The Ontario Securities Commission

OSC Bulletin

August 12, 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

AUGUST 12, 2005

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
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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
TBA	**Robert Patrick Zuk, Ivan Djordjevic, Matthew Noah Coleman, Dane Alan Walton, Derek Reid and Daniel David Danzig** s. 127 J. Waechter in attendance for Staff Panel: TBA
TBA	**Jose L. Castaneda** s.127 T. Hodgson in attendance for Staff Panel: TBA
TBA	**John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir** S. 127 & 127.1 K. Manarin in attendance for Staff Panel: TBA

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 Rizzuto* **and In the matter of Michael Tibollo** s.127 T. Pratt in attendance for Staff Panel: WSW/PKB/ST * Hersey settled May 26, 2004 * Fangeat settled June 21, 2004 * Rizzuto settled August 17, 2004 * McGee settled November 11, 2004
September 15, 2005 2:30 p.m.	**James Patrick Boyle, Lawrence Melnick and John Michael Malone** s. 127 and 127.1 Y. Chisholm in attendance for Staff Panel: TBA
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: TBA
September 21, 2005 10:00 a.m.	**David Elsley** s. 127 and 127.1 P. Foy in attendance for Staff Panel: TBA
September 28 and 29, 2005 10:00 a.m.	**Francis Jason Biller** s.127 J. Cotte in attendance for Staff Panel: RLS/RWD/CSP
October 4, 2005 2:30 p.m.	**Momentas Corporation, Howard Rash, Alexander Funt, Suzanne Morrison and Malcolm Rogers** s. 127 and 127.1 P. Foy in attendance for Staff Panel: PMM/WSW/CSP
October 11, 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
October 12, 2005 10:00 a.m.	**Christopher Freeman** s. 127 and 127.1 P. Foy in attendance for Staff Panel: TBA
November 2005	**Andrew Currah, Colin Halanen, Joseph Damm, Nicholas Weir, Penny Currah, Warren Hawkins** s.127 J. Waechter 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 Request for Comment - Proposed Revocation and Replacement of OSC Rule 13-502 Fees, Companion Policy 13-502CP, OSC Rule 13-503 (Commodity Futures Act) Fees and Companion Policy 13-503CP

REQUEST FOR COMMENT

PROPOSED REVOCATION AND REPLACEMENT OF ONTARIO SECURITIES COMMISSION RULE 13-502 FEES AND COMPANION POLICY 13-502CP FEES

AND

PROPOSED REVOCATION AND REPLACEMENT OF ONTARIO SECURITIES COMMISSION RULE 13-503 (COMMODITY FUTURES ACT) FEES AND COMPANION POLICY 13-503CP (COMMODITY FUTURES ACT) FEES

The Commission is publishing in today's Bulletin the proposed revocation and replacement of OSC Rule 13-502 *Fees* and Companion Policy 13-502CP, OSC Rule 13-503 (*Commodity Futures Act*) *Fees* and Companion Policy 13-503CP.

The rules and companion policies are published in Chapter 6 of the Bulletin and at

http://www.osc.gov.on.ca/Regulation/Rulemaking.

1.1.3 Notice of Commission Approval – IDA Amendments to IDA Policy 6, Part I (2A) regarding Late Completion Fees for the Qualifying Examination for the Chief Financial Officer (CFO) Position

THE INVESTMENT DEALERS ASSOCIATION

AMENDMENTS TO IDA POLICY 6, PART I (2A) REGARDING LATE COMPLETION FEES FOR THE QUALIFYING EXAMINATION FOR THE CHIEF FINANCIAL OFFICER (CFO) POSITION

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved proposed amendments to IDA Policy 6 to impose fees for the late completion of the qualifying examination for the CFO position. In addition, the British Columbia Securities Commission did not object, and the Alberta Securities Commission and the Autorité des marchés financiers approved the proposed amendments. Their purpose is to provide an incentive for all registered CFOs to write and pass the CFO qualifying examination on a timely basis. A copy and description of the proposed amendments were published on April 29, 2005, at (2005) 28 OSCB 4156. No comments were received.

1.1.4 CNQ – Request for Comments – Proposed Repeal of CNQ Rule 10-105

CANADIAN TRADING AND QUOTATION SYSTEM INC.
PROPOSED REPEAL OF CNQ RULE 10-105
NOTICE AND REQUEST FOR COMMENTS

A request for comments on the proposed repeal of CNQ Rule 10-105, relating to risk disclosure statements, is published in Chapter 13 of this Bulletin.

1.3 News Releases

1.3.1 OSC Extends Orders against Momentas

FOR IMMEDIATE RELEASE
August 8, 2005

OSC EXTENDS ORDERS AGAINST MOMENTAS

Toronto – On August 2, 2005, the Ontario Securities Commission (OSC) released written reasons following its order of July 14, 2005 extending cease trade and exemption removal orders in place against Momentas Corporation (Momentas). The extension order remains in place until the earlier of the conclusion of the hearing in this matter or the date upon which Momentas becomes registered as a limited market dealer and its officers, directors and/or employees involved in the sale of securities to the public become registered in accordance with Ontario securities law. The OSC issued the order on the basis that Momentas had been acting as a market intermediary without being registered under Ontario securities law and that it would be in the public interest to extend the existing orders.

The individual respondents, Suzanne Morrison, Howard Rash and Alexander Funt, previously consented to an extension of a temporary cease trade and exemption removal order until the conclusion of the hearing in this matter.

Staff of the OSC allege that between August 2003 and May 2005, Momentas raised approximately $6 million through the sale of its convertible debentures. In its written reasons, the OSC concluded that by remunerating employees for the sole purpose of raising capital through the sale of its own securities, Momentas had been acting as a market intermediary and distributing securities without being registered.

The OSC further concluded that Momentas had been acting as a market intermediary by using investors' funds to trade professionally in fixed income securities, equities and foreign currencies in order to generate the funds necessary for Momentas to pay the returns promised on its own convertible debentures.

The written reasons are available on the OSC's website (**www.osc.gov.on.ca**). Copies of the Notice of Hearing, the Statement of Allegations and related Orders of the OSC are also made available on the OSC's website.

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

1.3.2 OSC Commences Proceedings Against James Patrick Boyle, Lawrence Melnick and John Michael Malone

FOR IMMEDIATE RELEASE
August 5, 2005

OSC COMMENCES PROCEEDINGS AGAINST JAMES PATRICK BOYLE, LAWRENCE MELNICK AND JOHN MICHAEL MALONE

Toronto – The Ontario Securities Commission (OSC) today issued a Notice of Hearing and Statement of Allegations in respect of James Patrick Boyle, Lawrence Melnick and John Michael Malone.

Staff of the Commission allege that Boyle was the principal architect of a course of conduct involving the securities of three Ontario reporting issuers: Complex Minerals Inc., GoldMint Explorations Limited and Nucanolan Resources Limited. Staff allege that Boyle conceived and designed transactions, which he executed primarily through nominees and accommodation parties, including friends, associates and members of his family. Staff also allege that Melnick and Malone acted in concert with Boyle and participated in the course of conduct.

Further particulars from the Statement of Allegations are as follows:

In respect of each of Complex, GoldMint and Nucanolan, Boyle, Melnick and Malone engaged in unregistered trading and engaged in authorized or facilitated unlawful distributions of securities. The predominant purpose of the unlawful trading and distributions was to create tradeable securities for sale to the public. The conduct was repeated in substantially the same manner in respect of each of Complex, GoldMint and Nucanolan.

The creation of tradeable securities was achieved through a series of non-cash transactions, and through improper and abusive reliance on the provisions of the Ontario Securities Act, R.S.O. 1990, c.S.5, as amended, including exemptions to registration and prospectus requirements.

More than 24 million securities in Complex, GoldMint and Nucanolan were distributed to the broker dealers A.C. MacPherson & Co. Inc., J.M. Charter Securities Inc. and Arlington Securities Inc. which in turn sold the securities to members of the public.

The sale of the securities to members of the public generated funds, a significant proportion of which were ultimately transferred to Boyle, Melnick and Melnick's private company, Gobitan Systems Inc. The majority of the proceeds obtained by Boyle and Melnick personally were directed through an Antiguan company, First Mulmur Corp.

Boyle received approximately $1.83 million and Melnick and Gobitan received approximately $1.47 million. Malone received $6,500.00 as a result of his participation in the course of conduct. The last payout of the proceeds was in 2002.

The first appearance will be on Thursday, September 15, 2005 at 2:30 p.m. in the Large Hearing Room, at the office of the Commission, 20 Queen Street West, Toronto.

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

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

For Investor Inquiries: OSC Contact Centre
416-593-8314
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1.3.3 OSC Adjourns Hearing for John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir

FOR IMMEDIATE RELEASE
August 5, 2005

OSC ADJOURNS HEARING FOR JOHN ILLIDGE, PATRICIA MCLEAN, DAVID CATHCART, STAFFORD KELLEY AND DEVENDRANAUTH MISIR

TORONTO – The Ontario Securities Commission (OSC) issued an Order today adjourning the above named matter to a date for a pre-hearing conference to be fixed by the Secretary of the Commission.

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

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Director, Communications
& Public Affairs
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 CI Investments Inc. et al. - MRRS Decision

Headnote

MRRS exemption granted from unitholder approval requirement in subsection 5.1(f) of National Instrument 81-102 – Mutual Funds and approval granted under paragraph 5.5(1)(b) of NI 81-102. Exemption and approval granted in connection with proposed mergers of RSP clone funds into their corresponding funds due to change in foreign content restrictions. RSP clone funds are fund of funds that terminate upon the completion of the mergers. Exemption and approval granted on a representative basis so that other fund managers of RSP clone funds, in addition to the applicant, that comply with the conditions of the decision may rely upon it.

Rules Cited

National Instrument 81-102 - Mutual Funds, ss. 5.1(f), 5.5(1)(b).

July 28, 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,
NORTHWEST TERRITORIES,
YUKON and NUNAVUT
(the Jurisdictions)**

AND

**IN THE MATTER OF
NATIONAL INSTRUMENT 81-102
MUTUAL FUNDS (NI 81-102)**

AND

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

AND

**IN THE MATTER OF
CI INVESTMENTS INC. (CI)
AND
CI GLOBAL CONSERVATIVE RSP PORTFOLIO
CI GLOBAL BALANCED RSP PORTFOLIO
CI GLOBAL GROWTH RSP PORTFOLIO
CI GLOBAL MAXIMUM GROWTH RSP PORTFOLIO
(the RSP Portfolio Funds)
AND
CI GLOBAL CONSERVATIVE PORTFOLIO
CI GLOBAL BALANCED PORTFOLIO
CI GLOBAL GROWTH PORTFOLIO
CI GLOBAL MAXIMUM GROWTH PORTFOLIO
(the Corresponding Portfolio Funds)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from CI in respect of the RSP Portfolio Funds and the Corresponding Portfolio Funds (the Portfolio Funds) for a decision under the securities legislation of the Jurisdictions (the Legislation) that:

(a) exempts the Portfolio Funds from the requirements of subsection 5.1(f) of NI 81-102 to obtain the prior approval of the securityholders (the Securityholder Approval Requirement) of the Portfolio Funds to the merger (a CI Merger) of any RSP Portfolio Fund and its Corresponding Portfolio Fund;

(b) exempts the Affected Portfolio Funds (as defined below) from the Securityholder Approval Requirement in connection with the Affected Mergers (as defined below); and

(c) approves each CI Merger and Affected Merger as contemplated by section 5.5(1)(b) of NI 81-102.

(collectively, the Requested Relief)

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

1. CI is a corporation organized under the laws of the Province of Ontario and is registered under the *Securities Act* (Ontario) as an adviser in the categories of investment counsel and portfolio manager.

2. Each Portfolio Fund is a trust established under the laws of Ontario. Each Portfolio Fund is a reporting issuer or the equivalent thereof in each Jurisdiction, is subject to the requirements of NI 81-102, and is not in default of any requirements of applicable securities legislation.

3. Each Portfolio Fund invests exclusively in securities of more than one underlying mutual fund (the Underlying Funds) which vary based on the investment objectives of the Portfolio Fund. Each Portfolio Fund would qualify as an RSP clone fund (as defined in NI 81-102) except that the RSP Portfolio Fund invests in more than one Underlying Fund.

4. Each RSP Portfolio Fund is offered as part of a family of mutual funds which includes its Corresponding Portfolio Fund. On the date of a CI Merger, the Corresponding Fund has invested its assets directly in securities of the same Underlying Funds and in approximately the same proportions as the direct and indirect investments of the RSP Portfolio Fund. Consequently, on the date of each CI Merger, each RSP Portfolio Fund and its Corresponding Portfolio Fund provides investors with exposure to the same investment portfolio.

5. As a result of the elimination of the foreign property rules from the *Income Tax Act* (Canada) (the Tax Act) on June 29, 2005, each RSP Portfolio Fund has become redundant since there no longer are any adverse tax consequences under the Tax Act to registered plans for holding foreign property.

6. CI is of the view that it is appropriate to eliminate this redundancy and any confusion resulting therefrom by merging each RSP Portfolio Fund and its Corresponding Portfolio Fund. Prior to the elimination of the foreign property rules from the Tax Act, each RSP Portfolio Fund incurred embedded transaction costs in the forward contracts used to carry out its strategy. These contracts have been terminated.

7. Though the net asset value of the Terminating Fund (as defined below) may be larger than the net asset value of its Continuing Fund (as defined below) at the time of the CI Merger, that fact, by itself, will not constitute a significant change for the Continuing Fund under NI 81-102.

8. The CI Mergers will not change the constitution or proportions of the investment portfolio in which the Portfolio Funds invest their respective assets, nor will the CI Mergers result in an increase in the management fees or operating expenses for unitholders of the Portfolio Funds.

9. Substantially all of the investors in each RSP Portfolio Fund invest through registered plans. Consequently, if the RSP Portfolio Fund is the Terminating Fund following the CI Merger, the CI Merger will be tax neutral to such investors, regardless of whether the CI Merger is implemented on a tax-deferred basis.

10. Subsection 5.1(f) of NI 81-102 provides that the prior approval of the securityholders of a mutual fund (the Terminating Fund) is required before the Terminating Fund undertakes a reorganization with or transfers its assets to another mutual fund (the Continuing Fund) if (a) the Terminating Fund ceases to continue after the reorganization or transfer of assets, and (b) the transaction results in the securityholders of the Terminating Fund becoming securityholders in the Continuing Fund.

11. CI is satisfied that, as trustee and manager of each Portfolio Fund, it has sufficient authority and flexibility under the constating documents of the Portfolio Funds to implement the CI Mergers without unitholder approval, provided the relief requested herein is granted by the Decision Makers.

12. Prior to or after each CI Merger, registered holders of units in the Terminating Fund will receive a communication (that may be part of or accompany a trade confirmation sent by dealers, the next account statement sent to unitholders, or the first management reports of fund performance for its Continuing Fund) that will describe the CI Merger and the basis on which units of the Terminating Fund have been or will be exchanged for units of its Continuing Fund. If the notice is part of or accompanies the first management report of fund performance for the Continuing Fund, CI will follow the process prescribed for the delivery of such reports in subsection 5.1(3) of National Instrument 81-106 – Investment Fund Continuous Disclosure if that section applies.

13. A manager of mutual funds (the Affected Portfolio Funds) which, on the date of an Affected Merger (as defined below), are structured in the same manner as the Portfolio Funds as described in paragraphs 3 and 4 above may be in an identical position to CI in that it may wish to merge such Affected Portfolio Funds and the manager may be in a position to make substantially the same representations as CI that

(a) it is appropriate to merge the Affected Portfolio Funds to eliminate redundancy and any confusion resulting therefrom,

(b) the manager otherwise has sufficient authority and flexibility under the constating documents of the Affected Portfolio Funds to merge the Affected Portfolio Funds without seeking securityholder approval, and

(c) each merger of Affected Portfolio Funds (the Affected Mergers) will be tax neutral to investors in the Terminating Fund.

Decision

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

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

1. CI, as manager of the Portfolio Funds, or any other manager of an Affected Portfolio Fund who wishes to rely on this Decision

   (a) issues a press release announcing its intention to effect the CI Mergers or the Affected Mergers (collectively, the Mergers) in the manner described in this decision,

   (b) sends a communication to dealers who have clients invested in the Terminating Fund or the Affected Portfolio Funds describing the Mergers so that dealers and their sales representatives will be in position to discuss the respective Mergers with their clients,

   (c) posts the press release and the dealer communication to the applicable manager's web site, if any, and

   (d) files the press release with the securities regulatory authorities in those Jurisdictions where the Terminating Funds are reporting issuers

   as soon as practicable after CI or the manager of an Affected Portfolio Fund decides to proceed with a Merger and, in any event, at least two business days before the date of such Merger.

2. CI and any other manager of an Affected Portfolio Fund who wishes to rely on this Decision sends or causes to be sent to each registered holder of securities of a Terminating Fund, prior to or as soon as practicable following such Merger and, in any event, by March 1, 2006 a communication that may be part of or accompany:

   (a) a trade confirmation, if a trade confirmation is sent following the Merger;

   (b) an account statement next sent to securityholders after the Merger;

   (c) the financial statements and/or management reports of fund performance for the Continuing Fund; or

   (d) any other communication sent to securityholders

   that describes the purpose of the Merger and the manner in which securities in the Terminating Fund have been or will be exchanged for securities of its Continuing Fund.

3. Each Merger complies with all of the requirements of subsection 5.6(1) of NI 81-102 other than paragraph 5.6(1)(e)(i) of NI 81-102.

4. This Decision shall be revoked and be of no further force and effect on the date (the Expiry Date) that is three months after the date hereof, except to the extent that CI or the manager of the Affected Portfolio Fund has relied on this Decision and complied with Condition 1 above before the Expiry Date but has not yet complied with Condition 2 above, in which event CI or the manager of the Affected Portfolio Fund shall be required to comply with Condition 2 above as required by March 1, 2006.

"Leslie Byberg"
Manager, Investment Funds Branch

2.1.2 VECTOR Energy Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – closed-end investment trust exempt from prospectus requirements in connection with the sale of units repurchased from existing security holders pursuant to market purchase programs and by way of redemption of units by security holders subject to conditions.

Ontario Statutes Cited

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

Multilateral Instrument Cited

Multilateral Instrument 45-102 Resale of Securities.

August 3, 2005

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

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

AND IN THE MATTER OF
VECTOR Energy 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 (the "**Requested Relief**") under the securities legislation of the Jurisdictions (the "**Legislation**"), that the requirement contained in the Legislation to file and obtain a receipt for a preliminary prospectus and a final prospectus (the "**Prospectus Requirements**") shall not apply to the distribution of units of the Filer (the "**Units**") which have been repurchased by the Filer pursuant to the mandatory market purchase program, the discretionary market purchase program, or by way of redemption of Units at the request of holders thereof.

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. The Filer is an unincorporated closed-end investment trust established under the laws of the Province of Ontario by a declaration of trust dated as of March 30, 2005 (the "**Declaration of Trust**").

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

3. The Filer became a reporting issuer or the equivalent thereof in the Jurisdictions on March 31, 2005 upon obtaining a receipt for its final prospectus dated March 30, 2005 (the "**Prospectus**"). As of the date hereof, the Filer is not in default of any requirements under the Legislation.

4. Each Unit represents an equal, undivided beneficial interest in the net assets of the Filer and is redeemable (as described below) at the option of the holder thereof.

5. Each whole 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. Middlefield VECTOR Management Limited (the "**Manager**"), which was incorporated pursuant to the *Business Corporations Act* (Ontario), is the manager and the trustee of the Filer.

7. The Units are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the trading symbol "VE.UN". As at May 10, 2005, 3,800,000 Units were issued and outstanding.

8. In order to enhance liquidity and to provide market support for the Units, pursuant to the Declaration of Trust and the terms and conditions that attach to the Units, the Filer shall, subject to compliance with any applicable regulatory requirements, be obligated to purchase (the "**Mandatory Purchase Program**") any Units offered in the market at the then prevailing market price if, at any time after the closing of the Filer's initial public offering, the price at which Units are then offered for sale is

less than 95% of the net asset value of the Filer ("**Net Asset Value**") per Unit, provided that:

(a) the maximum number of Units that the Filer shall purchase pursuant to the Mandatory Purchase Program in any calendar quarter will be 1.25% of the number of Units outstanding at the beginning of each such period; and

(b) the Filer shall not be required to purchase Units pursuant to the Mandatory Purchase Program if:

(i) the Manager reasonably believes that the Filer would be required to make an additional distribution in respect of the year to Unitholders of record on December 31 of such year in order that the Filer will generally not be liable to pay income tax after the making of such purchase;

(ii) in the opinion of the Manager, the Filer lacks the cash, debt capacity or resources in general to make such purchases; or

(iii) in the opinion of the Manager, the making of any such purchases by the Filer would adversely affect the ongoing activities of the Filer or the remaining Unitholders.

9. In addition, the Declaration of Trust provides that the Filer, subject to applicable regulatory requirements and limitations, shall have the right, but not the obligation, exercisable in its sole discretion, at any time, to purchase outstanding Units in the market at prevailing market prices (the "**Discretionary Purchase Program**"). Such discretionary purchases may be made through the facilities and under the rules of any exchange or market on which the Units are listed (including the TSX) or as otherwise permitted by applicable securities laws.

10. Pursuant to the Declaration of Trust and subject to the Trust's right to suspend redemptions, Units may be surrendered for redemption (the "**Redemption Program**" and, together with the Mandatory Purchase Program, Discretionary Purchase Program and Additional Redemptions (as defined below), the "**Programs**") by a Unitholder in any month commencing in April, 2005 during the period commencing on the 15th business day prior to the end of the month and ending on the last business day of such month (a "Notice Period") by giving notice thereof to the Trust's registrar and transfer agent. Units surrendered for redemption by a Unitholder by 5:00 p.m. (Toronto time) on the last day of a Notice Period will, subject to the Trust's right to suspend redemptions in certain circumstances, be redeemed on the last day of the next following month (a "Valuation Date") and the Unitholder will receive payment therefor on or before the 15th business day following such Valuation Date.

11. A Unitholder who properly surrenders a Unit for redemption on the Valuation Date of June of any year commencing in 2006 will receive the amount, if any, equal to the "Redemption Price per Unit" (as described in the Prospectus) less any costs of funding the redemption, including commissions. A Unitholder who properly surrenders a Unit for redemption on any Valuation Date other than the Valuation Date in June commencing in 2006 will receive the amount, if any, equal to the lesser of (A) 96% of the weighted average trading price of the Units on the TSX during the 15 trading days preceding the applicable Valuation Date, and (B) the "closing market price" (as described in the Prospectus) of the Units on the principal market on which the Units are quoted for trading on the applicable Valuation Date.

12. In addition, the Manager may, at its sole discretion and subject to receipt of any necessary regulatory approvals, allow additional redemptions from time to time of Units ("**Additional Redemptions**"), for an amount equal to the Redemption Price per Unit less any costs of funding the redemption, including commissions; provided that the holder thereof shall be required to use the full amount received on such redemption to purchase treasury securities of a new or existing fund promoted by Middlefield Group then being offered to the public by prospectus.

13. Purchases of Units made by the Filer under the Programs ("**Repurchased Units"**) are exempt from the issuer bid requirements of the Legislation pursuant to exemptions contained therein.

14. The Filer desires to, and the Declaration of Trust provides that the Filer shall have the ability to, sell Repurchased Units through one or more securities dealers in lieu of cancelling such Repurchased Units, subject to obtaining all necessary regulatory approvals.

15. The Prospectus disclosed that the Filer may repurchase and redeem, as the case may be, Units under the Programs and that, subject to receiving all necessary regulatory approvals, the Filer may arrange for one or more securities dealers to find purchasers for any Repurchased Units.

16. In order to effect sales of Repurchased Units by the Filer, the Filer intends to sell, in its sole discretion and at its option, any Repurchased

Units purchased by it under the Programs primarily through one or more securities dealers and through the facilities of the TSX (or such other exchange on which the Units are then listed).

17. All Repurchased Units will be held by the Filer for a period of 4 months after the repurchase thereof by the Filer (the "**Holding Period**"), prior to the resale thereof.

18. Repurchased Units that the Filer does not resell within 12 months after the Holding Period (or 16 months after the date of repurchase) will be cancelled by the Filer.

19. Prospective Purchasers who subsequently acquire Repurchased Units will have equal access to all of the continuous disclosure documents of the Filer, which will be filed on SEDAR, commencing with the Prospectus.

20. The Legislation provides that a trade by or on behalf of an issuer in previously issued securities of that issuer that have been purchased by that issuer is a distribution subject to the Prospectus Requirements.

Decision

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

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

(a) the Repurchased Units are sold by the Filer through the facilities of and in accordance with the regulations and policies of the TSX or the market on which the Units are then listed;

(b) the Filer complies with the insider trading restrictions imposed by securities legislation with respect to the trades of Repurchased Units; and

(c) the Filer complies with the conditions of paragraphs 1 through 5 of subsection 2.8(2) of Multilateral Instrument 45-102 with respect to the sale of the Repurchased Units.

"Paul M. Moore"

"Harold P. Hands"

2.1.3 TD Asset Management Inc and CIBC Asset Management Inc. - MRRS Decision

Headnote

Standard exemption from subsection 4.1(1) of National Instrument 81-102 Mutual Funds (NI 81-102) to enable certain Dealer Managed Funds, as defined in section 1.1 of NI 81-102, to invest in the units of an issuer during the 60 days after the period in which affiliates of the Dealer Managers, as defined in section 1.1 of NI 81-102, have acted as underwriters in connection with the public offering of units of the issuer pursuant to a final short form prospectus.

Rule Cited

National Instrument 81-102 Mutual Funds, ss. 4.1(1), 19.1.

July 25, 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,
AND THE NORTHWEST TERRITORIES,
NUNAVUT AND THE YUKON
(the "Jurisdictions")

AND

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

AND

IN THE MATTER OF
TD ASSET MANAGEMENT INC.
and CIBC ASSET MANAGEMENT INC.
(the "Applicants")

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 Applicants (or "**Dealer Managers**"), the portfolio advisers of the mutual funds named in Appendix A (the "**Funds**" or "**Dealer Managed Funds**") for a decision under section 19.1 of National Instrument 81-102 *Mutual Funds* ("**NI 81-102**") (the "**Legislation**") for:

- an exemption from subsection 4.1(1) of NI 81-102 to enable the Dealer Managed Funds to invest in the units (the "**Units**") of Sunrise Senior Living™ Real Estate Investment Trust (the "**Issuer**") on the Toronto Stock Exchange (the "**TSX**") during the 60

days (the "**Prohibition Period**") after the period in which an affiliate of the Dealer Manager has acted as an underwriter in connection with the public offering (the "**Offering**") of Units of the Issuer pursuant to a preliminary short form prospectus filed by the Issuer and a final short form prospectus that the Issuer will file in accordance with the securities legislation of each of the Jurisdictions (the "**Requested Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

It is the responsibility of each of the Decision Makers to make a global assessment of the risks involved in granting exemptive relief from subsection 4.1 of NI 81-102 in relation to the specific facts of each application.

Interpretation

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

Representations

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

1. The Applicants are "dealer managers" with respect to the Funds, and each Fund is a "dealer managed fund", as such terms are defined in section 1.1 of NI 81-102.

2. The head offices of the Dealer Managers are in Toronto, Ontario.

3. The investment objective of each Dealer Managed Fund permits it to invest in equity securities.

4. The securities of the Dealer Managed Funds are qualified for distribution in one or more of the provinces and territories of Canada pursuant to simplified prospectuses and annual information forms that have been prepared and filed in accordance with their respective securities legislation.

5. In connection with the Offering, the Issuer filed a preliminary short form prospectus dated July 18, 2005 (the "**Preliminary Prospectus**") with the securities regulatory authorities of each of the provinces and territories of Canada. A final short form prospectus is expected to subsequently be filed with such securities regulatory authorities on or about July 25, 2005.

6. Based upon information provided in the Issuer's press release dated July 14, 2005 (the "**Press Release**") announcing the Offering, the Issuer intends to use a portion of the net proceeds of the Offering to finance, in part, an acquisition of a majority interest in a portfolio of 13 assisted living communities. According to the Press Release, the balance of the net proceeds of the Offering will be used to pay down the Issuer's Canadian operating line of credit.

7. Gross proceeds of the Offering are expected to be approximately $160 million. According to the Press Release, it is expected that the Issuer will grant the Underwriters an over-allotment option equal to 10% of the Offering, exercisable, in whole or in part within 30 days of the closing (the "**Closing**"). If exercised in full, the Offering is expected to result in gross proceeds of approximately $176 million. The Closing of the Offering is expected to occur on August 5, 2005 subject to regulatory approval.

8. The underwriting syndicate includes TD Securities Inc. and CIBC World Markets Inc. (the "**Related Underwriters**", and together with the rest of the syndicate, the "**Underwriters**").

9. The Underwriters will enter into an underwriting agreement (the "**Underwriting Agreement**") with the Issuer for the purpose of the Offering. Based upon information provided in the Press Release, the Underwriting Agreement provides for the Offering to be undertaken on a bought deal basis, with the Underwriters having agreed to purchase 12,850,000 Units of the Issuer at a price of $12.45 per unit.

10. The outstanding Units of the Issuer are listed and posted for trading on the TSX under the symbol "SZR.UN".

11. The Issuer is not a "related issuer" of either of the Related Underwriters, as defined in National Instrument 33-105 *Underwriting Conflicts* ("**NI 33-105**").

12. The Issuer may be considered to be a "connected issuer", as defined in NI 33-105, of one of the Related Underwriters (namely, TD Securities Inc.) for the reasons set forth in the Preliminary Prospectus. As disclosed in the Preliminary Prospectus, the Issuer is a party to a Canadian operating credit facility (the "**Credit Facility**") with the Canadian chartered bank affiliate of TD Securities Inc. (a "**Lender**", and together with a Canadian charted bank affiliate of Scotia Capital Inc., the "**Lenders**"), of which approximately $51.6 million is outstanding as at July 14, 2005. The Credit Facility is secured by, among other things, mortgage financing against certain of the Issuer's properties and a general security interest in ancillary personal property. The Lenders have

also provided mortgages for certain of the Issuer's Canadian properties. A portion of the proceeds from the Offering will be used to pay down approximately $44.4 million of the outstanding amount under the Credit Facility to the Lenders. Accordingly, the Offering does not represent elimination of the Lenders' exposure to the Issuer. Furthermore, the decision to distribute the Units and the determination of the terms of the Offering were made through negotiations between, among others, TD Securities Inc. and the Issuer, without the involvement of TD Securities Inc.'s affiliated bank. TD Securities Inc. and/or its affiliated bank will derive no benefit from the Offering other than the remuneration described in the Preliminary Prospectus payable by the Issuer.

13. The Dealer Managed Funds are not required or obliged to purchase any Units during the Prohibition Period.

14. Despite the affiliation between the Dealer Managers and their Related Underwriters, they operate independently of each other. In particular, the investment banking and related dealer activities of the Related Underwriters and the investment portfolio management activities of the Dealer Managers are separated by "ethical" walls. Accordingly, no information flows from one to the other concerning their respective business operations or activities generally, except in the following or similar circumstances:

    (a) in respect of compliance matters (for example, a Dealer Manager and its Related Underwriter may communicate to enable the Dealer Manager to maintain an up to date restricted-issuer list to ensure that the Dealer Manager complies with applicable securities laws); and

    (b) a Dealer Manager and its Related Underwriter may share general market information such as discussion on general economic conditions, bank rates, etc.

15. The Dealer Managers may cause the Dealer Managed Funds to invest in the Units during the Prohibition Period. Any purchase of Units will be consistent with the investment objectives of the Dealer Managed Fund and represent the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or in fact be in the best interests of the Dealer Managed Fund.

16. To the extent that the same portfolio manager or team of portfolio managers of a Dealer Manager manages two or more Dealer Managed Funds and other client accounts that are managed on a discretionary basis (the "**Managed Accounts**"), the Units purchased for them will be allocated:

    (a) in accordance with the allocation factors or criteria stated in the written policies or procedures put in place by the Dealer Manager for its Dealer Managed Funds and Managed Accounts; and

    (b) taking into account the amount of cash available to each Dealer Managed Fund for investment.

17. There will be an independent committee (the "**Independent Committee**") appointed in respect of each Dealer Managed Fund to review each Dealer Managed Fund's investments in the Units during the Prohibition Period.

18. The Independent Committee will have at least three members and every member must be independent. A member of the Independent Committee is not independent if the member has a direct or indirect material relationship with its Dealer Manager, the Dealer Managed Fund, or any affiliate or associate thereof. For the purpose of this Decision, a material relationship means a relationship which could, in the view of a reasonable person, reasonably interfere with the exercise of the member's independent judgement regarding conflicts of interest facing the Dealer Manager.

19. The members of the Independent Committee will exercise their powers and discharge their duties honestly, in good faith, and in the best interests of investors in its Dealer Managed Funds and, in so doing, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

20. Each Applicant, in respect of its Dealer Managed Funds, will notify a member of staff in the Investment Funds Branch of the Decision Maker in Ontario, in writing of any SEDAR Report (as defined in paragraph IX below) filed on SEDAR, as soon as practicable after the filing of such a report, and the notice shall include the SEDAR project number of the SEDAR Report and the date on which it was filed.

Decision

Each of the Decision Makers has assessed the conflict of interest risks associated with granting an exemption in this instance from subsection 4.1(1) of NI 81-102 and is satisfied that, at the time this Decision is granted, the potential risks are sufficiently mitigated.

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, notwithstanding

that either of the Related Underwriters acts or has acted as underwriter in the Offering provided that, in respect of each Dealer Manager and its Dealer Managed Funds, independent of any of the other Applicants and their Dealer Managed Funds, the following conditions are satisfied:

I. At the time of each purchase (the "Purchase") of Units by a Dealer Managed Fund pursuant to this Decision, the following conditions are satisfied:

(a) the Purchase

(i) represents the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or

(ii) is, in fact, in the best interests of the Dealer Managed Fund;

(b) the Purchase is consistent with, or is necessary to meet, the investment objective of the Dealer Managed Fund as disclosed in its simplified prospectus; and

(c) the Dealer Managed Fund does not place the order to purchase, on a principal or agency basis, with its Related Underwriter;

II. Prior to effecting any Purchase pursuant to this Decision, the Dealer Managed Fund has in place written policies or procedures to ensure that,

(a) there is compliance with the conditions of this Decision; and

(b) in connection with any Purchase,

(i) there are stated factors or criteria for allocating the Units purchased for two or more Dealer Managed Funds and other Managed Accounts; and

(ii) there is full documentation of the reasons for any allocation to a Dealer Managed Fund or Managed Account that departs from the stated allocation factors or criteria;

III. Each Dealer Managed Fund has an Independent Committee to review the Dealer Managed Fund's investments in the Units during the Prohibition Period;

IV. The Independent Committee has a written mandate describing its duties and standard of care which, as a minimum, sets out the conditions of this Decision;

V. The members of the Independent Committee exercise their powers and discharge their duties honestly, in good faith, and in the best interests of investors in the Dealer Managed Fund and, in so doing, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

VI. The Dealer Managed Fund does not relieve the members of the Independent Committee from liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph V above;

VII. The Dealer Managed Fund does not incur the cost of any portion of liability insurance that insures a member of the Independent Committee for a liability for loss that arises out of a failure to satisfy the standard of care set out in paragraph V above;

VIII. The cost of any indemnification or insurance coverage paid for by the Dealer Manager, any portfolio manager of the Dealer Managed Fund, or any associate or affiliate of the Dealer Manager or any portfolio manager of the Dealer Managed Fund to indemnify or insure the members of the Independent Committee in respect of a loss that arises out of a failure to satisfy the standard of care set out in paragraph V above is not paid either directly or indirectly by the Dealer Managed Fund;

IX. The Dealer Manager files a certified report on SEDAR (the "SEDAR Report") in respect of each Dealer Managed Fund, no later than 30 days after the end of the Prohibition Period that contains a certification by the Dealer Manager that contains:

(a) the following particulars of each Purchase:

(i) the number of Units purchased by the Dealer Managed Fund;

(ii) the date of the Purchase and purchase price;

(iii) whether it is known whether any underwriter or syndicate member has engaged in market stabilization activities in respect of the Units;

(iv) if the Units were purchased for two or more Dealer Managed Funds and other Managed Accounts of the Dealer Manager, the aggregate amount so purchased and the percentage of such aggregate amount that was allocated to each Dealer Managed Fund; and

(v) the dealer from whom the Dealer Managed Fund purchased the Units and the fees or commissions, if any, paid by the Dealer Managed Fund in respect of such Purchase;

(b) a certification by the Dealer Manager that the Purchase:

(i) was made free from any influence by the Related Underwriter or any affiliate or associate thereof and without taking into account any consideration relevant to the Related Underwriter or any associate or affiliate thereof; and

(ii) represented the business judgment of the Dealer Manager uninfluenced by considerations other than the best interest of the Dealer Managed Fund, or

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

(c) confirmation of the existence of the Independent Committee to review the Purchase of the Units by the Dealer Managed Fund, the names of the members of the Independent Committee, the fact that they meet the independence requirements set forth in this Decision, and whether and how they were compensated for their review;

(d) a certification by each member of the Independent Committee that after reasonable inquiry the member formed the opinion that the policies and procedures referred to in Condition II(a) above are adequate and effective to ensure compliance with this Decision and that the decision made on behalf of each Dealer Managed Fund by the Dealer Manager to purchase Units for the Dealer Managed Fund and each Purchase by the Dealer Managed Fund:

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

(ii) was made by the Dealer Manager free from any influence by the Related Underwriter or any affiliate or associate thereof and without taking into account any consideration relevant to the Related Underwriter or any associate or affiliate thereof; and

(iii) represented the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or

(iv) was, in fact, in the best interests of the Dealer Managed Fund.

