The Ontario Securities Commission

OSC Bulletin

December 16, 2005

Volume 28, Issue 50

(2005), 28 OSCB

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)

The Ontario Securities Commission
Cadillac Fairview Tower
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

Published under the authority of the Commission by:
Carswell
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

416-609-3800 or 1-800-387-5164

Contact Centre - Inquiries, Complaints:	Fax: 416-593-8122
Capital Markets Branch:	Fax: 416-593-3651
- Registration:	Fax: 416-593-8283
Corporate Finance Branch:	
- Team 1:	Fax: 416-593-8244
- Team 2:	Fax: 416-593-3683
- Team 3:	Fax: 416-593-8252
- Insider Reporting	Fax: 416-593-3666
- Take-Over Bids:	Fax: 416-593-8177
Enforcement Branch:	Fax: 416-593-8321
Executive Offices:	Fax: 416-593-8241
General Counsel's Office:	Fax: 416-593-3681
Office of the Secretary:	Fax: 416-593-2318

The OSC Bulletin is published weekly by Carswell, under the authority of the Ontario Securities Commission.

Subscriptions are available from Carswell at the price of $549 per year.

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	$175
Outside North America	$400

Single issues of the printed Bulletin are available at $20 per copy as long as supplies are available.

ISSN 0226-9325

One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
World wide Web: http://www.carswell.com
Email: carswell.orders@thomson.com

Table of Contents

Chapter 1 Notices / News Releases 10041
1.1 Notices 10041
1.1.1 Current Proceedings Before The Ontario Securities Commission 10041
1.1.2 CSA Notice 44-302 - Replacement of National Instrument 44-101 Short Form Prospectus Distributions 10043
1.1.3 CSA Staff Notice 52-311 Regarding the Required Forms of Certificates under MI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings 10051
1.1.4 Canada's Securities Regulators Issue Guidance on Continuous Disclosure for Smaller Issuers 10061
1.1.5 CSA Notice 23-303 - Update on Concept Paper 23-402 Best Execution and Soft Dollar Arrangements 10062
1.1.6 OSC Staff Notice 51-706 – Corporate Finance Report 10074
1.1.7 Notice of Ministerial Approval - Rule 62-503 Financing of Take-over Bids and Issuer Bids 10086
1.1.8 TSX Notice of Approval of Amendments to the TSX Company Manual 10086
1.2 Notices of Hearing ..... (nil)
1.3 News Releases 10087
1.3.1 OSC Chair David Wilson Comments on Crawford Panel Discussion Paper 10087
1.3.2 First Court Appearance in OSC Insider Trading/Tipping Proceedings against Landen and Diamond 10087
1.3.3 OSC Statement in Respect of Frank D'Addario 10088
1.4 Notices from the Office of the Secretary 10088
1.4.1 Francis Jason Biller 10088
1.4.2 Triax Growth Fund Inc. et al. 10089
1.4.3 Olympus United Group Inc. 10089
1.4.4 Norshield Asset Management (Canada) Ltd. 10090

Chapter 2 Decisions, Orders and Rulings 10091
2.1 Decisions 10091
2.1.1 Mission Oil and Gas Inc. and Bison Resources Ltd. - MRRS Decision 10091
2.1.2 TUSK Energy Corporation - MRRS Decision 10094
2.1.3 Home Equity Income Trust and CHIP Mortgage Trust - MRRS Decision 10096
2.1.4 Burgundy Asset Management Ltd. et al. - MRRS Decision 10100
2.1.5 Tropic Networks Inc. et al. - MRRS Decision 10102
2.1.6 Young-Davidson Mines, Limited - s. 83 10105
2.1.7 TELUS Corporation - MRRS Decision 10106
2.1.8 Scotia Capital Inc. and the Bank of Nova Scotia - MRRS Decision 10109
2.1.9 GMP Private Client Ltd. and GMP Private Client LP - MRRS Decision 10112
2.1.10 Canadian Tire Corporation, Limited - MRRS Decision 10116
2.1.11 BPI Global Equity Fund et al. - MRRS Decision 10119
2.1.12 Man Capital Markets AG - s. 6.1(1) of MI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 Fees 10121
2.1.13 Bedminster Financial Group, Limited - s. 6.1(1) of MI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 Fees 10123
2.1.14 CHIP Four Term Trust - s. 83 10124
2.1.15 Shores Limited Partnership - s. 83 10125
2.2 Orders 10126
2.2.1 Julius Baer Investment Management LLC - s. 80 of the CFA 10126
2.2.2 Olympus United Group Inc. - s. 127 10128
2.2.3 Norshield Asset Management (Canada) Ltd. - s. 127 10129
2.3 Rulings ..... (nil)

Chapter 3 Reasons: Decisions, Orders and Rulings 10131
3.1 OSC Decisions, Orders and Rulings 10131
3.1.1 Francis Jason Biller 10131
3.1.2 Triax Growth Fund Inc. et al. 10139
3.1.3 Mountain Inn at Ribbon Creek Limited Partnership, et al. 10144
3.2 Court Decisions, Order and Rulings ..... (nil)

Chapter 4 Cease Trading Orders 10147
4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders 10147
4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders 10147
4.2.2 Outstanding Management & Insider Cease Trading Orders 10147

Chapter 5 Rules and Policies 10149
5.1.1 OSC Rule 62-503 Financing of Take-over Bids and Issuer Bids 10149

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

Chapter 7 Insider Reporting 10151

Chapter 8 Notice of Exempt Financings 10259
Reports of Trades Submitted on Form 45-501F1 10259

Chapter 9 Legislation ..... (nil)

Chapter 11 IPOs, New Issues and Secondary Financings 10265

Chapter 12 Registrations 10275
12.1.1 Registrants 10275

Chapter 13 SRO Notices and Disciplinary Proceedings 10277
13.1.1 MFDA Ontario Hearing Panel Makes Findings Against Joseph Van Der Velden and Andrew Stokman 10277
13.1.2 TSX Notice of Approval - Housekeeping Amendments to the TSX Company Manual 10278
13.1.3 TSX Request for Comments - Amendments to Parts III and VI of the TSX Company Manual 10282

Chapter 25 Other Information 10287
25.1 Approvals 10287
25.1.1 Venture Partners Equity Fund Inc. 10287

Index 10289

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

DECEMBER 16, 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
M5H 3S8

Telephone: 416-597-0681 Telecopier: 416-593-8348

CDS **TDX 76**

Late Mail depository on the 19th Floor until 6:00 p.m.

- -

THE COMMISSIONERS

W. David Wilson, Chair	—	WDW
Paul M. Moore, Q.C., Vice-Chair	—	PMM
Susan Wolburgh Jenah, Vice-Chair	—	SWJ
Paul K. Bates	—	PKB
Robert W. Davis, FCA	—	RWD
Harold P. Hands	—	HPH
David L. Knight, FCA	—	DLK
Mary Theresa McLeod	—	MTM
Carol S. Perry	—	CSP
Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

TBA **Yama Abdullah Yaqeen**

s. 8(2)

J. Superina in attendance for Staff

Panel: TBA

TBA **Cornwall *et al***

s. 127

K. Manarin in attendance for Staff

Panel: TBA

TBA **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 **John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir**

S. 127 & 127.1

K. Manarin in attendance for Staff

Panel: TBA

TBA **Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson**

s.127

J. Superina in attendance for Staff

Panel: SWJ/RWD/MTM

TBA	**James Patrick Boyle, Lawrence Melnick and John Michael Malone** s. 127 and 127.1 Y. Chisholm in attendance for Staff Panel: TBA
December 16, 2005 10:00 a.m.	**Portus Alternative Asset Management Inc., and Boaz Manor** s. 127 M. MacKewn in attendance for Staff Panel: TBA
January 9, 2006 1:30 p.m.	**Joseph Edward Allen, Abel Da Silva, Chateram Ramdhani and Syed Kabir** s.127 J. Waechter in attendance for Staff Panel: RLS/ST/DLK
January 11, 2006 10:00 a.m.	**Jose L. Castaneda** s.127 T. Hodgson in attendance for Staff Panel: TBA
January 17, 2006 10:00 a.m.	**Portus Alternative Asset Management Inc., Portus Asset Management Inc. Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg** s.127 & 127.1 M. MacKewn in attendance for Staff Panel: TBA
January 31, 2006 10:00 a.m.	**Mega-C Power Corporation, Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited** S. 127 T. Hodgson in attendance for Staff Panel: TBA
January 31, 2006 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 J. Cotte in attendance for Staff Panel: TBA
February 21, 2006	**Fulcrum Financial Group Inc., Secured Life Ventures Inc., Zephyr Alternative Power Inc., Troy Van Dyk and William L. Rogers** s. 127 and 127.1 G. Mackenzie in attendance for Staff Panel: TBA
March 1 and 2, 2006 10:00 a.m.	**Richard Ochnik and 1464210 Ontario Inc.** s. 127 and 127.1 M. Britton in attendance for Staff Panel: TBA
March 7, 2006 2:30 p.m.	**Olympus United Group Inc.** s.127 M. MacKewn in attendance for Staff Panel: TBA
March 7, 2006 2:30 p.m.	**Norshield Asset Management (Canada) Ltd.** s.127 M. MacKewn in attendance for Staff Panel: TBA

10:00 a.m.	**Philip Services Corp. *et al***
February 6 to March 10, 2006 (except Tuesdays)	s. 127 K. Manarin in attendance for Staff Panel: PMM/RWD/DLK
April 10, 2006 to April 28, 2006 (except Tuesdays and not Good Friday April 14)	
May 1 to May 19; May 24 to May 26, 2006 (except Tuesdays)	
June 12 to June 30, 2006 (except Tuesdays)	
March 2 & 3, 2006	**Christopher Freeman**
10:00 a.m.	s. 127 and 127.1 P. Foy in attendance for Staff Panel: TBA
April 3 to 7, 2006 10:00 a.m.	**Momentas Corporation, Howard Rash, Alexander Funt, Suzanne Morrison and Malcolm Rogers** s. 127 and 127.1 P. Foy 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 CSA Notice 44-302 - Replacement of National Instrument 44-101 *Short Form Prospectus Distributions*

CSA NOTICE 44-302 -
REPLACEMENT OF NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

December 16, 2005

Introduction

On October 21, 2005, the Canadian Securities Administrators (CSA), published a notice relating to the replacement of National Instrument 44-101 *Short Form Prospectus Distributions* (Former NI 44-101) which came into effect in December 2000 with National Instrument 44-101 *Short Form Prospectus Distributions* (New NI 44-101).

New NI 44-101 will come into force on **December 30, 2005**.

Substance and Purpose

New NI 44-101 modifies the qualification, disclosure and other requirements of the short form prospectus system so that this prospectus system can build on and be more consistent with recent developments and initiatives of the CSA.

Transition

Section 2.8(1) of New NI 44-101 requires issuers to file a one-time notice of intention to be qualified to file a short form prospectus (a qualification notice) at least 10 business days prior to filing its first preliminary short form prospectus under New NI 44-101. Section 2.8(4) grandfathers issuers which have a current AIF as defined in Former NI 44-101 as at December 29, 2005 by deeming such issuers to have filed a qualification notice on December 14, 2005 (which is 10 business days prior to implementation of New NI 44-101). Therefore, grandfathered issuers which otherwise satisfy the New NI 44-101 qualification criteria may file a preliminary short form prospectus under New NI 44-101 on or after December 30, 2005.

Attached as Appendix 'A' to this Notice is a list of issuers which, based on our information, have a current AIF as at December 9, 2005. An updated version of this list as at December 29, 2005 will be utilized by staff of the CSA and by CDS to reflect which issuers are deemed to have filed a qualification notice as at December 30, 2005.

We request that issuers review the list to determine whether

- the attached list includes the issuer if the issuer will have a current AIF as at December 29, 2005; or
- the attached list does not include the issuer, if the issuer will not have a current AIF as at December 29, 2005.

Issuers which identify inaccuracies in the list are requested to:

- contact CSA staff in their notice regulator (as defined in s. 2.8(3) of New NI 44-101); or
- file a qualification notice as described below, if the issuer is not on the list and intends to be short form eligible; or
- file a notice withdrawing their qualification notice (a withdrawal notice), if the issuer is on the list and does not intend to be short form eligible under New NI 44-101.

Filing of qualification notice or withdrawal notice on SEDAR under New NI 44-101

Issuers may file a qualification notice or a withdrawal notice at any time on or after December 30, 2005. The qualification notice should be in substantially the form of Appendix A to New NI 44-101. There is no prescribed form of withdrawal notice.

The CSA anticipates the changes to SEDAR for these filings will be completed in March 2006. During the transition period, issuers are required to file their qualification notice or withdrawal notice in SEDAR under the Continuous Disclosure category, filing type "Other Filings", filing sub-type "Other". The naming convention for the qualification notice is "Notice of Intent to Qualify – NI 44-101" and for the withdrawal notice is "Notice of Withdrawal – NI 44-101". These notices are only required to be filed with the issuer's notice regulator as defined in s.2.8(3) of New NI 44-101, although an issuer may file the notice with all regulators. Access to these documents should be public. Hence, upon filing the Notice the filer is required to contact the Notice Regulator to have the access changed from "Private" to "Public".

Questions

Please refer your questions to any of the following:

April Penn
Supervisor , Financial & Insider Reporting
British Columbia Securities Commission
(604) 899-6805
apenn@bcsc.bc.ca

Bola Opeodu
Compliance Officer
Alberta Securities Commission
(403) 297-2489
bola.opeodu@seccom.ab.ca

Wayne Bridgeman
Senior Analyst
Manitoba Securities Commission
(204) 945-4905
wbridgeman@gov.mb.ca

Ann Mankikar
Supervisor, Financial Examiners
Ontario Securities Commission
(416) 593-8281
amankikar@osc.gov.on.ca

Louise Allard
Analyste en valeurs mobilières
Autorité des marchés financiers
(514) 395-0558 ext 4442
louise.allard@lautorite.qc.ca

To-Linh Huynh
Corporate Finance Officer
New Brunswick Securities Commission
(506) 643-7695
to-linh.huynh@nbsc-cvmnb.ca

Donna Gouthro
Securities Analyst
Nova Scotia Securities Commission
(902) 424-7077
gouthrdm@gov.ns.ca

APPENDIX A

LIST OF ISSUERS WITH A "CURRENT AIF" AS AT DECEMBER 29, 2005

Issuer Names

1. 180 Connect Inc.
2. 407 International Inc.
3. A&W Revenue Royalties Income Fund
4. Aastra Technologies Limited
5. Aber Diamond Corporation
6. Abitibi-Consolidated Inc.
7. Acclaim Energy Trust
8. ACE Aviation Holdings Inc.
9. ACS Media Income Fund
10. Adastra Minerals Inc.
11. ADF Group Inc.
12. Adherex Technologies Inc.
13. Advanced Fiber Technologies (AFT) Income Fund
14. Advantage Energy Income Fund
15. Aecon Group Inc.
16. Aeterna Zentaris Inc.
17. AGF Management Limited
18. Agnico-Eagle Mines Limited
19. Agricore United
20. Agrium Inc.
21. Alamos Gold Inc.
22. Alcan Inc.
23. Alexis Nihon Real Estate Investment Trust
24. Algoma Steel Inc.
25. Algonquin Credit Card Trust
26. Algonquin Power Income Fund
27. Aliant Inc.
28. Aliant Telecom Inc.
29. Alimentation Couche-Tard Inc.
30. Allen-Vanguard Corporation
31. Alliance Atlantis Communications Inc.
32. Allied Properties Real Estate Investment Trust
33. AltaGas Income Trust
34. Altalink, L.P.
35. Amtelecom Income Fund
36. Angiotech Pharmaceuticals, Inc.
37. AnorMED Inc.
38. Antrim Energy Inc.
39. Apollo Gold Corporation
40. ARC Energy Trust
41. Arctic Glacier Income Fund
42. ART Advanced Research Technologies Inc.
43. Associated Brands Income Fund
44. Astral Media Inc.
45. ATCO Ltd.
46. ATI Technologies Inc.
47. Atlantic Power Corporation
48. Atlas Cold Storage Income Trust
49. Atlas Energy Ltd.
50. ATS Automation Tooling Systems Inc.
51. Aur Resources Inc.
52. Aurizon Mines Ltd.
53. Avenir Diversified Income Trust
54. Axcan Pharma Inc.
55. Azure Dynamics Corporation
56. Badger Income Fund
57. Ballard Power Systems Inc.
58. Bank of Montreal
59. Bank of Nova Scotia, The
60. Barrick Gold Corporation
61. Baytex Energy Trust
62. BCE Inc.
63. Bell Canada
64. Bell Nordiq Group Inc.
65. Bell Nordiq Income Fund
66. Bema Gold Corporation
67. Bennett Environmental Inc.
68. BFI Canada Income Fund
69. Biomira Inc.
70. BioMS Medical Corp.
71. Bioscrypt Inc.
72. Biovail Corporation
73. Birch Mountain Resources Ltd.
74. BlackRock Ventures Inc
75. Blue Mountain Energy Ltd.
76. BNN Split Corp.
77. Boardwalk Real Estate Investment Trust
78. Bolivar Gold Corp.
79. Bombardier Inc.
80. Bonavista Energy Trust
81. Bonterra Energy Income Trust
82. Boralex Inc.
83. Boralex Power Income Fund
84. Borealis Infrastructure Trust
85. Bow Valley Energy Ltd.
86. BPO Properties Ltd.
87. Breakwater Resources Ltd.
88. Brick Group Income Fund, The
89. Broadway Credit Card Trust
90. Brookfield Asset Management Inc.
91. Brookfield Properties Corporation
92. Burmis Energy Inc.
93. CAE Inc.
94. Caisse centrale Desjardins
95. Calfrac Well Services Ltd.
96. Calian Technologies Ltd.
97. Calloway Real Estate Investment Trust
98. Calpine Power Income Fund
99. Cambior Inc.
100. Cameco Corporation
101. Canaccord Capital Inc.
102. Canada Life Financial Corporation
103. Canada Mortgage Acceptance Corporation
104. Canadian Apartment Properties Real Estate Investment Trust
105. Canadian Capital Auto Receivables Asset Trust
106. Canadian General Investments, Limited
107. Canadian Hotel Income Properties Real Estate Investment Trust
108. Canadian Hydro Developers, Inc.
109. Canadian Imperial Bank of Commerce
110. Canadian National Railway Company
111. Canadian Natural Resources Limited
112. Canadian Oil Sands Trust
113. Canadian Pacific Railway Company
114. Canadian Pacific Railway Limited
115. Canadian Real Estate Investment Trust
116. Canadian Revolving Auto Floorplan Trust
117. Canadian Spirit Resources Inc.

118. Canadian Superior Energy Inc.
119. Canadian Tire Corporation, Limited
120. Canadian Utilities Limited
121. Canadian Western Bank
122. Canam Group Inc.
123. Canfor Corporation
124. Canico Resource Corp.
125. CanWest Global Communications Corp.
126. Capital Desjardins Inc.
127. Capital Régional et coopératif Desjardins
128. Capitol Energy Resources Ltd. (formerly Cell-Loc Inc.)
129. Cardero Resources Corp.
130. Cardiome Pharma Corp.
131. CARDS II Trust
132. Caribbean Utilities Company, Ltd.
133. Cascades Inc.
134. Caspian Energy Inc.
135. Catalyst Paper Corporation (formerly Norske Skog Canada Limited)
136. Caterpillar Financial Services Limited
137. Cathedral Energy Services Income Trust
138. CCL Industries Inc.
139. CCS Income Trust
140. Celestica Inc.
141. Celtic Exploration Ltd.
142. Centerra Gold Inc.
143. Central Fund of Canada Limited
144. Centurion Energy International Inc.
145. Certicom Corp.
146. CFI Trust
147. CGI Group Inc.
148. Chamaelo Exploration Ltd.
149. Chartwell Seniors Housing Real Estate Investment Trust
150. CHC Helicopter Corporation
151. Chemtrade Logistics Income Fund
152. CHIP Master Term Trust
153. Chum Limited
154. CI FInancial Inc
155. Cineplex Galaxy Income Fund
156. Cinram International Inc.
157. Citadel Diversified Investment Trust
158. Citigroup Finance Canada Inc.
159. Clarke Inc.
160. Clean Power Income Fund
161. Clear Energy Inc.
162. Clearwater Seafoods Income Fund
163. ClubLink Corporation
164. CNH Capital Canada Receivables Trust
165. Coca-Cola Enterprises (Canada) Bottling Finance Company
166. Cogeco Cable Inc.
167. Cogeco Inc
168. Cognos Incorporated
169. COM DEV International Ltd.
170. Cominar Real Estate Investment Trust
171. Compton Petroleum Corporation
172. Congress Financial Capital Company
173. ConjuChem Inc.
174. Connacher Oil and Gas Limited
175. Connors Bros. Income Fund
176. Constellation Copper Corporation
177. Consumers' Waterheater Income Fund, The
178. Contrans Income Fund
179. CoolBrands International Inc.
180. Corriente Resources Inc.
181. Corus Entertainment Inc.
182. Cott Corporation
183. Counsel Corporation
184. Countryside Power Income Fund
185. CP Ships Limited
186. Credit Union Central of British Columbia
187. Crescent Point Energy Trust
188. Crew Energy Inc.
189. CryoCath Technologies Inc.
190. CryptoLogic Inc.
191. Crystallex International Corporation
192. CSI Wireless Inc.
193. CU Inc.
194. Cumberland Resources Ltd.
195. Custom Direct Income Fund
196. Cymat Corp.
197. Cyries Energy Inc.
198. DaimlerChrysler Canada Finance Inc.
199. DALSA Corporation
200. DataMirror Corporation
201. Davis + Henderson Income Fund
202. Daylight Energy Trust
203. Deer Creek Energy Limited
204. Delphi Energy Corp.
205. Denbury Resources Inc.
206. Denison Mines Inc.
207. Descartes Systems Group Inc., The
208. Desert Sun Mining Corp.
209. Diagnocure Inc.
210. Dividend 15 Split Corp.
211. Dofasco Inc.
212. Domtar Inc.
213. Dorel Industries Inc.
214. Draxis Health Inc.
215. Dundee Corporation
216. Dundee Precious Metals Inc.
217. Dundee Real Estate Investment Trust
218. Dundee Wealth Management Inc.
219. Duvernay Oil Corp.
220. Dynatec Corporation
221. Eagle Credit Card Trust
222. E-L Financial Corporation Limited
223. Eldorado Gold Corporation
224. Emera Incorporated
225. Emergis Inc.
226. Empire Company Limited
227. Enbridge Gas Distribution Inc.
228. Enbridge Inc.
229. Enbridge Income Fund
230. Enbridge Pipelines Inc.
231. EnCana Corporation
232. EnCana Holdings Finance Corp.
233. Endev Energy Inc.
234. Enerflex Systems Ltd.
235. Energy Savings Income Fund
236. Enerplus Resources Fund
237. Enervest Diversified Income Trust
238. Ensign Energy Services Inc.
239. Enterra Energy Trust

240. Entertainment One Income fund
241. Envoy Communications Group Inc.
242. EPCOR Utilities Inc.
243. Equinox Minerals Limited
244. Equitable Group Inc.
245. Esprit Energy Trust
246. Eurozinc Mining Corporation
247. Exco Technologies Limited
248. EXFO Electro-Optical Engineering Inc.
249. Extendicare Inc.
250. Fairborne Energy Ltd.
251. Fairborne Energy Trust
252. Fairfax Financial Holdings Limited
253. Fairmont Hotels & Resorts Inc.
254. Falconbridge Limited
255. Financial 15 Split Corp.
256. Find Energy Ltd.
257. Finning International Inc.
258. Firm Capital Mortgage Investment Trust
259. First Calgary Petroleums Ltd.
260. First Capital Realty Inc.
261. First Quantum Minerals Ltd.
262. FirstService Corporation
263. FNX Mining Company Inc.
264. Focus Energy Trust
265. Fondaction, Le Fonds de développement de la confédération des syndicats nationaux
266. Fonds de revenu Transforce
267. Fonds de solidarité des travailleurs du Québec (F.T.Q.) (Le)
268. Forbes Medi-Tech Inc.
269. Ford Credit Canada Limited
270. Fording Canadian Coal Trust
271. Fort Chicago Energy Partners L.P.
272. Fortis Inc.
273. FortisAlberta Inc.
274. FortisBC Inc.
275. Fortune Minerals Limited
276. Forzani Group Ltd., The
277. Four Seasons Hotels Inc.
278. Freehold Royalty Trust
279. Frontera Copper Corporation
280. Gabriel Resources Ltd.
281. Gammon Lake Resources Inc.
282. Gateway Casinos Income Fund
283. Gaz Metro inc.
284. Gaz Metro Limited Partnership
285. GBS Gold International Inc.
286. GE Capital Canada Funding Company
287. Geac Computer Corporation Limited
288. General Donlee Income Fund
289. General Motors Acceptance Corporation of Canada, Limited
290. Genesis Trust
291. Gennum Corporation
292. George Weston Limited
293. Gerdau AmeriSteel Corporation
294. Gildan Activewear Inc.
295. Glacier Credit Card Trust
296. Glamis Gold Ltd.
297. Glencairn Gold Corporation
298. Gloucester Credit Card Trust
299. Gold Reserve Inc.
300. Goldcorp Inc.
301. Golden Credit Card Trust
302. Golden Star Resources Ltd.
303. Grande Cache Coal Corporation
304. Great Canadian Gaming Corporation
305. Great Lakes Carbon Income Fund
306. Great Lakes Hydro Income Fund
307. Greater Toronto Airports Authority
308. Great-West Life Assurance Company, The
309. Great-West Lifeco Inc.
310. Groupe LaPerriere & Verreault Inc.
311. GSI Group Inc.
312. Guinor Gold Corporation
313. H&R Real Estate Investment Trust
314. Hanfeng Evergreen Inc.
315. Hardwoods Distribution Income Fund
316. Harris Steel Group Inc.
317. Harvest Energy Trust
318. Heating Oil Partners Income Fund
319. Helix Biopharma Corp.
320. Heroux-Devtek Inc.
321. High River Gold Mines Ltd.
322. Highpine Oil & Gas Limited
323. Home Capital Group Inc.
324. Home Equity Income Trust
325. HSBC Bank Canada
326. HSBC Financial Corporation Limited
327. Hub International Limited
328. Hudbay Minerals Inc.
329. Hudson's Bay Company
330. Hummingbird Ltd.
331. Husky Energy Inc.
332. Hydro One Inc.
333. Hydrogenics Corporation
334. IAMGold Corporation
335. ID Biomedical Corporation
336. IGM Financial Inc.
337. Imax Corporation
338. Imperial Oil Limited
339. Inco Limited
340. Indigo Books & Music Inc.
341. Industrial Alliance Insurance and Financial Services Inc.
342. Inex Pharmaceuticals Corporation
343. Inflazyme Pharmaceuticals Ltd.
344. ING Canada Inc.
345. Inmet Mining Corporation
346. Innergex Power Income Fund
347. Innova Exploration Ltd.
348. InnVest Real Estate Investment Trust
349. INSCAPE Corporation
350. Inter Pipeline Fund
351. Intermap Technologies Corporation
352. International Forest Products Limited
353. InterOil Corporation
354. Intertape Polymer Group Inc.
355. Intrawest Corporation
356. IPC US Real Estate Investment Trust
357. IPL Inc.
358. IPSCO Inc.
359. Isotechnika Inc.
360. Iteration Energy Ltd
361. Ivanhoe Energy Inc.

362. Ivanhoe Mines Ltd.
363. Ivernia Inc.
364. JDS Uniphase Canada Ltd.
365. Jean Coutu Group (PJC) Inc., The
366. John Deere Credit Inc.
367. John Hancock Canadian Corporation
368. KCP Income Fund
369. Ketch Resources Trust
370. Keyera Facilities Income Fund
371. Kick Energy Corporation
372. Killam Properties Inc.
373. Kingsway Financial Services Inc.
374. Kingsway International Holdings Limited
375. Labopharm Inc.
376. Labrador Iron Ore Royalty Income Fund
377. Laurentian Bank of Canada
378. Legacy Hotels Real Estate Investment Trust
379. Linamar Corporation
380. LionOre Mining International Ltd.
381. Lions Gate Entertainment Corp.
382. Livingston International Income Fund
383. Loblaw Companies Limited
384. Lorus Therapeutics Inc.
385. Lundin Mining Corporation
386. Macdonald, Dettwiler and Associates Ltd.
387. Macquarie Power Income Fund
388. Magellan Aerospace Corporation
389. Magna Entertainment Corp.
390. Magna International Inc.
391. Major Drilling Group International Inc.
392. Manitoba Telecom Services Inc.
393. Mansfield Trust
394. Manufacturers Life Insurance Company, The
395. Manulife Financial Corporation
396. Maple Leaf Foods Inc.
397. Maritime Life Canadian Funding
398. Martinrea International Inc.
399. MDC Partners Inc.
400. MDS Inc.
401. Medical Facilities Corporation
402. Medicure Inc.
403. MediSolution Ltd.
404. Mega Bloks Inc.
405. Menu Foods Income Fund
406. Meridian Gold Inc.
407. Merrill Lynch Canada Finance Company
408. Merrill Lynch Financial Assets Inc.
409. Metallic Ventures Gold Inc.
410. Methanex Corporation
411. Metro inc.
412. MI Developments Inc.
413. Minefinders Corporation Ltd.
414. Miramar Mining Corporation
415. Mitec Telecom Inc.
416. MKS Inc.
417. Molson Coors Brewing Company
418. Morguard Real Estate Investment Trust
419. Mosaid Technologies Incorporated
420. Movie Distribution Income Fund
421. MTI Global Inc.
422. Mullen Group Income Fund
423. Mundoro Mining Inc.
424. N-45° First CMBS Issuer Corporation
425. NAL Oil & Gas Trust
426. National Bank of Canada
427. NAV Canada
428. NAV Energy Trust
429. Nelson Resources Limited
430. Neurochem Inc.
431. Nevsun Resources Ltd.
432. Newalta Income Fund
433. Newfoundland Power Inc.
434. Newmont Mining Corporation
435. Newmont Mining Corporation of Canada Limited
436. Nexen Inc.
437. NIF-T
438. Niko Resources Ltd.
439. Noranda Income Fund
440. Norbord Inc.
441. Nortel Networks Corporation
442. Nortel Networks Limited
443. North American Palladium Ltd.
444. North West Company Fund
445. Northbridge Financial Corporation
446. Northern Orion Resources Inc.
447. Northern Property Real Estate Investment Trust
448. Northgate Minerals Corporation
449. Northland Power Income Fund
450. NOVA Chemicals Corporation
451. NOVA Gas Transmission Ltd.
452. Nova Scotia Power Incorporated
453. Novagold Resources Inc.
454. Novelis Inc.
455. NQL Energy Services Inc.
456. Nurun Inc.
457. NuVista Energy Ltd.
458. O&Y Real Estate Investment Trust
459. Oceanex Income Fund
460. Oilexco Incorporated
461. Oncolytics Biotech Inc.
462. Ondine Biopharma Corporation
463. Onex Corporation
464. Open Text Corporation
465. Opti Canada Inc.
466. Optimal Group Inc.
467. Orezone Resources Inc.
468. Pacific & Western Credit Corp.
469. Pacific Rim Mining Corp.
470. Pan American Silver Corp.
471. Pan-Ocean Energy Corporation Limited
472. Paramount Energy Trust
473. Paramount Resources Ltd.
474. Pason Systems Inc.
475. Patheon Inc.
476. PBB Global Logistics Income Fund
477. PC Financial Partnership
478. Peak Energy Services Trust
479. Pembina Pipeline Income Fund
480. Pengrowth Energy Trust
481. Petrobank Energy and Resources Ltd.
482. Petro-Canada
483. PetroFalcon Corporation
484. Petrofund Energy Trust
485. PetroKazakhstan Inc.
486. Peyto Energy Trust
487. Phoenix Technology Income Fund

488. Placer Dome Inc.
489. Point North Energy Inc.
490. Potash Corporation of Saskatchewan Inc.
491. Power Corporation of Canada
492. Power Financial Corporation
493. Precision Drilling Corporation
494. Premium Brands Income Fund
495. Premium Brands Operating GP Inc.
496. Primaris Retail Real Estate Investment Trust
497. PrimeWest Energy Trust
498. Procyon BioPharma Inc.
499. ProEx Energy Ltd.
500. Progress Energy Ltd.
501. Progress Energy Trust
502. ProMetic Life Sciences Inc.
503. Provident Energy Trust
504. PRT Forest Regeneration Income Fund
505. Pulse Data Inc.
506. QGX Ltd.
507. QLT Inc.
508. Quadra Mining Ltd.
509. Quebecor Inc.
510. Quebecor World Inc.
511. Queenstake Resources Ltd.
512. Quest Capital Corp.
513. Railpower Technologies Corp.
514. Rally Energy Corp.
515. Real Estate Asset Liquidity Trust
516. Real Resources Inc.
517. Reitmans (Canada) Limited
518. Resin Systems Inc.
519. Retirement Residences Real Estate Investment Trust
520. Retrocom Mid-Market Real Estate Investment Trust
521. Revenue Properties Company Limited
522. Rider Resources Ltd.
523. Rio Narcea Gold Mines, Ltd.
524. RioCan Real Estate Investment Trust
525. Ritchie Bros. Auctioneers Incorporated
526. Rockwater Capital Corporation
527. Rogers Communications Inc.
528. Rogers Sugar Income Fund
529. RONA inc.
530. Rothmans Inc.
531. Royal Bank of Canada
532. Royal Group Technologies Limited
533. Royal Host Real Estate Investment Trust
534. Royal LePage Franchise Services Fund
535. Russel Metals Inc.
536. Samsys Technologies Inc.
537. Saputo Inc.
538. Saskatchewan Wheat Pool
539. Savanna Energy Services Corp.
540. Schooner Trust
541. Score Media Inc.
542. SCORE Trust
543. Seabridge Gold Inc.
544. Sears Canada Inc.
545. Sentry Select Diversified Income Trust
546. Sequoia Oil & Gas Trust
547. SFK Pulp Fund
548. Shaw Communications Inc.
549. ShawCor Ltd.
550. Shell Canada Limited
551. Shermag Inc.
552. Sherritt International Corporation
553. Shiningbank Energy Income Fund
554. Shoppers Drug Mart Corporation
555. Shore Gold Inc.
556. Sico Inc.
557. Sierra Systems Group Inc.
558. Sierra Wireless, Inc.
559. Silver Standard Resources Inc.
560. Silver Wheaton Corp.
561. Sino-Forest Corporation
562. SIRIT Inc.
563. Sleeman Breweries Ltd.
564. Sleep Country Canada Income Fund
565. SNC-Lavalin Group Inc.
566. Sobeys Inc.
567. SouthernEra Diamonds Inc.
568. Southwestern Resources Corp.
569. Spectra Premium Industries Inc.
570. St. Lawrence Cement Group Inc.
571. Stantec Inc.
572. StarPoint Energy Trust
573. Stelco Inc.
574. Stornoway Diamond Corporation
575. Stratos Global Corporation
576. Summit Real Estate Investment Trust
577. Sun Life Assurance Company of Canada
578. Sun Life Financial Inc.
579. Suncor Energy Inc.
580. Sunrise Senior Living Real Estate Investment Trust
581. Superior Plus Income Fund
582. Swiss Water Decaffeinated Coffee Income Fund
583. Systems Xcellence Inc.
584. Tahera Diamond Corporation
585. Talisman Energy Inc.
586. Taylor NGL Limited Partnership
587. Teck Cominco Limited
588. Teknion Corporation
589. Telesystem International Wireless Inc.
590. Telus Corporation
591. Tembec Inc.
592. Terasen Gas Inc.
593. Terasen Inc.
594. TerraVest Income Fund
595. Tesco Corporation
596. TGS North American Real Estate Investment Trust
597. Theratechnologies Inc.
598. Thomson Corporation, The
599. Thunder Energy Trust
600. Tiberon Minerals Ltd.
601. TimberWest Forest Corp.
602. TIR Systems Ltd.
603. TLC Vision Corporation
604. Tm Bioscience Corporation
605. Toromont Industries Ltd.
606. Toronto Hydro Corporation
607. Toronto-Dominion Bank, The
608. Torstar Corporation
609. Total Energy Services Ltd.

610. Trans Quebec & Maritimes Pipeline Inc.
611. TransAlta Corporation
612. Transalta Power, L.P.
613. TransAlta Utilities Corporation
614. Transat A.T. Inc.
615. TransCanada Corporation
616. TransCanada PipeLines Limited
617. TransCanada Power, L.P.
618. Transcontinental Inc.
619. TransGlobe Energy Corporation
620. Transition Therapeutics Inc.
621. Tree Island Wire Income Fund
622. Trican Well Service Ltd.
623. Trilogy Energy Trust
624. Trinidad Energy Services Income Trust
625. Trizec Canada Inc.
626. True Energy Inc.
627. True Energy Trust
628. TSX Group Inc.
629. Tundra Semiconductor Corporation
630. Tusk Energy Corporation
631. TVA Group Inc.
632. UE Waterheater Income Fund
633. UE Waterheater Operating Trust
634. Union Gas Limited
635. Uni-Select Inc.
636. UTS Energy Corporation
637. Van Houtte Inc.
638. Vasogen Inc.
639. Verenex Energy Inc.
640. Vermilion Energy Trust
641. Versacold Income Fund
642. Viceroy Exploration Ltd.
643. Viking Energy Royalty Trust
644. Vincor International Inc.
645. VRB Power Systems Inc.
646. Wellco Energy Services Trust
647. Wells Fargo Financial Canada Corporation
648. Wescast Industries Inc.
649. West Energy Ltd.
650. West Fraser Timber Co. Ltd.
651. Westaim Corporation, The
652. Westcoast Energy Inc.
653. Western Financial Group Inc.
654. Western Forest Products Inc.
655. Western Lakota Energy Services Inc.
656. Western Oil Sands Inc.
657. Western Silver Corporation
658. WestJet Airlines Ltd.
659. Westport Innovations Inc.
660. WGI Heavy Minerals, Incorporated
661. Wi-LAN Inc.
662. Windsor Auto Trust
663. Wolfden Resources Inc.
664. Xantrex Technology Inc.
665. Xillix Technologies Corp.
666. Yamana Gold Inc.
667. Yellow Pages Income Fund
668. YM BioSciences Inc.
669. York Receivables Trust III
670. YPG Holdings Inc.
671. Zargon Energy Trust
672. Zenon Environmental Inc.
673. Zi Corporation

1.1.3 CSA Staff Notice 52-311 Regarding the Required Forms of Certificates under MI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings

CANADIAN SECURITIES ADMINISTRATORS STAFF NOTICE 52-311
REGARDING THE REQUIRED FORMS OF CERTIFICATES
UNDER
MULTILATERAL INSTRUMENT 52-109
CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS

Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (the Certification Instrument) is a national instrument. It came into force in all CSA jurisdictions, except British Columbia and Quebec, on March 30, 2004. The Certification Instrument came into force in Quebec on June 30, 2005 and in British Columbia on September 19, 2005.

This CSA Staff Notice is intended to assist certifying officers in determining what form of certificate is required under the Certification Instrument for various financial years and interim periods.

We refer issuers and certifying officers to the Certification Instrument which can be found on the websites of several CSA jurisdictions.

Annual certificates

Do we need to file annual certificates for our most recent financial year?

Yes. Annual certificates must be filed for all financial years beginning on or after January 1, 2004.[1]

What form of annual certificate should we file?

There are four forms of annual certificates that can be filed under the Certification Instrument:

- Form 52-109FT1 (the "Bare" Annual Certificate);
- Form 52-109F1 with the certifications relating to internal control over financial reporting deleted (the "Modified" Annual Certificate);
- Form 52-109F1 with no deletions (the "Full" Annual Certificate); and
- the annual certificate required to be filed with the SEC in compliance with section 302 of the Sarbanes-Oxley Act of 2002 (the 302 Annual Certificate).

To determine what form of annual certificate you should use, you should ask yourself the following questions:

Question 1: *Are you an SEC registrant and if so:*
(a) *do you file 302 Annual Certificates with the SEC; and*
(b) *do you file the same annual financial statements with the SEC that you file with us (for example, the financial statements that you file with both the SEC and us are prepared in accordance with the same accounting principles)?*

If you answered yes to all parts of this question, you can choose to file with us your 302 Annual Certificates that you filed with the SEC.

However, if:
(a) you are not an SEC registrant;
(b) you are an SEC registrant but you did not answer yes to all parts of this question; or
(c) you are an SEC registrant but you would prefer to file our certificates instead of the 302 Annual Certificates,
then please go to Question 2.

Question 2: *What is the financial year in question?*

The appropriate form of annual certificate depends on the financial year it is for. The following is a summary of when you can file a "Bare" Annual Certificate, "Modified" Annual Certificate and "Full" Annual Certificate:

[1] In Quebec, annual certificates are required to be filed for financial years ending on or after June 30, 2005. Please refer to BC Instrument 52-510 *Transitional Variation of and Exemption from Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings* for when annual certificates are required to be filed in British Columbia.

What is the financial year?	Form of annual certificate for the financial year
For financial years ending on or before March 30, 2005	the "Bare" Annual Certificate (or if you choose, the "Modified" Annual Certificate or the "Full" Annual Certificate)*
For financial years ending after March 30, 2005 but on or before June 29, 2006	the "Modified" Annual Certificate (or if you choose, the "Full" Annual Certificate)*
For financial years ending after June 29, 2006	the "Full" Annual Certificate

* If you choose to file a "Full" Annual Certificate before you are required to do so, we recommend that you continue to do so. We also recommend that you file "Full" Interim Certificates for subsequent interim periods.

If you choose to file a "Modified" Annual Certificate before you are required to do so, we recommend that you continue to do so until you are required to file a "Full" Annual Certificate. We also recommend that you file "Modified" Interim Certificates for interim periods that end before your first financial year for which you are required to file a "Full" Annual Certificate.

Filing a form of certificate that excludes representations included in previously filed certificates may be confusing to market participants.

Where can I find sample annual certificates?

Samples of the "Bare" Annual Certificate, "Modified" Annual Certificate and "Full" Annual Certificate are attached to this CSA Staff Notice and can be found on the websites of several CSA jurisdictions.

Interim certificates

Do we need to file interim certificates for our most recent interim period?

Yes. Interim certificates must be filed for all interim periods beginning on or after January 1, 2004.[2]

What form of interim certificate should we file?

There are four forms of interim certificates that can be filed under the Certification Instrument:

- Form 52-109FT2 (the "Bare" Interim Certificate);
- Form 52-109F2 with the certifications relating to internal control over financial reporting deleted (the "Modified" Interim Certificate);
- Form 52-109F2 with no deletions (the "Full" Interim Certificate); and
- the quarterly certificate required to be filed with the SEC in compliance with section 302 of the Sarbanes-Oxley Act of 2002 (the 302 Quarterly Certificate).

