuer, 01 Communiqué. Section 107(2) required Cheung to file the reports within 10 days from the day the change took place.

8. Notwithstanding that GGI executed 21 trades in 01 Communiqué between November 2003 and October 2004, Cheung had not filed any section 107(2) reports in respect of those trades as of March, 2005, when this proceeding was commenced.

9. As at April 19, 2005, Cheung has filed all reports in respect of the 21 GGI transactions in 01 Communiqué shares which occurred between November 14, 2003 and October 7, 2004.

Position of Cheung

10. Notwithstanding that he is the beneficial owner of GGI, it is Cheung's position that he was not aware of the aforementioned trades by GGI until he was interviewed by Staff on November 19, 2004 because the trades were carried out by his sister, Christina Cheung.

Conduct Contrary to the Public Interest

11. By failing to file insider trading reports as required by section 107(2), Cheung breached Ontario securities law and engaged in conduct contrary to the public interest.

IV. TERMS OF SETTLEMENT

12. Cheung agrees to the following terms of settlement:

(a) the Commission will make an order under clause 9 of section 127(1) of the Act

requiring Cheung to pay an administrative penalty of $5,000.00; and

(b) the Commission will make an order under section 127.1 of the Act requiring Cheung to pay $3,500.00 in costs.

V. STAFF COMMITMENT

13. If this Settlement Agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of Cheung in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 17 below.

VI. PROCEDURE FOR APPROVAL OF SETTLEMENT

14. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for Tuesday, April 26, 2005, or such other date as may be agreed to by Staff and Cheung in accordance with the procedures described in this Settlement Agreement.

15. Staff and Cheung agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the respondents in this matter, and Cheung agrees to waive his rights to a full hearing, judicial review, or appeal of the matter under the Act.

16. Staff and Cheung agree that if this Settlement Agreement is approved by the Commission, neither Staff nor Cheung will make any public statement inconsistent with this Settlement Agreement.

17. If Cheung fails to honour the agreement contained in paragraph 12 of this Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Cheung based on the above-noted failure to file section 107(2) reports and based on the breach of this Settlement Agreement.

18. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or an order in the form attached as Schedule “A” is not made by the Commission, each of Staff and Cheung will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations, unaffected by this Settlement Agreement or the settlement negotiations.

19. Whether or not this Settlement Agreement is approved by the Commission, Cheung agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission’s jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF AGREEMENT

20. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission, and forever if, for any reason whatsoever, this Settlement Agreement is not approved by the Commission, except with the written consent of both Cheung and Staff or as may be required by law.

21. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

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

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

April 20, 2005

Signed in the presence of:

ENDORSEMENT GUARANTEED
ROYAL BANK OF CANADA
Dixie & Meyerside Branch, Mississauga, ON
"G. Goncalves”
Witness

“Andrew Cheung”

April 20,2005

STAFF OF THE ONTARIO SECURITIES
Per:
“Michael Watson”
Director
Enforcement Branch

SCHEDULE "A"

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

AND

**IN THE MATTER OF
ANDREW CHEUNG**

**ORDER
(Sections 127 and 127.1)**

WHEREAS on March 15, 2005, the Ontario Securities Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") in respect of Andrew Cheung ("Cheung");

AND WHEREAS Cheung entered into a Settlement Agreement with Staff of the Commission dated April •, 2005 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing and Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Cheung and from Staff of the Commission;

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

IT IS HEREBY ORDERED THAT:

(a) Pursuant to section 127(1) clause 9 of the Act Cheung pay an administrative penalty of $5,000.00; and

(b) Pursuant to section 127.1 of the Act Cheung pay $3,500.00 in costs.

April 26, 2005

25.2 Consents

25.2.1 MFDA Consent to Enter into a Co-operative Agreement in Quebec

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

AND

**IN THE MATTER OF
MUTUAL FUND DEALERS ASSOCIATION OF CANADA/
ASSOCIATION CANADIENNE DES COURTIERS DE FONDS MUTUELS("MFDA")**

CONSENT

WHEREAS the Commission issued an order dated February 6, 2001, recognizing the MFDA as a self-regulatory organization for mutual fund dealers pursuant to section 21.1 of the Act ("Previous Order");