X. The Independent Committee advises the Decision Makers in writing of:

(a) any determination by it that the condition set out in paragraph IX(d) has not been satisfied with respect to any Purchase of the Units by a Dealer Managed Fund;

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

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

(d) any action taken, or proposed to be taken, by the Dealer Manager or a portfolio manager of a Dealer Managed Fund, in response to the determinations referred to above.

XI. Each Purchase of Units during the Prohibition Period is made on the TSX; and

XII. An underwriter provides to the Dealer Manager written confirmation that the “dealer restricted period” in respect of the Offering, as defined in Ontario Securities Commission Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions, has ended.

"Leslie Byberg"
Manager, Investment Funds Branch
Ontario Securities Commission

APPENDIX A

TD MUTUAL FUNDS
TD Monthly Income Fund
TD Balanced Fund
TD Balanced Income Fund
TD Balanced Growth Fund
TD Canadian Equity Fund
TD Canadian Blue Chip Equity Fund
TD Canadian Value Fund
TD Global Select Fund
TD Dividend Growth Fund
TD Dividend Income Fund

TD PRIVATE FUNDS
TD Private Income Trust Fund
TD Private Canadian Dividend Fund

THE TALVEST FUNDS
Talvest Canadian Equity Value Fund
Talvest Millennium High Income Fund
Talvest Millennium Next Generation Fund

CIBC MUTUAL FUNDS
CIBC Canadian Real Estate Fund

FRONTIERS® POOLS
Frontiers Canadian Equity Pool

RENAISSANCE MUTUAL FUNDS
Renaissance Canadian Balanced Fund
Renaissance Canadian Growth Fund

2.1.4 SR Telecom Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications. Subject to certain conditions, resale relief granted to issuer, in connection with proposed issuance of convertible, redeemable, secured debentures in exchange for the issuer's issued and outstanding debentures and in payment of interest on the convertible, redeemable, secured debentures and the issuance of common shares in Manitoba, upon mandatory conversion of the convertible, redeemable, secured debentures.

Applicable Ontario Statutory Provisions

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

Applicable Instruments

Multilateral Instrument 45-102 Resale of Securities, s. 2.6(3).

July 13, 2005

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC, 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
SR TELECOM INC.
(the Filer)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Maker**" or collectively, the "**Decision Makers**") in each of the Jurisdictions has received an application from the Filer, for a decision under securities legislation of the Jurisdictions (the "**Legislation**"), for an exemption from the prospectus and dealer registration requirements of the Legislation in connection with the proposed issuance of new 10% convertible redeemable secured debentures, due 2010 (the "**New Convertible Debentures**") in exchange for the Filer's issued and outstanding 8.15% Debentures, due April 22, 2005 (the "**8.15% Debentures**") and in payment of interest on the New Convertible Debentures and the

issuance of common shares in Manitoba, if any, upon the Mandatory Conversion (defined below) (the "**Requested Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

(a) the *Autorité des marchés financiers* is the principal regulator for this application; and

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

Interpretation

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

Representations

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

1. The Filer provides fixed wireless access solutions for voice, data and Internet access applications. The Filer designs, markets and sells fixed wireless products to telecommunications service providers, who in turn use the products to provide their subscribers with a full range of telecommunications services.

2. In addition, through its majority-owned subsidiary Communicacion y Telefonia Rural ("**CTR**"), the Filer provides local telephone service and Internet access to residential, commercial and institutional customers, and operates a network of payphones in a large, predominantly rural area of Chile.

3. The Filer was incorporated under the *Canada Business Corporations Act* in 1981 and has been a reporting issuer (or the equivalent) since 1986, when it consummated an initial public offering in Canada. The Filer's common shares ("**Common Shares**") are currently listed on the Toronto Stock Exchange under the symbol "SRX" and are quoted on the Nasdaq National Market under the symbol "SRXA".

4. The Filer is a reporting issuer in all provinces of Canada and in the Northwest Territories and is not in default of securities legislation applicable therein. The Filer is a registrant with the United States Securities and Exchange Commission.

5. On April 22, 1998, the Filer issued CDN$75 million of 8.15% Debentures pursuant to a short form prospectus of which CDN$71 million currently remain outstanding.

6. The 8.15% Debentures matured on April 22, 2005 and the Filer did not have sufficient funds to repay the 8.15% Debentures and accrued and unpaid interest on such date. The 8.15% Debentures holders have waived the maturity of such debentures until June 30, 2005 unless otherwise agreed to by the required majority of the 8.15% Debenture holders.

7. Pursuant to the terms of an agreement entered into by the Filer with a group representing approximately 75% of outstanding principal amount of 8.15% Debentures, the Filer has agreed to exchange (the "**Debenture Exchange**") the outstanding $71 million in principal amount of its 8.15% Debentures together with all accrued interest of approximately $3.5 million into approximately $74.5 million of New Convertible Debentures.

8. The Filer intends to implement the Debenture Exchange by way of an offer to exchange and consent solicitation (the "**Exchange Offer**") made to all holders in Canada and accredited investors in the United States of the 8.15% Debentures pursuant to which the Filer will offer to exchange the 8.15% Debentures and all accrued and unpaid interest for New Convertible Debentures. The Filer will solicit the consent of 8.15% Debenture holders who tender into the Debenture Exchange to certain amendments to the terms of the indenture governing any 8.15% Debentures remaining outstanding after the Debenture Exchange in order to extend the maturity of such 8.15% Debentures to at least the maturity date of the New Convertible Debentures and to remove certain covenants of the Filer. Such amendments will take effect upon closing of the Debenture Exchange.

9. Interest on the New Convertible Debentures is payable in cash or in kind (by the issuance of additional New Convertible Debentures) at the option of the Filer. In addition, each $1,000 in principal amount of New Convertible Debentures will be convertible into approximately 4,694 (the "**Conversion Rate**") Common Shares, representing a conversion price of approximately $0.21 per Common Share. The Conversion Rate will be adjusted to account for interest accrued pending closing such that the aggregate equity holding represented by the Common Shares underlying the New Convertible Debentures will not exceed 95.2% of the issued and outstanding Common Shares on a fully diluted basis before giving effect to the Rights Offering (as described in paragraph 19 below).

10. On the earlier of (i) the day after the record date for the Rights Offering or (ii) another date to be agreed upon by the parties, $10 million of New Convertible Debentures will be converted (the "**Mandatory Conversion**") at the Conversion Rate into approximately 46,939,218 Common Shares, representing approximately 73% of the issued and outstanding Common Shares.

11. Subject to anti-dilution events and other adjustments, the maximum number of Common Shares that may be issued, upon the conversion of all of the New Convertible Debentures into Common Shares at the Conversion Rate, is approximately 302,328,400 Common Shares. In addition, to the extent interest on the New Convertible Debentures is paid in kind, approximately 30 million additional Common Shares, subject to adjustment, may be issued on conversion of the New Convertible Debentures issued in payment of interest in any year during the term of the New Convertible Debentures.

12. In connection with the Exchange Offer, the Filer will distribute an Offering Memorandum to all 8.15% Debentures holders that will contain prospectus level disclosure, including a description of the Filer, the mechanics of the Debenture Exchange including the consent solicitation, a description of the material elements of the restructuring and the Filer's intent to pursue the Rights Offering, a pro forma capitalization table, a description of amendments to the 8.15% Debentures, a summary of Canadian and United States Income Tax considerations, a description of the New Convertible Debentures, a description of the Common Shares and a summary of risk factors relating to the Debenture Exchange and the Filer.

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13. The Exchange Offer will be subject to numerous conditions, including the tender and consent by the holders of at least 75% of the outstanding 8.15% Debentures.

14. As the aggregate number of Common Shares issuable in connection with the Debenture Exchange will exceed the maximum number of securities issuable without security holder approval under the rules of the Toronto Stock Exchange (the "**TSX**"), the Filer is relying on an exemption from the security holder approval requirements provided for under Section 604(e) of the TSX Company Manual on the basis of its serious financial difficulty.

15. Upon the recommendation of a special committee of independent directors of the Filer, who are free from any interest in the transactions and are unrelated to any of the parties involved in the transactions, the Board of Directors of the Filer has determined that the Filer is in serious financial difficulty, that the transactions referred to above are designed to improve its financial situation and are reasonable in the circumstances, and has authorized the Filer to make the application to the TSX.

16. A restricted group of 8.15% Debenture holders has also entered into a credit agreement with the Filer which provides for a five-year US$39.6 million (CDN$50 Million) secured credit facility (the "**Credit Facility**") to the Filer of which US$15.85 million was made immediately available to the Filer and $4.85 million has been drawn down to date, with the balance to be available over the next three quarters, subject to certain conditions.

17. The financial terms of the Credit Facility includes the following: a 2% up-front facility fee (based on the full US$39.6 million facility amount) and interest paid partly in cash at a rate equal to the greater of 6.5% and the three-month U.S. Dollar LIBOR rate plus 3.85% and partly paid in kind at a rate equal to the greater of 7.5% and three-month U.S. Dollar LIBOR plus 4.85%. The Credit Facility is fully secured with a first charge against all of the assets of the Filer. In addition the Credit Facility contemplates a payout fee of 5% (based on U.S.$39.6 million facility amount) or 2% of distributable value at maturity.

18. The Filer has entered into a waiver and amendment agreement (the "**Amendment Agreement**") with the lenders to the Filer's Chilean subsidiary, CTR (the "**CTR Lenders**") to restructure the terms of loans to CTR (the "**Restructuring**"). Pursuant to the terms of the Amendment Agreement, the CTR Lenders have agreed to restructure the repayment schedule of their loan agreements and to postpone the maturity of the loans for three years from the date of the implementation of the Restructuring. As part of these arrangements, the Filer has guaranteed the performance of the obligations of CTR to the CTR Lenders up to an amount of US$12 million. This guarantee will be secured against the assets of the Filer and rank *pari passu* with the Convertible Debentures behind the security for the Credit Facility The guarantee may be reduced over time to the extent the Filer makes payments to the CTR Lenders on account of principal. In addition, the CTR Lenders have agreed not to exercise or enforce any remedies they may have against the Filer until May 17, 2008 or such earlier date as there may be a default by the Filer under its new Credit Agreement or upon an insolvency or bankruptcy of the Filer. The Filer has also agreed to provide certain management, technical, inventory and other support to CTR.

19. In addition, as soon as practicable following the closing of the Exchange Offer, the Filer intends to file a preliminary prospectus relating to a Rights Offering to its shareholders. Pursuant to the Rights Offering, the Filer will offer to shareholders holding its currently outstanding Common Shares the right to subscribe to up to $40 million of new Common Shares at a price to be determined, but no less than $0.254 per share.

20. The first $25 million raised under the Rights Offering will be used for working capital and general corporate purposes and all amounts raised in excess of $25 million will be applied as

follows: (i) 50% to working capital and general corporate purposes; and (ii) 50% to a *pro rata* redemption of the then outstanding New Convertible Debentures and the principal amount of the loans to CTR by the CTR Lenders at 95% of their face value.

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that the first trade or resale of New Convertible Debentures or Common Shares in a Jurisdiction shall be deemed to be a distribution or primary distribution to the public under the Legislation of such Jurisdiction unless the following conditions are satisfied:

for a resale in Quebec:

1. The Filer is a reporting issuer in Quebec;

2. The Filer has been a reporting issuer in Quebec during the four months immediately preceding the resale;

3. No extraordinary commission or other consideration was paid in respect of the resale;

4. No extraordinary effort was made to prepare the market or to stimulate demand for the New Convertible Debentures;

5. If the selling security holder is an insider of the Filer, it did not have reason to believe that the Filer is in default of its obligations under securities legislation; or

for a resale in a Jurisdiction other than Quebec, the conditions in Section 2.6(3) of Multilateral Instrument 45-102 are satisfied.

"Josée Deslauriers"
Directrice des marches des capitaux
Authorité des marchés financiers

2.1.5 Digital World Trust - MRRS Decision

Headnote

Relief granted to an investment fund listed on the Toronto Stock Exchange from the concentration restriction contained in s. 2.1(1) of National Instrument 81-102 Mutual Funds subject to certain conditions and requirements.

Rules Cited

National Instrument 81-102 – Mutual Fund, ss 2.1(1), 19.1.

August 2, 2005

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, MANITOBA,
ONTARIO, NEW BRUNSWICK, NOVA SCOTIA,
PRINCE EDWARD ISLAND, and
NEWFOUNDLAND and LABRADOR
(the "Jurisdictions")**

AND

**IN THE MATTER OF
NATIONAL INSTRUMENT 81-102
MUTUAL FUNDS (NI 81-102)**

AND

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

AND

**IN THE MATTER OF
DIGITAL WORLD TRUST**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from Digital World Trust (the "Trust") for a decision under the securities legislation of the Jurisdictions (the "Legislation") exempting the Trust from the concentration restriction contained in subsection 2.1(1) of NI 81-102 (the "Requested Relief").

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

General

1. The Trust is an investment trust established under the laws of the Province of Ontario pursuant to a Trust Agreement dated as of February 15, 2000 (the "Trust Agreement") between Mulvihill Fund Services Inc. ("Mulvihill"), as manager, and The Royal Trust Company, as trustee. Mulvihill is a wholly-owned subsidiary of Mulvihill Capital Management Inc. ("MCM"), the Trust's investment manager pursuant to an investment management agreement between the Trust and MCM dated February 15, 2000.

2. The Trust is a reporting issuer in each of the Provinces of Canada. Units of the Trust ("Units") are listed for trading on the TSX.

3. On February 23, 2000, the Trust completed its initial public offering of 7,500,000 Units pursuant to a final prospectus dated February 15, 2000. In connection with its initial public offering the Trust obtained an exemption from certain provisions of NI 81-102 (the "Previous Exemption"). The Previous Exemption did not contain an exemption from the concentration restriction contained in subsection 2.1(1) of NI 81-102 as it was unnecessary at that time.

The Current Portfolio

4. The Trust currently invests in a diversified portfolio (the "Current Portfolio") consisting principally of common shares issued by leading "digitally-based" companies defined as those companies with products, services or functions which are provided or can be converted, transmitted or processed in a digital format or which provide, supply or facilitate digitization. Companies whose shares are included in the Current Portfolio must be listed on a major North American stock exchange or quoted on NASDAQ with a market capitalization in excess of US$5.0 billion and operate within the sectors of Telecommunication Services; Telecommunication Equipment Suppliers; Enabling Hardware and Software; and Related Digital Commerce, Services and Products.

5. The Trust's current investment objective is to provide unitholders of the Trust ("Unitholders") with superior returns through active management of the Trust's portfolio. The Trust expects to provide returns to Unitholders through (a) quarterly distributions and (b) appreciation in the value of the Trust's portfolio.

6. To generate returns above the dividend income earned on the Current Portfolio, the Trust writes covered call options in respect of all or a part of the securities in the Current Portfolio from time to time. From time to time, the Trust may also hold a portion of its assets in cash equivalents, which may be used to provide cover in respect of the writing of cash covered put options in respect of securities in which the Trust is permitted to invest.

7. The Trust will terminate on December 31, 2009 and its net assets will be distributed thereafter to Unitholders unless the term is extended as part of the Proposal (defined below).

The Proposal

8. As a result of the significant decline in the value of technology stocks since April 2000, the net asset value ("NAV") of the Trust has declined to approximately $15 million. At this level it is becoming uneconomical to Unitholders from an expense perspective to continue to operate the Trust. Since inception, the Trust has accumulated approximately $65.8 million of capital losses for which it would receive no value if the Trust ceased to operate. With the appropriate changes to the Trust, management believes the Trust could increase NAV and utilize these losses for the benefit of Unitholders. In an effort to provide the Trust with the ability to grow in size, increase in value and utilize these tax losses, Unitholders are being asked to approve a proposal (the "Proposal") to reposition the Trust and its portfolio in the following respects:

   (a) amend the investment strategy and investment restrictions of the Trust. The Trust will invest exclusively in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization (the "Financial Portfolio"). The Trust will generally invest not less than 5% and not more than 15% of its assets in the securities of each issuer in the Financial Portfolio;

   (b) amend the investment objectives of the Trust. The Trust's new investment objectives will be to provide Unitholders with a stable stream of quarterly cash distributions targeted to be 7.5% per annum on the NAV of the Trust and to return the NAV per Unit as of the date the Proposal is adopted upon termination of the Trust on December 31, 2010;

(c) extend the termination date of the Trust to December 31, 2010 from December 31, 2009;

(d) consolidate the remaining Units of the Trust immediately following the effective date of the Proposal on a 5 to 1 basis;

(e) add a one-time redemption right to permit Unitholders to redeem their Units at 100% of NAV for the August 31, 2005 redemption. The annual redemption right available in December of each year at 100% of the NAV per Unit will remain in place and will not be affected;

(f) permit the Trust to issue additional Units on a non-dilutive basis; and

(g) provide for the payment of an annual service fee of 0.30% of NAV if the Trust completes a public offering of additional Units after the Proposal has been approved.

In connection with the Proposal, if approved, the Trust will change its name to Top 10 Canadian Financial Trust to reflect better its new investment strategy and Mulvihill, as manager, and MCM, as investment manager, will reduce their fees from a total of 1.20% to 1.10% of the Trust's NAV from and after the effective date of the Proposal.

9. The Trust's Advisory Board and the Board of Directors of Mulvihill have approved the Proposal and have called a special meeting (the "Special Meeting") of Unitholders to be held on August 2, 2005 to approve the proposed amendments to the Trust Agreement.

10. The Proposal must be approved by a two-thirds majority vote of Unitholders present in person or represented by proxy at the Special Meeting in order to be implemented.

11. In connection with the Special Meeting the Trust has prepared and is mailing to Unitholders the Information Circular describing the Proposal.

12. The Proposal will not affect in any material way the substantive basis upon which the Previous Exemption was applied for and granted. The Trust will continue to require the Previous Exemption in order to continue its operations under the Proposal.

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the Proposal receives Unitholder approval and for so long as the Trust generally invests not less than 5% and not more than 15% of its assets exclusively in the securities of each issuer in the Financial Portfolio.

"Leslie Byberg"
Manager, Investment Funds

2.1.6 Somerset Entertainment Income Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Portions of a schedule to a material contract filed in connection with a prospectus to be kept confidential. Issuers should request confidentiality of information contained in material contracts during the prospectus review period.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 140(2).

July 29, 2005

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

AND

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

AND

**IN THE MATTER OF
SOMERSET ENTERTAINMENT INCOME FUND
(the Filer)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**, and collectively the **Decision Makers**) in each of the Jurisdictions has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that certain portions of a schedule to a material contract, the Confidential Information (defined below), filed by the Filer in connection with a final long form prospectus (the **Final Prospectus**) be kept confidential (the **Requested Relief)**.

Under the Mutual Reliance Review System for Exemptive Relief Applications,

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

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

Interpretation

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

Representations

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

1. On March 11, 2005, the Filer filed the Final Prospectus with each of the Jurisdictions. The OSC was designated as principal jurisdiction for the review of the Final Prospectus. Final MRRS decision documents, evidencing the issue of a final receipt by the securities regulatory authority in each of the Jurisdictions, were issued by the OSC on March 14, 2005 and on March 15, 2005 for Newfoundland and Labrador.

2. Under the Legislation, the Filer was required to file copies of all material contracts with the Final Prospectus on SEDAR.

3. In connection with the filing of the Final Prospectus, the Filer provided an undertaking to each of the Decision Makers that it would file, among other material contracts, an investment and acquisition agreement dated March 11, 2005 (the Investment and Acquisition Agreement) pursuant to which the Filer indirectly acquired all of the common shares of Somerset Entertainment Holdings Inc. (Somerset). In connection with the Investment and Acquisition Agreement, Somerset and its former shareholders prepared a disclosure letter (the Disclosure Letter) for the purposes of setting forth certain exceptions to some of the representations and warranties contained in the Investment and Acquisition Agreement and to provide certain additional disclosure called for by the terms of the Investment and Acquisition Agreement.

4. The Disclosure Letter contains certain personal and commercially sensitive information that would be seriously prejudicial to the interests of the Filer and others if publicly disclosed.

5. The Filer wishes to keep the information contained in the following schedule references of the Disclosure Letter confidential (the Confidential Information) and has redacted this information from the Disclosure Letter:

   (a) 1.1(ww),

   (b) 1.1(hhh) column four,

   (c) 1.1(ppp),

   (d) 2.3(a),

   (e) 5.2(p),

(f) 5.2(mm), and

(g) 5.2(oo).

The above schedule references provide information concerning: (a) the parties to selected contracts, (b) the registration period for permitted encumbrances, (c) required change of control consents, (d) wire transfer instructions, (e) dividends paid by Somerset and an indirect share purchase by Somerset, (f) the ten largest customers of Somerset as of November 30, 2004 and (g) Somerset employee benefit plans.

6. Although the Disclosure Letter is referenced in the Investment and Acquisition Agreement, an investor does not need to review the Disclosure Letter in order to understand the substance of the Investment and Acquisition Agreement or the transactions contemplated thereby. More specifically, by reviewing the Investment and Acquisition Agreement, an investor will be able to understand (i) the nature of the representations and warranties provided by Somerset and its former shareholders in connection with the Filer's indirect acquisition of Somerset and (ii) the nature and extent of the Filer's potential recourse against Somerset and its former shareholders in the event of any breach or inaccuracy of such representations.

7. In connection with the Application, the Filer has filed with the Decision Makers a complete copy of the Disclosure Letter.

8. The Filer is not in default of any requirement of the Legislation.

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.

"Erez Blumberger"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.7 Krang Energy Inc. and Viking Holdings Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Exemption granted from the take-over bid requirements in connection with an all-cash offer to acquire all the issued and outstanding shares of a non-reporting issuer – 90.5% of Target's shareholders entered into irrevocable Lock-Up Agreements with Bidder – Under compulsory acquisition provisions of applicable corporate law, Bidder automatically entitled to acquire remaining shares held by those shareholders that are not party to Lock-Up Agreements – Target to deliver to Target shareholders disclosure document detailing board determinations and basis of such determination – Shareholders treated identically under bid – de minimis number of Target shareholders in Ontario – Target not reporting issuer in Ontario.

Applicable Ontario Statutes

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

Citation: Krang Energy Inc. et al, 2005 ABASC 579

July 7, 2005

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

AND

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

AND

IN THE MATTER OF
KRANG ENERGY INC. (Krang) AND
VIKING HOLDINGS INC. (the Filer)

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from Krang and the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the requirements contained in the Legislation relating to take-over bids (the Take-over Bid Requirements) shall not apply to the acquisition by the Filer or a wholly-owned subsidiary of the Filer of all of the issued and

outstanding shares of Krang (the Requested Relief).

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

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

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

Interpretation

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

Representations

4. This decision is based on the following facts represented by Krang and the Filer:

4.1 The Filer was incorporated by certificate of amalgamation under the Business Corporations Act (Alberta)(the ABCA) on May 1, 2005.

4.2 The head office of the Filer is located in Calgary, Alberta.

4.3 The Filer is not a reporting issuer in any jurisdiction of Canada, nor are any of its securities listed or posted for trading on any exchange or marketplace.

4.4 The Filer is a wholly owned subsidiary of Viking Energy Royalty Trust which is a reporting issuer in the Jurisdictions, Manitoba, Quebec, Prince Edward Island and Newfoundland and Labrador.

4.5 Krang was incorporated under the ABCA on June 21, 2001 as 940223 Alberta Ltd., and by certificate of amendment issued on August 29, 2001 its name was changed to Krang Energy Inc.

4.6 The head office of Krang is located in Calgary, Alberta.

4.7 Krang is not a reporting issuer in any jurisdiction of Canada, nor are any of its securities listed or posted for trading on any exchange or marketplace.

4.8 The authorized share capital of Krang consists of an unlimited number of common voting shares (the Common Shares), an unlimited number of Class A convertible voting shares (the Class A Shares), an unlimited number of special voting shares and an unlimited number of preferred shares.

4.9 Krang has the following securities issued and outstanding:

4.9.1 33,874,616 Class A Shares,

4.9.2 3,260,561 options, each exercisable into one Common Share, and

4.9.3 3,503,537 performance warrants, each entitling the holder to purchase one Common Share.

4.10 Pursuant to the terms of a pre-acquisition agreement entered into between Krang and the Filer on June 28, 2005, the Filer agreed to make an all-cash offer to acquire, directly or through a wholly-owned subsidiary, all of the issued and outstanding shares of Krang on a fully diluted basis (the Krang Shares) at a price of $3.35 per Krang Share (the Offer).

4.11 There are a total of 40,638,714 Krang Shares held by 201 beneficial holders, all of whom are residents of the Jurisdictions, with the exception of one beneficial holder who is a resident of Indonesia and one beneficial holder who is a resident of Prince Edward Island.

4.12 The board of directors of Krang (the Board) has determined that the Offer is fair, from a financial point of view, to the shareholders of Krang (the Shareholders) and is in the best interests of Krang and the Shareholders (the Board Determinations).

4.13 The Board will deliver to all Shareholders, with the documents delivered pursuant to the Offer, a letter detailing the Board Determinations and the basis on which the Board Determinations were made (the Determination Letter).

4.14 The information provided in the Determination Letter will enable Shareholders who do not tender their Krang Shares to the Offer to make an informed decision as to whether to exercise their right of dissent granted to them under the ABCA.

4.15 The Offer is being made to all of the Shareholders on identical terms and for identical consideration.

4.16 The Filer has entered into irrevocable lock-up agreements (the Lock-Up Agreements) with certain Shareholders who hold 90.5% of the Krang Shares (the Lock-Up Shareholders) whereby the Lock-Up Shareholders have irrevocably agreed to tender their Krang Shares to the Offer.

4.17 Under the compulsory acquisition procedures of the ABCA, once the Lock-Up Shareholders tender their Krang Shares to the Offer in accordance with the Lock-Up Agreements, the Filer will automatically be entitled to purchase the Krang Shares held by those Shareholders that are not party to the Lock-Up Agreements (the Non Lock-Up Shareholders) regardless of whether the Non Lock-Up Shareholders elect to tender their Krang Shares to the Offer.

4.18 There are no exemptions from the Take-over Bid Requirements available to allow the Offer to occur.

Decision

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

6. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

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

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

2.1.8 CI Investments et al. - MRRS Decision

Headnote

Approval of fund mergers, including the merger of two RSP funds, pursuant to subsection 5.5(1)(b) of National Instrument 81-102 Mutual Funds. Additional language included in the Decision portion of the Decision Document to specify that the approval is only available if the mergers are implemented by August 30, 2005.

Rule Cited

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(b), 19.1.

July 27, 2005

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

AND

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

AND

**IN THE MATTER OF
CI INVESTMENTS INC. (the Manager)
AND
BPI GLOBAL EQUITY CORPORATE CLASS
BPI INTERNATIONAL EQUITY FUND
BPI INTERNATIONAL EQUITY RSP FUND
BPI INTERNATIONAL EQUITY CORPORATE CLASS
CI CANADIAN SMALL CAP FUND
CI ASIAN DYNASTY FUND
CLARICA PREMIER BOND FUND
CLARICA SUMMIT DIVIDEND GROWTH FUND
CLARICA CANADIAN BLUE CHIP FUND
CLARICA CANADIAN DIVERSIFIED FUND
CLARICA SUMMIT CANADIAN EQUITY FUND
CLARICA SUMMIT GROWTH AND INCOME FUND
CLARICA SUMMIT FOREIGN EQUITY FUND
CLARICA CANADIAN EQUITY FUND
CLARICA PREMIER INTERNATIONAL FUND
CLARICA US SMALL CAP FUND
(the Terminating Funds)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Manager and the Terminating Funds (together, the Filer) for a decision under the securities legislation of the Jurisdictions (the Legislation) for approval under section 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* (NI 81-102) to merge each Terminating Fund into its Continuing Fund (as set out below) as contemplated by applicable Legislation (the Requested Approval).

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

1. CI Investments Inc. is the manager (the "Manager") of each of the mutual funds (individually, a "Fund" and, collectively, the "Funds") set out in paragraph 2.

2. The Manager intends to merge the Funds identified below under "Terminating Fund" (individually, a "Terminating Fund" and, collectively, the "Terminating Funds") into the respective Funds (individually, a "Continuing Fund" and, collectively, the "Continuing Funds") identified opposite their names below.

Terminating Fund	**Continuing Fund**
BPI Global Equity Corporate Class	CI Global Corporate Class
BPI International Equity Fund	CI International Fund
BPI International Equity RSP Fund	CI International RSP Fund
BPI International Equity Corporate Class	CI International Corporate Class
CI Canadian Small Cap Fund	CI Canadian Small/Mid Cap Fund
CI Asian Dynasty Fund	CI Pacific Fund
Clarica Premier Bond Fund	CI Canadian Bond Fund
Clarica Summit Dividend Growth Fund	Signature Select Canadian Fund
Clarica Canadian Blue Chip Fund	Signature Select Canadian Fund
Clarica Canadian Diversified Fund	Signature Canadian Balanced Fund
Clarica Summit Canadian Equity Fund	Harbour Fund
Clarica Summit Growth and Income Fund	Harbour Growth & Income Fund
Clarica Summit Foreign Equity Fund	Harbour Foreign Equity Corporate Class
Clarica Canadian Equity Fund	CI Canadian Investment Fund
Clarica Premier International Fund	CI International Value Fund
Clarica US Small Cap Fund	CI American Small Companies Fund

(individually a "**Merger**" and, collectively, the "**Mergers**").

3. The Manager believes that each Merger may not satisfy all of the criteria for pre-approved reorganizations and transfers set forth in section 5.6 of NI 81-102.

4. As the principal office of the Manager is in Ontario, the Ontario Securities Commission has been selected as the principal regulator for purposes of this application in accordance with the provisions of section 3.2(1) of National Policy 12-201.

5. Each Fund is a reporting issuer as defined in the securities legislation of each province and territory of Canada. Each Terminating Fund that is identified as a "BPI" Fund or a "CI" Fund currently distributes its securities in each province and territory of Canada pursuant to a simplified prospectus and annual information form dated July 23, 2004, as amended, previously filed with the CSA as SEDAR project no. 665081 (the "CI Prospectus"). Each Terminating Fund that is identified as a "Clarica" Fund currently distributes its units in each province and territory of Canada pursuant to a simplified prospectus and annual information form dated July 15, 2004, as amended, previously filed with the CSA as SEDAR project no. 659955 (the "Clarica Prospectus"). The Manager has filed press releases, material change reports and amendments to the CI Prospectus and the Clarica Prospectus to announce the Mergers.

6. The Mergers are being proposed in order to rationalize the line-up of Funds for the benefit of securityholders of the Funds. The anticipated benefits of the Mergers are as follows:

6.1. each Terminating Fund and its Continuing Fund are largely duplicative of one another and the Mergers will eliminate the duplicative costs of operating each Terminating Fund and its Continuing Fund as separate mutual funds;

6.2. securityholders of the Terminating Funds and the Continuing Funds will enjoy increased economies of scale and potentially lower management expenses borne indirectly by securityholders as part of larger post-merger Continuing Funds; and

6.3. securityholders of both the Terminating Funds and Continuing Funds will benefit from becoming investors in larger mutual funds which will be better able to maintain diversified, well-managed portfolios with a smaller proportion of assets set aside to fund redemptions.

7. Each Terminating Fund will be wound-up as soon as reasonably possible following its Merger.

8. In the opinion of the Manager, each Terminating Fund and its Continuing Fund have substantially similar valuation procedures and, except as noted in the Application, substantially similar fundamental investment objectives. Each class of securities of a Continuing Fund is charged management fees that are the same or lower than the management fees charged to the equivalent class of securities of its Terminating Fund. By press release dated June 23, 2005, CI announced its intention to seek the approval of securityholders of the Continuing Funds for CI to bear all of the operating expenses of the Continuing Funds (other than taxes, borrowing costs and certain new governmental fees) in return for fixed administration fees. This proposal is described in the management information circulars and the simplified prospectuses of the Continuing Funds sent to securityholders of the Terminating Funds in connection with the Meetings. Due to this proposed change, a reasonable investor may not consider the Continuing Funds to have fee structures that are substantially similar to the fee structures of the Terminating Funds.

9. Due to the different structures utilized by the Funds and their current tax circumstances, the procedures for implementing the Mergers will vary. However, the result of each Merger will be that investors in the Terminating Fund will cease to be securityholders in that Terminating Fund and will become securityholders in its Continuing Fund.

10. Investors in the Terminating Funds will be asked to approve the Mergers at special meetings of securityholders to be held on July 28, 2005 (the “Meetings”). If securityholders approve the Mergers, the Manager intends to effect each Merger after the close of business on July 29, 2005 (the “Effective Date”), subject to regulatory approvals, where necessary. The cost of effecting the Mergers (consisting primarily of proxy solicitation, printing, mailing, legal and regulatory fees) will be borne by the Manager.

11. Purchases of and transfers to securities of each Terminating Fund will be suspended on or prior to the Effective Date. Following each Merger, automatic purchase plans and systematic redemption plans which were established with respect to the Terminating Fund will be re-established with respect to its Continuing Fund unless securityholders who are affected by the Merger advise the Manager otherwise. Securityholders may change any automatic purchase plan or systematic redemption plan at any time and investors in a Terminating Fund who wish to establish an automatic purchase plan or systematic redemption plan in respect of their holdings of the Continuing Fund may do so following its Merger.

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Approval is granted provided that the Mergers are implemented no later than August 30, 2005.

“Leslie Byberg”
Manager, Investment Funds
Ontario Securities Commission

2.1.9 Assante Asset Management Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Application – Extension of distribution beyond lapse date for certain funds until the effective date of the mergers of the funds.

Applicable Statutory Provisions

Securities Act, R.S.O 1990, c. S.5, as am., s. 147.

July 26, 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 AND NUNAVUT
(the Jurisdictions)

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEFAPPLICATIONS

AND

IN THE MATTER OF
ASSANTE ASSET MANAGEMENT LTD.
(the Filer)
AND
ARTISAN RSP GROWTH PORTFOLIO
ARTISAN RSP HIGH GROWTH PORTFOLIO
ARTISAN RSP MAXIMUM GROWTH PORTFOLIO
(the RSP Funds)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of theJurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption that the time limits pertaining to the distribution of units of the RSP Funds under the simplified prospectus and annual information form dated July 26, 2004 of the RSP Funds, as amended from time to time, (collectively, the RSP Funds Prospectus), be extended to permit the continued distribution of units of the RSP Funds until September 9, 2005 (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

1. Each RSP Fund currently distributes its units in each province and territory of Canadapursuant to the RSP Funds Prospectus. The RSP Funds Prospectus was previously filed with the CSA as SEDAR project no 650920.

2. Each RSP Fund is a reporting issuer as defined in the securities legislation of each province and territory of Canada and is not in default of any of the requirements of such legislation.

3. The earliest lapse date of the RSP Funds Prospectus under the Legislation is July 26, 2005.

4. On June 29, 2005, the foreign property rules contained in the *Income Tax Act (*Canada) were repealed with the result that the RSP Funds have become redundant and the Filer has decided to merge and terminate each RSP Fund on or before September 9, 2005.

5. There have been no material changes in the affairs of any RSP Fund since the filing of the RSP Funds Prospectus, other than those for which amendments have been filed. Accordingly, the RSP Funds Prospectus represents current information regarding each RSP Fund.

6. The requested lapse date extension will not affect the accuracy of the information in the RSP Funds Prospectus and therefore will not be prejudicial to the public interest.

Decision

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

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

"Bob Bouchard"
Director, Corporate Finance
The Manitoba Securities Commission

2.1.10 Scotia Cassels Investment Counsel Limited - MRRS Decision

Headnote

One time trade of securities between existing mutual funds, managed accounts and a new mutual fund, all advised by the same portfolio adviser, to implement a change in investment strategy for the portfolio adviser's managed account clients exempt from the self-dealing restriction of section 118(2)(b).

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s.118(2)(b).

August 8, 2005

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

AND

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

AND

IN THE MATTER OF
SCOTIA CASSELS INVESTMENT COUNSEL LIMITED
(the "Filer")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that the prohibition contained in the Legislation which prohibits a portfolio manager from causing an investment portfolio managed by it to buy or sell the securities of any issuer from or to the account of a responsible person, any associate of the responsible person or the portfolio manager (the "**Self-Dealing Prohibition**"), shall not apply to effect certain transfers of securities between the Existing Funds and the Filer's Managed Accounts and between the Filer's Managed Accounts and the New Fund.

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

1. The Filer is registered under the Legislation as an adviser in the appropriate categories to provide discretionary advisory services in the Jurisdictions.

2. The Filer provides discretionary portfolio management services to clients through a managed account (each, a "**Managed Account**" and together, the "**Managed Accounts**") pursuant to portfolio management agreements between the clients and the Filer. Based on the size of the assets of the clients and depending on the allocation of a client's assets to a particular asset class, the Filer either manages the client's assets on a segregated account basis or on a pooled basis. Pursuant to its agreements with its clients, the Filer has full authority to provide its portfolio management services, including by investing clients in mutual funds for which the Filer is the portfolio manager and for changing those mutual funds as the Filer determines in accordance with the mandate of the clients.

3. Scotia Securities Inc. ("**SSI**"), an affiliate of the Filer, is the manager of the Scotia Mutual Funds (the "**Scotia Funds**"), which include the Scotia Canadian Blue Chip Fund and the Scotia American Growth Fund (the "**Existing Funds**") and SSI has retained the services of the Filer to act as portfolio manager for certain Scotia Funds, including the Existing Funds. SSI determines the mandate of each of the Scotia Funds and requires a portfolio manager to manage in accordance with such mandate.

4. A number of the Scotia Funds offer Class A, F and I units (the "**Retail Classes**") under one prospectus and offer Scotia Private Client units (the "**PCU Class**") by way of a separate prospectus. The Scotia Funds pay a management fee in respect of the Retail Classes (other than Class I) and SSI is responsible for the payment of the investment management fees to the Filer for those Scotia Funds for which the Filer is the portfolio manager. In the case of the PCU Class, a small management fee is charged to the Scotia Funds by SSI and the Filer receives no investment management fee from the Scotia Funds or SSI in respect of the Existing Funds. The Filer receives its investment management fees pursuant to its agreements with its clients. As a result, there is no duplication of the investment management fees charged by the Filer to such clients.