To determine what form of interim certificate you should use, you should ask yourself the following questions:

Question 1: *Are you an SEC registrant and if so:*
(a) *do you file 302 Quarterly Certificates with the SEC; and*
(b) *do you file the same interim financial statements with the SEC that you file with us (for example, the financial statements that you file with both the SEC and us are prepared in accordance with the same accounting principles)?*

If you answered yes to all parts of this question, you can choose to file with us your 302 Quarterly Certificates that you filed with the SEC.

[2] In Quebec, interim certificates are required to be filed for interim periods ending on or after June 30, 2005. Please refer to BC Instrument 52-510 *Transitional Variation of and Exemption from Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings* for when interim certificates are required to be filed in British Columbia.

However, if:
(a) you are not an SEC registrant;
(b) you are an SEC registrant but you did not answer yes to all parts of this question; or
(c) you are an SEC registrant but you would prefer to file our certificates instead of the 302 Quarterly Certificates,
then please go to Question 2.

Question 2: *What is the interim period in question?*

The appropriate form of interim certificate depends on the interim period it is for. The following is a summary of when you can file a "Bare" Interim Certificate, "Modified" Interim Certificate and "Full" Interim Certificate:

What form of annual certificate were you permitted or required to file for your *most recently completed* financial year?	**Form of interim certificate for interim periods in your *current* financial year**
"Bare" Annual Certificate	the "Bare" Interim Certificate (or if you choose, the "Modified" Interim Certificate or the "Full" Interim Certificate)*
"Modified" Annual Certificate	the "Modified" Interim Certificate (or if you choose, the "Full" Interim Certificate)*
"Full" Annual Certificate	the "Full" Interim Certificate

* If you choose to file a "Full" Interim Certificate before you are required to do so, we recommend that you continue to do so. If you choose to file a "Modified" Interim Certificate before you are required to do so, we recommend that you continue to do so until you are required to file a "Full" Interim Certificate. Filing a form of certificate that excludes representations included in previously filed certificates may be confusing to market participants.

Where can I find sample interim certificates?

Samples of the "Bare" Interim Certificate, "Modified" Interim Certificate and "Full" Interim Certificate are attached to this CSA Staff Notice and can be found on the websites of several CSA jurisdictions.

General

Please note that the Certification Instrument does not affect the obligations of an issuer that is an SEC registrant to file with us, under section 11.1 of National Instrument 51-102 *Continuous Disclosure Obligations*, certain disclosure material that the issuer files with or furnishes to the SEC.

Questions

Please refer your questions to any of:

Ontario Securities Commission

Jo-Anne Matear
Senior Legal Counsel, Corporate Finance
(416) 593 2323
jmatear@osc.gov.on.ca

Marcel Tillie
Senior Accountant, Corporate Finance
(416) 593 8078
mtillie@osc.gov.on.ca

Mark Pinch
Accountant, Corporate Finance
(416) 593 8057
mpinch@osc.gov.on.ca

British Columbia Securities Commission

Carla-Marie Hait
Chief Accountant, Corporate Finance
(604) 899 6726
chait@bcsc.bc.ca

Sheryl Thomson
Senior Legal Counsel, Corporate Finance
(604) 899 6778
sthomson@bcsc.bc.ca

Alberta Securities Commission

Kari Horn
General Counsel
(403) 297 4698
kari.horn@seccom.ab.ca

Fred Snell
Chief Accountant
(403) 297 6553
fred.snell@seccom.ab.ca

Chris Prokop
Legal Counsel, Office of the General Counsel
(403) 297 2093
chris.prokop@seccom.ab.ca

Manitoba Securities Commission

Bob Bouchard
Director, Corporate Finance
(204) 945 2555
bbouchard@gov.mb.ca

Autorité des marchés financiers

Sylvie Anctil-Bavas
Chef comptable
(514) 395 0558, poste 4373
sylvie.anctil-bavas@lautorite.qc.ca

Emmanuelle Létourneau
Analyste en valeurs mobilières
(514) 395 0558, poste 2373
marie-emmanuelle.letourneau@lautorite.qc.ca

December 16, 2005

Sample Form 52-109F1 with no deletions (the "Full" Annual Certificate)

Form 52-109F1 - Certification of Annual Filings

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

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

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

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

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

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

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

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

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

Date: .....

_____

[Signature]
[Title]

Sample Form 52-109F1 with the certifications relating to internal control over financial reporting deleted (the "Modified" Annual Certificate)

Form 52-109F1 - Certification of Annual Filings

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

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

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

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

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

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

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

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

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

Date: .....

_____
[Signature]
[Title]

Sample Form 52-109FT1 (the "Bare" Annual Certificate)

Form 52-109FT1 - Certification of Annual Filings during Transition Period

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

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

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

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

Date: .....

_____

[Signature]
[Title]

Sample Form 52-109F2 with no deletions (the "Full" Interim Certificate)

Form 52-109F2 - Certification of Interim Filings

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

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

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

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

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

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

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

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

Date: .....

_____

[Signature]
[Title]

Sample Form 52-109F2 with the certifications relating to internal control over financial reporting deleted (the "Modified" Interim Certificate)

Form 52-109F2 - Certification of Interim Filings

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

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

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

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

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

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

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

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

Date: .....

_____
[Signature]
[Title]

Sample Form 52-109FT2 (the "Bare" Interim Certificate)

Form 52-109FT2 - Certification of Interim Filings during Transition Period

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

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

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

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

Date: .....

_____
[Signature]
[Title]

1.1.4 Canada's Securities Regulators Issue Guidance on Continuous Disclosure for Smaller Issuers

FOR IMMEDIATE RELEASE
December 12, 2005

CANADA'S SECURITIES REGULATORS ISSUE GUIDANCE ON CONTINUOUS DISCLOSURE FOR SMALLER ISSUERS

Montreal – The Canadian Securities Administrators (CSA) issued CSA Staff Notice 51-316 *Continuous Disclosure Review of Smaller Issuers* today. The Notice provides guidance to help smaller issuers understand their continuous disclosure obligations.

The Notice summarizes common deficiencies found within the continuous disclosure record of smaller issuers, primarily focussing on financial statements and Management Discussion and Analysis (MD&A). "By summarizing some of the most common continuous disclosure deficiencies, this Notice will serve as a great resource to smaller issuers in their effort to meet their disclosure obligations," says Jean St-Gelais, Chair of the CSA and President & Chief Executive Officer of the Autorité des marchés financiers (Québec).

To ensure guidance reaches smaller issuers, the CSA will email a copy of the Notice to all issuers with assets under $25 million. The Ontario Securities Commission will also mail copies of the Notice to Ontario issuers with assets under $5 million.

"Smaller issuers make up a significant segment of Canada's issuer population, and all issuers, both large and small, must comply with securities regulations. We believe this Notice is an efficient way to address some of the deficiencies we have seen particularly from smaller issuers," said Jean St-Gelais**.**

CSA Staff Notice 51-316 *Continuous Disclosure Review of Smaller Issuers* is available on several CSA members' web sites.

The CSA is the council of the securities regulators of Canada's provinces and territories whose objectives are to improve, coordinate and harmonize regulation of the Canadian capital markets.

British Columbia Securities Commission Andrew Poon 604-899-6880 1-800-373-6393 (B.C. & Alberta only) www.bcsc.bc.ca	Alberta Securities Commission Siobhan Vinish 403-297-4481 www.albertasecurities.com
Manitoba Securities Commission Ainsley Cunningham 204-945-4733 1-800-655-5244 (Manitoba only) www.msc.gov.mb.ca	Ontario Securities Commission Eric Pelletier 416-595-8913 1-877-785-1555 (toll free in Canada) www.osc.gov.on.ca
Autorité des marchés financiers (AMF) Philippe Roy 514-940-2176 1-800-361-5072 (Québec only) www.lautorite.qc.ca	New Brunswick Securities Commission Pierre Thibodeau 506-643-7751 1-866-933-2222 (New Brunswick only) www.nbsc-cvmnb.ca
Nova Scotia Securities Commission Scott Peacock 902-424-6179 www.gov.ns.ca/nssc	Securities Commission of Newfoundland and Labrador Susan W. Powell 709-729-4875 www.gov.nl.ca/scon
Northwest Territories Registrar of Securities Gary MacDougall Gary_macdougall@gov.nt.ca www.justice.gov.nt.ca	Prince Edward Island Office of the Attorney General Marc Gallant 902-368-4552 www.gov.pe.ca
Saskatchewan Financial Services Commission Patti Pacholek (306) 787-5871 www.sfsc.gov.sk.ca	Yukon Registrar of Securities Richard Roberts (867) 667-5225

1.1.5 CSA Notice 23-303 - Update on Concept Paper 23-402 Best Execution and Soft Dollar Arrangements

CANADIAN SECURITIES ADMINISTRATORS NOTICE 23-303

UPDATE ON CONCEPT PAPER 23-402
BEST EXECUTION AND SOFT DOLLAR ARRANGEMENTS

Introduction

On February 4, 2005, the Ontario Securities Commission (OSC) along with the British Columbia Securities Commission (BCSC), the Alberta Securities Commission (ASC), the Manitoba Securities Commission (MSC) and the Autorité des marchés financiers (AMF) published for comment Concept Paper 23-402 *Best execution and soft dollar arrangements* (CP 23-402).

The purpose of the concept paper was to set out a number of issues related to best execution and soft dollar arrangements for discussion and to obtain feedback. We stated that, based on the feedback obtained through the consultation process, we would consider the appropriate next steps.

This notice provides an update on CP 23-402, the comments received and recent developments. The notice also discusses the process going forward.

Comments received

The comment period for the concept paper ended on May 6, 2005 and we received 28 comment letters. A summary of comments is attached as Appendix A to this notice. We thank the commenters for taking the time to consider CP 23-402.

In order to move forward, we have divided the issues and comments into four main areas:

1. Definition of best execution and current requirements

In CP 23-402, we reflected the commonly held view that there is no simple, purely objective definition of best execution. We emphasized that it is difficult to define best execution because there are many factors that may be relevant in assessing what constitutes best execution in any particular circumstance. Best execution has often been equated with achieving the best price, but has more recently been described as a process rather than a specific outcome for each trade. We suggested some key elements of best execution that are commonly agreed-upon: 1) price; 2) speed of execution; 3) certainty of execution; and 4) total transaction cost. We also raised the issue of measurement, as this is critical to any meaningful analysis of best execution.

Many commenters stated that the current best execution requirements in National Instrument 23-101 *Trading Rules* and the Universal Market Integrity Rules are too narrow as they focus on “best price”, whereas best execution is a process that includes many elements. There was general agreement with the main elements noted in the concept paper. Although there was no consensus on how execution quality should be measured, some commenters thought that, if audit trail information is not easily accessible, it is difficult to measure execution quality.

2. Over-the-counter (OTC) market

We raised for discussion issues related to different types of markets. With respect to OTC market trading, we stated that the lack of transparency generally makes it more difficult to assess execution quality. We asked whether dealers and advisers should be required to obtain multiple quotes (where possible) for a particular security in order to ensure that the best price is received. We also asked whether a mark-up rule that would prohibit dealers from selling securities at an excessive mark-up should be adopted.

Most commenters thought that, given the size of the OTC market in Canada, a requirement to obtain multiple quotes was not necessary. With respect to mark-up rules, while most commenters supported a principles-based approach, some thought that a mark-up rule may be needed on the retail side, in order to protect unsophisticated investors.

Commenters raised other issues specific to the fixed income market, such as the lack of clear best execution rules and the fact that the low level of transparency makes the measurement of best execution difficult.

3. Soft dollar arrangements

CP 23-402 raised several issues with respect to soft dollar arrangements. We referred to OSC Policy 1.9 *Use by dealers of brokerage commissions as payment for goods or services other than order execution services* (and similar AMF Policy Statement Q-20), which outline allowable practices in the use of commission dollars for payment for goods or services other than order execution. These policies provide that commission dollars may not be used for payment of “goods or services” other

than “order execution services” or “investment decision-making services”. We asked for comment on a number of issues including the range of allowable services and whether there should be additional disclosure requirements.

Most commenters believed that there should be more clarity with respect to “investment decision-making services” and “order execution services” and that additional disclosure was needed. Almost all commenters also noted that disclosure requirements should be the same for third party and bundled arrangements. With respect to accounting treatment, the majority of commenters thought that commissions should not be treated as an operating expense on the financial statements. Further, even if the “order execution” and “investment decision-making services” components of commissions can be separated, the accounting treatment of these components should be consistent.

4. Directed brokerage and commission recapture

We also discussed directed brokerage and commission recapture in CP 23-402. Directed brokerage refers to the practice of advisers using commission payments as incentives for dealers to provide some type of preferential treatment. One type of directed brokerage – where transactions of a mutual fund are directed to a dealer as inducement or reward for the dealer selling securities of the mutual fund – is prohibited in National Instrument 81-105 *Mutual Fund Sales Practices*. Commission recapture arrangements allow institutional investors to track the amount of commission dollars and, if available, receive back certain amounts. We asked whether these arrangements should be limited or prohibited and whether disclosure should be required. Some commenters raised concern with directed brokerage arrangements (that were not already prohibited) and commission recapture, but most commenters believed that full disclosure of these arrangements is appropriate.

Recent developments

United Kingdom

Since CP 23-402 was published, there have been some developments in other jurisdictions. In the United Kingdom, in March 2005, the Financial Services Authority (FSA) published proposed rules addressing concerns with soft commission and bundled brokerage arrangements. The FSA published final rules in July 2005. The new rules are effective from January 1, 2006 (there is a transition period as firms may continue to comply with the existing rules until the earlier of the expiry of any existing soft commission agreements or June 30, 2006). In general, the rules, together with industry-driven initiatives, will limit investment managers’ use of dealing commission to the purposes of “execution” and “research” services and require investment managers to disclose to their customers details of how commission payments have been spent and what services have been acquired with them.

United States

In October 2005, the US Securities and Exchange Commission (SEC) published for comment interpretive guidance on money managers’ use of client commissions to pay for brokerage and research services under section 28(e) of the *Securities Exchange Act of 1934*. The purpose of the interpretive guidance is to clarify the scope of “brokerage and research services”.

Next steps

Based on the feedback received during the comment process, we are proceeding in the four separate areas identified above – definition of best execution and current requirements; soft dollar arrangements; OTC market; and directed brokerage and commission recapture. We are in the process of considering current requirements and assessing what, if any, changes are appropriate. Any changes to current requirements will be subject to a public comment process.

We are aiming to publish proposed changes dealing with the definition of best execution and new soft dollar requirements in the first quarter of 2006.

Questions

Questions may be referred to:

Cindy Petlock
Ontario Securities Commission
(416) 593-2351

Susan Greenglass
Ontario Securities Commission
(416) 593-8140

Ruxandra Smith
Ontario Securities Commission
(416) 593-2317

Tony Wong
British Columbia Securities Commission
(604) 899-6764

Ian Kerr
Alberta Securities Commission
(403) 297-4225

Doug Brown
Manitoba Securities Commission
(204) 945-0605

Serge Boisvert
Autorité des marchés financiers
(514) 395-0558 x4358

APPENDIX A
CONCEPT PAPER 23-402 BEST EXECUTION AND SOFT DOLLAR ARRANGEMENTS
SUMMARY OF COMMENTS

I. Response to questions

Question 1: Are there any changes to current requirements that would be helpful in ensuring best execution? Do you think that clients are aware of their role in best execution or would some form of investor education be helpful?

Some commenters believed that current requirements were sufficient and provided the necessary structure in which all participants have a consistent and reliable framework for best execution. Other commenters, however, believed that the current requirements are too narrow as the obligation focuses on "best price" and price is just one element in overall execution quality.

Some commenters believed that the CSA should define the roles and responsibilities of the participants responsible for best execution. One commenter noted that it would be helpful to market participants to have consistent definitions of the elements of best execution as well as guidance on how to measure and monitor each element.

One commenter noted that investors in the equity markets more easily understand application of the current requirements for best execution; however, in fixed income markets, application of the best execution concept is broad and very often a function of the role the investor is playing in a trade. Another commenter noted that best execution should apply to the secondary debt markets and may also be appropriate for new issue markets (for example, unequal treatment in allocation of new issues should not be acceptable). The commenter was concerned about the lack of clear and specific IDA rules for the unlisted debt securities market and believed that the CSA and/or the IDA should adopt clear best execution rules for the fixed income market that establish clearly that they apply to principal transactions as well as agency transactions and that the pricing and offerings of all ATSs providing a fixed income marketplace should be reviewed before transacting as principal with clients.

One commenter noted that there appears to be an assumption that orders are facilitated in some way by a dealer, but the growing importance of direct market access systems should be acknowledged as well. The distinction of who places the order is very important when considering the next steps in regulation. The CSA should ensure that whatever regulatory changes are contemplated with regard to best execution should consider the evolution of markets and the different roles played under different market structures. Several commenters emphasized that best execution is a process that involves many elements.

The majority of commenters believed that investor education generally would be helpful. A few commenters did not think that education programs would be useful.

Question 2: Should there be more prescriptive rules than those which currently exist for best execution or should the methods for meeting the best execution obligation be left to the discretion of registrants?

The majority of commenters agreed that there should not be more prescriptive rules but best execution should be monitored through internal processes. One commenter noted that prescriptive rules, while potentially desirable, would be impractical to administer as what constitutes best execution differs from order to order and will depend upon the market conditions at the time the order is made coupled with the needs and goals of the client. One commenter was not opposed to more prescriptive rules but expressed concern that these rules might be too narrowly defined and emphasized that any rules should focus on ensuring that information and processes are in place that can satisfy the need to demonstrate best execution in each particular circumstance. Another commenter suggested that the adviser's obligation to have processes in place for best execution should be articulated in a rule which should be designed from a "principles" based approach so that each adviser could tailor it to applicable operations. The commenter also noted that marketplaces should also be required to establish and enforce policies and procedures that ensure that they aid in the process and not hinder it.

One commenter noted that it would be impossible for a marketplace to take on a burden of best execution, which involves a choice of execution venue and an evaluation of trading opportunities across marketplaces.

Question 3: Do you believe that there are other elements of best execution that should be considered? If so, please describe them.

Many commenters believed that the main elements of best execution were reflected. Some commenters suggested the following elements should be considered: client's instructions, liquidity, market impact, willingness to act as principal, order size, settlement, depth of market for a security, quality and reliability of price quotes, soft dollar arrangements, adverse price movements, risk.

Some commenters emphasized that best execution is about more than best price and should be seen as an outcome of a process and not an unconditional standard to be implemented on a trade-by-trade basis.

One commenter noted that it was important to discuss impediments to achieving best execution, which may be insignificant for small orders but become significant obstacles for institutional investors who must execute orders larger than the size of the best bid or offer (eg., trade-through rule, different market microstructures and derivatives-related rules).

One commenter noted that the definition of best execution should, to the extent possible, be standardized with the definitions that have been adopted or that are under development in other jurisdictions.

Question 4: If audit trail information is not in easily-accessible form, how is the information used to measure execution quality? Is there other information that provides useful measurement?

Some commenters believed that if audit trail is not easily accessible in electronic form, it was difficult to measure execution quality. A few commenters noted that, even if easily accessible, audit trail would not capture all aspects needed to measure best execution. Some commenters believed that it is essential that there be an audit trail that is in an easily accessible format. One commenter noted that either an electronic audit trail system or a manual system is appropriate to measure execution quality if it yields the necessary audit information to permit this determination. Some commenters noted it is possible to test execution quality based on information not maintained in electronic form but emphasized that transparency of information was an issue. Some commenters believed that an industry standard should not be applied to each organization to measure execution quality.

Some commenters suggested other information that provides useful measurement: the market close and overall performance of the equity over the trading period, "implementation shortfall" (the difference between the expected execution cost and the actual execution cost). It was noted that "analytics" services available in some larger markets are not feasible in Canada due to the limited breadth and depth of the market. One commenter suggested that periodic audit work by statutory auditors and internal audit staff should be used to ensure transaction efficacy.

Question 5: Do you believe the suggested description emphasizing the process to seek the best net result for a client is appropriate and provides sufficient clarity and, if not, can you suggest an alternative description?

Five commenters generally agreed with the suggested description of best execution. One commenter believed that the process of "seeking to achieve this best net result and not necessarily by meeting an absolute standard" was appropriate. One commenter agreed with the definition but suggested that clarification of the meaning of "best net result" should be provided. One commenter noted that the proposed description emphasizing process was appropriate and thought that the fact that specific elements are expressly stated adds clarity. It was also recommended that any other relevant material factors be included in the definition for clarity.

Two commenters were concerned with the phrase "in light of the client's stated investment objectives" and thought that this might shift the focus from best execution as a matter relating to the efficient execution of specific transactions and could broaden the concept to include the assessment of the merits of the transaction in relation to the stated investment objectives.

One commenter believed that the CSA should clearly establish the best execution obligation as the primary obligation to which all other obligations (best price, obligation to the marketplace, trade-through) are secondary. It was noted that, in practice, this could be achieved by establishing an opt-out for institutions on best price/trade-through obligations. Another commenter noted that the CSA should provide additional clarification of the application of best execution obligations in situations where such obligations conflict with other regulatory obligations such as trade-through obligations.

A few commenters believed that the focus of the definition should be on best execution as a process. One commenter noted that the proposed description implies that best execution is an outcome.

One commenter suggested the following definition: "a process which results in the lowest total transaction cost for the client". Another commenter stated that there is more benefit in the definition outlined in the CFA Institute guidelines that define best execution as the trading process that firms apply that seek to maximize the value of a client's portfolio within the client's stated objectives and constraints, particularly because consistent rules would be beneficial. It was also noted that it has a greater focus on the process because it includes the investment decision-making process. One commenter suggested the SEC definition that "the money manager must execute securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances" states the obligation of both the money manager and the broker. It was also stated that, without a distinct definition of best execution, it is impossible for fund administrators/clients and regulators to determine whether abuses exist.

One commenter believed that the regulator's role should not be to unilaterally impose a standard definition that applies universally to all participants.

Question 6: Do you believe that there are any significant issues impacting the quality of execution for: (a) Listed equities- whether Canadian-only, inter-listed or foreign-only; (b) Unlisted equity securities; (c) Derivatives; or (d) Debt securities?

(a) Listed equities – One commenter noted that trades in Canadian-only and inter-listed equities raise the least number of issues. Two commenters noted that the trading in the "upstairs market" has an impact on the ability to obtain best execution. One commenter noted that trading foreign securities involves higher commissions and currency conversion. Another commenter noted that there are issues with respect to foreign-listed equities around the availability and quality of information which make assessment of best execution difficult. One commented stated that the most significant issues impacting execution quality for listed equities are: depth in liquidity; trading rules that constrain the free flow of capital between competing marketplaces; the pre-disposition of SROs to preserve the status quo either by conscious effort due to their structure or the creation of excessive or unnecessary rules which inhibit competition. One commenter believed that as long as investors have price protection and a market environment that provides liquidity and transparency, there are no significant barriers to trading listed Canadian-only securities. Another commenter noted that the quality of execution for equity securities is adversely affected by a lack of visible liquidity on Canadian marketplaces. It was noted that the amendments to NI 21-101 in January 2004 to eliminate the electronic connection between marketplaces significantly complicated the ability of market participants to ensure that they can obtain best execution in circumstances when there are multiple marketplaces trading the same security.

(b) Unlisted equity securities – The comments generally indicated that the lack of transparency is the biggest factor affecting the quality of execution in this market. One commenter noted that is no reason to assume that the quality of execution in OTC markets is any poorer than listed markets; however, the difficulties in measuring best execution due to the lack of transparency is of concern.

(c) Derivatives – Two commenters indicated that transparency is an issue affecting quality of execution. One commenter noted that derivatives present liquidity issues because there is a limited number of dealers, typically the bank-owned investment dealers, who will trade these instruments. One commenter stated that while there are no significant concerns that hinder the quality of execution at the moment, regulation surrounding issues such as swap agreements, hybrid instruments and single stock futures must be rigorously analyzed to assure that market participants are receiving best execution.

(d) Debt – Many commenters stated that the level of debt market transparency makes the measurement of best execution difficult.

Question 7: How should dealers in Canada monitor and measure the quality of executions received from foreign executing brokers?

The majority of commenters believed that, wherever possible, Canadian dealers using foreign brokers should use the same standards of measurement as they do when executing trades in Canada.

Some commenters suggested possible ways for Canadian dealers to monitor foreign brokers: comparing realized execution prices against various benchmarks such as arrival price, VWAP and post trade price; using per-share rates from electronic trading systems as the encumbered-free commission rate; periodically evaluating the execution performance of the foreign brokers based on various factors including obtaining the best qualitative transactions for clients and other factors such as confidentiality provided by the broker, the promptness of execution and clearing and settlement capabilities. Pre-and post-trade analysis may be necessary.

A few commenters thought that this would be difficult as a result of lack of available market and execution data. One commenter noted that, as best execution is a balancing of competing priorities, it is impossible to measure but the registered representative handling the order should evaluate execution using the same elements described in the paper in addition to client's instructions, liquidity, size of order and ability to settle.

One commenter noted that an extensive knowledge of the foreign market and knowing and trusting the broker executing the order is imperative.

Question 8: Do you think that internalization of orders represents an impediment to obtaining best execution?

Many commenters believed that, if current rules are complied with, internalization should not be an impediment to best execution. Many of these commenters noted that any internalization of trades must still comply with the dealer's obligation of best execution.

Other commenters stated that internalization of orders may be an impediment to best execution. One commenter noted that the internalization of orders inhibits the flow of information which is vital to achieving best execution. In addition, the internalization of order flow contributes to a lack of liquidity in marketplaces which also represents an impediment to achieving best execution.

One commenter noted that order execution for a mutual fund should go to the lowest responsible provider whether internal or not. One commenter noted that it supported internal crossing by investment managers but believed that widespread internalization by dealers has the potential to impede best execution if dealers hold up orders while looking for offsetting internal order flow. One commenter noted that internalization provides the potential of some benefits such as enhanced liquidity, faster execution and lower transaction costs and it may preserve anonymity; some of the drawbacks are potential impediments to liquidity and the price discovery process since orders are not exposed to the market. It was noted that, if properly disclosed, internalization should be preserved.

Question 9: Should there be requirements for dealers and advisers to obtain multiple quotes for OTC securities? Should there be a mark-up rule that would prohibit dealers from selling securities at an excessive mark-up from their acquisition cost (similar to National Association of Securities of Securities Dealers, Inc. (NASD) requirements dealing with fair prices)?

Multiple quotes

Most commenters thought that, given the size of Canadian OTC markets, a requirement to obtain multiple quotes is not needed. Some thought that such a requirement may have a negative impact on the price of the securities, as a request for a quote for a security may send a signal and, as a result, may cause the security price to move against the intended trade. Some thought that obtaining multiple quotes would not be possible because multiple quotes may not be available in the current Canadian market. A few thought that a multiple quote requirement would even hamper best execution, since the process for obtaining them would be time consuming, especially for dealers for whom the immediacy of execution is the primary goal. Some thought that requiring dealers to get multiple quotes is not necessary, since the dealers are already expected to perform due diligence in seeking best execution for client under the existing rules. Only one commenter thought that dealers should be required to obtain multiple quotes, to address conflicts of interest such as those related to soft dollar arrangements. Another recommended that, while dealers should not be required to obtain multiple quotes, they should document their decision to seek out single or multiple quotes as part of the process to measure best execution.

Mark-ups

Most commenters did not support a mark-up rule for the following reasons: (1) the customized nature of many OTC products renders the requirement for a mark-up rule unnecessary; (2) market forces and competition keep spreads in line; (2) a principles-based approach should be adopted, and no additional rules are required; (3) a mark-up rule would be difficult to incorporate and should not be adopted on the institutional side, as the mark-up, as a percentage, depends on many factors (e.g. the particulars of a trade, the size of the principal amounts traded, risk assumed, the amount of time a security was in inventory, etc.); (4) cost related mark-up rules should only be considered if the cost of capital for carrying inventory is taken into account, and, for this reason, the internal audit function within a firm is in a better position to monitor the client interest than a market regulator; (5) the current rules are sufficient.

The commenters supporting mark-up related rules noted that: (1) such a rule would be necessary because unsophisticated investors are taken advantage of, and a rule may be needed on the retail side; (2) an approach similar to the NASD's Rule 2440 may be appropriate; (3) CSA guidance on what constitutes an "excessive" for mark-ups and what criteria should be used is needed.

Question 10: How is best execution tracked and demonstrated in a dealer market that does not have pre- or post-trade transparency such as the debt or unlisted equity market?

Some commenters noted that it is difficult or even impossible to measure and track execution quality without readily available market data. One suggested that investors must rely on competitive bidding processes to increase the likelihood that they will achieve best execution and another that they would have to rely on internal dealer data, which is insufficient to make an accurate assessment.

Other commenters noted that, while the price of security at the time of the order and immediately after execution may not be ascertained without the pre- or post-trade transparency, this is only a single parameter and, while useful in practicing best execution, pre and post-trade analytics should not be used as a benchmark for measuring it. It was noted, again, that the best net result should be the result of the entire process. Another commenter noted that pre-trade and post-trade transparency aid in achieving best execution and are necessary elements in tracking and evaluating execution quality. Without such information, execution opportunities cannot be evaluated either prior to or subsequent to execution.

Finally, other commenters noted that there are alternatives for a general evaluation of best execution, for example: (1) use of a service to which a number of large dealers subscribe that takes trade information and compares it, letting dealers' clients know whether their prices are competitive with others; (2) obtaining previous trading night's spreads, third party automated trading platforms and any available information from index providers as proxies for pricing for individual debt issues and guidance on the direction the market may be trading; and (3) access to real time post-trade transparency in all markets.

Question 11: How does an adviser ensure that its soft dollar arrangements are consistent with its general obligations to its clients?

Certain commenters thought soft dollar arrangements are not consistent with best execution and other general obligations to clients, and thought that they should be eliminated in the long term. However, two of these commenters thought that, in the interim, soft dollar policies should be tightened.

The following suggestions were made: (1) tracking and managing proprietary and third party independent soft dollar arrangements for disclosure purposes; (2) requiring advisers to disclose to clients regarding soft dollar arrangements; (3) requiring advisers to disclose the amount of soft dollar business conducted during the period and of the resources acquired with soft dollars (4) requiring disclosure of conflicts of interest, such as broker-consultant relationships (5) better education of clients; (6) client acknowledgement of soft dollar arrangements in form of a waiver.

Some commenters suggested that advisers be required to implement policies and procedures that would: (1) define expenses that may be paid through soft dollar commissions; (2) describe the monitoring, reporting and control processes to address potential conflict of interest issues; (3) describe the approval processes for new soft dollar arrangements; (4) place limits on the soft dollars in relation to the overall trading commissions; (5) require that soft dollars be spent in the best interest of investors or unitholders; (6) review of soft dollar policies.

Some noted that advisers that participate in soft dollar arrangements should have adequate controls and compliance structure in order to: (1) check that soft dollars are used only to obtain appropriate products and services; (2) meet all regulatory requirements; (3) make all proper disclosure to clients; and (4) review, approve, limit soft dollar expenditures and create a standard disclosure document for clients.

Question 12: Are there any other additional benefits or concerns with soft dollar arrangements that are not noted above?

Benefits

One commenter noted that third-party soft dollar arrangements are beneficial to clients, especially smaller investment advisers, as they tend to have smaller research departments and benefit from research from a wide array of independent sources, allowing them to compete with their larger competitors.

Some reiterated the comment made in the concept paper that soft dollars allow independent research providers to compete with large full-service brokerage firms, which is beneficial in an environment where regulators are trying to encourage more independent research.

Concerns

One commenter noted that soft dollar arrangements give rise to issues such as the “fairness” between clients or funds managed by an investment adviser, for example when commissions from trades in some funds generate soft dollars, but these soft dollars are used for the benefit for all funds, including those that did not generate them. Another noted that soft dollars may inadvertently result in unnecessary portfolio turnover, when buy side investors are required to meet incomplete soft dollar obligations late in the year and do not have the “natural” flow with which to do so.

Question 13: If it is acceptable to pay for goods or services using soft dollars, which services should be included as “investment decision-making services” and “order execution services” and which services should specifically not be included?

Most commenters supported the approach taken by the FSA and the NASD Mutual Fund Task Force, where soft dollars are limited to execution and research, and high-level guidance on the characteristics of ‘research’ services and detailed guidance on services that would not be permitted is expected. A few listed the services that should be excluded from the definition of “investment decision-making services”: (1) computer hardware, software, databases and other electronic communications facilities used in connection with trading or investment decision-making; (2) publications, including books, periodicals, journals and electronic publications available to the general public on a commercial basis such as newspaper subscriptions, Bloomberg terminals, computer equipment, office supplies, seminar fees and travel or entertainment (in general, any expenses incurred by an adviser within the regular operation and administration of their organization separate from the investment process); (3) third-party research services; and (4) consultant fees.

One commenter thought that order-execution services should include trade execution, execution software packages and charges associated with accessing capital to assist execution. Another thought that the advisers should be left to decide on their own, consistent with their fiduciary duty to clients, which services provide assistance in their investment decision making process and noted that some products, such as data feeds, quotes, news, analysis, analytic and customizable functions, are

research related even though they are not the traditional written research reports. This commenter noted that what constitutes lawful and appropriate assistance depends on the facts and circumstances and is not susceptible to hard and fast rules or a laundry list of specified items.

Question 14: Should there be additional disclosure requirements beyond those specified in OSC Policy 1.9 and AMF Policy Statement Q-20, National Instrument 81-101 and proposed in National Instrument 81-106? Should the disclosure requirements be the same for third party soft dollar payments and bundled commissions?

Almost all commenters agreed that additional and better disclosure is needed. The following disclosure was suggested: (1) commissions used to obtain both proprietary and independent research; (2) soft-dollar benefits received by portfolio managers, in aggregate and/or pro-rated to the account of each client where technology exists to do so; (3) disclosure of the brokerage commissions as a percentage of average fund assets for the immediate past year and the previous 4 years, with the Summary of Portfolio Transactions made available upon request to investors; (4) disclosure similar to FSA Schedule F of Form ADV Part II for a description of the relationship between an advising firm and any third party that may provide services to the advisor; (5) for prospectus funds, the 'brokerage arrangements' disclosure required by section 10.4 of Form 81-101F2 should be expanded to include the various types of trading costs incurred by the fund including: commissions, markups and markdowns, market impact costs, opportunity costs, the manner in which the fund selects brokers to effect securities transactions, and the manner in which the fund will evaluate the overall reasonableness of the brokerage commissions paid (including the factors used by the fund in making these determination); (6) for non-prospectus funds, similar disclosure but in financial statements or offering documents; (7) disclosure of services acquired with commissions and the value derived from their use; and (8) disclosure of policies of portfolio managers aimed at treating all clients equitably in the purchase of and benefits from the use of order execution and investment decision-making services.

The following concerns were identified in this area: (1) without an accurate accounting of the breakdown of execution and research costs included in the commission structure any disclosure of the cost of proprietary research will be based on estimates and will vary between advisers; (2) for this reason, additional disclosure could result in confusion among investors who do not have the appropriate knowledge to appreciate the information provided, and may not be accurate or meaningful.

Some commenters thought that the disclosure should be the same for third party soft dollar payments and bundled commissions, for the following reasons: (1) to attract the same regulatory approach; (2) disclosure of only third party soft dollar arrangements would be misleading because it does not accurately represent the full cost of research that may be paid by an adviser, which would include proprietary research paid through bundled commissions; (3) different disclosure requirements could lead to an unlevel playing field and unfairly discriminate against third party research providers. Only one commenter thought the disclosure should be different.

Question 15: What, if any, are the practical impediments to an adviser: (a) splitting into their component parts commission payments that compensate for both order execution and "investment decision-making services" as a result of either third party soft dollar arrangements or bundled commissions; or (b) making a reasonable allocation of the cost of "investment decision-making services" to the beneficiaries of those services (for example, allocating across mutual funds)?

(a) Some commenters believed that separation of commission payments into their components as a result of third party arrangements is possible. One way to do it is through the invoicing provided by the service providers. Some also believed that there should be no impediments to unbundling. However, the majority thought there were impediments to splitting commissions into their components, for example: (1) unbundling would be cumbersome, arbitrary and costly; (2) it would require implementation of a process, an audit trail to ensure compliance, an appropriate method of reporting; (3) there may be inconsistencies between allocations between trades, since a split would depend on a number of factors (e.g. the nature of the security, the particulars of the trade, whether the commission includes proprietary research services), and these factors may have different weights between trades; an adviser would need information from dealers, and it could be difficult to obtain consistent information from different dealers, as they quote the same commission rate whether it is quoted on a bundled or full-service basis; and (4) the very nature of bundling does not allow for a split.

(b) A few commenters thought that an allocation of "investment decision-making services" to the beneficiaries of those services should not be problematic. One thought that any commission splitting rules would need to ensure a fair and reasonable allocation, possibly with auditor testing. Another noted that this could be done but only if dealers disaggregate the commission costs and provide information to the 'buy side' firms, such as advisers. One thought such an allocation is not necessary because research products used by investment managers benefit all accounts and/or funds managed.

However, the majority thought that there were significant impediments to such allocation, such as: (1) in a large fund complex, not all funds necessarily generate commission dollars that contribute to soft dollars, but all funds under common management may benefit from them and, for this reason, an allocation may result in an arbitrary calculation and may not add real value to fund investors; (2) such an allocation would require a large amount of judgement and information regarding commissions is obtained from the dealers used by advisers, which may be difficult; (3) the scale of operations and technology used to

administer client accounts; and (4) the administrative cost associated with performing this task would be high, the process would be subjective and not necessarily consistent, and it would require administration by the portfolio manager, which would take time away from the investment process.

Question 16: If the split between order execution and "investment decision-making services" cannot be measured reliably, should the entire commission be accounted for as an operating expense in the financial statements? If it can be measured reliably, should the "investment decision-making services" portion of commission payments be accounted for as an operating expense in the financial statements?

The majority of commenters thought that the entire commission should not be accounted for as an operating expense. The reasons given were: (1) the inclusion of commissions (outside of soft dollar commissions) as operating expenses may result in a shift of trading from an "agency" basis to a "principal" basis, which has the potential for higher transaction costs, or would result in an industry-wide movement towards net trading, effectively reducing explicit commissions to zero by embedding commission costs into trade execution prices, which would not provide transparency to the investment community; (2) such an accounting treatment may lead to inconsistencies and a possible competitive disadvantage of Canadian managers in relation to managers in other jurisdictions, and Canadian managers may be forced to increase management fees to compensate for the increase in bottom line expenses increase; (3) the gross performance data for a fund would be impacted by a change in accounting treatment; and (4) it would lead to different accounting for different asset types, for example, commissions on equity trades would be included as an operating expense, whereas imbedded commissions on debt trades would be a capital item. Most commenters agreed that a split between commissions related to order execution and investment-decision making services cannot be done accurately, and for this reason it would be difficult, or it would not make sense to separate them on the financial statements.

Two commenters thought that both order execution and investment decision-making services should be accounted for as an operating expense. Finally, some thought that additional disclosure may be better, for example, by disclosing the amount of portfolio-related transaction costs. One commenter thought that only the third-party soft dollar cost can be measured accurately and should be included in the operating expense in the financial statements.

Question 17: Would it be appropriate for the MER to be based on amounts that differ from the expenses recognized in the audited financial statements? For example, should the entire commission continue to be accounted for as an acquisition/disposition cost in the financial statements but the MER calculation be adjusted either to include all commissions or to include only that portion that is estimated to relate to "investment decision-making services"?

Most commenters thought it would not be appropriate for the MER to be based on amounts that differ from the expenses recognized in the audited financial statements. The reasons were: (1) under this approach, the resulting MER would be volatile and dependent on market conditions/trading strategies; (2) use of differing amounts may lead to investor confusion and could be harmful to investors, as it would encourage fund managers to exert pressure on portfolio managers to keep trading low in order to keep the MER low, or it may encourage portfolio managers to execute net trades; (3) if the MER were based on different amounts from what is recognized in the audited financial statements the commission costs related to different asset types (i.e. equity and debt) would be treated differently; and (4) including all, or part of the commissions into the MER could have the effect of obscuring the true operating expenses of the fund. One commenter thought that it would be appropriate for the MER to reflect the third party soft dollar payments made. A few thought that the requirements of NI 81-101 to include the Trading Expense Ratio, in which the total commissions paid are expressed as a percentage of the average fund assets, in the Management Report on Fund Performance may help provide additional information.

Question 18: Should directed brokerage or commission recapture arrangements be limited or prohibited?

Four commenters noted that commission recapture arrangements can provide significant value to a fund (as they can be used to pay a portion of a fund's expenses) and should not be prohibited. One commenter noted that these arrangements should be allowed to continue as they do not appear to be problematic in the Canadian markets at this time.

Two commenters thought that these arrangements should be prohibited. One commenter believed that these arrangements should be prohibited as they involve an inherent conflict of interest. Another commenter believed that directed brokerage should be prohibited as it can lead to purchasing unduly expensive or unsuitable funds and compromises the impartiality of advice.

Many commenters raised concerns with these arrangements. One commenter noted that it could not think of a way to ensure best execution using either directed or recaptured commissions. Another commenter noted that it did not generally support the notion of directed brokerage or commission recapture; however, it did not support the elimination of commission recapture without a clearer understanding of the industry fall-out from such a decision. One commenter noted that, though neither directed brokerage or commission recapture arrangements are considered contentious issues at the moment in Canada, it may be in the best interest to implement regulatory reforms that would limit both directed brokerage and commission recapture with a promise to prohibit them at a later date. Another commenter noted that if client-directed brokerage and commission recapture continue to be permitted, the CSA should grant the adviser an exemption from its fiduciary duty to obtain best execution for these trades.

Some commenters noted that there is a strong duty to demonstrate that quality of execution is not being compromised. One commenter noted that where a client requests a directed brokerage arrangement, the adviser's ability to achieve best execution is compromised and the adviser has a responsibility to educate the client about the consequences of such a decision. Another commenter emphasized that if directed brokerage or commission recapture arrangements are to be tolerated, there should be explicit consent from the client.

One commenter believed that directed brokerage (as set out in NI 81-105) is already sufficiently regulated; however, there should be a level playing field among the various types of investment funds offered.

Question 19: Should disclosure be required for directed brokerage or commission recapture arrangements?

The majority of commenters agreed that full disclosure of these arrangements is appropriate. One commenter noted that, on the basis that directed brokerage (as set out in NI 81-105) is not permitted, there is no need for disclosure of such arrangements, but agreed in principle that there should be disclosure for commission recapture arrangements. One commenter suggested that, if the CSA leave directed brokerage and commission recapture arrangements in place, clients should have the ability to ask for additional information, which the adviser should then be required to provide.

