The Ontario Securities Commission

OSC Bulletin

December 23, 2005

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

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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

DECEMBER 23, 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

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- -

THE COMMISSIONERS

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Susan Wolburgh Jenah, Vice-Chair	—	SWJ
Paul K. Bates	—	PKB
Robert W. Davis, FCA	—	RWD
Harold P. Hands	—	HPH
David L. Knight, FCA	—	DLK
Patrick J. LeSage	—	PJL
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
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: WSW
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 6 to March 10, 2006 (except Tuesdays) 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) 10:00 a.m.	**Philip Services Corp. *et al*** s. 127 K. Manarin in attendance for Staff Panel: PMM/RWD/DLK
February 21, 2006 2:30 p.m.	**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 2 & 3, 2006 10:00 a.m.	**Christopher Freeman** s. 127 and 127.1 P. Foy in attendance for Staff Panel: TBA
March 3, 2006 10:00 a.m.	**Jack Banks** s. 127 K. Manarin in attendance for Staff Panel: SWJ/CSP

March 7, 2006	**Olympus United Group Inc.**
2:30 p.m.	s.127
	M. MacKewn in attendance for Staff
	Panel: TBA
March 7, 2006	**Norshield Asset Management (Canada) Ltd.**
2:30 p.m.	s.127
	M. MacKewn in attendance for Staff
	Panel: TBA
April 3 to 7, 2006	**Momentas Corporation, Howard Rash, Alexander Funt, Suzanne**
10:00 a.m.	**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 Notice of Ministerial Approval - Replacement of NI 44-101 Short Form Prospectus Distributions, Form 44-101F3 Short Form Prospectus, Companion Policy 44-101CP Short Form Prospectus Distributions and Consequential Amendments

NOTICE OF MINISTERIAL APPROVAL

OF

REPLACEMENT OF
NATIONAL INSTRUMENT 44-101
***SHORT FORM PROSPECTUS DISTRIUBTIONS*,**
FORM 44-101F3 *SHORT FORM PROSPECTUS*,
COMPANION POLICY 44-101CP
SHORT FORM PROSPECTUS DISTRIBUTIONS

AND

CONSEQUENTIAL AMENDMENTS

All of the documents listed below are being published in today's Bulletin.

On **November 24, 2005**, the Minister of Government Services approved, pursuant to section 143.3 of the *Securities Act* (Ontario), the following as rules under the Act (the **Rules**):

- National Instrument 44-101 *Short Form Prospectus Distributions*, including Form 44-101F1 *Short Form Prospectus*;
- Amendment Instrument for National Instrument 44-102 *Shelf Distributions*;
- Amendment Instrument for National Instrument 44-103 *Post-Receipt Pricing*;
- Amendment Instrument for National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*; and
- Amendment Instrument for Form 51-102F2 *Annual Information Form* of National Instrument 51-102 *Continuous Disclosure Obligations*.

The Rules were previously approved by the Commission on **September 20, 2005**. On **September 20, 2005**, the Commission also adopted the following as policies (the **Policies)**:

- Companion Policy 44-101CP *Short Form Prospectus Distributions*;
- Amendments to Companion Policy 44-102CP to National Instrument 44-102 *Shelf Distributions*;

- Amendment to Companion Policy 44-103CP to National Instrument 44-103 *Post-Receipt Pricing*;

- Amendments to Companion Policy 51-101CP to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*.

The Rules and Policies were previously published in the Bulletin on **October 21, 2005**. The Rules and Policies are published in this Bulletin. The Rules and Policies will come into force in Ontario on **December 30, 2005**.

The text of the Rules and the Policies can be found in Chapter 5 of today's Bulletin.

1.1.3 Notice of Ministerial Approval - Replacement of NI 43-101 Standards of Disclosure for Mineral Projects and Consequential Amendment to NI 51-102 Continuous Disclosure Obligations

NOTICE OF MINISTERIAL APPROVAL

OF

REPLACEMENT OF
NATIONAL INSTRUMENT 43-101 STANDARDS
OF DISCLOSURE FOR MINERAL PROJECTS

AND

CONSEQUENTIAL AMENDMENT TO
NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS

On November 24, 2005, the Minister of Government Services approved, pursuant to subsection 143.3(3) of the *Securities Act* (Ontario), the following as rules under the Act (together the Rules):

- National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, including Form 43-101F1 *Technical Report* as a replacement for the existing National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, including Form 43-101F1 *Technical Report*; and

- Amendment Instrument for National Instrument 51-102 *Continuous Disclosure Obligations*.

The Rules were previously made by the Commission on August 23, 2005. On August 23, 2005, the Commission also adopted as a policy Companion Policy 43-101CP to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (the Policy).

The Rules and the Policy were previously published in the Bulletin on October 7, 2005. The Rules and the Policy are published in Chapter 5 of this Bulletin. The Rules and the Policy will come into force in Ontario on December 30, 2005.

As indicated in the CSA Notice published on October 7, 2005, effective December 30, 2005, CSA Staff Notice 43-302 *Frequently Asked Questions – National Instrument 43-101 Standards of Disclosure for Mineral Projects* is withdrawn.

1.1.4 Agreement among the OSC, the BCSC, the ASC, and the AMF, with Respect to the Administration and Application of Surplus Funds Generated by Operations of SEDAR

**AGREEMENT AMONG
THE ONTARIO SECURITIES COMMISSION (OSC),
THE BRITISH COLUMBIA
SECURITIES COMMISSION (BCSC),
THE ALBERTA SECURITIES COMMISSION (ASC),
AND THE AUTORITÉ DES
MARCHÉS FINANCIERS (AMF),
WITH RESPECT TO THE
ADMINISTRATION AND APPLICATION
OF SURPLUS FUNDS GENERATED BY OPERATIONS
OF THE SYSTEM FOR
ELECTRONIC DOCUMENT ANALYSIS
AND RETRIEVAL (SEDAR)**

On December 7, 2005 the Minister of Government Services approved the agreement among the OSC, the BCSC, the ASC, and the AMF, with respect to the administration and application of surplus funds generated by operations of the System for Electronic Document Analysis and Retrieval (SEDAR), dated as of May 19, 2005 (SEDAR Surplus Application Agreement). In accordance with section 143.10 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, the agreement comes into effect with respect to Ontario, on the day it is approved by the Minister.

The SEDAR Surplus Application Agreement was published in the Bulletin on October 21, 2005. (See (2005) 28 OSCB 8492.)

Questions may be referred to:

Rossana Di Lieto
Associate General Counsel
416-593-8106
email: rdilieto@osc.gov.on.ca

Krista Martin Gorelle
Senior Legal Counsel, General Counsel's Office
416-593-3689
email: kgorelle@osc.gov.on.ca

1.1.5 Notice of Commission Approval – IDA Form 1, Part I Auditor's Report – Amendment to Standard Auditor's Report to reflect changes to CICA Handbook Section 5600

THE INVESTMENT DEALERS ASSOCIATION OF CANADA (IDA)

**FORM 1, PART I AUDITOR'S REPORT –
AMENDMENT TO STANDARD
AUDITOR'S REPORT
TO REFLECT CHANGES TO
CICA HANDBOOK SECTION 5600**

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission and the Autorité des marchés financiers approved an amendment to the Part I Auditor's Report in Form 1 to recognize variations in audit opinion in accordance with the new CICA Handbook Section 5600. In addition, the Alberta Securities Commission and the British Columbia Securities Commission did not object to the amendment. The amendment is housekeeping in nature. The description and a copy of the amendment is contained in Chapter 13 of this Ontario Securities Commission Bulletin.

1.1.6 OSC Notice 11-756 - Assignment of Notice Numbers

ONTARIO SECURITIES COMMISSION NOTICE 11-756
ASSIGNMENT OF NOTICE NUMBERS

Staff has determined that the following documents are to be reclassified according to the numbering system adopted by the Canadian Securities Administrators. An explanation of that numbering system can be found at 19 OSCB 4258. The assignment, renumbering and renaming of these documents are effective immediately.

Assigned, renumbered and/or renamed as follows:

Previous
OSC Compliance Team, Capital Markets Branch 2004 Annual Report
OSC Compliance Team, Capital Markets Branch 2003 Annual Report
OSC Compliance Team, Capital Markets Branch 2002 Annual Report
Industry Report on Scholarship Plan Dealers

51-706 Continuous Disclosure Review Program - November 2001
51-708 Continuous Disclosure Review Program Report - August 2002
51-712 Corporate Finance Review Program Report - August 2003
51-715 Corporate Finance Review Program Report - October 2004

New
33-724 OSC Compliance Team, Capital Markets Branch Annual Report (2004)
33-724 OSC Compliance Team, Capital Markets Branch Annual Report (2003)
33-724 OSC Compliance Team, Capital Markets Branch Annual Report (2002)
33-725 Industry Report on Scholarship Plan Dealers

51-706 Corporate Finance Report (2001)
51-706 Corporate Finance Report (2002)
51-706 Corporate Finance Report (2003)
51-706 Corporate Finance Report (2004)

Questions regarding this notice may be directed to:

Alicia Ferdinand
Project Coordinator, Policy and Project Office
Ontario Securities Commission
Phone: 416-593-8307
aferdinand@osc.gov.on.ca

December 23, 2005

1.2 Notices of Hearing

1.2.1 Philip Services Corp. et al.

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

AND

IN THE MATTER OF
PHILIP SERVICES CORP.,
ALLEN FRACASSI, PHILIP FRACASSI,
MARVIN BOUGHTON, GRAHAM HOEY,
ROBERT WAXMAN
AND JOHN WOODCROFT

AMENDED
NOTICE OF HEARING
(Sections 127(1) and 127.1)

WHEREAS a Notice of Hearing was issued and Statement of Allegations were delivered on August 30, 2000, pursuant to sections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990 c.S.5, as amended (the "Act"), in respect of Philip Services Corp., Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Colin Soule, Robert Waxman and John Woodcroft;

AND WHEREAS the Statement of Allegations was amended on October 12, 2005;

AND WHEREAS by order of the Ontario Securities Commission (the "Commission") dated November 25, 2005, the Commission approved a proposed Settlement Agreement with Colin Soule;

TAKE NOTICE that the Commission will hold a hearing pursuant to sections 127(1) and 127.1 of the Act at the offices of the Commission, on the 17th Floor, Large Hearing Room , 20 Queen St. West, Toronto, Ontario commencing on Monday, February 6, 2006 at 10:00 a.m. or as soon thereafter as the hearing can be held:

TO CONSIDER whether, pursuant to sections 127(1) and 127.1 of the Act, it is in the public interest for the Commission to make an order that:

(a) the Respondents cease trading in securities, permanently or for such time as the Commission may direct;

(b) the individual Respondents be prohibited from becoming or acting as a director or officer of any issuer, permanently or for such period as the Commission may direct;

(c) the individual Respondents resign any positions they may have as a director and/or officer of any issuer;

(d) the Respondents be reprimanded;

(e) the Respondents, or any of them, pay the costs of Staff's investigation and this proceeding; and/or

(f) contains such other terms and conditions as the Commission may deem appropriate.

BY REASON OF the allegations set out in the Amended Statement of Allegations dated December 9, 2005 of Staff of the Commission and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto, Ontario this 12th day of December, 2005.

"John Stevenson"
Secretary to the Commission

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

AND

IN THE MATTER OF
PHILIP SERVICES CORP.,
ALLEN FRACASSI, PHILIP FRACASSI,
MARVIN BOUGHTON, GRAHAM HOEY,
ROBERT WAXMAN
AND JOHN WOODCROFT

AMENDED
STATEMENT OF ALLEGATIONS

Staff of the Ontario Securities Commission ("Staff") make the following allegations:

I THE RESPONDENTS

1. Philip Services Corp. ("Philip" or the "Company") was, at all material times, a reporting issuer in Ontario, Alberta, British Columbia, Quebec, Saskatchewan, Nova Scotia and Newfoundland. Philip's common shares were listed for trading on the Toronto Stock Exchange (the "TSE"), the Montreal Exchange and the New York Stock Exchange under the symbol PHV. At all material times, Philip was a corporation amalgamated under the laws of the Province of Ontario, with its head office in the City of Hamilton, in the Province of Ontario. Prior to May, 1997, Philip operated its business under the name of Philip Environmental Inc.

2. Philip was, at all material times, an integrated resource recovery and industrial services company providing metal recovery and processing services to major industry sectors throughout North America. According to Philip's Annual Report (the "Form 10-K"), Philip "was one of North America's leading suppliers of metals recovery and industrial services". For the year ended December 31, 1997, Philip reported revenues of US $1.75 billion, of which US $1.1 billion was attributed to the Company's Metals Recovery Group (the "Metals Group"). On or around September 29, 1995, the President and Chief Executive Officer ("CEO") advised the Company's Board of Directors that the Company expected consolidated revenue to reach Cdn $1.5 billion by the end of 1997 as a result of internal growth and acquisitions. At all material times, Philip's fiscal year-end was December 31. All amounts referred to hereinafter are in U.S. dollars, unless otherwise indicated.

3. Allen Fracassi ("A. Fracassi") was, at all material times, the President, CEO and a Director of Philip.

4. Philip Fracassi ("P. Fracassi") was, at all material times, the Executive Vice-President, Chief Operating Officer and a Director of Philip. P. Fracassi and A. Fracassi are brothers and are the founders of the Company.

5. Marvin Boughton ("Boughton") was, at all material times, the Executive Vice-President and Chief Financial Officer ("CFO") of Philip. Boughton is a chartered accountant. Prior to joining Philip in or around 1991, Boughton was a partner in the accounting firm of Deloitte & Touche ("Deloitte"), in its Hamilton, Ontario office and had been employed by Deloitte for approximately 32 years.

6. Graham Hoey ("Hoey") was, at all material times, Senior Vice-President, Finance of Philip. Prior to joining Philip in 1996, Hoey was a partner with Deloitte.

7. Robert Waxman ("Waxman") became a Director of the Company in January, 1994 and was the President of the Metals Group from February, 1996 until his resignation as a Director of Philip and as President of the Metals Group was publicly announced in a press release dated January 5, 1998.