5. To the extent that all or a portion of a Managed Account was to be allocated to North American securities through investing in mutual funds, the Filer invested the clients in a combination of the Existing Funds in accordance with the weightings between the two markets determined by the Filer on behalf of its clients. Scotia Canadian Blue Chip Fund invests primarily in a broad range of equity securities of large Canadian companies. Scotia American Growth Fund invests primarily in a broad range of U.S. equity securities.

6. While the Filer has treated the weightings to Canadian and U.S. securities identically whether the client is in a segregated portfolio or in a mutual fund, the selection of specific securities within those two markets has changed due to the changes in the investment management team at the Filer within the last two years. While SSI determines the mandate for the Existing Funds and therefore the Filer must comply with the mandate for the Existing Funds, the Filer has changed its investment management approach in North American markets for the segregated clients. It has become apparent that the differences in investment management in accordance with the mandates in the Existing Funds and investment management for the segregated accounts are leading to differences in performance amongst the accounts of the Filer's clients whose assets are managed on a segregated basis and those clients invested in the Existing Funds. Accordingly, the Filer determined that it would have to redeem its clients from the Existing Funds to ensure consistency across its clients.

7. The Filer requested SSI to act as the manager of a new group of mutual funds (the "**Scotia Cassels Funds**"), including the Scotia Cassels North American Equity Fund (the "**New Fund**"), for which the Filer recommended the investment mandates. Only a PCU Class is offered by the Scotia Cassels Funds since they are designed specifically for the Filer's Managed Accounts. A receipt for the final prospectus for the Scotia Cassels Funds was issued in each Jurisdiction on June 17, 2005. SSI acts as manager and trustee of the Scotia Cassels Funds. The management fee in respect of the PCU Class of both the Existing Funds and the New Fund is 0.10%.

8. After analysis of a number of factors, including the adjusted cost base of its existing clients' positions in the Existing Funds, the Filer has determined that it would be appropriate to redeem the positions held by most clients from the Existing Funds and to purchase the New Fund. In order to accomplish this, the Filer has determined to

redeem units from the Existing Funds and to invest the proceeds of approximately $240 million in the New Fund (the "**Proposed Redemptions**"). The Proposed Redemptions will have minimal tax implications for such clients.

9. Working with SSI, the Filer has also determined that it is not anticipated that the Proposed Redemptions will result in taxation of the Existing Funds due to the adjusted cost base of the portfolio securities and the accrued capital losses in such Existing Funds. The tax result will be the same in any event if a portion of the portfolio was liquidated in order to pay for the redemption.

10. Clients of the Filer holding approximately $186 million or 23% of the approximately $806 million invested in the Scotia Canadian Blue Chip Fund and approximately $54 million or 22% of the $239 million invested in the Scotia American Growth Fund, as at June 17, 2005, will be transferred to the New Fund. The remaining clients will be transferred when it is suitable given their tax positions.

11. Due to the size of the Proposed Redemptions, and in light of its duty to the Existing Funds as well as its duties to the New Fund and its clients, the Filer has proposed to SSI to "split" the portfolio, based on blocks of securities, of each of the Existing Funds on a pro rata basis between the remaining investors in each of the Existing Funds and its redeeming clients on each effective date of the Proposed Redemptions. The securities which will be transferred to the New Fund will be compatible with the New Fund's investment objectives. To the extent that any security held by any of the Existing Funds will not be compatible with the New Fund's investment objectives or strategy, the relevant proportion of that security holding represented by its redeeming clients will be sold by the relevant Existing Fund prior to the effective date. As a result, the Proposed Redemptions will be for part cash and partly *in specie*. The Filer believes that it is not appropriate nor in the best interests of the investors in the Existing Funds to be required to liquidate that portion of their respective portfolios to fund redemptions, the proceeds of which would be reinvested in the New Fund and used by the New Fund to purchase the same portfolio securities. The transaction represents in substance a form of reorganization whereby a fund is split proportionately between two groups of investors.

12. The Filer has proposed to SSI that the Proposed Redemptions be carried out by redeeming the units of the Existing Funds held by its clients *in specie* with respect to the securities which are suitable to the New Fund with the remainder of the redemption being paid for in cash. By virtue of its agreement with its clients, the Filer has the consent of the clients to execute all portfolio transactions on behalf of the clients, including redemptions *in specie* for such purpose. Through its regular, general communications with its clients, the Filer has described the creation and use of the Scotia Cassels Funds for its clients.

13. The Filer believes that the Proposed Redemptions are in the best interests of the Existing Funds, the New Fund and its clients, as it is efficient, saves costs of commissions and is fair to the remaining investors in the Existing Funds and to the clients of the Filer who will be invested in the New Fund. The Filer believes the Proposed Redemptions do not result in adverse consequences to the Existing Funds as the Existing Funds are required to redeem the units in any event.

14. The prospectus for the Retail Classes of the Existing Funds discloses the risk of a significant redemption in the Existing Funds by a substantial securityholder. However, due to the remaining size of the Existing Funds, the Filer does not believe there will be any material impact on the expense ratios of the Existing Funds.

15. Since SSI is an affiliate of the Filer, SSI proposes to have an independent review committee (the "**IRC**") that it has established for other related party matters review the proposal to redeem partly *in specie* on a proportionate basis rather than liquidating all the securities. SSI and the Filer will only proceed with the Proposed Redemptions if, after reasonable inquiry, the IRC determines that the Proposed Redemptions achieve a fair and reasonable result for the Existing Funds and the New Fund.

16. The members of the IRC will exercise their powers and discharge their duties honestly, in good faith, and in the best interests of the remaining investors in the Existing Funds and the investors who will be invested in the New Fund and, in so doing, will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

17. On the same day as the Proposed Redemptions, the Filer will subscribe for units of the New Fund on behalf of its clients in consideration for the same portfolio securities and cash received on the Proposed Redemptions. Both the Proposed Redemptions and subscriptions will be effected on the same day immediately after determination of the net asset value of the Existing Funds and the New Fund and the Proposed Redemption and subscriptions will be implemented using the same values for the portfolio securities as the values used in determining the net asset value of the applicable Existing Fund. The *in specie* redemption price of the units of the Existing Funds will comply with section 10.4 of National Instrument 81-102. The *in specie* redemption and

in specie purchase will be effected at the current market price of the securities.

18. The only cost incurred by an Existing Fund or the New Fund on the redemption *in specie* portion and *in specie* purchase will be the nominal administrative charges of the custodian of the Existing Funds and the New Fund in recording the trades (collectively, the "**Custodial Charges**").

19. Currently, the only investor in the New Fund is the Filer reflecting its seed capital contribution to the New Fund. No orders will be accepted by the New Fund until the completion of the transaction. Accordingly, there are no investors in the New Fund whose interests will have to be taken into account in connection with the subscription.

20. Since the Filer is the portfolio manager of the Existing Funds and the New Fund and SSI is an affiliate of the Filer, each of the Filer and SSI is considered a responsible person within the meaning of the Legislation with respect to these Funds. Each of the Existing Funds and the New Fund is an associate of SSI within the meaning of the Legislation because SSI is the trustee of the Existing Funds and the New Fund**.**

21. In the absence of the requested relief, the Filer would be prohibited by the Self Dealing Prohibition from proceeding with the *in specie* portion of the Proposed Redemptions since it contemplates a transfer of securities between the Existing Funds and its Managed Accounts and between its Managed Accounts and the New Fund (the "**Transfers**").

Decision

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

The decision of the Decision Makers under the Legislation is that the Filer is exempt from the Self-Dealing Prohibition so as to enable the Filer to implement the Transfers associated with the Proposed Redemptions.

"Paul K. Bates"
Ontario Securities Commission

"Wendell S. Wigle"
Ontario Securities Commission

2.1.11 Mavrix Resource Fund 2005 – I Limited Partnership - MRRS Decision

Headnote

Issuer exempted from interim financial reporting requirements for third quarter of first financial year.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am, ss. 77(1), 79, 80(b)(iii).

Rules Cited

National Instrument 81-106 – Investment Fund Continuous Disclosure, (2005) 28 OSCB (Supp-1).

July 22, 2005

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, ONTARIO AND NOVA SCOTIA (the "Jurisdictions")**

AND

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

AND

**IN THE MATTER OF
MAVRIX RESOURCE FUND 2005 – I LIMITED PARTNERSHIP (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**"):

1. that the requirements contained in the Legislation that the Filer file with the Decision Makers and send to its securityholders (the "**Limited Partners**") its interim financial statements for the third quarter of the Filer's first financial year (the "**Third Quarter Interim Financials**") shall not apply to the Filer.

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

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

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

Interpretation

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

Representations

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

1. The Filer is a limited partnership formed pursuant to the *Limited Partnership Act* (Ontario) on January 11, 2005. The first financial year end of the Filer is December 31, 2005.

2. The principal place of business and registered office of the Filer is located at Suite 400, 36 Lombard Street, Toronto, Ontario M5C 2X3.

3. Mavrix Resource Fund 2005 – I Management Limited is the general partner (the "General Partner") of the Filer, and is responsible for the management of the Filer in accordance with the terms and conditions of an amended and restated limited partnership agreement dated February 16, 2005 (the "Partnership Agreement").

4. The Filer was formed for the purpose of raising funds to invest in flow-through shares ("Flow-Through Shares") of Canadian resource issuers engaged primarily in oil and gas and mineral exploration in Canada ("Resource Issuers") pursuant to flow-through agreements ("Flow-Through Agreements") between the Filer and the relevant Resource Issuer.

5. Under the terms of each Flow-Through Agreement, the Filer subscribes for Flow-Through Shares of the Resource Issuer and the Resource Issuer agrees to incur and renounce to the Filer, in amounts equal to the subscription price of the Flow-Through Shares, expenditures in respect of resource exploration and development which are qualified Canadian Exploration Expenses (as such term is defined in the *Income Tax Act* (Canada)).

6. On February 18, 2005, the Decision Makers, issued a final receipt under the System for the final prospectus of the Filer dated February 16, 2005 (the "Prospectus") relating to an initial public offering of a maximum 5,000,000 units of the Filer (the "Units"). The Filer issued a total of 2,134,753 Units pursuant to three closings, the last of which occurred on April 26, 2005.

7. The purchasers of the Units are the Limited Partners of the Filer.

8. The Units are not and will not be listed or quoted for trading on any stock exchange or market.

9. On or about June 30, 2007, the Filer will be liquidated and the Limited Partners will receive their *pro rata* share of the net assets of the Filer, unless the Filer completes a rollover transaction before that time. It is the current intention of the General Partner prior to such time that the Filer exchange its assets for securities of a mutual fund corporation and distribute such securities to the Limited Partners on a *pro rata* basis.

10. Since its formation on January 11, 2005, the Filer's activities primarily included or will include (i) collecting the subscriptions from the Limited Partners, (ii) investing the available Partnership funds in Flow-Through Shares of Resource Issuers, and (iii) incurring expenses to maintain the fund.

11. In accordance with the requirements of the Legislation, the Filer is required to file and deliver quarterly interim financial statements in respect of its first financial year. Further to the coming into force of National Instrument 81-106 – *Investment Fund Continuous Disclosur*e ("NI 81-106") on June 1, 2005, the Filer will be required to file interim financial statements on only a semi-annual as opposed to quarterly basis for its second financial year which begins on January 1, 2006. Consistent with the reporting frequency prescribed by NI 81-106, the Filer wishes not to be required to file Third Quarter Interim Financials for its first financial year.

12. In light of the limited range of business activities carried on by the Filer and in light of the fact that the Filer intends to dissolve on or about June 30, 2007, or effect a rollover transaction before that date, the provision by the Filer of the Third Quarter Interim Financials will not be of significant benefit to the Limited Partners and may impose a material financial burden on the Filer.

13. Unless a material change takes place in the business and affairs of the Filer on or before September 30, 2005, the Limited Partners will obtain adequate financial and other information concerning the Filer from the following documents:

    (i) the semi-annual financial statements as at June 30, 2005, filed and delivered in accordance with the Legislation;

    (ii) the audited annual financial statements and the annual management report of fund performance as at December 31, 2005 filed and delivered in accordance with NI 81-106; and

(iii) the annual information form as at December 31, 2005 filed in accordance with NI 81-106.

14. The Prospectus and the semi-annual financial statements of the Filer as at June 30, 2005 provide sufficient background materials and the explanations necessary for a Limited Partner to understand the Filer's business, its financial position and its future plans.

15. Each of the Limited Partners has, by subscribing for the Units offered by the Filer in accordance with the Prospectus, agreed to the irrevocable power of attorney contained in the Partnership Agreement filed with the Prospectus and has thereby, in effect, consented to the making of this application for the exemption requested herein.

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 requirements contained in the Legislation to file and send to the Limited Partners its Third Quarter Interim Financials shall not apply to the Filer in respect of its first financial year provided that this exemption shall terminate upon the occurrence of a material change in the affairs of the Filer on or before September 30, 2005 unless the Filer satisfies the Decision Makers that the exemptions should continue, which satisfaction shall be evidenced in writing.

"Paul Moore"
Vice Chair
Ontario Securities Commission

"Robert L. Shirriff"
Commissioner
Ontario Securities Commission

2.1.12 VenGrowth III Investment Fund Inc. - MRRS Decision

Headnote

MRRS Exemptive Relief Applications – mutual fund prospectus lapse date extension granted to labour sponsored investment fund to facilitate the inclusion of its most recent financial statements in the fund's long form renewal prospectus as fund unable to incorporate financial statements by reference. Extension also granted to facilitate consolidation of fund's renewal prospectus with renewal prospectuses of other funds in the same group.

Applicable Ontario Provisions:

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

July 29, 2005

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

AND

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

AND

**IN THE MATTER OF
THE VENGROWTH III INVESTMENT FUND INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Canada (the "Jurisdictions") has received an application (the "Application") from The VenGrowth III Investment Fund Inc. (the "Fund") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the lapse date for the renewal of the current prospectus dated October 4, 2004 (the "Prospectus") for the Class A shares of the Fund (the "Class A Shares") be extended to those time limits that would be applicable if the lapse date of the Prospectus was November 26, 2005;

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

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

AND WHEREAS the Fund has represented to the Decision Makers that:

1. The Fund is a corporation incorporated under the *Canada Business Corporations Act* by articles of incorporation dated April 26, 2004.

2. The Fund is registered as a labour-sponsored investment fund corporation under the *Community Small Business Investment Fund Act* (Ontario) and a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada). The Fund is a mutual fund pursuant to the Legislation in all Jurisdictions except Quebec. The Fund is part of a group of other labour-sponsored investment funds (the “Other Funds”) that includes The VenGrowth I Investment Fund Inc., The VenGrowth II Investment Fund Inc., The VenGrowth Advanced Life Sciences Fund Inc., and The VenGrowth Traditional Industries Fund Inc. The VenGrowth I Investment Fund Inc. and The VenGrowth II Investment Fund Inc. are not in distribution.

3. The Fund is a reporting issuer under the Legislation and is not in default of any requirements of the Legislation or the regulations made thereunder. Both the Fund’s and the Other Funds’ financial year end is August 31.

4. Pursuant to the Legislation or the regulations made thereunder, the lapse date (the “Lapse Date”) for the distribution of the Class A Shares of the Fund is October 4, 2005, except for Quebec, for which it is October 5, 2005. The lapse date for the Other Funds that are currently in distribution (the “Renewal Funds”) is November 26, 2005. The Renewal Funds file a consolidated renewal prospectus and the Fund wishes to be included in the consolidated renewal prospectus.

5. Since October 4, 2004, the date of the Prospectus, no material change has occurred other than that for which an amendment has been filed. Accordingly, the Prospectus and the amendment thereto represent current information regarding the Fund. The requested extension will not affect the accuracy of information in the Prospectus.

6. The timing for preparation of the Fund’s audited annual financial statements for the period ending August 31, 2005 for inclusion in the renewal of the Prospectus is not sufficient by the Lapse Date. The Fund wishes to include the most recent financial statements possible in the renewal of the Prospectus. Because National Instrument 81-101 – Mutual Fund Prospectus Disclosure does not apply to the Fund, it may not incorporate its financial statements by reference into the renewal of the Prospectus.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);

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

THE DECISION of the Decision Makers under the Legislation is that the time limits provided by the Legislation as they apply to a distribution of securities under a prospectus are hereby extended to the time limits that would be applicable if the Lapse Date for the distribution of Class A Shares of the Fund under the Prospectus was November 26, 2005.

"Leslie Byberg"
Manager, Investment Funds

2.1.13 Daylight Energy Trust - 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 in connection with certain trades of trust units issued or delivered pursuant to a distribution reinvestment and optional trust unit purchase plan of a trust. Relief for first trades of trust units acquired under the plan, subject to conditions.

Applicable Ontario Statutory Provisions

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

Ontario Rules

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

July 27, 2005

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, MANITOBA, ONTARIO, QUEBEC,
NEW BRUNSWICK,
PRINCE EDWARD ISLAND, NOVA SCOTIA AND
NEWFOUNDLAND AND LABRADOR (the
"Jurisdictions")**

AND

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

AND

**IN THE MATTER OF
DAYLIGHT ENERGY TRUST (the "Filer")**

MRRS DECISION DOCUMENT

Background

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

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

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

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

Interpretation

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

Representations

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

    (a) The Filer is an open-end unincorporated trust established under the laws of Alberta pursuant to the amended and restated trust indenture made effective October 1, 2004.

    (b) The Filer is a reporting issuer or the equivalent in each of the Jurisdictions, other than Manitoba, Prince Edward Island, Nova Scotia and Newfoundland and Labrador. To its knowledge, the Filer is not in default of any requirements under the Legislation.

    (c) Daylight Energy Ltd. (the "Manager") is a wholly-owned subsidiary of the Filer and the manager of the Filer pursuant to administration agreement made effective October 1, 2004.

    (d) The head office and principal place of business of each of the Filer and the Manager is located at 400, 321 – 6th Avenue S.W., Calgary, Alberta, T2P 3H3.

    (e) The Filer's issued and outstanding Units are listed on the TSX and any Units issued from treasury pursuant to the Plan will be listed on the TSX.

    (f) The Filer currently makes and expects to continue to make monthly cash distributions ("Cash Distributions") on certain prescribed distribution dates (a "Cash Distribution Date"), to the holders of Units ("Unitholders"), which are dependent upon the amount of distributable cash generated from the Filer's assets.

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

Distribution Reinvestment and Trust Unit Purchase Plan

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

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

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

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

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

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

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

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

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

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

(r) There is no charge to Participants for reinvesting distributions. The Plan Agent's fees for handling the reinvestment of distributions will be paid by the Manager. There will be no brokerage charges with respect to Units either issued directly from treasury or purchased in the open market.

(s) Additional Units purchased and held under the Plan will be registered in the name of the Plan Agent or its nominee as agent for the Participants, and all cash distributions on Units so held for the account of a Participant will be automatically reinvested in additional Units in accordance with the terms of the Plan and the election of the Participant.

(t) If, in respect of any Cash Distribution Date, fulfilling all of the elections under the Plan would result in the Filer exceeding either the limit on additional Units set by the Filer or the aggregate annual limit on additional Units issuable under the Cash Payment Option, then elections for the purchase of additional Units on such Cash Distribution Date will be accepted: (i) first, from Participants electing the Distribution Reinvestment Option; and (ii) second, from Participants electing the Cash Payment Option. If the Filer is not able to accept all elections in a particular category, then purchases of additional Units on the applicable Cash Distribution Date will be prorated among all Participants in that category according to the number of additional Units sought to be purchased.

(u) If the Filer determines that no additional Units will be available for purchase under the Plan for a particular Cash Distribution Date, then all Participants will receive the Cash Distribution announced by the Filer for that Cash Distribution Date.

(v) A Participant may terminate its participation in the Plan at any time by completing a termination request form and delivering it to the Plan Agent. A termination received between a Record Date and a Cash Distribution Date will become effective after that Cash Distribution Date.

(w) Legislation in certain of the Jurisdictions provides exemptions from the Prospectus and Registration Requirements for distribution reinvestment plans. Such exemptions are not available to the Filer in the Jurisdictions (other than New Brunswick) for trades by the Filer in Units issued or delivered pursuant to the Plan, because those exemptions are generally with respect to the distribution of one or more of the following: (i) dividends; (ii) interest; (iii) capital gains; or (iv) earnings or surplus. The distributions that are paid to the Unitholders are royalty income in relation to the income that the Filer receives on oil- and gas-producing properties. Although Legislation in New Brunswick provides exemptions from the Prospectus and Registration Requirements for distribution reinvestment plans that are available to the Filer, relief from the Prospectus and Registration Requirements for the first trade in Units acquired pursuant to the Plan is required in New Brunswick.

(x) The distribution of Units under the Plan by the Filer cannot be made in reliance on certain exemptions from the Prospectus and Registration 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

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

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

(a) in the Jurisdictions other than New Brunswick, the Prospectus and Registration Requirements shall not apply to trades by the Filer in Units issued or delivered pursuant to the Plan, provided that:

(i) at the time of the trade the Filer is a reporting issuer in a jurisdiction listed in Appendix B to Multilateral Instrument 45-102 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 trade;

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

(A) their right to withdraw from the Plan and to

make an election to receive cash instead of Units on the applicable Cash Distribution Date (the "Withdrawal Right"), and

(B) instructions on how to exercise the Withdrawal Right; and

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

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

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

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

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

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

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

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

"Harold P. Hands"
Commissioner
Ontario Securities Commission

2.1.14 Newport Investment Counsel Inc. - MRRS Decision

Headnote

Approval of change of control of mutual fund manager under National Instrument 81-102 Mutual Funds.

Rules Cited

National Instrument 81-102 Mutual Funds, s. 5.5(2).

August 4, 2005

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

AND

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

AND

**IN THE MATTER OF
NEWPORT INVESTMENT COUNSEL INC.**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (each, a "**Decision Maker**", and together, the "**Decision Makers**") in each of the Jurisdictions has received an application from Newport Investment Counsel Inc. ("**NICI**") dated July 20, 2005 (the "**Application**") for approval pursuant to Section 5.5(2) of National Instrument 81-102 – *Mutual Funds* ("**NI 81-102**") for a change of control of NICI which is the manager of the funds set forth in Schedule A to this decision ("**The Newport Funds**"). The change of control will occur as a result of the transactions taking place in connection with the initial public offering of the Newport Income Fund (the "**Fund**") as described in further detail below.

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

NPI

1. Newport Partners Inc. ("**NPI**") is an independent wealth management company which provides investment counselling and sophisticated financial planning, management and solutions services to its personal and corporate clients, with a focus on understanding and servicing the needs of entrepreneurs. NPI's business is carried on through its wholly-owned subsidiaries which include NICI.

2. All of the issued and outstanding shares in the capital of NPI are beneficially owned directly or indirectly by 15 individuals (the "**Principals**").

3. The 15 Principals of NPI manage NPI's business, including the business of NICI.

NICI

4. NPI owns all of the issued and outstanding shares in the capital of NICI and all of the directors and officers of NICI are Principals.

5. NICI is registered as an adviser in the categories of investment counsel and portfolio manager or their equivalent in Ontario, British Columbia, Alberta, Saskatchewan, New Brunswick, Nova Scotia, Newfoundland and Prince Edward Island and is also registered in Ontario as a dealer in the category of limited market dealer.

6. NICI engages in a number of advisory activities as a registered adviser, including acting as a portfolio manager for clients on a discretionary and non-discretionary basis, and as the manager and trustee for The Newport Funds. All of the unitholders of The Newport Funds are discretionary clients of NICI.

NPY LP

7. In 2004, NPI initiated the formation of Newport Private Yield LP ("**NPY LP**"). Newport Private Yield Inc. (the "**GP**"), a wholly-owned subsidiary of NPI, is the general partner of NPY LP.

8. NPY LP is an Ontario limited partnership formed in March of 2004 on the initiative of NPI. The objective of NPY LP is to invest in private businesses ("**Investee Businesses**") with a history of profitability and positive cash flows.

9. NPY LP currently holds varying equity interests in six Investee Businesses in four principal areas: financial services, distribution, marketing and oil and gas services.

The IPO

10. NPY LP intends to access capital in the public market through an initial public offering (the "IPO") using an income fund structure. Under that structure, a lawyer engaged by the GP has established the Fund, which will acquire holdings in NPY LP. The Fund's holdings in NPY LP will be indirectly held through a commercial trust (the "Trust").

11. The final prospectus (the "Prospectus") for the IPO of the Fund was filed with the securities regulatory authorities in each of the Jurisdictions on July 29, 2005.

NPI Acquisition

12. As part of transactions taking place in connection with the IPO, NPY LP will acquire the businesses of NPI (a wealth manager with an entrepreneurial focus), which include NICI (the "**NPI Acquisition**") and interests in the businesses of Brompton Management Limited (an investment fund manager) and Morrison Williams Investment Limited (an institutional adviser).

13. These acquisitions are contingent on and will occur contemporaneously with the closing of the IPO.

Change of Control

14. Upon completion of the IPO, NPY LP will become an indirect subsidiary of the Fund owned by the Fund and the holders of units in NPY LP which will be exchangeable for units of the Fund. NPY LP will indirectly own interests in a number of Investee Businesses including NICI.

15. Following the IPO, the Principals will indirectly own approximately 19.2% of the units of the Fund as disclosed in the Prospectus.

16. The NPI Acquisition will result in a technical change of control of NICI. However, the actual control of the day-to-day management of NICI and The Newport Funds by NICI will continue to be with the Principals (the "**Change of Control**").

17. Major strategic and capital allocation decisions will require the approval of NPY LP, whose officers will be all of the Principals and the pre-existing management of NICI will remain the same immediately after the IPO. As a result, the IPO will not affect the operations of the business of NICI except to the extent that as a result of the IPO the business will have greater access to public capital markets, which are seen to be larger, less expensive pools of capital.

18. The activities of NICI will continue to be carried on as they were and NICI will continue to operate as a separate and distinct entity at an operational level in the same manner as it had prior to the IPO and the NPI Acquisition.

Notices to unitholders

19. NICI also provided a written notice dated April 15, 2005 (the "**Notice**") to all of its discretionary clients (which include all unitholders of The Newport Funds) of the proposed Change of Control and provided those clients with an updated notice of the Change of Control dated July 15, 2005 (the "**Updated Notice**") with the quarterly mailing of materials to clients. The Updated Notice advised NICI's clients of the fact that securities regulation requires NICI to notify them of a change in control and advised them of their right to withdraw their account.

20. NICI also issued a press release dated July 14, 2005 advising of the Change of Control.

Decision

Each of the Decision Makers is satisfied that, based on the information and representations contained in the Application and this decision, and for the purposes described in the Application, the Decision Makers, as applicable, hereby grant approval pursuant to Section 5.5(2) of NI 81-102 in respect of the change of control of NICI.

"Leslie Byberg"
Director, Investment Funds Branch

Schedule A

The Newport Funds

Name of Fund	Reporting Issuer Jurisdiction
The Newport Fixed Income Fund The Newport Canadian Equity Fund The Newport U.S. Equity Fund The Newport International Equity Fund The Newport Yield Fund	British Columbia, Alberta, Ontario, Quebec, New Brunswick, Nova Scotia, Newfoundland

2.1.15 CI Investments Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Application – Extension of distribution beyond lapse date for certain funds until the effective date of the mergers of the funds.

Applicable Statutory Provisions

Securities Act, R.S.O 1990, c. S.5, as am., s. 147.

July 25, 2005

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

AND

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

AND

IN THE MATTER OF
CI INVESTMENTS INC. (the Filer)
AND
BPI AMERICAN EQUITY RSP FUND
BPI GLOBAL EQUITY RSP FUND
CI AMERICAN MANAGERS® RSP FUND
CI AMERICAN SMALL COMPANIES RSP FUND
CI AMERICAN VALUE RSP FUND
CI EMERGING MARKETS RSP FUND
CI EUROPEAN RSP FUND
CI GLOBAL RSP FUND
CI GLOBAL BIOTECHNOLOGY RSP FUND
CI GLOBAL CONSUMER PRODUCTS RSP FUND
CI GLOBAL ENERGY RSP FUND
CI GLOBAL FINANCIAL SERVICES RSP FUND
CI GLOBAL HEALTH SCIENCES RSP FUND
CI GLOBAL MANAGERS® RSP FUND
CI GLOBAL SMALL COMPANIES RSP FUND
CI GLOBAL SCIENCE & TECHNOLOGY RSP FUND
CI GLOBAL VALUE RSP FUND
CI INTERNATIONAL RSP FUND
CI INTERNATIONAL VALUE RSP FUND
CI JAPANESE RSP FUND
CI PACIFIC RSP FUND
CI VALUE TRUST RSP FUND
HARBOUR FOREIGN EQUITY RSP FUND
SYNERGY AMERICAN RSP FUND *(FORMERLY CALLED SYNERGY AMERICAN MOMENTUM RSP FUND)*
SYNERGY EXTREME GLOBAL EQUITY RSP FUND
SYNERGY GLOBAL RSP FUND *(FORMERLY CALLED SYNERGY GLOBAL MOMENTUM RSP FUND)*
SYNERGY GLOBAL STYLE MANAGEMENT RSP FUND
CI GLOBAL BOOMERNOMICS® RSP FUND
CI INTERNATIONAL BALANCED RSP FUND
HARBOUR FOREIGN GROWTH & INCOME RSP FUND
CI GLOBAL BOND RSP FUND
CI GLOBAL CONSERVATIVE RSP PORTFOLIO
CI GLOBAL BALANCED RSP PORTFOLIO
CI GLOBAL GROWTH RSP PORTFOLIO
CI GLOBAL MAXIMUM GROWTH RSP PORTFOLIO
(collectively, the Funds)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption that the time limits pertaining to the distribution of securities of the Funds under the simplified prospectus and annual information form dated July 23, 2004 of the Funds, as amended from time to time, (collectively, the **CI Prospectus**), be extended to permit the continued distribution of securities of the Funds until September 10, 2005 (the **Requested Relief**).

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

1. Each Fund currently distributes its securities in each province and territory of Canada pursuant to the CI Prospectus. The CI Prospectus was previously filed with the CSA as SEDAR project no. 665295.

2. Each Fund is a reporting issuer as defined in the securities legislation of each province and territory of Canada and is not in default of any of the requirements of such legislation.

3. The earliest lapse date of the CI Prospectus under the Legislation is July 23, 2005.

4. The February 23, 2005 federal budget proposed that the foreign property rules contained in the *Income Tax Act* (Canada) be repealed effective for months ending in 2005 and subsequent years (the **Budget Proposals**). When the Budget Proposals were enacted as law on June 29, 2005, the Funds became redundant and therefore the Filer intends to terminate each Fund prior to September 10, 2005 (the **Terminations**).

5. A renewal prospectus was filed by CI for the mutual funds (other than certain mutual funds that will be terminated in connection with mutual fund mergers) distributing securities under the CI Prospectus not the subject matter of the Terminations. A final renewal prospectus for these mutual funds was receipted June 23, 2005.

6. If the Requested Relief in respect of the Funds is not granted, CI will be required to file a renewal prospectus for the Funds, notwithstanding that the Funds will be terminated prior to September 10, 2005. The financial costs and time involved in producing, filing, and printing a prospectus for the Funds would be unduly costly. It may also cause confusion among investors who may assume that the Funds continue to be available for purchase after September 10, 2005.

7. There have been no material changes in the affairs of any Fund since the filing of the CI Prospectus, other than those for which amendments have been filed. Accordingly, the CI Prospectus represents current information regarding each Fund.

8. The requested lapse date extension will not affect the accuracy of the information in the CI Prospectus and therefore will not be prejudicial to the public interest.

Decision

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

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

Paul Moore
Vice-Chair
Ontario Securities Commission

H. Lorne Morphy
Commissioner
Ontario Securities Commission

2.1.16 CI Investments Inc. - s. 6.1 of OSC Rule 13-502 Fees

Headnote

Application pursuant to s. 6.1 of OSC Rule 13-502 Fees - exemption from requirement to pay activity fee of $5,500 in connection with an application brought under s.147 of the Act because the application is in substance an application for a lapse date extension under s.62(5) of Act to which an activity fee of only $1,500 should apply.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5 as am., ss. 62(5), 147.

Rules Cited

Ontario Securities Commission Rule 13-502 Fees, Appendix C, Items F(1) and F(3).

July 29, 2005

McCarthy Tétrault LLP
Box 48, Suite 4700
Toronto Dominion Bank Tower
Toronto, Ontario
M5K 1E6

<u>Attention: Katherine Gurney</u>

Dear Sirs/Mesdames:

Re: CI Investments Inc.
Application under s. 6.1 of OSC Rule 13-502– Fees ("Rule 13-502")
App. No. 466/05

By letter dated June 28, 2005 (the "Application"), you applied on behalf of CI Investments Inc. ("CI"), the manager and trustee of the RSP Funds and the RSP Portfolios (as defined in the Application) (collectively, the "Funds"), to the Canadian securities regulatory authorities under section 147 of the *Securities Act* (Ontario) (the "Act") for an extension of the time limits pertaining to the distribution of securities under the simplified prospectus and annual information form of the Funds dated July 23, 2004 (together, the "Fund Prospectus").

By letter dated June 30, 2005, you additionally applied to the Director on behalf of CI for the following:

(i) an exemption, pursuant to subsection 6.1 of Rule 13-502 (the "Fee Exemption"), from the requirement to pay an activity fee of $5,500 in connection with the Application in accordance with item F(1) of Appendix C of Rule 13-502, on the condition that fees be paid on the basis that the Application be treated as an application for other regulatory relief under item F(3) of Appendix C of Rule 13-502; and

(ii) an exemption from the requirement to pay an activity fee of $1,500 in connection with the Fee Exemption application.

From our review of the Application and other information communicated to staff, we understand the relevant facts and representations to be as follows:

1. Each Fund is a reporting issuer in each of the provinces and territories of Canada (the “Jurisdictions”) and is not in default of any filing requirements under the securities legislation of any of the Jurisdictions.

2. The units of the Funds (the “Units”) are qualified for distribution in each of the Jurisdictions by means of the Fund Prospectus that was prepared and filed in accordance with Canadian securities regulatory requirements.

3. The lapse date of the Fund Prospectus was July 23, 2005, however, the Funds are expected to be terminated on a date to be determined by CI that is no later than September 10, 2005.

4. In the Application, CI requested under section 147 of the Act an extension of the time limits pertaining to the distribution of Units under the Fund Prospectus. Item F(1) of Appendix C of Rule 13-502 specifies that applications under section 147 of the Act pay an activity fee of $5,500.

5. If CI were renewing the Fund Prospectus, rather than terminating the Funds, it could have sought an extension of the lapse date applicable to the Fund Prospectus pursuant to subsection 62(5) of the Act. The activity fee for such an application would be $1,500 in accordance with item F(3) of Appendix C of Rule 13-502.

Decision

This letter confirms that, based on the information provided in the Application, and the facts and representations above, and for the purposes described in the Application, the Director hereby exempts CI and the Funds from:

(a) paying an activity fee of $5,500 in connection with the Application, provided that the Funds pay an activity fee on the basis that the Application be treated as an application for other regulatory relief under item F(3) of Appendix C to Rule 13-502; and

(b) paying an activity fee of $1,500 in connection with the Fee Exemption application under item F(3) of Appendix C to Rule 13-502.

Yours truly,

"Leslie Byberg"
Manager, Investment Funds Branch

2.2 Orders

2.2.1 Stingray Resources Inc. - 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 – Issuer’s securities listed for trading on the TSX Venture Exchange – Continuous disclosure requirements in Alberta and British Columbia substantially the same as those in Ontario – Significant connection to Ontario.

Ontario Statutes

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

August 2, 2005

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

AND

IN THE MATTER OF
STINGRAY RESOURCES INC.

ORDER
(Subsection 83.1(1))

UPON the application (the "Application") of Stingray Resources Inc. (the "Issuer") for an order pursuant to subsection 83.1(1) of the Act deeming the Issuer to be a reporting issuer for the purposes of Ontario securities laws;

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

AND UPON the Issuer representing to the Director that:

1. The Issuer was continued into the federal jurisdiction of Canada under the *Canada Business Corporations Act* on September 9, 2003.

2. The head office of the Issuer is located at 40 University Avenue, Suite 605, Toronto, Ontario M5J 1T1.

3. The Issuer is authorized to issue an unlimited number of common shares without par value.

4. As at June 14, 2005, 12,756,330 common shares of the Issuer were issued and outstanding.

5. The Issuer has been a reporting issuer under both the *Securities Act* (British Columbia) (the "B.C. Act") and the

Securities Act (Alberta) (the "Alberta Act") since November 1973. The Issuer is not in default of any requirements of the B.C. Act or the Alberta Act, or the regulations thereunder.

6. The common shares of the Issuer are listed on the TSX Venture Exchange (the "Exchange") and the Issuer is in compliance with all of the requirements of the Exchange.

7. The Issuer is not designated as a capital pool company by the Exchange.

8. The Issuer has a significant connection to Ontario in that more than 83% of the Issuer's outstanding shares are held by beneficial owners who are residents of Ontario.

9. The Issuer is not a reporting issuer in Ontario and is not a reporting issuer, or equivalent, in any jurisdiction other than British Columbia and Alberta.

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

11. The continuous disclosure materials filed by the Issuer under the B.C. Act and the Alberta Act are available on the System for Electronic Document Analysis and Retrieval.

12. There have been no penalties or sanctions imposed against the Issuer by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, and the Issuer has not entered into any settlement agreement with any Canadian securities regulatory authority.

13. Neither the Issuer nor any of its directors, officers nor, to the knowledge of the Issuer, its directors and officers, or any of its controlling shareholders, has: (i) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority, (ii) entered into a settlement agreement with a Canadian securities regulatory authority, or (iii) 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.