AND WHEREAS the Commission issued an amended and restated order dated March 30, 2004 ("Recognition Order"), to (a) reflect changes in the MFDA's governance structure, (b) clarify the MFDA's ability to enter into arrangements with any other suitable body or person to perform the function of enforcing compliance by MFDA members with the MFDA's or such other body or person's substantially similar by-laws, rules, regulations, policies, forms, and other similar instruments ("Rules"), and (c) remove certain terms and conditions of the Previous Order that were transitional and have been satisfied by the MFDA;

AND WHEREAS the Recognition Order provides that the MFDA may, with the consent of the Commission, make arrangements with any other suitable body or person to perform the functions of monitoring and enforcing compliance with the MFDA's or such other body or person's substantially similar Rules, and investigating complaints against MFDA members and their Approved Persons (as defined in the MFDA Rules);

AND WHEREAS the MFDA has entered into an agreement with l'Autorité des marchés financiers du Québec (the "Autorité") (known as l'Agence Nationale d'encadrement du secteur financier prior to December 17, 2004) and the Chambre de la sécurité financière (the "Chambre") to co-ordinate the regulation of MFDA members with operations in Québec ("Co-operative Agreement"), attached as Schedule A;

AND WHEREAS the MFDA seeks the Commission's consent to the Co-operative Agreement;

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

1. The Rules of the MFDA and the laws, regulations, orders or other regulatory directions or instruments which the Autorité and/or the

Chambre administer or enforce from time to time including, without limitation, the *Securities Act* (Québec) and the Regulations made thereunder (the "Regulations of the Autorité and/or the Chambre"), relating to business conduct and sales practices, are substantially similar or have the same regulatory objectives;

2. MFDA members will, by complying with the Regulations of the Autorité relating to business conduct and sales practices in Québec, be considered by the MFDA to comply with MFDA Rules relating to the same subject matter;

3. The MFDA, the Autorité and the Chambre have similar public interest mandates;

4. The MFDA and the Autorité together with the Chambre, are performing similar regulatory activities;

5. The MFDA has sufficient access to its members' books, records and operations to be able to conduct prudential compliance reviews of its members operating in Québec;

6. Staff of the MFDA and the Autorité have struck a coordination committee to develop similar approaches to conducting inspections, a similar inspection program and schedule of inspections to ensure substantially consistent monitoring and enforcement of requirements;

7. The MFDA is of the opinion that members in Québec will be subject to a similar or equivalent regulatory regime;

8. It is the MFDA's understanding that, based on the MFDA Investors Protection Corporation's (the "MFDA IPC") draft coverage policy dated February 17, 2005, the MFDA IPC will not initially provide coverage to "customers with accounts in Québec at MFDA members, and whose assets held by MFDA members in Québec are not subject to MFDA IPC assessments" ("Québec Customers");

9. The MFDA will provide prior notification to the Commission if it becomes aware that the MFDA IPC intends to provide coverage to Québec Customers;

AND WHEREAS the Commission agrees to provide such consent, subject to the terms and conditions set out in Schedule B attached;

AND WHEREAS the MFDA has agreed to the terms and conditions set out in Schedule B;

AND WHEREAS the Commission has determined that the Co-operative Agreement is not prejudicial to the public interest;

THE COMMISSION HEREBY CONSENTS to the MFDA entering into the Co-operative Agreement, subject to the terms and conditions attached as Schedule "B".

March 8, 2005

"Paul M. Moore"

"Susan Wolburgh Jenah"

SCHEDULE A

CO-OPERATIVE AGREEMENT

made as of December 15, 2004

BETWEEN:

L'AGENCE NATIONALE D'ENCADREMENT DU SECTEUR FINANCIER
(" Autorité")

CHAMBRE DE LA SÉCURITÉ FINANCIÈRE
("Chambre")

AND

ASSOCIATION CANADIENNE DES COURTIERS DE FONDS MUTUELS
("ACCFM")

INTRODUCTION:

1. The Autorité is a regulatory organization in respect of mutual fund brokerage firms and their representatives pursuant to *An Act respecting the distribution of financial products and services* (R.S.Q., c. D-9.2) (the "Act"), and its Regulations and carries out other activities in respect thereof pursuant to that Act and other applicable legislation including, without limitation, the *Securities Act* of Quebec (R.S.Q., c. V-1.1) (the "QSA").