8. John Woodcroft ("Woodcroft") was, at all material times, the Executive Vice-President, Operations of Philip. Woodcroft is a chartered accountant.

II BACKGROUND

9. In 1997, Philip's business was organized into two operating divisions - the Metals Group and the Industrial Services Group ("ISG"). Both of these divisions reported to Philip's head office, hereinafter referred to as "Corporate".

10. The Metals Group was Philip's largest operating division, accounting for more than 60% of the Company's revenue in 1997. The Metals Group was comprised of three key divisions - copper, ferrous and aluminum processing and recycling. As indicated above, Waxman was President of the Metals Group at all material times.

11. Deloitte, a firm of chartered accountants, was Philip's external auditor from 1990 until December, 1999. During 1997, the partners from Deloitte who were assigned to the Philip audit engagement included the following: the Lead Client Services Partner 1997, the U.S. Audit Partner 1997, the Quality Control/Audit Partner 1997 and the National Office Partner 1997.

III OVERVIEW OF STAFF'S ALLEGATIONS

12. The following allegations are being advanced by Staff:

Failure to provide full, true and plain disclosure in a Prospectus of material facts in respect of the Special Charges - the restructuring charge

1) Philip filed and Messrs. A. Fracassi, P. Fracassi, Boughton, Waxman, Hoey and Woodcroft authorized, permitted or acquiesced in Philip filing a Prospectus with the Commission which they knew or ought to have known failed to contain full, true and plain disclosure of all material facts relating to the securities offered, specifically, material facts relating to a restructuring charge in the amount of $155.720 million, which was not disclosed by Philip until 1998.

Failure to provide full, true and plain disclosure in a Prospectus of material facts in respect of the Special Charges - the material financial transactions

2) These material financial transactions amount to approximately $110 million of the total $234.992 million in charges taken by Philip (in addition to the restructuring charge), and are as follows:

(i) that Philip filed and Messrs. A. Fracassi, P. Fracassi, Boughton, Waxman, and Woodcroft authorized, permitted or acquiesced in Philip filing financial statements contained in the Prospectus which they knew or ought to have known failed to contain full, true and plain disclosure of approximately $31 million for holding certificates in respect of inventory, which were issued by Philip in 1996 and were improperly recorded because Philip failed to record the underlying transactions as liabilities or, alternatively, failed to remove the inventory from the accounting records;

(ii) that Philip filed and Messrs. A. Fracassi, P. Fracassi, Boughton, Waxman and Woodcroft authorized, permitted or acquiesced in Philip filing financial statements contained in the Prospectus which they knew or ought to have known failed to contain full, true and plain disclosure of approximately $29 million of unrecorded liabilities for invoices issued by its customer, Pechiney World Trade Inc., in 1996 and settled by Philip in 1997;

(iii) that Philip filed and Messrs. A. Fracassi, P. Fracassi, Boughton, Waxman and Woodcroft authorized, permitted or acquiesced in Philip filing financial statements contained in the Prospectus which they knew or ought to have known failed to contain full, true and plain disclosure of approximately $30.222 million regarding a financing arrangement between Philip and Commodity Capital Group, finalized on or about August 13, 1997, which was not properly recorded in the financial statements;

(iv) that Philip filed and Messrs. A. Fracassi, P. Fracassi, Boughton, Hoey and Woodcroft authorized, permitted or acquiesced in Philip filing financial statements contained in the Prospectus which they knew or ought to have known failed to contain full, true and plain disclosure of approximately $10 million regarding a financing arrangement between Philip and Canadian Imperial Bank of Commerce, finalized on or about June 27, 1997, which was not properly recorded in the financial statements; and

(v) that Philip filed and Messrs. P. Fracassi and Woodcroft authorized, permitted or acquiesced in Philip filing financial statements contained in the Prospectus which they knew or ought to have known failed to contain full, true and plain disclosure of the $10 million Waxman Promissory Note which was improperly recorded in the financial statements in inventory.

IV THE NOVEMBER 1997 OFFERING

13. On November 6, 1997, Philip made a public offering of 20 million common shares (the "November Offering"), 15 million of which were sold in the United States and 5 million of which were sold in Canada and internationally. The November

Offering raised approximately $364 million and closed on or about November 12, 1997. The price per each offered common share was $16.50.

14. In connection with the November Offering, Philip filed a Prospectus with the Commission and obtained a final receipt on November 6, 1997. As required pursuant to section 58 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act"), the Prospectus contained an Issuer's Certificate signed by A. Fracassi, the CEO, and Boughton, the CFO, and two directors, Waxman and Herman Turkstra, on behalf of Philip's Board of Directors. A registration statement (the "Registration Statement") was filed with the United States Securities and Exchange Commission (the "SEC") on or about November 6, 1997.

15. The Prospectus included audited financial statements for the Company for the years ended December 31, 1996 and December 31, 1995, for which Deloitte had issued unqualified audit opinions. Deloitte consented to the inclusion of these audit opinions in the Prospectus. Furthermore, the Prospectus contained unaudited interim financial statements for the six month periods ended June 30, 1997 and June 30, 1996. Deloitte provided a letter of comfort to the Commission dated November 5, 1997, with respect to the inclusion of the unaudited interim financial statements in the Prospectus. The Prospectus also included unaudited third quarter results for the three and nine month periods ended September 30, 1997.

16. In connection with the November Offering, Philip entered into a U.S. Underwriting Agreement dated November 6, 1997 with a syndicate of underwriters, which provided for the sale by the Company of 15 million common shares in the United States. Salomon Brothers Inc. and Merrill Lynch & Co. acted as the co-lead underwriters on behalf of the syndicate of underwriters. Philip also entered into an International Underwriting Agreement, dated November 6, 1997, with a syndicate of international underwriters which provided for the sale by the Company of 5 million common shares internationally, including Canada. Salomon Brothers International Limited and Merrill Lynch International acted as representatives on behalf of the international underwriters. The Canadian underwriters that participated in the international underwriting were as follows: Salomon Brothers Canada Inc., Merrill Lynch Canada Inc., CIBC Wood Gundy Securities Inc., Midland Walwyn Capital Inc., First Marathon Securities Inc., Gordon Capital Corporation, RBC Dominion Securities Inc. and TD Securities Inc. (the "Underwriters").

V PUBLIC DISCLOSURES AND REGULATORY FILINGS

17. In a press release dated September 29, 1997, Philip announced that it had filed a Registration Statement in the United States and a preliminary prospectus ("Preliminary Prospectus") in Canada with respect to an offering of 20 million of its common shares.

18. On or about October 24, 1997, Philip filed an amended Preliminary Prospectus with the Commission.

19. In a press release dated November 5, 1997, Philip reported record net earnings of $25.4 million for the three month period ended September 30, 1997, a 105% increase over the $12.4 million from continuing operations for the same period in 1996. It also reported that its revenues for the three month period ended September 30, 1997 increased 246% to $502.2 million from $145.2 million for the same quarter in 1996. The financial information released on November 5, 1997 was incorporated into the Prospectus.

20. On or about November 6, 1997, Philip obtained a receipt for the Prospectus from the Commission.

21. In a press release dated November 18, 1997, Philip reported that total net proceeds from the November Offering amounted to approximately $364 million.

22. In a press release dated January 5, 1998, Philip announced the resignation of Waxman as a Director and President of the Company's Metal Group.

23. Philip issued a press release dated January 26, 1998, approximately 11 weeks after the November Offering closed, announcing the following:

> *... the Company will record a one time year end charge to earnings of between US $250 million and US $275 million, which on an after-tax basis, is between US $175 million to US $200 million. This one time charge will be comprised of two items. One item will be in the form of a restructuring charge, which on an after-tax basis will amount to between US $100 million and US $120 million. This restructuring charge includes a write-down of goodwill, which makes up 60% to 70% of this charge, severance payments, relocation costs and a variety of other items. The second component being US $75 million to US $80 million after-tax relates primarily to physical inventory adjustments and also to trading losses and charges relating to a market revaluation of inventory held for resale by our Metals Recovery Group.*

24. In a press release dated January 27, 1998, Philip clarified its January 26, 1998 announcement, stating that the goodwill write-down related to a number of acquisitions the Company concluded over the period from 1993 to 1996. It also stated that the physical inventory adjustment of approximately $60 million after-tax involved the difference between book inventory and physical inventory in the Metals Group copper yard business.

25. On Friday, January 23, 1998, the closing price for Philip's shares on the TSE was $18.90. On January 27, 1998, following the announcements of January 26 and 27, Philip's common shares on the TSE closed at $12.00.

26. In a press release dated March 5, 1998, Philip announced its financial results for the year ending December 31, 1997 and the results of an audit conducted by external auditors into the copper inventory discrepancy. In this press release Philip made a number of disclosures, including that:

    (i) its 1997 year-end audited financial results included a $185.4 million (pre-tax), one-time special and non-recurring charge related to the write-down of certain assets;

    (ii) it reported a loss of $95.8 million for its 1997 year-end;

    (iii) it was restating its earnings for fiscal year 1995 to $3.2 million (rather than approximately Cdn $32.7 million as originally disclosed) and for fiscal year 1996 to a $20 million loss (rather than a profit of approximately Cdn $39 million as originally disclosed); and

    (iv) there was a discrepancy in the copper inventory in the audited financial statements for the year ended December 31, 1997 in the amount of approximately $92 million (pre-tax) resulting from trading losses and a further amount of approximately $32.9 million (pre-tax) caused by incorrect recording of copper transactions, which losses were incurred over a three year period as a result of speculative transactions done outside of Philip's normal business practices.

27. On or about March 31, 1998, Philip, pursuant to the United States Securities Exchange Act of 1934, filed the Form 10-K for its 1997 fiscal year with the SEC. The Form 10-K included an unqualified audit opinion signed by Deloitte on March 4, 1998.

28. In a press release dated April 1, 1998, Philip announced that on March 31, 1998, Philip had filed its Form 10-K for its 1997 fiscal year-end financial statements and reported that "as part of its final audit review" it was determined that an additional charge of $13.6 million had to be added to the special and non-recurring charges of $185.4 million (pre-tax), disclosed in its news release of March 5, 1998. These additional charges included $10 million in unrealized losses from copper swap contracts and $3.6 million in "other" costs relating to copper operations.

29. In a press release dated April 23, 1998, Philip announced that its 1997 Audited Financial Statements previously filed with its Annual Report on Form 10-K with the SEC "did not properly reflect the results of transactions in the Company's copper operation and as a result underestimated the Company's liabilities by an amount estimated to be approximately $30 million". It also announced an adjustment to "certain balance sheet accounts" of approximately $5 million.

30. On or about May 5, 1998, Philip filed a Material Change Report with the Commission, pursuant to section 75(2) of the Act, with respect to its announcement on April 23, 1998 as described in paragraph 30.

31. On or about May 14, 1998, Philip filed an amended Form 10-K (the "Form 10-K/A") with the SEC which reflected the further adjustments required to its 1997 audited financial statements as announced in its press release dated April 23, 1998.

32. On or about May 22, 1998, Philip filed its Annual Financial Statements for its fiscal year ended December 31, 1997 with the Commission.

VI THE METALS GROUP

A. Background Facts

33. In 1973, Waxman began working in the scrap metals industry for I. Waxman & Sons Limited, the Waxman family business. In or around September, 1993, I. Waxman & Sons Limited rolled all of its active operating assets into Waxman Resources Inc. ("Resources") and then sold all of the shares of Resources to Philip. At the time Philip purchased the shares of Resources, Waxman was the President and Chief Executive Officer of Resources.

34. In light of his substantial experience and contacts in the metals industry, Philip gave Waxman the responsibility of running the operations it had acquired from the Waxman family interests as well as other metals holdings of Philip.

Waxman performed an integral role for Philip in both the operations of the Metals Group and the strategic planning for the numerous acquisitions by Philip in the metals industry.

35. In January 1994, Waxman became a Director of Philip. On February 28, 1996, Waxman was appointed President of the Company's Metals Group.

36. At all material times, Waxman reported to A. Fracassi. On a day-to-day basis, Waxman also reported to P. Fracassi and Woodcroft.

37. In 1996 and 1997, the Metals Group accounted for approximately 60% of Philip's revenues.

B. Inappropriate Transactions

38. In early 1997, the VP, Financial Operations of Philip was preparing a report for A. Fracassi regarding potential inappropriate copper cathode transactions being effected in the Metals Group. At the same time, the VP, Financial Operations was also advised of the details regarding the Copper Investigation.

39. As a result, the VP, Financial Operations prepared a handwritten memo dated September 12, 1997 to A. Fracassi (the "VP, Financial Operations' Memo"), advising of four transactions "controlled by Bob Waxman which appear[ed] to be of a fraudulent nature" as follows:

> (1) *During late 96 and early 97, we borrowed 9.6 million lbs of cathode from GM. Of this, 5.4 million lbs was given to Pechiney but never invoiced. The balance was sold and properly invoiced. However, we paid Pechiney for 3.0 million lbs and MIT for 1.2 million lbs of cathode which was not received by us. The total loss on the scam at US 1.00 per lb is US 9.6 million.*
>
> (2) *During the one year period ended March 97 we lost US 10.0 million on cathode sales to Parametal Trading. These were predominantly paper, non-physical transactions. There is no valid reason, including borrowing, hedging or outright speculating that could explain a loss of this size based upon the average monthly trading volume of US 10.0 million. The only logical conclusion is that money is being taken from the Company.*
>
> (3) *In April of 97, we started buying UBC's from Pechiney. We brokered the scrap to various customers at market prices. The loss to date on these transactions is US 275,000. Madesker has modified the Pechiney invoices to reduce the loss to us. Experience has shown that this is just a delay tactic. Eventually the full amount of the loss will be realized. Initially, we sold to the UBC customers directly. Now MIT has been introduced as a middleman between us and our customers. A bad deal is about to get worse. There is no reason for these transactions other than to put money in other people's pockets.*
>
> (4) *In May 97, we started selling #2 copper scrap to MIT who in turn sells it to Southwire. We are supposed to be paid on the basis of copper recovered by Southwire. By accident, we have discovered that Southwire's recoveries are twice the amount reported to us by MIT. Based upon the initial order alone, we have been cheated out of US 175,000. It is clear that the reason for using a broker is to divert money to the principal of MIT...*

The memo concludes as follows:

> *I have more examples as does [the Executive Vice-President, Corporate & Government Affairs] who has information on yard theft. But without going into more detail we are already up to CAD 27.0 million.*
>
> *Bob must not be allowed to enter into any transactions. All people loyal to him should be fired and we should try to recover whatever we can without having the whole thing blow up.*

40. The VP, Financial Operations' Memo was provided to Woodcroft. Woodcroft advised the VP, Financial Operations that he had discussed the matters raised in the VP, Financial Operations' Memo with A. Fracassi.