14. Neither the Issuer nor any of its directors, officers nor, to the knowledge of the Issuer, its directors and officers, or any of its controlling shareholders, is or has been subject to (i) any known ongoing or concluded investigations by: (a) a Canadian securities regulatory authority, or (b) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

15. None of the directors or officers of the Issuer, nor to the knowledge of the Issuer, its directors and officers, or 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: (i) any cease trade or similar orders, or orders that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

AND UPON the Director 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 Issuer be deemed to be a reporting issuer for the purposes of Ontario securities laws.

“Iva Vranic”

2.2.2 ShawCor Ltd. and Leslie Shaw - s. 104(2)(c)

Headnote

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

Ontario Statutes Cited

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

Ontario Rules Cited

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

July 26, 2005

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

AND

IN THE MATTER OF
SHAWCOR LTD. AND MR. LESLIE SHAW

ORDER
(Clause 104(2)(c))

UPON the application (the "Application") of ShawCor Ltd. ("ShawCor") and Leslie Shaw to the Ontario Securities Commission (the "Commission") for an order pursuant to clause 104(2)(c) of the Act that certain indirect acquisitions by ShawCor of its Class B Multiple Voting Shares, pursuant to a proposed reorganization (the "Reorganization") described in paragraph 1.11 below, are exempt from the requirements of sections 95, 96, 97, 98 and 100 of the Act (the "Issuer Bid Requirements");

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

AND UPON ShawCor and Leslie Shaw having represented to the Commission as follows:

1.1. ShawCor is a corporation existing under the laws of Canada. ShawCor's registered office is located in Toronto, Ontario.

1.2. The issued capital of ShawCor as of June 30, 2005 consists of 61,421,291 Class A Subordinate Voting Shares ("Class A Shares") and 13,727,565 Class B Multiple Voting Shares ("Class B Shares"). The Class A Shares and Class B Shares have the following rights and attributes:

- dividends may be paid on the Class A Shares and Class B Shares at the same time, provided that: (i) all such dividends shall be declared and paid in equal amounts per share on all Class A Shares outstanding; (ii) all such dividends shall be declared and paid in equal amounts per share on all Class B Shares outstanding; and (iii) the amount of such dividends payable on each Class A Share shall equal 110% of the amount of such dividends payable on each Class B Share;

- the holders of Class B Shares are entitled to convert any of their Class B Shares to Class A Shares on the basis of one Class A Share for each Class B Share converted;

- the articles of ShawCor contain take-over bid protection provisions (i.e. "coattail" provisions) in favour of the Class A Shares with respect to any non-exempt takeover bid for Class B Shares which is not also made to the holders of Class A Shares;

- the articles of ShawCor provide that no Class B Share may be issued without the prior consent of the holders of a majority of the Class B Shares outstanding;
- with respect to all other matters, including the distribution of the assets of ShawCor upon a winding up of ShawCor, the Class A Shares and Class B Shares have the same rights and attributes and are the same in all respects; and
- Class A Shares carry 1 vote and the Class B Shares carry 10 votes per share. The Class A Shares and the Class B Shares are referred to herein as the "Shares".

1.3. ShawCor is a reporting issuer under the Act and is not in the list of reporting issuers in default of requirements of the Act or regulations made thereunder. The Shares are listed on the Toronto Stock Exchange.

1.4. Les Shaw Holdings Ltd. ("LSH"), L.E. Shaw Investments Limited ("LESI"), Avdell Holdings Inc. ("Avdell") and 1047570 Ontario Ltd. ("1047570") is each a corporation existing under the laws of Ontario. Each of LSH, LESI, Avdell and 1047570 is a private company within the meaning of the Act.

1.5. The following table describes the shareholder(s) of LSH, LESI, Avdell and 1047570, the municipality of their registered office or residence and the number of Shares held by each of LSH, LESI, Avdell and 1047570:

Corporation and Municipality of Residence	***Shareholders and Municipality of Residence***	***Number of Shares held***
LSH, Toronto, Ontario	Avdell, Toronto, Ontario LESI, Toronto, Ontario 1047570, Toronto, Ontario	8,804,685 Class B Shares
LESI, Toronto, Ontario	Leslie Shaw, Barbados	Nil
Avdell, Toronto, Ontario	Leslie Shaw, Barbados LESI, Toronto, Ontario	1,500,000 Class B Shares
1047570, Toronto, Ontario	Avdell, Toronto, Ontario LSH, Toronto, Ontario	Nil
	Total	10,304,685 Class B Shares

1.6. In addition to his interest in an aggregate of 10,304,685 Class B Shares held indirectly through LSH and Avdell, representing 51.9% of the votes of ShawCor and 13.7% of the outstanding Shares, Leslie Shaw owns directly 1,389,050 Class B Shares representing 6.99% of the votes and 1.85% of the outstanding Shares.

1.7. Under the terms of a voting trust agreement (the "Avdell Voting Trust Agreement") dated June 15, 2005, Avdell and LSH have granted to Virginia L. Shaw all of the voting rights appertaining to the Class B Shares owned by Avdell (1,500,000 Class B Shares) and LSH (8,804,685 Class B Shares). The Avdell Voting Trust Agreement was entered into following the redemption by Avdell of all of the preference shares of Avdell which were owned by Virginia L. Shaw. These preference shares carried a majority of the voting rights of Avdell and, as a result of such ownership, Virginia L. Shaw exercised control over the Class B Shares owned by Avdell and LSH. The Avdell Voting Trust Agreement maintains Virginia L. Shaw's voting control over the Class B Shares owned by Avdell and LSH.

1.8. Leslie Shaw proposes to enter into a voting trust agreement with Virginia L. Shaw (the "Leslie Shaw Voting Trust Agreement") effective on the date of the Reorganization. Under the terms of the Leslie Shaw Voting Trust Agreement, Leslie Shaw will grant to Virginia L. Shaw all of the voting rights appertaining to 10,304,685 new Class B Shares to be issued to Leslie Shaw in the course of the Reorganization. As a result, Virginia L. Shaw will continue to exercise voting control over 10,304,685 Class B Shares, representing the number of Class B Shares owned by Avdell and LSH prior to the Reorganization. The Leslie Shaw Voting Trust Agreement shall have a minimum term of 5 years. In addition, Virginia L. Shaw may resign as voting trustee and she may select another member of the "Shaw family" (defined to include Leslie Shaw and his siblings, any of their issue and trustees under certain trusts for the benefit of such persons) to act as voting trustee and exercise the voting rights appertaining to the Class B Shares.

1.9. LSH, LESI, Avdell, 1047570, ShawCor and Leslie Shaw propose to complete the Reorganization. Upon completion of the Reorganization, Amalco (as defined in paragraph 1.11 herein) will be a wholly-owned subsidiary of ShawCor and Leslie Shaw will hold 10,304,685 Class B Shares directly, rather than indirectly through LSH and Avdell, in addition to the 1,389,050 Class B Shares currently held by him. Amalco will immediately thereafter be dissolved and pursuant to the provisions of the OBCA, the Class B Shares owned by Amalco will be cancelled such that the number of outstanding Shares will be the same immediately before and immediately after the Reorganization.

1.10. The purpose of the Reorganization is to achieve a structure whereby Leslie Shaw may exercise direct control and direction over the Class B Shares currently held by LSH and Avdell (subject to the terms of the Leslie Shaw Voting Trust Agreement). For purposes of estate planning and succession, this direct ownership will permit a subsequent direct transfer of such Shares directly by Leslie Shaw or by his estate to subsequent transferees or beneficiaries of his estate, and such transferees or beneficiaries can then be positioned to deal directly with such Shares with respect to any decision making, instead of such transferees or beneficiaries succeeding to Leslie Shaw's interests in private corporations.

1.11 The steps involved in the Reorganization are summarized below:

(i) *Amalgamation and related matters:*

(a) LESI, LSH, Avdell and 1047570, each of which will be a corporation wholly-owned directly or indirectly by Leslie Shaw, will amalgamate under the provisions of the OBCA (the "Amalgamation") under the name Amalgamated Avdell Holdings Inc. ("Amalco"). As a result of the Amalgamation, all of the assets of each amalgamating corporation will become the property of Amalco, including the 1,500,000 Class B Shares currently held by Avdell and the 8,804,685 Class B Shares currently held by LSH.

(b) Leslie Shaw, as sole shareholder of Amalco, will assume any liabilities of Amalco so that Amalco will have no liabilities, contingent or otherwise.

(c) Amalco will declare and pay a dividend in kind to its sole shareholder equal to its net assets, exclusive of the Shares, such that the only assets of Amalco will consist of 10,304,685 Class B Shares.

(ii) Acquisition of shares of Amalco:

(a) The sole shareholder of Amalco (Leslie Shaw) will transfer all of his shares of Amalco to ShawCor in consideration for the issuance to him by ShawCor of 10,304,685 new Class B Shares. As a result of the foregoing, ShawCor will be the holder of all outstanding shares of Amalco.

(b) ShawCor, as sole shareholder of Amalco, will then commence the voluntary dissolution of Amalco and, in furtherance thereof, Amalco will transfer the 10,304,685 Class B Shares it holds to ShawCor, which Class B Shares will be then cancelled.

1.12 Leslie Shaw is a related party of ShawCor within the meaning of Rule 61-501 ("Rule 61-501") of the Ontario Securities Commission and Policy Q-27 ("Policy Q-27") of the Québec Autorité des marchés financiers. Accordingly the Reorganization will be a "related party transaction" under Rule 61-501 and Policy Q-27.

1.13 An exemption from the valuation and minority shareholder approval requirements of Rule 61-501 and Policy Q-27 will be available in respect of the Reorganization pursuant to subsections 5.5(9) and 5.7(4) of Rule 61-501 and subsections 5.6(12) and 5.8(1)(3) of Policy Q-27 since the Reorganization is substantially equivalent to a statutory amalgamation resulting in the combination of ShawCor with an interested party (i.e. Amalco) that is undertaken in whole or in part for the benefit of another related party (i.e. Leslie Shaw), and since the conditions to the availability of such an exemption will be satisfied, namely:

(i) the Reorganization does not and will not have any adverse tax or other consequences to ShawCor or beneficial owners of the Class A Shares and the Class B Shares,

(ii) no material, actual or contingent liability of Amalco will be assumed by ShawCor,

(iii) Leslie Shaw will agree to indemnify ShawCor against any liabilities of Amalco and any liabilities resulting from the Reorganization,

(iv) after the Reorganization, the nature and extent of the voting and financial participating interest of holders of Class A Shares and Class B Shares will be the same as, and the value of their financial participating interest will not be less than, that of their interests in ShawCor before the Reorganization, and

(v) Leslie Shaw will pay for all of the costs and expenses resulting from the Reorganization.

1.14 The issuance of 10,304,685 Class B Shares to Leslie Shaw as part of the Reorganization is subject to approval by the Toronto Stock Exchange.

1.15 All costs and expenses associated with the Reorganization will be borne by the sole shareholder of Amalco, Leslie Shaw. In addition Leslie Shaw will indemnify ShawCor for any and all losses incurred by ShawCor as a result of the Reorganization, including any undischarged or unknown liabilities of Amalco, any liabilities resulting from the Reorganization and any costs incurred by Amalco and ShawCor in connection with the Reorganization.

1.16 ShawCor's board of directors formed an independent committee (the "Independent Committee") of the board of directors to review, among other matters, the proposed terms of the Reorganization and to make a recommendation to the board of directors of ShawCor regarding its implementation. The Independent Committee retained counsel to advise on this matter. It will be a condition of completing the Reorganization that the Independent Committee will have concluded that it is appropriate for ShawCor to proceed with the Reorganization.

1.17 The Reorganization will have no economic impact on ShawCor.

1.18 The Reorganization will not result in either:

(i) a change in the number of Shares issued and outstanding; or

(ii) in any change in the aggregate number of outstanding Shares held by related parties.

1.19 Leslie Shaw has represented to ShawCor that:

(i) Amalco will prior to its sale to ShawCor have no material assets, other than 10,304,685 Class B Shares, or liabilities; and

(ii) the Reorganization will not result in Leslie Shaw or Virginia Shaw exercising direction over a greater number of votes after the Reorganization than is the case at present.

1.20 The offer by ShawCor to acquire all of the shares of Amalco in connection with the Reorganization (the "Offer") constitutes an "issuer bid" under subsection 89(1) and section 92 of the Act to the extent that the Offer constitutes an indirect offer by ShawCor for the Class B Shares owned by Amalco. The exemptions to Part XX of the Act contained in subsection 93(3) of the Act are not available in respect of the Offer.

1.21 The Offer is also a take-over bid for the shares of Amalco under subsection 89(1) of the Act which is exempt from the requirements of sections 95 to 100 of the Act pursuant to clause 93(1)(d).

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

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

"Paul M. Moore"

"Harold P. Hands"

2.2.3 Burgundy Asset Management Ltd. - s. 62(5)

Headnote

Exemptive Relief Application – Extension of lapse date to allow sufficient time for staff and the applicant to resolve an application.

Statutes Cited

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

August 5, 2005

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

AND

IN THE MATTER OF
BURGUNDY ASSET MANAGEMENT LTD.
BURGUNDY AMERICAN EQUITY FUND
BURGUNDY BALANCED INCOME FUND
BURGUNDY BOND FUND
BURGUNDY CANADIAN EQUITY FUND
BURGUNDY EUROPEAN EQUITY FUND
BURGUNDY EUROPEAN FOUNDATION FUND
BURGUNDY FOCUS CANADIAN EQUITY FUND
BURGUNDY FOCUS EQUITY RSP FUND
BURGUNDY FOCUS JAPANESE EQUITY FUND
BURGUNDY FOUNDATION TRUST FUND
BURGUNDY MONEY MARKET FUND
BURGUNDY PARTNERS' BALANCED RSP FUND
BURGUNDY PARTNERS EQUITY RSP FUND
BURGUNDY PARTNERS' GLOBAL FUND
BURGUNDY U.S. MONEY MARKET FUND
(the "Funds")

ORDER
(Subsection 62(5))

UPON an application (the "Application") from Burgundy Asset Management Ltd. ("Burgundy") and the Funds for an order pursuant to subsection 62(5) of the Act that the time limits pertaining to the distribution of qualified securities ("Securities") under the current prospectus of the Funds be extended to those time limits that would be applicable if the lapse date of the Prospectus was August 15, 2005;

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

AND UPON Burgundy having represented to the Commission that:

(a) Burgundy is the manager and portfolio adviser of the Funds.

(b) The Funds are open-ended mutual fund trusts established under the laws of Ontario.

(c) The Funds are currently qualified for distribution in Ontario under a simplified prospectus and annual information form dated July 16, 2004 (the "Prospectus").

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

(e) The lapse date for the Funds is July 16, 2005. The Funds filed a preliminary and pro forma simplified prospectus and annual information form dated June 15, 2005 on June 16, 2005, and filed a final simplified prospectus and annual information form dated July 26, 2005 on July 26, 2005.

(f) In connection with staff's review of the Funds' final preliminary and pro forma simplified prospectus and annual information dated July 26, 2005, staff advised counsel for Burgundy that additional disclosure was required in the annual information form. Burgundy intends to apply to the Commission for exemptive relief from certain requirements in Form 81-101F2 of National Instrument 81-101 and both staff and Burgundy have expressed a desire to have more time to resolve the application.

(g) Since July 16, 2004, the date of the Prospectus, no undisclosed material changes have occurred. Accordingly, the Prospectus provides accurate information regarding the Funds.

(h) If the requested relief is not granted the Funds will no longer be qualified to distribute securities in Ontario pursuant to the Prospectus.

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

IT IS ORDERED pursuant to subsection 62(5) of the Act that the time limits provided by the Act as they apply to the distribution of Securities pursuant to the Prospectus are hereby extended to the time limits that would be applicable if the lapse date for the distribution of securities under the Prospectus of the Funds was August 15, 2005.

"Susan Silma"
Director, Investment Funds Branch

2.2.4 Plata-Peru Resources Inc. - s. 144

Headnote

Section 144 - variation of cease trade order to permit private placement.

Statutes Cited

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

August 5, 2005

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

AND

IN THE MATTER OF
PLATA-PERU RESOURCES INC.

ORDER
(Section 144)

WHEREAS the securities of Plata-Peru Resources Inc. (the Issuer) are subject to a cease trade order of the Director dated October 25, 1999 (the OSC Cease Trade Order), as made under section 127 of the Act directing that trading in securities of the Issuer cease until the OSC Cease Trade Order is revoked by a further order of revocation;

AND WHEREAS the Issuer has made an application to the Ontario Securities Commission for an order to vary the Cease Trade Order pursuant to section 144 of the Act with respect to two proposed transactions: (i) private placement to accredited investors of $1,923,077 by way of a secured convertible loan, convertible into equity of the Issuer, and (ii) conversion of $5,754,537 of debt into shares at a price of $0.25 per share, resulting in the issuance of 23,018,148 shares (the Debt Shares);

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

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

1.1. The Issuer is a corporation existing under the *Business Corporations Act* (Ontario) with its head office and registered office in Ontario.

1.2. The Issuer is a reporting issuer in the Provinces of Alberta, British Columbia, and Ontario.

1.3. The authorized capital of the Issuer consists of an unlimited number of common shares (the Shares), of which 24,261,933 are issued and outstanding, and an unlimited number of preference shares issuable in series, none of which are currently issued or outstanding.

1.4. The OSC Cease Trade Order was issued following the issuance of a cease trade order on July 8, 1999 (the 1999 ASC Cease Trade Order) by the Alberta Securities Commission (the ASC) for failure to file the following documents with the ASC: annual audited financial statements for the year ended December 31, 1998 and first quarter interim unaudited financial statements for the period ended March 31, 1999. The 1999 ASC Cease Trade Order was revoked on March 5, 2002 when the Issuer remedied its financial statement default.

1.5. Subsequently, the ASC issued a second cease trade order dated September 13, 2002 (the 2002 ASC Cease Trade Order) due to the Issuer's failure to file and deliver its annual audited financial statements for the year ended December 31, 2001, and for the Issuer's failure to file and deliver its interim unaudited financial statements for the periods ending March 31, 2002 and June 30, 2002.

1.6. The Issuer concurrently applied to the Alberta Securities Commission for a partial revocation of the 2002 ASC Cease Trade Order. Staff of the Alberta Securities Commission has determined that the partial revocation is not needed in Alberta, because no trades in Shares will occur in Alberta.

1.7. The Issuer's failure to file financial statements was a result of financial distress. The Issuer believes that, without restructuring and recapitalization, its debt obligations exceed its ability to pay and would also likely exceed the liquidation value of its assets.

1.8. The primary asset of the Issuer is the Pachapaqui Mine (the Mine) located approximately 240 kilometers North of Lima, Peru. Since its acquisition of the Mine, the Issuer has had insufficient capital resources, and has only operated the Mine on an intermittent basis. The Mine is being sustained in a care and maintenance mode and is unable to go into production because the Issuer currently holds $16,382,318 in debt and was able to make the annual payment to retain ownership of the Mine through a $100,000 advance loan made by Haviland International Resources Limited (Haviland), a U.K. corporation.

1.9. Haviland understands that, if granted, the partial revocation will not entail a full lifting of the OSC Cease Trade Order. Haviland is aware that the partial revocation has been requested for the purpose of assisting with the Issuer's reorganization and restructuring.

1.10. The Issuer will be unable to prepare continuous disclosure documents for its shareholders or prepare a circular with respect to the proposed

sale of its assets until the following pre-reorganization steps are completed:

(i) The Issuer has entered into an Agreement with Haviland to receive an investment of $1,923,077 (the Private Placement Transaction) for working capital to carry out the reorganization of the Issuer, by way of a secured convertible loan, convertible into 32,873,110 Shares (the Convertible Loan);

(ii) The Issuer has entered into debt conversion agreements to convert $7,370,610 of bona fide debt into Shares at a price of $.25 per share resulting in the issuance of 29,484,330 Shares (the Debt Shares) (the Debt Conversion Transaction); and

(iii) Haviland, or a designated affiliate (the Buyer) will purchase all of the assets of the Issuer valued at a price of $21,000,000 free and clear of all claims and encumbrances, with payment in Shares of a Buyer listed on a satisfactory stock exchange, such as the AIM Exchange in the United Kingdom (the Buyer Purchase).

1.11. The Issuer proposes to complete the Private Placement Transaction, Debt Conversion Transaction, and the Buyer Purchase prior to its reorganization.

1.12. Prior to the issuance of the Convertible Loan and the Debt Shares, the proposed recipients of securities of the Issuer will receive:

(i) the OSC Cease Trade Order;

(ii) this order; and

(iii) written notice from the Issuer that all securities of the Issuer, including the Debt Shares, and any Shares issued upon conversion of the secured convertible loan will remain subject to the Cease Trade Order following the completion of those transactions, until the Cease Trade Order is revoked by the commission.

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

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order be varied solely to permit the Private Placement and the Debt Settlements as described in paragraph 1.10 of this Order.

"Iva Vranic"
Manager, Corporate Finance

2.2.5 Gluskin Sheff + Associated Ltd. - ss. 74(1) and 121(2)(a)(ii)

Headnote

Relief from the dealer registration and prospectus requirements of the Act to permit the distribution of pooled fund units to certain fully managed accounts on an exempt basis – Relief from self-dealing prohibition of the Act to allow *in specie* transfers between pooled funds and managed accounts.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1), 118(2)(b), 121(2)(a)(ii).

Rules Cited

OSC Rule 45-501 – Exempt Distributions.
National Instrument 45-106 – Prospectus and Registration Exemptions.

August 5, 2005

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

AND

IN THE MATTER OF
GLUSKIN SHEFF + ASSOCIATES INC.
("GS+A")

AND

THE GS+A EQUITY HEDGE FUND
THE GS+A FIXED INCOME FUND
THE GS+A GLOBAL FUND
THE GS+A GROWTH FUND
THE GS+A INCOME TRUST HEDGE FUND
THE GS+A PREMIUM INCOME FUND
THE GS+A RRSP FUND
THE GS+A SMALL-CAP FUND
THE GS+A VALUE FUND
(the "Existing Funds")

RULING AND ORDER
(Subsection 74(1) and Clause 121(2)(a)(ii) of the Act)

WHEREAS GS+A has applied to the Ontario Securities Commission (the "Commission") on behalf of itself, the Existing Funds and any pooled fund established and managed by GS+A after the date hereof (a **"Future Fund"**, and together with the Existing Funds, the **"Funds"**), for:

(a) a ruling, pursuant to subsection 74(1) of the Act, that distributions of units of the Funds to Secondary Managed Accounts (as defined below) will not be subject to the dealer registration and prospectus requirements under sections 25 and 53 of the Act (the **"Dealer Registration and Prospectus Requirements"**); and

(b) an order, pursuant to clause 121(2)(a)(ii) of the Act, that *In Specie* Transfers (as defined below) between the Funds and the Managed Accounts (as defined below) are exempted from the prohibition in paragraph 118(2)(b) of the Act which prevents a portfolio manager from knowingly causing any investment portfolio managed by it to purchase or sell the securities of any issuer from or to the account of a responsible person, any associate of a responsible person or the portfolio manager (the **"Self-Dealing Prohibition"**);

AND WHEREAS GS+A has represented to the Commission that:

1. GS+A is incorporated under the laws of the province of Ontario. Its head office is in Toronto.

2. GS+A is registered with the Commission as an Investment Counsel, Portfolio Manager, Limited Market Dealer and Mutual Fund Dealer. GS+A has equivalent registration in British Columbia, Alberta, Manitoba, Nova Scotia and New Brunswick (the **"Other Jurisdictions"**).

3. GS+A is the manager, portfolio advisor and principal distributor of the Existing Funds and will act in such capacity for each Future Fund. GS+A is the trustee of The GS+A RRSP Fund and The GS+A Fixed Income Fund. GS+A may act in such capacity for each Future Fund that is formed as a trust. The securities of The GS+A RRSP Fund are currently distributed by means of a simplified prospectus for which a receipt has been issued by the Director under the Act.

4. The Existing Funds are open-end mutual fund trusts and limited partnerships managed by GS+A and established under the laws of Ontario. The Future Funds will consist of open-end mutual fund trusts or limited partnerships of which GS+A will be appointed portfolio manager, with full discretionary authority, and in most cases will be appointed administrative manager as well.

5. GS+A offers discretionary portfolio management services to individuals, corporations and other entities (each, a **"Client"**) seeking wealth management or related services (**"Managed Services"**) through a managed account. Pursuant to a written agreement (**"Master Client Agreement"**) between GS+A and the Client, GS+A makes investment decisions for the managed account and has full discretionary

authority to trade in securities for the managed account without obtaining the specific consent of the Client to the trade.

6. The Managed Services are provided by employees of GS+A who meet the proficiency requirements of an advising officer or advising representative (or associate advising officer or associate advising representative) under Ontario securities law.

7. The Managed Services consist of the following:

   (a) each Client who accepts Managed Services executes a Master Client Agreement whereby the Client authorizes GS+A to supervise, manage and direct purchases and sales, at GS+A's full discretion on a continuing basis;

   (b) GS+A's qualified employees perform investment research, securities selection and management functions with respect to all securities, investments, cash equivalents or other assets in the managed account;

   (c) each managed account holds securities as selected by GS+A; and

   (d) GS+A retains overall responsibility for the Managed Services provided to its Clients and has designated a senior officer to oversee and supervise the Managed Services.

8. GS+A's minimum aggregate balance for all the managed accounts of a client is $1,000,000. Managed accounts of a client which on aggregate satisfy this minimum balance shall hereinafter be referred to as **"Primary Managed Accounts"**. This minimum balance requirement may be waived at GS+A's discretion. From time to time, GS+A may accept certain Clients for managed accounts with less than $1,000,000 under management. Such Clients consist primarily of family members of Primary Managed Account Clients, but may also include persons who have another relationship with the holder of a Primary Managed Account where there are exceptional factors that have persuaded GS+A for business reasons to accept such persons as Clients and waive the minimum aggregate balance. Assets managed by GS+A for the family members and other persons described above are incidental to the assets it manages for holders of Primary Managed Accounts. Managed accounts where the minimum aggregate balance has been waived for the reasons given above are hereinafter referred to as **"Secondary Managed Accounts"**. The Primary Managed Accounts and the Secondary Managed Accounts shall together be referred to as the **"Managed Accounts"**.

9. While the holders of the Primary Managed Accounts each qualify as accredited investors under Ontario securities law, the holders of the Secondary Managed Accounts do not always themselves qualify as accredited investors under Ontario securities law. GS+A typically services these Secondary Managed Account Clients as a courtesy to its Primary Managed Account Clients, or with the expectation that a Secondary Managed Account will satisfy the minimum balance requirement in the near future.

10. Investments in individual securities may not be ideal for the Secondary Managed Account Clients since they may not receive the same asset diversification benefits and may incur disproportionately higher brokerage commissions relative to the Primary Managed Account Clients due to minimum commission charges.

11. To give its Managed Account Clients the benefit of asset diversification, access to investment products with very high minimum investment thresholds and economies of scale on minimum brokerage commission charges in contrast to individual trades in each Managed Account, GS+A has created the Existing Funds. Currently the Existing Funds are only available to Clients that are accredited investors and Clients who are able to invest a minimum of $150,000 in each such Fund. These requirements either act as a barrier to Secondary Managed Account Clients investing in certain Existing Funds, or may cause GS+A's portfolio manager to invest more of a Secondary Managed Account Client's portfolio in such a Fund than it might otherwise prefer to allocate.

12. To improve the diversification and cost benefits to Secondary Managed Account Clients, GS+A wishes to distribute units of the Funds to Secondary Managed Accounts without a minimum investment. The Secondary Managed Account Client would thereby be able to receive the benefit of GS+A's investment management expertise, regarding both asset allocation and individual stock selection, as well as receive the benefits of lower costs and broader asset diversification associated with pooled investments relative to direct holdings of individual securities.

13. GS+A may also, but does not currently intend to, distribute units of the Funds by subscription agreements to accredited investors who do not have a Managed Account.

14. Managed Services provided by GS+A under a Managed Account are covered by a base management fee calculated as a fixed percentage of the assets under management in the Managed Account (the **"Base Management Fee"**). The Base Management Fee includes investment research, portfolio selection and management with respect to all securities or other assets in the

Managed Account. The Base Management Fee is not intended to cover brokerage commissions and other transaction charges in respect of each transaction which occurs in a Managed Account, nor does it cover interest charges on funds borrowed or charges for standard administrative services provided in connection with the operation of the Managed Account, such as account transfers, withdrawals, safekeeping charges, service charges, wire transfer requests and record-keeping. In addition, the Client typically pays an annual performance-based fee (the **"Performance Fee"**) in the event that the performance in the Managed Account exceeds a certain minimum appreciation in the net asset value of the Managed Account. Terms of both the Base Management Fee and the Performance Fee are detailed in the Master Client Agreement.

15. Where GS+A invests on behalf of a Managed Account in Funds which would otherwise pay a management fee and/or performance-based fee to GS+A as an advisor, the Managed Account will purchase units of a series without such fees. Accordingly, there will be no duplication of fees between a Managed Account and the Funds.

16. There will be no commission payable by a Client on the sale of units of the Funds to a Managed Account.

Relief from the Dealer Registration and Prospectus Requirements

17. Certain of the Funds fit, or will fit, within the definition of either "mutual fund" or "non-redeemable investment fund" under the Act. Other than The GS+A RRSP Fund, the Funds are not, and likely will not be, reporting issuers under the Act, and are, or will be, sold in Ontario under applicable statutory exemptions from the Dealer Registration and Prospectus Requirements.

18. Unless the relief is granted from the Dealer Registration and Prospectus Requirements, GS+A will be prohibited from selling units of the Funds to the Secondary Managed Accounts where the Client resides in Ontario and is not an accredited investor or does not invest a minimum of $150,000 in each Fund. Both Ontario Securities Commission Rule 45-501 *Exempt Distributions* (**"OSC Rule 45-501"**) and National Instrument 45-106 *Prospectus and Registration Exemptions* (**"NI 45-106"**) exclude from the definition of "accredited investor" a managed account if it is acquiring a security of a mutual fund or a non-redeemable investment fund in Ontario. Under OSC Rule 45-501 and NI 45-106, a Managed Account may only invest in the Funds on an exempt basis if either (a) the Client holding the Managed Account itself qualifies as an accredited investor, or (b) the Managed Account purchases at least $150,000 of securities of the Fund.

19. Under the exempt distribution rule applicable in the Other Jurisdictions, there is no restriction on the ability of Managed Accounts to purchase investment fund securities on an exempt basis. Under Multilateral Instrument 45-103 *Capital Raising Exemptions*, a Managed Account can acquire securities of the Funds as an accredited investor.

Relief from the Self-Dealing Prohibition

20. GS+A wishes to permit payment, in whole or in part, for Fund units purchased by a Managed Account to be made by making good delivery of securities held by such Managed Account to a Fund, provided those securities meet the investment criteria of the Fund. Implementing *in specie* transfers of securities between a Managed Account and a Fund reduces market impact costs, which can be detrimental to the clients. *In specie* transfers also allow a portfolio manager to efficiently retain within its control institutional-size blocks of securities that otherwise would need to be broken and re-assembled. Such securities often are those that trade in lower volumes, with less frequency, and have larger bid-ask spreads.

21. Similarly, after a redemption of units of a Fund by a Managed Account, GS+A may permit payment, in whole or in part, of redemption proceeds to be satisfied by making good delivery of securities held in the investment portfolio of a Fund to such Managed Account, if those securities meet the investment criteria of the Managed Account (the transactions described in this paragraph and the previous paragraph are collectively referred to as **"*In Specie* Transfers"**). GS+A anticipates *In Specie* Transfers following a redemption of units of a Fund where a Managed Account invested in such Fund has experienced a change in circumstances, which results in the Managed Account being an ideal candidate for direct holdings of individual securities rather than Fund units.

22. As GS+A is the portfolio manager of the Managed Accounts, it would be considered a "responsible person" under subsection 118(1) of the Act with respect to the Managed Accounts. Furthermore, each of the Funds that is a trust is or will be an "associate" of GS+A under the Act because GS+A serves, or will serve, as trustee of the Funds.

23. Unless the requested relief is granted, the Self-Dealing Prohibition will prohibit GS+A from causing a Managed Account to make an *In Specie* Transfer of securities of any issuer to or from any of the Funds of which GS+A is the trustee, as such Funds would each be an associate of GS+A.

AND WHEREAS the Commission is satisfied that the tests contained in subsection 74(1) and clause 121(2)(a)(ii) of the Act have been met;

IT IS HEREBY RULED, pursuant to subsection 74(1) of the Act, that the distribution of units of the Funds to Secondary Managed Accounts shall not be subject to the Dealer Registration and Prospectus Requirements,

PROVIDED THAT,

(a) this Ruling will terminate upon the coming into force of any legislation or rule of the Commission exempting a trade by a fully managed account in securities of mutual funds or non-redeemable investment funds from the Dealer Registration and Prospectus Requirements;

(b) this Ruling shall only apply where the holder of the Secondary Managed Account is, and in the case of clauses (iii) to (vi) remains,

(i) an individual (of the opposite or same sex) who is or has been married to the holder of a Primary Managed Account, or is living or has lived with the holder of a Primary Managed Account in a conjugal relationship outside of marriage;

(ii) a parent, grandparent, child or sibling of either the holder of a Primary Managed Account or the individual referred to in clause (i);

(iii) a personal holding company controlled by an individual referred to in clause (i) or (ii) above;

(iv) a trust, other than a commercial trust, of which an individual referred to in clause (i) or (ii) above is a beneficiary;

(v) a private foundation controlled by an individual referred to in clause (i) or (ii) above; or

(vi) a close business associate, employee or professional adviser to a holder of a Primary Managed Account provided that:

(1) in each instance, there are exceptional factors that have persuaded GS+A for business reasons to accept such person as a Secondary Managed Account Client and waive GS+A's minimum aggregate balance, and a record is kept and maintained of the exceptional factors considered; and

(2) the Secondary Managed Account Clients acquired through such relationships to a holder of a Primary Managed Account shall not at any time represent more than five percent of GS+A's total Managed Account assets under management;

AND IT IS HEREBY ORDERED, pursuant to clause 121(2)(a)(ii) of the Act, that the Self-Dealing Prohibition shall not apply to GS+A in connection with the payment of the purchase or redemption price of units of a Fund by *In Specie* Transfers between the Managed Accounts and the Funds, provided that:

(a) in connection with the purchase of units of a Fund by a Managed Account:

(i) GS+A obtain the prior written consent of the relevant Managed Account Client before it engages in any *In Specie* Transfers in connection with the purchase of units;

(ii) the Fund would at the time of payment be permitted to purchase those securities;

(iii) the securities are acceptable to the portfolio advisor of the Fund and consistent with the Fund's investment objective;

(iv) the value of the securities is at least equal to the issue price of the securities of the Fund for which they are payment, valued as if the securities were portfolio assets of the Fund; and

(v) the statement of portfolio transactions next prepared for the Managed Account shall include a note describing the securities delivered to the Fund and the value assigned to such securities;

(b) in connection with the redemption of units of a Fund by a Managed Account:

(i) GS+A obtain the prior written consent of the relevant Managed Account Client to the payment of redemption proceeds in the form of an *In Specie* Transfer;

(ii) the securities are acceptable to the portfolio advisor of the Managed Account and consistent with the Managed Account's investment objective;

(iii) the value of the securities is equal to the amount at which those securities were valued in calculating the net asset value per security used to establish the redemption price;

(iv) the holder of the Managed Account has not provided notice to terminate its Master Client Agreement with GS+A; and

(v) the statement of portfolio transactions next prepared for the Managed Account shall include a note describing the securities delivered to the Managed Account and the value assigned to such securities; and

(c) GS+A do not receive any compensation in respect of any sale or redemption of units of a Fund (other than redemption fees disclosed in the offering documents of the Funds) and, in respect of any delivery of securities further to an *In Specie* Transfer, the only charge paid by the Managed Account is the commission charged by the dealer executing the trade.

"Paul M. Moore"

"Paul K. Bates"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Extending & Rescinding Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Revoke
Betacom Corporation Inc.	08 Aug 05	19 Aug 05		
Napier Environmental Technologies Inc.	03 Aug 05	15 Aug 05		
Rocky Mountain Brands, Inc.	08 Aug 05	19 Aug 05		
Teddy Bear Valley Mines, Limited	03 Aug 05	15 Aug 05		
Vision Global Solutions Inc.	04 Aug 05	16 Aug 05		

4.2.1 Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
Brainhunter Inc.	18 May 05	31 May 05	31 May 05		
Hip Interactive Corp.	04 Jul 05	15 Jul 05	15 Jul 05		
Hollinger Canadian Newspapers, Limited Partnership	21 May 04	01 Jun 04	01 Jun 04		
Hollinger Inc.	18 May 04	01 Jun 04	01 Jun 04		
Hollinger International Inc.	18 May 04	01 Jun 04	01 Jun 04		
Kinross Gold Corporation	01 Apr 05	14 Apr 05	14 Apr 05		
Rex Diamond Mining Corporation	04 Jul 05	15 Jul 05	15 Jul 05		
Thistle Mining Inc.	05 Apr 05	18 Apr 05	18 Apr 05		
Xplore Technologies Corp.	04 Jul 05	15 Jul 05	15 Jul 05		

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Chapter 6

Request for Comments

6.1.1 Request for Comment - Proposed Revocation and Replacement of OSC Rule 13-502 Fees and Companion Policy 13-502CP Fees

REQUEST FOR COMMENT

PROPOSED REVOCATION AND REPLACEMENT OF OSC RULE 13-502 FEES AND COMPANION POLICY 13-502CP FEES

Request for comments

The Commission is publishing for a 90-day comment period Rule 13-502 *Fees* and Companion Policy 13-502CP *Fees*. The proposed Rule and Policy (collectively, the Proposed Materials) are intended to replace the rule and policy currently in force under the same number.

In addition to being published in this bulletin, the Proposed Materials are available on the Commission's website (www.osc.gov.on.ca).

We request comments on the Proposed Materials by November 10, 2005.

Substance and purpose of the Proposed Materials

The Proposed Materials are consistent with the current rule and policy. That is, the proposed Rule requires registrants, investment fund managers, and reporting issuers (other than most investment funds) to pay a "participation fee" each year. This fee is designed to reflect a market participant's proportionate participation in Ontario's capital markets in the upcoming year.