Question 20: Would any of these initiatives be helpful in Canada?

Several commenters believed that the developments in other jurisdictions should be closely observed. One commenter noted that Canada should exercise caution in considering the pursuit of initiatives from other jurisdictions until those jurisdictions actually implement the initiatives. One commenter supported the concept of establishing uniform guidelines around the issue of soft dollars.

Three commenters suggested that SEC rules 11Ac1-5 and 11Ac1-6 (Disclosure of order execution and routing practices) may be advantageous in Canada. One commenter did not believe that the production of periodic "best execution" reports by marktplaces or dealers would be productive. It was stated that these reports provide a mass of data but little in the way of information that would be meaningful for most investors, particularly retail investors.

II. Other comments

Role of plan sponsor/ administrator - Two commenters noted that there should be additional direction on the use of commission by the plan sponsor/administrator and their role in best execution should not be overlooked.

Term "soft dollars"- One commenter recommended that the term "soft dollars" not be used and that the rules and policies deal with the legitimate and acceptable use of commission dollars to acquire goods and services that benefit the client. The FSA has adopted this approach. The term "soft dollars" has always been a "lightning rod" in attracting confusion and criticism and in creating the impression that one is paying for something and not getting full value.

Trade-throughs - Several commenters referred to the current trade-through issue. One commenter noted that no trade-throughs should be allowed on single stock orders and all market participants should be required to create an infrastructure to ensure that no trade-throughs take place (and prefer that rules be enacted immediately to ensure that no trade-throughs take place during the lengthy CSA consultation period regarding trade-throughs). Another commenter stated that there is no reason why a party participating on an ATS trade should not have to satisfy demand for securities as disclosed on the bid or offering side of the market at prices better than the proposed trade exercise price. One commenter noted that market regulators should continue efforts at securing best execution for investors by strengthening regulation to prevent trade-throughs on Canadian equity marketplaces.

On the other hand, one commenter noted that a prohibition from trading through limit orders can be an obstacle for investment managers rather than helping facilitate best execution. Another commenter stated that the "trade-through" rule can have negative consequences that include restricting free market competition and over-regulation that stifles innovation and believed that there is no need to make changes to the current "trade-through" obligations to impose burdens on "access persons" that they do not currently have. This commenter believed that economic self-interest and the rational behaviour of participants is enough to ensure that actual trade-throughs will be the exception.

Harmonize response - If following the review of the responses to the concept paper the CSA determines that changes to the current regulatory framework are necessary, urge the CSA to ensure that any regulatory initiative should be national in scope and application.

LIST OF COMMENTERS

1. Aurion Capital Management Inc.
2. Barclays Global Investors
3. BMO Nesbitt Burns
4. BNY Securities Group
5. Canadian Bankers Association
6. Canadian Security Traders Association, Inc.
7. CIBC World Markets
8. Commission Direct
9. CPP Investment Board
10. Financial Executives International Canada
11. Howson Tattersall Investment Counsel
12. Investment Dealers Association of Canada
13. Investment Funds Institute of Canada
14. Kenmar
15. Lynch, Jones & Ryan
16. Mackenzie Financial Corporation and Investors Group Inc.
17. Markets Securities Inc.
18. Market Regulation Services Inc.
19. Perimeter Financial Corp.
20. RBC Capital Markets
21. RBC Asset Management
22. RBC Global Services
23. Russell Investment Group
24. Shorcan
25. TD Asset Management
26. TD Newcrest
27. National Society of Compliance Professionals
28. TSX Group

1.1.6 OSC Staff Notice 51-706 – Corporate Finance Report

OSC STAFF NOTICE 51-706 – CORPORATE FINANCE REPORT (2005)

Introduction

The Corporate Finance Branch (Corporate Finance or the Branch) of the Ontario Securities Commission is responsible for regulating reporting issuers. This includes overseeing public offerings of securities, through reviews of prospectuses and rights offering documents, and the ongoing dissemination of information by reporting issuers, through reviews of their continuous disclosure materials. The Branch also monitors compliance with securities laws in take-over bids and mergers and acquisitions, along with regulating the exempt market and taking a lead role in issuer-related policy initiatives.

This report discusses some key issues identified by Corporate Finance in the past year. This report is not an all-encompassing summary of the work completed by the Branch but, rather, highlights issues we believe are of interest to the issuer community. While the discussion in Part 1 on our risk-based reviews relates to our fiscal year ending March 31, 2005, the remainder of our report expands beyond that date to address more current issues.

A key theme underlying this report is that the majority of our resources were dedicated to improving integrity in financial reporting. We achieved this by pursuing perceived deficiencies in issuers' application of accounting requirements, improving disclosure rules and implementing new corporate governance guidelines. We will continue to reinforce all of these regulatory initiatives through our ongoing reviews of, and dialogue with, reporting issuers. For ease of reporting, our findings and recommendations have been structured into five areas, being risk-based reviews, continuous disclosure and prospectus findings, insider reporting issues, application issues and service standards.

Part 1: Risk-Based Reviews

A. Risk-Based Approach

We believe a risk-based approach is the most efficient way to focus our resources. This is consistent with the approach taken by other securities regulators and has become fundamental to the way we operate. We use various selection criteria to identify for review those issuers (i) whose disclosure is most likely to be materially improved or brought into compliance with securities laws or accounting standards as a result of staff review, or (ii) whose potential impact on the capital markets is significant. Our criteria for identifying risk continue to evolve in response to a variety of factors, including public prominence of disclosure requirements and consensus or controversy around accounting or disclosure practices.

An issuer's continuous disclosure (CD) and prospectus filings may be subject to full, issue-oriented, screening or targeted reviews. Generally, the level of review is determined using our risk-based approach, however, some prospectuses will be randomly selected for full review. The different types of reviews are discussed in more detail in Figure 1 below. For more information see OSC Staff Notice 11-719 *A Risk-Based Approach for More Effective Regulation*.

Figure 1: Types of Prospectus and CD Reviews

Level of Review	Description
Full Review	A full CD review consists of an examination of the issuer's disclosure record for at least the past year. This encompasses an issuer's financial disclosure (interim and annual financial statements and related management's discussion and analysis) as well as other types of corporate disclosure (annual information forms, material change reports, information circulars, business acquisition reports and press releases). In addition to all regulatory filings, we may examine trading activity, industry data and analyst reports. These reviews usually involve correspondence with the issuer. Full prospectus reviews involve a complete review of the prospectus and any documents incorporated by reference.
Issue-Oriented Review	Issue-oriented reviews focus on a specific legal, accounting or other regulatory issue.

Figure 1: Types of Prospectus and CD Reviews

Level of Review	Description
Screening Review	CD screening reviews are carried out to determine whether an issuer's CD record warrants further scrutiny through either a full or issue-oriented review. These reviews involve examining an issuer's disclosure record for the past year and do not usually result in any correspondence with the issuer. If the screening review leads to a full or issue-oriented review, the review will not be shown separately as a screening review. Senior lawyers and accountants screen prospectuses to determine whether the prospectus should be subject to a full, issue-oriented or basic review. A basic review is largely limited to an administrative processing of the file.
Targeted Review	Targeted reviews apply to a sample of issuers and generally relate to a particular industry or result from policy developments or accounting standard changes. These reviews could be either full or issue-oriented depending upon the specific subject matter targeted.

B. Types of reviews completed during our last fiscal year

We have summarized the types of reviews undertaken by Corporate Finance for the fiscal year ending March 31, 2005 in Figure 2 below.

Figure 2: Breakdown of Corporate Finance Reviews

Types of Reviews	Fiscal 2005	Fiscal 2004	% Change
Prospectus Reviews:			
Full	121	114	6%
Issue-Oriented	66	67	(1)%
Total	187	181	3%
CD Reviews:			
Full	108	94	15%
Issue-Oriented	47	12	292%
Screening	84	175	(52)%
Targeted	156	80	95%
Total	395	361	9%
*% of Ontario PR Issuers Reviewed**	29%	26%	12%
% of Issuers TSX Listed	67%	46%	46%

**Ontario PR issuers generally mean those issuers whose head office is located in Ontario.*

Prospectus Reviews

In fiscal 2005, we completed 187 full or issue-oriented reviews of preliminary prospectuses and rights offering documents. This was comparable with the previous year's level of 181 and, as Figure 2 shows, the composition of full and issue-oriented reviews remained fairly consistent. Our 187 reviews of prospectuses and rights offering documents were made up of 101 long form prospectus reviews, 71 short form prospectus reviews and 15 rights offering circular reviews. While not identified in the table above, we also completed approximately 300 basic prospectus reviews this year, which is consistent with the 332 basic reviews performed in fiscal 2004. Excluding basic reviews, the prospectuses reviewed by Corporate Finance accounted for approximately 36% of all prospectuses filed in Ontario.

Continuous Disclosure Reviews

This year we completed 395 CD reviews, up 9% from the prior year. This increase was primarily due to a strategic shift in Corporate Finance resources from policy-based projects to more operational initiatives. During fiscal 2004 the Branch was

mainly focused on investor confidence initiatives. This year we focused on overseeing implementation of the investor confidence initiatives and assessing compliance with a variety of regulatory requirements. During fiscal 2005, our reviews also shifted to more issue-oriented and targeted reviews as compared to the large number of screening reviews undertaken in 2004. These reviews are discussed in detail below.

Targeted Reviews

Targeted reviews generally focus on a particular industry or are initiated as a result of policy developments or accounting standard changes. In fiscal 2005 we performed a larger number of targeted reviews and focused on the following areas:

- We reviewed 100 issuers to monitor compliance with the disclosure requirements under National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*. Given that SEDI had been operational for over a year, we also directed resources to monitoring insider reporting compliance. A report summarizing our findings will be issued shortly.

- Eight audit reports were filed by accounting firms not registered with the Canadian Public Accountability Board (CPAB), as required by National Instrument 52-108 *Auditor Oversight* (NI 52-108).

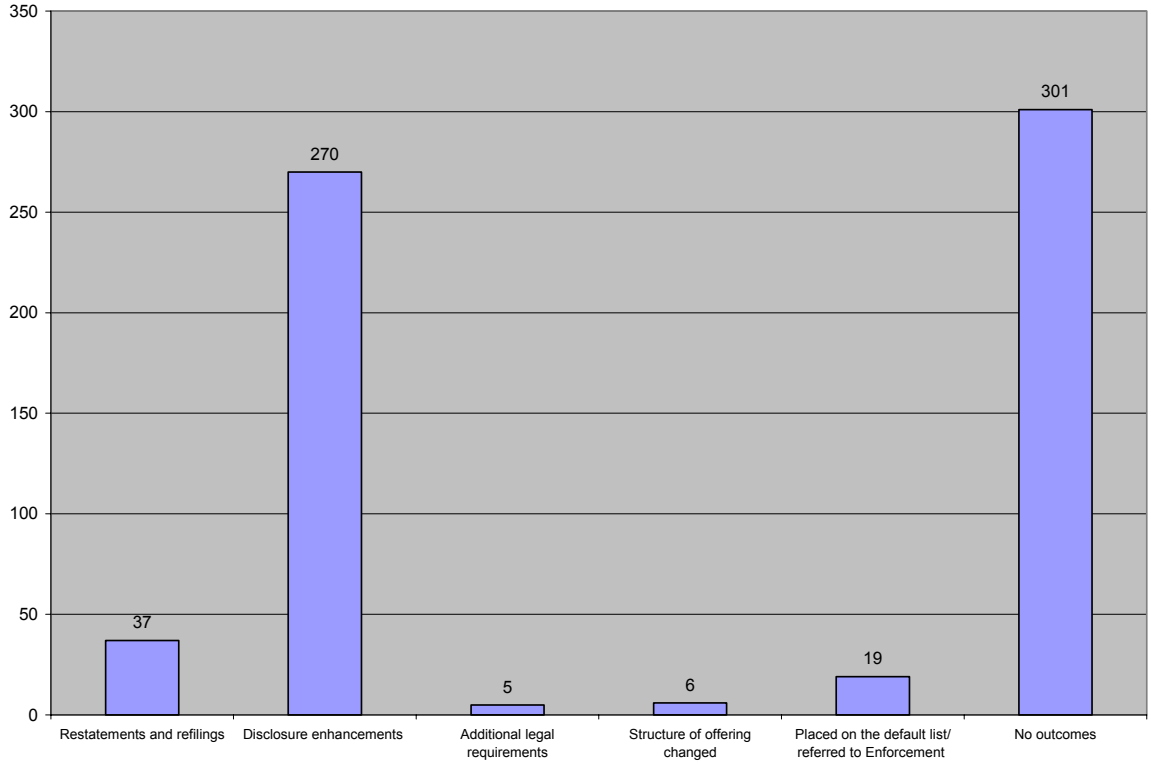
- 22 issuers were subject to a review of restructuring costs associated with exit and disposal activities (See Part 2).

- 17 issuers were reviewed for compliance with Section 13.2 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102). This section allows an issuer to rely on a previously granted exemption from the CD requirements provided notice is given to the Commission.

- Nine issuers were subject to a review to assess compliance with the Business Acquisition Report (BAR) requirements of NI 51-102 (See Part 2).

C. Outcomes of completed reviews

The outcomes of our 582 completed reviews are summarized below. In some cases, multiple outcomes were generated by each review.



Approximately 80% of our outcomes were commitments by issuers to enhance some aspect of their disclosure in future continuous disclosure filings. A significant number of these commitments related to enhanced management discussion and analysis (MD&A) disclosures and amendments or additions to SEDI filings. Other disclosure enhancements included clarifications to accounting policies, modifications to technical mining reports, disclosure improvements surrounding non-GAAP (Generally Accepted Accounting Principles) earnings measures and updating of websites for financial reporting information. We selectively monitor issuer's commitments to ensure that all disclosure enhancements are appropriately addressed.

In 9% (18% during fiscal 2004) of our CD reviews, we identified filings that were so deficient that the issuers were required to restate and refile continuous disclosure materials, to make retroactive changes or to file materials that had not previously been filed. Our approach in this area is described in OSC Staff Notice 51-711 *Refilings and Corrections of Errors as a Result of Regulatory Reviews* (Staff Notice 51-711).

As set out in Staff Notice 51-711, we view such refilings and retroactive accounting changes as significant events. Where an issuer makes a refiling or retroactive accounting change as a result of our review, the issuer's name, date of refiling and a description of the deficiency is posted on our Refilings and Errors list (available at www.osc.gov.on.ca) for three years.

Some of the issues that led to restatements and refilings, and therefore inclusion on the Refilings and Errors list are noted below:

- *Management's Discussion and Analysis (MD&A)* – annual and interim MD&A were restated due to the issuers' failure to provide a detailed discussion of results of operations, liquidity and capital resources as required by NI 51-102. As well, issuers' annual MD&A were restated to include enhanced discussion of related party transactions and a more thorough analysis of the risks and uncertainties believed to affect future performance.

- *Auditor Oversight* – annual financial statements were refiled due to non-compliance with NI 52-108, which requires that an audit report be signed by a public accounting firm that is registered with CPAB.

- *Auditor Review* – interim financial statements were refiled to include the required notice stating that they had not been reviewed by the issuer's auditors.

- *Asset Retirement Obligations* – interim financial statements were restated to correct the assessed fair value of reclamation expenses. Specifically, the issuer had incorrectly calculated the undiscounted cash flow to settle the obligation as required by CICA Handbook Section 3110 *Asset Retirement Obligations*.

- *Functional Currency* – financial statements were refiled to use the U.S. dollar as the functional and reporting currency instead of the Canadian dollar, as required in their circumstances by CICA Handbook Section 1650 *Foreign Currency Translation*.

- *Future Tax Liability* – annual and interim financial statements were refiled to correct an overstated future tax liability by offsetting an unrecognized future tax asset against the balance, which is the treatment recommended by CICA Handbook Section 3465 *Income Taxes*.

- *Information Circular* – an information circular was amended to correct a disclosure omission related to Item 6.5 of Form 51-102F5, which sets out the disclosure obligations relating to the principal holders of an issuer's voting securities.

- *Lease Termination Costs* – financial statements were refiled to correct the accounting for lease termination costs, which had been incorrectly deferred to a future period. Emerging Issues Committee (EIC) 135 *Accounting for Costs Associated with Exit and Disposal Activities* requires that the liability be recognized and measured at fair value in the period in which the liability is incurred which, in the case of a lease termination, is at either the point of termination of the contract or at the cease-use date.

- *Discontinued Operations* – financial statements were refiled to correctly reflect the sale of all assets. This sale had been inappropriately accounted for as a discontinued operation where no continuing operations existed. EIC 45 *Discontinued Operations* states that discontinued operations accounting should not be adopted when, as a result of the adoption of a formal plan of disposal, the entity has no substantial continuing operations.

- *Going Concern* – financial statements were refiled to include a detailed going concern note relating to a significant working capital deficit. The note in the financial statements had failed to discuss the impact on the

issuer's financial condition and results of operations if the assumption that the enterprise was able to realize assets and discharge liabilities in the future was no longer applicable.

- *Earnings Per Share (EPS)* – financial statements were refiled as the earnings per share numbers were not calculated using the current and comparative year's net losses. CICA Handbook Section 3500 *Earnings Per Share* requires issuers to present basic earnings per share and diluted earnings per share for net loss on the income statement. Instead, the issuer calculated EPS using a subtotal labelled "net loss from operations."

- *Business Combinations* – financial statements were refiled as an issuer incorrectly accounted for the acquisition of a subsidiary by valuing part of the consideration at face value instead of fair value. CICA Handbook Section 1581 *Business Combinations* requires that the cost of the purchase be determined by the fair value of the consideration given.

Part 2: Continuous Disclosure and Prospectus Findings

This section of our report highlights some of the issues identified or addressed by Corporate Finance through our ongoing reviews. The topics identified are not exhaustive of the issues addressed, but do highlight some of the areas we believe are of interest to market participants.

A. Income Trusts

During early 2005, the income trust structure remained the preferred structure for initial public offerings. In addition to a large number of income trust prospectus reviews, approximately 12% of our CD reviews related to income trusts. Some of the more significant issues identified are highlighted below.

Goodwill Impairment Losses

This year we continued to focus on the application of CICA Handbook Section 3062 – *Goodwill and Other Intangible Assets* by issuers, especially in the context of goodwill impairment assessments for income trusts. We have identified some situations where it appears that the goodwill impairment testing required by Section 3062 may not have resulted in the impairment provision being identified in a timely fashion. Specifically, external factors, such as the deterioration in the underlying entity's business climate or the loss of significant customers, suggested that impairment was likely. We strongly encourage issuers to use multiple valuation methods to assess the fair value of reporting units whenever goodwill impairment testing is performed, especially when an approach based on quoted market prices does not appear to generate results consistent with indications from external factors.

We will also continue to focus on potential goodwill impairment losses by reviewing the processes and assumptions used by management to support the proposition that the fair value of its reporting units exceed the related carrying value of goodwill. This may include a detailed review of supporting schedules used for the assessment, determination of how the fair value for the reporting unit was derived and the allocation process of goodwill to the reporting unit.

Distributable Cash

The information that an income trust provides about its estimated distributable cash is central to an investor's assessment of the income trust's future prospects. This figure often contains significant estimates and assumptions with little supporting information.

Given our concerns, we reviewed the distributable cash disclosure of several income trust prospectuses. We found that most income trust prospectuses contain a narrative description of how distributable cash is calculated followed by a reconciliation to the most comparable GAAP measure. We also noted that some income trust issuers were including adjustments in the reconciliation that appeared to be forward-looking and that were not sufficiently transparent with respect to underlying assumptions. Comprehensive disclosure of the assumptions, estimates and bases used to determine the adjustments in arriving at distributable cash allows investors to determine whether the amount of estimated distributable cash is reasonable and sustainable. In some circumstances, this level of transparency and objectivity may only be achievable by including a forecast prepared in accordance with the CICA Handbook Section 4250 *Future-Oriented Financial Information*. For more information see Canadian Securities Administrators (CSA) Staff Notice 41-304 *Income Trusts: Prospectus Disclosure of Distributable Cash*.

Liquidity Disclosure in MD&A

As discussed above, distributable cash is a key element for income trust investors. It is important for unitholders to understand what they are receiving when paid a cash distribution, including whether the issuer financed the distribution through borrowings or other than through cash generated from operations. Our reviews indicated that many income trust issuers fail to provide this information in sufficient detail. We remind issuers that NP 41-201 recommends that MD&A provide a breakdown between return

on and return of capital for distributable cash. As well, an issuer's MD&A should provide a comparison between the expected distributable cash figure disclosed in the most recent public offering document or circular and actual cash distributed.

B. Management's Discussion and Analysis

When preparing MD&A, an issuer should provide a balanced discussion of the results of operations and financial condition, including, an in-depth analysis of liquidity and capital resources. MD&A should also present a balanced picture of the company, openly addressing bad news as well as good news. Specifically, the MD&A should:

- help current and prospective investors understand what the financial statements do and do not show;
- discuss material information that may not be fully explained in the financial statements, such as contingent liabilities, defaults under debt obligations, off-balance sheet financing arrangements and other contractual obligations;
- discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future;
- discuss the impact critical accounting estimates would have on the financial statements if future experience differs from that assumed; and
- provide information about the quality, and potential variability, of earnings and cash flow in order to assist investors in determining if past performance is indicative of future performance.

MD&A disclosure is now required for all reporting issuers, regardless of their size. Failure to file MD&A that complies with NI 51-102 may result in a refiling. During the year many issuers were placed on our Refilings and Errors list for MD&A disclosure issues. Some of the issues that commonly led to our requiring MD&A refilings or prospective changes were:

- *Overall Performance* - issuers failed to provide an analysis of their financial condition, results of operations and cash flows. This required analysis includes a comparison of the performance in the most recently completed financial year to the prior year's performance and an explanation of why changes have occurred or expected changes have not occurred. This discussion should also describe and quantify material variances. We noted that many issuers simply provided a superficial discussion rather than providing a detailed analysis of overall performance that would allow a reader to understand the events of the year.
- *Select Annual Information and Summary of Quarterly Results* - many issuers failed to disclose factors that caused variations over the periods in question. This information gives investors an understanding of general trends of the business and the overall direction of the issuer.
- *Results of Operations* - many issuers failed to provide an analysis of the cost of sales and gross profit. Issuers are required to analyze all material variances and discuss all significant factors that caused these changes, including factors that led to a change in the relationship between costs and revenue, such as, changes in costs of labour or materials, price changes or inventory adjustments.
- *Trends and Risks* - many issuers either did not disclose risks at all, or simply provided a list of risks and uncertainties that failed to include an in-depth analysis of how these risks may impact their financial condition, changes in financial condition and results of operation.
- *Liquidity* - many issuers simply repeated financial statement disclosure. Issuers should provide a detailed discussion of how they intend to generate sufficient cash flow in the short and long term to meet obligations or to sustain planned growth. Any consequences of anticipated shortfalls should be given maximum clarity.
- *Off-Balance Sheet Arrangements* - some issuers failed to discuss the business purpose of off-balance sheet arrangements and the potential effects of terminating those arrangements.
- *Transactions with Related Parties* - many issuers did not provide a discussion of both the qualitative and quantitative characteristics of related party transactions. It is important that MD&A provide an understanding of the exact nature of the relationships involved, along with the business purpose of, and economic substance behind, these transactions.

C. Business Acquisition Reports

This year we also performed a targeted review of compliance with the new requirement to file a Business Acquisition Report (BAR) upon the completion of a significant acquisition. A completed acquisition is determined to be significant if it satisfies one of the asset, investment or income tests of significance outlined in NI 51-102.

The BAR provides investors with information that enables them to determine the impact of the acquisition on the existing business. Information in a BAR includes a discussion of the nature of the business acquired, historical financial statements of the acquired business and pro forma financial statements giving effect to the acquisition as at the beginning of the financial year of the issuer.

Our targeted review involved identifying potential significant acquisitions by first reviewing a large number of issuers' press releases and material change reports. Next, we confirmed that the BAR, if required, was filed and that the filing was within the appropriate deadline. As well, we reviewed each of the BARs filed to determine whether the content requirements set out in NI 51-102 were met. Our results showed a high degree of compliance in this area.

D. Revenue Recognition

We continued to pay particular attention to this area during our continuous disclosure and prospectus reviews. During our continuous disclosure reviews we raised a significant number of comments on revenue recognition policies. We found that many issuers fail to clearly identify the specific triggers for revenue recognition that relate to the various aspects of their operations. Issuers' policies should include disclosure of each type of revenue earned, how it is recognized, whether or not the issuer retains any risks or obligations upon sales/services, whether there are any rights of return or warranties and any other uncertainties or matters which require particular judgement or estimation.

The most recent guidance with respect to revenue recognition is contained in Emerging Issues Committee (EIC) Abstracts – EIC 141 *Revenue Recognition* (EIC 141), EIC 142 *Revenue Arrangements with Multiple Deliverables* (EIC 142) and EIC 143 *Accounting for separately priced extended warranty and product maintenance contracts* (EIC 143).

In addition to reviewing revenue recognition policies, we examined the implications of these policies to assess whether there are any measurement and recognition issues, and we frequently raised these issues in our reviews. During the year the most often recurring sources of measurement and recognition issues were the recognition of up-front fees and the treatment of right of return arrangements. Issuers improperly recognized up-front fees in income upon receipt rather than deferring the fees as required by EIC 141. We are also concerned with right of return arrangements, when the existence of such a right casts doubt over whether an issuer has assurance that consideration is fixed or determinable.

E. Stock-based Compensation

Under the revised CICA Handbook Section 3870 *Stock-Based Compensation and Other Stock-Based Payments*, public companies are required to expense all stock-based compensation awards for fiscal years beginning on or after January 1, 2004. While this standard sets out the recognition, measurement and disclosure requirements for all stock-based transactions issued in exchange for goods and services, of particular interest is the fair value accounting for employee stock option expenses.

Given that stock options have been a popular way of compensating employees, the issuance of this standard has had a material effect on many issuers' financial statements. Under this fair value based method, issuers must measure the cost of the option when it is granted and then amortize this cost over the estimated employee service period. The fair value is determined using an option pricing model, such as Black-Scholes or a Binomial Pricing Model, that takes into account various factors including the grant date, exercise price, expected life of the option, current price of the underlying stock and its expected volatility.

We assessed issuers' compliance with these requirements as part of our regular reviews. Specifically, we reviewed the accounting for stock-based compensation in financial statement filings, focusing on accounting policy and note disclosure, compensation expense booked, reasonableness of the assumptions used to value the stock options granted and the consistency of application of the valuation model chosen. As a result of our reviews, two issuers refiled their interim financial statements because they did not correctly account for compensation expense. Several issuers committed to enhancing their future disclosure with respect to stock-based compensation.

F. Restructuring Costs

We continued to focus on restructuring costs for two reasons. Firstly, the accounting requirements for recording these costs changed for exit and disposal activities initiated after March 31, 2003 with the introduction of EIC 134 *Accounting for Severance and Termination Benefits* and EIC 135 *Accounting for Costs Associated with Exit and Disposal Activities (Including Costs Incurred in a Restructuring)* (individually EIC 134 and EIC 135, respectively, and together, the new Standards). Secondly, overstated restructuring charges can result in a false impression of improved operating results in subsequent periods. As part of

a targeted review, we analyzed restructuring costs to determine if these costs were being recognized, measured and disclosed appropriately.

While our reviews did not identify deficiencies in the recognition and measurement of restructuring costs, we noted that issuers were deficient in meeting certain disclosure requirements in both their interim and annual financial statements. Most issuers failed to provide an adequate description of the exit or disposal activity, including the facts and circumstances leading to the expected activity and the expected completion date. For example, a phrase like "the need to scale back expenses to be in line with management's expectations" does not adequately explain the facts and circumstances that led to a restructuring, nor does it explain the reason why each type of cost was incurred. We also noted the absence of a reconciliation of the beginning and ending liability balances for each restructuring activity or of specific reportable segment disclosures, as required.

We also found that many issuers did not provide a robust discussion of restructuring activity in interim and annual MD&A. Issuers should provide a discussion and analysis sufficient to allow the reader to understand why management decided to restructure operations. The initial discussion should address the types of costs that will be included in the restructuring charge and how they will be funded, the anticipated quantitative impact on future operations and liquidity of the issuer, where the restructuring will occur (operating segment and geographical location) and when it is anticipated to be completed. This discussion and analysis should be updated in the MD&A for subsequent interim periods and should serve as a status report for restructuring activities that span more than one reporting period.

G. Intangible Assets

Under CICA Handbook Section 3062 *Goodwill and Other Intangible Assets*, issuers are required to separately recognize, measure and present goodwill and other intangible assets. We expect issuers to attempt to allocate the purchase price to goodwill and indefinite and finite life intangible assets at the time of preparing pro forma financial statements for inclusion in a prospectus or a BAR. The combination of goodwill and intangible assets disclosed as a single line item on the balance sheet is not acceptable and is not in accordance with GAAP.

We also expect the disclosure to distinguish between indefinite and finite life intangible assets, including the amortization and estimated useful life associated with the finite life intangible assets. While we acknowledge that the purchase price allocation process may not have been finalized at the time pro forma financial statements are being prepared, this should not preclude management from making good faith estimates to allocate the purchase price, and to calculate the amortization of finite life intangible assets.

H. Executive Compensation Disclosure

Over the past few years, there has been a heightened focus on the transparency and completeness of executive compensation. Some of our findings in this regard are highlighted below.

Supplementary Retirement Benefit Plans

During our reviews of executive compensation, we noticed that a number of issuers provide supplementary retirement benefit plan disclosure that goes beyond current securities law requirements. As a result, on January 14, 2005, we published, together with the other CSA jurisdictions (except British Columbia), CSA Staff Notice 51-314 *Retirement Benefits Disclosure*. The purpose of the notice is to provide guidance to issuers with respect to retirement benefit disclosure. Issuers should review this notice when preparing retirement benefit disclosure to ensure that this additional disclosure is clear and meaningful to investors.

External Management Companies

We have reviewed prospectuses and continuous disclosure filings of issuers where the issuer's executive management is employed by an external management company. This executive management is then contracted to the issuer. The definitions of "senior officer" and "executive officer" in securities legislation include any individual who performs functions for an issuer similar to those normally performed by a variety of named positions. We would generally consider the officers of the external management company to be persons performing functions in respect of the reporting issuer similar to those normally performed by senior officers of a company, including policy-making functions. Consequently, any requirements of securities legislation that apply to senior officers or executive officers of a reporting issuer would generally apply to the executive officers of the external management company.

In particular, in addition to disclosing any management fee, incentive fee or other amounts payable by the reporting issuer to the external management company, we would expect any long form prospectus, management information circular or annual information form to include the executive compensation disclosure required by Form 51-102F6 *Statement of Executive Compensation* for the executive officers of the external management company. In this regard, we expect the reporting issuer to disclose any compensation payable directly by the reporting issuer to the executive officers, as well as any compensation payable by the external management company to the executive officers that can be attributed to the management fee or other

payments from the reporting issuer (e.g. any salary, bonus, dividends, distributions or other payments paid by the external management company to the executive officers).

I. Other Disclosure Regarding External Management Companies

When interpreting form requirements for prospectuses, management information circulars, annual information forms and MD&A requirements for a reporting issuer where the issuer's executive management is provided through an external management company, we expect the reporting issuer to provide full disclosure of material facts relating to the external management company and its executive officers in the relevant document. In particular, we expect the reporting issuer to disclose any direct or indirect interest of its insiders in the external management company and any risks relating to the external management company. For example, risk disclosure in a prospectus or annual information form should include a discussion, if applicable, of whether the external manager's services are exclusive to the issuer and of potential conflicts of interest, along with material financial repercussions of terminating a long-term management agreement for unsatisfactory performance.

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

This year we continued to see significant improvements in the scientific and technical disclosure provided by issuers in technical reports under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101). Our reviews did, however, continue to identify the following disclosure issues:

- *Inferred Mineral Resources* – we continue to see inferred mineral resources totaled with other categories of mineral resources. As there is a low reliability level associated with inferred resources, these must not be totaled with indicated and measured resources.

- *Preliminary Assessments* – cautionary language about the preliminary nature and lack of certainty of an economic analysis using inferred resources must occur in the same paragraph that discloses the results of this type of economic analysis, or in the following paragraph. The cautionary statement about the use of inferred resources should not be placed at the end of a press release.

- *Historical Resources and Reserves* – we continue to see issuers disclosing historical estimates of mineral resources and mineral reserves that omit the supporting disclosure required under Section 2.4 of NI 43-101, such as the date of the historical resource estimate or the discussion of the relevance and reliability of these historical estimates. Where these historical estimates are not being treated as NI 43-101 defined mineral resources or reserve estimates, as verified by a qualified person, issuers should clearly state this fact and indicate that such historical estimates should not be relied upon.

K. Corporate Disclosure Policies

We have continued to request information on issuers' corporate disclosure policies and practices as part of our CD reviews, and we are now providing a further report on our observations in this area.

In general, we find that an increasing number of issuers have prepared formal corporate disclosure policies. In many cases, these are closely modeled on the guidance contained in National Policy 51-201 *Disclosure Standards* (NP 51-201). This is a positive development and we encourage issuers who still lack a formal policy in this area to consider creating one. As stated in NP 51-201, the process of creating a policy is itself a benefit because it forces a critical examination of current disclosure practices.

In some specific areas, we observe that the percentage of issuers taking a progressive approach to disclosure has clearly increased. For example, significantly more companies now broadcast their conference calls in an open forum, where interested parties can listen in on the call by telephone or via a webcast on the internet.

However, it sometimes appears that issuers apply the guidance contained in NP 51-201 with little specific consideration of the company's own circumstances or challenges. We noticed several recurring areas in which we believe that disclosure policies could be made more effective and these are discussed below:

- *Materiality* – although the great majority of disclosure policies address how to decide what information is material, in many cases the policy merely incorporates Securities Act definitions without any attempt to clarify how and by whom those definitions will be applied to the company's own circumstances. In other cases, companies provided a list of events or information which may be material; however, we found that these lists simply reflect the list contained in paragraph 4.3 of NP 51-201, sometimes to the letter. NP 51-201 is not exhaustive and is not a substitute for companies exercising their own judgment in making materiality determinations.

- *Disclosure Committees* – many disclosure policies indicated that the company's disclosure practices are overseen by a disclosure committee. In the majority of cases, these committees consisted only of two senior executives, such as the CEO and CFO. In one case, the disclosure "committee" consisted of a single person. A broader cross-section of representation, with identified duties and responsibilities for each member, helps to ensure both that the disclosure committee has a full understanding of the range of disclosure issues within the company and that its decisions take into account the full range of possible impacts and consequences.

- *Updating and Communication* – many of the disclosure policies we received had apparently not been updated for some time, and it was often not clear what processes the company had in place to ensure that the policy was effectively communicated and well understood within the organization, or that it was amended when necessary to address evolving circumstances. The disclosure policy should be seen as one aspect of an ongoing dynamic process. We believe it would be prudent for an issuer's board of directors to review and approve the policy on an annual basis.

- *Disclosure Controls* – few of the disclosure policies evidenced the controls that the company had established to support the effective working of the disclosure policy. Although we realize that these controls may be documented elsewhere, the process of developing and implementing a disclosure policy appears likely to us to be particularly effective when the policy's design and review is carried out in conjunction with an assessment of the procedures that will support it in practice.

- *Confidentiality* – securities legislation permits a company to file material change reports on a confidential basis where immediate release of the information would be unduly detrimental to the company's interests. Few of the disclosure policies reviewed addressed the company's procedures for containing confidential information, where confidentiality is necessary for the company's compliance with disclosure obligations.

L. Material Contracts

Material contracts filed in connection with a prospectus must be filed in their entirety. We note that some issuers have omitted to file schedules to material contracts. A schedule to a material contract is a part of the contract and must be included unless exemptive relief has been granted.

M. Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109)

MI 52-109 requires that CEOs and CFOs personally certify annual and interim filings. This year, we reviewed the certifications filed and in general we found compliance with the requirements of the instrument. However, in certain circumstances we had to remind issuers that when interim or annual filings are refiled, the relevant certificate must be refiled as well. We expect to continue our review of the certifications and in some cases where we identify disclosure deficiencies relevant to the fair presentation of the financial statements, we may ask issuers to provide in writing their processes underlying the certification.

Part 3: Insider Reporting Issues

A. SEDI Late Filing Fees

We want to remind insiders that OSC Rule 13-502 *Fees* (Rule 13-502) imposes a fee for the late filing of an insider report on SEDI. The fee amounts to $50 per day, per insider, per issuer, subject to a yearly maximum of $1,000.

The purpose of the fee is to encourage timely reporting by insiders and is not meant to be punitive. We do not view the late filing fee as a "penalty" imposed by a regulatory authority. Consequently, these fees do not trigger disclosure requirements under section 10.2 of Form 51-102F2 *Annual Information Form* or under the prospectus rules.

Part 4: Application Issues

A. ABS Issuers (NI 51-102 and MI 52-109 Relief)

Over the past year, we have received a number of applications from issuers of asset-backed securities (ABS issuers) seeking relief from the continuous disclosure requirements contained in NI 51-102 and the certification requirements contained in MI 52-109.

Historically, we have generally been prepared to recommend continuous disclosure relief for ABS issuers of "pass-through" certificates. "Pass-through" certificates typically evidence an undivided co-ownership interest in a pool of assets and do not represent debt obligations of the issuer. The certificateholders do not have an interest in, or claim on, the assets of the issuer

but only in a discrete pool of related securitized assets. In these circumstances, the information contained in the issuer's interim and annual financial statements is not relevant to the certificateholders.

In some cases, an ABS issuer may issue "pay-through" notes in addition to or instead of pass-through certificates. "Pay-through" notes typically evidence limited-recourse, secured debt obligations of the issuer. Where an ABS issuer issues "pay-through" notes, that information about the financial position of the issuer may be relevant to the noteholders. In an application for continuous disclosure relief by an ABS pay-through issuer, the filer should demonstrate that:

- as a result of the contractual limitation on recourse to a specific asset, the noteholders only have a claim against that specific asset and not the assets of the issuer generally; and

- in the event of a bankruptcy or insolvency, noteholders will have a first claim on the assets in the pool in priority to other potential creditors of the issuer.

Where an ABS pay-through issuer is unable to demonstrate that both of these conditions are satisfied, we may recommend more limited continuous disclosure relief, such as relief from the interim filing requirements but not the annual filing requirements.

Where an ABS issuer is granted relief from the continuous disclosure requirements in NI 51-102, we will generally be prepared to recommend relief from the certification requirements in MI 52-109.

B. Deeming issuer to be a reporting issuer following reorganization

Historically, issuers have applied to be deemed reporting issuers following certain reorganizations and plans of arrangement. Recently we have asked issuers to withdraw these applications where the issuers involved intended to list their securities on the TSX. We remind issuers and their advisors to review paragraph (c) of the definition of reporting issuer. That paragraph provides that a reporting issuer includes any issuer whose securities are listed and posted for trading on any stock exchange in Ontario recognized by the Commission.

Part 5: How Issuers Can Help Us Achieve Our Service Standards

We recognize that regulation must be balanced so that it does not cause inefficiencies or unnecessary costs. In response to these challenges, our Service Commitment was published in the OSC's 2004 Annual Report. These service standards set out our commitment to deliver dependable, prompt and high-quality services. We continue to monitor our performance against these standards with the view to ongoing improvement and have highlighted some areas that issuers can help us in this regard.

A. Prospectus Filings

Technical deficiencies may delay the issue of a prospectus receipt and often result in additional communication between us, issuers and/or their advisors. We believe that most of these "errors" are avoidable and remind issuers and their advisors of the following:

- *Ensure that red herrings comply with legal requirements* - name each jurisdiction in which the prospectus is being filed, unless it is being filed in all jurisdictions (in which case "all provinces" or "all provinces and territories" is acceptable). We will ask an issuer to resubmit a prospectus which simply states "certain of the provinces/territories".

- *Ensure that the language on certificate pages complies with applicable requirements and the correct form of certificate page is used.*

- *Where appropriate, modify the section 7.2 letter required under National Policy 43-201 Mutual Reliance Review Systems for Prospectuses and Annual Information Forms* - section 7.2 requires an issuer to provide written confirmation of certain matters upon filing a preliminary prospectus. Specifically, paragraph 2(c) requires confirmation that an underwriter/agent/distributor "is registered or has filed an application for registration or an application for exemptive relief from the requirement to be registered" in each jurisdiction where securities will be offered to purchasers. This paragraph should only refer to "applications for registration or exemptive relief" where such applications have been made.

- *Ensure that auditor's comfort and consent letters refer to the correct date of the preliminary prospectus or prospectus.*

- *Do not file blacklined documents on SEDAR as "amendments"* - blacklined documents to reflect changes made to a document previously filed (other than the blackline of the final prospectus) should be filed on SEDAR under filing subtype "other correspondence". (see SEDAR Filer Manual s 9.7)

- *Do not file multiple subtypes under one submission on SEDAR* - filers often include several documents under a SEDAR subtype. For example, filers often file a first response letter together with other correspondence under the filing subtype category "other correspondence". Filers should file only one filing subtype under each submission. (see SEDAR Filer Manual s. 8.3(e))

- *Check off all appropriate procedures on SEDAR* - when filing a prospectus be sure to check off all appropriate filing procedures (i.e. NI 44-102 Shelf/MJDS/MRRS) before submitting the project.

- *Use appropriate SEDAR fee codes* - ensure that the SEDAR fee code corresponds with the filing type and description.

- *SEDAR Profiles* - keep issuers' profiles up to date (i.e. head office address, principal regulator and basis for determining principal regulator under MRRS).

B. Exemptive Relief Applications

Each year we receive and review applications for exemptive relief that contain deficiencies. These deficiencies often impede the processing of the application and may consequently delay the granting of the requested relief. The following are some of the steps that applicants can take to support the timely processing of their applications:

- *Ensure that timing constraints are promptly and clearly communicated to us* - in the event that an applicant requires expedited review of their application or otherwise has certain timing requirements, it is imperative that this is brought to our attention in the initial application package or as promptly as possible. Further, any requests with respect to timing should clearly convey to us the reasons for such request.

- *Respond to our requests* - the processing of an application is greatly assisted by the timely response by the applicant to our questions. Where an applicant knows that they will not be able to respond promptly, they are encouraged to inform us and, where possible, provide an anticipated response time.

- *Cite relevant precedent decisions* - to the extent possible, applicants should refer to relevant precedents in support of their request for relief. Where the requested relief is similar to previously issued decisions but includes deviations from the representations or conditions contained in the prior decisions, applicants are encouraged to highlight and provide explanations for those requested variations.