41. On October 28, 1997, Waxman executed a $10 million promissory note in favor of Philip for certain indebtedness he had to the company.

VII THE SPECIAL CHARGES

A. Overview

42. Special charges were taken by Philip in 1998 which included a restructuring charge and charges in respect of material financial transactions. Philip failed to disclose in the Prospectus that the Company had identified and quantified items to be included in the restructuring charge. Philip's process of identifying and calculating items to be included in the restructuring charge commenced in the late summer of 1997. Also, the financial statements contained in the Prospectus were incorrect because of inappropriate accounting treatments for many material financial transactions. They were subsequently corrected in 1998 as part of the Special Charges.

43. On January 17, 1998, the Globe and Mail reported that Philip would be taking a one-time restructuring charge and would disclose the amount of the restructuring charge on January 26, 1998.

44. On January 26 and 27, 1998, only 11 weeks after the Prospectus was filed with the Commission, Philip issued two press releases announcing that the Company would be taking a restructuring charge. As set out in paragraph 24, in a January 26, 1998 press release, Philip disclosed that it would be taking a restructuring charge and a charge relating to material financial transactions (the "Special Charges"). According to the press release:

> *...the company will record a one time year end charge to earnings of between US $250 million and US $275 million, which on an after tax basis, is between US $175 million to US $200 million. This one time charge will be comprised of two items. One item will be in the form of a restructuring charge, which on an after tax basis will amount to between US $100 million and US $120 million. This restructuring charge includes a write-down of goodwill, which makes up 60% to 70% of this charge, severance payments, relocation costs and a variety of other items. The second component being US $75 million to US $80 million after tax relates primarily to physical inventory adjustments, and also to trading losses and charges relating to a market revaluation of inventory held for resale by our Metals Recovery Group.*

45. In the late summer of 1997, Philip commenced a process to identify and calculate items to be included in a restructuring charge. The restructuring charge calculated during the course of this process is very similar to the amounts announced on January 26 and 27, 1998, as set out in above.

46. In the final audited financial statements for the year ended December 31, 1997, Philip recorded various Special Charges relating primarily to its copper business, including a restructuring charge of $155.720 million and Special Charges relating to material financial transactions of $234.992 million.

47. The Special Charges relating to material financial transactions impacted on previously reported earnings by Philip in the years ended December 31, 1995 and 1996 and the three quarters ended March 31, June 30 and September 30, 1997 respectively.

B. The Restructuring Charge

i) Background Facts

48. In the 10-K filed with the SEC on April 1, 1998, Philip explained the restructuring charge as follows:

> *As at December 31, 1997, the Company recorded a pre-tax charge of $155.7 million ($117.1 million after tax) reflecting the effects of (i) restructuring decision made in its Industrial Services Group following the mergers of All Waste and Serv-Tech, (ii) integration decisions in various of its acquired Metals Services Group businesses, the most significant of which were acquired in late October 1997 and (iii) impairments of fixed assets and related goodwill resulting both from decisions to exit various business locations and dispose of the related assets, as well as assessments of the recoverability of fixed assets and related goodwill of business units in continuing use.*
>
> *All businesses assessed for asset impairment were acquired in purchase business combinations and, accordingly, the goodwill that arose in those transactions was included in the test for recoverability. Assets to be disposed of were valued at the estimated net realizable value while the assets of the business units to be continued were assessed at fair value principally using discounted cash flow methods.*

Special and non-recurring charges relate to the impairment of fixed assets and related goodwill and comprised of the following items:

	($US '000)
Business units, locations or activities to be exited:	$ 10,032
Goodwill written off	
Fixed assets written down to estimated net realizable value of $4,843K	47,584
Unavoidable future lease and other costs associated with properties	9,358
Other assets to be disposed, including $7,800K accrued disposal costs	17,740
Business units to be continued:	
Goodwill impairment	49,558
Fixed assets written down to estimated net realizable value of $8,810K	10,984
Severance, $2,000K paid before year-end	4,464
Accrued costs	6,000
TOTAL	$ 155,720

49. Philip had identified and quantified most of these items that were written off as a restructuring charge prior to filing the Prospectus. However, there was no specific disclosure in the Prospectus that Philip intended to take a restructuring charge or in the alternative, the minimal disclosure provided was not representative of what was known at the time the Prospectus was filed.

50. Deloitte's management letters, prepared at the conclusion of the 1994 and 1995 engagements, indicate that the accounting for acquisitions, the capitalization of costs (especially start-up costs and losses) and the recognition of accounting for goodwill were serious concerns for its auditor on an annual basis.

ii) Relevant Portions of the Prospectus

51. The following excerpts from the Prospectus are the only references made by Philip that may possibly relate to the restructuring charge that the Company was contemplating:

(a) The Preamble to the Financial Information

*The selected historical consolidated financial data ... is derived from the audited Consolidated Financial Statements ... and ... is from the unaudited interim consolidated financial statements of Philip, which in the opinion of management include all adjustments **(consisting solely of normal recurring adjustments)** necessary to present fairly the financial information for such periods.* [Emphasis added.]

(b) Risk Factors

The Prospectus noted that Philip may record additional charges, at a later date, resulting from acquisition or integration issues. However, the Prospectus does not disclose that the Company had already quantified the significant components of the restructuring charge.

*In particular, reserves established or charges recorded in connection with acquisitions or the integration thereof may be insufficient and the Company **may be required** to establish additional reserves or **record additional charges** at a later date.* [Emphasis added.]

(c) Notes to the Unaudited Pro Forma Consolidated Financial Statements - Note 8

The following Note to the Unaudited Pro Forma Consolidated Financial Statements contemplated non-recurring costs, but only in relation to integration costs arising from the AllWaste and Serv-Tech acquisitions and not to the restructuring charge that was being contemplated by Philip during 1997.

*Philip expects that it will incur non-recurring costs relating to severance, relocation and other integration costs. These costs are **not quantifiable** at this time.* [Emphasis added.]

iii) The Quantification of the Restructuring Charge during 1997

52. In January and/or February of 1997, during the course of the finalization of the 1996 engagement, the Lead Client Services Partner 1997 advised A. Fracassi to consider a restructuring charge as synergies would be realized from the previous pattern of acquisitions, and the United States marketplace was not reacting adversely to restructuring charges at the time.

53. In early 1997, at least P. Fracassi, Woodcroft and the VP Finance were aware that inappropriate accounting had taken place in finalizing the 1996 results. It was agreed that earnings targets for 1997 would be reduced in order to manage the expectations of the public and enable corrective accounting action to be taken. The expectations, however, were not reduced and it was decided that the corrections would take place as part of the restructuring charge being considered.

54. On February 24, 1997, a meeting was held to discuss the finalization of the 1996 audit engagement. In attendance were A. Fracassi, Boughton, the Partner - National Office and the Lead Client Services Partner 1997. Notes of the meeting record that, amongst other points,

- *"divisions" structure going forward[:] services - metals, and*
- *[o]ut of this 're-org' - the Company is contemplating a restructuring charge in Q2/3 [of] 97.*

55. During the course of the next few months, Deloitte continued to provide advice to Philip on the issue of a restructuring charge and discussed the charge with Philip on a conceptual basis.

56. During the late spring or summer of 1997, various staff of Philip were made aware that a restructuring charge was going to take place. At the same time, in the early summer of 1997, the Underwriters began meeting with Philip to discuss equity financing.

57. On August 1, 1997, the Executive Vice-President, Corporate Development received a fax from Merrill Lynch containing an analysis of the impact of extraordinary charges on the stock price of other publicly listed companies. Attached to the fax were graphs illustrating the impact of "extraordinary charges" on the price of three separate public companies.

58. Shortly after August 5, 1997, Deloitte became aware that a prospectus was going to be issued in the United States and that Deloitte would be required to provide an opinion on the Philip financial results for January to June, 1997 (the "Q2 Review"). The Q2 Review was conducted by Deloitte in September, 1997. The main participants from Philip in the Q2 Review were Boughton, Hoey, the Corporate Controller and the Manager, Financial Reporting.

59. Deloitte, however, was not aware that staff at Philip were attempting to quantify the charge.

60. By August 25, 1997, Philip had decided to raise an equity financing.

61. Prior to August 25, 1997, the Corporate Controller met with at least Boughton and the VP Finance to identify and quantify items to be included in a restructuring charge. At the meeting, Boughton assigned the Corporate Controller the responsibility of identifying items in Corporate and ISG to be included in the restructuring charge. Boughton asked the VP Finance to provide suggestions of components that may form part of a possible restructuring charge in the Metals Group.

62. On August 25, 1997, the VP Finance submitted a memo addressed to Waxman, and copied Boughton and the Corporate Controller. In the memo entitled "Write-off", the VP Finance summarized what had been discussed at the meeting. The memo included a list of "items to consider" for a restructuring charge/write-off. The VP Finance included the following on the list: the "closure of Centennial yard" and the "cost of exiting the solids copper business in Hamilton. Take hit on inventory".

63. Shortly after August 25, 1997, the VP Finance gave the Financial Analyst this memo and asked her to complete a restructuring charge based on the items in it.

64. In early September, 1997, the Financial Analyst prepared schedules quantifying the items to be included in the restructuring charge. The Financial Analyst prepared several iterations of a list comprising items that the Metals Group were suggesting should be included in a restructuring charge or write-down. In spreadsheets dated September 2, 1997, the Financial Analyst quantified the "Metals Recovery Restructure Costs" as at July 31, 1997. The spreadsheets included the amount of Cdn $127 million under the heading of "cathode". The items that the Financial Analyst included in this category were primarily losses that had been inappropriately deferred on the books of the Metals Group and

improperly recorded as an asset. These items would ultimately form part of the Special Charges disclosed by Philip in 1998. The Financial Analyst submitted the analysis, totalling Cdn $158 million, to the VP Finance.

65. On September 4, 1997, the VP Finance prepared a second memo. This memo, addressed to Boughton and copied to Waxman, was entitled "Restructuring". The memo commences with the sentence "… these are a number of items we would consider as part of a restructuring charge". The schedule attached to the memo, totalling Cdn $193 million, refers to several items that were later included in the restructuring and Special Charges subsequently recorded in the 1997 annual financial statements.

66. The VP Finance's estimate of Cdn $193 million included an amount of Cdn $167 million for inventory at Centennial. Items related to inventory at Centennial comprised most of the Special Charges which were subsequently recorded in the 1997 financial statements. Originally, all these accounting irregularities formed part of the proposed restructuring charge. It was not until January of 1998 that these items were accounted for separately as a Special Charge and not as a restructuring charge. Most of the items other than Centennial were much smaller, and had come from assorted plans to consolidate yards and operations, and to move out of certain businesses.

67. In September of 1997, at the time that the Waxman Issues discussed in Part VI were being dealt with, Philip management was considering exiting the cathode trading and copper brokerage business located at Centennial. Since early 1997, Philip had been exploring whether they could replace the Centennial yard with another location. Waxman and Woodcroft would have been aware of these significant changes to the business. Waxman's operational authority was removed on or about September 16, 1997. When the Treasurer was re-positioned as head of the Metals Group (the "New President of the Metals Group"), he was instructed to close out all cathode trades and not enter into any new ones. The New President of the Metals Group reported to P. Fracassi and Woodcroft.

68. During the first week of September, 1997, the Financial Analyst received the VP Finance's second memo dated September 4, 1997. At that time, the Financial Analyst prepared another list of items in the Metals Group to be included in the restructuring charge. On approximately September 9, 1997, the VP Finance and the Financial Analyst met briefly with Hoey and the Corporate Controller. The VP Finance distributed copies of one of the Financial Analyst's list of items totalling Cdn $194 million, which was based on the estimates at July 31, 1997.

69. On September 5, 1997, a spreadsheet totalling $137 million in respect of restructuring items for ISG was prepared by the Corporate Controller and given to Boughton. The Corporate Controller continued to refine the list and faxed a slightly revised version to the President, ISG Group on September 30, 1997. The list faxed to the President, ISG Group totalled $128 million.

iv) The Prospectus & The Continuing Effort at Philip to Quantify the Restructuring Charge

70. On September 24, 1997, a due diligence conference call session was held concerning the Preliminary Prospectus. Philip management was represented by Boughton, Hoey and the Corporate Controller. The participants (the representatives of the Underwriters) were told that Philip was going to take charges to write off goodwill. They were also advised that while the amount was not quantifiable, it would be sizeable. No further explanation of the approximate magnitude was given.

71. On September 25, 1997, the Board of Directors of Philip discussed and approved the share offering.

72. On September 26, 1997, the Preliminary Prospectus was filed with the Commission.

73. As noted at paragraphs 89 and 90, above, at September 30, 1997, Philip had identified approximately Cdn $194 million for the Metals Group and $128 million for ISG in respect of a potential restructuring charge.

74. In October 1997, the Financial Analyst, on the instructions of the VP Finance, made certain recalculations to the restructuring schedules as at September 30, 1997. Subsequently, the Financial Analyst gave this analysis to the VP Finance.

75. In mid-October 1997, A. Fracassi advised Deloitte that Philip was considering a charge.

76. On November 5, 1997, Philip held a due diligence session by conference call concerning the Prospectus. During the conference call, Hoey advised that Philip was considering a restructuring charge but was not close to a decision. Boughton's notes of the conference call indicate that he informed the meeting that there "may be write-downs - looking at it - W/B of size".