As with the current rule, the proposed Rule also requires the payment of "activity fees". These fees are designed to represent our direct cost where staff has undertaken certain activities for market participants (for example, reviewing a prospectus or a registration application).

While the basic principles of the current rule and policy remain, the Proposed Materials include a number of proposed changes that were made in an effort to:

- ensure consistency between the fees charged and our costs of providing services,
- improve the "readability" and "user-friendliness" of the current rule and policy by employing plain language principles and clarification where necessary,
- simplify the activity fee schedule, and
- address a number of concerns and comments raised by stakeholders.

The proposed Rule also returns the surplus collected from market participants between April 2003 and March 2006 in the form of reduced participation fees.

The most significant changes to the current rule are as follows:

1. Changes to class structure

Class 1 reporting issuer

We propose to expand the Class 1 definition to include reporting issuers whose listed or quoted securities do not include equity securities. This would mean that a reporting issuer with non-equity securities that are listed or quoted, and that is currently classified as a Class 2 reporting issuer, would be a Class 1 reporting issuer going forward. Therefore, when calculating its capitalization for the purpose of determining its participation fee, a Class 1 reporting issuer will be required to include all securities (including debt, warrants, options, etc.) that are listed or quoted, or are otherwise generally available to trade. This change will simplify the current class definitions.

Class 3 reporting issuer

In response to concerns raised by a number of stakeholders, we have revisited the definition of a Class 3 reporting issuer. We propose to replace the Class 3 reporting issuer category with three different categories for foreign reporting issuers: Class 3A, 3B and 3C. This change will better align participation fees for Class 3 reporting issuers with the benefits derived from participating in Ontario's capital markets. This will also simplify the calculation of capitalization for Class 3 reporting issuers.

Class 3A reporting issuer

The proposed definition of Class 3A reporting issuer includes foreign reporting issuers with a limited presence in the Ontario marketplace. We propose to limit the participation fee for Class 3A reporting issuers to $600, which equals the lowest participation fee payable by a reporting issuer.

Class 3B reporting issuer

The proposed definition of Class 3B reporting issuer includes foreign reporting issuers whose trading volume on marketplaces in Canada is less than its trading volume on marketplaces outside of Canada. We propose to reduce the participation fee of Class 3B reporting issuers to the greater of $600 and 1/3 of the participation fee prescribed under Appendix A of the proposed Rule.

Class 3C reporting issuer

The proposed definition of Class 3C reporting issuer includes foreign issuers whose trading volume on marketplaces in Canada is greater than its trading volume on marketplaces outside of Canada. The proposed Rule requires Class 3C reporting issuers to calculate their capitalization and participation fees in the same way as Class 1 reporting issuers. This will simplify the calculation of capitalization for Class 3C reporting issuers.

2. Additional exemption for subsidiary entities

The proposed Rule includes a new exemption from the requirement to pay a participation fee for a reporting issuer that is a subsidiary entity of another reporting issuer. This exemption will only be available to a subsidiary entity that is permitted to file the continuous disclosure documents of its parent in lieu of filing its own. This proposal will codify discretionary relief frequently granted under the current rule.

3. Form 13-502F6 – Subsidiary entity exemption notice

The proposed Rule requires a subsidiary entity to file a Form 13-502F6 if it is relying on an exemption from the requirement to pay a participation fee. This filing will ensure that we are aware of those issuers that are relying on an exemption.

4. Filing a revised Form 13-502F4 and Form 13-502F5

The current rule provides that a registrant firm that has determined its participation fee using estimated specified Ontario revenues must file a revised Form 13-502F4 and a Form 13-502F5 after it has calculated its participation fee using its actual specified Ontario revenues. The proposed Rule provides that these filings are only necessary if the second participation fee calculated differs from the first; that is, only if the registrant over- or under-paid its participation fee.

5. Changes to Appendix A – Corporate Finance Participation Fees

The participation fees for reporting issuers will be reduced at each level of capitalization. As a percentage of the current fee, the largest reduction will be experienced by smaller issuers. (See ‘Anticipated costs and benefits’ below for more detail on these changes.)

6. Changes to Appendix B – Capital Markets Participation Fees

The proposed capital markets participation fees have been revised in response to concerns raised by stakeholders. A new fourth tier is proposed for registrants with specified Ontario revenue between $3 million and under $5 million. A new tier is also proposed for registrants whose specified Ontario revenue is $2 billion or more. In addition, the proposed participation fees are less at the three lowest levels of specified Ontario revenue and more at every other level. (See ‘Anticipated costs and benefits’ below for more detail on these changes.)

7. Changes to Appendix C – Activity fees

Prospectuses

Other than for certain investment fund prospectuses, item A of Appendix C proposes a single fee ($3,000) for prospectuses, regardless of type or size of offering.

For an investment fund prospectus prepared in accordance with Form 81-101F1 and Form 81-101F2 the proposed fee is $400. The current fee is $600.

Fees for prospectuses prepared in accordance with Form 15 and Form 45 have been revised such that the fees are now similar to the fees payable for prospectuses in Form 41-501F1, with some adjustments for multiple funds filing.

In each case, these proposed changes better align the fees charged with the average cost of staff time spent reviewing the prospectus.

Applications for Relief, Approval or Recognition

Some fees under item E have increased, some have decreased, and some have stayed the same. We considered the resources required to process each type of application and have revised the fee structure to generally reflect our costs of the work required.

The fee to apply for a voluntary surrender of registration has been eliminated to encourage registrants to make the application rather than allow their registration to lapse.

Initial Annual Information Form under NI 44-101

Currently, under Item H the fee for filing an initial annual information form is $2,000. National Instrument 44-101 *Short Form Prospectus Distributions* is currently being reviewed and it is anticipated that the requirement to file an initial annual information form will be removed. If this change is accepted as proposed, this item and its corresponding fee will be removed from the proposed Rule. In lieu of filing the initial annual information form, issuers will be required to file a "Notice Declaring Intention to be Qualified under National Instrument 44-101" and no fee will be payable for the filing of this notice.

Registration-related activity

The proposed fee for reviewing an application for registration as a dealer or adviser is $600 (item I(1)). The proposed fee for reviewing a change to a firm's registration category is also $600 (item I(2)). The fee currently charged under each of these items is $800. This change better aligns the fee charged with the average cost of staff time spent reviewing these applications.

The proposed fee for reviewing an individual's application for registration is $200 (items I(3) and (4)). The fee currently charged under these items is $400. The reason for each of the above changes is that staff require less time to review registration applications since the introduction of the National Registration Database.

The efficiencies created by the National Registration Database have also resulted in a proposed reduction of fees for reviewing firms' applications for registration and continuing the registrations of amalgamating registrants (item I(5)). The proposed fee is $2,000; the current fee is $6,000.

The proposed fee for an application for amending the terms and conditions of a registration is $500 (item I(6)). The current fee for this item is $1,500. This change better aligns the fee charged with the average cost of staff time spent reviewing these applications.

Request for certified statement under section 139 of the Act

The current fee for requesting a certified statement under section 139 is $500 (item K). The proposed fee is $100, which better matches the cost of providing the certificate.

Commission requests

The proposed fee for a search of Commission records (item L(2)) is $150. The current fee is $10. This fee increase reflects the average staff resources required to undertake these searches.

"Request for one's own Form 4" (Item L(3)) has been added to Appendix C. The Commission will provide a Form 4 for a fee of $30 under the proposed Rule.

Late fees

The proposed Rule provides that the late filing of a Form 13-502F4, a Form 13-502F5 or a Form 13-502F6 is subject to a late fee.

To ease the burden on staff of tracking late fees, the proposed rule uses the calendar year, rather than the fiscal year, as the period to which the $5,000 maximum applies for registrants. For reporting issuers, the issuer's fiscal year continues to be the period to which the $5,000 maximum applies.

Authority for the proposed rule

Paragraph 43 of subsection 143(1) of the Act authorizes the Commission to make rules "prescribing the fees payable to the Commission, including those for filing, for applications for registration or exemptions, for trades in securities, in respect of audits made by the Commission, and in connection with the administration of Ontario securities law".

Alternatives considered

In the process of developing this Rule, the Commission did not consider any other alternatives.

Unpublished materials

In proposing the rule and policy, the Commission has not relied on any significant unpublished study, report, decision or other written materials.

Anticipated costs and benefits

1. Aggregate fees

Under the fee regime implemented in 2003, the Commission tries to set fees at levels to meet our operating costs. We do this by setting the fees charged under Rule 13-502 and Rule 13-503 (*Commodity Futures Act*) to match our projected costs over a three-year period, less any surplus of fees accumulated during the prior three year period.

Since the introduction of the fee rules both our costs and revenues have exceeded our original estimates. For the three years ending March 2006 our costs are expected to be $11.3 million higher than forecast primarily due to additional staffing. Key growth areas have been Enforcement and the introduction and growth of our Investment Funds branch. Given the uncertainties of our new fee schedule, when it was developed we targeted a surplus of $12.9 million as at March 31, 2006. In late 2004, we projected a significant surplus by March 2006 due to continued high revenues arising from stronger than expected market growth. In March 2005 we rebated $15 million to industry participants based on their contribution to our surplus.

Our current projection for March 2006 is for a surplus of $35.9 million. As shown in the following chart, this amount has been applied to reduce the proposed participation fees. The proposed fee amounts are the average fees per annum projected for the three year period covered by the proposal. Other revenues include interest earned and late fees received. The chart also shows the aggregate fees that the Commission expects to collect under the current fee regime during fiscal 2006.

	Current Fees	Proposed fees without surplus*	% Change	Proposed fees with surplus	% Change
Activity Fees	$ 11,566,000	$ 10,272,841	-11.2%	$ 10,272,841	-11.2%
Participation Fees	$ 54,900,000	$ 60,877,362	10.9%	$ 48,905,572	-10.9%
Sub-Total	$ 66,466,000	$ 71,150,203	7.0%	$ 59,178,413	-11.0%
Other Revenues	$ 3,120,000	$ 2,400,000	-23.1%	$ 2,400,000	-23.1%
Total Revenues	$ 69,586,000	$ 73,550,203	5.7%	$ 61,578,413	-11.5%

*Under the proposal, the total fees paid by market participants will be reduced by 11.0%. This decrease results from an 11.2 % decrease in activity fees and a 10.9 % decrease in participation fees. The fees paid would have increased by 7.0% had we not been able to apply the $35.9 million surplus when setting the new fees.

For the three years covered by the new fees, our costs are projected to increase as shown in the table below. This is due to additional staffing (17 staff across 3 years), and general inflation of operating costs, such as salaries and benefits, and occupancy costs. The additional staff are anticipated primarily in Investment Funds and Enforcement to address such issues as the continuing growth of alternative investments and other novel product offerings, harmonization of regulation, and continuing improvements in the responsiveness of Enforcement actions. Forecast Commission operating results for the next three years are as follows:

	2006/2007	2007/2008	2008/2009	3 Yr. Average
Revenues		($ thousands)		
Activity Fees	10,273	10,273	10,273	10,273
Participation Fees	46,278	48,877	51,562	48,906
Other	2,400	2,400	2,400	2,400
Total Revenues	58,951	61,550	64,235	61,579
less Expenses	70,257	73,426	76,950	73,544
Net Shortfall	(11,306)	(11,876)	(12,715)	(11,966)
Opening Surplus	35,900	24,594	12,718	11,967
Closing Surplus	24,594	12,718	3	1

For the three years ending March 2009, we project a breakeven position, after fully applying the expected March 2006 surplus of $35.9 million to reduce fees otherwise paid by participants. Any actual surplus or deficit at the end of this three year period will be reflected in the fee setting process for the following three years.

The Commission's revenues are subject to operating risk, such as market fluctuations or mergers of participants, which could materially reduce revenues. Also, due to the timing of the receipt of revenues (generally, approximately 70% of Commission revenues are received in the January to March period), the Commission is subject to cash flow fluctuations each year, which could be exacerbated by a sudden decline in revenues. If this occurs, the Commission has a reserve of $20 million available to offset deficits or cash flow needs. The Commission could also borrow as necessary to address such issues on a short term basis.

2. Allocation of Fees within and between Groups

Our analysis of costs and revenues has confirmed that since the introduction of the new fee regime in 2003, issuers have been paying a disproportionate amount of our costs. In calculating the relative shares of the surplus to be returned to issuers and registrants we relied on the amount generated by each group. We calculated that 84% of the surplus was generated by reporting issuers and 16% was generated by registrants.

As a result, although total participation fees (after applying the surplus) are projected to decline by 10.9%, the impact will be different for registrants and issuers. Participation fees are projected to decrease by 40.5% for issuers and increase by 22.4% for registrants. The table below sets out the required participation fee changes with and without the benefit of the surplus.

	Current Participation Fees	Proposed fees without surplus	% Change	Proposed fees with surplus	% Change
Corporate Finance Fees	$ 29,100,000	$ 27,382,506	-5.9%	$ 17,316,814	-40.5%
Capital Markets Fees	$ 25,800,000	$ 33,494,856	29.8%	$ 31,588,758	22.4%
Total	$ 54,900,000	$ 60,877,362	10.9%	$ 48,905,572	-10.9%

(The appendix to the proposed Companion Policy shows how the Commission has applied the surplus to each level of participation fee.)

The participation fee paid by an issuer will decline in the range of 40% to 57% depending on the issuer's fee tier. The most significant decreases will affect issuers in the lowest four tiers. This group, which represents 77% of issuers, will have an average decrease of 45%.

In an effort to improve fairness to smaller registrants, the changes in fees for the various tiers were adjusted to reduce differences that existed in fees as a percentage of registrant revenue levels. Participation fees for registrants with revenues below $3 million will decrease in the range of 10% to 38%. Participation fees for registrants with revenues between $3 and $5 million will increase by 32%. This group was underpaying under the previous fee structure. Participation fees for registrants with revenues of $5 million or more will increase in the range of 9% to 13%. The percentage changes in fees are lower than the required overall increase in participation fee revenues for registrants due to projected movement of registrants through the tiers.

The overall effect of the changes to both sets of participation fees is that they will be more equitable in two respects. First, the proportion of capitalization or revenue paid in participation fees will be more similar across the fee levels. In addition, the proposed participation fees better reflect the actual regulatory costs associated with each group. That is, where issuers were bearing over 50% of these costs, under the proposed participation fees (before the surplus reduction) they will now cover 45%.

Comments

Interested parties are encouraged to make comments on the Proposed Materials. Submissions received by November 10, 2005 will be considered. Submissions received after that date may be considered, depending on the status of the initiative at that time.

Deliver your comments to the following address:

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario
M5H 3S8
jstevenson@osc.gov.on.ca

A diskette containing the submissions (in DOS or Windows format, preferably Word) should also be submitted.

The Commission will publish written comments received unless the Commission approves a commenter's request for confidentiality or the commenter withdraws its comment before the comment's publication.

Questions

Please refer your questions to any of:

Raymond Chan
Accountant, Investment Funds
(416) 593-8128
rchan@osc.gov.on.ca

David Chasson
Legal Counsel, Corporate Finance
(416) 595-8945
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Allison McManus
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Gina Sugden
Project Manager, Capital Markets
(416) 593-8162
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Text of the Proposed Materials

The text of the Proposed Materials follows.

August 12, 2005

6.1.2 OSC Rule 13-502 Fees and Companion Policy 13-502CP Fees

ONTARIO SECURITIES COMMISSION
RULE 13-502
FEES

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ONTARIO SECURITIES COMMISSION
RULE 13-502
FEES

PART 1 – DEFINITIONS

1.1 Definitions – In this Rule,

"capitalization" means, for a reporting issuer, the capitalization determined in accordance with section 2.11, 2.12, 2.13 or 2.14;

"capital markets activities" means

(a) activities for which registration under the Act or an exemption from registration is required,

(b) acting as an investment fund manager, or

(c) activities for which registration under the *Commodity Futures Act*, or an exemption from registration under the *Commodity Futures Act*, is required;

"Class 1 reporting issuer" means a reporting issuer that is incorporated or organized under the laws of Canada or a jurisdiction in Canada and that has securities listed or quoted on a marketplace in Canada or the United States of America;

"Class 2 reporting issuer" means a reporting issuer that is incorporated or organized under the laws of Canada or a jurisdiction in Canada other than a Class 1 reporting issuer;

"Class 3A reporting issuer" means a reporting issuer that is not incorporated or organized under the laws of Canada or a jurisdiction in Canada and

(a) has no securities listed or quoted on a marketplace located anywhere in the world, or

(b) has securities listed or quoted on a marketplace anywhere in the world and

(i) at the end of its previous fiscal year, less than 1% of the outstanding securities of the reporting issuer were registered in the names of Ontario persons or companies,

(ii) there is no marketplace in Canada for any class or series of securities of the reporting issuer, and

(iii) there has been no distribution in Ontario of any class or series of securities of the reporting issuer in the last 5 years, other than to employees of the reporting issuer or employees of a subsidiary entity of the reporting issuer;

"Class 3B reporting issuer" means a reporting issuer

(a) that is not incorporated or organized under the laws of Canada or a jurisdiction in Canada,

(b) that is not a Class 3A reporting issuer, and

(c) whose trading volume of securities on marketplaces in Canada was less than the trading volume of its securities on marketplaces outside Canada over the reporting issuer's previous fiscal year;

"Class 3C reporting issuer" means a reporting issuer

(a) that is not incorporated or organized under the laws of Canada or a jurisdiction in Canada, and

(b) whose trading volume of securities on marketplaces in Canada was greater than the trading volume of its securities on marketplaces outside Canada over the reporting issuer's previous fiscal year;

"IDA" means the Investment Dealers Association of Canada;

"investment fund family" means two or more investment funds that have

(a) the same manager, or

(b) managers that are affiliates of each other;

"marketplace" has the meaning ascribed to that term in National Instrument 21-101 *Marketplace Operation*;

"MFDA" means the Mutual Fund Dealers Association of Canada;

"Ontario percentage" means, for a fiscal year of a person or company

(a) that has a permanent establishment in Ontario, the percentage of the income of the person or company allocated to Ontario for the fiscal year in the corporate tax filings made for the person or company under the ITA, or

(b) that does not have a permanent establishment in Ontario, the percentage of the total revenues of the person or company attributable to capital markets activities in Ontario;

"parent" means a person or company of which another person or company is a subsidiary entity;

"registrant firm" means a person or company registered as a dealer or an adviser under the Act;

"specified Ontario revenues" means, for a registrant firm or an unregistered investment fund manager, the revenues determined under section 3.3, 3.4 or 3.5;

"subsidiary entity" has the meaning ascribed to "subsidiary" under Canadian GAAP; and

"unregistered investment fund manager" means an investment fund manager that is not registered under the Act.

PART 2 – CORPORATE FINANCE PARTICIPATION FEES

Division 1: General

2.1 **Application** – This Part does not apply to an investment fund if the investment fund has an investment fund manager.

2.2 **Participation Fee**

(1) A reporting issuer must pay the participation fee shown in Appendix A opposite the capitalization of the reporting issuer, as determined under section 2.11, 2.12, 2.13 or 2.14.

(2) Despite subsection (1), a Class 3A reporting issuer must pay a participation fee of $600.

(3) Despite subsection (1), a Class 3B reporting issuer must pay the greater of

(a) $600, and

(b) 1/3 of the participation fee shown in Appendix A opposite the capitalization of the reporting issuer, as determined under subsection 2.13.

2.3 **Time of Payment** – A reporting issuer must pay the participation fee required under section 2.2 by the earlier of

(a) the date on which its annual financial statements are required to be filed under Ontario securities legislation, and

(b) the date on which its annual financial statements are filed.

2.4 **Disclosure of Fee Calculation** – At the time that it pays the participation fee required by this Part,

(a) a Class 1 reporting issuer must file a completed Form 13-502F1,

(b) a Class 2 reporting issuer must file a completed Form 13-502F2,

(c) a Class 3A reporting issuer must file a completed Form 13-502F3A,

(d) a Class 3B reporting issuer must file a completed Form 13-502F3B, and

(e) a Class 3C reporting issuer must file a completed Form 13-502F3C.

2.5 Late Fee

(1) Subject to subsection (2), a reporting issuer that is late in paying a participation fee under this Part must pay an additional fee of one percent of the participation fee for each business day on which the participation fee remains due and unpaid.

(2) A reporting issuer is not required to pay a fee under this section in excess of 25 percent of the participation fee payable under this Part.

Division 2: Exceptions

2.6 Participation Fee for New Reporting Issuers

(1) A person or company that is not a reporting issuer and has filed a prospectus that relates to a distribution of securities must pay a participation fee before the issuance of a receipt for the prospectus, calculated by multiplying

(a) the participation fee shown in Appendix A opposite the capitalization calculated under subsection (4), by

(b) the number of entire months remaining in the fiscal year of the person or company after it becomes a reporting issuer, divided by 12.

(2) For the purposes of subsections (4) and (5), a person or company is deemed to be a reporting issuer.

(3) For the purpose of subsection (4), a person or company is deemed to be a Class 1 reporting issuer if the person or company is incorporated or organized under the laws of Canada or a jurisdiction in Canada and reasonably believes that it will have securities listed or quoted on a marketplace in Canada or the United States of America within 30 days of becoming a reporting issuer.

(4) The capitalization of a person or company referred to in subsection (1) is determined as provided under section 2.11, 2.12, 2.13 or 2.14, adjusted by

(a) for a Class 1, Class 3B or Class 3C reporting issuer, using the issue price of the securities being distributed under the prospectus, as disclosed in the prospectus, as the amount required to be calculated under subparagraph 2.11(a)(ii), paragraph 2.11(b), or paragraph 2.13(b);

(b) for a Class 2 reporting issuer, basing its capitalization on the audited financial statements for the most recent fiscal year contained in the prospectus; and

(c) assuming the completion of all distributions offered under the prospectus as at the date of filing of the prospectus.

(5) A person or company that is not a reporting issuer and has filed a non-offering prospectus must pay a participation fee before the issuance of a receipt or an MRRS decision document for the prospectus, calculated by multiplying

(a) the participation fee shown in Appendix A opposite the capitalization calculated under section 2.12, using the audited financial statements for the most recent fiscal year contained in the prospectus; by

(b) the number of entire months remaining in the fiscal year of the person or company after it becomes a reporting issuer, divided by 12.

(6) A person or company that becomes a reporting issuer, other than through the filing of a prospectus, must pay a participation fee within two business days of becoming a reporting issuer, calculated by multiplying

(a) for

(i) a Class 1 reporting issuer, the participation fee shown in Appendix A opposite the capitalization calculated under section 2.11,

(ii) a Class 2 reporting issuer, the participation fee shown in Appendix A opposite the capitalization calculated under section 2.12,

(iii) a Class 3A reporting issuer, $600,

(iv) a Class 3B reporting issuer, the greater of $600 and one-third of the participation fee shown in Appendix A opposite the capitalization calculated under section 2.13,

(v) a Class 3C reporting issuer, the participation fee shown in Appendix A opposite the capitalization calculated under section 2.14; by

(b) the number of entire months remaining in the fiscal year of the person or company after it becomes a reporting issuer, divided by 12.

(7) For the purpose of subparagraphs (a)(i), (iv), and (v) of subsection (6), the value of each class or series of the reporting issuer's listed securities is calculated by multiplying the number of securities of the class or series outstanding by the closing price of the class or series on the day on which the listing occurred.

(8) This section does not apply to a reporting issuer formed from a statutory amalgamation or arrangement, or to a person or company continuing from a transaction to which paragraph 2.11(1)(a) or (b) of National Instrument 45-106 *Prospectus and Registration Exemptions* applies, if the amalgamation, arrangement or other transaction occurs within a fiscal year of a predecessor issuer in which the predecessor issuer paid a participation fee under this Rule.

2.7 Participation Fee Exemption for New Reporting Issuers – Section 2.2 does not apply to a reporting issuer that has paid a participation fee under section 2.6 after its fiscal year end and before it is required to file financial statements in respect of that fiscal year end.

2.8 Participation Fee for an Issuer Ceasing to be a Reporting Issuer – An issuer that ceases to be a reporting issuer after its fiscal year end and before it has paid its participation fee under this Rule, must pay a participation fee immediately before the time that it ceases to be a reporting issuer, calculated by multiplying

(a) the participation fee that would be payable at the time required under section 2.3 if the issuer remained a reporting issuer; by

(b) the number of entire months in the fiscal year before it submitted its application to cease to be a reporting issuer, divided by 12.

2.9 Participation Fee Exemption for Subsidiary entities

(1) Section 2.2 does not apply to a reporting issuer that is a subsidiary entity if

(a) a parent of the subsidiary entity is a reporting issuer,

(b) the parent has paid the participation fee applicable to the parent under section 2.2,

(c) the capitalization of the subsidiary entity was included in the calculation of the participation fee referred to in paragraph (b), and

(d) the net assets and gross revenues of the subsidiary entity represent more than 90 percent of the consolidated net assets and gross revenues of the parent for the most recently completed fiscal year of the parent.

(2) Section 2.2 does not apply to a reporting issuer that is a subsidiary entity if

(a) a parent of the subsidiary entity is a reporting issuer,

(b) the parent has paid the participation fee applicable to the parent under section 2.2,

(c) the capitalization of the subsidiary entity was included in the calculation of the participation fee referred to in paragraph (b), and

(d) the subsidiary entity is entitled to rely on an exemption, waiver or approval from the requirements in subsections 4.1(1), 4.3(1) and 5.1(1) and sections 5.2 and 6.1 of National Instrument 51-102 *Continuous Disclosure Obligations*.

(3) If, under subsection (1) or (2), a reporting issuer has not paid a participation fee, the reporting issuer must file a completed Form 13-502F6 at the time it is otherwise required to pay the participation fee under section 2.3.

(4) If, under subsection (2), a reporting issuer has not paid a participation fee and any of paragraphs (2)(a), (b), (c) or (d) cease to apply, the reporting issuer must pay, as soon as practicable, a participation fee calculated by multiplying the participation fee prescribed under section 2.2 by the number of entire months remaining in the fiscal year of the issuer divided by 12.

2.10 Participation Fee Estimate for Class 2 Reporting Issuers

(1) If the annual financial statements of a Class 2 reporting issuer are not available by the date referred to in section 2.3, the Class 2 reporting issuer must, on that date,

(a) file a completed Form 13-502F2 showing a good faith estimate of the information required to calculate its capitalization as at the end of the fiscal year, and

(b) pay the participation fee shown in Appendix A opposite the capitalization estimated under paragraph (a).

(2) A Class 2 reporting issuer that estimated its capitalization under subsection (1) must, when it files its annual financial statements for the applicable fiscal year,

(a) calculate its capitalization under section 2.12,

(b) pay the participation fee shown in Appendix A opposite the capitalization calculated under section 2.12, less the participation fee paid under subsection (1), and

(c) file a completed Form 13-502F2A.

(3) If a reporting issuer paid an amount paid under subsection (1) that exceeds the participation fee calculated under section (2), the issuer is entitled to a refund from the Commission of the amount overpaid.

Division 3: Calculating Capitalization

2.11 Class 1 Reporting Issuers – The capitalization of a Class 1 reporting issuer is the aggregate of

(a) the average market value over the previous fiscal year of each class or series of the reporting issuer's securities listed or quoted on a marketplace, calculated by multiplying

(i) the total number of securities of the class or series outstanding at the end of the previous fiscal year, by

(ii) the simple average of the closing prices of the class or series on the last trading day of each month of the previous fiscal year of the reporting issuer on

(A) the marketplace in Canada on which the highest volume of the class or series was traded in that fiscal year, or

(B) if the class or series was not traded on a marketplace in Canada, the marketplace in the United States of America on which the highest volume of the class or series was traded in that fiscal year; and

(b) the market value at the end of the fiscal year, as determined by the reporting issuer in good faith, of each class or series of securities of the reporting issuer not referred to in paragraph (a) if any securities of the class or series

(i) were initially issued to a person or company resident in Canada, and

(ii) trade over the counter or, after their initial issuance, are otherwise generally available for purchase or sale by way of transactions carried out through, or with, dealers.

2.12 Class 2 Reporting Issuers

(1) The capitalization of a Class 2 reporting issuer is the aggregate of each of the following items, as shown in its audited balance sheet as at the end of the previous fiscal year:

(a) retained earnings or deficit;

(b) contributed surplus;

(c) share capital or owners' equity, options, warrants and preferred shares;

(d) long term debt, including the current portion;

(e) capital leases, including the current portion;

(f) minority or non-controlling interest;

(g) items classified on the balance sheet between current liabilities and shareholders' equity, and not otherwise referred to in this subsection;

(h) any other item forming part of shareholders' equity not otherwise referred to in this subsection.

(2) Despite subsection (1), a reporting issuer may calculate its capitalization using unaudited annual financial statements if it is not required to prepare, and does not ordinarily prepare, audited annual financial statements.

(3) Despite subsection (1), a reporting issuer that is a trust that issues only asset-backed securities through pass-through certificates may calculate its capitalization using the monthly filed distribution report for the last month of its fiscal year, if the reporting issuer is not required to prepare, and does not ordinarily prepare, audited annual financial statements.

2.13 Class 3B Reporting Issuers – The capitalization of a Class 3B reporting issuer is the aggregate of the value of each class or series of securities of the reporting issuer listed or quoted on a marketplace, calculated by multiplying

(a) the number of securities of the class or series outstanding at the end of the reporting issuer's previous fiscal year, by

(b) the simple average of the closing prices of the class or series on the last trading day of each month of the previous fiscal year on the marketplace on which the highest volume of the class or series was traded in that fiscal year.

2.14 Class 3C Reporting Issuers – The capitalization of a Class 3C reporting issuer at the end of a fiscal year is determined under section 2.11, as if it were a Class 1 reporting issuer.

2.15 Reliance on Published Information

(1) Subject to subsection (2), in determining its capitalization for purposes of this Part, a reporting issuer may rely on information made available by a marketplace on which securities of the reporting issuer trade.

(2) If a reporting issuer reasonably believes that the information made available by a marketplace is incorrect, subsection (1) does not apply and the issuer must make a good faith estimate of the information required.

PART 3 – CAPITAL MARKETS PARTICIPATION FEES

3.1 Participation Fee

(1) On December 31, a registrant firm must pay the participation fee shown in Appendix B opposite the registrant firm's specified Ontario revenue, as that revenue is calculated under section 3.3, 3.4 or 3.5.

(2) Not later than 90 days after the end of a fiscal year, an unregistered investment fund manager must pay the participation fee shown in Appendix B opposite the fund manager's specified Ontario revenue, as that revenue is calculated under section 3.4.

3.2 Disclosure of Fee Calculation

(1) By December 1, a registrant firm must file a completed Form 13-502F4 showing the information required to determine the participation fee due on December 31.

(2) At the time that it pays the participation fee required under subsection 3.1(2), an unregistered investment fund manager must file a completed Form 13-502F4 showing the information required to determine the participation fee.

3.3 Specified Ontario Revenue for IDA and MFDA Members

(1) The specified Ontario revenue of a registrant firm that is a member of the IDA or the MFDA is calculated by multiplying the registrant firm's

(a) total revenue for the fiscal year ending on or before December 31 of the current year, less revenue not attributable to capital markets activities for the fiscal year; by

(b) Ontario percentage for the fiscal year.

(2) For the purpose of paragraph (1)(a), "total revenue" means,

(a) for an IDA member, the amount shown as total revenue on Statement E of the Joint Regulatory Financial Questionnaire and Report filed with the IDA by the registrant firm; and

(b) for an MFDA member, the amount shown as total revenue on Statement D of the MFDA Financial Questionnaire and Report filed with the MFDA by the registrant firm.

3.4 Specified Ontario Revenue for Others

(1) The specified Ontario revenue of a registrant firm that is not a member of the IDA or the MFDA is calculated by multiplying the registrant firm's

(a) gross revenues, as shown in the audited financial statements prepared for the fiscal year ending on or before December 31 of the current year, less deductions permitted under subsection (3); by

(b) Ontario percentage for the fiscal year.

(2) The specified Ontario revenue of an unregistered investment fund manager is calculated by multiplying the fund manager's

(a) gross revenues, as shown in the audited financial statements for its previous fiscal year, less deductions permitted under subsection (3); and

(b) Ontario percentage for the fiscal year.

(3) For the purpose of paragraphs (1)(a) and (2)(a), a person or company may deduct the following from gross revenues:

(a) revenue not attributable to capital markets activities for the fiscal year;

(b) redemption fees earned during the fiscal year on the redemption of investment fund securities sold on a deferred sales charge basis;

(c) administration fees paid during the fiscal year relating to the recovery of costs from investment funds managed by the person or company for operating expenses paid on behalf of the investment fund by the person or company;

(d) advisory or sub-advisory fees paid during the fiscal year by the person or company to a registrant firm, as "registrant firm" is defined in this Rule and in Rule 13-503 (*Commodity Futures Act*) *Fees*;

(e) trailing commissions paid during the fiscal year by the person or company to a registrant firm.

(4) Despite subsection (1), a registrant firm registered only as one or more of a limited market dealer, an international dealer or an international adviser may calculate its gross revenues using unaudited financial statements if it is not required to prepare, and does not ordinarily prepare, audited financial statements.

3.5 Estimating Specified Ontario Revenue for Late Fiscal Year End

(1) If the annual financial statements of a registrant firm have not been completed by December 1 in a year, the registrant firm must,

(a) on December 1, file a completed Form 13-502F4 showing a good faith estimate of the information required to calculate its specified Ontario revenue as at the end of the fiscal year; and

(b) on December 31, pay the participation fee shown in Appendix B opposite the Ontario specified revenue estimated under paragraph (a).

(2) A registrant firm that estimated its specified Ontario revenue under subsection (1) must, when its annual financial statements for the applicable fiscal year have been completed,

(a) calculate its specified Ontario revenue under section 3.3 or 3.4, as applicable;

(b) determine the participation fee shown in Appendix B opposite the Ontario specified revenue calculated under paragraph (a); and

(c) complete a Form 13-502F4 reflecting the annual financial statements.

(3) If the participation fee determined under subsection (2) differs from the participation fee paid under subsection (1), the registrant firm must, not later than 90 days after the end of its fiscal year,

(a) pay the participation fee determined under subsection (2), less the participation fee paid under subsection (1);

(b) file the Form 13-502F4 completed under subsection (2); and

(c) file a completed Form 13-502F5.

(4) If a registrant firm paid an amount paid under subsection (1) that exceeds the participation fee determined under subsection (2), the registrant firm is entitled to a refund from the Commission of the amount overpaid.

3.6 Late Fee

(1) Subject to subsection (2), a person or company that is late in paying a participation fee under this Part must pay an additional fee of one percent of the participation fee for each business day on which the participation fee remains due and unpaid.

(2) A person or company is not required to pay a fee under subsection (1) in excess of 25 percent of the participation fee payable under this Part.

PART 4 – ACTIVITY FEES

4.1 Activity Fees – A person or company that files a document or takes an action listed in Appendix C must, concurrently with the filing of the document or taking of the action, pay the activity fee shown in Appendix C opposite the description of the document or action.

4.2 Insider Report – Despite section 4.1, a person or company that files a Form 55-102F2 *Insider Report* late must pay the activity fee shown in item M(2) of Appendix C upon receiving an invoice from the Commission.

4.3 Investment Fund Families – Despite section 4.1, only one activity fee must be paid for an application made by or on behalf of investment funds in an investment fund family, if the application pertains to each investment fund.

PART 5 – CURRENCY CONVERSION

5.1 **Canadian Dollars** – Any calculation of money required to be made under this Rule that results in a currency other than Canadian dollars must be converted into Canadian dollars at the daily noon exchange rate posted by the Bank of Canada website on the date for which the calculation is made.

PART 6 – EXEMPTION

6.1 **Exemption** – The Director may grant an exemption from the provisions of this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 7 – EFFECTIVE DATE

7.1 **Effective Date** – This Rule comes into force on April 3, 2006.