- *Ensure that the draft decision document is in the prescribed form* - applicants are reminded that National Policy 12-201 *Mutual Reliance Review System for Exemptive Relief Applications* specifies the forms for decisions rendered under MRRS and Multilateral Instrument 11-101 *Principal Regulator System*. Draft decision documents that do not conform to these requirements delay application processing.

- *Provide draft decision document in electronic format* - the application package should include an electronic copy of the draft decision document in Word format.

1.1.7 Notice of Ministerial Approval - Rule 62-503 Financing of Take-over Bids and Issuer Bids

NOTICE OF MINISTERIAL APPROVAL
RULE 62-503 — FINANCING OF TAKE-OVER BIDS AND ISSUER BIDS

On December 7, 2005, the Minister of Government Services approved Rule 62-503 —*Financing of Take-over Bids and Issuer Bids*. The Rule will come into force on December 22, 2005.

The Rule is published in Chapter 5 of today's Bulletin. Materials relating to the Rule were previously published in the Bulletin on July 1, 2005 and October 21, 2005.

1.1.8 TSX Notice of Approval of Amendments to the TSX Company Manual

TORONTO STOCK EXCHANGE
NOTICE OF APPROVAL OF
AMENDMENTS TO THE
TORONTO STOCK EXCHANGE
COMPANY MANUAL

On November 30, 2005, the TSX filed with the Commission amendments to the TSX Company Manual (Manual). The amendments represent a number of housekeeping amendments, such as the removal of provisions relating to certain forms no longer required by, or made available by, TSX: the correction of references in the Manual to securities legislation; the reintroduction of appeal and conflict procedures in Part VI of the Manual; the addition of two approved news services, and minor amendments relating to the mandated use of TSX SecureFile. The amendments have been filed as "non-public interest" amendments pursuant to the *Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals* and are deemed to have been approved upon filing. The amendments came into effect on December 15, 2005. A TSX Notice and the amendments are being published in Chapter 13 of this Bulletin.

1.3 News Releases

1.3.1 OSC Chair David Wilson Comments on Crawford Panel Discussion Paper

FOR IMMEDIATE RELEASE
December 7, 2005

OSC CHAIR DAVID WILSON COMMENTS ON CRAWFORD PANEL DISCUSSION PAPER

TORONTO – The following statement was issued today by Ontario Securities Commission (OSC) Chair David Wilson after the release of *A Blueprint For A New Model*, a discussion paper by an independent panel chaired by Purdy Crawford on a common securities regulator for Canada. The panel was established in May 2005 by the Minister responsible for securities regulation in Ontario.

"I support Minister Gerry Phillips' initiative in moving the dialogue forward on this very important subject. It is essential that we take time to carefully look at the discussion paper and its recommendations. We look forward to hearing the views of various stakeholders and the views of our colleagues in other jurisdictions."

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

Eric Pelletier
Manager, Media Relations
416-595-8913

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

1.3.2 First Court Appearance in OSC Insider Trading/Tipping Proceedings against Landen and Diamond

FOR IMMEDIATE RELEASE
December 7, 2005

FIRST COURT APPEARANCE IN SC INSIDER TRADING/TIPPING PROCEEDINGS AGAINST LANDEN AND DIAMOND

Toronto – At the first appearance today, this matter was adjourned to be spoken to on January 10, 2006 at 9:00 a.m. in Courtroom "C" at Old City Hall.

The charges against Barry Landen and Stephen Diamond (Appendix "A" to the Information) are available on the OSC's website (**www.osc.gov.on.ca**).

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

Eric Pelletier
Manager, Media Relations
416-595-8913

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

1.3.3 OSC Statement in Respect of Frank D'Addario

FOR IMMEDIATE RELEASE
December 9, 2005

OSC STATEMENT
IN RESPECT OF FRANK D'ADDARIO

TORONTO – In response to a release issued December 9, 2005, by Frank D'Addario, former President, CEO and Director of Environmental Management Solutions Inc., Staff of the OSC today made the following statement:

> After reviewing the issues regarding D'Addario's conduct while he was a director and officer of Environmental Management Solutions Inc., Staff of the Commission sent D'Addario a warning letter on November 15, 2005, which stated, "It appears from our review that you did not act in good faith and with the best interests of the corporation in mind. Rather, you used your position as an officer and director of EMS to obtain benefits for yourself."

The letter concluded by cautioning D'Addario in respect of his conduct.

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

Eric Pelletier
Manager, Media Relations
416-595-8913

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

1.4 Notices from the Office of the Secretary

1.4.1 Francis Jason Biller

FOR IMMEDIATE RELEASE
December 9, 2005

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

AND

IN THE MATTER OF
FRANCIS JASON BILLER

TORONTO – The Commission issued its Reasons For Decision following a hearing on September 29, 2005 in the above matter.

A copy of the Reasons For Decision is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

1.4.2 Triax Growth Fund Inc. et al.

FOR IMMEDIATE RELEASE
December 13, 2005

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

AND

IN THE MATTER OF
TRIAX GROWTH FUND INC.,
NEW MILLENNIUM VENTURE FUND INC.,
E2 VENTURE FUND INC.,
CAPITAL FIRST VENTURE FUND INC.,
NEW GENERATION BIOTECH (BALANCED) FUND INC.,
AND VENTURE PARTNERS BALANCED FUND INC.
(collectively referred to as the "Funds")

TORONTO – Following a hearing pursuant to section 8 of the *Securities Act*, R.S.O. 1990, c. S.5 as amended, the Commission issued an Order on November 23, 2005 confirming the decision of the Director of the Investment Funds Branch who determined that she would not approve a merger of the Funds, if the Funds, rather than the Managers, were to bear the costs of the merger.

The Reasons for this Order have been issued today and are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

1.4.3 Olympus United Group Inc.

FOR IMMEDIATE RELEASE
December 12, 2005

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

AND

IN THE MATTER OF
OLYMPUS UNITED GROUP INC.

TORONTO – The hearing to consider whether to extend the temporary orders made by the Commission on May 13, 2005 and May 20, 2005, is adjourned until 2:30 p.m. on March 7, 2006.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

1.4.4 Norshield Asset Management (Canada) Ltd.

FOR IMMEDIATE RELEASE
December 12, 2005

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

AND

IN THE MATTER OF
NORSHIELD ASSET MANAGEMENT (CANADA) LTD.

TORONTO – The hearing to consider whether to extend the suspension of Norshield's registration pursuant to the temporary order issued on May 20, 2005 is adjourned until 2:30 p.m. on March 7, 2006.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Mission Oil and Gas Inc. and Bison Resources Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from the requirements to include three years of audited financial statements in an information circular for a business that constitutes a significant acquisition and to include three years of audited financial statements in an information circular in respect of a business for which securities are being distributed in connection with a business combination, provided that acceptable alternative disclosure is provided.

Applicable Rules

National Instrument 44-101 Short Form Prospectus Distributions.
National Instrument 51-102 Continuous Disclosure Obligations.
CSA Staff Notice 42-303 Prospectus Requirements.

Citation: Mission Oil & Gas Inc. and Bison Resources Ltd., 2005 ABASC 930

November 24, 2005

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

AND

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

AND

IN THE MATTER OF
MISSION OIL AND GAS INC. ("MISSION")
AND BISON RESOURCES LTD. ("BISON")

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 Mission and Bison for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

   1.1 in Alberta, Bison be exempt from the requirements of the Legislation to include three years of audited financial statements in an information circular in respect of a significant acquisition and to include three years of audited financial statements in an information circular in respect of a business for which securities are being distributed in connection with a business combination;

   1.2 in Alberta and Ontario, Mission be exempt from the requirements of the Legislation to include three years of audited financial statements in an information circular in respect of a significant acquisition and to include three years of audited financial statements in an information circular in respect of a business for which securities are being distributed in connection with a business combination;

   the relief applied for above being hereinafter referred to as the "Requested Relief".

Application of Principal Regulator System

2. Under Multilateral Instrument 11-101 *Principal Regulator System* ("MI 11-101") and the Mutual Reliance Review System for Exemption Relief Applications:

   2.1 the Alberta Securities Commission is the principal regulator for each of Mission and Bison;

   2.2 Bison is relying on the exemption in Part 3 of MI 11-101 in British Columbia;

   2.3 Mission is relying on the exemption in Part 3 of MI 11-101 in each of British Columbia, Saskatchewan, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador; and

   2.4 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 each of Mission and Bison:

4.1 Mission was incorporated under the laws of the Province of Alberta and Mission's head office is located in Calgary, Alberta;

4.2 The common shares of Mission are listed and posted for trading on the Toronto Stock Exchange under the trading symbol "MSO";

4.3 Mission is a reporting issuer in the provinces of Alberta, British Columbia, Saskatchewan, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland and Labrador and has been a reporting issuer in at least one of these jurisdictions since on or about January 7, 2005;

4.4 To its knowledge, Mission is not in default of any of its obligations as a reporting issuer pursuant to the applicable securities legislation in any of the provinces in which it is a reporting issuer;

4.5 Bison was incorporated under the laws of the Province of Alberta and Bison's head office is located in Calgary, Alberta;

4.6 The common shares of Bison are listed and posted for trading on the TSX Venture Exchange under the trading symbol "BIS";

4.7 Bison is a reporting issuer in the provinces of Alberta and British Columbia and has been a reporting issuer in at least one of these jurisdictions since on or about September 12, 1997;

4.8 To its knowledge, Bison is not in default of any of its obligations as a reporting issuer pursuant to the applicable securities legislation in any of the provinces in which it is a reporting issuer;

4.9 Mission and Bison are entering into a plan of arrangement (the "Arrangement") whereby Mission will be acquiring all of the issued and outstanding common shares of Bison;

4.10 As part of the Arrangement, cash, common shares or a combination of both will be issued by Mission to securityholders of Bison;

4.11 During its current financial year, Mission acquired certain oil and gas assets from StarPoint Energy Ltd. pursuant to a plan of arrangement (the "StarPoint Assets") and acquired certain other oil and gas assets from a third party (the "Other Assets");

4.12 Each of the acquisition of the StarPoint Assets (the "StarPoint Acquisition") and the acquisition of the Other Assets (the "Other Acquisition") by Mission constitute a "significant acquisition" under the Legislation for Mission;

4.13 Bison is preparing an information circular (the "Bison Information Circular") in connection with a special meeting of its securityholders which is expected to be held on January 5, 2006;

4.14 Mission is preparing an information circular (the "Mission Information Circular") in connection with a special meeting of its securityholders which is expect to be held on December 22, 2005;

4.15 The Bison Information Circular will contain, among other things, prospectus level disclosure of the business and affairs of each of Mission and Bison and the particulars of the Arrangement, as well as fairness opinions of independent financial advisors;

4.16 The Mission Information Circular will incorporate by reference the disclosure contained in the Bison Information Circular and will therefore contain, among other things, prospectus level disclosure of the business and affairs of each of Mission and Bison and the particulars of the Arrangement, as well as fairness opinions of independent financial advisors;

4.17 Pursuant to section 14.2 of Form 51-102F5, because each of the StarPoint Acquisition and the Other Acquisition constitute a "significant acquisition", Bison and Mission are required to include certain annual and interim financial statement disclosure in the Bison Information Circular and Mission Information Circular in respect of the Arrangement, including annual financial statements for each of the three most recently completed financial years of the StarPoint Assets and the Other Assets (the "Mission Disclosure Requirements");

4.18 Pursuant to Canadian Securities Administrators ("CSA") Staff Notice 42-

303 (the "Staff Notice"), an issuer may submit an application to the provincial and territorial securities regulatory authorities requesting relief from certain requirements of the prospectus rules that are not consistent with National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102");

4.19 Pursuant to the Staff Notice, the CSA have indicated that they are prepared to recommend that the relief be granted from the significance tests for determining if a business acquisition is significant and the financial statements required to be included in a prospectus on the condition that the issuer applies the significance tests set out in section 8.3 of NI 51-102 and provides the financial statements specified in section 8.5 of NI 51-102;

4.20 The financial statement requirements set forth in section 8.5 of NI 51-102 reference the financial statements described in section 8.4 of NI 51-102. Section 8.10 of NI 51-102 does, however, provide exemptions from certain of the financial statement disclosure requirements set forth in section 8.4 where the acquisition is of an interest in an oil and gas property and the requirements of section 8.10 are met. As a result, an issuer relying on exemptive relief under the Staff Notice may, if they are able to rely on the exemptions contained in section 8.10, provide the alternative disclosure allowed under section 8.10, where applicable, instead of the financial statements set forth in section 8.4;

4.21 The StarPoint Assets and the Other Assets are interests in oil and gas properties, financial statements do not exist for the StarPoint Assets and the Other Assets, neither of the StarPoint Acquisition or the Other Acquisition constitute a reverse take-over, the StarPoint Assets and the Other Assets did not constitute a "reportable segment" of the vendor immediately prior to the completion of each of the StarPoint Acquisition and the Other Acquisition and the disclosure required in a business acquisition report (as defined in NI 51-102) for each of the StarPoint Assets and the Other Assets will be included in the Bison Information Circular and the Mission Information Circular containing the disclosure required therein;

4.22 Bison proposes to include in the Bison Information Circular and Mission proposes to include in the Mission Information Circular certain annual financial information, including audited operating statements for the three years ended December 31, 2004, 2003 and 2002, in accordance with sections 8.5 and 8.10(e) and (f) of NI 51-102 in respect of the StarPoint Acquisition and the Other Acquisition (the "Alternative Mission Financial Disclosure"); and

4.23 The Alternative Mission Financial Disclosure will comply with National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*.

Decision

The Decision Makers being satisfied that they each have jurisdiction to make this decision and that the relevant test contained under the Legislation has been met, the Requested Relief is granted and the Mission Disclosure Requirements shall not apply to Bison and Mission, provided that Bison include the Alternative Mission Financial Disclosure in the Bison Information Circular and Mission include the Alternative Mission Financial Disclosure in the Mission Information Circular.

"Mavis Legg", CA
Manager, Corporate Finance

2.1.2 TUSK Energy Corporation - MRRS Decision

Headnote

Application made under MRRS and MI 11-101 — issuer's current annual information form filed June 29, 2005 — issuer has been a reporting issuer in a jurisdiction for more than 12 months however, not for the 12 months preceding June 29, 2005 — issuer exempt from short form prospectus eligibility requirement that it be a reporting issuer for 12 months prior to the filing of its most recent annual information form.

Applicable Rules

National Instrument 44-101 Short Form Prospectus Distributions, ss. 2.1, 2.2, 15.1.

Citation: TUSK Energy Corporation, 2005 ABASC 969

December 5, 2005

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

AND

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

AND

IN THE MATTER OF
TUSK ENERGY CORPORATION (THE "FILER")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Filer be exempted from the eligibility requirements of section 2.1 of National Instrument 44-101 *Short Form Prospectus Distributions* for filing a prospectus to qualify the distribution of the Filer's common shares (the "Short Form Prospectus") which will be issued on exercise or deemed exercise of Special Warrants (as defined below) (the "Requested Relief").

Application of the Principal Regulator System

Under the Multilateral Instrument 11-101 *Principal Regulator System* ("MI 11-101") and the Mutual Reliance Review System for Exemptive Relief Applications;

(a) the Alberta Securities Commission is the principal regulator for the Filer;

(b) the Filer is relying on the exemption in Part 4 of MI 11-101 in British Columbia, Manitoba and Saskatchewan; and

(c) 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 by the Filer:

1. The Filer is a company incorporated under the *Business Corporations Act* (Alberta) on September 24, 2004 and is headquartered in Calgary, Alberta.

2. The Filer is engaged in the exploration for, and the acquisition, development and production of, oil and natural gas reserves primarily in the Provinces of Alberta, Saskatchewan and British Columbia.

3. The authorized capital of the Filer consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of preferred shares issuable in series, of which, as of the date hereof, 35,030,371 Common Shares and no preferred shares are issued and outstanding.

4. On November 5, 2004, Common Shares of the Filer began trading and continue to be traded on the Toronto Stock Exchange under the symbol "TSK".

5. The Filer has been a reporting issuer in Alberta and Ontario since November 2, 2004.

6. The Filer's current market capitalization as at November 14, 2005 is approximately $150,630,595 given the closing price of the Common Shares on the Toronto Stock Exchange of $4.30.

7. On November 14, 2005, the Filer entered into an agreement with Orion Securities Inc. as lead underwriter of a syndicate of underwriters including Westwind Partners Inc., Canaccord Capital Corporation, Acumen Capital Partners, and Brant Securities Ltd. (the "Underwriters") pursuant to which the Underwriters proposed an underwritten private placement of special warrants in the amount of $24,551,250. The issue will comprise 3,100,000 class A special warrants at an issue price of $4.05 each and 2,285,000 class B special warrants to be issued on a flow-through basis at an issue price of $5.25 each (collectively the "Special Warrants").

8. The Filer has committed to qualify the distribution of the Common Shares which will be issued on exercise or deemed exercise of the special warrants by prospectus within 60 days of the closing of the private placement.

9. Section 2.1 of NI 44-101 prohibits an issuer from filing a short form prospectus unless the issuer is qualified under section 2.2, 2.3, 2.4, 2.5, 2.6, 2.7 or 2.8 of NI 44-101.

10. Subparagraphs 2.2(1)(a)(i) and (ii) of NI 44-101 require that the issuer have been a reporting issuer in a local jurisdiction for the 12 calendar months preceding the date of the filing of its most recent AIF as one condition to being able to file a prospectus in the form of a short form prospectus.

11. The Filer's fiscal year end is March 31.

12. The Filer is required to file an AIF under National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102") on or before the 90th day after March 31. The Filer filed its AIF on June 29, 2005.

13. The Filer does not meet the Eligibility Criteria as it has not been a reporting issuer in the local jurisdiction for the 12 calendar months preceding the date of the filing of its most recent AIF.

14. Absent relief, the Filer would be required to re-file its 2005 AIF in order to qualify to file a prospectus in the form of short form prospectus under section 2.2 of NI 44-101.

15. The Filer is not currently in default under the securities legislation in any of the Jurisdictions.

Decision

The Decision Makers being satisfied that each has jurisdiction to make this decision and that the test under the Legislation has been met, the Requested Relief is granted provided that the Filer:

(a) is an electronic filer under NI 13-101;

(b) satisfied the requirements of section 2.2 of NI 44-101, other than subparagraph 1;

(c) is, and throughout the year immediately preceding the date of the filing of the preliminary Short Form Prospectus, a reporting issuer in at least one Jurisdiction; and

(d) has filed with the securities regulatory authority in each jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction:

(i) under applicable securities legislation;

(ii) pursuant to an order issued by the securities regulatory authority; or

(iii) pursuant to an undertaking to the securities regulatory authority

during the year preceding the date of the filing of the preliminary Short Form Prospectus under Canadian securities legislation of any jurisdiction in which it has been a reporting issuer.

"Mavis Legg", CA
Manager, Corporate Finance

2.1.3 Home Equity Income Trust and CHIP Mortgage Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Application by reporting issuer (Parentco) and subsidiary of reporting issuer (Subco) for an order pursuant to s. 13.1 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) exempting Subco from the requirements of NI 51-102, and pursuant to section 121(2)(a)(ii) of the Securities Act (Ontario), exempting certain insiders of Subco from the insider reporting requirements of the Act – Subco is a wholly owned subsidiary of Parentco and has been established to be the sole borrowing entity within the Parentco structure – Subco has filed an IPO prospectus to qualify offerings of medium-term notes that will be guaranteed by Parentco – Subco unable to rely on the credit support issuer exemption in s. 13.4 of NI 51-102 since Parentco, as "credit supporter", is not an "SEC MJDS issuer", and therefore does not meet the condition in subsection 13.4(2)(b), and since Subco, as "credit support issuer", wishes to be able to issue securities on a private placement basis pursuant to section 2.35 of National Instrument 45-106 - Prospectus and Registration Exemptions [the short-term debt exemption] and therefore does not meet the condition in subsection 13.4(2)(c) – relief granted on conditions substantially analogous to the conditions contained in s. 13.4 of NI 51-102 except that the conditions in ss. 13.4(2)(b) and (c) are varied as described above.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Rules

National Instrument 45-106 - Prospectus and Registration Exemptions, s. 2.35.
National Instrument 51-102 Continuous Disclosure Obligations, ss. 13.1, 13.4.
National Instrument 55-102 System for Electronic Disclosure by Insiders, s. 6.1.

December 2, 2005

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

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

AND IN THE MATTER OF
HOME EQUITY INCOME TRUST AND
CHIP MORTGAGE 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 Home Equity Income Trust ("**HOMEQ**") and CHIP Mortgage Trust (the "**Filer**") for a decision under the securities legislation of the Jurisdictions (the "**Legislation**"):

(a) exempting the Filer from the requirements of National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**") and the application of any comparable continuous disclosure requirements under the Legislation of the Jurisdictions that have not yet been repealed or otherwise rendered ineffective as a consequence of the adoption of NI 51-102 (the "**Continuous Disclosure Requirements**");

(b) exempting the Filer from the application of Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**MI 52-109**"), pursuant to section 4.5 of MI 52-109 (the "**52-109 Requirements**");

(c) exempting the Filer from the application of Multilateral Instrument 52-110 - *Audit Committees* ("**52-110"**) and any comparable requirements under the Legislation (the "**52-110 Requirements**");

(d) exempting the Filer from the application of National Instrument 58-101 - *Corporate Governance Practices* ("**NI 58-101**"), pursuant to section 3.1 of NI 58-101 (the "**58-101 Requirements**"); and

(e) exempting insiders of the Filer from the insider reporting requirement and the requirement to file an insider profile under National Instrument 55-102 *System for Electronic Disclosure by Insiders*, subject to certain terms and conditions.

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. HOMEQ is an unincorporated open-end investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated May 15, 2002 as amended and restated on July 30, 2002 and as further amended and restated on April 30, 2004 (the "**Declaration of Trust**").

2. HOMEQ is a limited purpose trust. Pursuant to the Declaration of Trust, its activities are restricted to:

   (a) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with (i) debt or equity securities of the Filer, (ii) Reverse Mortgages and other Residential Reverse Financial Instruments (each as defined in the Declaration of Trust), and (iii) corporations, partnerships, trusts or other persons involved in the origination, holding, servicing or management of Reverse Mortgages or other Residential Reverse Financial Instruments;

   (b) borrowing funds for the purposes of HOMEQ's activities;

   (c) temporarily holding cash and other investments permitted by the Declaration of Trust in connection with and for the purposes of HOMEQ's activities, including paying administration and trust expenses, paying any amounts required in connection with the redemption or repurchase of HOMEQ's units ("**Units**") and making distributions to holders of Units ("**Unitholders**"), as well as maintaining any reserve account and the monies and investments therein from time to time;

   (d) issuing Units and other securities of HOMEQ (including securities convertible into or exchangeable for Units or other securities of HOMEQ, or warrants, options or other rights to acquire Units or other securities of HOMEQ) for the purposes of (i) obtaining funds to conduct the activities described in paragraph (a) above, including raising funds for further acquisitions or investments; (ii) repayment of any indebtedness or borrowings of HOMEQ; (iii) implementing Unitholder rights plans or incentive options or other compensation plans, if any, established by HOMEQ; and (iv) making non-cash distributions to Unitholders as contemplated by the Declaration of Trust including pursuant to distribution reinvestment plans, if any, established by HOMEQ;

   (e) repurchasing or redeeming Units or other securities of HOMEQ, subject to the provisions of this Declaration of Trust and applicable law;

   (f) guaranteeing the obligations of any direct or indirect wholly-owned entity of HOMEQ pursuant to any good faith debt for borrowed money incurred by any such entity and pledging securities held by HOMEQ or any such entity, as the case may be, as security for that guarantee; and

   (g) engaging in all activities ancillary or incidental to the foregoing.

3. HOMEQ is a reporting issuer or the equivalent in each of the provinces of Canada. Accordingly, in each such jurisdiction, HOMEQ, among its other continuous disclosure obligations, files and, where applicable, sends to its Unitholders, audited financial statements and unaudited interim financial statements together with an auditor's report, where applicable, and management's discussion and analysis of financial condition and results of operations relating thereto. As at October 31, 2005, HOMEQ was not in default of its requirements under the Legislation.

4. The Units are listed on the Toronto Stock Exchange under the symbol "HEQ" and, as at October 31, 2005, had an aggregate market value in excess of $150 million.

5. HOMEQ has a current annual information form pursuant to NI 44-101 and has filed annual financial statements for its most recently completed financial year.

6. HOMEQ holds all of the issued and outstanding units of the Filer.

7. The Filer is an unincorporated open-end investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated May 15, 2002 as amended and restated on July 30, 2002 (the "**CHIP Declaration of Trust**").

8. The Filer is also a limited purpose trust and pursuant to the CHIP Declaration of Trust, its activities are restricted to:

   (a) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with (i) Reverse Mortgages and other Residential Reverse Financial Instruments, and (ii) debt or equity

securities of corporations, partnerships, trusts or other persons involved in the origination, holding, investments in, servicing or management of Reverse Mortgages or other Residential Reverse Financial Instruments;

(b) borrowing funds for the purposes of the Filer's activities;

(c) temporarily holding cash and other investments permitted by the CHIP Declaration of Trust in connection with and for the purposes of the Filer's activities, including paying mortgage origination and servicing fees, administration and trust expenses, any amounts required in connection with the redemption or repurchase of units of the Filer ("**CHIP Units**") and making distributions to holders of CHIP Units, as well as maintaining any reserve account and the monies and investments therein from time to time;

(d) issuing CHIP Units, unsecured notes and other securities of the Filer (including securities convertible into or exchangeable for CHIP Units) for any purpose;

(e) repurchasing or redeeming CHIP Units or other securities of the Filer, subject to the provisions of the CHIP Declaration of Trust and applicable law;

(f) guaranteeing the obligations of any direct or indirect wholly-owned entity of the Filer pursuant to any good faith debt for borrowed money incurred by any such entity and pledging securities held by the Filer or any such entity, as the case may be, as security for that guarantee; and

(g) engaging in all activities ancillary or incidental to the foregoing.

9. The Filer is the sole borrowing entity within the HOMEQ structure. Pursuant to a trust indenture dated August 2, 2002, as amended, the Filer is authorized to issue an unlimited amount of senior and subordinated short term notes having terms less than one year, as well as an unlimited amount of senior and subordinated medium term notes issuable in series.

10. As at October 31, 2005, the Filer had a commercial paper program backed by a $200,000,000 liquidity loan facility with a Schedule 1 Canadian chartered bank and had outstanding medium-term debt of $150,000,000. The commercial paper program and medium-term debt are rated R-1 (high) and AAA, respectively, by Dominion Bond Rating Service Limited.

11. The Filer does not have operations that are independent of HOMEQ and is an entity that functions essentially as a special purpose division of HOMEQ.

12. The Filer's financial results are included in the consolidated financial results of HOMEQ.

13. On November 18, 2005, the Filer filed with the securities regulatory authority in each of the provinces of Canada a base shelf prospectus (the "Prospectus") for which a MRRS document was issued by each such securities regulatory authority. As a result, the Filer became a reporting issuer or the equivalent in each of the provinces of Canada.

14. The Prospectus relates to offerings by the Filer from time to time of up to $600 million principal amount of non-convertible debt securities (the "Debt Securities"). Pursuant to a guarantee to be granted by HOMEQ, any payments to be made by the Filer as stipulated in the terms of the Debt Securities or in an agreement governing the rights of the holders of the Debt Securities will be fully, unconditionally and irrevocably guaranteed by HOMEQ.

15. In accordance with section 2.5 of National Instrument 44-101 - *Short Form Distributions* ("**NI 44-101**") and section 2.5 of National Instrument 44-102 - *Shelf Distributions* ("**NI 44-102**"), and on the basis that HOMEQ act as "credit supporter" of the Debt Securities in accordance with NI 44-101, the Prospectus provided disclosure with respect to the consolidated business and operations of HOMEQ and incorporated by reference the required disclosure documents of HOMEQ. The Prospectus also included disclosure with respect to the guarantee granted by HOMEQ and a certificate executed by HOMEQ in its capacity as guarantor.

16. The Debt Securities will not be listed on any securities exchange.

Decision

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

The decision of the Decision Makers under the Legislation is that the Filer be exempt from the Continuous Disclosure Requirements, the 52-109 Requirements, the 52-110 Requirements and the 58-101 Requirements provided that and for so long as:

(a) HOMEQ, as a "credit supporter" (as defined in NI 51-102), and the Filer, as a "credit support issuer" (as defined in NI 51-102), are in compliance with the requirements and conditions of section 13.4(2) of NI 51-102, other than the requirements of:

(i) subsection 13.4(2)(b) that the "credit supporter" of the Filer (being HOMEQ) be an SEC MJDS issuer (as defined in NI 51-102); and

(ii) subsections 13.4(2)(c), (d), (e), (h) and (i) of NI 51-102;

(b) HOMEQ remains a reporting issuer or the equivalent thereof in each of the Jurisdictions which has such a concept and remains an electronic filer pursuant to National Instrument 13-101 - *System for Electronic Document Analysis and Retrieval (SEDAR)*;

(c) HOMEQ continues to comply with the Continuous Disclosure Requirements and to file with the Decision Makers all documents required to be filed under the Legislation;

(d) HOMEQ continues to comply with the rules of the Toronto Stock Exchange or any other organized market or exchange on which the units of HOMEQ are listed;

(e) all audited annual comparative financial statements and interim comparative financial statements filed by HOMEQ under the Legislation are prepared on a consolidated basis in accordance with Canadian generally accepted accounting principles or such other standards as may be permitted under the Legislation from time to time;

(f) HOMEQ continues to fully, unconditionally and irrevocably guarantee the Debt Securities as to the payments required to be made by the Filer to the holders of the Debt Securities;

(g) the Filer does not issue any securities other than:

(i) securities described in subparagraphs 13.4(2)(c)(i) through (iii) of NI 51-102, as amended or replaced from time to time; or

(ii) securities issued on a private placement basis pursuant to section 2.35 of National Instrument 45-106 - *Prospectus and Registration Exemptions* [*the short-term debt exemption*]; and

(h) the documents required to be filed by HOMEQ with the Decision Makers under the Legislation will be filed under each of HOMEQ's and the Filer's SEDAR profiles within the time limits and in accordance with applicable fees required by the Legislation for the filing of such documents;

"Charlie MacCready"
Assistant Manager, Corporate Finance, Team #3
Ontario Securities Commission

The further decision of the Decision Makers under the Legislation is that the insider reporting requirement and the requirement to file an insider profile under National Instrument 55-102 *System for Electronic Disclosure by Insiders* do not apply to an insider of the Filer in respect of securities of the Filer provided that and for so long as:

(a) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning HOMEQ before the material facts or material changes are generally disclosed;

(b) the insider is not an insider of HOMEQ in any capacity other than by virtue of being an insider of the Filer;

(c) HOMEQ is the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the Filer;

(d) HOMEQ remains a reporting issuer or the equivalent thereof in each of the Jurisdictions which has such a concept and remains an electronic filer pursuant to National Instrument 13-101 - *System for Electronic Document Analysis and Retrieval (SEDAR)*;

(e) HOMEQ continues to comply with the Continuous Disclosure Requirements and to file with the Decision Makers all documents required to be filed under the Legislation; and

(f) the Filer does not issue any securities other than:

(i) securities described in subparagraphs 13.4(2)(c)(i) through (iii) of NI 51-102, as amended or replaced from time to time; or

(ii) securities issued on a private placement basis pursuant to

section 2.35 of National Instrument 45-106 - *Prospectus and Registration Exemptions* [*the short-term debt exemption*].

"Robert W. Davis"
Commissioner
Ontario Securities Commission

"Paul K. Bates"
Commissioner
Ontario Securities Commission

2.1.4 Burgundy Asset Management Ltd. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – investment fund exempt from preparing quarterly portfolio disclosure as portfolio manager has full discretionary authority to make investment decisions on clients' behalf – alternative quarterly report sent to securityholders.

Rules Cited

National Instrument 81-106 Investment Fund Continuous Disclosure, s. 6.2.

November 29, 2005

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

AND

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

AND

IN THE MATTER OF
BURGUNDY ASSET MANAGEMENT LTD.
(THE "FILER")
AND
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
(FORMERLY, BURGUNDY FOCUS JAPAN FUND),
BURGUNDY FOUNDATION TRUST FUND,
BURGUNDY MONEY MARKET FUND,
BURGUNDY PARTNERS' BALANCED RSP FUND,
BURGUNDY PARTNERS EQUITY RSP FUND,
BURGUNDY PARTNERS' GLOBAL FUND,
AND BURGUNDY U.S. MONEY MARKET FUND
(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 National Instrument 81-106 *Investment Fund Continuous Disclosure* ("NI 81-106") for an exemption (the "Requested Relief") from the requirement in section 6.2 of NI 81-106 to prepare quarterly portfolio disclosure in the specified form and to post such disclosure to the website of the Filer and provide it to any securityholder of the Funds upon request (the "Disclosure Requirement").

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 section.

Representations

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

1. The Filer acts as the portfolio manager of its client's accounts on a discretionary fully managed basis. All clients of the Filer enter into an investment counsel agreement (the "ICA") that grants the Filer full discretionary authority to invest the client's assets into securities including mutual funds managed by the Filer.

2. The Filer is the portfolio manager of the Funds. The Funds are designed and established for the sole purpose of efficiently implementing the Filer's investment models used for the discretionary investment of its clients' mandates. Only clients of the Filer that have entered into an ICA may become investors in the Funds.

3. The Filer makes all investment decisions on behalf of its clients with respect to investment in the Funds and directs all trades in securities of the Funds on their behalf. No client or any other person makes a decision to invest in any of the Funds.

4. The Funds are distributed only in Ontario pursuant to a prospectus dated July 26, 2005. Certain Funds are reporting issuers in all of the Jurisdictions, while others are only reporting issuers in Ontario.

5. Unlike other mutual funds distributed under prospectus, the Filer makes all of the investment decisions for its clients with respect to the Funds and only clients of the Filer may become investors in the Funds. Because no person relies on the information required by the Disclosure Requirement to make investment decisions with respect to the Funds, no securityholder requires the disclosure specified in the Disclosure Requirement.

6. The Filer sends no less frequently than quarterly to each of its clients who are securityholders of the Funds a report of their investments including, *inter alia,* reconciliation, portfolio valuation and commentary and a description of the holdings of the applicable Funds. Such reports are not in the form required by the Disclosure Requirement but discharge the Filer's duty as the discretionary manager of its clients' assets and are suited to its clients needs.

7. Because the Funds are reporting issuers, they are obliged to comply with the Disclosure Requirement.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provided 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) all securityholders of the Funds are and will be discretionary management clients of the Filer; and

(b) the Filer continues to send the quarterly reports described in paragraph 6 above to each securityholder of the Funds.

"Rhonda Goldberg
Assistant Manager, Investment Funds Branch
Ontario Securities Commission

2.1.5 Tropic Networks Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – The applicants are preparing an information circular in connection with a plan of arrangement. Chamaelo has requested relief from the requirements to provide in the information circular, audited statements of income, retained earnings and cash flow and a full pro forma income statement and a balance sheet in respect of a significant acquisition made by them within the year provided that the Alternative Financial Disclosure is included in the Information Circular.

Statutory References:

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

Citation: Chamaelo Exploration Ltd. et al, 2005 ABASC 966

December 1, 2005

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

AND

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

AND

IN THE MATTER OF
TROPIC NETWORKS INC.,
CHAMAELO EXPLORATION LTD.
AND TOURNAMENT ENERGY LTD.

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Ontario and Québec (the "Jurisdictions") has received an application from Tropic Networks Inc. ("Tropic"), Chamaelo Exploration Ltd. ("Chamaelo") and Tournament Energy Ltd. ("Tournament") (collectively, the "Filers") for a decision under the securities legislation (the "Legislation") of the Jurisdictions that Chamaelo be exempted, subject to certain conditions, from the requirements to provide audited statements of income, retained earnings and cash flow and a full pro forma income statement and a balance sheet in respect of certain acquisition made by Chamaelo during its current financial year (as referred to below), which would be considered to be a "significant acquisition" to Chamaelo, in the Information Circular (as defined below) as required by the Legislation (the "Disclosure Requirements").

2. Under Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator of this application.

3. Under the System, this MRRS Decision Document evidences the decision of each Decision Maker (the "Decision").

Interpretation

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

Representations

5. This Decision is based on the following facts represented by the Filers:

   5.1 Tropic is a private technology company incorporated under the *Canada Business Corporations Act* (the "CBCA") on May 2, 2000.

   5.2 The authorized capital of Tropic consists of an unlimited number of common shares, an unlimited number of class A preferred shares, an unlimited number of class B preferred shares, up to 40,416,615 class C preferred shares, up to 80,439,062 class D preferred shares and up to 92,516,618 class D-1 preferred shares.

   5.3 Tropic is not a reporting issuer or the equivalent in any jurisdiction in Canada and its securities are not listed or posted for trading on any stock exchange.

   5.4 Chamaelo is an oil and gas company incorporated under the *Business Corporations Act* (Alberta) (the "ABCA") on April 25, 2005 as 1166554 Alberta Inc. for the purpose of participating in a plan of arrangement (the "CEI Arrangement") under the ABCA involving Chamaelo Energy Inc. ("CEI"), Chamaelo, Vault Energy Trust, Vault Acquisition Inc., Chamaelo Finance Ltd., securityholders of CEI and shareholders of Chamaelo Finance Ltd. Pursuant to a Certificate of Amendment dated May 19, 2005, the rights attached to the voting common shares ("Chamaelo Voting Common Shares") of Chamaelo were

amended, its class of preferred shares was removed, and a new class of non-voting common shares ("Chamaelo Non-Voting Common Shares") was created. Pursuant to a Certificate of Amendment dated June 22, 2005, it changed its name to Chamaelo Exploration Ltd.

5.5 The authorized capital of Chamaelo consists of an unlimited number of Chamaelo Voting Common Shares and an unlimited number of Chamaelo Non-Voting Common Shares.

5.6 Chamaelo is a reporting issuer in British Columbia, Alberta, Saskatchewan, Ontario, Québec and New Brunswick. The Chamaelo Voting Common Shares are listed on the Toronto Stock Exchange under the trading symbol "CXN".

5.7 Tournament is a private oil and gas company incorporated under the ABCA on June 17, 2002.

5.8 The authorized capital of Tournament consists of an unlimited number of common shares ("Tournament Shares") and one preferred share.

5.9 Tournament is not a reporting issuer or the equivalent in any jurisdiction in Canada and its securities are not listed or posted for trading on any stock exchange.

5.10 On October 25, 2005, Chamaelo announced that it had entered into an arrangement agreement whereby Tropic will acquire all the issued and outstanding securities of Chamaelo and Tournament pursuant to a plan of arrangement (the "Arrangement") under Section 192 of the CBCA and Section 193 of the ABCA.

5.11 At the date on which the Arrangement becomes effective under the CBCA and the ABCA, the Arrangement will result in:

5.11.1 holders of common shares of Tropic and holders of preferred shares of Tropic having their securities changed into voting common shares of Tropic ("Tropic Voting Common Shares");

5.11.2 holders of Chamaelo Voting Common Shares exchanging each of their Chamaelo Voting Common Shares for one Tropic Voting Common Share;

5.11.3 holders of Chamaelo Non-Voting Common Shares exchanging each of their Chamaelo Non-Voting Common Shares for one non-voting common share ("Tropic Non-Voting Common Share") of Tropic; and

5.11.4 holders of Tournament Shares receiving, in accordance with the election or deemed election of such shareholders, a cash payment estimated to be approximately $6.05 per Tournament Share or a fraction of a Tropic Voting Common Share determined in accordance with the plan of arrangement.

5.12 As part of the Arrangement, the combined entity will own all of Chamaelo's oil and natural gas assets and undeveloped lands and a majority of Tournament's oil and natural gas assets and undeveloped lands.

5.13 The joint information circular (the "Information Circular") of the Filers with respect to the annual general and special meeting of the securityholders of Tropic and the special meetings of the respective securityholders of Chamaelo and Tournament, all to be held on or about January 3, 2006 for the purpose of approving the Arrangement, will contain (or to the extent permitted, will incorporate by reference) prospectus-level disclosure in respect of the Filers and a detailed description of the Arrangement.

5.14 Pursuant to item 14.2 of Form 51-102F5 Information Circular of National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102"), the Filers are required to provide, among other things, financial statement disclosure in the Information Circular for each entity, securities of which are being changed, exchanged, issued or distributed, and for each entity that would result from the significant acquisition or restructuring transaction, prescribed by the form of prospectus that the entity would be eligible to use for a distribution of securities in the Jurisdictions which, in this case, disclosure for the Filers is prescribed by Ontario Securities Commission Rule 41-501 *General Prospectus Requirements* ("OSC Rule 41-501").

5.15 On June 20, 2005, securityholders of CEI approved the CEI Arrangement. In conjunction with the CEI Arrangement, CEI and Chamaelo entered into a petroleum, natural gas and general rights conveyance agreement, pursuant to which Chamaelo acquired certain of CEI's oil and gas properties (the "CEI Assets") for an aggregate consideration of approximately $52,000,000.

5.16 The information circular of CEI dated May 20, 2005 (the "CEI Circular") with respect to the CEI Arrangement contained, among other things, the statements of revenue and operating expenses of the CEI Assets for the financial years ended December 31, 2004, 2003 and 2002 which were audited by KPMG LLP.

5.17 The Information Circular will contain (or to the extent permitted, will incorporate by reference) detailed information concerning the CEI Assets and their acquisition by Chamaelo.

5.18 The acquisition of the CEI Assets was a "significant acquisition" for Chamaelo under OSC Rule 41-501. The acquisition was in excess of 50% on the asset test and in excess of 50% on the income test for Chamaelo.

5.19 Under the applicable prospectus requirements, Chamaelo would be required to include three years of audited financial statements for the CEI Assets, as well as certain unaudited financial statements and pro formas, in the Information Circular with respect to the significant acquisition thereof by Chamaelo. Nonetheless, in light of Part 3, item 3.3(1) of the Companion Policy to OSC Rule 41-501 ("41-501CP"), Chamaelo proposes that the financial disclosure in the Information Circular in respect of the acquisition of the CEI Assets by Chamaelo be presented in accordance with the "Alternative Disclosure" as defined and described in Part 3, item 3.3(2) of 41-501CP.

5.20 The Filer proposes to include, with respect to the acquisition of the CEI Assets by Chamaelo:

5.20.1 audited statements of revenue and operating expenses in respect of the CEI Assets for the years ended December 31, 2004, 2003 and 2002 (which were previously disclosed in the CEI Circular);

5.20.2 a pro forma income statement for Chamaelo for the year ended December 31, 2004 combining the CEI Assets (which was previously disclosed in the CEI Circular);

5.20.3 pro forma earnings per share based upon the statement referred to in 5.20.2 directly above (which were previously disclosed in the CEI Circular); and

5.20.4 information with respect to reserve estimates of future net revenue and production volumes and other relevant material information relating to the CEI Assets (which was previously disclosed in the CEI Circular)

(the "Alternative Financial Disclosure").