77. At the time of the Prospectus, the U.S. Audit Partner 1997 had discussions with the General Counsel, Executive Vice-President and Corporate Secretary of Philip, and Hoey regarding the restructuring charge. In fact, Deloitte continually

inquired as to the status of the restructuring charge. The General Counsel and Hoey confirmed that the decision of whether to take a restructuring charge had not been made and that the asset impairments had not yet occurred. Deloitte was advised that Philip had consulted legal counsel regarding the appropriate disclosure of the possible charge in the Prospectus.

78. The schedules prepared by the Financial Analyst and the VP Finance were not disclosed to Deloitte prior to 1998.

79. Prior to filing its Prospectus on November 5, 1997, Philip had sufficient information to conclude that it would be taking a material charge to earnings but did not disclose this fact to Deloitte, its auditor, or the Underwriters in connection with the public offering and did not disclose that it would be taking a material charge to its earnings, in the Prospectus.

80. The final restructuring charge taken by the two operating divisions, ISG and the Metals Group, amounted to $101.298 million and $54.422 million respectively for a total of $155.720 million. Many of these restructuring costs were identified prior to September 30, 1997.

81. In particular, the following items were identified as of September 30, 1997, as of January 26, 1998 (the date of a press release by Philip regarding the charge), and actually recorded for the December 31, 1997 year-end and prior years:

$US '000		**Quantification at September 30, 1997**	**Press Release January 26, 1998**	**Adjustment Recorded for December 31, 1997 and prior years**
Industrial Services Group				
Quebec		$ 20,000	$ 10,400	$ 17,532
Tech Services		26,000	23,700	21,868
Burlington Environmental		40,000	31,500	29,000
Kansas City		11,000	11,400	9,897
Other		31,400	27,400	23,001
TOTAL		$ 128,400	$ 104,400	$ 101,298
Metals Group				
Centennial Plant Closure	(Cdn $168,900)	122,214	45,600	3,775
Other	(Cdn $ 23,770)	17,200		50,647
	(Cdn $192,670)	139,414	45,600	$54,422
Special Charge - Restructuring		$267,814	$ 150,000	$155,720
Special Charge - Inventory and related accounts			125,000	234,992
Total Special Charges (pre-tax)		$ 267,814	$ 275,000	$ 390,712

v) November to December 1997 – Post Prospectus

82. The VP Finance prepared a spreadsheet dated November 27, 1997 which calculated the restructuring charge for the Metals Group at approximately Cdn $201.599 million. The Corporate Controller relied on this spreadsheet in preparing her list. The Corporate Controller's list consolidated the spreadsheet of the Metals Group with the ISG list. It also contained an item for "Metals" as $146.087 million (Cdn $201.599 million) and the amount of approximately $128 million for ISG. This was also noted in the list that the Corporate Controller faxed to the ISG President on September 30, 1997. The Corporate Controller gave the spreadsheet to Boughton and Hoey on November 27, 1997.

83. Subsequently, the Corporate Controller met with Boughton and Hoey to discuss the spreadsheet.

84. On December 2, 1997, Boughton and Hoey attended a meeting to discuss a list entitled "Restructuring Charge", listing charges totalling $267 million. An amount of $121 million is included in the list and is described as "Centennial Redundant Assets". Handwritten notes on two separate copies of the list reflect the amount being changed to $100 million, suggesting that this item was discussed at the meeting.

85. In late December, 1997, Boughton informed the Lead Client Services Partner 1997 of "ball-park" numbers of the restructuring charge ($200 million). On December 22, 1997, the Lead Client Services Partner 1997, the U.S. Audit Partner 1997, Boughton and Hoey attended a meeting held in Boughton's office. Boughton outlined the proposed

restructuring charge in general terms, but did not provide supporting detail. Boughton indicated that a charge would be taken of approximately $100 million for ISG and $100 million for Metals.

86. On December 23, 1997 the Corporate Controller distributed a memo and schedule at a meeting attended by P. Fracassi, Boughton, Woodcroft, the New President of the Metals Group and Hoey. This meeting was convened to discuss the restructuring charge. According to the spreadsheet, Centennial is noted as having redundant assets of $150 million with the action required being to "close yard and liquidate inventory".

87. As indicated above, a significant component of the restructuring charge initially related to inventory at the Centennial yard. According to the minutes of an Audit Committee meeting held on January 19, 1998, Boughton argued that Centennial was a "discontinued" operation and therefore should be dealt with as a separate charge outside of normal operations. However, Deloitte disagreed. As set out in paragraph 27, on March 5, 1998, Philip issued a press release which stated that the trading losses that were incurred were due to "speculative transactions done outside of Philip's normal business procedures".

88. By March, 1998, the items at Centennial had been eliminated from the restructuring charge and were as written in the Special Charges.

vi) Philip Discloses the Restructuring Charge

89. On January 26, 1998, Philip issued a news release, as described at paragraph 24, announcing that Philip planned to take a "one-time year-end charge to earnings" of approximately $250 million to $275 million. One component of the charge related to a copper inventory adjustment of approximately $60 million after tax.

90. On January 27, 1998, as described at paragraph 25, Philip issued another news release explaining a $90 million inventory loss in its scrap operations in Hamilton.

91. The matters described in paragraphs 52-81 were known or ought to have been known by Messrs. A. Fracassi, P. Fracassi, Boughton, Waxman, Hoey and Woodcroft, prior to filing the Prospectus.

C. The Special Charges in Respect of Material Financial Transactions

92. In the final audited financial statements for the year ended December 31, 1997, Philip recorded Special Charges in respect of certain material financial transactions, which related primarily to its copper business. In addition to the restructuring charge, the major components of the Special Charges in respect of those material financial transactions (which are referred to in the financial statements as relating to “inventory and related accounts”) disclosed by Philip in the Form 10-K and the Form 10-K/A, are detailed as follows:

	($US '000)
Non-recurring charges recorded as operating expenses **(including CIBC $10 million and CCG $30 million)**	$ 78,260
Costing errors recorded as operating expenses	32,875
Previously incurred but unrecorded trading losses resulting from speculative trading of copper cathode, recorded as special charges **(including Holding Certificates $31 million, Pechiney $29 million and other "Cathode Trading Losses" (including Waxman Promissory Note) $32.13 million)**	92,235
Overstatement of revenue and accounts receivable, recorded as adjustments to revenue, of which $22.114 million is separately identified.	31,622
TOTAL	$ 234,992

93. The Special Charges caused Philip to restate its comparative financials for the fiscal years ending December 31, 1996 and December 31, 1995, as they were inaccurate. The inaccurate financial statements for the fiscal years ending December 31, 1996 and December 31, 1995 were contained in the Prospectus.

94. The Special Charges were discovered by Deloitte as a result of the significant "shortfall" in the inventory of the Metals Group, of which Deloitte was informed in January of 1998.

95. Deloitte and another accounting firm, which was also conducting an investigation into the inventory discrepancy, identified many significant accounting irregularities which accounted for the inventory shortfall and also other accounting irregularities which did not impact on the inventory account. Some of these are outlined below.

96. The accounting irregularities amount to approximately $110 million of the total $234.992 million of Special Charges relating to material financial transactions, as noted above, and are discussed as follows:

- Holding Certificates
- Reversal of Invoices from Pechiney World Trade (USA), Inc. ("Pechiney")
- Commodity Capital Group Metals Inc. ("CCG")
- Canadian Imperial Bank of Commerce ("CIBC")
- Waxman Promissory Note

97. None of the items that are discussed below was properly disclosed in the financial statements that were contained in the Prospectus.

i) Holding Certificates

98. At various times during the material time, Philip financed its operations with the use of holding certificates. Philip issued holding certificates signifying that the inventory being held by Philip was the property of the customer. The holding certificates issued in 1996 represented a total invoice value of approximately $31 million and were issued to the following customers: $8.8 million to Conversion Resources; $7.2 million to Pechiney; $3.5 million to Pechiney; $1.2 million to MIT International LLC; $3.4 million to Parametal Trading Inc. ("Parametal"); $1.9 million to Kataman Metals Inc. ("Kataman") and $4.7 million to Southwire Company.

99. The majority of the holding certificates were signed by Waxman and Woodcroft. The General Counsel, on behalf of Philip, executed a "Purchase Money Security Agreement (Inventory)" in respect of Kataman.

100. The inventory never left the premises of Philip. Philip issued holding certificates to these customers. Philip recorded each transaction involving the holding certificates as a "sale", despite the fact that these were financing transactions. Inventory subject to the holding certificates was improperly counted as Philips' inventory.

101. These transactions were not properly recorded in the Company's financial statements for the year ended December 31, 1996.

102. The financial statements that were contained in the Prospectus were misleading and not accurate due to the inappropriate accounting treatment of the holding certificates, recorded in 1996. A special charge to the 1996 statement of earnings was required to be made because either, a) the liability to repurchase this inventory was not recorded, or b) the inventory remained in the books and records as being owned by Philip, at the date of the Prospectus.

103. The matters described in paragraphs 98-102 in respect of the holding certificates were known or ought to have been known by Messrs. A. Fracassi, P. Fracassi, Boughton, Waxman and Woodcroft, prior to filing the Prospectus.

ii) Reversal of Invoices - Pechiney

104. Philip bought and sold copper cathode at various times during the material time.

105. In early 1997, the VP Finance made an adjustment to the 1996 results in the amount of approximately $29 million. He did so to increase profits pursuant to a request by Woodcroft. The VP Finance achieved this by reversing seven invoices for the purchase of copper cathode from Pechiney. The invoices were not recorded as liabilities in the results for 1996, despite the fact that the inventory had been received and was recorded as an asset in the 1996 results.

106. In April of 1997, Philip paid these invoices, but the unrecorded liability continued to be deferred until written-off at year-end, when their write-off formed part of the Special Charges.

107. The purchases and repayments involving Pechiney were not properly recorded in the Company's financial statements for the year ended December 31, 1996 and for the quarters ended March 31, 1997, June 30, 1997 and September 30, 1997.

108. A special charge to the 1996 statement of earnings was required in respect of these transactions because the liability to purchase this inventory was not recorded.

109. The financial statements that were contained in the Prospectus were misleading and not accurate due to the inappropriate accounting treatment of the Pechiney purchases and repayment in 1996 and 1997.

110. The matters described in paragraphs 104-109 were known or ought to have been known by Messrs. A. Fracassi, P. Fracassi, Boughton, Waxman and Woodcroft prior to the filing of the Prospectus.

iii) Commodity Capital Group Metals Inc. ("CCG")

111. In early 1997, Philip began negotiating a financing transaction with CCG, a corporation based in New York. In August and September of 1997, CCG provided approximately $31 million in financing to Philip. In addition to the amount advanced from CCG, Philip also paid to CCG interest payments totalling approximately $1.6 million.

The Agreements

112. On or about August 13, 1997, Philip finalized the financing arrangement with CCG. In summary, the arrangement consisted of the following:

(a) Philip agreed to sell "commodity lots" (scrap metal) to CCG at the market value of the commodity;

(b) In the "letter of assurance" addressed to the consortium of banks, Philip also acknowledged that it was aware that CCG financed these purchases by obtaining loans from a consortium of banks;

(c) Philip was obliged to repurchase the commodity lots from CCG at the same prices at which Philip sold the commodity lots to CCG, plus interest. Philip's obligation to repurchase the commodity lots was "absolute and unconditional". Philip also acknowledged that CCG's obligations to Philip were, at all times, subordinated to CCG's obligations to the banks; and,

(d) According to the holding certificates, "Philip agrees to indemnify and hold harmless CCG, the agent, the banks... from and against all claims and liabilities... as a result of holding such commodity lot at the location referred to above."

113. The invoices, backdated to June 30, 1997, were issued by Philip to CCG for the sale of 27 million pounds of inventory. On the same date, June 30, 1997, Philip issued holding certificates for 27 million pounds of inventory held on behalf of CCG.

The August 19, 1997 and September 16, 1997 Transactions

114. On August 19, 1997, (the "first transaction"), Philip "sold" 27 million pounds of various inventory (commodity lots) to CCG for US $26.550 million, by invoice dated June 30, 1997. In return, on August 22, 1997, CCG paid Philip US $25.225 million, which represented 95% of the purchase price. The 5% balance (net of interest and handling fees) was retained by CCG as a hold-back and was to be paid to Philip at the date Philip "repurchased" the commodity lot from CCG.

115. According to the Treasurer's memo, he was,

> *...requested by Marvin Boughton to control the receipt of funds at Corporate and ensure other liabilities of the Metals Recovery group were extinguished with the funds, namely amounts due to Pechiney Inc.*

116. On the same day, CCG issued a postdated invoice to Philip for the sale to Philip of the same quantity of inventory and for the same price, with a due date of November 19, 1997. This invoice, dated August 19, 1997, was "approved for payment" by Woodcroft and Waxman. On November 19, 1997, as agreed to in the Purchase and Sale Agreement, Philip was obligated to repurchase the inventory from CCG.

117. On September 16, 1997, (the "second transaction") Philip "sold" 5.4 million pounds of various inventory (commodity lots) to CCG for approximately US $4.752 million. In return, Philip received approximately US $4.5 million which represented 95% of the purchase price. The balance was retained by CCG as a hold-back.

118. On the same day, CCG invoiced Philip for the sale to Philip of the same quantity of inventory and for the same price, due on December 17, 1997.

119. Prior to December 17, 1997, the VP Finance alerted Hoey that repayment to CCG would create a charge of approximately $29 million which would have to be taken to earnings or otherwise dealt with. This arose when, in accounting for the loans from CCG, Philip offset an amount of approximately $29 million which had arisen in 1997

when a payment of a previously unrecorded and unrelated liability was made (the unrecorded Pechiney invoices discussed at paragraphs 125-130). As a result of this offset, no liability to CCG was apparent.

120. In November, 1997, Messrs. A. Fracassi, Boughton and Hoey made certain representations to Deloitte for the purposes of the Prospectus. At that time, Philip management did not disclose the liability to CCG.

121. On November 19, 1997, Philip and CCG "rolled" the first transaction; that is, Philip received an extension of the repayment of the loan. Philip and CCG agreed to repeat a transaction that was identical in its terms to the transaction executed on August 19, 1997.