2. Pursuant to the Act, the Chambre is a self-regulatory organization responsible for protecting the public in maintaining discipline and ethics among its members who carry on activities in the sectors of insurance of persons, group insurance of persons, financial planning, group savings plan brokerage, investment contracts brokerage and scholarship plan brokerage, all through a syndic and a discipline committee. It regulates the compulsory continuing education, supervises its application and professional development of representatives within its jurisdiction.

3. The ACCFM is a self-regulatory organization which is recognized as such in certain provincial jurisdictions other than Quebec in respect of mutual fund dealers and their approved persons, and which is empowered under the legislation of such jurisdictions to supervise or regulate matters similar to those within the jurisdiction of the Autorité or the Chambre as contemplated by section 189 of the Act.

4. The Fonds d'indemnisation des services financiers provides compensation to victims of fraud, fraudulent tactics or embezzlement that takes place within the context of the distribution of financial products and services covered by the Act in Quebec by, among others, mutual fund brokerage firms and their representatives including Members of the ACCFM and their representatives.

5. The Corporation de protection des investisseurs de l'ACCFM has been established to provide protection to eligible clients.

6. In order to protect the public, avoid regulatory inefficiencies and preserve and enhance the respective separate mandates of the Autorité, Chambre and ACCFM, the parties wish to enter into this co-operative agreement in accordance with section 189 of the Act relating to the specific subjects set out below.

7. These recitals are an integral part of this Agreement.

1. INTERPRETATION

1.1 General Principles

This Agreement is intended to set out the general principles on which the parties will co-operate with respect to the regulation of Member Firms of the ACCFM with operations and activities as mutual fund firms in Quebec and elsewhere. It is acknowledged that many aspects of the implementation of this Agreement will be by practices and protocols between the parties as experience develops, and this Agreement, and policy and administrative matters under it, may be the subject of amendments or supplementary protocols and understandings. In all res-ects, this Agreement is to be implemented in a manner that preserves the respective jurisdiction of the parties (as set out in Section 1.3).

1.2 Definitions

The following terms as used in this Agreement or any document of the parties contemplated hereby shall have the meanings indicated, except as defined otherwise or the context requires:

"ACCFM IPC" means the Corporation de protection des investisseurs de l'ACCFM, a corporation created under Part II of the *Canada Corporations Act* by ACCFM;

"Approved Person" means an individual who is an Approved Person of a Member of the ACCFM under the Rules;

"Firm" means a legal person registered with the Autorité to pursue mutual fund brokerage activities in Quebec;

"FISF" means the Fonds d'indemnisation des services financiers established pursuant to the Act;

"Head Office" means:

(i) the principal or registered office of the Member Firm according to the legislation under which the Member Firm is incorporated; and

(ii) any office listed in Appendix A as may be amended from time to time by the

Coordination Committee referred to in Section 3.5.

"Information" means all information, including personal information, recorded in writing on any storage medium whatsoever, in particular of the kinds referred to in Sections 2.1 and 2.2;

"Inspection" means, if carried out by the Autorité, an inspection in the sense of the Act or *An Act respecting the Agence nationale d'encadrement du secteur financier* (the "Agency Act"), and if carried out by the ACCFM, means an examination or investigation in the sense of the Rules;

"Investigation" done by the Autorité or the Chambre means an investigation within the meaning of the Agency Act;

"Members" means mutual fund dealers which are Members of the ACCFM but, for greater certainty, shall not include individuals or representatives who are Approved Persons;

"Member Firm" means a Firm which is a Member;

"Prudential Matters" means in respect of a Member those aspects of its structure and operations that affect its financial integrity including, without limitation,

(i) capital, margin, segregation, filing, reporting and audit matters which are the subject of ACCFM Rule 3;

(ii) insurance requirements which are the subject of ACCFM Rule 4;

(iii) systems and operations matters including internal controls and procedures and trading processing which are the subject of ACCFM Policy 4; and

(iv) systems and procedures relating to compliance and supervision requirements of Members with respect to operations outside Quebec;

"Regulations" means in respect of either the Autorité or the Chambre, the laws, regulations, orders or other regulatory directions or instruments which they (or either of them) administer or enforce from time to time including, without limitation, the Act, the QSA, the Agency Act and the Regulations made thereunder.

"Representatives" means individuals authorized pursuant to the Act to carry on mutual-related fund activities in Quebec;

"Rules" means the By-laws, Rules, Policies, Forms, orders, or other regulatory directions or instruments which the ACCFM administers or enforces from time to time.