5.21 The acquisition referred to herein is an acquisition of interests in oil and gas properties constituting a business, as provided in 41-501CP.

5.22 The acquisition referred to herein has no separate historical audited financial statements exist in respect of the assets in question.

5.23 The acquired assets referred to herein does not constitute a reportable segment for the relevant entity.

5.24 The Filers are not in default of any of the requirements under the Legislation.

Decision

6. 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.

7. The Decision of the Decision Makers under the Legislation is that the requirement contained in the Legislation to include financial statement disclosure in an information circular prepared in connection with a plan of arrangement, specifically, audited and unaudited statements of income, retained earnings and cash flow and a full pro forma income statement and a balance sheet in respect to the CEI Assets for a three-year period as required by the Disclosure Requirements, shall not apply to Chamaelo

provided that the Alternative Financial Disclosure for Chamaelo is included in the Information Circular.

"Agnes Lau", CA
Associate Director, Corporate Finance

2.1.6 Young-Davidson Mines, Limited - s. 83

Headnote

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

Ontario Statutes

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

December 7, 2005

Fraser Milner Casgrain LLP
15th Floor, The Grosvenor Building
1040 West Georgia Street
Vancouver, BC V6E 4H8

Attention: Alan J. Hutchison

Dear Sirs/Mesdames:

Re: Young-Davidson Mines, Limited (the "Applicant") Application to Cease to be a Reporting Issuer under the securities legislation of the provinces of Ontario and Alberta (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that:

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

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

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

2.1.7 TELUS Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications.

The issuer established a reinvestment plan which allows certain holders of Common Shares or Non-Voting Shares to acquire Non-Voting Shares through the reinvestment of cash dividends paid on their respective shareholdings. The exemption in section 2.2 of National Instrument 45-106 Prospectus and Registration Exemptions is unavailable for the reinvestment of dividends on the Common Shares in Non-Voting Shares as the exemption only refers to the purchase of securities that are of the same class or series as the securities to which the dividends are attributable. Trades in Non-Voting Shares under the plan by the issuer or the plan agent to plan participants who are purchasing the Non-Voting Shares using dividends paid in respect of their Common Shares are exempted from the dealer registration requirement and the prospectus requirement, subject to conditions.

Applicable Ontario Statutory Provisions

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

Instruments Cited

National Instrument 45-106 Prospectus and Registration Exemptions, s. 2.2.

November 28, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND THE YUKON TERRITORY
(the "Jurisdictions")

AND

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

AND

IN THE MATTER OF
TELUS CORPORATION (the "Filer")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Makers**") in each of the Jurisdictions has received an application from the Filer, under the securities legislation of the Jurisdictions (the "**Legislation**"), for the following decisions in respect of certain trades that may be made by the Filer or its plan agent (the "**Plan Agent**"), pursuant to the Filer's Dividend Reinvestment and Share Purchase Plan, as amended on October 24, 2004 (the

"**Plan**"), that are related to the acquisition of non-voting shares, including fractions, of the Filer ("**Non-Voting Shares**") by persons or companies ("**Plan Participants**") that participate in the Plan:

A decision (the "**Registration Acquisition Relief**") that the dealer registration requirement does not apply to:

(a) trades in Non-Voting Shares made by the Filer, or by the Plan Agent, to a Plan Participant, in connection with the purchase of the Non-Voting Shares by the Plan Participant under the Plan, using dividends or distributions out of earnings, surplus, capital or other sources, payable in respect of common shares of the Filer ("**Common Shares**") that are held by the Plan Participant under the Plan, to purchase the Non-Voting Shares; or

(b) trades in Non-Voting Shares made by the Filer or Plan Agent to a Plan Participant, in connection with the purchase of the Non-Voting Shares by the Plan Participant under the Plan, using an optional cash payment under the Plan ("**Optional Cash Payment**"), to purchase the Non-Voting Shares, where the Plan Participant holds Common Shares, but not Non-Voting Shares, under the Plan.

A decision (the "**Prospectus Acquisition Relief**") that the prospectus requirement does not apply to a distribution of Non-Voting Shares in the circumstance referred to in paragraphs (a) or (b), above.

Under the Mutual Reliance Review System for Exemptive Relief Applications

(a) the Ontario Securities Commission has been chosen as the principal regulator for this application; and

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

Representations

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

1. The Filer was incorporated under the *Company Act* (British Columbia) on October 26, 1998 under the name BCT.TELUS Communications Inc. ("**BCT**"). On January 31, 1999, pursuant to a court-approved plan of arrangement under the *Canada Business Corporations Act* among BCT, BC TELECOM Inc. ("**BC TELECOM**") and TELUS Corporation ("**TC**"), BCT acquired all of the shares of each of BC TELECOM and TC in exchange for common shares and non-voting shares of BCT and BC TELECOM was dissolved. On May 3, 2000, BCT changed its name to TELUS Corporation and in February 2005, the Filer transitioned under the *Business Corporations Act* (British Columbia), successor to the *Company Act* (British Columbia).

2. The Filer is a reporting issuer in each of the provinces and territories of Canada (the "**Reporting Jurisdictions**") and, to the knowledge of the Filer, is not in default of any requirement under the securities legislation of each Reporting Jurisdiction.

3. The Filer is a telecommunications company which provides its communications services through two material subsidiaries: TELUS Communications Inc. ("**TCI**") and TELE-MOBILE COMPANY ("**TELUS Mobility**"). The Filer owns 100 percent of the voting shares in TCI directly, and 100 percent of the partnership interests in TELUS Mobility indirectly.

4. The authorized capital of the Filer consists of 4,000,000,000 shares, divided into: (i) 1,000,000,000 common shares without par value ("**Common Shares**"); (ii) 1,000,000,000 non-voting shares without par value ("**Non-Voting Shares**"); (iii) 1,000,000,000 first preferred shares without par value; and (iv) 1,000,000,000 second preferred shares without par value.

5. The Common Shares and Non-Voting Shares are listed on the Toronto Stock Exchange under "T" and "T.NV", respectively, and the Non-Voting Shares are listed on the New York Stock Exchange under the symbol "TU".

6. Each of TCI and TELUS Mobility (the "**Canadian Carriers**") is required by the *Telecommunications Act* (Canada) (the "**Telecommunications Act**") and the regulations thereunder to be a Canadian-owned and controlled corporation incorporated or continued under the laws of Canada or a province of Canada, or, in the case of the TELUS Mobility partnership, each of the partners must meet these requirements.

7. Substantially the same rules apply to TELUS Mobility as a partnership under the *Radiocommunication Act* (Canada) (the "**Radiocommunication Act**") and to TCI as a Broadcasting Distribution Undertaking pursuant to the Direction to the CRTC (Ineligibility of Non-Canadians) given under the *Broadcasting Act* (Canada) (the "**Broadcasting Act**").

8. Each of the Canadian Carriers is considered, under the Telecommunications Act, to be Canadian-owned and controlled as long as: (a) not less than 80 per cent of the members of its board of directors are individual Canadians; (b) Canadians beneficially own not less than 80 per cent of its issued and outstanding voting shares; and (c) it is not otherwise controlled in fact by persons who are not Canadians.

9. Each of the Telecommunications Act, Radio-communication Act and Broadcasting Act also provide that, not less than 66-2/3 per cent of the issued and outstanding voting shares of that company must be owned by Canadians and that such company must not otherwise be controlled in fact by non-Canadians. Accordingly, not less than 66-2/3 per cent of the issued and outstanding voting shares of the Filer must be owned by Canadians and the Filer must not otherwise be controlled in fact by non-Canadians.

10. To the best of the Filer's knowledge, as at November 9, 2005, Canadians beneficially own and control in the aggregate not less than 66-2/3 per cent of the issued and outstanding Common Shares and the Filer is not otherwise controlled in fact by non-Canadians.

11. The Government of Canada is currently reviewing proposals for changes to the current foreign ownership restrictions; however, no changes to the current restrictions are anticipated in the near term.

12. The current Plan Agent for the Filer is Computershare Trust Company of Canada.

13. The Plan allows eligible holders of Common Shares or Non-Voting Shares to acquire Non-Voting Shares through reinvestment of the cash dividends paid on their respective shareholdings.

14. Plan Participants also have the option to make cash payments to purchase additional Non-Voting Shares. Cash payments may not be less than $100 per transaction nor greater than $20,000 per calendar year per Plan Participant.

15. The Plan provides the Filer with the option of electing whether the Non-Voting Shares that are to be acquired by Plan Participants, whether in respect of the reinvestment of dividends or the making of optional cash payments, are to be either purchased in the open market by the Plan Agent or issued by the Filer from treasury.

16. Although the current policy of the Plan (as per an amendment to the Plan on October 24, 2004) is that Non-Voting Shares to be delivered to Plan Participants under the Plan are to be acquired in the open market by the Plan Agent, the Filer does retain its option under the Plan to elect to issue those securities from treasury.

Decision

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

The decision of the Decision Makers under the Legislation is that the Registration Acquisition Relief and Prospectus Acquisition Relief are granted, provided that:

(1) in the case of the Registration Acquisition Relief,

1. at the time of the trade, the Plan is made available to every security holder in Canada to which the corresponding dividend or distribution is available;

2. at the time of the trade, the Filer is not an investment fund;

3. for each Jurisdiction, this decision will terminate on the earlier of:

(i) 90 days after the coming into force of any rule, other regulation or blanket order or ruling under the Legislation of the Jurisdiction that amends section 2.2 of National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**") or provides an alternative exemption;

(ii) December 31, 2008; and

4. for any trade that relates to the purchase of Non-Voting Shares pursuant to an optional cash payment,

(i) at the time of the trade, the Non-Voting Shares trade on a marketplace; and

(ii) the aggregate number of securities issued under any Optional Cash Payment under the Plan (whether or not under this Decision) must not exceed, in any financial year of the Filer during which the trade takes place, 2% of the issued and outstanding securities of the class to which the Plan relates as at the beginning of the financial year; and

(2) in the case of the Prospectus Acquisition Relief,

(a) at the time of the trade, the Plan is made available to every security holder in Canada to which the corresponding dividend or distribution is available;

(b) at the time of the trade, the Filer is not an investment fund;

(c) the first trade in any Non-Voting Shares issued by the Filer under the Plan to

holders of Common Shares pursuant to this decision will be a distribution or primary distribution to the public unless the conditions set out in subsection 2.6(3) of National Instrument 45-102 *Resale of Securities* are satisfied;

(d) for any trade that relates to the purchase of Non-Voting Shares pursuant to an optional cash payment,

(i) at the time of the trade, the Non-Voting Shares trade on a marketplace; and

(ii) the aggregate number of securities issued under any Optional Cash Payment under the Plan (whether or not under this Decision) must not exceed, in any financial year of the Filer during which the trade takes place, 2% of the issued and outstanding securities of the class to which the Plan relates as at the beginning of the financial year; and

(e) for each Jurisdiction, this decision will terminate on the earlier of:

(i) 90 days after the coming into force of any rule, other regulation or blanket order or ruling under the Legislation of the Jurisdiction that amends section 2.2 of NI 45-106 or provides an alternate exemption; and

(ii) December 31, 2008.

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

"Paul K. Bates"
Commissioner
Ontario Securities Commission

2.1.8 Scotia Capital Inc. and the Bank of Nova Scotia - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Registered investment dealer exempted from section 228 of the Regulation for recommendations in respect of securities of its parent bank, subject to conditions – Decision permits the registrant to make recommendations in the circumstances contemplated by subsection 228(2) of the Regulation, but without having to comply with the requirement for (comparative) information, similar to that set forth in respect of the bank, for a substantial number of other persons or companies that are in the industry or business of the bank, to the extent that such comparative information is not known, or ascertainable, by the registrant – By incorporating other requirements from subsection 228(2), the decision also provides that the space and prominence restrictions in clause 228(2)(d) only relate to the information for which there is such comparative information.

Applicable Ontario Statutory Provisions

Ontario Regulation 1015, R.R.O. 1990, as am., ss. 228, 233.

December 6, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, 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
SCOTIA CAPITAL INC. (the Filer)
AND
THE BANK OF NOVA SCOTIA (the Bank)

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 (the **Legislation**) of the Jurisdiction that the provisions (the **Recommendation Prohibition**) in the Legislation which provide that no registrant shall, in any medium of communication, recommend, or cooperate with any person [or company] in the making of any recommendation, that the securities of the registrant, or a related issuer of the registrant, or, in the course of a

distribution, the securities of a connected issuer of the registrant, be purchased, sold or held, shall not, in certain circumstances, apply to the Filer, in respect of securities of its parent, the Bank;

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

1. The Filer, a corporation incorporated under the laws of Canada, has its head office in Ontario.

2. The Bank is a Canadian chartered bank named in Schedule I of the *Bank Act* (Canada) (the **Bank Act**).

3. The Filer is a wholly-owned subsidiary of the Bank and, as such, the Bank is a "related issuer" of the Filer for the purposes of the Recommendation Prohibition.

4. The Filer is registered in Ontario as a dealer in the categories of broker and investment dealer, and is registered under the Legislation of each of the Jurisdictions in an equivalent category.

5. The Filer acts as a full-service investment dealer and provides equity research report coverage on over 300 issuers, including the Bank, and all other banks currently named in Schedule 1 of the Bank Act.

6. As a member of the Investment Dealers Association of Canada (the **IDA**), the Filer is obliged to comply with the IDA Policy 11 -- Research Restrictions and Disclosure Requirements (**IDA Policy 11**).

7. Guideline No. 3 of IDA Policy 11 states:

   "Members should adopt standards of research coverage that include, at a minimum, the obligation to maintain and publish current financial estimates and recommendations on securities followed, and to revisit such estimates and recommendations within a reasonable time following the release of material information by an issuer or the occurrence of other relevant events."

8. In each of the Jurisdictions, the Legislation provides an exemption (the **Statutory Exemption**) from the Recommendation Prohibition for a recommendation (a **Recommendation**) to purchase, sell or hold securities of an issuer, that is contained in a circular, pamphlet or similar publication (a **Report**) that is published, issued or sent by a registrant and is of a type distributed with reasonable regularity in the ordinary course of its business, provided that the Report:

   (a) includes in a conspicuous position, in type not less legible than that used in the body of the Report

      (i) a full and complete statement (a **Relationship Statement**) of the relationship or connection between the registrant and the issuer of the securities; and

      (ii) a full and complete statement of the obligations of the registrant under the Recommendation Prohibition and the Statutory Exemption;

   (b) includes information (**Comparative Information**) similar to that set forth in respect of the issuer for a substantial number of other persons or companies (**Competitors**) that are in the industry or business of the issuer; and

   (c) does not give materially greater space or prominence to the information set forth in respect of the issuer than to the information set forth in respect of any other person or company described therein.

9. So long as the Filer remains a related issuer of the Bank, the Filer cannot rely on the Statutory Exemption from the Recommendation Prohibition, to publish in a Report any Recommendation with respect to securities of the Bank, including a revision to a previous Recommendation, in response to:

   (a) the release of interim financial statements of the Bank or information concerning such financial statements, or

   (b) the release of information, or the occurrence of an event, that might reasonably be interpreted to have, or possibly have, a significant effect on the value of any securities issued by the Bank, or the continued validity of previously published financial estimates or recommendation issued by the Filer in

respect of any securities issued by the Bank,

unless, at the relevant time, the Filer has been able to ascertain, and is able to include in the Report, Comparative Information for a substantial number of Competitors of the Bank, and also satisfy the requirements of the Statutory Exemption relating to space and prominence of information, referred to in paragraph 8(c), above.

10. The Filer will be precluded from including in any Report Comparative Information for a substantial number of Competitors of the Bank if, at the relevant time:

(a) there is no Comparative Information for any Competitors that is known, or ascertainable, by the Filer, or

(b) there is no Comparative Information for a substantial number of Competitors of the Bank that is known, or ascertainable, by the Filer.

Decision

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

The decision of the Decision Makers under the Legislation is that the Recommendation Prohibition shall not apply to Recommendations of the Filer in respect of securities of the Bank that are made by the Filer in a Report, in response to:

(i) the release of interim financial statements of the Bank or information concerning such financial statements, or

(ii) the release of information, or the occurrence of an event, that might reasonably be interpreted to have, or possibly have, a significant effect on the value of any securities issued by the Bank, or the continued validity of previously published financial estimates or recommendation issued by the Filer in respect of any securities issued by the Bank,

if, at the relevant time, Comparative Information for a substantial number of Competitors of the Bank is not known, or ascertainable, by the Filer, provided that:

(A) the Report includes in a conspicuous position in a type not less legible than that used in the body of the Report:

(i) a Relationship Statement concerning the relationship or connection between the Filer and the Bank; and

(ii) a full and complete statement of the obligations of the Filer under the Recommendation Prohibition and this Decision;

(B) for any information in respect of the Bank that is included in the Report, for which there is Comparative Information for any Competitors that is known, or ascertainable, by the Filer, the Report includes such Comparative Information;

(C) for the information referred to in paragraph (B) above, the Report does not give greater prominence to the information in respect of the Bank than to the Comparative Information for any of the Competitors of the Bank that is included in the Report; and

(D) the decision shall terminate on the day that is two years after the date of this decision.

"Robert W. Davis"
Commissioner
Ontario Securities Commission

"Paul K. Bates"
Commissioner
Ontario Securities Commission

2.1.9 GMP Private Client Ltd. and GMP Private Client LP - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Registered dealer exempted from the requirements of section 36 of the Act, subject to certain conditions, to send trade confirmations for trades that the dealer executes on behalf of client where: client's account is fully managed by the dealer; account fees paid by the client are based on the amount of assets, and not the trading activity in the account; trades in the account are only made on the client's adviser's instructions; the client agreed in writing that confirmation statements will not be delivered to them; confirmations are provided to the client's adviser; and, the client is sent monthly statements that include the confirmation information.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 36, 147.

November 30, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC, NOVA SCOTIA,
NEWFOUNDLAND AND LABRADOR,
NEW BRUNSWICK 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
GMP PRIVATE CLIENT LTD. (GMP LTD.)

AND

IN THE MATTER OF
GMP PRIVATE CLIENT LP (GMP LP)
(COLLECTIVELY, THE FILER)

MRRS DECISION DOCUMENT

Background

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

(a) except in Québec, an order revoking a previous MRRS decision document dated February 22, 2005 (the Prior Decision);

(b) except in Ontario and Québec, an exemption from the requirement in the Legislation to be registered as an adviser for certain investment advisers (each a Sub-Adviser) who provide investment counselling and portfolio management services to GMP LP for the benefit of its clients (each a Client) who are resident in Jurisdictions where the Sub-Advisers are not registered (the Registration Relief); and

(c) except in Prince Edward Island, an exemption for GMP LP from the requirement in the Legislation that a registered dealer send to its clients a written confirmation of any trade in securities for transactions that GMP LP conducts on behalf of its Clients with respect to transactions under GMP LP's managed account program (the Confirmation Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. GMP Ltd. is a corporation incorporated under the laws of Ontario with its head office located in Toronto, Ontario;

2. GMP Ltd. is currently registered under the Legislation as an investment dealer or its equivalent and is a member of the Investment Dealers Association of Canada (the IDA);

3. GMP LP is a limited partnership established under the laws of the Province of Manitoba;

4. under an arrangement where GMP Capital Corp. will become an income trust, the business of GMP Ltd. will be transferred to GMP LP on or about December 1, 2005 (the Closing Date);

5. the Decision Makers have consented to GMP LP becoming registered as an investment dealer or its equivalent under the Legislation on the Closing Date, immediately after the business and the assets of GMP Ltd. are transferred to GMP LP;

6. the IDA has also consented to GMP LP becoming a member of the IDA on the Closing Date;

7. GMP Ltd. will cease to be an investment dealer or the equivalent under the Legislation and a member of the IDA on the Closing Date;

8. on the Closing Date, GMP LP will be authorized to act as an adviser, without registering as an adviser, under exemptions in the Legislation;

9. on the Closing Date, GMP LP will offer its Clients a managed account program (the Managed Account Program) comprised of three different types of managed accounts as part of its Managed Account Program:

   (a) accounts that will be fully managed by a portfolio manager of GMP LP (the PM Program);

   (b) accounts that will be invested by a portfolio manager of GMP LP in a model portfolio(s) of a Sub-Adviser, which has entered into a sub-advisory agreement with GMP LP (the Model Portfolio Program); and

   (c) accounts that will be invested by a Sub-Adviser in accordance with the Model Portfolio Program of that Sub-Adviser;

10. to participate in GMP LP's Managed Account Program, a Client will:

   (a) enter into a written agreement (the Managed Account Agreement) with GMP LP establishing an account and setting out the terms and conditions and the respective rights, duties and obligations of the Client and GMP LP; and

   (b) with the assistance of GMP LP, complete an investment policy statement that outlines the Client's investment objectives and level of risk tolerance;

11. under the Managed Account Agreement:

   (a) the Client will grant full discretionary trading authority to GMP LP and GMP LP will be authorized to make investment decisions and to trade in securities on behalf of the Client's account without obtaining the specific consent of the Client to individual trades;

   (b) the Client will agree to pay a flat annual fee and an annual fee calculated on the basis of the assets in the Client's account, which is payable monthly or quarterly in arrears, and is not based on transactions effected in the Client's account; and

   (c) unless otherwise requested, the Client waives receipt of trade confirmations as required under the Legislation;

12. for a Client that participates in GMP LP's Model Portfolio Program, GMP LP will, based on the Client's investment policy statement, choose which model portfolios that Client's account (a Model Portfolio Account) will track;

13. each model portfolio has its own investment focus and will be comprised of a portfolio of securities compiled and maintained by a Sub-Adviser;

14. based on the portfolio manager's assessment of which model portfolio(s) is appropriate for a Client, the portfolio manager and in certain instances, a Sub-Adviser, will invest the Client's Model Portfolio Account in accordance with the securities and weightings used in that model portfolio;

15. a portfolio manager at GMP LP will be responsible for reviewing and in most instances approving each trade for a Client's Model Portfolio Account to ensure that each trade meets the investment mandate of that Client;

16. Sub-Advisers will be selected by GMP LP based on a variety of criteria developed by the Filer for determining their suitability for specific investment mandates;

17. in retaining the Sub-Advisers, GMP LP will comply with the requirements of section 7.3 of Ontario Securities Commission Rule 35-502 *Non-Resident Advisers* and, accordingly:

   (a) the obligations and duties of each Sub-Adviser will be set out in a written agreement between the Sub-Adviser and GMP LP;

   (b) GMP LP will contractually agree with each Client on whose behalf investment counselling or portfolio management services are to be provided by a Sub-Adviser to be responsible for any loss that arises out of the failure of the Sub-Adviser:

      (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of GMP LP and the Client(s) for whose benefit the investment counselling or portfolio management services are to be provided, or

(ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances; and

(c) GMP LP will not be relieved by its Clients from its responsibility for loss under paragraph 17(b) above;

18. Sub-Advisers may or may not be resident in Canada; each Sub-Adviser that is resident in a province or territory of Canada is registered as an adviser under the securities legislation of that province or territory; each Sub-Adviser that is not resident in Canada is licensed or otherwise legally permitted to provide investment advice and portfolio management services under the applicable laws of the jurisdiction in which it resides;

19. if there is any direct contact between a Client and a Sub-Adviser, a representative of GMP LP, duly registered to provide portfolio management and investment counselling services in the Jurisdiction where the Client is resident, will be present at all times, either in person or by telephone;

20. a Sub-Adviser that provides investment counselling or portfolio management services to GMP LP for the benefit of its Clients would be considered to be acting as an "adviser" under the Legislation and, in the absence of the Registration Relief or an existing exemption, would be subject to the adviser registration requirement;

21. Sub-Advisers who are not registered in Ontario are not required to register as advisers under the *Securities Act* (Ontario) as they rely on the exemption from registration in section 7.3 of Ontario Securities Commission Rule 35-502 *Non-Resident Advisers*;

22. GMP LP will send each Client participating in its Managed Account Program, who has waived receipt of trade confirmations, a statement of account, not less than once a month;

23. the monthly statement of account will identify the assets being managed on behalf of that Client, including for each trade made during that month the information that GMP LP would otherwise have been required to provide to that Client in a trade confirmation in accordance with the Legislation, except for the following information (the Omitted Information):

(a) the day and the stock exchange or commodity futures exchange upon which the trade took place;

(b) the fee or other charge, if any, levied by any securities regulatory authority in connection with the trade;

(c) the name of the salesman, if any, in the transaction;

(d) the name of the dealer, if any, used by GMP LP as its agent to effect the trade; and

(e) if acting as agent in a trade upon a stock exchange the name of the person or company from or to or through whom the security was bought or sold; and

24. GMP LP will maintain the Omitted Information with respect to a Client in its books and records and will make the Omitted Information available to the Client on request.

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, effective on the Closing Date:

(a) except in Québec, the Prior Decision is revoked;

(b) except in Ontario and Québec, the Registration Relief is granted, provided that:

(i) the obligations and duties of each Sub-Adviser are set out in a written agreement between the Sub-Adviser and GMP LP;

(ii) GMP LP contractually agrees with each Client on whose behalf investment counselling or portfolio management services are to be provided by a Sub-Adviser to be responsible for any loss that arises out of the failure of the Sub-Adviser:

(A) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of GMP LP and the Client(s) for whose benefit the investment counselling or portfolio manage-

ment services are to be provided, or

(B) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

(iii) GMP LP is not relieved by its Clients from its responsibility for loss under paragraph (ii) above;

(iv) each Sub-Adviser that is resident in a province or territory of Canada will be registered as an adviser under the securities legislation of that province or territory;

(v) each Sub-Adviser that is not resident in Canada will be licensed or otherwise legally permitted to provide investment advice and portfolio management services under the applicable laws of the jurisdiction in which it resides;

(vi) a Sub-Adviser will not have any direct and personal contact with a Client residing in New Brunswick if the Sub-Adviser is not registered under the securities legislation of New Brunswick; and

(vii) in Manitoba, the Registration Relief is available only to Sub-Advisers who are not registered in any Canadian jurisdiction;

(c) except in Prince Edward Island, the Confirmation Relief is granted, provided that:

(i) the Client has previously informed GMP LP that the Client does not wish to receive trade confirmations for the Client's accounts under the Managed Account Program; and

(ii) in the case of each trade for an account under the Managed Account Program, GMP LP sends to the Client the corresponding statement of account that includes the information for the trade referred to in paragraph 23.

"L.E. Evans", C.A.
Director, Capital Markets Regulation
British Columbia Securities Commission

2.1.10 Canadian Tire Corporation, Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications.

The issuer established a reinvestment plan pursuant to which certain shareholders may, at their option, apply cash dividends paid on their Common Shares or Class A Shares to the purchase of Class A Shares. The exemption in section 2.2 of National Instrument 45-106 Prospectus and Registration Exemptions is unavailable for the reinvestment of dividends on the Common Shares in Class A Shares as the exemption only refers to the purchase of securities that are of the same class or series as the securities to which the dividends are attributable. Trades in Class A Shares under the plan by the issuer or the plan agent to plan participants who are purchasing the Class A Shares using dividends paid in respect of their Common Shares are exempted from the dealer registration requirement and the prospectus requirement, subject to conditions.

The plan agent is also exempted from the dealer registration requirement, subject to conditions, for a trade by the plan agent with a plan participant when the plan agent sells fractional Class A Shares on behalf of the plan participant through an appropriately registered dealer upon the termination of the plan participant's participation in the plan.

Applicable Ontario Statutory Provisions

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

Instruments Cited

National Instrument 45-106 Prospectus and Registration Exemptions, s. 2.2.

November 25, 2005

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

AND

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

AND

IN THE MATTER OF
CANADIAN TIRE CORPORATION, LIMITED
(THE FILER)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Makers**) in each of the Jurisdictions has received an application from the Filer, under the securities legislation of the Jurisdictions (the **Legislation**), for the following decisions in respect of certain trades that may be made by the Filer or Computershare Trust Company of Canada, in its capacity as agent (the **Plan Agent**) under the Filer's Dividend Reinvestment Plan (the **Plan**), pursuant to the Plan, that are related to the acquisition or disposition of Class A Non-Voting Shares of the Filer (the **Class A Shares**), including fractions, by persons or companies (**Plan Participants**) that participate in the Plan:

Acquisition of Class A Shares by Plan Participants

A decision (the **Registration Acquisition Relief**) that the dealer registration requirement does not apply to trades in Class A Shares made by the Filer, or by the Plan Agent, to a Plan Participant, in connection with the purchase of Class A Shares by the Plan Participant under the Plan, using dividends or distributions out of earnings, surplus, capital or other sources, payable in respect of common shares of the Filer (**Common Shares**) that are held by the Plan Participant under the Plan, to purchase the Class A Shares.

A decision (the **Prospectus Acquisition Relief**) that the prospectus requirement does not apply to a distribution of Class A Shares in the circumstance referred to above.

Disposition of Class A Shares on Behalf of Plan Participants

A decision (the **Registration Disposition Relief**) that, where, in connection with the termination of a Plan Participant's participation in the Plan, the Plan Agent sells fractional Class A Shares on behalf of the Plan Participant that are held by the Plan Agent for the Plan Participant under the Plan, through an appropriately registered dealer, the dealer registration requirement does not apply to the trade that is made by the Plan Agent with the Plan Participant.

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 the decision.

Representations

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

The Filer

1. The Filer is a corporation incorporated under the Ontario Companies Act pursuant to Letters Patent dated December 1, 1927 and is now governed by the Business Corporations Act (Ontario). The registered and principal offices of the Filer are located in Toronto, Ontario.

2. The Filer operates nearly 1,100 stores, gas bars and car washes in an inter-related network of businesses engaged in retail, financial services and petroleum.

3. The Filer is authorized to issue 3,423,366 Common Shares and 100,000,000 Class A Shares. As of October 1, 2005, 3,423,366 Common Shares and 78,574,302 Class A Shares were issued and outstanding.

4. The Filer is a reporting issuer under the Legislation. The Filer is not in default of its obligations under the Legislation and is up to date with all filings required to be made under the Legislation.

5. The Common Shares and the Class A Shares are listed and posted for trading on the Toronto Stock Exchange (the TSX) under the symbols "CTR" and "CTR.NV", respectively.

Dividends

6. Dividends are declared at the discretion of the Board of Directors of the Filer after consideration of earnings available for dividends, financial requirements and other conditions prevailing from time to time. The current annual dividend payment rate is $0.58 per share.

7. On August 11, 2005, the Filer declared a quarterly dividend of $0.145 per share on each Common Share and Class A Share which is payable on December 1, 2005 to holders of Common Shares and Class A Shares of record on October 31, 2005.

The Plan

8. The Filer has established the Plan pursuant to which Canadian resident registered shareholders may, at their option, invest cash dividends paid on their Common Shares or Class A Shares in additional Class A Shares (the Plan Shares) as an alternative to receiving cash dividends. The Plan is not available to shareholders who are not Canadian residents.

9. The Plan Agent was appointed to act as the administrator for the Plan by the Filer. Where the Plan Agent carries on trading activities in respect of the acquisition and disposition of securities for a Plan Participant under the Plan, the Plan Agent acts as agent for the Plan Participant. The Plan Agent does not provide investment advice to any Plan Participant concerning the decisions by the Plan Participant to purchase, sell or hold securities under the Plan.

10. Cash dividends due to Plan Participants are paid to the Plan Agent and applied to purchase Plan Shares. All Plan Shares purchased under the Plan are purchased by the Plan Agent directly from the Filer. No commissions, service fees or administrative costs are payable by Plan Participants in connection with the Plan.

11. The price of Plan Shares purchased with such cash dividends is equal to the weighted average trading price of the Class A Shares on the TSX for the five trading days immediately following the corresponding dividend record date.

12. The Plan Agent maintains an account for each Plan Participant. Cash dividends in respect of Plan Shares purchased under the Plan and held by the Plan Agent for the Plan Participant's account are automatically invested under the Plan in Plan Shares.

13. Plan Participants are able to terminate their participation in the Plan at any time by written notice to the Plan Agent. If such notice is received by the Plan Agent between a dividend record date and the dividend payment date, the Plan Participant's account is not closed until after the dividend payment date. Thereafter, cash dividends payable to such shareholders are made in the customary manner.

14. When participation in the Plan is terminated, the terminating Plan Participant will receive a certificate for the number of whole Plan Shares held for such Participant's account and a cash payment will be made for any fraction of a Plan Share credited to the account. The Plan Agent may sell fractional Plan Shares on behalf of Plan Participants and make cash payments to these Plan Participants in the amount of the value of such fractional Plan Shares calculated in accordance with the Plan.

15. The Filer is able to amend, modify, suspend or terminate the Plan at any time, provided that such action will not have a retroactive effect which would prejudice the interests of the Plan Participants. All affected Plan Participants will be sent written notice of any such amendment, modification, suspension or termination.

Decision

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

The decision of the Decision Makers, other in than British Columbia, Alberta (where blanket relief provides the necessary relief), Quebec and New Brunswick, under the Legislation is that the Registration Acquisition Relief and the Prospectus Acquisition Relief are granted, provided that:

(a) in the case of the Registration Acquisition Relief,

  (i) at the time of the trade, the Plan is made available to every security holder in Canada to which the corresponding dividend or distribution is available;

  (ii) at the time of the trade, the Filer is not an investment fund; and

  (iii) for each Jurisdiction, this decision will terminate on the earlier of:

    (A) 90 days after the coming into force of any rule, other regulation or blanket order or ruling under the Legislation of the Jurisdiction that amends section 2.2 of National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106) or provides an alternative exemption; and

    (B) December 31, 2008; and

(b) in the case of the Prospectus Acquisition Relief,

  (i) at the time of the trade, the Plan is made available to every security holder in Canada to which the corresponding dividend or distribution is available;

  (ii) at the time of the trade, the Filer is not an investment fund;

  (iii) the first trade in any Plan Shares issued by the Filer under the Plan to holders of Common Shares pursuant to this decision will be a distribution or primary distribution to the public unless the conditions set out in subsection 2.6(3) of National Instrument 45-102 *Resale of Securities* are satisfied; and

  (iv) for each Jurisdiction, this decision will terminate on the earlier of:

    (A) 90 days after the coming into force of any rule, other regulation or blanket order or ruling under the Legislation of the Jurisdiction that amends section 2.2 of NI 45-106 or provides an alternative exemption; and

    (B) December 31, 2008.

The decision of the Decision Makers under the Legislation is that the Registration Disposition Relief is granted, provided that:

(a) the Plan Agent is, at the relevant time, appropriately licensed or otherwise permitted to carry on the business of a trust company in the Jurisdiction;

(b) the sale of fractional Plan Shares by the Plan Agent on behalf of Plan Participants is not solicited, but for this purpose such sale will not be considered "solicited" by reason of the Filer, or the Plan Agent on behalf of the Filer, distributing from time to time to Plan Participants disclosure documents, notices, brochures, statements of account, or similar documents advising of the ability under the Plan of the Plan Agent to facilitate sales of Plan Shares or by reason of the Filer and/or the Plan Agent advising Plan Participants of that ability, and informing Plan Participants of the details of the operation of the Plan in response to enquiries from time to time from Plan Participants by telephone or otherwise; and

(c) for each Jurisdiction, this decision will terminate on the earlier of:

  (i) 90 days after the coming into force of:

    (A) any rule or other regulation under the Legislation of the Jurisdiction that amends NI 45-106 and relates to the sale of securities by an administrator on behalf of participants in a dividend reinvestment plan, or

    (B) a blanket order or ruling under the Legislation of the Jurisdiction that provides an alternative exemption; and

  (ii) December 31, 2008.

"Paul M. Moore, Q.C."
Commissioner
Ontario Securities Commission

"David L. Knight, FCA"
Commissioner
Ontario Securities Commission

2.1.11 BPI Global Equity Fund et al. - MRRS Decision

Headnote

Approval of fund mergers pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 Mutual Funds.

Rule Cited

National Instrument 81-102 Mutual Funds, ss. 5.6, 5.5(1)(b).

November 22, 2005

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

AND

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

AND

IN THE MATTER OF
BPI GLOBAL EQUITY FUND
SIGNATURE CANADIAN INCOME FUND
SYNERGY CANADIAN SHORT-TERM INCOME CLASS
SYNERGY CANADIAN CORPORATE CLASS
(the Terminating Funds)

AND

CI INVESTMENTS INC.
(the Filer)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer, on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdictions (the **Legislation**) granting approval for each Terminating Fund to merge into its respective Continuing Fund (identified in paragraph 2 below), as contemplated by section 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* (**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 Filer:

1. The Filer is the manager of each of the Terminating Funds and Continuing Funds (collectively, the **Funds**) set out in paragraph 2 hereof.

2. CI intends to merge each Terminating Fund into the Continuing Fund opposite its name below:

Terminating Fund	Continuing Fund
BPI Global Equity Fund	CI Global Fund
Signature Canadian Income Fund	Signature Dividend Fund
Synergy Canadian Short-Term Income Class	CI Short-Term Corporate Class
Synergy Canadian Corporate Class	Synergy Canadian Equity Corporate Class

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

3. Synergy Canadian Equity Corporate Class, CI Short-Term Corporate Class and Synergy Canadian Corporate Class (individually, a **CI Corporate Fund**) are classes of shares of CI Corporate Class Limited (**CI Corporate**), a mutual fund corporation subsisting under the laws of the Province of Ontario. CI Corporate offers multiple mutual funds to the public using a multiple class structure. Each CI Corporate Fund offers class A, F and I shares. Synergy Canadian Equity Corporate Class also offers Insight class shares.

4. BPI Global Equity Fund, CI Global Fund, Signature Canadian Income Fund and Signature Dividend Fund are mutual fund trusts created pursuant to a declaration of trust under the laws of the Province of Ontario (individually, a **Trust Fund**). Each Trust Fund offers class A, F and I units. CI Global Fund also offers Insight class units and Signature Dividend Fund also offers class Y and Z units.

5. Synergy Canadian Short-Term Income Class is a class of shares of Synergy Canadian Fund Inc. (**Synergy Canadian**), a mutual fund corporation subsisting under the laws of the Province of Ontario. Synergy Canadian offers multiple mutual

funds to the public using a multiple class structure. Synergy Canadian Short-Term Income Class offers two series of shares designated as Series A and Series F.

6. BPI Global Equity Fund, CI Global Fund, Signature Canadian Income Fund, Signature Dividend Fund, Synergy Canadian Short-Term Income Class, CI Short-Term Corporate Class and Synergy Canadian Corporate Class are mutual funds subject to the requirements of NI 81-102 pursuant to a simplified prospectus and annual information form dated June 20, 2005, as amended by Amendment No. 1 dated June 23, 2005, by Amendment No. 2 dated August 4, 2005, by Amendment No. 3 dated August 18, 2005 and by Amendment No. 4 dated September 26, 2005, previously filed with the CSA as SEDAR project no. 784613 (the **CI Prospectus**).

7. Synergy Canadian Equity Corporate Class is a mutual fund subject to the requirements of NI 81-102 pursuant to a simplified prospectus and annual information form dated September 29, 2005 previously filed with the CSA as SEDAR project no. 814338.

8. The Filer filed a press release and material change report on September 26, 2005, followed by an amendment to the CI Prospectus on September 29, 2005, to announce the Mergers.

9. The Mergers (except the merger involving Synergy Canadian Corporate Class) will be beneficial to securityholders of each Terminating Fund and Continuing Fund for the following reasons:

   (a) each Terminating Fund and its Continuing Fund are largely duplicative of one another;

   (b) following the Merger, each Continuing Fund will have more assets allowing for increased portfolio diversification opportunities and a smaller proportion of assets set aside to fund redemptions;

   (c) in the case of most Terminating Funds, there will be a savings in brokerage charges through a merger rather than liquidating the portfolio of securities of that mutual fund; and

   (d) each Continuing Fund will benefit from its larger profile in the marketplace.

10. The Mergers involving Synergy Canadian Short-Term Income Class and Synergy Canadian Corporate Class (each, a **Converting Fund)** will provide investors with a broader choice of mutual funds into which they may switch their assets on a tax-deferred basis. CI Corporate currently offers to its shareholders the ability to switch between any of 42 mutual funds on a tax-deferred basis, whereas Synergy Canadian provides its shareholders with the ability to switch between 5 mutual funds on a tax-deferred basis.

11. The Filer intends to convert each Converting Fund into its corresponding Continuing Fund on a tax-deferred basis (collectively, the **Conversions**). The Conversions are expected to be effected through an amalgamation involving Synergy Canadian and CI Corporate. Pursuant to the amalgamation, investors in each Converting Fund will receive shares of the corresponding replacement class in its Continuing Fund on a dollar-for-dollar basis. Shares of these Continuing Funds will not be available to new investors until after the Conversions have been completed. The Conversions are subject to any necessary securityholder and regulatory approvals.

12. 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.

13. Each Terminating Fund will be wound-up as soon as reasonably possible following its Merger. In the opinion of the Filer, each Terminating Fund and its Continuing Fund have substantially similar valuation procedures and, except as noted below, substantially similar fundamental investment objectives and fee structures.

14. The Filer believes that each Merger may not satisfy all the criteria for pre-approved reorganizations and transfers set forth in section 5.6 of NI 81-102. As described in the application:

   (a) in respect of the Mergers involving Signature Canadian Income Fund and Synergy Canadian Corporate Class and their respective Continuing Funds, a reasonable person may not consider that the fundamental investment objectives of these Terminating Funds and their respective Continuing Funds are substantially similar;

   (b) in respect of the Merger involving Synergy Canadian Short-Term Income Class as the Terminating Fund, a reasonable person might not consider that the fee structures of this Terminating Fund and its Continuing Fund are substantially similar; and

   (c) in respect of the Merger involving BPI Global Equity Fund as the Terminating Fund, the Merger will not be implemented

as either a "qualifying exchange" within the meaning of section 132.2 of the *Income Tax Act* (Canada) or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of that Act.

The foregoing differences between the Terminating Funds and the Continuing Funds, as well as the tax implications of each Merger, are disclosed in the Meetings Documents (as defined below).

15. Investors in the Terminating Funds will be asked to approve the Mergers at special meetings of securityholders to be held on November 24, 2005 (the **Meetings**). In connection with the Meetings, the Filer is sending to the securityholders of each Terminating Fund a management information circular dated October 13, 2005, a related form of proxy and the simplified prospectus of its Continuing Fund (collectively, the **Meeting Documents**). If securityholders approve the Mergers, it is proposed that each Merger will occur after the close of business on November 25, 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 Filer. The Filer may, in its discretion, postpone implementing any Merger until a later date (which shall be not later than January 1, 2006) and may elect to not proceed with any Merger.