122. On November 19, 1997, according to the Treasurer's memo,

> *I [the Treasurer] co-ordinated the movement of funds to facilitate the roll of the transaction by Bob Waxman for another 90 days to February 17, 1998.*
>
> *I also facilitated the transfer of funds on December 17, 1997 to close out the second transaction as I was informed by [VP Finance] it was not to be rolled.*

123. On December 17, 1997, Philip repurchased the inventory underlying the "second transaction", from CCG for approximately $4.7 million.

124. A December, 1997 journal entry processed a payment to CCG but inappropriately capitalized the payment by charging it to acquisition expenses. The journal entry was authorized by Hoey.

1998

125. On or about February 17, 1998, Philip was obligated to repurchase the inventory underlying the "first transaction" from CCG. Philip paid to CCG the resulting interest and fees and a new agreement was put in place, resulting in the rolling of the transaction. The new agreement required Philip to provide a greater amount of inventory and pay an additional hold-back of $393,694.

126. On March 19, 1998, Philip terminated its involvement with CCG and repurchased the remaining inventory (58.2 million pounds) from CCG. Philip paid approximately $150,000 in interest and fees.

Deloitte's Discovery of the Transaction

127. In early February, 1998, at the time that he resigned from Philip, the VP Finance informed A. Fracassi and Hoey that Deloitte was unaware of two further adjustments that should be taken by Philip. One of these related to the CCG transaction.

128. In mid-February and again in mid-March, 1998, the new President of Metals informed Hoey that there was no liability recorded for CCG.

129. Prior to the end of March of 1998, A. Fracassi and Hoey were made aware that there was no liability on the books of the Metals Group for the CCG transaction. Sometime in mid-April, 1998, Deloitte was informed of the unrecorded liability.

The Adjustment

130. The financial statements that were contained in the Prospectus were misleading and not accurate due to the inappropriate accounting treatment of the CCG transaction.

131. After Philip filed its Form 10-K in March of 1998, an adjustment of approximately $30 million was taken by Philip regarding the CCG transaction. The discovery of the unrecorded liability relating to the CCG transaction triggered the recall of Philip's Form 10-K and Deloitte's opinion on the financial statements contained in the Form 10-K.

132. The matters described in paragraphs 111-120 were known or ought to have been known by Messrs. A. Fracassi, P. Fracassi, Boughton, Waxman and Woodcroft prior to the filing of the Prospectus.

iv) Canadian Imperial Bank of Commerce ("CIBC")

133. In or around May of 1997, Philip and CIBC began negotiation of a complex financing arrangement, the purpose of which was to provide Philip with funds as a result of the "sale" of copper inventory to CIBC. At the same time, Philip agreed to:

(a) process the inventory and store it on its premises; and

(b) market and sell the inventory on behalf of CIBC, remitting the proceeds to the bank.

134. Philip wanted to record this series of agreements as a sale of inventory despite the fact that this was a financing transaction.

135. The fact that CIBC also insisted that Philip enter into swap agreements effectively meant that all of the risks of ownership of the inventory remained with Philip. As a result, the transaction should properly have been recorded as a financing transaction.

136. On or about June 27, 1997, Philip finalized a financing agreement with CIBC. The Purchase, Sales Agency and Processing agreements ("the Agreements") were signed by the Treasurer and Hoey on behalf of Philip. Pursuant to the Agreements,

(a) Philip agreed to sell to CIBC "commodities" (unprocessed copper) representing the equivalent of 31.5 million pounds of finished product;

(b) Philip agreed to retain physical possession of the inventory;

(c) CIBC "directed" Philip to process the commodities pursuant to a prescribed schedule - 2 million pounds per month between July 1997 and April, 1998 and 11½ million pounds in May, 1998;

(d) CIBC "authorized and directed" Philip to sell the commodities in 11 monthly tranches - 2 million pounds per month between July, 1997 and April, 1998 and 11½ million pounds in May, 1998;

(e) CIBC "directed" Philip to remit the sales proceeds, at the COMEX price at the date of the sale, to CIBC, on each settlement date; and,

(f) Philip received $26.8 million in cash, net of prepaid interest and net of a hold-back of the processing and sales agency fees due to Philip.

137. Simultaneously, on June 27, 1997, Philip entered into a swap agreement with CIBC. The swap agreement was signed by the Treasurer on behalf of Philip. The swap contract ensured that Philip would remit to CIBC proceeds of at least the amount initially paid by CIBC, plus interest, thus eliminating the risk to CIBC of future fluctuations in the copper prices.

138. CIBC provided Philip with an accounting opinion indicating that the transaction, as initially contemplated, could be recorded as a sale.

139. Philip sought Deloitte's advice on the accounting of this transaction. On the basis of the information that was provided to Deloitte, and after considerable debate, they found that recording the transaction as a sale was acceptable. The existence of the swap agreement was not disclosed to Deloitte.

The Accounting for the Transaction

140. Philip did not process any of the inventory, as required pursuant to the agreements. Rather, as swap agreements came due every month, Philip "rolled" the transaction. The "rolls" necessitated a net payment from Philip to CIBC or vice-versa.

141. Hoey instructed the VP Finance to record the transaction as a sale with a corresponding reduction in inventory which would result in an increase in the cost of sales. The VP Finance also recorded the accounting for the swaps and the rolls.

142. Philip recorded the sale of its inventory and did not record the transaction as a finance arrangement. As a result, a gross profit of $3.2 million in the second quarter of 1997 was realized due to the manner in which the transaction was recorded.

The Disclosure of the Swap Agreements to Deloitte

143. During that time, Philip continued to fail to disclose the existence of the swap agreements to Deloitte.

144. In early February 1998, at the time that he resigned from Philip, the VP Finance informed A. Fracassi and Hoey that Deloitte was unaware of two further adjustments that should be taken by Philip. One of these related to the CIBC transaction.

145. On March 5, 1998, Philip issued a press release indicating that,

> *[t]he amount of the discrepancy was confirmed at $92.2 million pre-tax caused by trading losses and $32.9 million pre-tax caused by the incorrect recording of copper transactions within the copper division.*

These figures did not include an adjustment for CIBC.

146. On or about March 19, 1998, while finalizing the audit, Deloitte discovered that there were no accounting entries for certain transactions. In particular, Deloitte identified the swap agreements, their impact on the CIBC transaction and the lack of recognition of a liability. As a result, further adjustments to the financial statements were made by Philip.

The Adjustments

147. As a result, the financial statements that were contained in the Prospectus were misleading and not accurate due to the inappropriate accounting treatment of the CIBC transaction.

148. In the Form 10-K, the financing arrangement with CIBC formed a component of the adjustments, the Special Charges, announced by Philip and made to its financial statements for the year-end December 31, 1997. The adjustment was in the amount of $10 million.

149. The matters described in paragraphs 133-134 were known or ought to have been known by Messrs. A. Fracassi, P. Fracassi, Boughton Hoey and Woodcroft, prior to filing the Prospectus.

v) Waxman Promissory Note

150. As indicated in paragraph 13 1) iii), the Waxman Promissory Note was in the amount of $10 million. On the instructions of Woodcroft, the Waxman Promissory Note was improperly recorded in the 1997 Q3 financial statements in inventory. The Waxman Promissory Note was, however, later written off as uncollectible and was also not included as an amount due from, or guaranteed by Waxman in his termination agreement dated January 5, 1998. Messrs. Woodcroft and P. Fracassi were aware that the Waxman Promissory Note had been improperly recorded in the financial statements which were contained in the Prospectus.

151. The Waxman Promissory Note was included in the Special Charges as an item relating to cathode trading activities.

VIII CONDUCT CONTRARY TO THE PUBLIC INTEREST

152. The Respondents' conduct, as set out above, contravened sections 56 of the Act and was contrary to the public interest.

IX OTHER

153. Such further and other allegations as Staff may make and the Commission may permit.

DATED AT TORONTO this 9th day of December, 2005.

1.2.2 James Patrick Boyle, Lawrence Melnick and John Michael Malone

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

AND

IN THE MATTER OF
JAMES PATRICK BOYLE, LAWRENCE MELNICK,
AND JOHN MICHAEL MALONE

NOTICE OF HEARING

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Securities Act, R.S.O. 1990, c.S.5, as amended, in the Large Hearing Room at its offices on the 17th Floor, 20 Queen Street West, Toronto, Ontario on December 22, 2005, commencing at 9:00 a.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the settlement of the proceeding entered into by Staff of the Commission and John Michael Malone;

BY REASON OF the allegations set out in the Statement of Allegations of Staff and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

AND TAKE FURTHER NOTICE that upon the failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 20th day of December, 2005.

"John Stevenson"
Secretary to the Commission

1.2.3 Andrew Stuart Netherwood Rankin

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

AND

IN THE MATTER OF
ANDREW STUART NETHERWOOD RANKIN

NOTICE OF HEARING
Sections 127 and 127(1)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, at its offices at 20 Queen Street West, 17th Floor Hearing Room on Thursday, the 19th day of January, 2006 at 10 a.m. or as soon thereafter as the hearing can be held:

TO CONSIDER whether, pursuant to s.127 and s. 127.1 of the *Securities Act*, it is in the public interest for the Commission:

1) to make an order against Rankin that:

   (a) he resign any positions he holds as director or officer of an issuer, pursuant to paragraph 7 of s. 127(1);

   (b) he be prohibited from becoming or acting as officer or director of an issuer, pursuant to paragraph 8 of s. 127(1).

   (c) trading in any securities by Rankin cease permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of s. 127(1);

   (d) any exemptions contained in Ontario securities law do not apply to Rankin permanently or for such period as is specified by the Commission, pursuant to paragraph 3 of s. 127(1);

   (e) he be ordered to pay the costs of the Commission investigation and hearing, pursuant to s. 127.1.

2) to make such other orders as the Commission considers appropriate.

BY REASON OF the allegations set out in the Statement of Allegations dated December 20, 2005 and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceedings may be represented by counsel at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 20th day of December, 2005.

"John Stevenson"
Secretary to the Commission

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

AND

IN THE MATTER OF
ANDREW STUART NETHERWOOD RANKIN

STATEMENT OF ALLEGATIONS
OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission (the "Commission") make the following allegations.

1. Andrew Rankin, a resident of Toronto, was a Managing Director in the Merger and Acquisition Department of RBC Dominion Securities ("RBC DS") from early 1999 until his suspension from RBS DS in April, 2001. During this period, RBC DS was engaged as a financial advisor by various reporting issuers in Ontario. As a Managing Director of RBC DS, Rankin was privy to and possessed of confidential material information about pending corporate transactions involving RBC DS clients.

2. Daniel Duic, a resident of Toronto at the material time, was a close friend of and in regular contact with Rankin during the relevant period specified above.

3. Pursuant to s.76(5)(b) of the *Securities Act*, Rankin was a person in a special relationship with the reporting issuers involved with the following corporate transactions (the "Corporate Transactions"):

   (i) Acquisition by Abitibi Consolidated Inc. of RBC DS client, Donohue Inc., announced February 11, 2000.

   (ii) Acquisition by Novartis Animal Health Inc. of RBC DS client Cobequid Life Science Inc., announced May 8, 2000.

   (iii) Merger of Maverick Tube Corporation and RBC DS client Prudential Steel Ltd., announced June 11, 2000.

   (iv) Acquisition by RBC DS client De Beers Canada Holdings Inc. of Winspear Diamonds Inc., announced June 26, 2000.

   (v) Acquisition by RBC DS client Shaw Communications Inc. of Canadian Satellite Communications Inc., announced July 14, 2000.

   (vi) Acquisition by Telus Communications Corporation of RBC DS client Clearnet

Communications Inc, announced August 21, 2000.

(vii) Acquisition by RBC DS client Shaw Communications Inc. of Moffat Communications Limited, announced December 7, 2000.

(viii) Restructuring of RBC DS client Canadian Pacific, announced February 13, 2001.

(ix) Acquisition by LivGroup Investments Inc. of Irwin Toy Limited, announced March 5, 2001.

(x) Acquisition by Alliance Forest Products Inc. by Bowater Inc., following unsuccessful bid by RBC DS client Tembec Inc., announced April 2, 2001.

4. Rankin owed a fiduciary duty and duties of confidence and loyalty to the clients of RBC DS. Rankin was RBC DS' lead client advisor for the two acquisitions by Shaw Communications Inc. and was a member of the deal team for the restructuring of Canadian Pacific, described above. As such, Rankin acquired material information about these three transactions through his direct client involvement. For the remaining transactions, Rankin acquired material information based on information available to him as Managing Director and as "staffer", the person responsible for assigning junior M&A staff to deal teams within the M&A department.

5. Prior to the public announcement of each of the Corporate Transactions, Rankin informed Duic of a material fact with respect to each reporting issuer that had not been generally disclosed, contrary to s. 76(2) of the *Securities Act*. The material fact related to the pending corporate transaction or deal on which RBC DS was advising.

6. Over a 14 month period, on the basis of material confidential information provided to Duic by Rankin, Duic earned profits of approximately $4.5 million by illegal insider trading, contrary to s. 76(1) of the *Securities Act*.

7. On July 15, 2005, following a 29 day trial before Justice Khawly of the Ontario Court of Justice, Rankin was convicted of 10 counts of insider tipping, contrary to s. 76(2) and s. 122 of the *Securities Act*. On October 27, 2005, His Honour imposed a six month jail sentence on each of the ten counts, to be served concurrently.

Conduct Contrary to the Public Interest

8. By engaging in the conduct described above, Rankin has breached Ontario securities law and acted contrary to the public interest.

9. Such additional allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 20th day of December, 2005.

1.3 News Releases

1.3.1 OSC Commissioner Appointment: Hon. Patrick J. LeSage, Q.C.

FOR IMMEDIATE RELEASE
December 16, 2005

OSC COMMISSIONER APPOINTMENT:
HON. PATRICK J. LESAGE, Q.C.

Toronto – David Wilson, Chair of the Ontario Securities Commission, is pleased to announce the appointment of the Hon. Patrick J. LeSage, Q.C., as Commissioner effective December 15, 2005. The appointment to the Commission is for a three-year term.

"During his distinguished 28-year career on the bench, Patrick LeSage presided over some of Canada's most publicized and complex cases," said Wilson. "Our Vice-Chairs and Commissioners welcome this appointment and look forward to benefiting from Commissioner LeSage's experience in complex legal and policy matters."