1.3 Jurisdiction

1.3.1 Autorité and Chambre.

The authority, capacity and jurisdiction of both the Autorité and Chambre are subject to the provisions of the Act, the QSA and other legislation and principles of law applicable in Quebec and the rights and obligations of each of the Autorité and Chambre pursuant to this Agreement are subject to such legislation and laws.

1.3.2 ACCFM

ACCFM is a self-regulatory organization, recognized as such in certain provincial jurisdictions other than Quebec, to which its Members belong and submit to self-regulation, subject to the laws in the applicable provinces of Canada.

1.3.3 Agreement

This Agreement is entered into pursuant to Section 189 of the Act and the entering into of this Agreement shall not constitute the recognition of the ACCFM as a self-regulatory organization in Quebec.

1.4 Premise

It is a premise of this Agreement that:

(a) the Rules of the ACCFM and Regulations of the Autorité and Chambre relating to business conduct and sales practices of Members and their Approved Persons are substantially similar and/or have the same regulatory objectives. Thus, Member Firms will, by complying with the Regulations of the Autorité relating to business conduct and sales practices in Quebec, comply with ACCFM Rules relating to the same subject matter;

(b) Prudential Matters of Member Firms related to Head Offices located in Quebec affect clients of Member Firms and the public both inside and outside Quebec;

(c) the Autorité, Chambre and the ACCFM have similar public interest mandates;

(d) the Autorité, Chambre and the ACCFM are performing similar regulatory activities; and

(e) it is in the respective interests of the parties to this Agreement and the public interest including Quebec clients of Member Firms that (i) the protection to clients and (ii) the administration of insolvent Member Firms be co-ordinated by separate agreement between the Autorité, the ACCFM, the ACCFM IPC and FISF as may be relevant, such

agreement to be settled prior to the date the ACCFM IPC commences offering coverage.

Given the foregoing, the ACCFM considers that its mandate with respect to its Member Firms and Approved Persons registered under the Act can be satisfied by the performance of the Autorité and Chambre of their existing mandates under the Act and in accordance with the provisions of this Agreement.

1.5 Laws of Quebec

This Agreement is to be construed and governed by the laws of Quebec.

1.6 French Text

An English translation of this Agreement has been prepared for the convenience of the parties. In case of any divergence between the English translation and the French text of this Agreement, the French text shall prevail.

2. INFORMATION SHARING

2.1 Sharing

Each of the Autorité, Chambre and ACCFM receives and maintains Information pertaining to the business, operations and activities of Firms and Members, as the case may be, and their representatives, Approved Persons and employees, as the case may be. Subject to the restrictions set out in this Agreement including, without limitation, the provisions of Sections 2.3 and 2.4, the Autorité, Chambre and ACCFM shall make available to each other Information on the basis provided herein. A party may make such Information available to another party (a) on request by such party, (b) voluntarily without request or (c) pursuant to protocols or understandings developed and approved by the parties to be followed as a matter of course. Any Information so provided shall be in a format as agreed by the parties and may be specific as to any Member Firm, all Member Firms or class of Member Firms and as to any subject matter or activity relating to a Member Firm, all Member Firms or class of Member Firms. It is expected that each party shall bear its own expenses in connection with the provision of Information hereunder, except that in any case where the costs of providing Information would be unfairly high or excessive the parties may agree to an appropriate basis of sharing such costs and, if such agreement is not reached, there shall be no obligation to provide Information under this Section 2.1.

2.2 Complaints

The Autorité or the Chambre, as the case may be, will advise the ACCFM on a periodic basis of the status or conclusion of any complaint described in Section 5.1.1. The ACCFM will advise the Autorité or the Chambre, as the case may be, on a periodic basis of the status or conclusion of any complaint described in Section 5.1.2.

2.3 Use and Confidentiality

All Information provided to a party hereunder shall be used solely in respect of the regulatory and enforcement activities of such party and shall be kept confidential and not disclosed to any other person except as (a) consented to by the party providing the Information, (b) to the extent the Information is in the public domain, or (c) specifically authorized by applicable law or a court or competent regulatory authority.