16. 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 Filer 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 the decision has been met. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

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

2.1.12 Man Capital Markets AG - s. 6.1(1) of MI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 Fees

Headnote

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

Rules Cited

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

December 13, 2005.

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

AND

IN THE MATTER OF
MAN CAPITAL MARKETS AG

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

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

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

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

1. The Applicant is organized under the laws of Switzerland. The Applicant is not a reporting issuer in any province or territory in Canada. The Applicant is seeking registration under the Act as a non-resident dealer in the category of a limited

market dealer. The head office of the Applicant is at Etzelstrasse 27, Pfaffikon SZ, Switzerland.

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

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

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

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

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

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

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

A. makes acceptable alternative arrangements with CDS for the payment of NRD fees, and makes such payment within ten business days of the date of the NRD filing or payment due date;

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

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

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

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

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

“David M. Gilkes”

2.1.13 Bedminster Financial Group, Limited - s. 6.1(1) of MI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 Fees

Headnote

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

Rules Cited

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

December 13, 2005

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

AND

IN THE MATTER OF
BEDMINSTER FINANCIAL GROUP, LIMITED

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

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

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

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

1. The Applicant is a limited liability company organized under the laws of the State of Delaware in the United States. The Applicant is not a reporting issuer in any province or territory in Canada. The Applicant is registered in the U.S. with the National Association of Securities Dealers and is seeking registration under the Act as a dealer in the category of a limited market dealer. The head office of the Applicant is in New Hope, Pennsylvania.

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

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

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

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

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

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

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

A. makes acceptable alternative arrangements with CDS for the payment of NRD fees, and makes such payment within ten business days of the date of the NRD filing or payment due date;

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

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

order or other acceptable means at the appropriate time; and

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

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

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

"David M. Gilkes"

2.1.14 CHIP Four Term Trust - s. 83

Headnote

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

Ontario Statutes

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

December 9, 2005

CHIP Four Term Trust
45. St. Clair Avenue West
Suite 600
Toronto, ON
M4V 1K9

Dear Mr. Cameron:

Re: CHIP Four Term Trust (the "Applicant") – Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Newfoundland and Labrador (collectively, the "Jurisdictions").

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

As the Applicant has represented to the Decision Makers that:

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

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

met and orders that the Applicant is deemed to have ceased to be a reporting issuer.

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

2.1.15 Shores Limited Partnership - s. 83

Headnote

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

Ontario Statutes

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

December 14, 2005

Mr. David C. Phillips
The Shores Limited Partnership
P.O. Box 621
Uxbridge, Ontario
L9P 1N1

Dear: Mr. Phillips,

Re: The Shores Limited Partnership (the "Applicant") Application to Cease to be a Reporting Issuer under the securities legislation of Ontario and Manitoba (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that,

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

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

met and orders that the Applicant is deemed have ceased to be a reporting issuer.

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

2.2. Orders

2.2.1 Julius Baer Investment Management LLC - s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – relief from the adviser registration requirements of subsection 22(1)(b) of the CFA in respect of advising certain mutual funds, non-redeemable investment funds and similar investment vehicles established outside of Canada in respect of trades in commodity futures contracts and commodity futures options traded on commodity futures exchanges primarily outside of Canada and cleared through clearing corporations primarily outside of Canada, subject to certain terms and conditions.

Statutes Cited:

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22(1)(b), 80.
Securities Act, R.S.O. 1990, c. S.5, as am. – Rule 35-502 – Non Resident Advisers.

December 9, 2005

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20,
AS AMENDED (the CFA)

AND

IN THE MATTER OF
JULIUS BAER INVESTMENT MANAGEMENT LLC

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of Julius Baer Investment Management LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 80 of the CFA that the Applicant and its directors, officers and employees acting on its behalf as an adviser (collectively, the **Representatives**), be exempt, for a period of three years, from the requirements of paragraph 22(1)(b) of the CFA in respect of advising certain mutual funds, non-redeemable investment funds and similar investment vehicles established outside of Canada in respect of trades in commodity futures contracts and commodity futures options traded on commodity futures exchanges primarily outside of Canada and cleared through clearing corporations primarily outside of Canada;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited liability company organized under the laws of the State of

Delaware, with its head office in New York, New York, U.S.A. The Applicant is an indirect subsidiary of Julius Baer Holding Ltd. of Zurich, Switzerland.

2. The Applicant is registered under the *Securities Act* (Ontario) (the **OSA**) as an international adviser in the categories of investment counsel and portfolio manager and is not registered in any capacity under the CFA.

3. The Applicant is registered as an investment adviser with the U.S. Securities and Exchange Commission (the **SEC**), as a commodity pool operator and commodity trading adviser with the U.S. Commodity Futures Trading Commission (the **CFTC**) and is a member of the National Futures Association (the **NFA**).

4. The Applicant acts as investment manager to: (i) certain U.S. retail mutual funds, including, Julius Baer International Equity Fund, Julius Baer International Equity II Fund, Julius Baer Total Return Bond Fund, Julius Baer Global High Yield Bond Fund and Julius Baer Global Equity Fund Inc., and (ii) certain private non-Canadian investment funds, including, Julius Baer Institutional International Equity Fund II (collectively, the **Julius Baer Funds**). The Applicant may in the future manage certain other mutual funds, non-redeemable investment funds or similar investment vehicles (collectively, along with the Julius Baer Funds, the **Funds**).

5. The Funds invest, or may in the future invest, in commodity futures contracts and commodity futures options traded on organized exchanges primarily outside of Canada and cleared through clearing corporations primarily outside of Canada.

6. The Applicant, as investment manager of the Fund, will make all decisions with respect to the Funds and as such will also provide all investment advice to the Funds.

7. Any of the Funds advised by the Applicant are, or will be, established outside of Canada.

8. By advising the Funds directly on investing in commodity futures contracts and commodity futures options, the Applicant will be providing advice to the Funds with respect to commodity futures contracts and commodity futures options.

9. There is presently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA for a person or company acting as an adviser in respect of commodity futures options and commodity futures contracts that is similar to the exemption from the adviser registration requirement in section 25(1)(c) of the OSA for acting as an adviser (as defined in the OSA) in respect of securities that is provided under section 7.10 (Privately Placed Funds Offered Primarily Abroad) of OSC Rule 35-502 *Non Resident Advisers* (**Rule 35-502**).

10. As would be required under section 7.10 of Rule 35-502, the securities of the Funds will be:

    (a) primarily offered outside of Canada;

    (b) only distributed in Ontario through one or more registrants under the OSA; and

    (c) distributed in Ontario in reliance upon an exemption from the prospectus requirements under the OSA.

11. Prospective investors in the Funds who are Ontario residents will receive disclosure that includes:

    (a) a statement that there may be difficulty in enforcing any legal rights against the Funds and or the Applicant which advises the relevant Funds, because such entities are resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and

    (b) a statement that the Applicant advising the applicable Funds is not, or will not be, registered with the Commission under the CFA and, accordingly, the protections available to clients of a registered adviser under the CFA will not be available to purchasers of securities of the Funds.

12. None of the Funds has any intention of becoming a reporting issuer in Ontario or in any other Canadian jurisdiction.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested on the basis of the terms and conditions proposed;

IT IS ORDERED pursuant to section 80 of the CFA that the Applicant and its Representatives responsible for advising the Funds are not subject to the requirements of paragraph 22(1)(b) of the CFA in respect of their advisory activities in connection with the Fund, for a period of three years, provided that at the time such activities are engaged in:

    (a) the Applicant continues to be registered as an investment adviser with the SEC and registered as a commodity trading adviser with the CFTC or otherwise exempt from such registrations;

    (b) the Funds invest in commodity futures contracts and commodity futures options

traded on organized exchanges primarily outside of Canada and cleared through clearing corporations primarily outside of Canada;

(c) securities of the Funds will be: (i) primarily offered outside of Canada, (ii) only distributed in Ontario through one or more registrants under the OSA, and (iii) distributed in Ontario in reliance upon an exemption from the prospectus requirements of the OSA and upon an exemption from the adviser registration requirement of the OSA under section 7.10 of Rule 35-502; and

(d) prospective investors in the Funds who are Ontario residents will receive disclosure that includes:

(i) a statement that there may be difficulty in enforcing any legal rights against the Funds and or the Applicant which advises the relevant Funds, because such entities are resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and

(ii) a statement that the Applicant advising the applicable Funds is not, or will not be, registered with the Commission under the CFA and, accordingly, the protections available to clients of a registered adviser under the CFA will not be available to purchasers of securities of the Funds.

"Paul M. Moore"
Commissioner

"Susan Wolburgh Jenah"
Commissioner

2.2.2 Olympus United Group Inc. - s. 127

December 12, 2005

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

AND

IN THE MATTER OF
OLYMPUS UNITED GROUP INC.

ORDER
(Section 127)

WHEREAS Olympus United Group Inc. ("Olympus") is registered under Ontario securities law as a Limited Market Dealer and Mutual Fund Dealer. Olympus is a member of the Mutual Fund Dealers Association;

AND WHEREAS Olympus offers a variety of hedge funds and alternative investment products across Canada. These products are sold as shares in the Olympus United Funds Corporation ("Olympus Funds");

AND WHEREAS it appears that, at present, Olympus has approximately 2,000 shareholders, the majority of whom are resident in Ontario;

AND WHEREAS it appears that the manager and advisor of the Olympus Funds is Norshield Asset Management Canada Ltd. ("Norshield"). Norshield is registered under Ontario securities law as an Investment Counsel and Portfolio Manager, Commodity Trading Counsel and Commodity Trading Manager. Norshield is registered under Québec securities law as an advisor with an unrestricted practice;

WHEREAS on May 13, 2005, the Ontario Securities Commission (the "Commission") made a temporary order suspending the registration of Olympus because Olympus was operating without a registered trading and compliance officer in Ontario;

AND WHEREAS on May 20, 2005, the Commission made an order imposing a term and condition on the registration of Olympus which precludes redemptions from any existing client accounts;

AND WHEREAS, the hearing to consider the extension of the temporary orders made in relation to Olympus on May 13, 2005 and May 20, 2005, is scheduled to take place on December 12, 2005;

AND WHEREAS, to date, Olympus has not sought or obtained registration in Ontario for a trading officer and has not designated a compliance officer in Ontario;

AND WHEREAS, on May 20, 2005, the Commission made an order suspending the registration of Norshield and requiring, as a term and condition of

Norshield's registration, that a monitor be retained by Norshield to oversee its financial and business affairs;

AND WHEREAS on June 29, 2005, by Order of Justice Campbell of the Ontario Superior Court of Justice (Commercial List), RSM Richter Inc. ("Richter") was appointed as Receiver over the assets, undertakings and properties of Norshield, Olympus and related entities;

AND WHEREAS on December 9, 2005, on consent, the hearing to consider whether to extend the suspension of Norshield's registration pursuant to the temporary order issued on May 20, 2005 was adjourned from December 12, 2005 until March 7, 2005 and the suspension was continued until that time or until such other time as ordered by the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make an order coordinating the hearing dates to consider the extension of the temporary orders affecting the registrations of Norshield and Olympus;

AND WHEREAS Staff of the Commission, and the Respondent, through Richter as Receiver, have consented to the making of this order;

AND WHEREAS by Commission order made November 1, 2005 pursuant to section 3.5(3) of the Act, each of W. David Wilson, Susan Wolburgh Jenah and Paul M. Moore, acting alone, is authorized to make orders under section 127 of the Act;

IT IS HEREBY ORDERED that:

1. the hearing to consider whether to extend the temporary orders made by the Commission on May 13, 2005 and May 20, 2005, is adjourned until March 7, 2006 at 2:30 p.m.;

2. the temporary orders issued on May 13, 2005 and May 20, 2005 are continued until the hearing on March 7, 2006, or until further order of this Commission; and

"Paul Moore"

2.2.3 Norshield Asset Management (Canada) Ltd. - s. 127

December 12, 2005

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

AND

IN THE MATTER OF
NORSHIELD ASSET MANAGEMENT (CANADA) LTD.

ORDER
(Section 127)

WHEREAS on May 20, 2005, the Ontario Securities Commission (the "Commission") made an order suspending the registration of Norshield Asset Management (Canada) Ltd. ("Norshield") and requiring, as a term and condition of Norshield's registration, that a monitor (the "Monitor") be retained by Norshield to oversee its financial and business affairs (the "Temporary Order");

AND WHEREAS on May 20, 2005, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") to hold a hearing on June 3, 2005, to consider whether it is in the public interest to extend the Temporary Order;

AND WHEREAS on June 2, 2005, on consent, the Commission made an order:

1. imposing the following term and condition on the registration of Norshield:

   "RMS Richter Inc. will act as the Monitor until terminated in accordance with the term of the retainer dated June 1, 2005 or until the Commission orders otherwise"

2. adjourning the hearing to consider whether to extend the Temporary Order until July 8, 2005; and

3. continuing the suspension of Norshield's registration until that time or until such other time as ordered by the Commission;

AND WHEREAS on June 29, 2005, by Order of Justice Campbell of the Ontario Superior Court of Justice (Commercial List), RSM Richter Inc. ("Richter") was appointed as Receiver over the assets, undertakings and properties of Norshield and other related entities;

AND WHEREAS on July 6, 2005, the Commission made an order pursuant to section 144 of the Act revoking the term of the Commission's Order of June 2, 2005, requiring the continued retainer of Richter as Monitor;

AND WHEREAS on July 6, 2005, the Commission made an order, on consent, adjourning the hearing to consider the extension of the Temporary Order until October 6, 2005 and continuing the suspension of Norshield's registration until that time;

AND WHEREAS on October 5, 2005, the Commission made an order, on consent, further adjourning the hearing to consider the extension of the Temporary Order until December 12, 2005 and continuing the suspension of Norshield's registration until December 12, 2005;

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

AND WHEREAS Staff of the Commission and Richter, as Receiver over Norshield, consent to the making of this order;

AND WHEREAS by Commission order made November 1, 2005 pursuant to section 3.5(3) of the Act, each of W. David Wilson, Susan Wolburgh Jenah and Paul M. Moore, acting alone, is authorized to make orders under section 127 of the Act;

IT IS HEREBY ORDERED that:

3. the hearing to consider whether to extend the Temporary Order is adjourned until March 7, 2006 at 2:30 p.m.; and

4. and the suspension of Norshield's registration is continued until that time or until such other time as may be ordered by this Commission.

"Paul Moore"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Francis Jason Biller

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

AND

IN THE MATTER OF
FRANCIS JASON BILLER

Hearing:	September 29, 2005		
Panel:	Robert L. Shirriff, Q.C.	-	Commissioner (Chair of the Panel)
	Robert W. Davis, FCA	-	Commissioner
	Carol S. Perry	-	Commissioner
Counsel:	Pamela Foy	-	On behalf of Staff of the Ontario Securities Commission
Agent:	Michael J. Whitney	-	On behalf of Francis Jason Biller

REASONS FOR DECISION

INTRODUCTION

[1] This was a hearing before the Ontario Securities Commission (the "Commission") pursuant to section 127 of the *Securities Act,* R.S.O. 1990, c. S. 5 as amended (the "Act") to consider whether it was in the public interest to make an order against the respondent, Francis Jason Biller ("Biller").

[2] Staff of the Commission ("Staff") submitted that Biller had engaged in conduct contrary to the public interest. Staff further submitted that this conduct was fraudulent in nature and contributed to financial losses of approximately $170 million to Canadian investors and thus raised a reasonable apprehension of future harm to the capital markets. Accordingly, Staff sought an order:

a. that Biller cease trading in securities permanently;

b. that any exemptions contained in Ontario securities law do not apply to Biller permanently;

c. that Biller be required to resign all positions that he holds as a director or officer of an issuer;

d. that Biller be prohibited from becoming or acting as an officer or director of an issuer permanently;

e. that Biller pay a portion of the costs of the investigation and of this proceeding; and

f. such other order as the Commission may deem appropriate.

[3] Staff submitted that the order sought was necessary to maintain the integrity of the capital markets, to protect investors and to ensure public confidence in the capital markets.

[4] Following the hearing held on September 29, 2005, we made an order on October 12, 2005 against Biller. These are our reasons for that order.

BACKGROUND

[5] Biller was a former principal of Eron Mortgage Corporation ("Eron") and its related entities. He obtained registration as a mortgage broker under the *Mortgage Brokers Act*, R.S.B.C. 1996, c. 313 (the "Mortgage Brokers Act") in June 1994 and was promoted to vice president of Eron sometime in 1995. At no time was Biller registered with the British Columbia Securities Commission (the "B. C. Securities Commission") in any capacity.

[6] Eron was registered as a mortgage broker under the *Mortgage Brokers Act*. The other Eron entities were not registered in any capacity nor were they reporting issuers in either British Columbia or Ontario.

[7] Eron's principal business was as a broker of syndicated mortgages for the financing of real estate developments projects. Eron would broker these mortgages by sponsoring a particular real estate development project and finding investors who would lend money to the developer of the project. Eron raised funds from a large number of investors by way of separate mortgages, on the premise that each investor would receive a registered interest in a mortgage on the project through a trust arrangement. In addition, Eron issued promissory notes to investors as a means of raising capital for its various real estate projects.

[8] Eron failed to investigate and evaluate adequately the real estate projects it sponsored before funding them, and failed to manage the capital advances to the projects. Some projects were either over-valued or over-funded with the result that they could not generate sufficient funds to pay back their investors.

[9] Eron through Biller and his team solicited investments in mortgages and notes. They employed a variety of marketing techniques including seminars, television and print advertisements, promotional materials, "cold calls" and individual meetings in order to persuade potential investors to invest in various Eron projects.

[10] Biller and Brian Slobogian (the founder of Eron) solicited investors publicly. They appeared in television advertisements and made presentations at investor seminars.

[11] The representations to investors emphasized high rates of return and low risk. Biller, through his marketing efforts made material and fraudulent misrepresentations with respect to the nature of the Eron investments, the level of risk associated with them and the manner in which the investors' funds were being invested. For example, investors were told that the loan-to-value ratio of the mortgage would never exceed seventy-five percent of the market value of the land, thus providing an equity cushion of twenty-five percent to protect their investments.

[12] By the fall of 1997, Eron had raised over $240 million from investors through the brokering of mortgages and the sale of promissory notes for 83 different projects. On October 3, 1997, the Registrar of Mortgage Brokers suspended Eron's mortgage broker registration and all operations were terminated. Following the close of Eron's business, the court-appointed receiver, Price Waterhouse Coopers, estimated the financial losses to investors would exceed $170 million.

[13] From 1993 to 1997, Biller earned over $6.3 million in commissions through his involvement with Eron. Together with the income from his own Eron investments, it is estimated that Biller's total earnings from Eron were close to $7 million.

HISTORY OF PROCEEDINGS AGAINST BILLER

A. B.C. Securities Commission

[14] As a result of Biller's conduct, proceedings were initiated against him by the B. C. Securities Commission.

[15] On November 26, 1999, after a 31 day hearing, the B. C. Securities Commission found that all of the respondents including Biller:

a. traded and distributed without being registered and without filing a prospectus, contrary to section 34 and 61 of the Securities Act, R.S.B.C. 1996, c. 418 (the "*British Columbia Securities Act*");

b. made misrepresentations, contrary to subsection 50(1)(d) of the *British Columbia Securities Act*;

c. perpetrated a fraud on persons in British Columbia, contrary to subsection 57(b) of the *British Columbia Securities Act*;

d. acted contrary to the public interest.

[16] At page 2 of its reasons dated February 16, 2000, the B. C. Securities Commission summarized the Eron matter as follows:

> [M]assive fraud and misplaced trust. Investors were seriously misled about the nature of their investments, the level of risk associated with the investments and how their money was being invested and spent. Eron encouraged investors, many of whom were unsophisticated, to trust Eron and they did so. As is apparent from our Findings, this trust was abused by the respondents, who acted dishonestly, contrary to the public interest and contrary to fundamental provisions of the Act. As a result of the respondents' actions, the investors' financial losses will exceed $170 million. The loss of the investors' health, their happiness and the security they expected to enjoy in their retirement years is incalculable.

[17] Further, the B. C. Securities Commission stated at page 6 that:

> Nevertheless, we also found that Biller failed in discharging his duties to the Eron investors. His failure to do so contributed significantly to the harm done to them.
>
> …[B]iller's conduct contributed significantly to the investor's losses and to the damage to the integrity of the capital markets. In addition, Biller enjoyed substantial enrichment during the relevant period. We found his earnings from Eron to be between $6 million and $7 million.

[18] Accordingly, the B. C. Securities Commission issued an order imposing a 10 year trading ban on Biller, and prohibited him from acting as a director or officer of any issuer or from engaging in investor relations activities for a period of 10 years.

[19] Biller was also ordered to pay an administrative penalty of $100,000 and costs in the amount of $69,841.73. To date, Biller has failed to pay either the administrative penalty or the costs ordered by the B. C. Securities Commission.

B. Criminal Charges and Guilty Pleas

[20] Biller and Brian Slobogian were also charged pursuant to the *Criminal Code of Canada*, R.S. 1985, c. C-46 (the "Criminal Code") in connection with their conduct at Eron.

[21] In March 2005, Brian Slobogian pled guilty in the B.C. Supreme Court to five of the fourteen counts with which he was charged and received concurrent sentences for a total sentence of six years' imprisonment (see *R. v. Slobogian*, [2005] B.C.J. No. 632 (B.C.S.C)).

[22] In April 2005, Biller pled guilty in the British Columbia Supreme Court to four counts of securities-related fraud contrary to section 380(1) of the *Criminal Code* and one count of misappropriation of funds contrary to section 334(a) of the *Criminal Code* in connection with his involvement in five Eron projects.

[23] The amount of capital raised in respect of the Eron projects at issue in the criminal proceedings represented approximately $30 million of the overall $240 million raised by Eron. Of the $30 million raised for these projects, the court noted that approximately $25 million of investors' loans remained unrecovered by them.

[24] As mentioned above, Biller earned $6.3 million in commissions through his involvement in Eron. Of this, approximately $666,000 was earned by way of commissions in connection with the projects at issue in the criminal proceedings. In addition, Biller earned an unknown amount as a share of the "profits" in connection with each of the projects.

[25] In her sentencing reasons, Madam Justice Boyd noted the magnitude of the losses to investors and the scale of the fraud. She stated at paras. 43-44:

> While I have found that Biller is not directly responsible for the entirety of these losses, it must be acknowledged that he played a central role in the marketing of the projects and the raising of the funds.
>
> The many victim impact statements which have been filed recount in detail the terrible losses the many investors have suffered -- including financial ruin, emotional trauma, family strife, divorce and ill health. There is no category of individual who was not affected here. The victims included the young and the old, the sophisticated as well as the unsophisticated, those with some measure of wealth and those with little other than some meagre life savings. Some investors had no savings and borrowed in order to invest in the Eron projects. Some victims have suffered financial ruin. Others have recovered, but have abandoned any thoughts of an early retirement or a comfortable retirement, or dreams of home ownership, or travel or an ability to provide any kind of inheritance to their family. For many the emotional toll is ever present some eight years later.

[26] Further, when discussing sentencing principles, Madam Justice Boyd wrote at paras. 56-57:

> While it is clear that I have found Biller's overall level of culpability to be substantially less than that of his senior and mentor-Slobogian -- I reject the notion that he escapes the label of rogue. While he perhaps did not set out to

> deliberately fleece the public, he clearly decided at some point that the public was not entitled to full and proper disclosure. His guilty pleas reflect his admission that he omitted to provide the new and old investors with crucial information concerning their investments. As I have already found, even as an unsophisticated mortgage broker, Biller would well know that the investors would thus be unable to assess the risk involved and make a proper investment decision. His actions or omissions are particularly egregious in the case of Shuswap Falls, where he assumed the further role of bare trustee of the property, well aware of the terms of the Declaration of Trust in the investors' favour.
>
> Thus while I recognize that Biller's role was a subsidiary one in this overall fraud scheme, his contribution may still not be ignored. His knowing participation in repeated omissions to disclose salient information is totally unacceptable, criminal behaviour and in my view both the sentencing principles of general and specific deterrence as well as denunciation of the unlawful conduct are engaged here.

[27] In rejecting Biller's request for a conditional sentence, Madam Justice Boyd stated that at para. 84:

> Next, given that the concept of general deterrence is encompassed in the concept of ensuring the offender poses no risk to the safety of the community, I am concerned that the levying of a conditional sentence upon Biller would send a dangerous message to other like minded individuals -- either mortgage brokers or those in the security industry generally -- namely that Biller's omissions of disclosure of material information to investors carried no terrible consequences in terms of a criminal sanction. To adopt Hill J's words there would be a consequent "dilution of any deterrent effect" to be attached to the sentence. In this sense I am not satisfied that the statutory conditions of s. 742.1(b) would be met by imposing a conditional sentence.

[28] Accordingly, in September 2005 Biller received a concurrent sentence of three years on the first count of fraud; 18 months on the second count of fraud; and two years less a day on the remaining two fraud counts and one count of theft. He is currently incarcerated in a federal penitentiary in British Columbia.

PRELIMINARY ISSUES

A. Respondent's Representation and Attendance at the Hearing

[29] If an oral hearing is held, a party is entitled to notice of it and to be present at all times while evidence and submissions are being presented in order to obtain full disclosure of the case the party has to meet. In this case, Biller consented to having the hearing take place before the Commission while serving his sentence at the penitentiary and to being represented at the hearing by an agent duly appointed by him.

[30] Biller authorized Michael Whitney to act as his agent for the purposes of the hearing. The agency appointment was filed with the Commission on October 11, 2005 and was reviewed and accepted by the panel.

B. Commission's Jurisdiction

[31] In this case, Biller's illegal activities which led to the decision by the B. C. Securities Commission and the Supreme Court of British Columbia took place in British Columbia.

[32] A transactional nexus to Ontario is not a necessary pre-condition to the Commission's public interest jurisdiction. Rather a connection to Ontario is only one of a number of factors to be considered in the exercise of its discretion under section 127 of the Act.

[33] In *Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission),* [2001] 2 S.C.R. 132 ("Asbestos"), the Supreme Court of Canada had to decide whether the Commission had to be satisfied that a sufficient Ontario nexus or connection to Ontario had been established as a pre-requisite to exercising its jurisdiction. At paragraph 51, the Supreme Court stated:

> I agree with Laskin J.A. that "the Commission did not set up any jurisdictional preconditions to the exercise of its discretion" (p. 273). *In my view, the erection of such a jurisdictional barrier by the OSC is inconsistent with its having fought in the earlier proceedings for the recognition of its jurisdiction to hear this matter.* Furthermore, in its reasons in the present case, the OSC clearly rejected the idea that the transactional connection factor could act as a jurisdictional barrier to the exercise of its public interest discretion. At para. 63, the OSC quoted the decision of McKinlay J.A. in the earlier proceedings rejecting a transactional connection with Ontario as an implied precondition to the exercise of its s. 127 jurisdiction. The OSC then continued, at para. 64:
>
> > . . . we regard this statement as a refusal to impose a "sufficient Ontario connection" as a jurisdictional requirement which must be satisfied in any clause 127(1)3 proceedings before the Commission's discretion arises, thus leaving it to the Commission to make the necessary discretionary determination unencumbered

> by any a priori requirement imposed by the court as a matter of interpretation of the statutory provision. (Emphasis added)

[34] Further, at paragraph 52, the Supreme Court of Canada stated:

> Moreover, at para. 68 of its reasons, rather than raising "transactional connection" as a jurisdictional barrier, the OSC identified the transactional connection with Ontario as one of several relevant factors to be considered in determining whether to exercise its public interest discretion, including, *inter alia* , the motive behind the structure of the transaction at issue:
>
> > Were the transactions before us "clearly abusive of investors and of the capital markets", to quote *Canadian Tire*? Were they "clearly designed to avoid the animating principles behind [the take-over bid] legislation and rules", to quote the same decision? Were they "clearly abusive of the integrity of the capital markets, which have every right to expect that market participants . . . will adhere to both the letter and the spirit of the rules that are intended to guarantee equal treatment of offerees in the course of a take-over bid, no matter by whom the bid is made" and is the result "manifestly unfair to the public minority shareholders -- who lose the opportunity to tender their shares -- at a substantial premium", to quote H.E.R.O.? And finally, does "the transaction in question [have] a sufficient Ontario connection or 'nexus' to warrant intervention to protect the integrity of the capital markets in the province", to quote that decision?

[35] Accordingly, an Ontario connection is not a pre-condition to the exercise of the Commission's jurisdiction. It is however, a factor considered in *Asbestos* and can be considered by the Commission in this case in exercising its discretion.

[36] Biller's conduct in Eron was so egregious and the losses to investors so significant that investor confidence in the Ontario capital markets would be damaged if this panel could not consider and, if it thought to be in the public interest to do so, make an order against Biller under section 127 of the Act.

PARTIES' SUBMISSIONS

A. Staff

[37] Staff sought its proposed orders against Biller on the grounds that his criminally fraudulent conduct raised a reasonable apprehension of future harm to the capital markets. Staff submitted that there was evidence to establish that following the service of his sentence, Biller intended to return to Ontario to promote the operations of an organization called Extreme Poker Ltd.

[38] Staff submitted that an order permanently removing Biller from the Ontario capital markets was required in order to maintain the integrity of the capital markets, to ensure investor confidence in the capital markets and to protect investors in Ontario.

[39] Staff submitted that any caution exercised by the Commission in making an order against Biller should be exercised in favour of investor protection and promotion of confidence in the integrity of the capital markets.

[40] A permanent order removing Biller from the capital markets would send a message to like-minded individuals that involvement in securities-related conduct of the nature and magnitude of Eron would result in severe sanctions, thereby maintaining the integrity of the capital markets and ensuring investor confidence in the system.

[41] Staff further submitted that anything less than the removal of Biller on a permanent basis would bring into question the integrity and reputation of the capital markets in general.

B. The Respondent

[42] The agent for Biller did not challenge the jurisdiction of the Commission. At the hearing, Mr. Whitney commented:

> With respect to general jurisdiction of a Securities Commission, it's admittedly wide and it can have some interprovincial impact to it. I would say there is a connection to Ontario and it wouldn't have mattered even if there hadn't been one, but what's the proper course to take?
>
> (Transcript dated September 29, 2005 at p. 73)

[43] Further, Mr. Whitney did not challenge whether there should be sanctions ordered by this Commission. He only challenged the severity of the sanctions sought by Staff:

> But why would this tribunal want to put itself in a position where it would differ from their brother out in BC who where [sic] within the jurisdiction where it all took place, they had all the facts and circumstances before them …
>
> The question is do we augment the BC decision by going beyond the ten year band? Is there something in the hearsay evidence that's been proffered here today where it becomes our responsibility to attribute some weight to it in order to protect the public interest? If that's the case, then that would involve imposing an additional penalty in addition to the one that's from BC which is a ten year trading ban.
>
> He is now 35 years old. He is going to be 45 years old before he even considers becoming licensed or even acting in any way, shape or form within the capital markets and no one is going to want him. He is on every radar screen that counts in this country now and probably already down to the SEC…
>
> …
>
> So whatever you see fit to do here today. I would invite you not to go so far as a permanent ban. This is a young fellow. I mean, if he was - if he was my client and he was a 58-year-old-broker and getting along in the - and making mistakes due to whatever happens to you once you get that old, and I'm already older than that, but if that was happening to you, then, you, then, you know, a permanent ban for someone like that would probably be a favour. For a young man like this, it might be unduly discouraging.
>
> Those are my submissions.
>
> (Transcript dated September 29, 2005 at pp. 76-80)

THE EVIDENCE

[44] The Commission heard evidence that following his sentence, Biller intended to return to Ontario to promote an operation called Extreme Poker Ltd. Further, as confirmed by Biller's agent, Biller could be released from the penitentiary after serving less than a third of his sentence, meaning a possible release in 6 months.

[45] In January 2003, Biller requested a variation to the conditions of his bail imposed by the British Columbia Supreme Court which restricted his residence to the province of British Columbia pending the outcome of the criminal proceedings. Biller cited action taken by the B.C. Securities Commission as the source of his inability to obtain employment in British Columbia and requested that he be permitted to move to Ontario where he had been offered employment.

[46] Peter Leask, a lawyer who represented Biller during these proceedings, indicated the following as the basis for his request to vary Biller's bail conditions:

> Mr. Biller was employed here in Vancouver in a way that he believed was in conformity to certain orders from the Securities Commission to which he is subject. The staff of the Securities Commission took a different view and, in effect, closed down his employer's business as part of an investigation of Mr. Biller. Result, he's out of a job.
>
> …
>
> People who are familiar with Mr. Biller's skills and would normally wish to employ him are reluctant to do so in Vancouver. *However, he's got a job offer in Toronto, and he would like to take that up*. His present bail restricts him to the Province of British Columbia. (Emphasis added)
>
> (*R. v. Slobogian et al.*, April 10, 2003, Proceedings in Chambers).

[47] Further, it has been established that both Biller and his employer intended to have Biller return to Ontario following the service of his sentence to continue to promote Extreme Poker Ltd. Biller's employer was anxious for him to do so (see *R. v. Biller*, [2005], B.C.J. No 1941 (B.C.S.C.). The British Columbia Supreme Court states at para. 60:

> He has worked in Toronto for a company which is attempting to promote the development and promotion of Canadian television programming which features the game of poker. His employer is apparently keen for him to continue to work with the company in this endeavour.

[48] Further, hearsay evidence was introduced in the form of two newspaper articles. In one article written by David Baines, a reporter of the Vancouver Sun, Mr. Baines wrote that Biller was employed in Ontario by and was promoting Extreme Poker Ltd., a non-reporting issuer in the United States whose securities trade on the Pink Sheets under the symbol "EXTP" (see "Eron Player Switches to Poker", Vancouver Sun, August 7, 2004).
[49]

[50] We admitted this evidence pursuant to section 15 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S. 22 (the "SPPA") and gave it weight as it was supported by the evidence given in the proceedings in Chambers and before the British Columbia Supreme Court described in paragraphs [44], [45] and [46].

[51] In addition to this evidence, Staff attempted to file in evidence a transcript made from a recording of an alleged telephone conversation between Mr. Baines and Biller, in which he alleged that Biller was confirming his intention to come to Toronto to work for Extreme Poker Ltd.

[52] At the hearing, Michelle Hammer, an investigator at the Commission testified that she contacted Mr. Baines in August 2004, after having read his article, that Mr. Baines told her that he had a copy of the tape, and that she requested and received a copy of the tape, which she had transcribed by a court reporting agency: Atchison & Denman Court Reporting Services Limited. Ms. Hammer admitted that she never had an opportunity to compare the voice on the tape by talking directly to Biller.

[53] We admitted the transcript and invited Staff to provide us with evidence of the authenticity and integrity of the tape which had been transcribed. However, Staff declined to produce such evidence either by way of an affidavit or by testimony. Accordingly, we disregarded this transcript entirely in arriving at our decision.

THE LAW

[54] The purposes of the Act set out at section 1.1 are to ensure investor protection, foster fair and efficient capital markets and public confidence in them (see *Pezim v. British Columbia (Superintendent of Brokers)*, [1994] S.C.J. No. 58; *Global Securities Corp. v. British Columbia (Securities Commission)*, [2000] S.C.J. No. 5; *Committee for the equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 S.C.R. 132).

[55] The Commission has a wide discretion under section 127 of the Act. As stated by the Supreme Court of Canada in *Asbestos* at para. 45:

> In summary, pursuant to s. 127(1), the OSC has the jurisdiction and a broad discretion to intervene in Ontario capital markets if it is in the public interest to do so.

[56] The public interest purpose of regulatory enforcement orders under section 127 of the Act is neither remedial nor punitive, but protective and prospective in nature. This purpose is to prevent likely future harm to investors and the integrity of the capital markets. As expressed by the Commission in *Re Mithras Management Ltd*. (1990), 13 O.S.C.B. 1600 at page 4:

> ... the role of this Commission is to protect the public interest by removing from the capital market -- wholly or partially, permanently or temporarily, as the circumstances may warrant -- those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all. And in so doing, we may well conclude that a person's past conduct has been so abusive of the capital markets as to warrant our apprehension and intervention, even if no particular breach of the Act has been made out.

[57] The Commission's expression of its public interest jurisdiction was endorsed by the Supreme Court of Canada in the following terms in *Asbestos* at para. 43:

> Rather, the purpose of an order under s. 127 is to restrain future conduct that is likely to be prejudicial to the public interest in fair and efficient capital markets. The role of the OSC under s. 127 is to protect the public interest by removing from the capital markets those whose past conduct is so abusive as to warrant apprehension of future conduct detrimental to the integrity of the capital markets.

[58] As stated in *Re Trend Capital Services Inc.* (1992), 15 O.S.C.B. 1711, in determining whether it is in the public interests to impose sanctions, the Commission should have regard to:

a. whether or not, assuming the respondent's conduct is objectionable, there is a reasonable likelihood it will be repeated; and

b. whether or not the conduct, if objectionable, is such as to bring into question the integrity and reputation of the capital market in general.

APPROPRIATE SANCTIONS

[59] Since the B. C. Securities Commission issued its decision in 1999, additional facts have come to light that we should take into account.

[60] In coming to its decision, the B. C. Securities Commission found that Biller did not have actual knowledge of all of the wrongdoing at Eron. Biller's guilty plea in the criminal proceedings negates in part that submission. The B. C. Securities Commission also found that once the problems at Eron came to light, Biller did not make efforts to see that he and his family and friends were paid out ahead of other investors. Yet, it was subsequently established in the criminal proceedings, that on September 19, 1997, Biller transferred $1,005,699 from Eron accounts controlled by Biller and his then wife, Michelle Biller, to the bank account of a numbered company controlled by Michelle Biller, which had been opened the day of the transfer. This eradicates to some extent the mitigating circumstances accepted by the B. C. Securities Commission.

[61] Biller pled guilty to and was convicted of securities-related fraud and theft. A respondent's past criminal conduct may be an important indicator of the need for protective and preventive sanctions. Permanent bans have been ordered as a result of a criminal conviction. In *Re Banks* (2003), 26 O.S.C.B. 3377, the Commission stated at paras. 125-127:

> Orders under section 127 are "preventive in nature and prospective in orientation": *Asbestos* at para. 45. In addition, participation in our markets "is a privilege and not a right": *Erikson v. Ontario (Securities Commission)*, [2003] O.J. No. 593 (Ont. Div. Ct.) at para. 56 (QL).
>
> Banks pleaded guilty to intentionally engaging in a scheme constituting a systematic ongoing course of conduct with intent to defraud. This was criminal conduct and it was securities-related. This conduct arose in Banks' capacity as a director and officer of an issuer. Together with his conduct in connection with the Roll Program, the criminal conduct demonstrated to us that Banks should be restricted from acting as a director or officer of any issuer, and be prevented from participating in our capital markets.
>
> In addition, Banks' admission of criminal guilt in a securities-related matter calls for a vigorous package of preventive sanctions. If we do not restrain Banks properly, confidence in our markets would be weakened.

[62] We also accepted the unchallenged evidence presented by Staff regarding the likelihood of Biller coming to Ontario following his release from penitentiary, which may occur as early as the spring of 2006. In particular, we relied on the evidence arising out of the proceedings in Chambers in April 2003 and the sentencing reasons given in September 2005, and the two newspaper articles which are consistent with that evidence.

[63] In his position as officer of Eron, Biller engaged in fraudulent conduct resulting in very shocking financial losses to investors. We also considered that the nature of Biller's conduct raised a reasonable apprehension of future harm from him to our capital markets.

[64] Where impugned conduct involves actions undertaken as a director or officer of an issuer, sanctions removing a respondent from these roles are appropriate (See for example: *Re Foreign Capital Corp.* (2005), 28 O.S.C.B. 4221; *Re First Federal Capital (Canada) Corp*. (2004)), 27 O.S.C.B. 1603; *Re Banks* (2003) stated above).

COSTS

[65] With respect to costs, Staff requested minimal or *de minimus* costs for the proceeding and none for the investigation as there was little investigation by Staff. The Respondent is an undischarged bankrupt and has not paid the administrative penalty or the costs awarded by the B. C. Securities Commission. Mr. Whitney was told by the Respondent's counsel in the criminal proceedings that the Respondent is "out of money". Staff acknowledged that the Respondent "may not have the funds". In the circumstances, we made no order as to costs.

CONCLUSION

[66] Based on Biller's conduct, the effects on investors and the capital markets and our apprehension of future harm from him to investors and the capital markets, we concluded that it was in the public interest to make our order of October 12, 2005 pursuant to section 127 of the Act.

Dated at Toronto this 8th day of December, 2005

"Robert L. Shirriff" "Robert W. Davis"

"Carol S. Perry"

3.1.2 Triax Growth Fund Inc. et al.

IN THE MATTER OF
TRIAX GROWTH FUND INC., NEW MILLENNIUM VENTURE FUND INC.,
E2 VENTURE FUND INC.,CAPITAL FIRST VENTURE FUND INC.,
NEW GENERATION BIOTECH (BALANCED) FUND INC.,
AND VENTURE PARTNERS BALANCED FUND INC.
(COLLECTIVELY REFERRED TO AS THE "FUNDS")

AND

IN THE MATTER OF
A REQUEST FOR REVIEW AND HEARING OF A DECISION OF THE DIRECTOR
WITH RESPECT TO AN APPLICATION UNDER THE MUTUAL RELIANCE REVIEW SYSTEM
PURSUANT TO SECTION 5.7 OF NATIONAL INSTRUMENT 81-102 (THE"INSTRUMENT")
FOR APPROVAL, PURSUANT TO SUBSECTION 5.5(1)(B)OF THE INSTRUMENT,
OF THE SECURITIES REGULATORY AUTHORITIES OF EACH PROVINCE OF CANADA
EXCEPT SASKATCHEWAN (THE "AUTHORITIES") FOR THE AMALGAMATION OF THE FUNDS.

Hearing:	Friday, November 18, 2005		
Panel:	Paul M. Moore, Q.C.	-	Vice-Chair (Chair of the Panel)
	Suresh Thakrar	-	Commissioner
	Carol S. Perry	-	Commissioner
Counsel:	Yvonne B. Chisholm	-	On behalf of Staff of the
	Mark Mulima	-	Ontario Securities Commission
	Iain Robb	-	On behalf of Covington Group of Funds Inc.,
	Paul A. Dempsey	-	NGB Management Inc. and New Millennium Venture Partners Inc.

REASONS FOR DECISION

OVERVIEW

[1] This is a hearing and review by the Ontario Securities Commission pursuant to section 8 of the *Securities Act*, R.S.O. 1990, c. S.5 as amended (the "Act") of a decision of the Director of the Investment Funds Branch (the "Director") on an application brought by three affiliated managers, Covington Group of Funds Inc., NGB Management Inc. and New Millennium Venture Partners Inc. (the "Applicants" or the "Managers") on behalf of six labour sponsored investment funds ("LSIFs"): Triax Growth Fund Inc. ("TGF"), New Millennium Venture Fund Inc., E2 Venture Fund Inc., Capital First Venture Fund Inc., New Generation Biotech (Balanced) Fund Inc., and Venture Partners Balanced Fund Inc. (collectively referred to as the "Funds").