Patrick LeSage began his career as a Crown Attorney in the Ontario Ministry of the Attorney General, where he rose to the position of Director of Crown Attorneys for Ontario. Appointed to the County and District Court in 1975, he became Associate Chief Judge of that Court in 1983. In 1994, he became Associate Chief Justice and in 1996 was appointed Chief Justice of what is now the Superior Court of Justice for Ontario. He held that position until September 2002, when he became a Senior Resident at Massey College, University of Toronto. He joined Gowling Lafleur Henderson as counsel in February, 2004 and provides advice on a broad range of litigation, arbitration and mediation issues.

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

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 Andrew Stuart Netherwood Rankin

FOR IMMEDIATE RELEASE
December 21, 2005

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

AND

IN THE MATTER OF
ANDREW STUART NETHERWOOD RANKIN

TORONTO – The Commission issued a Notice of Hearing with attached Statement of Allegations scheduling a Hearing on Thursday, January 19, 2006 at 10:00 a.m. in the Large Hearing Room in the above named matter.

A copy of the Notice of Hearing with Statement of Allegations 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)

1.3.3 Be Wary of Investment Seminars Offering Tax-Saving Strategies

FOR IMMEDIATE RELEASE
December 21, 2005

BE WARY OF INVESTMENT SEMINARS OFFERING TAX-SAVING STRATEGIES

Toronto – With tax season fast approaching, the OSC warns investors to be wary of investment seminars offering tax-saving strategies that sound too good to be true. An investor's first and best line of defence in these cases is to get a second opinion from an independent and qualified tax expert.

This warning focuses on seminars that may offer investors an opportunity to 'move their money', 'maximize tax flow' or 'pay less taxes'. This type of marketing tactic could be used to attract investors to a seminar where they'll end up learning about a specific investment product or strategy that's connected to a promised tax break. Unfortunately, tax breaks that sound too good to be true often are. In some cases, investors are audited years later only to find that they could be assessed for additional taxes, interest, or penalties by the Canada Revenue Agency.

In related news, a recent Canada Revenue Agency taxpayer warning urges investors to be aware of the risks associated with participating in certain tax-shelter arrangements. For more information, visit this page: http://www.cra-arc.gc.ca/newsroom/alerts/2005/a051122-e.html.

Tips to help you protect your money

- Watch out for ads that make extravagant claims about seminar results or promise easy ways to 'maximize your tax flow' or 'pay less taxes'. Remember, if it sounds too good to be true, it probably is.

- Don't rely on a presenter's reputation as a 'financial guru'. Since these seminars tend to push specific investment products or services as the 'means' to the promised tax break, it's critical to investigate the presenter's background, qualifications, and professional record. Is he/she registered to buy and sell investments? **Any person or company selling securities or offering investment advice in Ontario must be registered with the Ontario Securities Commission so call to check (toll-free 1-877-785-1555).** Also check the registration of anyone else in the seminar room who may be involved in pushing a product or service. If you've given seminar organizers permission to follow up with you at a later date, ,check to make sure they are registered.

- Find out how the presenter and the organization holding the seminar are compensated. Many of these seminars are free to attend. In some cases, speakers may be paid a fee to push a certain product, and you may find that the investment strategy they're promoting is closely linked to a specific product the sponsor of the seminar wants you to buy.

- Resist investing right then and there at the seminar. Take time to obtain independent third-party advice from a financial adviser, as well as a legal or tax expert. Find out if the tax-savings strategy they are promoting is really legitimate.

- As with any type of investment opportunity, question anything that guarantees high returns and low risk. If an investment has a high return, you may be taking a large risk with your money.

- Don't get involved in any investment opportunity unless you fully understand it. Fraud artists are known to develop new product names that are really slight variations of mainstream investments just to convince investors the opportunities are legitimate. Make sure any products you choose match up with your risk tolerance or your investment goals.

- Remember to base all investment decisions on the research you have gathered from credible and diverse sources. Contact the Ontario Securities Commission toll free at 1-877-785-1555 for further information. You can learn more about investment topics on-line at www.investorED.ca

If you'd like to automatically receive future OSC investor alerts, please contact Vicky Beach at vbeach@osc.gov.on.ca and (416) 204-8995.

For OSC Media Inquiries: Perry Quinton
Manager,
Investor Communications
416-593-2348

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 OSC to Hold Hearing Regarding Agrium's Offer to Acquire All of the Outstanding Income Deposit Securities Issued by Royster-Clark Ltd. and Royster-Clark ULC

FOR IMMEDIATE RELEASE
December 15, 2005

OSC TO HOLD HEARING REGARDING AGRIUM'S OFFER TO ACQUIRE ALL OF THE OUTSTANDING INCOME DEPOSIT SECURITIES ISSUED BY ROYSTER-CLARK LTD. AND ROYSTER-CLARK ULC (Sections 104 and 127)

TORONTO – The Ontario Securities Commission will hold a hearing to consider the application made by Agrium Acquisition Inc., a wholly owned subsidiary of Agrium Inc., for a cease trade order under section 127 of the *Securities Act*, in connection with the Offer and Royster-Clark's shareholder rights plan and the application made by Royster-Clark Ltd. and Royster Clark ULC under sections 104 and 127 of the *Securities Act*.

The hearing will be held on December 20, 2005 at 10:00 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

The applications are available on the OSC's website (**www.osc.gov.on.ca**). Further related documents will also be made available on the website when filed.

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 Philip Services Corp. et al.

FOR IMMEDIATE RELEASE
December 15, 2005

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

AND

IN THE MATTER OF
PHILIP SERVICES CORP.,
ALLEN FRACASSI, PHILIP FRACASSI,
MARVIN BOUGHTON, GRAHAM HOEY,
ROBERT WAXMAN
AND JOHN WOODCROFT

TORONTO – The Commission issued an Amended Notice of Hearing on December 12, 2005 that the Commission will hold a hearing pursuant to sections 127(1) and 127.1 of the Act at the offices of the Commission, on the 17th Floor, Large Hearing Room , 20 Queen St. West, Toronto, Ontario commencing on Monday, February 6, 2006 at 10:00 a.m. or as soon thereafter as the hearing can be held.

A copy of the Amended Notice of Hearing and Amended Statement of Allegations 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 Robert Patrick Zuk et al.

FOR IMMEDIATE RELEASE
December 16, 2005

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

AND

IN THE MATTER OF
ROBERT PATRICK ZUK, IVAN DJORDJEVIC,
MATTHEW NOAH COLEMAN, DANE ALAN WALTON,
DEREK REID and DANIEL DAVID DANZIG

TORONTO – The Commission ordered that the continuation of the pre-hearing conference be adjourned to February 2, 2006 at 10:00 a.m. in the above matter.

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 Portus Alternative Asset Management Inc. and Boaz Manor

FOR IMMEDIATE RELEASE
December 16, 2005

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

AND

PORTUS ALTERNATIVE ASSET
MANAGEMENT INC.
and BOAZ MANOR
(Section 127)

TORONTO – The Commission issued an Order today that (1) the Temporary Orders are continued until the Proceeding is concluded and a decision of the Commission is rendered or until the Commission considers appropriate; and (2) any person or company affected by this order may apply to the Commission for an order revoking or varying the terms of this order pursuant to s.144 of the Act.

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)

1.4.5 James Patrick Boyle, Lawrence Melnick and John Michael Malone

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

AND

IN THE MATTER OF
JAMES PATRICK BOYLE, LAWRENCE MELNICK
AND JOHN MICHAEL MALONE

TORONTO – The Commission issued a Notice of Hearing today for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and John Michael Malone. The hearing will be held on December 22, 2005 at 9:00 a.m. in the Large Hearing Room, 17th Floor.

A copy of the Notice of Hearing 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)

1.4.6 Hearing Regarding Agrium's Offer to Acquire All of the Outstanding Income Deposit Securities Issued by Royster-Clark Ltd. and Royster-Clark ULC

FOR IMMEDIATE RELEASE
December 19, 2005

HEARING REGARDING AGRIUM'S OFFER
TO ACQUIRE ALL OF THE OUTSTANDING
INCOME DEPOSIT SECURITIES ISSUED BY
ROYSTER-CLARK LTD. AND
ROYSTER-CLARK ULC
(Sections 104 and 127)

TORONTO – The application made by Agrium Acquisition Inc., a wholly owned subsidiary of Agrium Inc., for a cease trade order under section 127 of the Securities Act, in connection with the Offer and Royster-Clark's shareholder rights plan, and the application made by Royster-Clark Ltd. and Royster Clark ULC under sections 104 and 127 of the Securities Act have been withdrawn. Therefore, the hearing of the Applications scheduled for December 20, 2005 at 10:00 a.m. has been cancelled.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 First Premium U.S. Income Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Proposed restructuring into a split-trust structure- to be exempted from certain requirements of National Instrument 81-102 Mutual Funds since issuer is fundamentally different from a conventional mutual fund.

Rules Cited

National Instrument 81-102 Mutual Funds, ss. 19.1, 2.1(1), 10.3, 10.4(1), 12.1(1), 14.1.

December 7, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, QUEBEC, BRITISH COLUMBIA,
ALBERTA, SASKATCHEWAN,MANITOBA,
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
FIRST PREMIUM U.S. INCOME TRUST
(the "Filer" or the "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 the Trust for a decision under the securities legislation (the "Legislation") of the Jurisdictions for relief from certain requirements 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 Trust:

General

1. The Trust is an investment trust established under the laws of the Province of Ontario pursuant to a Trust Agreement dated January 22, 1997, as amended from time to time (the "Trust Agreement") between Mulvihill Fund Services Inc. ("Mulvihill"), as manager, and The Royal Trust Company, as trustee. Mulvihill is a wholly-owned subsidiary of Mulvihill Capital Management Inc. ("MCM"), the Trust's investment manager pursuant to an investment management agreement between the Trust and MCM dated January 22, 1997.

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

3. On February 3, 1997, the Trust completed its initial public offering of 12,500,000 Units pursuant to a final prospectus dated January 22, 1997.

The Current Portfolio

4. The Trust currently invests in a diversified portfolio (the "Current Portfolio") consisting primarily of common shares issued by corporations that rank in the top 50 of the Standard & Poor's 100 Index on the basis of market capitalization.

5. The Trust's current investment objectives are: (i) to provide holders ("Unitholders") of units ("Units") of the Trust with a stable stream of quarterly distributions of at least $0.50 per Unit ($2.00 per annum); and (ii) to return the original issue price of the Units ($25.00 per Unit) to Unitholders upon termination of the Trust on January 1, 2007.

6. To generate returns above the dividend income earned on the Current Portfolio, the Trust writes covered call options in respect of all or a part of the securities in the Current Portfolio from time to time. From time to time, the Trust may also hold a portion of its assets in cash equivalents, which may be used to provide cover in respect of the writing of cash covered put options in respect of securities in which the Trust is permitted to invest. The composition of the Current Portfolio, the securities that are subject to call options and the terms of such options vary from time to time based on MCM's assessment of market conditions.

7. The Trust will terminate on January 1, 2007 and its net assets will be distributed thereafter to Unitholders unless the term is extended as part of the Proposal (defined below).

The Proposal

8. Since its inception, the Trust has accumulated approximately $45 million of capital losses for which it would receive no value if the Trust ceased to operate. In an effort to reposition the Trust to enable it to grow in size and increase in value as well as to extend the term of the Trust in order to enable it to utilize its existing tax losses, management is proposing to reposition the Trust's investment portfolio and to issue new securities consisting of capital units (the "Capital Units") and preferred securities (the "Preferred Securities") in order to enable the Trust to continue with a new "split trust" structure going forward. The Preferred Securities have been provisionally rated Pfd–2 (low) by Dominion Bond Rating Service Limited ("DBRS"). Management is also proposing to significantly reduce the fees payable to the manager and investment manager as a part of the restructuring of the Trust as described below.

   To implement the restructuring, Unitholders were asked to approve a proposal (the "Proposal") to reposition the Trust and its portfolio in the following respects:

   (a) amend the investment strategy and investment restrictions of the Trust. The Trust will invest exclusively in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization (the "Financial Portfolio");

   (b) extend the termination date of the Trust to March 31, 2011 from January 1, 2007;

   (c) change the capital structure of the Trust to a "split trust" structure. Under this proposal, existing Units would first be consolidated such that after giving effect to the consolidation, net asset value ("NAV") per Unit would be approximately $25.00 (Units are expected to be consolidated on an approximate 2.3 to 1 basis). Unitholders would receive for each unit held: (i) one Capital Unit of the Trust with an initial NAV of approximately $12.50 and (ii) one Preferred Security of the Trust with a principal amount of $12.50;

   (d) amend the investment objectives of the Trust. The Trust's investment objectives for the Capital Units will be (i) to provide holders of Capital Units, upon redemption, with the benefit of any capital appreciation in the market price of the securities in the Financial Portfolio and (ii) to pay quarterly distributions to holders of Capital Units in an amount targeted to be 7.5% per annum of the NAV of the Trust. The Trust's investment objectives for the Preferred Securities will be (i) to pay holders of Preferred Securities fixed quarterly cash interest payments at least equal to 6.00% per annum on the $12.50 principal amount of a Preferred Security and (ii) to repay the principal amount of $12.50 per Preferred Security on termination of the Trust on March 31, 2011;

   (e) move the redemption right available to Unitholders at 100% of NAV from December 31, 2005 to November 30, 2005 in order to give Unitholders an opportunity to exit earlier should they wish not to participate in the Trust going forward. As a result of this change, there would be no December 31, 2005 redemption right for securityholders;

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

   (g) provide for the payment of an annual service fee of 0.40% of the value of the Capital Units if the Trust completes a public offering of additional Capital Units and Preferred Securities after the Proposal has been approved.

   In connection with the Proposal, the Trust will change its name to Top 10 Split Trust to reflect better its new investment strategy and Mulvihill Fund Services Inc., as manager, and Mulvihill Capital Management Inc., as investment manager, will reduce their fees by approximately 37% from a total of 1.75% per annum of NAV to 1.10% per annum of the Trust's total assets from and after the effective date of the Proposal;

9. The Trust's Advisory Board and the Board of Directors of Mulvihill have approved the Proposal.

10. The Unitholders have approved the proposed amendments to the Trust Agreement at a special meeting (the "Special Meeting") called by the Trust's Advisory Board and the Board of Directors of Mulvihill held on November 21, 2005.