APPENDIX A – CORPORATE FINANCE PARTICIPATION FEES

Capitalization	Participation Fee
under $25 million	$600
$25 million to under $50 million	$1,300
$50 million to under $100 million	$3,200
$100 million to under $250 million	$6,700
$250 million to under $500 million	$14,700
$500 million to under $1 billion	$20,500
$1 billion to under $5 billion	$29,700
$5 billion to under $10 billion	$38,300
$10 billion to under $25 billion	$44,700
$25 billion and over	$50,300

APPENDIX B – CAPITAL MARKETS PARTICIPATION FEES

Specified Ontario Revenues	Participation Fee
under $500,000	$900
$500,000 to under $1 million	$3,100
$1 million to under $3 million	$6,900
$3 million to under $5 million	$13,200
$5 million to under $10 million	$27,200
$10 million to under $25 million	$55,500
$25 million to under $50 million	$83,100
$50 million to under $100 million	$167,600
$100 million to under $200 million	$279,500
$200 million to under $500 million	$565,000
$500 million to under $1 billion	$730,000
$1 billion to under $2 billion	$930,000
$2 billion and over	$1,550,000

APPENDIX C - ACTIVITY FEES

Document or Activity	Fee
A. Prospectus Filing	
1. Preliminary or Pro Forma Prospectus in Form 41-501F1, (including if PREP procedures are used)	$3,000
Notes: *(i) This applies to most issuers, including investment funds that prepare prospectuses in accordance with Form 41-501F1; investment funds that prepare prospectuses in accordance with Form 81-101F1, Form 15 or Form 45 will pay the fees shown in item 4 below.* *(ii) Each named issuer should pay its proportionate share of the fee in the case of a prospectus for multiple issuers (other than in the case of investment funds).*	
2. Additional fee for Preliminary or Pro Forma Prospectus in Form 41-501F1 of a resource issuer that is accompanied by engineering reports	$2,000
3. Preliminary Short Form Prospectus in Form 44-101F3 (including if shelf or PREP procedures are used) or a Registration Statement on Form F-9 or F-10 filed by an issuer that is incorporated or that is organized under the laws of Canada or a jurisdiction in Canada in connection with a distribution solely in the United States under MJDS as described in the companion policy to National Instrument 71-101 *The Multijurisdictional Disclosure System*.	$3,000
4. Prospectus Filing by or on behalf of Certain Investment Funds	
(a) Preliminary or Pro Forma Simplified Prospectus and Annual Information Form in Form 81-101F1 and Form 81-101F2	$400
Note: Where a single prospectus document is filed on behalf of one or more investment funds, the applicable fee is payable for each investment fund.	
(b) Preliminary or Pro Forma Prospectus in Form 15	The greater of (i) $3,000 per prospectus, and (ii) $600 per investment fund in a prospectus.
(c) Preliminary or Pro Forma Prospectus in Form 45	The greater of (i) $3,000 per prospectus, and (ii) $600 per investment fund in a prospectus.
Note: Where a single prospectus document is filed on behalf of one or more investment funds, and the investment funds do not have similar investment objectives and strategies, $3,000 is payable for each investment fund.	
B. Fees relating to exempt distributions under Rule 45-501 *Ontario Prospectus and Registration Exemptions* and National Instrument 45-106 *Prospectus and Registration Exemptions*	
1. Application for recognition, or renewal of recognition, as an accredited investor	$500

Document or Activity	Fee
2. Filing of a Form 45-501F1 or Form 45-106F1 for a distribution of securities of an issuer that is not an investment fund and is not subject to a participation fee. Filing of a Form 45-501F1 or Form 45-106F1 for a distribution of securities of an issuer that is an investment fund, where none of the members of the organization of the investment fund is subject to a participation fee.	$500
3. Filing of a rights offering circular in Form 45-101F	$2,000 (plus $2,000 if neither the applicant nor an issuer of which the applicant is a wholly owned subsidiary is subject to, or is reasonably expected to become subject to, a participation fee under this Rule)
C. Provision of Notice under paragraph 2.42(2)(a) of National Instrument 45-106 *Prospectus and Registration Exemptions*	$2,000
D. Filing of Prospecting Syndicate Agreement	$500
E. Applications for Relief, Approval or Recognition	
1. Any application for relief, approval or recognition under any section of the Act, the Regulations or any Rule of the Commission not listed in item E(2), E(3) or E(4) below. *Note: The following are included in the applications that are subject to a fee under this item:* *(i) recognition of an exchange under section 21 of the Act, a self-regulatory organization under section 21.1 of the Act, a clearing house under section 21.2 of the Act or a quotation and trade reporting system under section 21.2.1 of the Act;* *(ii) approval of a compensation fund or contingency trust fund under section 110 of the Regulations to the Act; and* *(iii) approval of the establishment of a council, committee or ancillary body under section 21.3 of the Act.*	$3,000 for an application made under one section and $5,000 for an application made under two or more sections (plus $2,000 if neither the applicant nor an issuer of which the applicant is a wholly owned subsidiary is subject to, or is reasonably expected to become subject to, a participation fee under this Rule or Rule 13-503 (*Commodity Futures Act*) *Fees*). An application made under both the Act and the *Commodities Futures Act* does not require the applicant to pay an additional fee; i.e., the fee for an application under both statutes will not be greater than $5,000 (or $7,000 if neither the applicant nor an issuer of which the applicant is a wholly owned subsidiary is subject to, or is reasonably expected to become subject to, a participation fee under this Rule or Rule 13-503 (*Commodity Futures Act*) *Fees*).
2. An application for relief from any of the following: (a) Rule 13-502 *Fees*, (b) Rule 31-506 *SRO Membership – Mutual Fund Dealers*, (c) Rule 31-507 *SRO Membership – Securities Dealers and Brokers*, (d) Multilateral Instrument 31-102 *National Registration Database*, (e) Multilateral Instrument 33-109 *Registration Information*, and (f) Part 3 of Rule 31-502 *Proficiency*.	$1,500

Document or Activity	Fee
3. An application for relief from Part 2 of Rule 31-502 *Proficiency*.	$800
4. Application (a) under section 27, subsection 38(3), subsection 72(8) or section 83 of the Act or subsection 1(6) of the *Business Corporations Act*; (b) under section 144 of the Act for an order revoking a cease-trade order to permit trades solely for the purpose of establishing a tax loss in accordance with Commission Policy 57-602; and (c) where the discretionary relief or regulatory approval is evidenced by the issuance of a receipt for the applicants' final prospectus (such as certain applications under Rule 41-501 or National Instrument 81-101).	Nil
5. Application for relief from section 213 of the *Loan and Trust Corporations Act.*	$1,500
6. (1) Application made under subsection 46(4) of the *Business Corporations Act* for relief from the requirements under Part V of that Act. (2) Application for consent to continue in another jurisdiction under paragraph 4(b) of the regulations to the *Business Corporations Act*. *Note*: *These fees are in addition to the fee payable to the Minister of Finance as set out in the Schedule attached to the Minister's Fee Orders relating to applications for exemption orders made under the Business Corporations Act to the Commission*.	$400
F. Pre-Filings *Note: The fee for a pre-filing will be credited against the applicable fee payable if and when the formal filing (e.g., an application or a preliminary prospectus) is actually proceeded with; otherwise, the fee is non-refundable.*	$3,000
G. Take-Over Bid and Issuer Bid Documents	
Filing of a take-over bid or issuer bid circular under subsection 100(3) or (7) of the Act	$3,000 (plus $2,000 if neither the offeror nor an issuer of which the offeror is a wholly-owned subsidiary is subject to, or reasonably expected to become subject to, a participation fee under this Rule)
Filing of a notice of change or variation under subsection 100(4) of the Act	Nil
H. Filing an initial annual information form under National Instrument 44-101	$2,000
I. Registration-Related Activity	
1. New registration of a firm in any category of registration *Note: If a firm is registering as both a dealer and an adviser, it will be required to pay two activity fees.*	$600

	Document or Activity	Fee
2.	Change in registration category *Note: This would include a dealer becoming an adviser or vice versa, or changing a category of registration within the general categories of dealer or adviser. A dealer adding a category of registration, such as a dealer becoming both a dealer and an adviser, would be covered in the preceding section.*	$600
3.	Registration of a new director, officer or partner (trading and/or advising), salesperson or representative *Notes:* *(i) Registration of a new non-trading or non-advising director, officer or partner does not trigger an activity fee.* *(ii) If an individual is registering as both a dealer and an adviser, they will be required to pay two activity fees.* *(iii) A registration fee will not be charged if an individual makes an application to register with a new registrant firm within three months of terminating employment with his or her previous registrant firm provided that the individual's category of registration remains unchanged.*	$200 per person
4.	Change in status from a non-trading and/or non-advising capacity to a trading and/or advising capacity	$200 per person
5.	Registration of a new registrant firm, or the continuation of registration of an existing registrant firm, resulting from or following an amalgamation of registrant firms	$2,000
6.	Application for amending terms and conditions of registration	$500
J.	**Notice to Director under section 104 of the Regulation**	$3,000
K.	**Request for certified statement from the Commission or the Director under section 139 of the Act**	$100
L.	**Requests to the Commission**	
1.	Request for a photocopy of Commission records	$0.50 per page
2.	Request for a search of Commission records	$150
3.	Request for one's own Form 4	$30

M. Late Filing	
1. Fee for late filing of any of the following documents:	
(a) Annual financial statements and interim financial statements; (b) Annual information form filed under National Instrument 51-102 *Continuous Disclosure Obligations*; (c) Form 45-501F1 or Form 45-106F1 filed by a reporting issuer; (d) Notice under Section 104 of the Regulation; (e) Report under Section 141 or 142 of the Regulation; (f) Filings for the purpose of amending Form 3 and Form 4 or Form 33-109F4 under Multilateral Instrument 33-109 *Registration Information*; (g) Any document required to be filed by a registrant firm or individual in connection with the registration of the registrant firm or individual under the Act with respect to (i) terms and conditions imposed on a registrant firm or individual, or (ii) an order of the Commission; (h) Form 13-502F4; (i) Form 13-502F5; and (j) Form 13-502F6.	$100 per business day (subject to a maximum aggregate fee of $5,000 (i) per fiscal year, for a reporting issuer, for all documents required to be filed within a fiscal year of the issuer, and (ii) for a registrant firm and an unregistered investment fund manager for all documents required to be filed within a calendar year)
2. Fee for late filing of Form 55-102F2 – *Insider Report*	$50 per calendar day per insider per issuer (subject to a maximum of $1,000 within any one year beginning on April 1st and ending on March 31st.) The late fee does not apply to an insider if (a) the head office of the issuer is located outside Ontario, and (b) the insider is required to pay a late fee for the filing in a jurisdiction in Canada other than Ontario.

FORM 13-502F1
CLASS 1 REPORTING ISSUERS – PARTICIPATION FEE

Reporting Issuer Name: _______

Fiscal year end date used to calculate capitalization: _______

Market value of listed or quoted securities:

Total number of securities of a class or series outstanding as at the issuer's most recent fiscal year end ________(i)

Simple average of the closing price of that class or series as of the last trading day of each month of the fiscal year (See clauses 2.11(a)(ii)(A) and (B) of the Rule) ________(ii)

Market value of class or series (i) X (ii) = ______(A)

(Repeat the above calculation for each class or series of securities of the reporting issuer that was listed or quoted on a marketplace in Canada or the United States of America at the end of the fiscal year) ______(B)

Market value of other securities:

(See paragraph 2.11(b) of the Rule)
(Provide details of how value was determined) ______(C)

(Repeat for each class or series of securities) ______(D)

Capitalization

(Add market value of all classes and series of securities) (A) + (B) + (C) + (D) = ______

Participation Fee ______

(From Appendix A of the Rule, select the participation fee beside the capitalization calculated above)

New reporting issuer's reduced participation fee, if applicable

(See section 2.6 of the Rule)

$$\frac{\text{Participation fee} \quad X \quad \text{Number of entire months remaining in the issuer's fiscal year}}{12} = ______$$

Late Fee, if applicable

(As determined under section 2.5 of the Rule) ______

FORM 13-502F2
CLASS 2 REPORTING ISSUERS – PARTICIPATION FEE

Reporting Issuer Name: _______

Fiscal year end date used to calculate capitalization: _______

Financial Statement Values:
(Use stated values from the audited financial statements of the reporting issuer as at its most recent audited year end)

Retained earnings or deficit	________ (A)
Contributed surplus	________ (B)
Share capital or owners' equity, options, warrants and preferred shares (whether such shares are classified as debt or equity for financial reporting purposes)	________ (C)
Long term debt (including the current portion)	________ (D)
Capital leases (including the current portion)	________ (E)
Minority or non-controlling interest	________ (F)
Items classified on the balance sheet between current liabilities and shareholders' equity (and not otherwise listed above)	________ (G)
Any other item forming part of shareholders' equity and not set out specifically above	________ (H)

Capitalization
(Add items (A) through (H)) ________

Participation Fee ________
(From Appendix A of the Rule, select the participation fee beside the capitalization calculated above)

New reporting issuer's reduced participation fee, if applicable
(See section 2.6 of the Rule)

Participation fee X Number of entire months remaining in the issuer's fiscal year = ________
12

Late Fee, if applicable ________
(As determined under section 2.5 of the Rule)

FORM 13-502F2A

ADJUSTMENT OF FEE PAYMENT
FOR CLASS 2 REPORTING ISSUERS

Reporting Issuer Name: _______

Fiscal year end date used
to calculate capitalization: _______

State the amount paid under subsection 2.10(2) of Rule 13-502: _______________(i)

Show calculation of actual capitalization based on audited financial statements:

Financial Statement Values:
(Use stated values from the audited financial statements of the reporting issuer as at its most recent audited year end)

Retained earnings or deficit	_________(A)
Contributed surplus	_________(B)
Share capital or owners' equity, options, warrants and preferred shares (whether such shares are classified as debt or equity for financial reporting purposes)	_________(C)
Long term debt (including the current portion)	_________(D)
Capital leases (including the current portion)	_________(E)
Minority or non-controlling interest	_________(F)
Items classified on the balance sheet between current liabilities and shareholders' equity (and not otherwise listed above)	_________(G)
Any other item forming part of shareholders' equity and not set out specifically above	_________(H)

Capitalization
(Add items (A) through (H)) ___________

Participation Fee _________(ii)
(From Appendix A of the Rule, select the participation fee beside the capitalization calculated above)

Refund due (Balance owing)
(Indicate the difference between (i) and (ii)) (i) – (ii) = ___________

FORM 13-502F3A
CLASS 3A REPORTING ISSUERS – PARTICIPATION FEE

Reporting Issuer Name: _______

Fiscal year end date: _______

Indicate, by checking the appropriate box, which of the following criteria the issuer meets:

(a) The issuer has no securities listed or quoted on a marketplace located anywhere in the world; or ☐

(b) the issuer has securities listed or quoted on a marketplace anywhere in the world and ☐

i. at the end of its previous fiscal year, less than 1% of its outstanding securities were registered in the names of Ontario persons or companies;

ii. there is no marketplace in Canada for any class or series of its securities; and

iii. there has been no distribution in Ontario of any class or series of its securities in the last 5 years, other than to employees of the issuer or employees of a subsidiary entity of the issuer.

Participation Fee __$600
(From subsection 2.2(2) of the Rule)

New reporting issuer's reduced participation fee, if applicable
(See section 2.6 of the Rule)

$$\frac{\text{Participation fee} \times \text{Number of entire months remaining in the issuer's fiscal year}}{12} = ____$$

Late Fee, if applicable ____
(As determined under section 2.5 of the Rule)

FORM 13-502F3B
CLASS 3B REPORTING ISSUERS – PARTICIPATION FEE

Reporting Issuer Name: _______

Fiscal year end date used to calculate capitalization: _______

Market value of securities:

Total number of securities of a class or series outstanding as at the issuer's most recent fiscal year end	________(i)	
Simple average of the closing price of that class or series as of the last trading day of each month of the fiscal year (See section 2.13(b) of the Rule)	________(ii)	
Market value of class or series	(i) X (ii) =	______(A)
(Repeat the above calculation for each listed or quoted class or series of securities of the reporting issuer)		______(B)

Capitalization
(Add market value of all classes and series of securities) (A) + (B) = ________

Participation Fee ________
(From Appendix A of the Rule, select the participation fee beside the capitalization calculated above)

Fee Payable
1/3 of the participation fee or $600, whichever is greater ________
(See subsection 2.2(3) of the Rule)

New reporting issuer's reduced participation fee, if applicable
(See section 2.6 of the Rule)

$$\frac{\text{Participation fee} \times \text{Number of entire months remaining in the issuer's fiscal year}}{12} = ________$$

Late Fee, if applicable ________
(As determined under section 2.5 of the Rule)

FORM 13-502F3C
CLASS 3C REPORTING ISSUERS – PARTICIPATION FEE

Reporting Issuer Name: ________

Fiscal year end date used to calculate capitalization: ________

Subsection 2.14 requires Class 3C reporting issuers to calculate their market capitalization in accordance with section 2.11.

Market value of listed or quoted securities:

Total number of securities of a class or series outstanding as at the issuer's most recent fiscal year end ________ (i)

Simple average of the closing price of that class or series as of the last trading day of each month of the fiscal year (See clauses 2.11(a)(ii)(A) and (B) of the Rule) ________ (ii)

Market value of the class or series (i) X (ii) = ________ (A)

(Repeat the above calculation for each class or series of securities of the reporting issuer that was listed or quoted on a marketplace in Canada or the United States of America at the end of the fiscal year) ________ (B)

Market value of other securities:

(See paragraph 2.11(b) of the Rule)
(Provide details of how value was determined) ________ (C)

(Repeat for each class or series of securities) ________ (D)

Capitalization

(Add market value of all classes and series of securities) (A) + (B) + (C) + (D) = ________

Participation Fee ________

(From Appendix A of the Rule, select the participation fee beside the Capitalization calculated above)

New reporting issuer's reduced participation fee, if applicable

(See section 2.6 of the Rule)

Participation fee X Number of entire months remaining in the issuer's fiscal year / 12 = ________

Late Fee, if applicable

(As determined under section 2.5 of the Rule) ________

FORM 13-502F4
CAPITAL MARKETS PARTICIPATION FEE CALCULATION

Notes and Instructions

1. IDA members are required to complete Part I of the Form and MFDA members are required to complete Part II. Unregistered investment fund managers and registrant firms that are not IDA or MFDA members must complete Part III.

2. The components of revenue reported in each Part should be based on the same principles as the comparative statement of income which is prepared in accordance with generally accepted accounting principles ("GAAP"), or such equivalent principles applicable to the audited financial statements of international dealers and advisers and foreign investment fund managers, except that revenues should be reported on an unconsolidated basis. It is recognized that the components of the revenue classification may vary between firms. However, it is important that each firm be consistent between periods.

3. Members of the Investment Dealers Association of Canada may refer to Statement E of the Joint Regulatory Financial Questionnaire and Report for guidance.

4. Members of the Mutual Fund Dealers Association of Canada may refer to Statement D of the MFDA Financial Questionnaire and Report for guidance.

5. Comparative figures are required for the registrant firms' and unregistered investment fund managers' year end date.

6. Participation fee revenue will be based on the portion of total revenue that can be attributed to Ontario. The percentage attributable to Ontario for the reported year end should be the provincial allocation rate used in the corporate tax return for the same fiscal period. For firms that do not have a permanent establishment in Ontario, the percentage attributable to Ontario will be based on the proportion of total revenues generated from capital markets activities in Ontario.

7. All figures should be expressed in Canadian dollars and rounded to the nearest thousand.

8. Information reported on this questionnaire must be certified by two members of senior management in Part IV to attest to its completeness and accuracy.

Notes and Instructions for Part III

1. Gross revenue is defined as the sum of all revenues reported on a gross basis as per the audited financial statements, except where unaudited financial statements are permitted in accordance with subsection 3.4(4) of the Rule. Audited financial statements should be prepared in accordance with GAAP, or such equivalent principles applicable to the audited financial statements of international dealers and advisers and foreign investment fund managers, except that revenues should be reported on an unconsolidated basis. Items reported on a net basis must be adjusted for purposes of the fee calculation. Gross revenues are reduced by amounts not attributable to capital markets activities.

2. Redemption fees earned upon the redemption of investment fund units sold on a deferred sales charge basis are permitted as a deduction from total revenue on this line.

3. Administration fees permitted as a deduction from line 1 are limited solely to those that represent the recovery of costs from the investment funds for operating expenses paid on their behalf by the registrant firm or unregistered investment fund manager. Operating expenses include legal, audit, trustee, custodial and safekeeping fees, registrar and transfer agent charges, taxes, rent, advertising, unitholder services and financial reporting costs.

4. Where the advisory services of another registrant firm, within the meaning of this Rule or Rule 13-503 (*Commodity Futures Act*) *Fees*, are used by the person or company to advise on a portion of its assets under management, such sub-advisory costs are permitted as a deduction on this line.

5. Trailer fees paid to other registrant firms are permitted as a deduction on this line.

Participation Fee Calculation

Firm Name: _______

Fiscal year end: _______

Part I – IDA Members

	Current Year $	Prior Year $ (if available)
1. Total revenue from Statement E of the Joint Regulatory Financial Questionnaire and Report	_______	_______
2. Less revenue not attributable to capital markets activities	_______	_______
3. Revenue subject to participation fee (line 1 less line 2)	_______	_______
4. Ontario percentage (See definition in Rule)	%	%
5. Specified Ontario revenue (line 3 multiplied by line 4)	_______	_______
6. Participation fee (From Appendix B of the Rule, select the participation fee opposite the Ontario specified revenue calculated above)	_______	_______

Part II – MFDA Members

1. Total revenue from Statement D of the MFDA Financial Questionnaire and Report	_______	_______
2. Less revenue not attributable to capital markets activities	_______	_______
3. Revenue subject to participation fee (line 1 less line 2)	_______	_______
4. Ontario percentage (See definition in Rule)	%	%
5. Specified Ontario revenue (line 3 multiplied by line 4)	_______	_______
6. Participation fee (From Appendix B of the Rule, select the participation fee opposite the Ontario specified revenue calculated above)	_______	_______

Part III – Advisers, Other Dealers, and Unregistered Investment Fund Managers

1. Gross revenue (note 1)	_______	_______
Less the following items:		
2. Revenue not attributable to capital markets activities	_______	_______
3. Redemption fees (note 2)	_______	_______
4. Administration fees (note 3)	_______	_______
5. Advisory or sub-advisory fees paid to registrant firms, as defined under this Rule and Rule 13-503 (*Commodity Futures Act*) *Fees* (note 4)	_______	_______
6. Trailer fees paid to other registrant firms (note 5)	_______	_______

7. Total deductions (sum of lines 2 to 6) ______ ______

8. Revenue subject to participation fee (line 1 less line 7) ______ ______

9. Ontario percentage
(See definition in Rule) % ______ % ______

10. Specified Ontario revenue (line 8 multiplied by line 9) ______ ______

11. Participation fee ______ ______
(From Appendix B of the Rule, select the participation fee beside the Ontario specified revenue calculated above)

Part IV - Management Certification

Firm Name: _______

We have examined the attached statements and certify that, to the best of our knowledge, they present fairly the revenues of the firm for the period ended ________________________ and are prepared in agreement with the books of the firm.

We certify that the reported revenues of the firm are complete and accurate and in accordance with generally accepted accounting principles.

	Name and Title	**Signature**	**Date**
1.	______________________	______________________	______________________
2.	______________________	______________________	______________________

FORM 13-502F5
ADJUSTMENT OF FEE FOR REGISTRANT FIRMS

Registrant Firm Name: ______________________

Fiscal year end: ______________________

Note: Subsection 3.5(3) of the Rule requires that this Form must be filed concurrent with a completed Form 13-502F4 that shows the firm's actual participation fee calculation.

1. Estimated participation fee paid under subsection 3.5(1) of the Rule: ______________

2. Actual participation fee calculated under subsection 3.5(2) of the Rule: ______________

3. Refund due (Balance owing): ______________
(Indicate the difference between lines 1 and 2)

FORM 13-502F6
SUBSIDIARY ENTITY EXEMPTION NOTICE

Reporting Issuer Name (Subsidiary): ____________________

Reporting Issuer Name (Parent): ____________________

Fiscal Year End Date: ____________________

Indicate below which exemption the reporting issuer (subsidiary entity) intends to rely on by checking the appropriate box:

1. Subsection 2.9(1) ☐

The reporting issuer (subsidiary entity) meets the following criteria set out under subsection 2.9(1) of the Rule:

a) the parent of the subsidiary entity is a reporting issuer;

b) the parent has paid the participation fee required;

c) the parent company includes the market capitalization of the subsidiary entity in its calculation of its participation fee; and

d) the net assets and gross revenues of the subsidiary entity represent more than 90 percent of the consolidated net assets and gross revenues of the parent for the previous financial year of the parent.

	Net Assets for the previous financial year	**Gross Revenues for the previous financial year**	
Reporting Issuer (Subsidiary)	____________________	____________________	(A)
Reporting Issuer (Parent)	____________________	____________________	(B)
Percentage (A/B)	__________________%	__________________%	

2. Subsection 2.9(2) ☐

The reporting issuer (subsidiary entity) meets the following criteria set out under subsection 2.9(2) of the Rule:

a) the parent of the subsidiary entity is a reporting issuer;

b) the parent has paid the participation fee required;

c) the parent company includes the market capitalization of the subsidiary entity in its calculation of its participation fee; and

d) the subsidiary entity is entitled to rely on an exemption, waiver or approval from the requirements in subsections 4.1(1), 4.3(1) and 5.1(1) and sections 5.2 and 6.1 of National Instrument 51-102 *Continuous Disclosure Obligations*.

ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-502CP
FEES

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ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-502CP
FEES

PART 1 PURPOSE OF COMPANION POLICY

1.1 Purpose of Companion Policy – The purpose of this Companion Policy is to state the views of the Commission on various matters relating to Rule 13-502 Fees (the "Rule"), including an explanation of the overall approach of the Rule and a discussion of various parts of the Rule.

PART 2 PURPOSE AND GENERAL APPROACH OF THE RULE

2.1 Purpose and General Approach of the Rule

(1) The purpose of the Rule is to establish a fee regime that creates a clear and streamlined fee structure and to adopt fees that accurately reflect the Commission's costs of providing services.

(2) The fee regime of the Rule is based on the concepts of "participation fees" and "activity fees".

2.2 Participation Fees

(1) Reporting issuers, registrant firms and unregistered investment fund managers are required to pay participation fees annually. Participation fees are designed to cover the Commission's costs of providing services whose costs are not easily attributable to specific market participants. The participation fee required of each market participant is based on a measure of the market participant's size, which is used to approximate its proportionate participation in the Ontario capital markets.

(2) Over the three year period ending March 2006, the Commission projects that it will have an accumulated surplus of $35.9 million. This surplus will be used to reduce the participation fees that would otherwise have been payable under the Rule. The appendix to this Companion Policy shows how the Commission has applied the surplus to each participation fee level.

2.3 Participation Fees Payable in Advance

(1) Although participation fees are determined by using information from the payor's previous fiscal year, both corporate finance and capital markets participation fees are applied to the costs of the Commission of the payor's participation in Ontario's capital markets in the upcoming year.

(2) This principle is reflected in section 2.6 of the Rule, which deals with the payment of a participation fee for a new reporting issuer. The section requires a new reporting issuer to calculate its annual participation fee as it normally would, but only pay a proportionate amount based on the number of months left in its fiscal year.

2.4 Registered Individuals – Only a "registrant firm" is required to pay a participation fee under the Rule. An individual who is registered as a salesperson, representative, partner, or officer of a firm is not required to pay a participation fee.

2.5 Activity Fees – Activity fees are designed to represent the direct cost of Commission resources expended in undertaking the activities listed in Appendix C of the Rule (e.g., reviewing prospectuses, registration applications, and applications for discretionary relief). Activity fees are based on the average cost to the Commission of providing the service.

2.6 Registrants under the Securities Act and the Commodity Futures Act

(1) The Rule imposes an obligation to pay a participation fee on registrant firms, defined in the Rule as a person or company registered as a dealer or adviser under the Act. An entity so registered may also be registered as a dealer or adviser under the *Commodity Futures Act*. Given the definition of "capital markets activities" under the Rule, the revenue of such an entity from its *Commodity Futures Act* activities must be included in its calculation of revenues when determining its fee under the Rule. Section 2.8 of Rule 13-503 (*Commodity Futures Act*) *Fees* exempts such an entity from paying a participation fee under that rule if it has paid its participation fees under the *Securities Act* Rule.

(2) Note that dealers and advisers registered under the *Commodity Futures Act* are subject to activity fees under Rule 13-503 (*Commodity Futures Act*) *Fees* even if they are not required to pay participation fees under that rule.

2.7 No Refunds

(1) Generally speaking, a person or company that pays a fee under the Rule is not entitled to a refund of that fee. For example, there is no refund available for an activity fee paid in connection with an action that is subsequently abandoned by the payor of the fee. Also, there is no refund available for a participation fee paid by a reporting issuer, registrant firm or unregistered investment fund manager that loses that status later in the fiscal year for which the fee was paid.

(2) An exception to this principle is provided in subsections 2.10(3) and 3.5(4) of the Rule. These provisions allow for a refund where a Class 2 reporting issuer or a registrant firm overpaid an estimated participation fee.

(3) The Commission will also consider requests for adjustments to fees paid in the case of incorrect calculations made by fee payors.

2.8 Indirect Avoidance of Rule – The Commission may examine arrangements or structures implemented by market participants and their affiliates that raise the suspicion of being structured for the purpose of reducing the fees payable under the Rule. In particular, the Commission will be interested in circumstances in which revenues from registrable activities carried on by a corporate group are not treated as revenues of a registrant firm, thereby possibly artificially reducing the specified Ontario revenue calculations used in determining fees payable under the Rule.

PART 3 CORPORATE FINANCE PARTICIPATION FEES

3.1 Application to Investment Funds – Part 2 of the Rule does not apply to an investment fund if the investment fund has an investment fund manager. The reason for this is that under Part 3 of the Rule an investment fund's manager must pay a capital markets participation fee in respect of revenues generated from managing the investment fund.

3.2 Late Fees – Section 2.5 of the Rule requires a reporting issuer to pay an additional fee when it is late in paying its participation fee. Reporting issuers should be aware that the late payment of participation fees may lead to the reporting issuer being noted in default and included on the list of defaulting reporting issuers available on the Commission's website.

3.3 Determination of Market Value

(1) Section 2.11 of the Rule requires the calculation of the capitalization of a Class 1 reporting issuer to include the aggregate market value of classes of securities that may not be listed or quoted on a marketplace, but trade over the counter or, after their initial issuance, are otherwise generally available for sale. Note that the requirement that securities be valued in accordance with market value excludes from the calculation securities that are not normally traded after their initial issuance.

(2) When determining the value of securities that are not listed or quoted, a reporting issuer should use the best available source for pricing the securities. That source may be one or more of the following:

(a) pricing services,

(b) quotations from one or more dealers, or

(c) prices on recent transactions.

(3) Note that market value calculation of a class of securities included in a calculation under section 2.11 includes all of the securities of the class, even if some of those securities are still subject to a hold period or are otherwise not freely tradable.

(4) If the closing price of a security on a particular date is not ascertainable because there is no trade on that date or the marketplace does not generally provide closing prices, a reasonable alternative, such as the most recent closing price before that date, the average of the high and low trading prices for that date, or the average of the bid and ask prices on that date is acceptable.

3.4 Owners' Equity – A Class 2 reporting issuer calculates its capitalization on the basis of certain items reflected in its audited balance sheet. One such item is "share capital or owners' equity". The Commission notes that "owners' equity" is designed to describe the equivalent of share capital for non-corporate issuers, such as partnerships or trusts.

3.5 "Green Shoes" and Over-Allotment Options – Paragraph 2.6(4)(b) of the Rule requires that the participation fee for Class 1, Class 3B and Class 3C reporting issuers be based on the issue price of the securities being distributed under

a prospectus. The Commission notes that this calculation should assume the issue of any securities under "green shoes" or over-allotment options.

PART 4 CAPITAL MARKET PARTICIPATION FEES

4.1 **Late Fees** – Section 3.6 of the Rule prescribes an additional fee ifa participation fee is paid late. The Commission and the Director will, in appropriate circumstances, consider tardiness in the payment of fees as a matter going to the fitness for registration of a registrant firm. The Commission may also consider measures in the case of late payment of fees by an unregistered investment fund manager, such as prohibiting the manager from continuing to manage any investment fund or cease trading the investment funds managed by the manager.

4.2 **Form of Payment of Fees** – Unregistered investment fund managers make filings and pay fees under Part 3 of the Rule by paper copy. The filings and payment should be sent to the Ontario Securities Commission, Investment Funds. Registrant firms pay through the National Registration Database.

4.3 **"Capital Market Activities"**

(1) A person or company must consider its capital market activities when calculating its participation fee. The term "capital market activities" is defined in the Rule to include "activities for which registration under the Act or an exemption from registration is required". The Commission is of the view that these activities include, without limitation, trading in securities, providing securities-related advice and portfolio management services. The Commission notes that corporate advisory services may not require registration or an exemption from registration and would therefore, in those contexts, not be capital markets activities.

(2) The definition of "capital market activities" also includes activities for which registration or an exemption from registration under the *Commodity Futures Act* is required. The Commission is of the view that these activities include, without limitation, trading in commodity futures contracts, providing commodity futures contracts-related advice and portfolio management services involving commodity futures contracts.

4.4 **Permitted Deductions**

(1) For the purpose of calculating specified Ontario revenues that would be the basis for determining the participation fee payable by a registrant firm that is not a member of the IDA or MFDA or an unregistered investment fund manager, subsection 3.4(3) permits certain deductions to be made. These deductions are intended to prevent "double counting" of revenues that would otherwise occur in the absence of the deductions.

(2) It is noted that the permitted deduction of administration fees is limited solely to those that represent the recovery of costs from investment funds for operating expenses paid on their behalf by the registrant firm or unregistered investment fund manager. No registrant firm or unregistered investment fund manager may make a deduction for more than the amount of administration fees it has paid on behalf of an investment fund managed by the registrant firm or unregistered investment fund manager.

4.5 **Application to Non-resident Unregistered Investment Fund Managers** – For greater certainty, the Commission is of the view that Part 3 of the Rule applies to non-resident unregistered investment fund managers managing investment funds distributed in Ontario on a prospectus exempt basis.

PART 5 ACTIVITY FEES

5.1 **Investment Funds** – Section 4.3 of the Rule provides for the payment of only one fee for an application made by or on behalf of investment funds in an investment fund family, if the application pertains to each investment fund. It is contemplated that discretionary relief required by investment funds in an investment fund family in circumstances that are the same for all of them can be sought by way of a single application.

APPENDIX – USE OF SURPLUS TO REDUCE PARTICIPATION FEES

Over the three year period ending March 2006, the Commission projects that it will have an accumulated surplus of $35.9 million. This surplus will be used to reduce the participation fees that would otherwise have been payable under the Rule. The chart below shows how the Commission has applied the surplus to each participation fee level.

1. Corporate Finance Participation Fees

Capitalization	Pre-Surplus Participation Fee	Reduction due to Application of Surplus	Participation Fee
under $25 million	$930	$330	$600
$25 million to under $50 million	$2,200	$900	$1,300
$50 million to under $100 million	$5,300	$2,100	$3,200
$100 million to under $250 million	$10,700	$4,000	$6,700
$250 million to under $500 million	$23,200	$8,500	$14,700
$500 million to under $1 billion	$32,300	$11,800	$20,500
$1 billion to under $5 billion	$46,600	$16,900	$29,700
$5 billion to under $10 billion	$60,100	$21,800	$38,300
$10 billion to under $25 billion	$70,000	$25,300	$44,700
$25 billion and over	$79,000	$28,700	$50,300

2. Capital Markets Participation Fees

Specified Ontario Revenues	Pre-Surplus Participation Fee	Reduction due to Application of Surplus	Participation Fee
under $500,000	$1,000	$100	$900
$500,000 to under $1 million	$3,500	$400	$3,100
$1 million to under $3 million	$7,500	$600	$6,900
$3 million to under $5 million	$14,100	$900	$13,200
$5 million to under $10 million	$29,000	$1,800	$27,200
$10 million to under $25 million	$59,000	$3,500	$55,500
$25 million to under $50 million	$88,300	$5,200	$83,100
$50 million to under $100 million	$177,000	$9,400	$167,600
$100 million to under $200 million	$295,000	$15,500	$279,500
$200 million to under $500 million	$595,000	$30,000	$565,000
$500 million to under $1 billion	$770,000	$40,000	$730,000
$1 billion to under $2 billion	$970,000	$40,000	$930,000
$2 billion and over	$1,600,000	$50,000	$1,550,000

6.1.3 Request for Comment - Proposed Revocation and Replacement of OSC Rule 13-503 (Commodity Futures Act) Fees and Companion Policy 13-503CP (Commodity Futures Act) Fees

REQUEST FOR COMMENT

PROPOSED REVOCATION AND REPLACEMENT OF RULE 13-503 (COMMODITY FUTURES ACT) FEES AND COMPANION POLICY 13-503CP (COMMODITY FUTURES ACT) FEES

Request for comments

The Commission is publishing for a 90-day comment period Rule 13-503 (*Commodity Futures Act*) *Fees* and Companion Policy 13-503CP (*Commodity Futures Act*) *Fees*. The proposed Rule and Policy (collectively, the Proposed Materials**)** are intended to replace the rule and policy currently in force under the same number.

In addition to being published in this bulletin, the Proposed Materials are available on the Commission's website (www.osc.gov.on.ca).

We request comments on the Proposed Materials by November 10, 2005.

Substance and purpose of the Proposed Materials

The Proposed Materials are consistent with the current rule and policy. That is, the proposed Rule requires registrants to pay a "participation fee" each year. This fee is designed to reflect a market participant's proportionate participation in Ontario's capital markets in the upcoming year.

As with the current rule, the proposed Rule also requires the payment of "activity fees". These fees are designed to represent our direct cost where staff has undertaken certain activities in respect of market participants (for example, reviewing a registration application).

While the basic principles of the current rule and policy remain, the Proposed Materials include a number of proposed changes that were made in an effort to:

- ensure consistency between the fees charged and our costs of providing services,
- improve the "readability" and "user-friendliness" of the current rule and policy by employing plain language principles and clarification where necessary,
- simplify the activity fee schedule, and
- address a number of concerns and comments raised by stakeholders.

The proposed Rule also returns the surplus collected from market participants between April 2003 and March 2006 in the form of reduced participation fees.

The most significant changes to the current rule are as follows:

1. Filing a revised Form 13-503F1 and Form 13-503F2

The current rule provides that a registrant firm that has determined its participation fee using estimated specified Ontario revenues must file a revised Form 13-503F1 and a Form 13-503F2 after it has calculated its participation fee using its actual specified Ontario revenues. The proposed Rule provides that these filings are only necessary if the second participation fee calculated differs from the first; that is, only if the registrant over- or under-paid its participation fee.

2. Changes to Appendix A – Capital Markets Participation Fees

The proposed capital markets participation fees have been revised in response to concerns raised by stakeholders. A new fourth tier is proposed for registrants with specified Ontario revenue between $3 million and under $5 million. In addition, the proposed participation fees are less at the three lowest levels of specified Ontario revenue and more at every other level. (See 'Anticipated costs and benefits' below for more detail on these changes.)

3. Changes to Appendix B – Activity fees

Applications for relief, approval and recognition

Some fees under item A have increased, some have decreased, and some have stayed the same. We considered the resources required to process each type of application and have revised the fee structure to generally reflect our costs of the work required.

The fee to apply for a voluntary surrender of registration has been eliminated to encourage registrants to make the application rather than allow their registration to lapse.

Registration-related activity

The proposed fee for reviewing a firm's application for registration as a dealer or adviser is $600 (item B(1)). The proposed fee for reviewing a change to a firm's registration category is also $600 (item B(2)). The fee currently charged under each of these items is $800. This change better aligns the fee charged with the average cost of staff time spent reviewing these applications.