2.4 Privacy Legislation

The obligations of the parties to provide Information hereunder are subject to the restrictions of any privacy or similar legislation including, without limitation, *An Act respecting access to documents held by public bodies and the protection of personal information*, (R.S.Q., c.A-2.1.) and the Agency Act where applicable. The parties shall endeavour to administer their affairs and to the extent authorized make and enforce Regulations and Rules which permit the provision of Information hereunder including satisfying the requirement for the consent by Member Firms of the release and use of Information pursuant to this Agreement.

2.5 Notice of Agreement

It is acknowledged that the parties intend to give notice to Member Firms, representatives, governments and other regulators and to the public of the fact that this Agreement has been entered into, and the parties shall co-operate in settling the terms and format of such notices.

3. INSPECTIONS

3.1 Prudential Matters Inspections in Head Office

The Autorité, as lead jurisdiction, shall conduct Inspections in Quebec concerning the Prudential Matters of all Member Firms having Head Offices in Quebec. The ACCFM may cooperate with the Autorité in conducting such Inspections pursuant to the provisions of Section 3.5. For the purpose of permitting ACCFM to cooperate with the Inspections contemplated herein and ensuring that any Information relating thereto can be used by the Autorité, the Autorité shall recognize or designate representatives of ACCFM as inspectors of the Autorité. The ACCFM, as lead jurisdiction, shall conduct Inspections of all Member Firms having Head Offices outside Quebec. The Autorité may cooperate with the ACCFM in conducting such Inspections pursuant to the provisions of Section 3.5.

3.2 Business Conduct and Sales Practices Compliance

Subject to the provisions of Section 3.3, ACCFM acknowledges that it will not conduct Inspections in Quebec relating to the business conduct and sales practices compliance by its Member Firms and their representatives and their operations in Quebec and as they affect clients in Quebec and the Quebec public. In this regard ACCFM understands that the Autorité will conduct such Inspections

and that the Chambre will act in a consulting role in audits of the quality and compliance of professional practices, in accordance with the Regulations.

3.3 Special Circumstances

3.3.1 In this Section, "Special Circumstances" means:

(a) for the ACCFM and the Autorité, in respect of Prudential Matters, an apparent financial problem that can cause insolvency of a Member Firm;

(b) for the ACCFM, in respect of business conduct and sales practices compliance, a situation that occurred outside Quebec that may demonstrate an apparent major compliance failure in respect of such practices;

(c) for the Autorité, in respect of business conduct and sales practices compliance, a situation that occurred in Quebec that may demonstrate an apparent major compliance failure in respect of such practices.

3.3.2 The ACCFM, when it becomes aware of Special Circumstances, may request that the Autorité or Chambre, as the case may be, conduct an Investigation or Inspection of a Member Firm situated in Quebec or of one of its representatives, in accordance with the Regulations. When it becomes aware of Special Circumstances, the Autorité or the Chambre, as the case may be, may ask the ACCFM to conduct an Investigation or Inspection of a Member Firm situated elsewhere in Canada. The party that has requested the Inspection may cooperate with the other party which becomes the lead jurisdiction. For the purpose of permitting the ACCFM to cooperate with such an Inspection in Quebec and ensuring that any Information relating thereto can be used by the Autorité, the Autorité shall recognize or designate representatives of ACCFM as inspectors of the Autorité.

3.4 Information

The results of any Inspections provided for in this Section 3 are to be considered Information for the purposes of Section 2.

3.5 Coordination Committee

The ACCFM and the Autorité will use its best efforts to develop a similar Inspection program and similar views and approaches related thereto. A coordination committee composed of Inspections staff of both parties shall be responsible for ensuring the follow-up of the application of the Inspection program. Such coordination committee shall determine the number of Member Firms that must be Inspected in a year and the scheduling of such Inspections.

3.6 Inspections Relating to Enforcement And Complaints

Notwithstanding the provisions of this Section 3, Inspections relating to enforcement and complaints shall be subject to the provisions of Section 5.

4. REGULATIONS AND RULES

4.1 Harmonization

The parties acknowledge that, subject to applicable laws, public policy and their respective mandates, substantially similar Regulations and Rules applicable to Member Firms, and their consistent application, is in the interests of the public, Member Firms and their clients. The manner in which the parties pursue the foregoing objective will be determined according to the particular Regulations and Rules identified and may include, without limitation, the procedures referred to in Sections 4.2 and 4.3. It is acknowledged that the Autorité or the Chambre may not have the power to make or amend such Regulations, or be responsible for initiating such actions by other authorities. It is acknowledged that under the terms of the legislation in certain provinces of Canada, or the terms on which ACCFM is recognized or authorized to operate, ACCFM may require the approval of other authorities to make or amend its Rules.