11. In connection with the Special Meeting, the Trust prepared and mailed to Unitholders an information circular describing the Proposal (the "Circular").

Retraction of Capital Units and Preferred Securities

12. The description of the retraction process in the Circular contemplates that a unitholder may surrender at any time (a "Regular Monthly Retraction") commencing in January 2006, a Capital Unit for retraction (either alone or together with the surrender of a Preferred Security for repayment), at least five (5) business days prior to the last business day in the month (the "Retraction Date") for retraction, subject to the Trust's right to suspend retractions or to postpone payment of retraction proceeds in certain circumstances.

13. A unitholder will receive payment within five business days following such Retraction Date.

14. A holder of Capital Units retracting Capital Units under a Regular Monthly Retraction (without surrendering a corresponding Preferred Security) will receive the amount ("the "Combined Value"), if any, by which 95% of the NAV per Capital Unit plus, the amount equal to the original subscription price for a Preferred Security, together with any accrued and unpaid interest thereon ("Repayment Price") exceeds the aggregate of (i) the price paid by the Trust for one Preferred Security in the market; and (ii) $0.50.

15. A holder who surrenders a Capital Unit together with a Preferred Security will receive an amount equal to 95% of the Combined Value less $0.50.

16. A holder who surrenders a Capital Unit for retraction on the last business day in December (commencing in December 2006) (a "Special Annual Retraction") (without surrendering a corresponding Preferred Security for repayment) will receive an amount equal to the Combined Value minus the price paid by the Trust for one Preferred Security in the market.

17. A holder of Capital Units who surrenders one Capital Unit and one Preferred Security under a Special Annual Retraction will receive an amount equal to the Combined Value.

Decision

Each of the Decision Makers is satisfied that based on the information and representations provided in the Application and this decision, and for the purposes described in the Application, the Decision Makers, as applicable, hereby grant exemptions from the following requirements of NI 81-102:

(a) subsection 2.1(1) – to enable the Trust to invest more than 10% of the Trust's assets in the securities of each issuer in the Financial Portfolio;

(b) section 10.3 – to permit the Trust to calculate the retraction price for the Capital Units and Preferred Securities in the manner described in the Circular and on the applicable Valuation Date as defined in the Circular;

(c) subsection 10.4(1) – to permit the Trust to pay the retraction price for the Capital Units and the Preferred Securities on the Retraction Payment Date, as defined in the Circular;

(d) subsection 12.1(1) – to relieve the Trust from the requirement to file the prescribed compliance reports; and

(e) section 14.1 – to relieve the Trust from the requirement relating to the record date for the payment of dividends or other distributions, provided that it complies with the applicable requirements of the TSX.

"Leslie Byberg"
Manager, Investment Funds Branch

2.1.2 Skylon Advisors Inc. and Venturelink Funds - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – approval of a change in control of manager as a result of sale of management and abridgement of the 60 day notice requirement to 40 days. Staff not persuaded by filer's submission regarding the lack of uncertainty in LSIF industry in last quarter of 2005 or that the public interest is sufficiently protected within a shorter notice period. Staff recommended the abridgment on the specific facts that the sale was originally announced a few months before, so securityholders effectively had in excess of 60 days notice of the pending sale.

Rules Cited

National Instrument 81-102 Mutual Funds, ss. 5.5(2), 5.8(1)a.

December 7, 2005

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

AND

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

AND

SKYLON ADVISORS INC. AND
THE VENTURELINK FUNDS
(collectively, the Filers)

MRRS DECISION DOCUMENT

Background

The securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received the application of Skylon Advisors Inc. (Skylon) and the VentureLink Funds as listed in Schedule "A", for a decision pursuant to National Instrument 81-102 *Mutual Funds* (NI 81-102) for:

(a) a decision of the Decision Makers under subsection 5.5(2) of NI 81-102 approving the change in control of the manager of the VentureLink Funds as a result of the sale of the management of the VentureLink Funds; and

(b) a decision of the Decision Makers abridging the 60 day notice requirement (the Notice Requirement) in clause 5.8(1) (a) of NI 81-102 to 40 days.

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. Each VentureLink Fund was established as a corporation under the *Canada Business Corporations Act* or the *Business Corporations Act* (Ontario) and is registered as a labour-sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario).

2. On October 14, 2005, CI Fund Management Inc., the parent company of Skylon and CI Investments Inc. (CI), entered into an agreement with Geoffrey Horton, John Varghese and James Whitaker (collectively, the Purchasers), the individuals principally responsible for management of the VentureLink Funds, each of whom is registered as an officer of Skylon, to sell the management of the VentureLink Funds to a business entity to be controlled by the Purchasers (the Acquisition).

3. Skylon is the manager of each VentureLink Fund pursuant to management agreements (the Management Agreements) between Skylon and the VentureLink Funds. The Management Agreements are currently in the process of being assigned by Skylon to VentureLink LP (the New Manager), an affiliate of Skylon. As a result, the New Manager will be the manager of the VentureLink Funds. The New Manager will retain Skylon as the investment advisor to the VentureLink Funds until closing, at which point it is expected that VL Advisors Inc. will replace Skylon.

4. On the closing of the Acquisition, the Purchasers will acquire from Skylon 100% ownership of the general partner of the New Manager (the General Partner) and all issued and outstanding voting limited partnership units in the New Manager. Skylon will hold limited partnership units in the New Manager that will carry voting rights only in

limited circumstances (including with respect to a change in the terms of those units). The acquisition by the Purchasers of all voting interests in the General Partner and the New Manager will constitute a change in control of the manager of the VentureLink Funds (the Change in Control).

5. As a limited partnership, the New Manager does not have its own officers and directors but is managed by its General Partner. On the Change in Control of the New Manager, the directors and officers of the General Partner will be the three Purchasers who will also be the directors and officers of VL Advisors Inc.

6. Skylon and the Purchasers believe that the Acquisition will have no adverse effect on the management and administration of the VentureLink Funds and, in fact, will have little impact on the day-to-day management and administration of the VentureLink Funds. In connection with the Acquisition, there will be no change to the individuals who are responsible for the day-to-day investment decisions of the VentureLink Funds and, under an administration agreement to be entered into between VentureLink Funds and CI, CI will continue to provide back-office and other administrative support for the VentureLink Funds. As a result, there will be very few practical changes to the management and administration of the VentureLink Funds.

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:

i) the Change in Control is approved pursuant to subsection 5.5(2) of NI 81-102; and

ii) an exemption from the Notice Requirement is granted provided that:

(a) securityholders of the Venture-Link Funds are given at least 40 days notice of the Change in Control; and

(b) no changes are made to the portfolio management operations of the VentureLink Funds during the 60 day period following the giving of notice of the Change in Control to the securityholders of the Venture-Link Funds.

"Rhonda Goldberg"
Assistant Manager, Investment Funds

SCHEDULE A

THE VENTURELINK FUNDS

VentureLink Financial Services Innovation Fund Inc.
VentureLink Brighter Future (Equity) Fund Inc.
VentureLink Brighter Future (Balanced) Fund Inc.
VentureLink Diversified Income Fund Inc.
VentureLink Diversified Balanced Fund Inc.
VentureLink Fund Inc.

2.1.3 Archipelago Brokerage Services LLC - 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 an international dealer in the categories of investment counsel and portfolio manager 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
ARCHIPELAGO BROKERAGE SERVICES, LLC

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

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

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

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

1. The Applicant is 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 currently a member of

the U.S. National Association of Securities Dealers and is seeking registration under the Act as an international dealer in the categories of investment counsel and portfolio manager. The head office of the Applicant is in Chicago, Illinois.

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”

2.1.4 First Premium U.S. Income Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemption granted to an investment fund from the requirement in National Instrument 81-106 Investment Funds Continuous Disclosure to calculate its net asset value on a daily basis subject to certain conditions and requirements. Proposed restructuring into a split-trust structure. Prospectus already issued, information about availability of net asset value calculations included in circular issued in connection with restructuring and in any prospectus issued in connection with a subsequent public offering of units under the split –trust structure.

Rules Cited

National Instrument 81-106 Investment Funds Continuous Disclosure, ss. 14.2(3), 17.1.

December 7, 2005

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, QUEBEC, BRITISH COLUMBIA,
ALBERTA, SASKATCHEWAN,
MANITOBA, 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
FIRST PREMIUM U.S. INCOME TRUST
(the "Filer" or the "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 the Filer for a decision under the securities legislation (the "Legislation") of the Jurisdictions for relief from clause 14.2(3)(b) of National Instrument 81-106 *Investment Fund Continuous Disclosure* ("NI 81-106"), which requires the net asset value of an investment fund that uses specified derivatives (as such term is defined in National Instrument 81-102) to be calculated at least once every business day (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:

General

1. The Trust is an investment trust established under the laws of the Province of Ontario pursuant to a Trust Agreement dated January 22, 1997, as amended from time to time (the "Trust Agreement") between Mulvihill Fund Services Inc. ("Mulvihill"), as manager, and The Royal Trust Company, as trustee. Mulvihill is a wholly-owned subsidiary of Mulvihill Capital Management Inc. ("MCM"), the Trust's investment manager pursuant to an investment management agreement between the Trust and MCM dated January 22, 1997.

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

3. On February 3, 1997, the Trust completed its initial public offering of 12,500,000 Units pursuant to a final prospectus dated January 22, 1997 (the "Prospectus").

The Current Portfolio

4. The Trust currently invests in a diversified portfolio (the "Current Portfolio") consisting primarily of common shares issued by corporations that rank in the top 50 of the Standard & Poor's 100 Index on the basis of market capitalization.

5. The Trust's current investment objectives are: (i) to provide holders ("Unitholders") of units ("Units") of the Trust with a stable stream of quarterly distributions of at least $0.50 per Unit ($2.00 per annum); and (ii) to return the original issue price of the Units ($25.00 per Unit) to Unitholders upon termination of the Trust on January 1, 2007.

6. To generate returns above the dividend income earned on the Current Portfolio, the Trust writes covered call options in respect of all or a part of the securities in the Current Portfolio from time to time. From time to time, the Trust may also hold a

portion of its assets in cash equivalents, which may be used to provide cover in respect of the writing of cash covered put options in respect of securities in which the Trust is permitted to invest. The composition of the Current Portfolio, the securities that are subject to call options and the terms of such options vary from time to time based on MCM's assessment of market conditions.

7. The Trust will terminate on January 1, 2007 and its net assets will be distributed thereafter to Unitholders unless the term is extended as part of the Proposal (defined below).

The Proposal

8. Since its inception, the Trust has accumulated approximately $45 million of capital losses for which it would receive no value if the Trust ceased to operate. In an effort to reposition the Trust to enable it to grow in size and increase in value as well as to extend the term of the Trust in order to enable it to utilize its existing tax losses, management is proposing to reposition the Trust's investment portfolio and to issue new securities consisting of capital units (the "Capital Units") and preferred securities (the "Preferred Securities") in order to enable the Trust to continue with a new "split trust" structure going forward. The Preferred Securities have been provisionally rated Pfd–2 (low) by Dominion Bond Rating Service Limited ("DBRS"). Management is also proposing to significantly reduce the fees payable to the manager and investment manager as a part of the restructuring of the Trust as described below.

   To implement the restructuring, Unitholders were asked to approve a proposal (the "Proposal") to reposition the Trust and its portfolio in the following respects:

   (a) amend the investment strategy and investment restrictions of the Trust. The Trust will invest exclusively in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization (the "Financial Portfolio");

   (b) extend the termination date of the Trust to March 31, 2011 from January 1, 2007;

   (c) change the capital structure of the Trust to a "split trust" structure. Under this proposal, existing Units would first be consolidated such that after giving effect to the consolidation, net asset value ("NAV") per Unit would be approximately $25.00 (Units are expected to be consolidated on an approximate 2.3 to 1 basis). Unitholders would receive for each unit held: (i) one Capital Unit of the Trust with an initial NAV of approximately $12.50 and (ii) one Preferred Security of the Trust with a principal amount of $12.50;

   (d) amend the investment objectives of the Trust. The Trust's investment objectives for the Capital Units will be (i) to provide holders of Capital Units, upon redemption, with the benefit of any capital appreciation in the market price of the securities in the Financial Portfolio and (ii) to pay quarterly distributions to holders of Capital Units in an amount targeted to be 7.5% per annum of the NAV of the Trust. The Trust's investment objectives for the Preferred Securities will be (i) to pay holders of Preferred Securities fixed quarterly cash interest payments at least equal to 6.00% per annum on the $12.50 principal amount of a Preferred Security and (ii) to repay the principal amount of $12.50 per Preferred Security on termination of the Trust on March 31, 2011;

   (e) move the redemption right available to Unitholders at 100% of NAV from December 31, 2005 to November 30, 2005 in order to give Unitholders an opportunity to exit earlier should they wish not to participate in the Trust going forward. As a result of this change, there would be no December 31, 2005 redemption right for securityholders;

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

   (g) provide for the payment of an annual service fee of 0.40% of the value of the Capital Units if the Trust completes a public offering of additional Capital Units and Preferred Securities after the Proposal has been approved.

   In connection with the Proposal, the Trust will change its name to Top 10 Split Trust to reflect better its new investment strategy and Mulvihill Fund Services Inc., as manager, and Mulvihill Capital Management Inc., as investment manager, will reduce their fees by approximately 37% from a total of 1.75% per annum of NAV to 1.10% per annum of the Trust's total assets from and after the effective date of the Proposal;

9. The Trust's Advisory Board and the Board of Directors of Mulvihill have approved the Proposal.

10. The Unitholders have approved the proposed amendments to the Trust Agreement at a special meeting (the "Special Meeting") called by the

Trust's Advisory Board and the Board of Directors of Mulvihill held on November 21, 2005.

11. In connection with the Special Meeting, the Trust prepared and mailed to Unitholders an information circular describing the Proposal (the "Circular").