The proposed fee for reviewing an individual's application for registration is $200 (items B(3) and (4)). The fee currently charged under these items is $400. The reason for these changes is that staff require less time to review registration applications since the introduction of the National Registration Database.

The efficiencies created by the National Registration Database have also resulted in a proposed reduction of fees for reviewing firms' applications for registration and continuing the registrations of amalgamating registrants (item B(5)). The proposed fee is $2,000; the current fee is $6,000.

The proposed fee for an application for amending the terms and conditions of a registration is $500 (item B(6)). The current fee for this item is $1,500. This change better aligns the fee charged with the average cost of staff time spent reviewing these applications.

Request for certified statement under section 62 of the Act

The current fee for requesting a certified statement under section 62 is $500 (item D). The proposed fee is $100, which better matches the cost of providing the certificate.

Commission requests

The proposed fee for a search of Commission records (item E(2)) is $150. The current fee is $10. This fee increase reflects the average staff resources required to undertake these searches.

"Request for one's own Form 7" (Item E(3)) has been added to Appendix C. The Commission will provide a Form 7 for a fee of $30 under the proposed Rule.

Late fees

The proposed Rule provides that the late filing of a Form 13-503F1 or a Form 13-503F2 is subject to a late fee.

To ease the burden on staff of tracking late fees, the proposed rule uses the calendar year, rather than the registrant's financial year, as the period to which the $5,000 maximum applies.

Authority for the proposed rule

Paragraph 25 of subsection 65(1) of the Act authorizes the Commission to make rules "prescribing the fees payable to the Commission, including those for filing, for applications for registration or exemptions, for trades in contracts, in respect of audits made by the Commission and in connection with the administration of Ontario commodity futures law".

Alternatives considered

In the process of developing this Rule, the Commission did not consider any other alternatives.

Unpublished materials

In proposing the rule and policy, the Commission has not relied on any significant unpublished study, report, decision or other written materials.

Anticipated costs and benefits

1. Aggregate fees

Under the fee regime implemented in 2003, the Commission tries to set fees at levels to meet our operating costs. We do this by setting the fees charged under Rule 13-502 and Rule 13-503 (*Commodity Futures Act*) to match our projected costs over a three-year period, less any surplus of fees accumulated during the prior three year period.

Since the introduction of the fee rules both our costs and revenues have exceeded our original estimates. For the three years ending March 2006 our costs are expected to be $11.3 million higher than forecast primarily due to additional staffing. Key growth areas have been Enforcement and the introduction and growth of our Investment Funds branch. Given the uncertainties of our new fee schedule, when it was developed we targeted a surplus of $12.9 million as at March 31, 2006. In late 2004, we projected a significant surplus by March 2006 due to continued high revenues arising from stronger than expected market growth. In March 2005 we rebated $15 million to industry participants based on their contribution to our surplus.

Our current projection for March 2006 is for a surplus of $35.9 million. As shown in the following chart, this amount has been applied to reduce the proposed participation fees. The proposed fee amounts are the average fees per annum projected for the three year period covered by the proposal. Other revenues include interest earned and late fees received. The chart also shows the aggregate fees that the Commission expects to collect under the current fee regime during fiscal 2006.

	Current Fees	Proposed fees without surplus*	% Change	Proposed fees with surplus	% Change
Activity Fees	$ 11,566,000	$ 10,272,841	-11.2%	$ 10,272,841	-11.2%
Participation Fees	$ 54,900,000	$ 60,877,362	10.9%	$ 48,905,572	-10.9%
Sub-Total	$ 66,466,000	$ 71,150,203	7.0%	$ 59,178,413	-11.0%
Other Revenues	$ 3,120,000	$ 2,400,000	-23.1%	$ 2,400,000	-23.1%
Total Revenues	$ 69,586,000	$ 73,550,203	5.7%	$ 61,578,413	-11.5%

*Under the proposal, the total fees paid by market participants will be reduced by 11.0%. This decrease results from an 11.2 % decrease in activity fees and a 10.9 % decrease in participation fees. The fees paid would have increased by 7.0% had we not been able to apply the $35.9 million surplus when setting the new fees.

For the three years covered by the new fees, our costs are projected to increase as shown in the table below. This is due to additional staffing (17 staff across 3 years), and general inflation of operating costs, such as salaries and benefits, and occupancy costs. The additional staff are anticipated primarily in Investment Funds and Enforcement to address such issues as the continuing growth of alternative investments and other novel product offerings, harmonization of regulation, and continuing improvements in the responsiveness of Enforcement actions. Forecast Commission operating results for the next three years are as follows:

	2006/2007	2007/2008	2008/2009	3 Yr. Average
Revenues		($ thousands)		
Activity Fees	10,273	10,273	10,273	10,273
Participation Fees	46,278	48,877	51,562	48,906
Other	2,400	2,400	2,400	2,400
Total Revenues	58,951	61,550	64,235	61,579
less Expenses	70,257	73,426	76,950	73,544
Net Shortfall	(11,306)	(11,876)	(12,715)	(11,966)
Opening Surplus	35,900	24,594	12,718	11,967
Closing Surplus	24,594	12,718	3	1

For the three years ending March 2009, we project a breakeven position, after fully applying the expected March 2006 surplus of $35.9 million to reduce fees otherwise paid by participants. Any actual surplus or deficit at the end of this three year period will be reflected in the fee setting process for the following three years.

The Commission's revenues are subject to operating risk, such as market fluctuations or mergers of participants, which could materially reduce revenues. Also, due to the timing of the receipt of revenues (generally, approximately 70% of Commission revenues are received in the January to March period), the Commission is subject to cash flow fluctuations each year, which could be exacerbated by a sudden decline in revenues. If this occurs, the Commission has a reserve of $20 million available to offset deficits or cash flow needs. The Commission could also borrow as necessary to address such issues on a short term basis.

2. Allocation of Fees within and between Groups

Our analysis of costs and revenues has confirmed that since the introduction of the new fee regime in 2003, issuers have been paying a disproportionate amount of our costs. In calculating the relative shares of the surplus to be returned to issuers and registrants we relied on the amount generated by each group. We calculated that 84% of the surplus was generated by reporting issuers and 16% was generated by registrants.

As a result, although total participation fees (after applying the surplus) are projected to decline by 10.9%, the impact will be different for registrants and issuers. Participation fees are projected to decrease by 40.5% for issuers and increase by 22.4% for registrants. The table below sets out the required participation fee changes with and without the benefit of the surplus.

	Current Participation Fees	Proposed fees without surplus	% Change	Proposed fees with surplus	% Change
Corporate Finance Fees	$ 29,100,000	$ 27,382,506	-5.9%	$ 17,316,814	-40.5%
Capital Markets Fees	$ 25,800,000	$ 33,494,856	29.8%	$ 31,588,758	22.4%
Total	$ 54,900,000	$ 60,877,362	10.9%	$ 48,905,572	-10.9%

(The appendix to the proposed Companion Policy shows how the Commission has applied the surplus to each level of participation fee.)

The participation fee paid by an issuer will decline in the range of 40% to 57% depending on the issuer's fee tier. The most significant decreases will affect issuers in the lowest four tiers. This group, which represents 77% of issuers, will have an average decrease of 45%.

In an effort to improve fairness to smaller registrants, the changes in fees for the various tiers were adjusted to reduce differences that existed in fees as a percentage of registrant revenue levels. Participation fees for registrants with revenues below $3 million will decrease in the range of 10% to 38%. Participation fees for registrants with revenues between $3 and $5 million will increase by 32%. This group was underpaying under the previous fee structure. Participation fees for registrants with revenues of $5 million or more will increase in the range of 9% to 13%. The percentage changes in fees are lower than the required overall increase in participation fee revenues for registrants due to projected movement of registrants through the tiers.

The overall effect of the changes to both sets of participation fees is that they will be more equitable in two respects. First, the proportion of capitalization or revenue paid in participation fees will be more similar across the fee levels. In addition, the proposed participation fees better reflect the actual regulatory costs associated with each group. That is, where issuers were bearing over 50% of these costs, under the proposed participation fees (before the surplus reduction) they will now cover 45%.

Comments

Interested parties are encouraged to make comments on the proposed rule and policy. Submissions received by November 10, 2005 will be considered. Submissions received after that date may be considered, depending on the status of the initiative at that time.

Deliver your comments to the following address:

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario
M5H 3S8
jstevenson@osc.gov.on.ca

A diskette containing the submissions (in DOS or Windows format, preferably Word) should also be submitted.

The Commission will publish written comments received unless the Commission approves a commenter's request for confidentiality or the commenter withdraws its comment before the comment's publication.

Questions

Please refer your questions to:

Gina Sugden
Project Manager, Capital Markets
(416) 593-8162
gsugden@osc.gov.on.ca

Text of the proposed instruments

The text of the proposed instruments follows.

August 12, 2005

6.1.4 OSC Rule 13-503 (Commodity Futures Act) Fees

ONTARIO SECURITIES COMMISSION
RULE 13-503 (COMMODITY FUTURES ACT) FEES

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Form 13-503F1 (*Commodity Futures Act*) Participation Fee Calculation
Form 13-503F2 (*Commodity Futures Act*) Adjustment of Fee Payment

ONTARIO SECURITIES COMMISSION
RULE 13-503 (COMMODITY FUTURES ACT) FEES

PART 1 DEFINITIONS

1.1 Definitions - In this Rule,

"CFA" means the *Commodity Futures Act*;

"CFA activities" means activities for which registration under the CFA or an exemption from registration is required;

"IDA" means the Investment Dealers Association of Canada;

"Ontario percentage" means, for the fiscal year of a registrant firm

(a) that has a permanent establishment in Ontario, the percentage of the income of the registrant firm allocated to Ontario for the fiscal year in the corporate tax filings made for the registrant firm under the *Income Tax Act* (Canada), or

(b) that does not have a permanent establishment in Ontario, the percentage of the total revenues of the registrant firm attributable to CFA activities in Ontario;

"registrant firm" means a person or company registered as a dealer or an adviser under the CFA; and

"specified Ontario revenues" means the revenues determined in accordance with section 2.4, 2.5 or 2.6.

PART 2 PARTICIPATION FEES

2.1 Application – This Part does not apply to a registrant firm that is registered under the *Securities Act* and that has paid its participation fee under Rule 13-502 *Fees* under the *Securities Act*.

2.2 Participation Fee – On December 31, a registrant firm must pay the participation fee shown in Appendix A opposite the registrant firm's specified Ontario revenue, as that revenue is calculated under section 2.4 or 2.5.

2.3 Disclosure of Fee Calculation – By December 1, a registrant firm must file a completed Form 13-503F1 showing the information required to determine the participation fee due on December 31.

2.4 Specified Ontario Revenue for IDA Members

(1) The specified Ontario revenue of a registrant firm that is a member of the IDA is calculated by multiplying the registrant firm's

(c) total revenue for the fiscal year ending on or before December 31 of the current year, less revenue not attributable to CFA activities for the fiscal year; by

(d) Ontario percentage for the fiscal year.

a. For the purpose of paragraph (1)(a), "total revenue" means the amount shown as total revenue on Statement E of the Joint Regulatory Financial Questionnaire and Report filed with the IDA by the registrant firm.

2.5 Specified Ontario Revenue for Others

(1) The specified Ontario revenue of a registrant firm that is not a member of the IDA is calculated by multiplying the registrant firm's

(a) gross revenues, as shown in the audited financial statements prepared for the fiscal year ending on or before December 31 of the current year, less deductions permitted under subsection (2); by

(b) Ontario percentage for the fiscal year.

(2) For the purpose of paragraph (1)(a), a registrant firm may deduct the following from gross revenues:

(a) revenue not attributable to CFA activities for the fiscal year;

(b) advisory or sub-advisory fees paid during the fiscal year by the registrant firm to a person or company registered as a dealer or an adviser under the CFA or under the *Securities Act*.

2.6 Estimating Specified Ontario Revenue for Late Fiscal Year End

(1) If the annual financial statements of a registrant firm have not been completed by December 1 in a year, the registrant firm must,

(a) on December 1, file a completed Form 13-503F1 showing a good faith estimate of the information required to calculate its specified Ontario revenues as at the end of the fiscal year; and

(b) on December 31, pay the participation fee shown in Appendix A opposite the Ontario specified revenue estimated under paragraph (a).

(2) A registrant firm that estimated its specified Ontario revenues under subsection (1) must, when its annual financial statements for the applicable fiscal year have been completed,

(d) calculate its specified Ontario revenues under section 2.4 or 2.5, as applicable;

(e) determine the participation fee shown in Appendix A opposite the Ontario specified revenue calculated under paragraph (a); and

(f) complete a Form 13-503F1 reflecting the annual financial statements.

(3) If the participation fee determined under subsection (2) differs from the participation fee paid under subsection (1), the registrant firm must, not later than 90 days after the end of its fiscal year,

(d) pay the participation fee determined under subsection (2), less the participation fee paid under subsection (1),

(e) file the Form 13-503F1 completed under subsection (2), and

(f) file a completed Form 13-503F2.

(4) If a registrant firm paid an amount paid under subsection (1) that exceeds the participation fee determined under subsection (2), the registrant firm is entitled to a refund from the Commission of the amount overpaid.

2.7 Late Fee

(1) Subject to subsection (2), a registrant firm that is late in paying a participation fee under this Part must pay an additional fee of one percent of the participation fee for each business day on which the participation fee remains due and unpaid.

(2) A registrant firm is not required to pay a fee under subsection (1) in excess of 25 percent of the participation fee payable under this Part.

PART 3 ACTIVITY FEES

3.1 Activity Fees – A person or company that files a document or takes an action listed in Appendix B must, concurrently with the filing of the document or taking of the action, pay the activity fee shown in Appendix B beside the description of the document or action.

PART 4 CURRENCY CONVERSION

4.1 Canadian Dollars - Any calculation of money required to be made under this Rule that results in a currency other than Canadian dollars must be converted into Canadian dollars at the daily noon exchange rate posted by the Bank of Canada website on the date for which the calculation is made.

PART 5 EXEMPTION

5.1 Exemption - The Director may grant an exemption from the provisions of this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 6 EFFECTIVE DATE

6.1 **Effective Date** - This Rule comes into force on April 3, 2006.

APPENDIX A – PARTICIPATION FEES

Specified Ontario Revenues	Participation Fee
under $500,000	$900
$500,000 to under $1 million	$3,100
$1 million to under $3 million	$6,900
$3 million to under $5 million	$13,200
$5 million to under $10 million	$27,200
$10 million to under $25 million	$55,500
$25 million to under $50 million	$83,100
$50 million to under $100 million	$167,600
$100 million to under $200 million	$279,500
$200 million to under $500 million	$565,000
$500 million to under $1 billion	$730,000
$1 billion to under $2 billion	$930,000
$2 billion and over	$1,550,000

APPENDIX B - ACTIVITY FEES

Document or Activity	Fee
A. Applications for relief, approval and recognition	
1. Any application for relief, regulatory or recognition under any section of the CFA, Regulation and any Rule of the Commission made under the CFA not listed in items A.2 or A.3. *Note: The following are included in the applications that are subject to a fee under this item:* *(i) recognition of an exchange under section 34 of the CFA, a self-regulatory organization under section 16 of the CFA or a clearing house under section 17 of the CFA;* *(ii) registration of an exchange under section 15 of the CFA; and* *(iii) approval of the establishment of a council, committee or ancillary body under section 18 of the CFA.*	$3,000 for each section under which an application is made (plus $2,000 if the applicant is not subject to, and is not reasonably expected to become subject to, a participation fee under this Rule or Rule 13-502 under the *Securities Act*) subject to the overall limitation set out below The maximum fee for an application, or, regardless of the number of sections under which application is made, shall be $7,500 if the applicant is subject to, or is reasonably expected to become subject to, a participation fee under this Rule or Rule 13-502 under the *Securities Act*, or $9,500 if the applicant is not subject to, and is not reasonably expected to become subject to, a participation fee under this Rule or Rule 13-502 under the *Securities Act*. These limits apply to the application even if the application is made under both the CFA and the *Securities Act*; i.e. an application under both statutes will not be subject to a fee of more than $7,500 or $9,500, as applicable.
2. Application under (a) Section 24, 36(1), 40, or 46(2) of the CFA; and (b) Subsection 27(1) of the Regulation to the CFA.	Nil
3. An application for relief from any of the following: (a) Rule 13-503 (*Commodity Futures Act*) *Fees*, (b) OSC Rule 31-509 (*Commodity Futures Act*) *National Registration Database*, and (c) OSC Rule 33-506 (*Commodity Futures Act*) *Registration Information*.	$1,500
B. Registration-Related Activity	
1. New registration of a firm in any category of registration *Note: If a firm is registering as both a dealer and an adviser, it will be required to pay two activity fees.*	$600
2. Change in registration category *Note: This would include a dealer becoming an adviser or vice versa, or changing a category of registration within the general category of adviser. A dealer adding a category of registration, such as a dealer becoming both a dealer and an adviser, would be covered in the preceding section.*	$600

Document or Activity	Fee
3. Registration of a new director, officer or partner (trading and/or advising), salesperson, floor trader or representative *Notes:* *(i) Registration of a new non-trading or non-advising director, officer or partner does not trigger an activity fee.* *(ii) An individual registering as both a dealer and an adviser will be required to pay two activity fees.* *(iii) A registration fee will not be charged if an individual makes application to register with a new registrant firm within three months of terminating employment with his or her previous registrant firm provided that the individual's category of registration remains unchanged.*	$200 per person
4. Change in status from a non-trading and/or non-advising capacity to a trading and/or advising capacity	$200 per person
5. Registration of a new registrant firm, or the continuation of registration of an existing registrant firm, resulting from or following an amalgamation of registrant firms	$2,000
6. Application for amending terms and conditions of registration	$500
C. Application for Approval of the Director under Section 9 of the Regulation	$1,500
D. Request for Certified Statement from the Commission or the Director under Section 62 of the CFA	$100
E. Requests of the Commission	
1. Request for a photocopy of Commission records	$0.50 per page
2. Request for a search of Commission records	$150
3. Request for one's own Form 7	$30

F. Late Filing	
1. Fee for late filing of any of the following documents: (a) Annual financial statements and interim financial statements; (b) Report under section 15 of Regulation to the CFA; (c) Report under section 17 of Regulation to the CFA; (d) Filings for the purpose of amending Form 5 and Form 7 or Form 33-506F4 under Rule 33-506; (e) Any document required to be filed by a registrant firm or individual in connection with the registration of the registrant firm or individual under the CFA with respect to (i) terms and conditions imposed on a registrant firm or individual; or (ii) an order of the Commission; (f) Form 13-503F1; and (g) Form 13-503F2.	$100 per business day (subject to a maximum of $5,000 for a registrant firm for all documents required to be filed within a calendar year)

FORM 13-503F1
(COMMODITY FUTURES ACT)

PARTICIPATION FEE CALCULATION

Notes and Instructions

1. IDA members must complete Part I of this Form. All other registrant firms must complete Part II.

2. The components of revenue reported in this Form should be based on the same principles as the comparative statement of income that is prepared in accordance with generally accepted accounting principles ("GAAP"), or such equivalent principles applicable to the audited financial statements of non-resident advisers, except that revenues should be reported on an unconsolidated basis. It is recognized that the components of the revenue classification may vary between firms. However, it is important that each firm be consistent between periods.

3. Members of the Investment Dealers Association of Canada may refer to Statement E of the Joint Regulatory Financial Questionnaire and Report for guidance.

4. Comparative figures are required for the registrant firm's year end date.

5. Participation fee revenue will be based on the portion of total revenue that can be attributed to Ontario. The percentage attributable to Ontario for the reported year end should be the provincial allocation rate used in the corporate tax return for the same fiscal period. For firms that do not have a permanent establishment in Ontario, the percentage attributable to Ontario will be based on the proportion of total revenues generated from CFA activities in Ontario.

6. All figures must be expressed in Canadian dollars and rounded to the nearest thousand.

7. Information reported on this questionnaire must be certified by two members of senior management in Part IV to attest to its completeness and accuracy.

Notes and Instructions for Part II

1. Gross Revenue is defined as the sum of all revenues reported on a gross basis as per the audited financial statements prepared in accordance with GAAP, or such equivalent principles applicable to the audited financial statements of non-resident advisers, except that revenues should be reported on an unconsolidated basis. Items reported on a net basis must be adjusted for purposes of the fee calculation. Gross revenues are reduced by amounts not attributable to CFA activities.

2. Where the advisory or sub-advisory services of another registrant firm are used by the registrant firm to advise on a portion of its assets under management, such advisory or sub-advisory costs are permitted as a deduction on this line.

Participation Fee Calculation

Firm Name: ______________________________

Fiscal Year End: ______________________________

PART I – IDA Members

	Current Year $	Prior Year $
1. Total revenue from Statement E of the Joint Regulatory Financial Questionnaire and Report	________	________
2. Less revenue not attributable to CFA activities	________	________
3. Revenue subject to participation fee (line 1 less line 2)	________	________

Part II – Advisers and Other Dealers

1. Gross revenue as per the audited financial statements (note 1)	________	________
Less the following items:		
2. Amounts not attributable to CFA activities	________	________
3. Advisory or sub-advisory fees paid to other registrant firms (note 2)	________	________
4. Revenue subject to participation fee (line 1 less lines 2 and 3)	________	________

Part III – Calculating Specified Ontario Revenue

1.	Gross revenue subject to participation fee (line 3 from Part I or line 4 from Part II)	$__________
2.	Ontario Percentage (See definition in Rule)	________%
3.	Specified Ontario revenue (line 3 multiplied by line 4)	__________
4.	Participation fee (From Appendix A of the Rule, select the participation fee opposite the Ontario specified revenue calculated above)	__________

Part IV - Management Certification

We have examined the attached statements and certify that, to the best of our knowledge, they present fairly the revenues of the firm for the period ended ______________________ and are prepared in agreement with the books of the firm.

We certify that the reported revenues of the firm are complete and accurate and in accordance with generally accepted accounting principles.

	Name and Title	Signature	Date
1.	__________________	__________________	__________________
2.	__________________	__________________	__________________

FORM 13-503F2
(COMMODITY FUTURES ACT)

ADJUSTMENT OF FEE PAYMENT

Firm Name: ______________________________

Fiscal Year End: ______________________________

Note: Subsection 2.6(3) of the Rule requires that this Form must be filed concurrent with a completed Form 13-503F1 that shows the firm's actual participation fee calculation.

4. Estimated participation fee paid under subsection 2.6(1) of the Rule: ____________

5. Actual participation fee calculated under subsection 2.6(2) of the Rule: ____________

6. Refund due (Balance owing): ____________
(Indicate the difference between lines 1 and 2)

ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-503CP
(COMMODITY FUTURES ACT) FEES

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ONTARIO SECURITIES COMMISSION
COMPANION POLICY 13-503CP
(COMMODITY FUTURES ACT) FEES

PART 1 PURPOSE OF COMPANION POLICY

1.1 **Purpose of Companion Policy** – The purpose of this Companion Policy is to state the views of the Commission on various matters relating to Rule 13-503 (*Commodity Futures Act*) *Fees* (the "Rule"), including an explanation of the overall approach of the Rule and a discussion of various parts of the Rule.

PART 2 PURPOSE AND GENERAL APPROACH OF THE RULE

2.1 Purpose and General Approach of the Rule

(1) The general approach of the Rule is to establish a fee regime that is consistent with the approach of Rule 13-502 (the "OSA Fees Rule"), which governs fees paid under the *Securities Act*. Both rules are designed to create a clear and streamlined fee structure and to adopt fees that accurately reflect the Commission's costs of providing services.

(2) The fee regime of the Rule is based on the concepts of "participation fees" and "activity fees".

2.2 Participation Fees

(1) Registrant firms are required to pay participation fees annually. Participation fees are designed to cover the Commission's costs of providing services whose costs are not easily attributable to specific market participants. The participation fee required of each market participant is based on a measure of the market participant's size, which is used to approximate its proportionate participation in the Ontario capital markets.

(2) Over the three year period ending March 2006, the Commission projects that it will have an accumulated surplus of $35.9 million. This surplus will be used to reduce the participation fees that would otherwise have been payable under the Rule. The appendix to this Companion Policy shows how the Commission has applied the surplus to each participation fee level.

2.3 **Participation Fees Payable in Advance** – Although participation fees are determined by using information from a registrant firm's previous fiscal year, participation fees are applied to the costs of the Commission of the firm's participation in Ontario's capital markets in the upcoming year.

2.4 **Registered Individuals** – Only a "registrant firm" is required to pay a participation fee under the Rule. An individual who is registered as a salesperson, representative, partner, or officer of a firm is not required to pay a participation fee.

2.5 **Activity Fees** – Activity fees are designed to represent the direct cost of Commission resources expended in undertaking the activities listed in Appendix B of the Rule (e.g., reviewing registration applications and applications for discretionary relief). Activity fees are based on the average cost to the Commission of providing the service.

2.6 Registrants under the CFA and the *Securities Act*

(1) A registrant firm that is registered both under the CFA and the *Securities Act* is exempted by section 2.1 of the Rule from the requirement to pay a participation fee under the Rule if it is current in paying its participation fees under the OSA Fees Rule. The registrant firm will include revenues derived from CFA activities as part of its revenues for purposes of determining its participation fee under the OSA Fees Rule.

(2) Note that dual registrants must pay activity fees under the CFA Rule even though they pay their participation fees under the OSA Fees Rule.

2.7 No Refunds

(1) Generally speaking, a person or company that pays a fee under the Rule is not entitled to a refund of that fee. For example, there is no refund available for an activity fee paid in connection with an action that is subsequently abandoned by the payor of the fee. Also, there is no refund available for a participation fee paid by a registrant firm whose registration is terminated later in the year for which the fee was paid.

(2) An exception to this principle is provided in subsection 2.6(4) of the Rule. This provision allows for a refund where a registrant firm overpaid an estimated participation fee.

(3) The Commission will also consider requests for adjustments to fees paid in the case of incorrect calculations made by fee payors.

2.8 Indirect Avoidance of Rule – The Commission may examine arrangements or structures implemented by registrant firms and their affiliates that raise the suspicion of being structured solely for the purpose of reducing the fees payable under the Rule. In particular, the Commission will be interested in circumstances in which revenues from registrable activities carried on by a corporate group are not treated as revenues of a registrant firm, thereby possibly artificially reducing the specified Ontario revenue calculations used in determining fees payable under the Rule.

PART 3 PARTICIPATION FEES

3.1 Late Fees – Section 2.7 of the Rule prescribes an additional fee if a participation fee is paid late. The Commission and the Director will, in appropriate circumstances, consider tardiness in the payment of fees as a matter going to the fitness for registration of a registrant firm in considering the registration status of that registrant firm.

3.2 "CFA Activities" – Calculation of the participation fee involves consideration of the CFA activities undertaken by a person or company. The term "CFA activities" is defined in Section 1.1 of the Rule to include "activities for which registration under the CFA or an exemption from registration is required". The Commission is of the view that these activities include, without limitation, trading in commodity futures contracts, providing commodity futures contracts-related advice and portfolio management services involving commodity futures contracts.

APPENDIX – USE OF SURPLUS TO REDUCE PARTICIPATION FEES

Over the three year period ending March 2006, the Commission projects that it will have an accumulated surplus of $35.9 million. This surplus will be used to reduce the participation fees that would otherwise have been payable under the Rule. The chart below shows how the Commission has applied the surplus to each participation fee level.

Specified Ontario Revenues	Pre-Surplus Participation Fee	Reduction due to Application of Surplus	Participation Fee
under $500,000	$1,000	$100	$900
$500,000 to under $1 million	$3,500	$400	$3,100
$1 million to under $3 million	$7,500	$600	$6,900
$3 million to under $5 million	$14,100	$900	$13,200
$5 million to under $10 million	$29,000	$1,800	$27,200
$10 million to under $25 million	$59,000	$3,500	$55,500
$25 million to under $50 million	$88,300	$5,200	$83,100
$50 million to under $100 million	$177,000	$9,400	$167,600
$100 million to under $200 million	$295,000	$15,500	$279,500
$200 million to under $500 million	$595,000	$30,000	$565,000
$500 million to under $1 billion	$770,000	$40,000	$730,000
$1 billion to under $2 billion	$970,000	$40,000	$930,000
$2 billion and over	$1,600,000	$50,000	$1,550,000

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 Pur. Price ($)	No. of Securities
20-Jul-2005	4 Purchasers	Adherex Technologies Inc. - Common Shares	809,718.00	2,891,850.00
03-Aug-2005	CMP 2005 Resource LP and Canadian Dominion Resources 2005 LP	Agnico-Eagle Mines Limited - Common Shares	10,000,000.00	900,000.00
26-Jul-2005	John Ormston	Airesurf Networks Holdings Inc. - Units	5,000.00	50,000.00
29-Jul-2005	4 Purchasers	Alternum Capital - North American Value Hedge Fund - LP Units	166,531.00	182.00
29-Jul-2005	13 Purchasers	American Natural Energy Corporation - Common Shares	333,333.00	2,222,221.00
19-Jul-2005	9 Purchasers	Arcan Resources Ltd. - Common Shares	1,543,565.00	918,150.00
26-Jul-2005	10 Purchasers	Avenue Financial Corporation - Units	493,525.00	9,870,500.00
29-Jul-2005	Capital International Global Small Cap Fund	Banro Corporation - Common Shares	89,250.00	17,000.00
22-Jul-2005	11 Purchasers	Big Truck TV Inc. - Common Shares	420,000.00	1,260,000.00
30-Jun-2005	BPI Amberical Opportunities	BPI American Opportunities Fund - Units	843,657.00	8,488.00
30-Jun-2005	BPI Global Opportunities III Class F	BPI Global Opportunities III Fund - Units	1,832,541.00	20,008.00
28-Jul-2008	Stillwater Capital Corporation	BSM Technologies Inc. - Common Shares	10,700.00	107,000.00
26-Jul-2005	Deborah Curtis	CareVest Blended Mortgage Investment Corporation - Preferred Shares	20,138.00	20,138.00
26-Jul-2005	7 Purchasers	CareVest First Mortgage Investment Corporation - Preferred Shares	195,316.00	195,316.00
26-Jul-2005	Sharon Cation	CareVest Select Mortgage Investment Corporation - Preferred Shares	5,000.00	5,000.00
25-Jul-2005	CMB I Limited Partnership	Cervus Financial Group Inc. - Common Shares	64,400.00	70,000.00
27-Jul-2005	29 Purchasers	Chamaelo Exploration Ltd. - Common Shares	14,831,250.00	1,977,500.00
04-Aug-2005	5 Purchasers	Chemaphor Inc. - Common Shares	99,416.00	497,083.00

21-Jul-2005	12 Purchasers	Coal Investment Corp. - Units	2,502,579.00	2,051,294.00
21-Jul-2005	12 Purchasers	Coal Investment Corp. - Units	2,502,579.00	2,502,577.00
29-Jul-2005	16 Purchasers	Committee Bay Resources Ltd. - Flow-Through Shares	4,897,275.00	5,629,700.00
29-Jul-2005	2035718 Ontario Inc. Sprott Asset Management Inc.	Committee Bay Resources Ltd. - Units	1,150,000.00	1,533,333.00
27-Jul-2005	CMP 2005 Resource LP and Canada Dominion Resources 2005 LP	Contact Diamond Corporation - Common Shares	1,119,250.00	2,035,000.00
26-Jul-2005	24 Purchasers	Corridor Resources Inc. - Common Shares	14,247,840.00	5,936,600.00
26-Jul-2005	21 Purchasers	Corridor Resources Inc. - Flow-Through Shares	5,078,293.00	1,781,857.00
30-Jun-2005	Blackboard Ventures Inc.	DAG Ventures QP, L.P. - Limited Partnership Units	6,500,000.00	6,500,000.00
29-Jul-2005	9 Purchasers	Dk (2005) Oil & Gas Flow-Through LP - LP Units	1,225,000.00	98.00
25-Jul-2005	3 Purchasers	Elliptic Semiconductor Inc. - Preferred Shares	1,750,000.00	5,544,289.00
12-Jul-2005	Kirk Mandy	Epocal Inc. - Preferred Shares	96,000.00	16,000.00
16-Mar-2005	E. Van Netten	Equimor Mortgage Investment Corporation - Units	10,010.00	10,010.00
16-Nov-2004 to 16-Jul-2005	Ron Dornan Cathy Dornan	Equimor Mortgage Investment Corporation - Units	70,000.00	70,000.00
16-May-2005 to 16-Jun-2005	Ebraham Sesook	Equimor Mortgage Investment Corporation - Units	10,000.00	10,000.00
16-Feb-2005	James Sutton	Equimor Mortgage Investment Corporation - Units	25,000.00	25,000.00
22-Jul-2005	MineralFields 2005 Super Flow-Through Limited Partnership	Exall Resources Limited - Flow-Through Shares	100,000.00	588,235.00
26-Jul-2005	3 Purchasers	ExtendMedia Inc. - Common Shares	350,000.00	1,715,039,577.00
22-Jul-2005	Harish Sethi	Fisgard Capital Corporation - Common Shares	50,000.00	50,000.00
21-Jul-2005	5 Purchasers	Fort Chimo Minerals Inc. - Units	325,000.00	3,250,000.00
21-Jul-2005	William F. White Ron Barnes	Fort Chimo Minerals Inc. - Units	275,000.00	1,100,000.00
07-Jul-2005	8 Purchasers	Fresco Microchip Inc. - Preferred Shares	4,930,662.00	4,636,657.00

02-Aug-2005	3 Purchasers	FTI Consulting, Inc. - Notes	1,493,000.00	1,493,000.00
18-Jul-2005	Manufacturers Life	Genentech Inc. - Notes	4,996,850.00	5,000,000.00
22-Jul-2005	Scotia Capital Inc.	General Motors Acceptance Corporation of Canada Limited - Notes	99,961,000.00	100,000,000.00
18-Jul-2005	ITW Canada	GMO Developed World Equity Investment Fund PLC - Units	69,262.38	2,450.00
29-Jun-2005	Credit Risk Advisors LP Bank of Montreal	Grant Prideco, Inc. - Notes	1,822,500.00	1,500.00
21-Jul-2005	25 Purchasers	Great Canadian Gaming Corporation - Notes	109,967,000.00	110,000,000.00
31-Dec-2004	22 Purchasers	Greystone Group of Pooled Funds - Units	122,091,964.00	11,061,831.00
28-Jul-2005	Blackboard Ventures Inc.	HealthCare Ventures VIII, L.P. - Limited Partnership Interest	12,340,000.00	1.00
03-Aug-2005	4 Purchasers	International KRL Resources Corp. - Units	462,500.00	2,050,000.00
22-Jul-2005	19 Purchasers	International Nickel Ventures Inc. - Common Shares	1,365,000.00	4,095,409.00
29-Jul-2005	6 Purchasers	JOG Limited Partnership No. 111 - Units	1,000,000.00	100,000.00
22-Jul-2005	3 Purchasers	JumpTV.com, Inc. - Common Shares	63,000.00	3,500.00
19-Jul-2005	TD Securities Inc.	Kereco Energy Ltd. - Common Shares	366,250.00	25,000.00
26-Jul-2005	12 Purchasers	Klondike Gold Corp. - Units	250,000.00	2,500,000.00
22-Jul-2005	5 Purchasers	Landesbank Baden-Wurttemberg - Notes	50,000,000.00	50,000,000.00
30-Jun-2005	Landmark Global Opportunities Class F	Landmark Global Opportunities Fund - Units	2,233,971.00	22,122.00
01-Jul-2004 to 30-Jun-2005	59 Purchasers	Mackenzie Alternative Strategies Fund - Units	5,203,155.00	501,811.00
19-Jul-2005	TD Securities Inc.	Mega Bloks Inc. - Common Shares	2,404,000.00	100,000.00
25-Jul-2005	8 Purchasers	Merrill Lynch Financial Assets Inc. - Certificate	22,601,320.00	54.00
30-Jun-2005	Dr. John Pollock	Metalex Ventures Ltd. - Common Shares	10,000.00	14,286.00
21-Jul-2005	Strategic Advisors Corp.	MTI Global Inc. - Common Shares	1,561.00	700.00
25-Jul-2005	FNX Mining Company Inc.	Nevada Star Resource Corp. - Common Shares	19,500.00	50,000.00
21-Jul-2005	CIBC World Markets	NovaGold Resources Inc. - Common Shares	2,242,500.00	250,000.00

21-Jul-2005	CIBC World Markets	NovaGold Resources Inc. - Warrants	120,000.00	125,000.00
19-Jul-2005	77 Purchasers	NuVista Energy Ltd. - Subscription Receipts	45,555,920.00	3,349,700.00
22-Jul-2005	William Lawler Dorothy & David Lewis	O'Donnell Emerging Companies Fund - Units	33,500.00	4,473.00
28-Jul-2005	Business Development Bank of Canada	Pathogen Detection Systems, Inc. - Preferred Shares	500,000.00	1,200,920.00
20-Jul-2005	7 Purchasers	Phoenix Matachewan Mines Inc. - Units	355,000.00	3,550,000.00
14-Jul-2005	F.J. Stork Holdings 2000 Ltd.	Print-Quotes Software Inc. - Common Shares	150,000.00	176,471.00
22-Jun-2005	JMM Trading LP	Producers Oilfield Services Inc. - Common Shares	1,640,000.00	200,000.00
29-Jul-2005	Nursing Homes and Related Industries Pension Plan	Real Assets US Social Equity Index Fund - Units	361,920.00	48,763.00
21-Jul-2005	4 Purchasers	Roca Mines Inc. - Units	149,499.90	498,333.00
28-Jul-2005	Roger Leroux	Romios Gold Resources Inc. - Common Shares	9,375.00	125,000.00
27-Jul-2005	78 Purchasers	Rose Corporation, The - Notes	15,050,000.00	78.00
25-Jul-2005	4 Purchasers	Sage Gold Inc. - Flow-Through Shares	300,000.00	4,000,000.00
22-Jul-2005	Ian McKinnon Leon Frazer & Associates	Sage Gold Inc. - Flow-Through Shares	127,000.00	1,693,333.00
22-Jul-2005	Royal Trust Corporation of Canada Harmony Americas Small Cap Equity	Sage Gold Inc. - Units	249,975.00	3,333,333.00
28-Jul-2005	4 Purchasers	San Gold Resources Corporation - Units	530,000.00	1,177,777.00
28-Jul-2005	Jeffrey Mackie Silverbridge Capital Inc.	Sanatana Diamonds Inc. - Common Shares	75,050.50	42,886.00
29-Jul-2005	35 Purchasers	Spur Ventures Inc. - Units	10,714,900.00	5,937,800.00
19-Jul-2005	Strategic Capital Partners Inc. and Strategic Advisors Corp.	St Andrew Goldfields Ltd - Debentures	1,100,000.00	2.00
01-Aug-2005	Central Perth Investments Limited	Stacey Investment Limited Partnership - Limited Partnership Units	50,019.00	1,513.00
31-Jul-2005	3 Purchasers	Stacey RSP Fund - Trust Units	27,431.00	2,583.00
29-Jul-2005	Julek Meissner and Ken Fouracre	Stone Mountain Precious Metals Depository Corp. - Preferred Shares	11,000.00	110.00