4.2 Development

The parties shall keep each other advised as to the development or proposed development of new or amended Regulations and Rules. Where the subject matter permits and it would otherwise be helpful, the parties will consult with each other, provide information to each other and/or engage in forums or committees to assist in the objective of substantially similar Regulations and Rules.

4.3 Notices of Regulations and Rules

The parties will use their best efforts to provide to each other in advance of publication any proposed notices, directions or other regulatory communications relating to the application or interpretation of their respective Regulations and Rules. The purpose of this process is to permit the party having received such information to comment on the proposed publication and/or to amend or co-ordinate the publication of its own such notices, directions or communications to assist the public, clients and Member Firms in understanding and complying with the Regulations and Rules.

5. ENFORCEMENT AND COMPLAINTS

5.1 Complaints

5.1.1 ACCFM

ACCFM shall refer any complaint it receives relating to the conduct of its Member Firms and Approved Persons in Quebec to the Autorité or Chambre, as appropriate. The Inspection related to any such complaint shall be carried

out by the Autorité and the Chambre will act in a consulting role in audits of the quality and compliance of professional practices, in accordance with the Regulations in accordance with their respective practices and mandates.

5.1.2 Autorité and Chambre

The Autorité or Chambre shall refer any complaint it receives relating to the conduct of Member Firms and Approved Persons outside Quebec to ACCFM. The Inspection related to any such complaint shall be carried out by the ACCFM according to its practices and mandates.

5.2 Enforcement Regarding Member Firms

5.2.1 Business Conduct and Sales Practices Compliance

Enforcement actions in respect of Member Firms and Approved Persons in respect of or arising out of matters referred to in Section 3.2, shall be undertaken by the Autorité or Chambre, as the case may be, and not by the ACCFM.

5.2.2 Prudential Matters and Special Circumstances

Enforcement actions in respect of Member Firms in respect of or arising out of Prudential Matters referred to in Section 3.1 or the subject of an Inspection under Section 3.3 may be undertaken by the ACCFM**.**

5.2.3 General

The parties acknowledge that in order that enforcement actions apply everywhere in Canada, both the ACCFM and the Autorité must exercise their respective jurisdictions. Nothing in Section 5.2. shall preclude the Autorité or Chambre, as the case may be, from taking enforcement action pertaining to the same circumstances referred to in the preceding sentence.

5.3 Co-operation

The parties shall co-operate to the extent reasonable and practicable in co-ordinating and providing mutual assistance to each other in enforcement actions involving Member Firms and Approved Persons. Such co-operation shall include the provision of Information pursuant to Section 2, advance notice of proposed proceedings, joint settlement discussions where appropriate and the avoidance of double jeopardy in respect of Member Firms and Approved Persons.

6. GENERAL

6.1 Termination

This Agreement may be terminated on the delivery of not less than 180 days' prior written notice to the other parties.

6.2 Notices

Any notice or communication required under this Agreement shall be delivered in writing by courier or electronic means as set out below and, if given accordingly, shall be effective on receipt or, if by electronic means, on transmission and receipt by the sender of electronic confirmation of such successful transmission:

(a) if sent to the Autorité:

Place de la Cité, Tour Cominar
2640, Laurier Boulevard
4th Étage, Sainte-Foy (Québec)
G1V 5C1

Attention:	Jean St-Gelais, President and Chief Executive Officer
Facsimile:	(418) 528-2791
e-mail:	jean.stgelais@lautorite.qc.ca

(b) if sent to the Chambre:

500, Rue Sherbrooke O.
7e Étage
Montréal, Québec
H3A 3C6

Attention:	Yves Gagné, Executive Vice-President
Facsimile:	(514) 282-2225
e-mail:	ygagne@chambresf.com

(c) if sent to ACCFM:

121 King Street West
Suite 1600
Toronto, Ontario
M5H 3T9

Attention:	Larry Waite, President and Chief Executive Officer
Facsimile:	(416) 943-1218
e-mail:	lwaite@mfda.ca

AGREED by the parties under the hands of their authorized representatives as of the date set out above.