[2] By letters dated September 14, 2005 and October 13, 2005 (together the "Application"), the Applicants sought approval for a merger of the Funds (the "Merger") from the Director pursuant to subsection 5.5(1)(b) of National Instrument ("NI") 81-102 and certain relief pursuant to subsection 12.2(2)(a) of NI 81-106. Furthermore, the Applicants sought to have the Funds, rather than the Managers, bear the costs of the Merger.

[3] In a letter dated October 18, 2005, the Director stated that she agreed with the reasons outlined in a letter from Staff of the Commission also dated October 18, 2005 ("Staff Letter") and indicated that she would approve the Merger under NI 81-102 and grant the requested relief under NI 81-106 provided the costs of the Merger are not borne by the Funds.

[4] The Applicants sought a hearing and review of this aspect of the Director's decision, while indicating that the Merger would proceed whether or not they succeeded in overturning the Director's decision on costs.

[5] This Application was also brought under the Mutual reliance Review System (National Policy 12-201) and involved the securities regulatory authorities of each province of Canada, except Saskatchewan.

[6] At the end of the hearing held on November 18, 2005, we confirmed the Director's decision and indicated that reasons would follow. These are our reasons.

BACKGROUND

[7] The Funds at issue are LSIFs registered under the *Community Small Business Investment Funds Act*, S.O. 1992, c. 18 (the "CSBIF Act") formerly the *Labour Sponsored Venture Capital Corporations Act, 1992*. LSIFs are subject to restrictions which require them to invest in private companies. An investment in an LSIF results in both a 15 percent provincial tax credit and a 15 percent federal tax credit, which are provided directly to investors. In order to be entitled to tax credits, investors must maintain their investment in a fund for eight years.

[8] The Managers are incorporated entities and are directly or indirectly subsidiaries of a U.S. public company, Affiliated Managers Group, Inc. and have a registered office in Ontario. The Funds are reporting issuers in Ontario, and one of them, TGF, is also a reporting issuer in every other Canadian province except Saskatchewan. TGF is incorporated under the *Canada Business Corporations Act*. The other five Funds are incorporated under the *Business Corporations Act* (Ontario).

[9] Each of the six Funds has sustained negative returns since its inception.

[10] On October 11, 2005, the Funds announced that their respective boards of directors (the "Boards") approved a merger involving an amalgamation of the Funds into a continuing fund called Covington Venture Fund Inc. (the "Continuing Fund"). The Continuing Fund is expected to assume all of the assets and liabilities of the Funds, including the investment portfolio of each fund. The Boards also recommended that the Merger be approved by shareholders of the Funds at the Annual and Special Meetings of the Funds to be held on November 18, 2005.

[11] The Applicants explained that the Application was precipitated, in part, by an announcement made by the Ontario government on August 29, 2005 terminating the provincial tax credits available for LSIFs. In their Application, the Managers provided several reasons to justify the Merger, most of which pertained to the poor performance of the Funds: (1) all of the Funds, excluding TGF, lack financial liquidity; (2) each of the Funds has a limited ability to raise additional capital; (3) TGF has suffered poor investment performance dating back to the crash of the "tech bubble" in 2000; (4) due to its poor investment performance, TGF is virtually unable to raise additional capital; and (5) two of the Funds are no longer in distribution.

[12] The Applicants also sought relief from subsection 12.2(2)(a) of NI 81-106 by which they would be: (i) permitted to deliver to shareholders a tailored information circular containing summary disclosure regarding the Continuing Fund and inform shareholders how to obtain the full information circular from the Managers or the Internet; (ii) exempted from the requirement to send financial statements of the Funds to shareholders and instead inform shareholders how to obtain the financial statements from the Managers on the Internet; and (iii) with respect to future mergers of LSIFs managed by the Managers or their affiliates that are implemented within one year of the approval granted for the Merger, permitted to provide shareholders with a tailored information circular and not send financial statements of the terminating funds to shareholders and rather make the full information circular and the financial statements available on the Internet or upon request from the Managers.

[13] The Applicants also requested that the costs of the Merger be borne by the Funds.

[14] Following the Application, Staff recommended that the Merger be approved (except in respect of the Merger costs). Staff also recommended that the relief sought under subsection 12.2(2)(a) of NI 81-106 in respect of the Merger and future mergers be granted. It was expected that the relief from the requirement to deliver the information circular would lead to both mailing and printing costs savings of $125,000 to $150,000. Staff estimated the Merger costs to be $287,089.

[15] In her decision, the Director indicated that she would be prepared to grant this exemptive relief on the terms set out in Staff Letter, provided the costs of the Merger would not be borne by the Funds.

[16] Staff submitted that the Director's decision to approve the Merger and to grant exemptive relief took into consideration the interests of all parties involved, including those of the Managers. The decision ensures that the Merger can proceed in a way that provides full and fair disclosure to the Funds' investors, and leads to considerable cost savings for the Managers.

THE ISSUE

[17] The only issue in contention before the Commission was whether the Funds should bear the costs of the Merger.

PARTIES' SUBMISSIONS

A. The Applicants

[18] The Applicants submitted that the primary reason for the Merger is that the Boards believe it is the best available option for investors in these Funds and that it will primarily and significantly benefit them. The Applicants further submitted that the Merger will benefit the investors for the following reasons: (1) all of the Funds excluding TGF lack financial liquidity; (2) if the Funds are managed separately in this period of contraction and decline, the fixed costs of each of the Funds will have to be paid

out of a dwindling asset base which is relatively small, thereby significantly increasing the management expense ratios of the Funds; and (3) all of the Funds will benefit from the cost synergies associated with the Merger.

[19] While the Applicants submitted that the Merger will benefit the investors, they also submitted that the Merger will not significantly benefit the Managers. They further argued that it is in the public interest for the Commission to exercise its discretion in favour of the Funds for the following reasons:

a) the Merger will primarily and significantly benefit investors in the Funds;

b) there are no cost savings of significance for the Managers resulting from the Merger and when combined with the proposal to reduce management fees the impact of the Merger on the managers is neutral or marginally negative;

c) it would not be unfair for the Funds to pay the Merger costs;

d) any concerns about a conflict of interest between the Managers and investors in the Funds have been addressed by the corporate governance structure of the Funds (i.e. the Boards have concluded that the Merger, and the payment of associated costs by the Funds, is the right thing to do and in the best interests of investors); and

e) the circumstances of this case are unique to the labour sponsored fund business and therefore the granting of consent by the Commission will not set a precedent applicable to conventional mutual funds.

B. Position of Staff and of Non-Principal Regulators

[20] Staff's position was that the Managers should bear the costs of the Merger. Staff submitted that the poor performance of the Funds and the losses sustained by investors create circumstances in which it would be particularly unfair to compound the investors' losses with costs associated with the Merger.

[21] Staff further submitted that the Applicants had not provided any compelling reason to justify a departure from the apportionment of risk and resulting costs as between investors and fund Managers, nor from the accepted practice as set out in the 1995 Staff Notice: Issues Arising out of Mutual Fund Mergers and Similar Reorganizations.

[22] Staff of the Commission advised staff of the non-principal jurisdictions of its recommendation to the Director, including its position that the Funds should not bear the costs of the Merger.

[23] Staff of each of the non-principal jurisdictions is in agreement with the recommendations of Staff of the Commission, including that the Managers should bear the costs of the Merger, as accepted by the Director in her decision. Staff of the non-principal jurisdictions is awaiting the outcome of this hearing and review prior to making their formal recommendations to their respective decision makers.

LAW AND POLICY CONSIDERATIONS

A. Hearing *de Novo*

[24] The Applicants have sought a hearing and review of the Director's decision pursuant to section 8 of the Act. Section 8 provides that the Commission may "confirm the decision under review or make such other decision as the Commission considers proper." The review of the Director's decision involves a hearing de novo. Hence, the Applicants do not have the onus of establishing that the Director made an error in her decision.

[25] Further, it is important to note that, when conducting a review of the Director's decision pursuant to section 8 of the Act, we are not bound in any way by the Director's determination. Accordingly, we are required to decide the substantive question without considering technical questions such as what, if any, deference should be given to the decision of the Director.

B. The Public Interest

[26] The purposes of the Act set out at section 1.1 are to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in them (see *Pezim v. British Columbia (Superintendent of Brokers)*, [1994] S.C.J. No. 58 and *Committee for the equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 S.C.R. 132).

[27] The issue of imposing merger costs on the existing investors in the Funds engages an important objective of the Commission's mandate, namely to foster fair and efficient capital markets and confidence in them.

C. National Instrument 81-102

[28] National Instrument 81-102 governs mutual funds including LSIFs. Part 5 of NI 81-102 addresses fundamental changes, including mergers of mutual funds.

[29] The approval of the securities regulatory authority of a merger may be required under section 5.5 of NI 81-102, but is not required if the merger meets the requirements set out in section 5.6 of NI 81-102, including:

> …
>
> (h) the mutual funds participating in the transaction bear none of the costs and expenses associated with the transaction.
>
> …

D. Staff Notice: Issues Arising Out of Mutual Fund Mergers and Similar Reorganizations

[30] In 1995, Staff issued a notice to address issues arising out of mutual fund mergers and similar reorganizations. Staff pointed out that managers who propose to merge funds generally argue that the costs to be charged are insignificant on a per unit basis and that unitholders of the Terminating Fund will benefit from the proposed merger and accordingly should bear the costs. In respect of merger costs, Staff expressed the view that "it is generally inappropriate for any costs to be charged either to the Terminating Fund or to the Continuing Fund."

[31] Staff also suggested that managers benefit from fund mergers:

> A primary reason that mutual fund managers merge funds is to reduce the number of funds with similar investment objectives to be managed, thereby decreasing the manager's costs of managing these funds. Managers still wish to retain the assets under administration and accordingly choose to merge mutual funds rather than choosing to wind up the Terminating Fund. Hence, it is the manager's decision to merge the funds and the manager arguably benefits from the merger at least as much as the unitholders, the costs of the merger are, in staff's view, more properly borne by the manager as opposed to the unitholders.

E. Mutual Funds Report

[32] In addition to the policy considerations arising out of the National Instrument and the aforementioned Staff Notice, Staff submitted that it was important to revisit some of the principles underlying the relationship between Managers and investors. Staff referred the panel to a 1969 provincial and federal study entitled "Report of the Canadian Committee on Mutual Funds and Investment Contracts" (the "Mutual Funds Report"). The authors of this report observed:

> We view the mutual fund investor as a person who wishes to delegate the management of his money, and we think that those who consider the question at all would see the delegation as being to the management company. This is, in our view, true not only of the mutual funds organized by brokerage firms and trust companies to which we refer in paragraph 6.02, but also of mutual funds organized in the manner of the Commonwealth funds. As a practical matter, and regardless of the legal forms used, mutual funds rarely, if ever, function as entities separate from their management companies.

[33] The authors also observed that the only risk investors in funds accept is investment risk, that is the risk of losing money as a result of market decline:

> If a mutual fund investor considered the risks he was prepared to accept in his investment, the only one he would consciously accept would be that his money might be partially or wholly lost as a result of a market decline or of investment decisions which turn out to be mistaken although made in good faith.

ANALYSIS

[34] The request that Merger costs be borne by the Funds is unusual in such circumstances. It appears that since the Staff Notice in 1995, all mergers of mutual funds (including LSIFs) in the same fund family with the same or affiliated managers have been completed on the basis of the manager bearing the costs of the merger.

[35] We are mindful that investors in each of the Funds have suffered investment losses.

[36] We recognize that the Funds have serious problems, all of which predate the provincial announcements. Each of the Funds lack liquidity; all have lost money since their inception; most are experiencing difficulty raising capital; two Funds are out

of distribution; and one Fund's poor investment performance dates back to the crash of the "tech bubble". The Applicants acknowledged that merger discussions began 18 months ago to address the challenges facing the Funds and the LSIF industry in general. We accepted that the poor performance of the Funds appears to be the main driver of the Merger and the recently announced provincial government policy change has only exacerbated the situation going forward.

[37] Staff argued that the "investor bargain" between fund investors and Managers is based on the investors only accepting investment risk with all business risks to be borne by the Managers. Staff also argued that the Managers are well compensated by management fees for bearing these business risks and that the Merger costs are a business risk. Staff submitted that, in this particular case, as part of the investor bargain, investors have been paying management fees since the inception of the Funds, and in the past year paid more than $5.5 million, on the understanding that the Managers would assume business costs. We found it difficult to fully accept this argument given the realities of the fee structure of the Funds. In addition to paying management fees to the Managers, the Funds pay other administrative and marketing expenses. However, considering all factors, we believe it is in the public interest for a manager, generally, to bear the costs of a merger of funds.

[38] The Managers argued that the Staff Notice is not relevant to the case before us because LSIFs are different from mutual funds, specifically with regards to the nature of their investments and their liquidity requirements. The Funds primarily invest in venture companies with a 5-7 year investment horizon. As a result of their poor performance and now the proposed removal of certain investor tax incentives, LSIFs' ability to raise new capital has been seriously curtailed. The Applicants also highlighted the fact that Fund investors are essentially "locked-in" because of the adverse tax consequences of selling their Fund units prior the required minimum 8 year investment period. Consequently, because of the nature of the investments and the potentially negative tax impacts on Fund investors, wind-up of the Funds is not a viable option.

[39] We accepted that wind-up of the Funds is not a viable option and that the Merger would confer benefits on the Fund investors through the pooling of "pacing credit" and the elimination of some duplicative costs. We also concluded that the Managers would realize some indeterminate benefits resulting from the Merger, primarily related to having a larger critical mass of assets under management in one consolidated fund and potential avoidance of reputational harm. However, we were not convinced that the liquidity requirements of an LSIF are substantially greater than that of a mutual fund based on the facts presented, or that if we accept that the liquidity requirements are greater, that fact should make a difference in our decision.

[40] The Applicants argued that the corporate governance structure of the Funds differentiated it from that of mutual funds and addresses any conflict of interest concerns. We were informed that each Fund is a corporation with a board of directors composed of 3 representatives of the sponsoring union, 1 "independent" and 3 nominees of the Manager. However, the sponsoring union holds shares that enable it to elect the majority of the directors. The sponsoring union receives sponsorship fees equal to 25 basis points of the Funds assets under management. Accordingly, its economic interest is aligned with that of the Managers. While the Boards have the power to negotiate with and dismiss the Managers, we were told it was highly unlikely the Managers would ever be terminated.

[41] We were told that the Boards of the Funds had decided to proceed with the Merger and sought to have the Funds pay the associated costs as they believed this would be in the best interests of the investors. The Managers argued that if the Commission upholds the Director's decision on merger costs, it will undercut the authority of the Boards in that the Commission will be second guessing their decision. However, the letter from Gowlings to the OSC dated September 14, 2005, indicated that the Boards believed, at the time they made their decision, that the Merger would not proceed unless the Funds paid for the Merger costs. We were advised, however, that the Merger would proceed whether or not the Director's decision on costs was overturned. On this basis, we concluded that the Boards would not have determined it was in the best interests of their investors to pay the Merger costs had they known the Merger would proceed with the costs being borne by the Managers.

[42] We accepted Staff's position that the Commission's public interest mandate is broader than the mandate of boards of directors, and is driven not only by investor protection but by an oversight responsibility for the entire fund industry. However, we did consider what deference, if any, should be given generally to boards of directors and investment review committees on matters of this type. In this particular fact situation, we determined that we would not give any deference to the Boards' decision.

[43] The Applicants have not convinced us that we should depart from the approach that, generally, costs of a merger will not be borne by investors.

[44] The Funds experienced negative returns since their inception. The investors' investments are locked-in in substance. Wind-up of the Funds is not an option. The Managers are receiving exemptive relief which will significantly reduce the expected merger costs. The Managers will receive fees from the Continuing Fund. For all these considerations, we were not prepared to disagree with the Director's decision.

Dated at Toronto this 13th day of December, 2005.

"Paul M. Moore " "Suresh Thakrar" "Carol S. Perry"

3.1.3 Mountain Inn at Ribbon Creek Limited Partnership, et al.

IN THE MATTER OF
THE MOUNTAIN INN AT RIBBON CREEK LIMITED PARTNERSHIP,
THE LODGE AT KANANASKIS LIMITED PARTNERSHIP
AND JOHN PENNINGTON

PURSUANT TO SECTIONS 127 AND 127.1
OF THE SECURITIES ACT

Hearing: Friday, November 18, 2005

Panel: Paul M. Moore, Q.C. – Chair
Robert W. Davis
Paul K. Bates

Appearances:

Gregory W. MacKenzie Erez Blumberger Mark Pinch	-	For the Ontario Securities Commission
Howard D. Rubinoff Judith Hong Wilkin	- -	For The Mountain Inn at Ribbon Creek Limited Partnership, The Lodge at Kananaskis Limited Partnership, and John Pennington

ORAL RULING AND REASONS

The following text has been prepared for purposes of publication in the Ontario Securities Commission Bulletin and is based on excerpts of the transcript of the hearing. The excerpts have been edited and supplemented and the text has been approved by the chair of the panel for the purpose of providing a public record of the decision.

[1] This is a hearing under Section 127 of the Securities Act for the Ontario Securities Commission to consider whether it is in the public interest to approve a proposed Settlement Agreement dated November 16, 2005, between staff and Mountain Inn at Ribbon Creek Limited Partnership, the Lodge at Kananaskis Limited Partnership, and John Pennington, and to make an order approving the sanctions agreed to by staff and the respondents.

[2] The facts before us are that from 2003 to 2005, Mountain and Kananaskis have repeatedly failed to file on time their annual and interim filings as required by Multilateral Instrument 52-109 and National Instrument 51-102 and its predecessor, Rule 52-501. Despite requests by staff, the respondents' late filings have continued.

[3] Over the past 18 months, Mountain and Kananaskis have

1. Failed to make filings on time resulting in the following cease-trade orders:

   i. from May 28, 2004, to June 11, 2004, for failing to file AFS on time for fiscal 2003;

   ii. from May 3, 2005 and from May 17, 2005, for failing to file AFS on time for fiscal 2004 together with MD&A and CEO/CFO certificates.

2. Failed to make interim filings on time by,

   i. failing to file IFS on time for four of the past five filing deadlines. Filings were late from one business day to nine business days.

   ii. failing to file interim MD&A and interim CEO/CFO certificates by Pennington on time for four of the past five filing deadlines. Filings were late from 6 business days to 203 business days.

[4] The respondents have admitted that their conduct was contrary to the public interest and contrary to the requirements of Ontario Securities Laws.

[5] The respondents have agreed to the following sanctions:

A. Pursuant to Section 127.1(4), that Mountain and Kananaskis will institute changes to their existing procedures so as to ensure filing on time of their future annual and interim filings.

B. Pursuant to Section 127.1(6), that Pennington, Mountain, and Kananaskis be reprimanded.

C. Pursuant to Section 127.1(9), that Mountain and Kananaskis will each pay an administrative penalty of $5,000, and

D. any other order as we deem appropriate.

[6] We find that the proposed sanctions are in the public interest and are appropriate in the circumstances of this case.

[7] This is the first proceeding by the Commission for the late filing of CEO and CFO certificates as required by Multilateral Instrument 52-109 which took effect on March 30, 2004. However, the Commission has previously considered the issue of late filings more generally.

[8] In the matter of *Wells Fargo Financial Canada Corporation*, the Commission approved a settlement agreement relating to Wells Fargo's repeated failure to file prospectus supplements. The Commission approved a settlement agreement in that matter, and Wells Fargo agreed to pay a total of $25,000 consisting of a $20,000 administrative penalty and $5,000 in costs. (*Wells Fargo Financial Canada Corporation* (2005) 28 OSCB 1791).

[9] In the matter of *Farini Companies Inc.*, the Commission approved a settlement agreement related to repeated late filings of interim annual financial statements by Farini, a reporting issuer. In that matter, the Commission approved a settlement agreement requiring a director of Farini named Harris to resign as a director of Farini for one year, and it also reprimanded Farini and Harris. (*Farini Companies Inc*. (2003) 26 OSCB 5178).

[10] To repeat the facts of this case, between 2003 and 2005 despite repeated requests of Pennington by Staff, Mountain and Kananaskis repeatedly breached Ontario Securities Law by failing to meet their annual and interim filing obligations. In the past 18 months, Mountain and Kananaskis have been cease traded twice, directly related to the late filings.

[11] Furthermore, they have failed to comply with the recently enacted National Instrument 51-102 and Multilateral Instrument 52-109 as demonstrated by their failure to meet five of six filing deadlines for MD&A and CEO/CFO certificates required to be signed by Pennington.

[12] Reporting issuers that fail to meet their filing obligations frustrate the disclosure system aimed at ensuring full and prompt disclosure of financial information. A sound disclosure system is fundamental to the operation and integrity of the capital markets.

[13] In this particular settlement agreement, we note there is no provision for an administrative penalty to be paid by Pennington. We wish to state that we are concerned that there have been repeated failings to file on time. While we are content that changes to the procedures of the corporate respondents are planned relating to filing future annual and interim reports, we are not totally satisfied that the past behaviour will be rectified. However, we believe that the respondents must be given a chance to put the plan in action.

[14] If they fail, then we would be faced with a second offence, and the Commission would take a dim view of a second offence. I would predict that the sanctions, if you come back before us, will be substantially increased over the sanctions that were agreed to today. And I would expect that an administrative penalty against the individual would also be appropriate.

[15] So in addition to the reprimand that we will be issuing, we're giving a warning that a second offence would be viewed most seriously.

[16] Mr. Pennington, you are personally hereby reprimanded, and the two corporate respondents, Mountain and Kananaskis, are also reprimanded. You may be seated.

Approved by the chair of the panel on December 14, 2005.

"Paul M. Moore"
Chair

This page intentionally left blank

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Hedman Resources Limited	09 Dec 05	21 Dec 05		
Richtree Inc.	08 Dec 05	20 Dec 05		
Teddy Bear Valley Mines, Limited	08 Dec 05	20 Dec 05		

4.2.1 Temporary, Permanent & Rescinding Management 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
Active Control Technology Inc.	01 Dec 05	14 Dec 05		13 Dec 05	

4.2.2 Outstanding 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
ACE/Security Laminates Corporation	06 Sept 05	19 Sept 05	19 Sept 05		
Active Control Technology Inc.	01 Dec 05	14 Dec 05		13 Dec 05	
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
Canadex Resources Limited	04 Oct 05	17 Oct 05	17 Oct 05		
CoolBrands International Inc.	01 Dec 05	14 Dec 05			
Fareport Capital Inc.	13 Sept 05	26 Sept 05	26 Sept 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	18 May 04	01 Jun 04	01 Jun 04		
Kinross Gold Corporation	01 Apr 05	14 Apr 05	14 Apr 05		
Novelis Inc.	18 Nov 05	01 Dec 05	01 Dec 05		
Straight Forward Marketing Corporation	02 Nov 05	15 Nov 05	15 Nov 05		
Toxin Alert Inc.	07 Nov 05	18 Nov 05	18 Nov 05		

This page intentionally left blank

Chapter 5

Rules and Policies

5.1.1 OSC Rule 62-503 Financing of Take-over Bids and Issuer Bids

ONTARIO SECURITIES COMMISSION RULE 62-503
FINANCING OF TAKE-OVER BIDS AND ISSUER BIDS

1.1 **Financing of Bid -** For the purposes of section 96 of the Act, the financing arrangements required to be made by the offeror prior to a bid may be subject to conditions if, at the time the bid is commenced, the offeror reasonably believes the possibility to be remote that, if the conditions of the bid are satisfied or waived, the offeror will be unable to pay for securities deposited under the bid due to a financing condition not being satisfied.

This page intentionally left blank

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	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
11/28/2005	66	2079537 Ontario Ltd. - Units	2,015,900.00	10,079,500.00
11/16/2005	1	970198 Alberta Ltd. - Common Shares	30,000.00	60,000.00
11/29/2005	1	Adsero Corp. - Receipts	700,000.00	1,400,000.00
11/28/2005	1367	Amlin plc - Common Shares	448,595,806.00	127,805,073.00
01/01/2005	1	Arden Alternative Advisors SPC - Common Shares	8,211,684.25	68,226.02
11/29/2005	7	Avnel Gold Mining Limited - Units	7,936,000.00	7,936,000.00
11/29/2005 to 12/05/2005	67	Azeri Capital Inc. - Common Shares	5,301,827.00	80,000.00
11/30/2005	3	BCP V-S L.P. - L.P. Interest	0.00	25,646,515.00
11/25/2005	8	Benton Resources Corp. - Common Shares	176,400.00	504,000.00
12/06/2005	2	Benton Resources Corp. - Flow-Through Shares	87,090.00	19,000.00
11/25/2005	5	Benton Resources Corp. - Units	45,000.00	112,500.00
11/30/2005	1	Biomedical Photometrics Inc. - Debentures	625,000.00	625,000.00
12/02/2005	3	Bioniche Life Sciences Inc. - Common Shares	611,233.60	764,042.00
11/16/2005	2	Biosign Technologies Inc. - Common Shares	75,000.21	199,628.00
11/30/2005	10	Biox Corporation - Common Shares	9,699,966.00	1,616,661.00
11/30/2005	4	Blue Parrot Energy Inc. - Common Shares	2,520,000.00	6,000,000.00
12/01/2005	143	Bonnett's Energy Services Trust - Trust Units	28,000,007.10	2,014,389.00
05/31/2005 to 10/31/2005	6	Burlington Partners I LP. - L.P. Units	1,505,000.00	1,505.00
11/30/2005 to 12/02/2005	2	Canaco Resources Inc. - Units	20,500.20	68,334.00
12/06/2005	1	Card One Plus Ltd. - Common Shares	20,000.00	5,000.00
12/06/2005	31	CareVest Blended Mortgage Investment Corporation - Preferred Shares	1,622,932.00	1,622,932.00
12/06/2005	37	CareVest First Mortgage Investment Corporation - Preferred Shares	1,837,653.00	1,837,653.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
12/06/2005	16	CareVest Second Mortgage Investment Corporation - Preferred Shares	1,012,076.00	1,012,076.00
12/06/2005	2	CareVest Select Mortgage Investment Corporation - Preferred Shares	39,000.00	39,000.00
11/18/2005	1	Citigroup Private Equity Partners Offshore II, L.P. (PEP II) - Units	591,650.00	500,000.00
11/30/2005	282	Colonia Energy Corp. - Units	3,000,000.00	20,000,000.00
11/29/2005	21	Commonwealth Bank of Australia - Notes	299,892,000.00	3,000,000,000.00
12/05/2005	1	Cooper Pacific II Mortgage Investment Corporation - Common Shares	25,850.00	25,850.00
11/29/2005	95	Cordero Energy Inc. - Common Shares	15,080,000.00	2,600,000.00
12/08/2005	4	Daniels Residential Limited Partnership - L.P. Units	4,156,000.00	272.00
11/30/2005	10	DEPFA ACS Bank - Notes	143,000,000.00	245,000,000.00
12/01/2005	1	Durham Jewel Resort Hotels Inc. - Debentures	25,000,000.00	1.00
11/22/2005	5	EFT Canada Inc. - Common Shares	167,520.00	558,400.00
11/30/2005	95	Enbridge Gas New Brunswick Limited Partnership - Units	12,790,000.00	12,790.00
05/22/2005	3	Endurance Gold Corporation - Common Shares	2,500.00	10,000.00
12/02/2005	62	Enercoil Resources Incorporated - Units	2,736,000.00	5,472,000.00
11/30/2005	33	Escalade Energy Inc. - Flow-Through Shares	1,260,597.80	3,601,708.00
11/30/2005	39	Escalade Energy Inc. - Units	544,658.70	1,815,529.00
12/01/2005	14	Eurohypo Europaeishce Hypothekenbank SA - Bonds	250,000,000.00	250,000,000.00
05/23/2005	11	Exchequer Financial Limited Partnership - Units	1,555,000.00	15,550.00
11/01/2005 to 12/01/2005	11	FactorCorp. - Units	643,000.00	643,000.00
11/29/2005	12	Fieldex Exploration Inc - Flow-Through Shares	750,000.00	5,000,000.00
11/29/2005	8	Fieldex Exploration Inc - Flow-Through Shares	500,000.00	1,250,000.00
11/21/2005 to 11/30/2005	15	First Leaside Fund - Units	828,267.00	828,267.00
11/30/2005	26	Genesis Limited Partnership #4 - Units	630,000.00	126.00
11/30/2005	8	Genesis Limited Partnership #5 - Units	315,000.00	63.00
12/01/2005	1	Goldsource Mines Inc. - Common Shares	15,099.70	21,571.00
12/05/2005	67	Gray Rock Resources Ltd. - Non Flow-Through Shares	378,210.00	1,926,066.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
11/30/2005	44	Great Panther Resources Limited - Units	2,543,384.00	4,103,200.00
11/22/2005 to 12/02/2005	1	Greektown Holdings, L.L.C. and Greektown Holdings II, Inc. - Notes	1,147,503.51	1,000,000.00
11/30/2005	110	Gulf Shores Resources Ltd. - Receipts	2,000,000.00	8,000,000.00
11/25/2005 to 12/07/2005	16	Hard Creek Nickel Corporation - Flow-Through Units	500,000.00	1,250,000.00
11/25/2005 to 12/07/2005	15	Hard Creek Nickel Corporation - Flow-Through Units	850,000.00	1,999,891.00
12/01/2005	3	Harvest Gold Corporation - Units	30,000.00	300,000.00
11/16/2005	1	Highland Credit Strategies Fund, Ltd. - Common Shares	41,650,000.00	35,000.00
11/21/2005 to 11/30/2005	28	IMAGIN Diagnostic Centres, Inc. - Preferred Shares	411,500.00	205,750.00
11/25/2005	45	Intrepid Energy Corporation - Common Shares	5,563,875.00	4,451,100.00
11/25/2005	45	Intrepid Energy Corporation - Flow-Through Shares	1,935,175.00	1,248,500.00
04/08/2005	9	IRCC Inc. - Common Shares	232,501.34	85,165.00
09/01/2005	18	IRCC Inc. - Common Shares	467,116.38	170,859.00
11/29/2005	66	Java Petroleum Corporation - Flow-Through Shares	2,178,813.00	2,793,350.00
11/29/2005	73	Java Petroleum Corporation - Non Flow-Through Shares	1,743,690.00	2,682,600.00
11/23/2005	5	JumpTap, Inc. - Stock Option	16,500,000.00	6,600,000.00
12/01/2005	43	Liberty Energy Corp. - Common Shares	3,461,000.00	4,586,000.00
12/01/2005	41	Liberty Energy Corp. - Flow-Through Shares	2,057,500.00	1,566,000.00
12/01/2005	4	Magenta II Mortgage Investment Corporation - Common Shares	65,300.00	65,300.00
12/01/2005	2	Magenta Mortgage Investment Corporation - Common Shares	200,000.00	20,000.00
11/29/2005	28	Marksmen Resources Ltd. - Flow-Through Shares	2,625,000.00	7,500,000.00
11/01/2005	4	MCAN Performance Strategies - L.P. Units	2,995,000.00	24,464.00
12/02/2005	7	Member Partners' Consolidated Properties Limited Partnership - L.P. Units	750,000.00	750,000.00
11/28/2005	1	Octothorpe Software Corporation - Common Shares	10,000.00	10.00
11/28/2005	1	Octothorpe Software Corporation - Common Shares	10,000.00	10.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
12/08/2005	33	Oleum West Fund II - Trust Units	4,197,000.00	419,700.00
11/30/2005	44	Orangeville Inn & Suites Inc. - Common Shares	5,790,000.00	N/A
12/08/2005	183	Permission Marketing Solutions Inc. - Option	6,617,000.00	13,234,000.00
12/01/2005	1	Plastipak Holdings, Inc. - Notes	1,735,050.00	1,500.00
11/30/2005	12	Prevora Limited Partnership - L.P. Units	1,000,000.00	100.00
11/29/2005	96	Production Enhancement Group, Inc. - Common Shares	2,332,996.50	1,555,331.00
11/28/2005 to 12/02/2005	9	Radiology Corporation of America - Stock Option	1,671,493.00	4,000,000.00
11/29/2005	1	RJD Limited Partnership - L.P. Units	220,000.00	220.00
11/30/2005	61	RPFL-Kensington Private Equity Limited Partnership No. 1 - L.P. Units	13,600,000.00	272.00
11/30/2005	24	RPFL-Kensington Private Equity Limited Partnership No. 1C - L.P. Units	1,800,000.00	36.00
12/02/2005	94	San Gold Resources Corporation - Units	3,389,111.96	6,517,523.00
12/02/2005	1	SMART Trust - Notes	1,200,890.55	1.00
12/08/2005	1	SMART Trust - Notes	192,765.08	1.00
11/23/2005	27	Societe en Commandite WCC II/WCC Investments II, L.P. - L.P. Interest	27,015,800.00	N/A
11/04/2005	1	Soconag Environmental Experts Inc. - Debentures	4,500,000.00	1.00
12/01/2005	17	Soho Resources Corp. - Units	800,000.00	4,000,000.00
11/18/2005	9	Solara Exploration Ltd. - Common Shares	1,100,000.00	4,400,000.00
12/08/2005	21	Streetlight Intelligence Inc - Common Shares	950,000.00	1,000,000.00
11/29/2005 to 12/06/2005	3	SuiteWorks Inc. - Common Shares	500,000.00	12,500.00
11/30/2005	6	Sultan Minerals Inc. - Flow-Through Shares	222,500.00	222,500.00
11/29/2005	25	Sydney Resource Corporation - Units	1,206,000.00	4,020,000.00
06/28/2005 to 06/30/2005	88	T2CN Holding Limited - Common Shares	3,181,137.00	3,257,503.00
11/25/2005	31	Thrilltime Entertainment International, Inc. - Units	354,000.00	600,000.00
12/01/2005	3	Tower Fund L.P. - Units	759,887.00	75,988.72
12/01/2005	3	Tower Hedge Fund L.P. - Units	1,039,793.00	50,839.05
11/30/2005	1	Treat Systems Inc. - Common Shares	750,000.00	1,000,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
11/29/2005	105	Visiphor Corporation - Receipts	4,033,365.60	8,963,034.00
11/23/2005	27	WCC Investments II, L.P. - L.P. Units	27,015,800.00	N/A
11/22/2005 to 11/24/2005	67	Web World Holdings Ltd. - Common Shares	287,627.18	2,354,333.00
11/29/2005	2	Yale Resources Ltd. - Units	26,400.00	848,000.00
11/29/2005	2	Yale Resources Ltd. - Units	26,400.00	120,000.00

This page intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Addax Petroleum Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated December 6, 2005
Mutual Reliance Review System Receipt dated December 7, 2005
Offering Price and Description:
Cdn$ * - * Common Shares Price: Cdn$ * per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Merrill Lynch Canada Inc.
Promoter(s):
-
Project #867623

Issuer Name:
Allbanc Split Corp. II
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 7, 2005
Mutual Reliance Review System Receipt dated December 9, 2005
Offering Price and Description:
$ * - $ * (Maximum) - $ * Maximum); * Capital Shares * Preferred Shares Prices: $* per Capital Share and $25.00 per Preferred Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc
HSBC Securities (Canada) Inc.
Desjardins Securities Inc.
Raymond James Ltd.
Canaccord Capital Corporation
Wellington West Capital Inc.
GMP Securities L.P.
Promoter(s):
Scotia Capital Inc.
Project #868305

Issuer Name:
ARC Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 8, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
$239,850,000 - 9,000,000 Trust Units Price: $26.65 per Trust Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
FirstEnergy Capital Corp.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
-
Project #868138

Issuer Name:
Atlas Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 8, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
$20,000,400.00 - 4,762,000 Common Shares Price: $4.20 per Common Share
Underwriter(s) or Distributor(s):
Peters & Co. Limited
FirstEnergy Capital Corp.
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #868092

Issuer Name:
BlackRock Ventures Inc
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 12, 2005
Offering Price and Description:
$100,000,000.00 - 3.5% Convertible Unsecured Subordinated Debentures due December 31, 2012
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
GMP Securities L.P.
Promoter(s):
-
Project #869051

Issuer Name:
Canadian Imperial Bank of Commerce
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 12, 2005
Offering Price and Description:
$5,000,000,000.00 - Debt Securities (subordinated indebtedness) Class A Preferred Shares Class B Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #868799

Issuer Name:
Cap-Link Ventures Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated December 6, 2005
Mutual Reliance Review System Receipt dated December 7, 2005
Offering Price and Description:
$200,000.00 - 2,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Graydon Elliott Capital Corporation
Promoter(s):
Robert Louis Thast
Project #867380

Issuer Name:
Capital ABTB inc.
Principal Regulator - Quebec
Type and Date:
Preliminary CPC Prospectus dated December 9, 2005
Mutual Reliance Review System Receipt dated December 12, 2005
Offering Price and Description:
Minimum Offering: $1,000,000.00 or 5,000,000 common shares; Maximum Offering: $1,600,000.00 or 8,000,000 common shares Price: $0.20 per common share
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
Promoter(s):
Michel Leonard
Daniel Bouffard
Project #868521

Issuer Name:
CARDS II Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated December 6, 2005
Mutual Reliance Review System Receipt dated December 7, 2005
Offering Price and Description:
Up to $9,000,000,000 Credit Card Receivables Backed Notes
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
Canadian Imperial Bank of Commerce
Project #867270

Issuer Name:
Clarke Inc.
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Short Form Prospectus dated December 8, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
$40,000,000.00 - 6.00% Convertible Unsecured Subordinated Debentures, due 2012 Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
RBC Dominion Securities Inc.
GMP Securities L.P.
Promoter(s):
-
Project #868030

Issuer Name:
CNR Capital Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 13, 2005
Offering Price and Description:
$1,000,000.00 - $1,500,000.00 - 4,000,000 - 6,000,000 Common Shares Price: $0.25 per Common Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Promoter(s):
Oliver Xing
Project #869039

Issuer Name:
Corriente Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 12, 2005
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Canaccord Capital Corporation
CIBC World Markets Inc.
Sprott Securities Inc.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #868830

Issuer Name:
CPVC Blackcomb Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated December 7, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
$590,000.00 - 1,180,000 common shares Price: $0.50 per common share
Underwriter(s) or Distributor(s):
Versant Partners Inc.
Promoter(s):
Alain Lambert
William L. Hess
Robert Brown
Project #867685

Issuer Name:
Crescent Point Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 8, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
$200,079,000.00 - 9,460,000 Subscription Receipts, each representing the right to receive one Trust Unit Price: $21.15 per Subscription Receipt
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #868157

Issuer Name:
DELPHI ENERGY CORP.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 12, 2005
Offering Price and Description:
$14,000,000.00 - 2,500,000 Common Shares Price: $5.60 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Dundee Securities Corporation
Haywood Securities Inc.
Acumen Capital Finance Partners Limited
Genuity Capital Markets
Scotia Capital Inc.
MGI Securities Inc.
Promoter(s):
-
Project #869111

Issuer Name:
Dividend 15 Split Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 12, 2005
Offering Price and Description:
$ * - * Preferred Shares * Class A Shares Price: $ * per Preferred Share and $ * per Class A Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
QuAdravest Capital Management Inc.
Project #868810

Issuer Name:
Franklin Templeton U.S. Rising Dividends Corporate Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated December 9, 2005
Mutual Reliance Review System Receipt dated December 13, 2005
Offering Price and Description:
Series A, F and O Shares
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Franklin Templeton Investments Corp.
Promoter(s):
-
Project #868979

Issuer Name:
Frontiers Canadian Equity Pool
Frontiers Canadian Fixed Income Pool
Frontiers Canadian Monthly Income Pool
Frontiers Canadian Short Term Income Pool
Frontiers Emerging Markets Equity Pool
Frontiers Global Bond Pool
Frontiers International Equity Pool
Frontiers U.S. Equity Pool
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated December 8, 2005
Mutual Reliance Review System Receipt dated December 9, 2005
Offering Price and Description:
Class C Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
CIBC Asset Management Inc.
Project #868139

Issuer Name:
Golden Star Resources Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 12, 2005
Offering Price and Description:
$81,760,000.00 - 29,200,000 Common Shares Price: $2.80 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Blackmont Capital Inc.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #868925

Issuer Name:
Hood Enhanced Income Index Fund
Type and Date:
Preliminary Simplified Prospectus dated November 30, 2005
Receipted on December 7, 2005
Offering Price and Description:
Class A units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
J.C. Hood Investment Counsel Inc.
Project #866810

Issuer Name:
Ivanhoe Energy Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 8, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
US$18,250,018 - 11,196,330 Common Shares and 11,196,330 Share Purchase Warrants to be issued upon the exercise of 11,196,330 Special Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #868217

Issuer Name:
Oilexco Incorporated
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 8, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
$70,380,434.00 - 19,021,739 Common Shares Price: $3.70 per Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Haywood Securities Inc.
Maison Placements Canada Inc.
Promoter(s):
-
Project #868184

Issuer Name:
PRT Forest Regeneration Income Fund
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 8, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
$20,300,000.00 - 2,000,000 Units Price: $10.15 per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
RBC Dominion Securities Inc.
Promoter(s):
Pacific Regeneration Technologies Inc.
Project #868242

Issuer Name:
Rockhaven Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated December 7, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
$375,000.00 - 1,500,000 Common Shares Price: $0.25 per Common Share
Underwriter(s) or Distributor(s):
Leede Financial Markets Inc.
Promoter(s):
Quest Capital Corp.
Project #867715

Issuer Name:
Sequoia Oil & Gas Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 12, 2005
Offering Price and Description:
$50,042,000.00 - 2,620,000 Trust Units Price: $19.10 per Trust Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
CIBC World Markets Inc.
National Bank Financial Inc.
Sprott Securities Inc.
GMP Securities L.P.
Tristone Capital Inc.
Blackmont Capital Inc.
Promoter(s):
-
Project #869098

Issuer Name:
Shield Gold Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated December 5, 2005
Mutual Reliance Review System Receipt dated December 7, 2005
Offering Price and Description:
$400,000.00 - 2,000,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Northern Securities Inc.
Promoter(s):
John Siriunas
Project #866959

Issuer Name:
Silver Wheaton Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 8, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
Cdn$80,000,000.00 - 12,500,000 Units Price: $6.40 per Unit
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Scotia Capital Inc.
Haywood Securities Inc.
Fort House Inc.
Promoter(s):
-
Project #868002

Issuer Name:
Talisman Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Shelf Prospectus dated December 9, 2005
Mutual Reliance Review System Receipt dated December 12, 2005
Offering Price and Description:
$1,000,000,000.00 - Medium Term Note Debentures (unsecured)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Goldman Sachs Canada Inc.
Banc of America Securities Canada Co.
BNP (Canada) Securities Inc.
CIBC World Markets Inc.
Citigroup Global Markets Canada Inc.
HSBC Securities (Canada) Icn.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #868684