29-Jul-2005	12 Purchasers	Strategic Metals Ltd. - Preferred Shares	704,000.00	7,040.00
27-Jul-2005	5 Purchasers	Terra Energy Corp. - Flow-Through Shares	4,950,000.00	2,475,000.00
27-Jul-2005	19 Purchasers	Terra Energy Corp. - Units	8,219,500.00	4,835,000.00
31-Jul-2004 to 30-Jun-2005	127 Purchasers	The GS+A Global Fund - Class "A" - Limited Partnership Units	31,864,070.00	258,820.00
31-Jul-2004 to 30-Jun-2005	62 Purchasers	The GS+A Global Fund - Class "B" - Limited Partnership Units	8,464,628.00	65,679.00
31-Jul-2004 to 30-Jun-2005	271 Purchasers	The GS+A Growth Fund - Limited Partnership Units	32,015,587.25	378,305.00
31-Jul-2004 to 30-Jun-2005	360 Purchasers	The GS+A Premium Income Fund - Limited Partnership Units	57,022,570.79	319,777.00
31-Jul-2004 to 30-Jun-2005	15 Purchasers	The GS+A Small Cap Fund Class "A" - Limited Partnership Units	2,535,021.00	17,753.00
31-Jul-2004 to 30-Jun-2005	464 Purchasers	The GS+A Value Fund - Limited Partnership Units	77,826,453.00	31,244.00
01-Jan-2005	Riverdale P.C.	The Trustee Board of The Presbyterian Church in Canada - Units	50,000.00	5.00
01-Jul-2005	Knox P.C.	The Trustee Board of The Presbyterian Church in Canada - Units	51,075.00	4.00
01-Jan-2005 to 01-Apr-2005	St. Andrew's P.C.	The Trustee Board of The Presbyterian Church in Canada - Units	360,851.00	35.00
01-Apr-2005 to 01-Jul-2005	Presbytery of West Toronto	The Trustee Board of The Presbyterian Church in Canada - Units	400,000.00	38.00
01-Oct-2004	St. Mark's P.C.	The Trustee Board of The Presbyterian Church in Canada - Units	210,553.00	21.00
26-Jul-2005	Amaranth Resources Limited	Trez Capital Corporation - Mortgage	773,021.00	1.00
30-Jun-2005	Trident Global Opportunities Class F	Trident Global Opportunities Fund - Units	824,128.00	7,130.00
19-Jul-2005	5 Purchasers	Veteran Resources Inc. - Units	3,766,500.00	2,430,000.00
27-Jul-2005	Canada Pension Plan Investment Board and Sterra LP	VSS Communications Parallel Partners IV, L.P. - LP Interest	12,617,762.00	2.00
28-Jul-2005	Lali Kusum	War Eagle Mining Company Inc. - Units	35,000.00	100,000.00
27-Jul-2005	Canada Post Corporation	Westpen Properties Ltd. - Common	19,999,999.00	4,204,127.00

	Registered Pension Plan	Shares		
20-Jul-2005	4 Purchasers	Yukon Zinc Corporation - Flow-Through Shares	3,499,980.00	15,909,000.00
27-Jul-2005	3 Purchasers	Zephyr Alternative Power Inc. - Convertible Debentures	111,000.00	3.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Cdn. Bear Bond Plus Fund
Cdn. Bear Equity Plus Fund
Cdn. Bull Bond Plus Fund
Cdn. Bull Equity Plus Fund
Crude Oil Bear Plus Fund
Crude Oil Bull Plus Fund
U.S. Bear Equity Plus (Non-Financial) Fund
U.S. Bull Equity Plus (Non-Financial) Fund
U.S. Dollar Bear Plus Fund
U.S. Dollar Bull Plus Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated August 2, 2005
Mutual Reliance Review System Receipt dated August 3, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
BetaPro Management Inc.
Project #812217

Issuer Name:
Chemtrade Logistics Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated August 3, 2005
Mutual Reliance Review System Receipt dated August 4, 2005
Offering Price and Description:
$155,002,400 - 9,968,000 Units
Underwriter(s) or Distributor(s):
TD Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Westwind Partners Inc.
Canaccord Capital Corporation
MGI Securities Inc.
Promoter(s):
-
Project #813228

Issuer Name:
Cowansville Capital Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated August 3, 2005
Mutual Reliance Review System Receipt dated August 8, 2005
Offering Price and Description:
Maximum $5,000,000.00 (10,000,000 Units)
Minimum $3,000,000.00 (6,000,000 Units)
Common Shares and Common Share Purchase Warrants
At $0.50 per Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Promoter(s):
-
Project #813397

Issuer Name:
Quest Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated August 3, 2005
Mutual Reliance Review System Receipt dated August 3, 2005
Offering Price and Description:
$ * - * Common Shares
Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Canaccord Capital Corporation
First Associates Investments Inc.
Promoter(s):
-
Project #812819

Issuer Name:
Quest Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated August 4, 2005
Mutual Reliance Review System Receipt dated August 4, 2005
Offering Price and Description:
$40,020,000.00 - 17,400,000 Common Shares
Price: $2.30 per Common Share
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Canaccord Capital Corporation
First Associates Investments Inc.
Promoter(s):
-
Project #812819

Issuer Name:
R Canadian Smaller Companies Fund
R Balanced Fund
R Bond Fund
R Dividend Income Fund
R Monthly Income Balanced Fund
IA Canadian Conservative Equity Fund
R Global Growth Fund
R High Yield Bond Fund
IA Diversified Monthly Income Fund
IA Dividend Growth Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectuses dated July 28, 2005
Mutual Reliance Review System Receipt dated August 3, 2005
Offering Price and Description:
Series A, F and I Units
Underwriter(s) or Distributor(s):
BLC Financial Services Inc.
BLC Financial Services Inc.
BLC Services Financiers Inc.
Promoter(s):
Industrial Alliance Fund Management Inc.
Project #811765

Issuer Name:
Real Resources Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated August 8, 2005
Mutual Reliance Review System Receipt dated August 8, 2005
Offering Price and Description:
$60,030,000.00 - 2,668,000 Common Share
Price: $22.50 Per Common Share
Underwriter(s) or Distributor(s):
GMP Securities Ltd.
Raymond James Ltd.
CIBC World Markets Inc.
Maison Placements Canada Inc.
Orion Securities Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #814598

Issuer Name:
Taos Capital Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated July 29, 2005
Mutual Reliance Review System Receipt dated August 3, 2005
Offering Price and Description:
$ * - * Units
Price: $ 0.25 per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Paradigm Capital Inc.
Union Securities Ltd.
Promoter(s):
Louis G. Plourde
Project #813014

Issuer Name:
3XL Futures Index Fund
Futures Index Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 31, 2005
Mutual Reliance Review System Receipt dated August 3, 2005
Offering Price and Description:
Class O Units, Class I Units and Class P Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #801032

Issuer Name:
AGF Dividend Income Fund
(formerly ING Canadian Dividend Income Fund)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated August 5, 2005
Mutual Reliance Review System Receipt dated August 5, 2005
Offering Price and Description:
Mutual Fund Series, Series F and Series O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
ING Investment Management Inc.
Project #802551

Issuer Name:
Albion Petroleum Ltd.
Principal Regulator - Alberta
Type and Date:
Final CPC Prospectus dated August 2, 2005
Mutual Reliance Review System Receipt dated August 3, 2005
Offering Price and Description:
$500,000.00 -5,000,000 Common Shares at a price of $0.10 per Common Share
Agent's Option to acquire 500,000 Common Shares at a price of
$0.10 per Common Share
Directors' and Officers' Options to acquire 700,000 Common Shares at a price of
$0.10 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
David A. Shaw
Colin B. Christensen
Walter J. Romanchuk
Project #801644

Issuer Name:
Artisan Canadian T-Bill Portfolio
Artisan Most Conservative Portfolio
Artisan Conservative Portfolio
Artisan Moderate Portfolio
Artisan Growth Portfolio
Artisan High Growth Portfolio
Artisan Maximum Growth Portfolio
Artisan New Economy Portfolio
Principal Regulator - Manitoba
Type and Date:
Final Simplified Prospectus dated July 26, 2005
Mutual Reliance Review System Receipt dated August 3, 2005
Offering Price and Description:
Mutual fund trust units at net asset value
Underwriter(s) or Distributor(s):
Assante Asset Management Ltd.
Assante Capital Management Ltd.
Assante Financial Management Ltd.
Promoter(s):
Assante Asset Management Ltd.
Project #800706

Issuer Name:
CI Money Market Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated August 4, 2005 to Final Simplified Prospectus and Annual Information Form dated June 20, 2005
Mutual Reliance Review System Receipt dated August 9, 2005
Offering Price and Description:
Class M Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #784613

Issuer Name:
Cash Management Pool
Short Term Income Pool
Canadian Fixed Income Pool
Global Fixed Income Pool
Canadian Equity Value Pool
Canadian Equity Diversified Pool
Canadian Equity Growth Pool
Canadian Equity Small Cap Pool
US Equity Value Pool
US Equity Diversified Pool
US Equity Growth Pool
International Equity Value Pool
International Equity Diversified Pool
International Equity Growth Pool
Real Estate Investment Pool
Principal Regulator - Manitoba
Type and Date:
Final Simplified Prospectus dated July 26, 2005
Mutual Reliance Review System Receipt dated August 3, 2005
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Assante Capital Management Ltd.
Assante Capital Management Ltd.
Assante Capital Management Ltd.
Promoter(s):
Assante Asset Management Ltd.
Project #797039

Issuer Name:
Canadian Science and Technology Growth Fund Inc.
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated July 26, 2005 to Final Prospectus dated December 20, 2004
as amended by Amendment #1 dated December 30, 2004
Mutual Reliance Review System Receipt dated August 9, 2005
Offering Price and Description:
Class A Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #711703

Issuer Name:
Chartwell Seniors Housing Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated August 4, 2005
Mutual Reliance Review System Receipt dated August 4, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
-
Project #808569

Issuer Name:
Dominion Equity Resource Fund Inc.
Principal Regulator - Alberta
Type and Date:
Amendment #1 dated July 11, 2005 to Final Simplified Prospectus and Annual Information Form dated April 22, 2005
Mutual Reliance Review System Receipt dated August 8, 2005
Offering Price and Description:
Mutual Fund Units Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #752790

Issuer Name:
Hudson Bay Mining and Smelting Co., Limited
Type and Date:
Final Short Form Prospectus dated August 3, 2005
Receipted on August 4, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #767523

Issuer Name:
Mackenzie Maxxum Pension Fund
Principal Regulator - Ontario
Type and Date:
Amendment #4 dated July 28, 2005 to the Simplified Prospectus dated December 9, 2004 and Amendment #5 dated July 28, 2005 to the Annual Information Form dated December 9, 2004
Mutual Reliance Review System Receipt dated August 4, 2005
Offering Price and Description:
Series A, F, I, O and T Units
Underwriter(s) or Distributor(s):
-
Quadrus Investment Services Ltd.
Promoter(s):
Mackenzie Financial Corporation
Project #699699

Issuer Name:
Mackenzie Universal Health Sciences Capital Class of Mackenzie Financial Capital Corporation
Principal Regulator - Ontario
Type and Date:
Amendment #4 dated July 26, 2005 to Final Simplified Prospectus and Annual Information Form dated September 30, 2004
Mutual Reliance Review System Receipt dated August 4, 2005
Offering Price and Description:
Series A, F, I, O and R Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #689035

Issuer Name:
MD Select Fund
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated July 15, 2005 to Final Simplified Prospectus and Annual Information Form dated July 22, 2004
Mutual Reliance Review System Receipt dated August 3, 2005
Offering Price and Description:
Mutual Fund Units Net Asset Value
Underwriter(s) or Distributor(s):
MD Management Inc.
MD Management Limited
Promoter(s):
MD Funds Management Inc.
Project #662177

Issuer Name:
MD Balanced Fund
MD Bond Fund
MD Bond and Mortgage Fund
MD Dividend Fund
MD Equity Fund
MD Growth Investments Limited
MD Growth RSP Fund
MD International Growth Fund
MD International Value Fund
MD Money Fund
MD Select Fund
MD US Large Cap Growth Fund
MD US Large Cap Growth RSP Fund
MD US Large Cap Value Fund
MD US Small Cap Growth Fund
MDPIM Canadian Equity Pool
MDPIM US Equity Pool
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 28, 2005
Mutual Reliance Review System Receipt dated August 3, 2005
Offering Price and Description:
Mutual Fund Units and Class A Units @ net asset value
Underwriter(s) or Distributor(s):
MD Management Limited
MD Management Limited
Promoter(s):
MD Funds Management Inc.
MD Private Trust Company
Project #800250

Issuer Name:
MDPIM International Equity Pool
MDPIM Canadian Bond Pool
MDPIM Canadian Equity Pool
MDPIM US Equity Pool
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 28, 2005
Mutual Reliance Review System Receipt dated August 3, 2005
Offering Price and Description:
Mutual Fund Units and Private Trust Class Units @ net asset value
Underwriter(s) or Distributor(s):
MD Management Limited
Promoter(s):
-
Project #799818

Issuer Name:
Real Assets Social Impact Balanced Fund
Real Assets Social Leaders Fund
Principal Regulator - British Columbia
Type and Date:
Amendment #1 dated July 12, 2005 to the Annual Information Form dated September 10, 2004
Mutual Reliance Review System Receipt dated August 4, 2005
Offering Price and Description:
Mutual Fund Unit Net Asset Value
Underwriter(s) or Distributor(s):
Real Assets Investment Management Inc.
Promoter(s):
-
Project #676106

Issuer Name:
Sequoia Oil & Gas Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated August 4, 2005
Mutual Reliance Review System Receipt dated August 5, 2005
Offering Price and Description:
$75,215,000.00 - 4,900,000 Trust Units - Price: $15.35 per Trust Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
GMP Securities Ltd.
Scotia Capital Inc.
TD Securities Inc.
First Associates Investments Inc.
Orion Securities Inc.
Sprott Securities Inc.
Tristone Capital Inc.
Promoter(s):
-
Project #808586

Issuer Name:
Stone & Co. Dividend Growth Class
Stone & Co. Resource Plus Class
Stone & Co. Flagship Growth & Income Fund Canada
Stone & Co. Flagship Stock Fund Canada
Stone & Co. Flagship Growth Industries Fund
Stone & Co. Flagship Global Growth Fund
Stone & Co. Longevity Fund™
Stone & Co. Flagship Money Market Fund Canada
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated July 29, 2005
Mutual Reliance Review System Receipt dated August 5, 2005
Offering Price and Description:
Mutual Fund Shares in Series A, B, C and F; and Mutual Fund Units in series A, B, C and F
Underwriter(s) or Distributor(s):
-
Promoter(s):
Lion Funds Management Inc.
Project #801018

Issuer Name:
Strike Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated August 5, 2005
Mutual Reliance Review System Receipt dated August 8, 2005
Offering Price and Description:
Maximum of 5,000,000 Common Shares ($750,000.00)
Minimum of 3,333,333 Common Shares ($500,000.00)
at $0.15 per Common Share
Underwriter(s) or Distributor(s):
Wolverton Securities Ltd.
Promoter(s):
Massimo R. Giovannetti
Project #704543

Issuer Name:
STEPP Oil & Gas Income Fund
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Long Form Prospectus dated July 6th, 2005
Withdrawn on August 3rd, 2005
Offering Price and Description:
Maximum: $ * (* Units)
Price: $10.00 per Unit
Minimum Purchaser: 100 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc,
National Bank Fiancial Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Inc.
First Associates Investments Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Berkshire Securities Inc.
Research Capital Corporation
Richardson Partners Financial Limited
Promoter(s):
First Asset Funds Inc.
Project #804712

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	United Financial Corporation	From: Extra-Provincial Investment Counsel & Portfolio Manager To: Extra-Provincial Investment Counsel & Portfolio Manager and Limited market Dealer	Oct 16/03
New Registration	Hamilton Lane Advisors, L.L.C. One Belmont Ave. Ninth Floor Bala Cynwyd, Pennsylvania 19004 USA	International Adviser (Investment Counsel & Portfolio Manager)	July 26, 2005
New Registration	Fisher Asset Management, LLC 13100 Skyline Blvd. Woodside, California 94062 USA	Non Canadian Adviser (Investment Counsel & Portfolio Manager)	July 26, 2005
Change of name	From: Assante Asset Management Limited To: United Financial Corporation/Gestion d'Actifs Assante Ltee	Extra-Provincial Investment Counsel and Portfolio Manager	July 21, 2005

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 CNQ Notice and Request for Comments – Proposed Repeal of CNQ Rule 10-105

CNQ Notice 2005-06
August 12, 2005

CANADIAN TRADING AND QUOTATION SYSTEM INC.
PROPOSED REPEAL OF CNQ RULE 10-105
NOTICE AND REQUEST FOR COMMENTS

The Board of Directors of Canadian Trading and Quotation System Ltd. ("CNQ") has passed a resolution repealing CNQ Rule 10-105 upon Ontario Securities Commission approval following public notice and comment. The text of the resolution is attached to this notice as Appendix "A." The text of the rule proposed to be repealed is attached to this notice as Appendix "B".

The Board has determined that the proposed amendments are in the public interest and have authorized them to be published for public notice and comments. Comments should be made no later than 30 days from the date of publication of this notice and should be addressed to:

Canadian Trading and Quotation System Inc.
BCE Place, 161 Bay Street
Suite 3850, P.O. Box 207
Toronto ON
M5J 2S1

Attention: Mark Faulkner, Director, Listings and Regulation

Fax: 416.572.4160
E-mail: Mark.Faulkner@cnq.ca

A copy should be provided to the Ontario Securities Commission at the following address:

Capital Markets Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto ON
M5H 3S8

Attention: Cindy Petlock, Manager, Market Regulation

Fax: 416.595.8940
E-mail: cpetlock@osc.gov.on.ca

Background

Rule 10 and certain other rules (e.g. Rule 4-108, which prohibits unreasonable mark-ups) were adopted to address concerns about abusive trading practices that occurred in the past on other markets, including the Canadian Dealing Network. In particular, certain dealers registered in Ontario as securities dealers (who were not members of an exchange or of the Investment Dealers Association of Canada) would engage in high-pressure sales tactics with vulnerable investors. These dealers charged excessive mark-ups on sales to customers and then refused to accept orders from those customers to sell out their positions. These were usually done in the context of "pump and dump" or boiler room stock manipulations.

Rule 10-105 has created problems. These include compliance issues (the difficulty in ascertaining that a client has signed off on the statement), reputation issues (creating a false perception among issuers, dealers and investors that CNQ and its listed companies are inherently more risky and prone to manipulation than other markets trading junior issuers) and effectiveness issues (the rule only applies to CNQ Dealers, not to other dealers trading client orders on CNQ through a CNQ Dealer).

Content of the Rule

Rule 10-105 requires dealers to provide a risk disclosure statement to customers prior to executing the first solicited trade in a CNQ-listed security. The statement describes the differences in regulatory philosophy between CNQ and the TSX and TSX Venture exchanges. It also describes issues that arise in trading any low-priced stock or stock with a small public float. The customer must acknowledge receiving the statement in writing prior to execution of the first solicited trade.

Effect of the Rule

The rule has created a compliance problem for dealers, as many have no established procedures for tracking whether a particular solicited order is the first solicited order in a CNQ-listed security or whether the customer has received the statement, other than relying on the customer's RR. While provision of risk disclosure statements is also required prior to trading in options, firms have established separate account ranges for option accounts and confirm delivery of the statement as part of account opening procedures. Dealers will not go through the trouble to set up new accounts solely for CNQ trading, and even if they provide the statement to all new customers on account opening, they cannot be certain about existing customers.

CNQ Dealers' compliance practices are varied and indicate confusion as to the scope of the rule.

The risk disclosure statement also creates a perception that the risk of investing in a CNQ-listed issuer is an order of magnitude higher than the Venture Exchange. In fact, the risks are generic to low priced stocks and stocks with smaller floats, even ones listed on the TSX. The rule has also been a barrier to attracting issuers, who fear they will be avoided by investors because of the risk disclosure statement. It has been cited by potential issuers and their financial advisors as a reason not to list on CNQ.

Rule Not Needed

While the rule is a barrier to competition among marketplaces, it could be justified if it served a valid investor protection purpose. We do not believe this is the case for the following reasons:

Limited Applicability

The rule only applies to the 18 CNQ Dealers, not to all dealers trading client orders on CNQ. We estimate that at least 20 other dealers access the CNQ market by jitneying orders through CNQ Dealers. Thus, a significant portion of the constituency the rule is designed to protect does not benefit from it. Furthermore, investors trading low-priced securities on other markets, including NEX and the Canadian Unlisted Board, do not receive any risk disclosure.

Applicability of Other Rules

Securities law and IDA rules provide a comprehensive investor protection regime. Repealing the risk disclosure statement will not change this. In particular, dealers have suitability and "know your client" obligations imposed on them by virtue of those rules. Some investors have refused to sign the statement because they erroneously believed they were waiving the protection of those rules. Some brokers may also be of the view that providing the statement eliminates the need to perform a suitability assessment.

Regulatory Framework

CNQ is a regulated market subject to the same OSC oversight as the TSX. The IDA and Market Regulation Services Inc., which perform member and market regulation for the other exchanges, perform the same services for CNQ to the same standards. The regulatory framework and oversight provided by an exchange is the reason why the United States Securities and Exchange Commission exempted all US exchange-listed securities from its penny stock rule (*see* Exchange Act Rules 15g-1 to -9).

The problems in the CDN market that were at the root of the decision to require risk disclosure were largely attributable to the abusive trading practices of certain securities dealers. These dealers were not members of any self-regulatory organization and were not subject to comprehensive sales practice rules and compliance checks. The problem was not that the existing regulatory framework was insufficient to offer clients protection. It was. The problem was that the securities dealers were not subject to those rules.

This was exacerbated by the regulatory framework. CDN had no discretion to refuse a registered dealer access to its market, and had limited discretion to refuse an issuer quotation. It had no discretion to refuse to allow trade reporting apart from halting the issue. It also operated a pure dealer market lacking transparency where trades were negotiated over the telephone and reported to the market some time later, and where bids and offers were not firm.

The Ontario Securities Commission solved the first problem by taking aggressive enforcement action against the securities dealers, putting them out of business. In addition, it adopted Rule 31-507, which requires all brokers and securities dealers to be

members of an SRO. All CNQ Dealers must be members in good standing of the IDA, subject to its full panoply of sales practice rules and its oversight.

As for the second problem, CNQ has minimum standards that allow it to refuse to accept issuers or dealers whose past or present conduct give rise to concerns about market integrity or investor protection. CNQ has turned down issuer applications on this basis. CNQ can expel traders or dealers and suspend or delist issuers that do not comply with its rules.

Company Regulation

One of the purposes of the rule was to bring to investors' attention the difference between CNQ's approach to listed company regulation and that of the other exchanges. In fact, it overemphasizes this difference. CNQ has rules governing original and continued listing that are in many respects similar to those of the other exchanges. Probably the biggest difference is that CNQ will not, other than for fundamental changes, require shareholder approval of transactions over and above requirements of corporate and securities law. In practice, shareholder approval is routinely granted, often in writing by holders of a majority of the outstanding shares; until recently, shareholders of TSX-listed companies could grant "blanket" approvals for future arm's length private placements that would not constitute a change of control. We believe that our enhanced disclosure requirements, which allow shareholders to see notices of proposed transactions posted on the CNQ website, provides equivalent protection.

Quality of the CNQ Marketplace

Although its entry-level listing standards are lower in some respects than the TSX Venture's, the market is not sufficiently different that a risk disclosure statement is warranted in one but not the other. All but one listed issue have a market maker; all but a few have at least two and many have three or more. Unlike the CDN market, where bids and offers were akin to expressions of interest that were not executable without negotiation, bids and offers in the CNQ system can be hit or taken electronically. Recent rule changes have increased the number of orders that non market-making dealers may enter directly.

Automation of the CNQ market facilitates real-time and after-the-fact market monitoring and surveillance.

Market makers are present on one side of approximately half of trades on CNQ, accounting for about 25% of buying and selling activity. This is a significant addition to natural liquidity, and is much greater than was contemplated when the rule was drafted.

Price continuity has also been good. With 92% of trades occurring within 5 cents of the previous trade, it is apparent that the CNQ model is effective at limiting trade-to-trade price volatility.

No Evidence of Abuses

Finally, no systemic abuses have come to pass after 2 years of operation. Ongoing monitoring by Regulation Services and CNQ's Market Operations staff have uncovered isolated possible rule violations, but no pattern of trading that would suggest a greater potential for market manipulation than on the other exchanges.

Consultation

No formal consultations were undertaken with respect to the proposed rule.

Alternatives Considered

No alternatives were considered.

Rules of Other Jurisdictions

We are not aware of any other marketplace that has an equivalent rule or of any jurisdiction that has an equivalent rule for exchange-traded securities. Penny stock rules in the United States (*see* Exchange Act Rules 15g-1 to -9) do not apply to securities traded on a national securities exchange.

Conclusion

The requirement to provide a risk disclosure statement puts a regulatory burden on CNQ Dealers and puts CNQ at a competitive disadvantage, neither of which is justified by the end result. At best it provides disclosure to only a limited number of participants in one of three Canadian marketplaces that trade low-priced securities. It creates confusion and compliance problems for dealers and is a disincentive in attracting both listings and dealers to CNQ. Repealing the rule will not give rise to the abuses seen before because of the body of securities law and SRO rules, including "know your client" and suitability rules, that protect investors much more effectively than this rule could.

APPENDIX "A"

BE IT RESOLVED that:

1. Rule 10-105 and the accompanying note relating to risk disclosure statements is repealed.

2. This resolution is to be effective immediately upon Ontario Securities Commission approval following public notice and comment.

PASSED this 24th day of February, 2005, to be effective upon Ontario Securities Commission approval following public notice and comment.

"Ian Bandeen"
Chairman

"Timothy Baikie"
Secretary

APPENDIX "B"

The text of the rule proposed to be repealed is as follows:

10-105 — When recommending the first trade with a client in a security of a CNQ Issuer, a CNQ Dealer or the registered representative shall provide a written risk disclosure statement to the client containing the disclosure required by CNQ and the client shall acknowledge receipt of the risk disclosure statement in writing prior to the execution of the first order.

Note: CNQ Dealers shall use the following risk disclosure statement:

Trading on CNQ

There are some important things to consider before investing in an issuer listed on CNQ. First, although CNQ has minimum standards that issuers must meet in order to be eligible for listing, these are lower than the standards for issuers listed on other stock exchanges. They should be considered speculative and investors in CNQ issuers should have a tolerance for higher-risk investments. There are no minimum financial requirements for eligibility for continued listing.

The CNQ standards and rules governing issuers can be found on the www.cnq.ca website by clicking on "Issuer Info" and following the link to "Policies and Procedures."

Second, although CNQ has rules governing share issuances and major transactions by listed issuers, these rules may be less restrictive than another stock exchange's. CNQ will not generally review or "approve" a transaction in advance or require shareholder approval (unless the transaction constitutes a "fundamental change" under CNQ's issuer policies). Existing shareholders may suffer equity or voting dilution as a result of corporate transactions and may not be able to vote on those transactions.

Third, CNQ issuers must post enhanced disclosure on the CNQ website. This disclosure can be found on the www.cnq.ca website by clicking on "Issuer Info" and "Disclosure Hall." Posting is entirely the issuer's responsibility and CNQ does not assume any responsibility for the timeliness, accuracy or completeness of those postings. CNQ will perform periodic reviews of issuers' disclosure record to determine compliance with applicable securities legislation and CNQ rules.

Fourth, CNQ issuers may have smaller floats of freely-tradeable stock than exchange-listed issuers. CNQ denotes certain issuers as "thin float" issuers at the time of listing, but floats on other issuers may also be smaller than for exchange-listed stocks.

If a stock has a small float, it is likely to have a larger spread (the difference between the bid, or the highest price at which someone is currently willing to buy and the offer, or the lowest price at which someone is willing to sell) and be less actively traded. An investor who wishes to buy or sell immediately will have to pay the spread, which could be very large relative to the price of the stock.

For example, assume ABC Co. has a bid of $0.20 and an offer of $0.25. An investor wishing to buy immediately would have to buy at $0.25, which is a price 25% higher than the bid. Assuming the market stayed the same, if the investor wished to sell the security immediately, it would be sold at $0.20 for a 20% loss. A security may have to go up considerably in value for an investor to make a profit after paying the spread and commissions.

An investor could minimize the price of paying the spread by entering a limit order (in the example above, a buy order of $0.245 or less). However, the less active a stock is, the longer it will normally take for that order to be executed, and it may not be executed at all.

Stocks with small floats also tend to be more volatile as a relatively small order can push the price up or down because there are not enough offsetting orders in the book. The stock may overreact to corporate announcements of material information, going up (or down) in price sharply and then coming back. It is also easier for one person or a group of persons to control a large portion of the float, which could allow them to manipulate the price at which the security is bought and sold, which is against the rules governing trading on CNQ.

If a stock with a small float has only one market maker, it is likely that the market maker will establish the spread, as it will often be the only party willing to buy or sell at a particular point in time. If a stock with a small float does not have a market maker, at times there may be no bid or offer, in which case it will not be possible to trade the stock immediately.

Fifth, CNQ securities may be susceptible to hype. Beware of anyone touting a security as a "sure thing" or "sure to go up" or suggesting that they know information about the issuer that has not been made public. Be particularly wary if the person is not associated with a CNQ dealer. CNQ dealers are prohibited from making misrepresentations in order to induce someone to buy, sell or hold a security of a CNQ issuer, and are prohibited from using high pressure sales tactics. They also must tell you when

recommending a trade if their firm is the only market maker in the security (which means they may have established the market), if the firm will trade for its own account with your order (i.e. buy from or sell to you from their inventory of the stock) or if the stock has no market maker.

Chapter 25

Other Information

25.1 Consents

25.1.1 Dejour Enterprises Ltd - s. 4(b) of the Regulation

Headnote

Consent given to OBCA corporation to continue under the laws of British Columbia.

Applicable Ontario Statutory Provisions

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Ontario Regulations

Regulation made under the Business Corporations Act, Reg. 289/00, as am., s. 4(b).

August 5, 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
DEJOUR ENTERPRISES LTD. (the Filer)**

**CONSENT
(Subsection 4(b) of the Regulation)**

Background

The Filer has applied to the Ontario Securities Commission (the Commission) requesting a consent from the Commission for the Filer to continue into another jurisdiction (the Continuance) under subsection 4(b) of the Regulation.

Representations

The Filer has represented to the Commission that:

1. The Filer is proposing to submit an application to the Director under the OBCA pursuant to section 181 of the OBCA (the Application for Continuance) for authorization to continue as a corporation under the *Business Corporations Act* (British Columbia) (the BCBCA).

2. 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.

3. The Filer was incorporated as "Dejour Mines Limited" on March 29, 1968 under the laws of the Province of Ontario. By articles of amendment dated October 30, 2001, the issued shares were consolidated on the basis of one new share for every fifteen old shares and the name of the company was changed to "Dejour Enterprises Ltd." The registered office is located at 1100-808 West Hastings Street, Vancouver, British Columbia, V6C 2X4.

4. The authorized capital of the Filer consists of three classes of shares: an unlimited number of common shares; an unlimited number of preferred shares designated as First Preferred Shares, issuable in series; and an unlimited number of preferred shares designated as Second Preferred Shares, issuable in series, of which 25,748,058 Common Shares, Nil First Preferred Shares and Nil Second Preferred Shares are issued and outstanding as at July 29, 2005.

5. The Filer is an offering corporation under the OBCA and is a reporting issuer under the *Securities Ac*t R.S.O. 1990, c. s. 5, as amended (the Act). The Filer is also a reporting issuer under the securities legislation of each of the provinces of British Columbia, Alberta and Québec. Following the Continuance, the Filer will remain a reporting issuer in Ontario and in the other jurisdictions where it is a reporting issuer.

6. The Filer is not in default under any provision of the Act or the regulations or rules made under the Act, and is not in default under the securities legislation of any other jurisdiction where it is a reporting issuer.

7. The Filer is not a party to any proceeding or, to the best of its knowledge, information and belief, any pending proceeding under the Act.

8. The Application for Continuance of the Filer has been approved by the shareholders of the Filer by special resolution at the annual and special meeting of shareholders (the Meeting) held on June 3, 2005.

9. Pursuant to the Section 185 of the OBCA, all shareholders of record as of the record date for the Meeting were entitled to dissent rights with

respect to the Application for Continuance (the Dissent Rights).

10. The management information circular dated May 2, 2005 (the Circular) provided to all shareholders in connection with the Meeting advised the holders of Common Shares of the Filer of their Dissent Rights.

11. The Application for Continuance is being made because the Filer's operations, management and service providers are located in British Columbia. In addition, due to the nature of the Filer's business, management believes that having British Columbia company status is in the interest of the Filer to be able to elect or appoint directors and to conduct its affairs in accordance with the provisions of the BCBCA.

12. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

Consent

The Commission is satisfied that granting this consent would not be prejudicial to the public interest.

The Commission consents to the continuance of the Filer as a corporation under the BCBCA.

"Carol S. Perry"
Commissioner
Ontario Securities Commission

"Paul K. Bates"
Commissioner
Ontario Securities Commission

25.2 Exemptions

25.2.1 New Look Eyewear Inc. - MI 52-109

Headnote

Issuer that had previously been granted relief from continuous disclosure requirements is exempted from the certification requirements, subject to certain conditions.

Instrument Cited

Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

July 22, 2005

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

AND

IN THE MATTER OF
NEW LOOK EYEWEAR INC.

EXEMPTION ORDER
(Multilateral Instrument 52-109)

WHEREAS New Look Eyewear Inc. (New Look) has applied for an exemption pursuant to section 4.5 of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (MI 52-109) from the requirements contained in MI 52-109:

(a) to file annual certificates under section 2.1; and

(b) to file interim certificates under section 3.1.

AND WHEREAS, unless otherwise defined or the context otherwise requires, the defined terms used in this order have the meaning set out in Ontario Securities Commission Rule 14-501 Definitions;

AND WHEREAS the Director has considered the application and the recommendation of staff of the Ontario Securities Commission (the Commission);

AND WHEREAS New Look has represented to the Director that:

1. On April 21, 2005, New Look (the successor by amalgamation of Benvest Capital Inc., New Look AcquisitionCo Inc., 4287321 Canada Inc. and 4287304 Canada Inc.) was granted an order by the Commission exempting it from the requirements of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) and from any comparable continuous disclosure requirements (the Continuous Disclosure Requirements) under the Act that had not yet

been repealed or otherwise rendered ineffective as a consequence of the adoption of NI 51-102.

2. Benvest New Look Income Fund (the Fund), the owner of all of the common shares of New Look, is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Ontario, Québec, Newfoundland and Labrador and Nova Scotia (collectively, the Jurisdictions). The Fund is currently subject to the continuous disclosure requirements of NI 51-102. The units of the Fund (the Units) are listed on the Toronto Stock Exchange (the TSX).

3. The only outstanding securities of New Look are its exchangeable shares (the Exchangeable Shares) and its common shares (the Common Shares). Neither the Exchangeable Shares nor the Common Shares are listed or quoted on any stock market, traded on any automated quotation system or traded on any formal over-the-counter trading system;

AND UPON the Director being satisfied that the tests contained in MI 52-109 that provide the Director with the jurisdiction to make the following decision have been met;

THE DECISION of the Director under MI 52-109 is that, under section 4.5 of MI 52-109, the requirements contained in MI 52-109:

(a) to file annual certificates under Section 2.1 of MI 52-109; and

(b) to file interim certificates under Section 3.1 of MI 52-109;

shall not apply to New Look for so long as New Look and the Fund comply with the following conditions:

(a) the Fund is a reporting issuer in Québec and at least one of the jurisdictions listed in Appendix B to MI 45-102, and is an electronic filer under National Instrument 13-101;

(b) the Fund sends to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of Units under the Continuous Disclosure Requirements;

(c) the Fund complies with the requirements of the TSX, or such other market or exchange on which the Units may be quoted or listed, in respect of making public disclosure of material information on a timely basis;

(d) New Look is in compliance with the requirements of the applicable statutory provisions in each of the Jurisdictions to issue a press release and file a report with the Jurisdictions upon the occurrence of a material change in respect of the affairs of New Look that is not also a material change in the affairs of the Fund;

(e) the Fund includes in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise insert explaining the reason for the mailed material being solely in relation to the Fund and not to New Look, such insert to include a reference to the economic equivalency between the Exchangeable Shares and Units and the right to direct voting at meetings of Unit holders;

(f) the Fund remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of New Look, other than the Exchangeable Shares; and

(g) New Look does not issue any securities, other than the Exchangeable Shares, securities issued to the Fund or its affiliates, or debt securities issued to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions.

"Iva Vranic"
Manager, Corporate Finance

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