AUTORITÉ DES MARCHÉS FINANCIERS

Per: _____

Per: _____

CHAMBRE DE LA SÉCURITÉ FINANCIÈRE

Per: _____

Per: _____

ASSOCIATION CANADIENNE DES COURTIERS DE FONDS MUTUELS

Per: _____

Per: _____

SCHEDULE B

TERMS AND CONDITIONS OF CONSENT

1. The MFDA shall regulate its members on the basis that its members will, by complying with the Regulations of the Autorité and/or the Chambre relating to business conduct and sales practices in Québec, be deemed to be complying with MFDA Rules relating to the same subject matter.

2. Management of the MFDA shall assess the effectiveness of the Co-operative Agreement, including (a) the performance of the Autorité and the Chambre in monitoring and enforcing compliance by MFDA members in Québec with Regulations of the Autorité and/or the Chambre relating to business conduct and sales practices, and in investigating complaints against its members and their Approved Persons, and (b) whether the MFDA Rules and the Regulations of the Autorité and/or the Chambre continue to be harmonized. Management of the MFDA shall report to the MFDA Board of Directors their assessment together with any recommendations for improvements. The MFDA must provide the Commission with a copy of such report by the second anniversary of the date of this consent, and advise the Commission of any proposed actions arising therefrom.

3. The MFDA IPC does not provide coverage to Québec Customers.

4. This consent expires on the earliest of (a) the termination date of the Co-operative Agreement, (b) the date on which the MFDA IPC amends its coverage with respect to Québec Customers, and (c) the third anniversary of the date of this consent.

25.2.2 Glencairn Gold Corporation -s. 4(b) of the Regulation

May 17, 2005

**IN THE MATTER OF
THE REGULATION MADE UNDER
THE BUSINESS CORPORATIONS ACT, R.S.O. 1990,
c. B. 16, AS AMENDED (THE OBCA)**

ONTARIO REG. 289/00 (THE REGULATION)

AND

**IN THE MATTER OF
GLENCAIRN GOLD CORPORATION**

**CONSENT
(Subsection 4(b) of the Regulation)**

UPON the application of Glencairn Gold Corporation (the Filer) to the Ontario Securities Commission (the Commission) requesting a consent from the Commission for the Filer to continue into another jurisdiction pursuant to subsection 4(b) of the Regulation;

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

AND UPON the Filer having represented to the Commission that:

1. The Filer was incorporated under the *Business Corporations Act* (Ontario) (the "OBCA") by Articles of Incorporation dated April 22, 1987 under the name "Glencairn Explorations Ltd." The Filer changed its name to "Glencairn Gold Corporation" pursuant to Articles of Amendment dated September 30, 2002.

2. The Filer's registered and head office is located at 6 Adelaide Street East, Suite 500, Toronto, Ontario, M5C 1H6.

3. The Filer has an authorized share capital consisting of an unlimited number of common shares, of which 155,240,531 common shares were issued and outstanding as at May 13, 2005. The Filer also has 33,857,220 common share purchase warrants were issued and outstanding as at May 13, 2005. Each common share purchase warrant entitles the holder thereof to purchase one common share in the capital of the Filer at a price of $1.25 at any time prior to 5:00 p.m. (Toronto time) on November 26, 2008.

4. The Corporation's outstanding common shares are listed and posted for trading on the Toronto Stock Exchange and on the American Stock Exchange under the symbols "GGG" and "GLE", respectively.

5. The Corporation's outstanding common share purchase warrants are listed and posted for trading on the Toronto Stock Exchange under the symbol "GGG.WT".

6. The Filer intends to apply (the Application for Continuance) to the Director under the OBCA for authorization to continue under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the CBCA), pursuant to section 181 of the OBCA (the Continuance).

7. Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation under the OBCA, the Application for Continuance must be accompanied by a consent from the Commission.

8. The Filer is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the Act). The Filer is also a reporting issuer or the equivalent thereof in each of the other provinces of Canada.

9. Following the Continuance, the Filer intends to remain a reporting issuer in Ontario and in the other provinces of Canada in which it is a reporting issuer or the equivalent thereof.

10. The Filer is not in default of any of the provisions of the Act or the regulations or rules made thereunder and is not in default under the securities legislation of any of the other provinces of Canada.