Issuer Name:
West Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 9, 2005
Mutual Reliance Review System Receipt dated December 9, 2005
Offering Price and Description:
$45,018,000.00 - 5,490,000 Common Shares Price: $8.20 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Tristone Capital Inc.
FirstEnergy Capital Corp.
Blackmont Capital Inc.
Promoter(s):
-
Project #868669

Issuer Name:
407 International Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated December 7, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
$1,800,000,000.00 - Medium-Term Notes (Secured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Casgrain & Company Limited
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
Promoter(s):
-
Project #859190

Issuer Name:
Axis Investment Fund Inc.
Type and Date:
Final Prospectus dated December 12, 2005
Receipted on December 13, 2005
Offering Price and Description:
Class A Shares, Series 1 and Class A Shares, Series 2 @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Douglas Hewson
Peter Low
Project #849120

Issuer Name:
Canadian Hydro Developers, Inc.
Principal Regulator – Alberta
Type and Date:
Final Short Form Prospectus dated December 13, 2005
Mutual Reliance Review System Receipt dated December 13, 2005
Offering Price and Description:
$165,750,000.00 - Common Shares Price: $5.10 per Common Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
FirstEnergy Capital Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
TD Securities Inc.
Promoter(s):
-
Project #862695

Issuer Name:
Crew Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 9, 2005
Mutual Reliance Review System Receipt dated December 9, 2005
Offering Price and Description:
$19,999,980.00 - 1,098,900 Common Shares and $10,000,800.00 =416,700 Flow-Through Shares Price: $18.20 per Common Share $24.00 per Flow-Through Share
Underwriter(s) or Distributor(s):
Sprott Securities Inc.
Orion Securities Inc.
Tristone Capital Inc.
TD Securities Inc.
FirstEnergy Capital Corp.
Peters & Co. Limited
Raymond James Ltd.
Promoter(s):
-
Project #865385

Issuer Name:
Desert Sun Mining Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 7, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
$30,000,000.00 - 12,000,000 Units Price: $2.50 per Unit
Underwriter(s) or Distributor(s):
Sprott Securities Inc.
CIBC World Markets Inc.
Canaccord Capital Corporation
GMP Securities Ltd.
Pacific International Securities Inc.
Salaman Partners Inc.
Promoter(s):
-
Project #865237

Issuer Name:
Dundee Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 7, 2005
Mutual Reliance Review System Receipt dated December 7, 2005
Offering Price and Description:
$65,000,000.00 - 2,600,000 REIT Units, Series A Price: $25.00 per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
RBC Dominion Securities Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Trilon Securities Corporation
Promoter(s):
-
Project #862841

Issuer Name:
Equinox Minerals Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 9, 2005
Mutual Reliance Review System Receipt dated December 9, 2005
Offering Price and Description:
Cdn$118,150,000.00 - 147,687,500 Common Shares Price: Cdn$0.80 per Common Share
Underwriter(s) or Distributor(s):
Sprott Securities Inc.
Dundee Securities Corporation
GMP Securities L.P.
TD Securities Inc.
Paradigm Capital Inc.
Raymond James Ltd.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #866294

Issuer Name:
frontierAlt All Terrain Global Commodities Fund
(Units)
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated November 29, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
Mutual Fund Units @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Refco Canada Co.
FrontierAlt Investment Management Corporation
Project #842337

Issuer Name:
GGOF Canadian Balanced Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 2, 2005 to Simplified Prospectus and Annual Information Form dated July 5, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Jones Heward Investment Management Inc.
Guardian Group of Funds Ltd.
Promoter(s):
Guardian Group of Funds Ltd.
Project #795433

Issuer Name:
GrowthWorks Canadian Fund Ltd.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 5, 2005
Mutual Reliance Review System Receipt dated December 8, 2005
Offering Price and Description:
Class A Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
GrowthWorks Capital Ltd.
Promoter(s):
-
Project #848931

Issuer Name:
Gryphon Gold Corporation
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated December 9, 2005
Mutual Reliance Review System Receipt dated December 9, 2005
Offering Price and Description:
Cdn$5,100,000.00 - 6,000,000 Units Price Cdn$0.85 per Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
CIBC World Markets Inc.
Bolder Investment Partners, Ltd.
Orion Securities Inc.
Promoter(s):
-
Project #820359

Issuer Name:
Keystone AIM Trimark Canadian Equity Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 29, 2005 to Simplified Prospectus and Annual Information Form dated May 30, 2005
Mutual Reliance Review System Receipt dated December 9, 2005
Offering Price and Description:
Series A, I and O Units
Underwriter(s) or Distributor(s):
Promoter(s):
Mackenzie Financial Corporation
Project #767692

Issuer Name:
Premium Exploration Inc.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated December 9, 2005
Mutual Reliance Review System Receipt dated December 13, 2005
Offering Price and Description:
$1,500,000.00 - 5,000,000 Units Price: C$0.30 Per Unit
Underwriter(s) or Distributor(s):
Bolder Investment Partners, LLP
Promoter(s):
Del Steiner
Project #837977

Issuer Name:
Primaris Retail Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 7, 2005
Mutual Reliance Review System Receipt dated December 7, 2005
Offering Price and Description:
$90,057,500.00 - 5,525,000 Units Price: $16.30 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Desjardins Securities Inc.
Raymond James Ltd.
Promoter(s):
-
Project #865312

Issuer Name:
Rally Energy Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 9, 2005
Mutual Reliance Review System Receipt dated December 12, 2005
Offering Price and Description:
$8,000,000.00 - 6,400,000 Units ($1.25 per Unit)
Underwriter(s) or Distributor(s):
Jennings Capital Inc.
Wellington West Capital Markets Inc.
Tristone Capital Inc.
Dundee Securities Corporation
Wolverton Securities Ltd.
Promoter(s):
-
Project #866538

Issuer Name:
Synergy Canadian Style Management Corporate Class of Synergy Canadian Fund Inc.
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 28, 2005 to Simplified Prospectus and Annual Information Form dated September 29, 2005
Mutual Reliance Review System Receipt dated December 7, 2005
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #814338

Issuer Name:
TD S&P/TSX Capped Composite Index Fund
TD S&P/TSX Composite Index Fund
TD Select Canadian Growth Index Fund
TD Select Canadian Value Index Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 13, 2005
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
TD Asset Management Inc.
Promoter(s):
-
Project #852456

Issuer Name:
Tm Bioscience Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 12, 2005
Offering Price and Description:
$10,080,000.00 - 5,600,000 Common Shares PRICE: $1.80 PER COMMON SHARE
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Versant Partners Inc.
WestWind Partners Inc.
Promoter(s):
-
Project #866805

Issuer Name:
Trinidad Energy Services Income Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 9, 2005
Mutual Reliance Review System Receipt dated December 9, 2005
Offering Price and Description:
$160,000,005.00 - 10,666,667 Trust Units Price: $15.00 Per Trust Unit
Underwriter(s) or Distributor(s):
Raymond James Ltd.
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
BlackMont Capital Inc.
Wellington West Capital Inc.
Haywood Securities Inc.
Sprott Securities Inc.
Promoter(s):
-
Project #866457

Issuer Name:
Verenex Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 7, 2005
Mutual Reliance Review System Receipt dated December 7, 2005
Offering Price and Description:
$25,000,000.00 - 7,812,500 Common Shares Price: $3.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Tristone Capital Inc.
Orion Securities Inc.
FirstEnergy Capital Corp.
Haywood Securities Inc.
Promoter(s):
Vermilion Resources Ltd.
Project #865173

Issuer Name:
Western Areas NL
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 5, 2005
Mutual Reliance Review System Receipt dated December 7, 2005
Offering Price and Description:
C$10,106,250.00 - 6,875,000 Shares Price: C$1.47 per Share
Underwriter(s) or Distributor(s):
Sprott Securities Inc.
CIBC World Markets Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #847016

Issuer Name:
ZoomMed inc.
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 13, 2005
Offering Price and Description:
Minimum Offering: $750,000.00 or 3,750,000 Common Shares; Maximum Offering: $2,500,000.00 or 12,500,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Versant Partners Inc.
Promoter(s):
-
Project #851316

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	CVC Market Point Inc.	Limited Market Dealer	December 7, 2005
Surrender of Registration	Strathy Investments Ltd.	Limited Market Dealer, Investment Counsel and Portfolio Manager	December 8, 2005
Change of Name	From: C.A. Bancorp Inc. To: C.A. Bancorp Ltd.	Limited Market Dealer	December 8, 2005
Change of Name	From: Covington Capital Inc. To: Covington Capital Corporation	Limited Market Dealer and Investment Counsel and Portfolio Manager	December 9, 2005
Surrender of Registration	GMP Private Client Ltd./Gestion Privee GMP Ltee	Investment Dealer	December 13, 2005
Surrender of Registration	GMP Securities Ltd./Valeurs Mobilieres GMP Ltee	Investment Dealer	December 13, 2005
Suspension of Registration	iForum Securities Inc./Valeurs Mobilieres iForum Inc.	Investment Dealer	December 1, 2005

This page intentionally left blank

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA Ontario Hearing Panel Makes Findings Against Joseph Van Der Velden and Andrew Stokman

FOR IMMEDIATE RELEASE

MFDA ONTARIO HEARING PANEL
MAKES FINDINGS AGAINST
JOSEPH VAN DER VELDEN AND ANDREW STOKMAN

December 7, 2005 (Toronto, Ontario) – A Hearing Panel of the Ontario Regional Council of the Mutual Fund Dealers Association of Canada ("MFDA") has issued its Decision in connection with the disciplinary hearing held in Toronto, Ontario on October 14, 2005 in respect of Joseph Van Der Velden and Andrew Stokman.

As previously announced on October 14, 2005 at the conclusion of the hearing, the Hearing Panel found that the four allegations set out by MFDA staff in the Notice of hearing dated April 21, 2005 had been established and made the following Orders, which are set out in the Decision:

- A permanent prohibition on the authority of the Respondents to conduct securities-related business in any capacity,
- A fine in the amount of $500,000 imposed upon Joseph Van Der Velden, and
- A fine in the amount of $75,000 imposed upon Andrew Stokman.

Copies of the Decision and Order, as well as the Notice of Hearing, are available on the MFDA web site at **www.mfda.ca**.

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 178 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Shaun Devlin
Vice-President, Enforcement
(416) 943-4672 or sdevlin@mfda.ca

13.1.2 TSX Notice of Approval - Housekeeping Amendments to the TSX Company Manual

TORONTO STOCK EXCHANGE

NOTICE OF APPROVAL

HOUSEKEEPING AMENDMENTS TO THE TORONTO STOCK EXCHANGE COMPANY MANUAL

Introduction

In accordance with the "Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals" (the "Protocol") between the Ontario Securities Commission (the "OSC") and Toronto Stock Exchange ("TSX"), TSX has adopted and the OSC has approved, various amendments (the "Amendments") to the TSX Company Manual (the "Manual"). The Amendments are housekeeping in nature and therefore, are considered non-public interest amendments.

Reasons for the Amendments

The Amendments have been made in order to update various TSX rules and reporting requirements, and to update cross references and legal references throughout the Manual.

Summary of the Amendments

The Amendments represent a number of housekeeping amendments, such as the removal of provisions relating to certain forms no longer required by, or made available by, TSX; the updating of references in the Manual to securities legislation; the reintroduction of appeal and conflict procedures in Part VI of the Manual; the addition of two approved news services; and minor amendments relating to the mandated use of TSX SecureFile.

Effective Date

The Amendments became effective on December 15, 2005.

The Amendments are attached as **Appendix A**.

APPENDIX A

NON-PUBLIC INTEREST AMENDMENTS TO THE TSX COMPANY MANUAL

Toronto Stock Exchange ("TSX") has amended the policies of the TSX Company Manual (the "Manual") as follows:

Part III of the Manual

1. Section 329 of the Manual is amended by replacing the words at the beginning of the second sentence "See Sections 631 and 633…" with "See Section 613…".

2. Sections 343 and 357 of the Manual are repealed.

3. Section 346 of the Manual is repealed and is replaced with the following:

"**Sec. 346.** Subsection 38(3) of the Ontario *Securities Act* states that no person or company, with the intention of effecting a trade in a security, may make any representation, oral or written, that sucha security will be listed on any stock exchange or that application has been or will be made to list such security on any stock exchange except with the written permission of the Director of the Ontario Securities Commission, unless: (i) application has been made to list the securities and securities of the same issuer are already listed on any stock exchange; or (ii) the stock exchange has granted approval to the listing, conditional or otherwise, or has consented to or indicated that it does not object to the representation. If consent is sought from Before the Director will give this consent (which is normally evidenced by a final receipt in the case of a prospectus containing the representation), the Commission will require a communication from that stock exchange stating that the listing application has been conditionally approved before providing such consent.

A notation referring to listing on the Toronto Stock Exchange must not be printed on a preliminary prospectus or a draft of a prospectus or other offering document. The notation may only appear on a final prospectus or in other offering documents or in advertising when the listing application has been conditionally approved by the Exchange, unless otherwise consented to by the Exchange.

When securities have been conditionally approved for listing, the following notation on the face of the final prospectus or other offering document is permissible, but may only be used in its entirety:

> The Toronto Stock Exchange has conditionally approved the listing of these securities. Listing is subject to the Company fulfilling all of the requirements of the Exchange on or before (insert date[36]), including distribution of these securities to a minimum number of public shareholders.

An "offering document" for this purpose includes any prospectus, rights offering circular, offering memorandum, securities exchange take-over bid circular or information circular concerning a proposed corporate reorganization or amalgamation that would result in the issuance of new securities.

[36] Date to be 90 days from the date of conditional approval of the listing application by the Exchange or such other date as the Exchange may stipulate."

Part IV of the Manual

4. In Sections 406 and 411 of the Manual:

   (I) all references to "National Policy No. 51-201" shall be replaced with "National Policy 51-201 *Disclosure Standards*" and the reference to National Policy No. 48" is replaced with "National Policy 48 *Future-Oriented Financial Information*",

   (II) the reference to "Ontario Securities Commission Policies 7.1, "Application of Requirements of the *Securities Act* to Certain Reporting Issuers" in the fourth paragraph shall be replaced with "National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*", and

   (III) all other references to securities instruments and policies shall be amended to reflect proper citations.

5. In Section 424 of the Manual "FORM 6 – Distribution of Securities (Public Float)" and "FORM 7 – Mining Company/Oil & Gas Company Report" are deleted.

6. Section 425 of the Manual is repealed.

7. Section 431 of the Manual is amended by replacing the phrase "by fax or email addressed to the Exchange's Listed Issuer Services" with "by TSX SecureFile[4]", and the footnote as follows: "[4]The Exchange will accept the filing of a Form 5 by fax or email until January 31, 2006."

8. Former Sections 472 – 475 of the Manual are deleted and replaced with the current Section 472 in current footnote 4.

Part VI of the Manual

9. References to the former sections of Part VIII of the Manual are deleted from Sections 620(c) and (f), 635(c), and 637.

10. Sections 642 and 643 of Part VI of the Manual will be reinserted as follows:

"R. APPROVAL OF CHANGES IN CAPITAL STRUCTURE

642. Decisions in respect of the application of this Part VI are made by the Toronto Stock Exchange's Listings Committee. If the Committee does not accept a change submitted under Part VI, the issuer may request that the matter be heard by the Listings Committee, with the additional participation of the Senior Vice President of the Toronto Stock Exchange and/or his/her designate. If after being heard, the issuer remains dissatisfied with the decision, the issuer may appeal the decision to a three-person panel of the Board of Directors of TSX Inc.

An issuer may request that the Ontario Securities Commission review the Board's decision provided that the provisions of Section 21 of the Ontario *Securities Act* (or any replacement legislation) apply.

643. Where a Conflict of Interest (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.) or potential Conflict of Interest arises relating to the continued listing on TSX of TSX Group Inc. or the continued listing of a Competitor (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.), reference should be made to the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc."

Other Parts of the Manual

11. Subsection 910(A) of the Manual is amended by inserting the following additional paid distribution news services:

"Market Wire, Incorporated (800) 774-9473 FAX (310) 846-3700
Filing Services Canada Inc. (403) 717-3898 FAX (403) 717-3896"

12. The cover page to each of the following forms:

i. Form 1 – Change in Outstanding and Reserved Securities

ii. Form 2 – Change in General Company Information

iii. Form 3 – Change in Officers/Directors/Trustees

iv. Form 5 – Dividend/Distribution Declaration

v. Form 8 – Change in Investor Relations Contact

vi. Form 9 – Request for Extension or Exemption for Financial Reporting/Annual Meeting

is amended by replacing the filing instructions in "**How:**" with the following:

"**How**: Via TSX SecureFile.

Filing via fax to 416-947-4547 (514-788 -2421 for Montreal office) or via email to listedissuers@tsx.com will only be available until January 31, 2006."

13. Form 1 – Change in Outstanding and Reserved Securities is amended by adding the words "on a quarterly basis" to the end of the last sentence of "WHEN TO FILE:".

14. Form 11 – Notice of Private Placement is amended as follows:

(I) Question 5: "If the answer to question 5 is yes: …" is replaced with "If the answer to question 4 is yes: …", and

(II) Question 7: "If the answer to 7 is yes, state: …" is replaced with "If the answer to question 6 is yes, state: …".

15. Appendix A: Original Listing Application is amended as follows:

(I) Cover page of the Original Listing Application: the email address for TSX at the end of the last paragraph is replaced with "listedissuers@tsx.com", and

(II) Checklist of documents to be filed:

(i) the second paragraph that begins with "*If filing through SEDAR,* …" is deleted, and

(ii) under the heading "Share Purchase Warrants", in item 6 the words "(see Section 807 of the TSX Company Manual)" are deleted.

16. The Personnel pages is amended as follows:

(I) the "Key Contacts - Administration and Personnel" page has been updated; and

(II) the "Summary of Filing and Reporting Requirements for Listed Companies" is deleted.

17. The Table of Contents and Index of the Manual are amended to reflect corresponding updates various parts of the Manual.

18. The Staff Notices are updated by adding Staff Notices 2005-0003 and 2005-0004.

13.1.3 TSX Request for Comments - Amendments to Parts III and VI of the TSX Company Manual

TORONTO STOCK EXCHANGE

REQUEST FOR COMMENTS

AMENDMENTS TO PARTS III AND VI OF THE TORONTO STOCK EXCHANGE ("TSX") COMPANY MANUAL

TSX is publishing proposed changes to the original listing requirements in Part III of the Manual (the "Part III Amended Sections"). As well, on January 1, 2005, certain amendments to Parts V, VI and VII of the TSX Company Manual (the "Manual") became effective (the "January 1, 2005 Amendments"). Since that time, it has come to our attention that a subsection of the January 1, 2005 Amendments had been published incorrectly and required updating. TSX is proposing to correct and update this subsection (the "Part VI Amended Sections", together with the Part III Amended Sections, the "Amended Sections"). The Amended Sections are being published for a 30 day comment period.

The Amended Sections will be effective upon approval by the Ontario Securities Commission (the "OSC") following public notice and comment. Comments should be in writing and delivered by January 17, 2006 to:

Luana N. DiCandia
Policy Counsel
Toronto Stock Exchange
The Exchange Tower
130 King Street West
Toronto, Ontario M5X 1J2
Fax: (416) 947-4547
Email: luana.dicandia@tsx.com

A copy should also be provided to the:

Cindy Petlock
Manager
Market Regulation
Capital Markets
Ontario Securities Commission
20 Queen Street West
Toronto, Ontario M5H 3S8
Fax: (416) 595-8940
Email: cpetlock@osc.gov.on.ca

Comments will be publicly available unless confidentiality is requested.

Overview

TSX is seeking comments on the Amended Sections. The Amended Sections are required in order for TSX to continue to provide listed issuers with a complete and transparent set of TSX standards and practices allowing issuers and investors, and their respective advisors, to have certainty when planning and completing transactions.

With respect to the Part III Amended Sections, TSX is proposing to amend its requirements for Canadian directors in Sections 311, 316 and 321, and to repeal its original listing requirements for foreign issuers in Section 324. Sections 311, 316 and 321 are identical, with the exception of references to the applicable industry sectors.

With respect to the Part VI Amended Sections, TSX is amending a provision in Subsection 613(a) that was inadvertently published incorrectly. The provision deals with whether or not restricted security holders are able to vote on a basis proportionate to their equity interests on security holder resolutions relating to security based compensation requirements. Although we received several comments on the January 1, 2005 Amendments during the comment process, no comments were directly made on this error. TSX is also proposing to remove the requirement to obtain approval of the majority of unrelated directors for security based compensation arrangements.

Part III Amended Sections

Management – Sections 311, 316 and 321

As part of the standards required for the management of an issuer applying for listing, TSX currently requires that issuers applying for listing have at least two Canadian directors, unless they are foreign applicants complying with the minimum listing requirements for foreign Issuers. TSX proposes to eliminate the Canadian director requirement, as we believe that focusing on management's experience with public issuers is more important than simply the residency of the issuer's board of directors. TSX believes that, while specific public company obligations and requirements vary across international jurisdictions, the fundamental first principles and framework to comply with such obligations and requirements exist, regardless of residency.

TSX is also adding a requirement that an issuer have a chief executive officer (CEO), a chief financial officer separate from the CEO and a corporate secretary. TSX is currently applying such standards to applicants for listing, as a working practice. TSX believes that its issuers should have a full complement of management in order to support its operations, and to ensure that issuers have the support in place to assist them in complying with TSX standards and with securities laws.

At this time, TSX does not propose to change the definition of "independent" currently used in the Manual. However, we are currently reviewing this definition to determine if TSX can be consistent with the definition of independence currently used in securities laws.

Foreign Issuer Listing Requirements – Section 324

In today's global economy, issuers continue to become more international in their scope, and as a result, a distinction in listing standards based on whether an issuer's operations are based in Canada is no longer appropriate. The criteria used for original listing requirements should be consistent, where applicable, for all issuers, regardless of where the issuer is based. As a result, TSX proposes to eliminate separate minimum listing requirements for foreign issuers, and to replace the term "foreign issuer" with "international issuer", which will be defined as an issuer which is already listed on another recognized exchange and is incorporated outside of Canada.

TSX believes the elimination of the foreign minimum listing criteria is appropriate for the following reasons:

- the foreign minimum listing criteria was intended to facilitate the listing of large multinational entities already listed, and do not reflect the key success factors for international listings in general;
- both the operations and financing of issuers have become more international in their scope; and
- one set of listing criteria is less confusing for market participants.

Part VI Amended Sections

Restricted Security Holders – Subsection 613(a)

Section 613 went into effect on January 1, 2005 as part of the January 1, 2005 Amendments. The restricted security holder provision within Subsection 613(a) was published as follows:

> "If any security holder approval for a security based compensation arrangement, when combined with all of the listed issuer's other security based compensation arrangements could exceed 10% of the listed issuer's total issued and outstanding securities, holders of Restricted Securities, as defined in Section 624, must be entitled to vote with the holders of any class of securities of the listed issuer which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the listed issuer."

This provision was inadvertently drafted in a confusing manner, and does not reflect the original intention. The original intention of this provision was that holders of restricted securities would be entitled to vote together with other holders of equity securities for the approval of security based compensation arrangements whenever disinterested security holder approval was required. TSX proposes to amend this provision in its intended form as follows:

> "If any security holder approval is required for a security based compensation arrangement and insiders of the listed issuer entitled to receive a benefit under the arrangement are not eligible to vote their securities in respect of the approval required by this Subsection 613(a), ~~when combined with all of the listed issuer's other security based compensation arrangements could exceed 10% of the listed issuer's total issued and outstanding securities,~~ holders of Restricted Securities, as defined in Section 624, must be entitled to vote with the holders of any class of securities of the listed issuer which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the listed issuer. "

No comments on the error in this provision were received during the comment process for the January 1, 2005 Amendments.

Unrelated Director Approval – Sections 601 and 613(a)

TSX is also proposing to remove the requirement to obtain approval of a majority of the listed issuer's unrelated directors for the implementation of, or amendment to, a security based compensation arrangement. The term "unrelated director" was defined under TSX's former corporate governance guidelines, which have now been repealed from the Manual. TSX believes that the approval of a majority of directors, in addition to the approval of security holders, is sufficient to ensure that the arrangement is fair and appropriate for the issuer. Consequently, the definition of "unrelated director" will be deleted from Section 601 since it is a defined term in used only for the purposes of Subsection 613(a).

Public Interest

TSX is publishing the Amended Sections for a 30 day comment period. TSX believes that it is important for its key stakeholders to have an opportunity to review the Amended Sections prior to their implementation. As a result, the Amended Sections will only become effective following public notice, a comment period and the approval of the OSC.

Text of Amendments

The Amended Sections are attached as **Appendix A**.

APPENDIX A:
PUBLIC INTEREST AMENDMENTS TO PARTS III AND VI OF THE TSX COMPANY MANUAL

Toronto Stock Exchange ("TSX") proposes to amend the policies of the TSX Company Manual (the "Manual") as follows:

Part III of the Manual

1. Section 308 of the Manual will be amended by deleting the sentence "The requirements for foreign companies are set out in Section 324."

2. Section 311 of the Manual will be amended as follows:

"**Sec 311.** The management of an applicant company shall be an important factor in the consideration of a listing application. In addition to the factors set out in Section 325, the Exchange will consider the background and expertise of management in the context of the business of the company. Management (including the company's board of directors) should have adequate experience and technical expertise relevant to the company's business and industry and adequate public company experience which demonstrates that they are able to satisfy all of their reporting and public company obligations. ~~Companies will be required to have at least two Canadian directors unless they are foreign applicants that comply with all of the Minimum Listing Requirements for Foreign Companies as detailed in Section 324.~~ Companies will be required to have at least two independent directors,[14] a chief executive officer (CEO), a chief financial officer who is not also the CEO, and a corporate secretary.

[14] An independent director is defined as a person who:

(*a*) is not a member of management and is free from any interest and any business or other relationship which in the opinion of the Exchange could reasonably be perceived to materially interfere with the director's ability to act in the best interest of the company; and

(*b*) is a beneficial holder, directly or indirectly, or is a nominee or associate of a beneficial holder, collectively of 10% or less of the votes attaching to all issued and outstanding securities of the applicant.

The Exchange will consider all relevant factors in assessing the independence of the director. As a general rule, the following persons would not be considered an independent director:

(i) a person who is currently, or has been within the past three years, an officer, employee of or service provider to the company or any of its subsidiaries or affiliates; or

(ii) a person who is an officer, employee or controlling shareholder of a company that has a material business relationship with the applicant."

3. Section 316 of the Manual will be amended as follows:

"Sec. 316. The management of an applicant company shall be an important factor in the consideration of a listing application. In addition to the factors set out in Section 325, the Exchange will consider the background and expertise of management in the context of the business of the company. Management (including the company's board of directors) should have adequate experience and technical expertise relevant to a company's mining projects and adequate public company experience which demonstrates that they are able to satisfy all of their reporting and public company obligations. ~~Companies will be required to have at least two Canadian directors unless they are foreign applicants that comply with all of the Minimum Listing Requirements For Foreign Companies as detailed in Section 324.~~ Companies will be required to have at least two independent directors,[27] a chief executive officer (CEO), a chief financial officer who is not also the CEO, and a corporate secretary.

[27] See footnote 14."

4. Section 321 of the Manual will be amended as follows:

"Sec. 321. The management of an applicant company shall be an important factor in the consideration of a listing application. In addition to the factors set out in Section 325, the Exchange will consider the background and expertise of management in the context of the business of the company. Management (including the company's board of directors) should have adequate experience and technical expertise relevant to a company's oil and gas projects and adequate public company experience which demonstrates that they are able to satisfy all of their reporting and public company obligations. ~~Companies will be required to have at least two Canadian directors unless they are foreign applicants that comply with all of the Minimum Listing Requirements for Foreign Companies detailed in Section 324.~~

Companies will be required to have at least two independent directors, [35] a chief executive officer (CEO), a chief financial officer who is not also the CEO, and a corporate secretary.

[35] See footnote 14."

5. Section 324 of the Manual will be repealed and replaced with the following:

"**Minimum Listing Requirements for International Issuers**

"Sec. 324. International issuers are entities where the issuer is already listed on another recognized exchange which is acceptable to the Exchange, and is incorporated outside of Canada. There are no unique requirements for the management or the financial requirements for foreign issuers. However, these issuers are generally required to have some presence in Canada and be able to demonstrate, as with all issuers, that they are able to satisfy all of their reporting and public company obligations in Canada. This may be satisfied by having a member of the board of directors or management, an employee or a consultant of the issuer situated in Canada."

Part VI of the Manual

6. Section 601 of the Manual will be amended by deleting the definition of "unrelated director".

7. Subsection 602(g) of the Manual will be amended by deleting the last sentence that begins with "The exemptions contained in this Subsection 602(g) …".

8. Section 613(a) of the Manual will be amended as follows:

"613. (a) When instituted all security based compensation arrangements must be approved by:

(i) a majority of the listed issuer's directors; and

(ii) ~~a majority of the listed issuer's unrelated directors; and~~

~~(iii)~~ subject to Subsections 613(b), (c), (g) and (i), by the listed issuer's security holders.

Every three years after institution, all unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed maximum number of securities issuable, must be approved by:

(i) a majority of the listed issuer's directors; and

(ii) ~~a majority of the listed issuer's unrelated directors; and~~

~~(iii)~~ subject to Subsections 613(b), (c), (g) and (i), the listed issuer's security holders.

Insiders of the listed issuer entitled to receive a benefit under the arrangement are not eligible to vote their securities in respect of the approvals required by this Subsection 613(a) unless the securities issued and issuable to insiders of the listed issuer under the arrangement, or when combined with all of the listed issuer's other security based compensation arrangements, could not exceed 10% of the listed issuer's total issued and outstanding securities.

If any security holder approval is required for a security based compensation arrangement and insiders of the listed issuer entitled to receive a benefit under the arrangement are not eligible to vote their securities in respect of the approval required by this Subsection 613(a), ~~when combined with all of the listed issuer's other security based compensation arrangements could exceed 10% of the listed issuer's total issued and outstanding securities,~~ holders of Restricted Securities, as defined in Section 624, must be entitled to vote with the holders of any class of securities of the listed issuer which otherwise carry greater voting rights, on a basis proportionate to their respective residual equity interests in the listed issuer.

Security holder approval required for a security based compensation arrangement must be by way of a duly called meeting. The exemption from security holder approval contained in Subsection 604(e) is not available in respect of security based compensation arrangements."

Chapter 25

Other Information

25.1 Approvals

25.1.1 Venture Partners Equity Fund Inc.

Headnote

Approval granted for change of manager from Covington Group of Funds Inc. to Impax Funds Management Inc.

Rules Cited

National Instrument 81-102 Mutual Funds, s. 5.5(1)(a).

November 15, 2005

Gowling Lafleur Henderson LLP

Attention: Angela Nikolakakos

Dear Sirs/Mesdames:

RE: Venture Partners Equity Fund Inc.
Application pursuant to subsection 5.5 (1)(a) of National Instrument 81-102 for Approval of Change of Manager

By letter dated August 11, 2005 and subsequent submissions (the "Application"), you applied on behalf of Venture Partners Equity Fund Inc. (the "Fund") and Covington Group of Funds Inc. (the "Current Manager") for approval pursuant to subsection 5.5 (1)(a) of National Instrument 81-102 – *Mutual Funds* ("NI 81-102") for a proposed change of the manager of the Fund.

In the Application, the Fund represented the following:

1. The Fund is a corporation incorporated under the *Business Corporations Act* (Ontario) by Articles of Incorporation dated November 1, 2002, which were subsequently amended by Articles of Amendment dated December 18, 2003. The Fund's head office is located in Ontario.

2. The Fund is registered as a labour sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario) and is a prescribed labour-sponsored venture capital corporation under the *Income Tax Act* (Canada), as amended.

3. Two series of Class A Shares, Class A Shares, series II and Class A Shares, series III, in the capital of the Fund are currently qualified for distribution in the Province of Ontario pursuant to a prospectus dated December 24, 2004 and amended by Amendment No.1 on September 12, 2005 (the "Prospectus"), which Prospectus has been filed and for which a receipt was obtained. The Fund is a mutual fund as defined in subsection 1(1) of the *Securities Act* (Ontario).

4. As of the date hereof, the Current Manager has been retained by the Fund to perform daily administrative operations and to engage and supervise service providers of the Fund pursuant to an amended and restated management agreement dated December 26, 2003, entered into by the Current Manager and the Fund (the "Management Agreement").

5. The Current Manager is a wholly owned subsidiary of Triax Capital Corporation which is a wholly owned subsidiary of AMG Canada Corp. (formerly First Asset Management Inc.) ("AMG Canada"). AMG Canada is a wholly owned subsidiary of Affiliated Managers Group, Inc. a U.S. based asset management company.

6. The Current Manager has retained First Asset Investment Management Inc. (the "Investment Advisor") to assist it to develop and refine the investment strategy and criteria of the Fund, to execute all investment decisions and to supervise the activities of the Investment Specialists (as defined below), all pursuant to an investment advisory agreement dated December 18, 2002 made between the Fund, the Current Manager and the Investment Advisor (the "Investment Advisory Agreement"). Pursuant to other agreements, the Investment Advisor, in turn, has retained Covington Life Sciences Corporation, Covington Capital Corporation and Quantum Leap Asset Management Limited (collectively, the "Investment Specialists") to assist it to develop and refine the investment strategy and criteria of the Fund and to assist the Fund with the implementation of the investment strategy by identifying, structuring and monitoring all investments of the net proceeds allocated to each of the Investment Specialists.

7. On April 15, 2005, Gordon A. McMillan, one of the principals of the New Manager (as defined below) was granted an option (the "Option") by AMG Canada to purchase all of the Current Manager's right, title and interest in and to the Management Agreement (the "Transaction"). On May 31, 2005, Gordon A. McMillan assigned this option to Impax Funds Management Inc. (the "New Manager") and the New Manager provided notice to AMG Canada on May 31, 2005 that it wished to exercise the Option.

8. Pursuant to the terms of the Management Agreement, the Current Manager can only assign the Management Agreement to a third party with the written consent of the Fund. On July 26, 2005, the board of directors of the Fund passed a resolution consenting to the assignment of the Management Agreement, which consent is conditional upon the appointment of an investment counsel and portfolio manager acceptable to the Fund.

9. The New Manager has advised the Fund and the Current Manager that it will seek to replace the Investment Advisor with another investment counsel and portfolio manager. The New Manager is currently interviewing various parties and anticipates appointing a new investment advisor concurrently with the completion of the Transaction.

10. The Fund held a special meeting of shareholders on August 23, 2005 at which the shareholders of the Fund approved the change of manager.

11. The individuals who will be running the New Manager after the completion of the Transaction have considerable collective and individual experience in running similar companies. These persons have the integrity, experience and competence to perform their duties with respect to the Fund.

12. The Current Manager has no reason to believe that the change in manager of the Fund will have any adverse effect on the management and administration of the Fund. The Fund's administrative procedures will remain in place as the New Manager expects to maintain the current arrangements with the Fund's current custodian and registrar and transfer agent. The Investment Advisor that currently performs those functions under the Investment Advisory Agreement has also indicated that they will continue to do so until a change is made and is willing to assist the New Manager with the transition of the management of the Fund.

This letter confirms that, based on the information and representations contained in the Application, and for the purposes described in the Application, the change of the manager of the Fund to Impax Funds Management Inc. is hereby approved.

The approval provided herein is subject to compliance with all applicable provisions of NI 81-102.

"Leslie Byberg"
Manager, Investment Funds

Index

ACE/Security Laminates Corporation
Cease Trading Order 10147

Active Control Technology Inc.
Cease Trading Order 10147

Argus Corporation Limited
Cease Trading Order 10147

Bank of Nova Scotia
MRRS Decision..... 10109

Bedminster Financial Group, Limited
Decision - s. 6.1(1) of MI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 Fees..... 10123

Biller, Francis Jason
Notice from the Office of the Secretary 10088
Reasons: OSC Decisions, Orders and Rulings..... 10131

Bison Resources Ltd.
MRRS Decision..... 10091

BPI Global Equity Fund
MRRS Decision..... 10119

Burgundy American Equity Fund
MRRS Decision..... 10100

Burgundy Asset Management Ltd.
MRRS Decision..... 10100

Burgundy Balanced Income Fund
MRRS Decision..... 10100

Burgundy Bond Fund
MRRS Decision..... 10100

Burgundy Canadian Equity Fund
MRRS Decision..... 10100

Burgundy European Equity Fund
MRRS Decision..... 10100

Burgundy European Foundation Fund
MRRS Decision..... 10100

Burgundy Focus Canadian Equity Fund
MRRS Decision..... 10100

Burgundy Focus Equity RSP Fund
MRRS Decision..... 10100

Burgundy Focus Japan Fund
MRRS Decision..... 10100

Burgundy Focus Japanese Equity Fund
MRRS Decision..... 10100

Burgundy Foundation Trust Fund
MRRS Decision..... 10100

Burgundy Money Market Fund
MRRS Decision..... 10100

Burgundy Partners Equity RSP Fund
MRRS Decision..... 10100

Burgundy Partners' Balanced RSP Fund
MRRS Decision..... 10100

Burgundy Partners' Global Fund
MRRS Decision..... 10100

Burgundy U.S. Money Market Fund
MRRS Decision..... 10100

C.A. Bancorp Inc.
Change of Name 10275

C.A. Bancorp Ltd.
Change of Name 10275

Canadex Resources Limited
Cease Trading Order..... 10147

Canadian Tire Corporation, Limited
MRRS Decision..... 10116

Capital First Venture Fund Inc.,
Notice from the Office of the Secretary 10089
Reasons: OSC Decisions, Orders and Rulings 10139

Chamaelo Exploration Ltd.
MRRS Decision..... 10102

CHIP Four Term Trust
Decision - s. 83..... 10124

CHIP Mortgage Trust
MRRS Decision..... 10096

CI Investments Inc.
MRRS Decision..... 10119

CoolBrands International Inc.
Cease Trading Order..... 10147

Covington Capital Corporation
Change of Name 10275

Covington Capital Inc.
Change of Name 10275

CSA Notice 23-303 - Update on Concept Paper 23-402 Best Execution and Soft Dollar Arrangements
Notice 10062

CSA Notice 44-302 - Replacement of National Instrument 44-101 Short Form Prospectus Distributions
Notice 10043

CSA Staff Notice 51-316 Continuous Disclosure Review of Smaller Issuers
Notice 10061

CSA Staff Notice 52-311 Regarding the Required Forms of Certificates under MI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings
Notice 10051

CVC Market Point Inc.
New Registration 10275

D'Addario, Frank
News Release 10088

Diamond, Stephen
News Release 10087

E2 Venture Fund Inc.,
Notice from the Office of the Secretary 10089
Reasons: OSC Decisions, Orders and Rulings 10139

Fareport Capital Inc.
Cease Trading Order 10147

GMP Private Client LP
MRRS Decision 10112

GMP Private Client Ltd.
MRRS Decision 10112

GMP Private Client Ltd./Gestion Privee GMP Ltee
Surrender of Registration 10275

GMP Securities Ltd./Valeurs Mobilieres GMP Ltee
Surrender of Registration 10275

Hedman Resources Limited
Cease Trading Order 10147

Hip Interactive Corp.
Cease Trading Order 10147

Hollinger Canadian Newspapers, Limited Partnership
Cease Trading Order 10147

Hollinger Inc.
Cease Trading Order 10147

Hollinger International
Cease Trading Order 10147

Home Equity Income Trust
MRRS Decision 10096

iForum Securities Inc./Valeurs Mobilieres iForum Inc.
Suspension of Registration 10275

Julius Baer Investment Management LLC
Order - s. 80 of the CFA 10126

Kinross Gold Corporation
Cease Trading Order 10147

Landen, Barry
News Release 10087

Lodge at Kananaskis Limited Partnership, The
Reasons: OSC Decisions, Orders and Rulings 10144

Man Capital Markets AG
Decision - s. 6.1(1) of MI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 Fees 10121

Mission Oil and Gas Inc.
MRRS Decision 10091

Mountain Inn at Ribbon Creek Limited Partnership, The
Reasons: OSC Decisions, Orders and Rulings 10144

New Generation Biotech (Balanced) Fund Inc.,
Notice from the Office of the Secretary 10089
Reasons: OSC Decisions, Orders and Rulings 10139

New Millennium Venture Fund Inc.,
Notice from the Office of the Secretary 10089
Reasons: OSC Decisions, Orders and Rulings 10139

Norshield Asset Management (Canada) Ltd.
Notice from the Office of the Secretary 10090
Order - s. 127 10129

Novelis Inc.
Cease Trading Order 10147

Olympus United Group Inc.
Notice from the Office of the Secretary 10089
Order - s. 127 10128

OSC Rule 62-503 Financing of Take-over Bids and Issuer Bids
Notice 10086
Rules and Policies 10149

OSC Staff Notice 51-706 – Corporate Finance Report
Notice 10074

Pennington, John
Reasons: OSC Decisions, Orders and Rulings 10144

Richtree Inc.
Cease Trading Order 10147

Scotia Capital Inc.
MRRS Decision 10109

Shores Limited Partnership
Decision - s. 83 10125

Signature Canadian Income Fund
MRRS Decision 10119

Stokman, Andrew
SRO Notice and Disciplinary Proceedings 10277

Straight Forward Marketing Corporation
Cease Trading Order 10147

Strathy Investments Ltd.
Surrender of Registration 10275

Synergy Canadian Corporate Class
MRRS Decision 10119

Synergy Canadian Short-Term Income Class
MRRS Decision 10119

Teddy Bear Valley Mines, Limited
Cease Trading Order 10147

TELUS Corporation
MRRS Decision 10106

Tournament Energy Ltd.
MRRS Decision 10102

Toxin Alert Inc.
Cease Trading Order 10147

Triax Growth Fund Inc.
Notice from the Office of the Secretary 10089
Reasons: OSC Decisions, Orders and Rulings 10139

Tropic Networks Inc.
MRRS Decision 10102

TSX Company Manual
Notice 10086
SRO Notices and Disciplinary Proceedings 10278
SRO Notices and Disciplinary Proceedings 10282

TUSK Energy Corporation
MRRS Decision 10094

Van Der Velden, Joseph
SRO Notice and Disciplinary Proceedings 10277

Venture Partners Balanced Fund Inc.
Notice from the Office of the Secretary 10089
Reasons: OSC Decisions, Orders and Rulings 10139

Venture Partners Equity Fund Inc.
Approval 10287

Wilson, David - Comments on Crawford Panel Discussion Paper
News Release 10087

Young-Davidson Mines, Limited
Decision - s. 83 10105

This page intentionally left blank