11. The Filer is not a party to any proceeding or, to the best of its knowledge, information and belief, pending proceeding under the Act.

12. The Filer's shareholders approved the Continuance by special resolution at the Filer's annual and special meeting (the Meeting) held on May 10, 2005.

13. The management information circular of the Filer dated April 5, 2005, provided to all shareholders of the Filer in connection with the Meeting, advised the holders of the Filer's common shares of their dissent rights in connection with the Continuance pursuant to section 185 of the OBCA.

14. The Continuance has been proposed because the Corporation believes it to be in its best interest to conduct its affairs in accordance with the CBCA.

15. The material rights, duties and obligations of a corporation governed by the CBCA are substantially similar to those of a corporation governed by the OBCA, other than the requirement under the OBCA that a majority of a corporation's directors be resident Canadians whereas the CBCA requires that, subject to

certain exceptions, only one-quarter of a corporation's directors need be resident Canadians.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Filer as a corporation under the CBCA.

"Paul M. Moore" Q.C.
Vice-Chair

"Wendell S. Wigle" Q.C.
Commissioner

25.3 Approvals

25.3.1 Lawrence Asset Management Inc. - s. 213(3)(b) of the LTCA

Headnote

Subsection 213(3)(b) of the Loan and Trust Corporations Act – application for approval of experienced applicant to act as trustee for pooled funds and future pooled funds.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

May 13, 2005

Stikeman Elliot

Attention: Stee Asbjornsen

Dear Sirs/Mesdames:

Re: Application filed by Lawrence Asset Management Inc. (the Applicant) pursuant to clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario).

Application No. 296/05

Further to your application dated April 28, 2005 (the Application), filed on behalf of the Applicant, and based on the facts set out in the Application, under the authority conferred on the Ontario Securities Commission (the Commission) in clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario), the Commission approves the proposal that the Applicant act as trustee of the Lawrence Partners Fund and of other mutual fund trusts which may be established and managed by the Applicant in the future and which will be offered pursuant to prospectus exemptions (collectively, the Funds).

"Paul Moore"

"Carol Perry"

25.3.2 Novadan Capital Limited - s. 213(3)(b) of the LTCA

Headnote

Approval under clause 213(3)(b) of the Loan and Trust Corporations Act – Manager of trust unable to rely upon Approval 81-901 – Approval of Trustees of Mutual Fund Trusts as units to be sold pursuant to dealer registration and prospectus exemptions – trust created to facilitate public offering by another trust – each trusts' portfolio linked to the other through forward agreement - manager approved to act as trustee.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., cl. 213(3)(b).

April 29, 2005

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

Attention: Shahen Mirakian

Dear Sirs/Mesdames:

Re: Novadan Capital Limited (the "Applicant")

Application for approval to act as trustee pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) (the "LTCA")

Application No. 132/05

By way of letter dated February 25, 2005, as supplemented by correspondence dated March 29, 2005 (collectively, the "Application"), you applied on behalf of the Applicant, and based on the facts set out in the Application, pursuant to the authority conferred upon the Ontario Securities Commission (the "Commission") in clause 213(3)(b) of the LTCA, the Commission approves the proposal that the Applicant act as trustee of the Novadan Trust and other pooled funds that may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to a prospectus exemption.

"Carol S. Perry"

"Paul K. Bates"

25.3.3 KCS Fund Strategies Inc. - s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act. - application for approval to act as trustee.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c.L.25, as am., clause 213(3)(b).

Rules Cited

Ontario Securities Commission Approval 81-901, Approval of Trustees of Mutual Fund Trusts (1997), 20 OSCB 200.

January 7, 2005

Fasken Martineau DuMoulin LLP

Attention: Lata Casciano

Dear Sirs/Mesdames:

Re: KCS Fund Strategies Inc.

Application pursuant to clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario) (the "LTCA")

Application No. 383/04

Further to the application dated March 30, 2004 (the "Application") filed on behalf of KCS Fund Strategies Inc. (the "Applicant") and based on the facts set out in the Application, pursuant to the authority conferred on the Ontario Securities Commission (the "Commission") in clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario), the Commission approves the proposal that the Applicant act as trustee of Absolute Core Fund ("ACR Fund") and other future pooled funds which may be established and managed by the Applicant and offered pursuant to a prospectus exemption.

"Susan Wolburgh Jenah"

"Paul Bates"

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