Retraction of Capital Units and Preferred Securities

12. The description of the retraction process in the Circular contemplates that a unitholder may surrender at any time (a "Regular Monthly Retraction") commencing in January 2006, a Capital Unit for retraction (either alone or together with the surrender of a Preferred Security for repayment), at least five (5) business days prior to the last business day in the month (the "Retraction Date") for retraction, subject to the Trust's right to suspend retractions or to postpone payment of retraction proceeds in certain circumstances.

13. A unitholder will receive payment within five business days following such Retraction Date.

14. A holder of Capital Units retracting Capital Units under a Regular Monthly Retraction (without surrendering a corresponding Preferred Security) will receive the amount ("the "Combined Value"), if any, by which 95% of the NAV per Capital Unit plus, the amount equal to the original subscription price for a Preferred Security, together with any accrued and unpaid interest thereon ("Repayment Price") exceeds the aggregate of (i) the price paid by the Trust for one Preferred Security in the market; and (ii) $0.50.

15. A holder who surrenders a Capital Unit together with a Preferred Security will receive an amount equal to 95% of the Combined Value less $0.50.

16. A holder who surrenders a Capital Unit for retraction on the last business day in December (commencing in December 2006) (a "Special Annual Retraction") (without surrendering a corresponding Preferred Security for repayment) will receive an amount equal to the Combined Value minus the price paid by the Trust for one Preferred Security in the market.

17. A holder of Capital Units who surrenders one Capital Unit and one Preferred Security under a Special Annual Retraction will receive an amount equal to the Combined Value.

Publication of NAV per Capital Unit

18. The NAV per Capital Unit will be calculated at least weekly.

19. The Prospectus indicates that the NAV per Capital Unit calculations are available upon request by unitholders.

21. The Circular issued in connection with the proposal indicates that NAV per Capital Unit will be made available though the internet at www.mulvihill.com.

22. Any future prospectus issued in connection with the public offering of the Capital Units and Preferred Securities of the restructured Trust under the Proposal will disclose that the NAV per Capital Unit will be made available through a toll free number or the internet at www. mulvihill.com.

Decision

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

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

1) the NAV per Capital Unit be available on the internet at www.mulvihill.com; and

2) any future prospectus issued in connection with the public offering of the Capital Units and Preferred Securities of the restructured Trust under the Proposal discloses:

   (a) that the NAV per Capital Unit is available to the public upon request; and

   (b) a toll-free telephone number or website that the public can access for this purpose;

for so long as:

   (c) the Units are listed on the TSX; and

   (d) the Trust calculates its NAV at least weekly.

"Leslie Byberg"
Manager, Investment Funds Branch

2.1.5 Sanofi-Aventis S.A. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications.

Application for relief from the dealer registration requirement and prospectus requirement in respect of certain trades made in connection with an employee share offering by a French issuer. The offering involves the use of collective employee shareholding vehicles, each a fonds commun de placement d'enterprise (FCPE). The issuer cannot rely on the employee exemption in section 2.24 of National Instrument 45-106 Prospectus and Registration Exemptions as the shares are not being offered to Canadian participants directly by the issuer, but through the FCPEs. The offering does not contain a "leveraged fund" component. Canadian participants will not be induced to participate in the offering by expectation of employment or continued employment. Canadian participants will receive certain disclosure documents. The FCPEs are subject to the supervision of the French Autorité des marchés financiers. Relief granted, subject to conditions.

Application for relief from the dealer registration requirement and adviser registration requirement for the manager of the FCPEs. The manager will not be involved with providing advice to Canadian participants and its activities do not affect the underlying value of the shares being offered. Relief granted in respect of specified activities of the manager, 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. 2.24.

November 16, 2005

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

AND

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

AND

IN THE MATTER OF
SANOFI-AVENTIS S.A.
(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:

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

   (a) trades in units ("**Units**") of two French collective employee shareholding vehicles (the "**Intermediary Fund**" and the "**Fund**", collectively the "**Funds**", each a *fonds commun de placement d'entreprise* or "**FCPE**") made pursuant to the global employee share offering of the Filer (the "**Employee Offering**") to or with Qualifying Employees (as defined below) who elect to participate in the Employee Offering (the "**Canadian Participants**");

   (b) trades of shares of the Filer (the "**Shares**") by the Funds to Canadian Participants upon the redemption of Units by Canadian Participants; and

2. an exemption from the adviser registration requirements and dealer registration requirements so that such requirements do not apply to the manager of the Funds, Natexis Asset Management (the "**Manager**"), to the extent that its activities described in paragraph 11 hereof require compliance with the adviser registration requirements and dealer registration requirements,

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

3. an exemption from the dealer registration requirements of the Legislation so that such requirements do not apply to the first trade in any Shares acquired by Canadian Participants under the Employee Offering,

   (the "**First Trade Registration Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

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

2. Sanofi Pasteur Limited, Dermik Laboratories Canada Inc., Aventis Pharma Inc., Aventis Pharma Services Inc. and Sanofi-Synthelabo Canada Inc. (the "**Canadian Affiliates**", together with the Filer and other affiliates of the Filer, the "**Sanofi-Aventis Group**") are direct or indirect controlled subsidiaries of the Filer and are not and have no current intention of becoming reporting issuers under the Legislation.

3. Only persons who are employees of a member of the sanofi-aventis Group for a minimum of three months prior to the opening of the subscription period for the Employee Offering (the "**Qualifying Employees**") are invited to participate in the Employee Offering.

4. The Funds are FCPEs established by the Manager to facilitate the participation of Qualifying Employees in the Employee Offering and to simplify custodial arrangements for such participation. The Funds are not and have no current intention of becoming reporting issuers under the Legislation. The Funds are collective shareholding vehicles of a type commonly used in France for the conservation of shares held by employee investors and must be registered and approved by the French Autorité des marchés financiers (the "**French AMF**") at the time of their creation. Only Qualifying Employees are allowed to hold Units of the Funds, and such holdings will be in an amount reflecting the number of Shares held by the Funds on behalf of such Qualifying Employees.

5. The Manager is a portfolio management company governed by the laws of France. The Manager is registered with the French AMF to manage French investment funds and complies with the rules of the French AMF. The Manager is not and has no current intention of becoming a reporting issuer under the Legislation.

6. Qualifying Employees will be invited to participate in the Employee Offering under the following terms:

   (a) Canadian Participants will be issued Units of the Intermediate Fund, which will subscribe for Shares on behalf of the Canadian Participants, at a subscription price that is equal to the average of the opening price of the Shares on the 20 days ending on the date preceding the date of approval of the transaction by the board of directors of the Filer (the "**Reference Price**"), less a 20% discount;

   (b) the Shares will be held in the Intermediary Fund and the Canadian Participant will receive Units in the Intermediary Fund;

   (c) after completion of the Employee Offering, the Intermediary Fund will be merged with the Fund and Units of the Intermediary Fund held by Canadian Participants will be replaced with Units of the Fund. Units of the Intermediary Fund will be exchanged for Units of the Fund on a pro rata basis and the Shares subscribed for under the Employee Offering will be held in the Fund;

   (d) the Units will be subject to a hold period of approximately five years (the "**Lock-Up Period**"), subject to certain exceptions prescribed by French law (such as a release on death or termination of employment);

   (e) any dividends paid on the Shares held in the Fund will be contributed to the Fund. The reinvestment of dividends will result in the issuance of additional Units or fractions of Units representing such Shares; and

   (f) at the end of the Lock-Up Period, or in the event of an early unwind resulting from the Canadian Participant exercising one of the exceptions to the Lock-Up Period prescribed by French law, a Canadian Participant may (i) redeem Units in the Fund in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares held by the Fund, or (ii) continue to hold Units in the Fund and redeem those Units at a later date.

7. The Shares subscribed for by the Canadian Participants under the Employee Offering will be contributed to the Funds and the Canadian Participant will receive one Unit for each

contributed Share. The Units issued by the Funds will not be listed on any stock exchange.

8. Dividends paid on the Shares purchased under the Employee Offering will be contributed to the Funds and used to purchase additional Shares. The Canadian Participants will receive additional Units representing such contribution.

9. The Funds are collective shareholding vehicles commonly used in France for the conservation of shares held by employee-investors. The Funds are established for the purpose of providing Qualifying Employees with the opportunity to indirectly hold an investment in the Shares. Each fund's portfolios will consist exclusively of Shares of the Filer and, from time to time, cash in respect of dividends paid on the Shares. From time to time, the portfolios may include cash or cash equivalents that the Funds may hold pending investments in Shares and for purposes of Unit redemptions.

10. Shares issued in the Employee Offering will be deposited in the Funds through Natexis Banques Populaires (the "**Depositary**"), a large French commercial bank subject to French banking legislation. Under French law, the Depositary must be selected by the Manager from among a limited number of companies identified on a list by the French Minister of the Economy, Finance and Industry and its appointment must be approved by the French AMF. The Depositary carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow the Funds to exercise the rights relating to the securities held in its portfolio.

11. The Manager's portfolio management activities in connection with the Employee Offering and the Funds are limited to purchasing Shares from the Filer and selling such Shares as necessary in order to fund redemption requests. The Manager is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of the Funds and the distribution of a notice regarding the end of the Lock-up Period. The Manager's activities in no way affect the underlying value of the Shares. The Manager will not be involved in providing advice to any Canadian Participant.

12. The initial value of a Unit of the Intermediary Fund is approximately equal to the subscription price of a Share under the Employee Offering. The value of a Unit under the Fund is tied to the market price of the Share, plus or minus 1%. The Unit value of the applicable fund will be calculated and reported to the French AMF on a regular basis, based on the net assets of such fund divided by the number of Units outstanding. The number of Units in the Funds may be adjusted on the basis of the market price of the Shares and other assets (cash, in exceptional circumstances) held by the Funds, effective from the first date on which the net asset value is calculated and whenever Shares or other assets are contributed to the Funds, as applicable. Upon such adjustments being made, a holder may be credited with additional Units or thousandths of Units.

13. Subject to the Lock-Up Period described above, the Funds will redeem Units at the request of the Canadian Participants. The Canadian Participant will be paid on the basis of the net market price of the Shares corresponding to the Canadian Participant's Units, and will be settled by payment in cash or equivalent number of Shares of the Filer. The Funds, due to board lot sizes, will be able to liquidate positions in the Shares more readily and at a better price than an individual investor. All management fees and expenses in connection with the Funds will be borne by the Filer. Further, it is anticipated that employees will bear the cost of commission fees in connection with redemptions of Units.

14. There are approximately 2,093 employees resident in Canada, in the provinces of Ontario (1,202), British Columbia (59), Alberta (46), Saskatchewan (13), Manitoba (20), Québec (712), New Brunswick (12), Newfoundland and Labrador (7) and Nova Scotia (22) who represent in the aggregate approximately 2% of the number of employees worldwide.

15. Canadian Participants will not be induced to participate in the Employee Offering by expectation of employment or continued employment. The total amount invested by a Canadian Participant in the Employee Offering cannot exceed 25% of his or her estimated gross annual compensation for 2005.

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

17. The Canadian Participants will receive an information package in the French or English language, as applicable, which will include a summary of the terms of the Employee Offering and a description of the relevant Canadian income tax consequences. Canadian Participants may consult the 2004 Annual Report, 2004 20-F Report and the 2005 half-year report posted on the sanofi-aventis website. In addition, upon request, a copy of the Funds' rules (which are analogous to company by-laws) will be available to participating employees.

18. The Units will not be listed on any exchange.

19. As of the date hereof and after giving effect to the Employee Offering, Canadian Participants do not and will not beneficially own more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of the Shares as shown on the books of the Filer.

Decision

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

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

(1) the first trade in any Units or Shares acquired by Canadian Participants pursuant to this Decision, in a Jurisdiction, is deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction unless the following conditions are met:

  (a) the issuer of the security

    (i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or

    (ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;

  (b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada

    (i) did not own directly or indirectly more than 10 percent of the outstanding securities of the class or series, and

    (ii) did not represent in number more than 10 percent of the total number of owners directly or indirectly of securities of the class or series; and

  (c) the trade is made

    (i) through an exchange, or a market, outside of Canada, or

    (ii) to a person or company outside of Canada; and

(2) in Quebec, the required fees are paid in accordance with Section 271.6(1.1) of the Securities Regulation (Quebec).

It is the further decision of the Decision Makers under the Legislation that the First Trade Registration Relief is granted provided that:

(a) the conditions set out in paragraphs (1)(a), (b) and (c) under the decision granting the Initial Requested Relief are satisfied; and

(b) the first trade in Shares acquired by Canadian Participants pursuant to this Decision is made through a person or company that is appropriately licensed to carry on business as a broker/dealer (or the equivalent) under the applicable securities legislation in the foreign jurisdiction where the trade is executed.

"Paul M. Moore, Q.C."
Commissioner
Ontario Securities Commission

"Wendell S. Wigle, Q.C."
Commissioner
Ontario Securities Commission

2.1.6 General Motors Acceptance Corporation of Canada, Limited and General Motors Acceptance Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Application by U.S.-based issuer and Canadian finance subsidiary for an MRRS decision varying an earlier MRRS decision to permit the issuers to use a short form prospectus eligibility test based on the test in National Instrument 71-101 The Multijurisdictional Disclosure System (NI 71-101)) for issuers of guaranteed debt as opposed to the test in National Instrument 44-101 - Short Form Prospectus Distributions (NI 44-101), and National Instrument 44-102 - Shelf Distributions (NI 44-102) for issuers of guaranteed debt – U.S.-based issuer and Canadian finance subsidiary no longer satisfy the eligibility criteria in the original decision (which are based on the criteria in NI 44-101 and NI 44-102) due to the fact that the issuer's debt securities have recently been downgraded by three of the four major rating agencies – U.S.-based issuer remains eligible to distribute debt securities under an MJDS prospectus under NI 71-101 – requirement in the original decision that the debt securities have an "approved rating" (as defined in NI 44-101) replaced by a requirement that the debt securities have an "investment grade rating" from at least one approved rating organization, which rating organization has not made an announcement, of which the issuer is or ought reasonably to be aware, that the investment grade rating given by the organization may be down-graded to a rating category that would not be an investment grade rating, all as defined in NI 71-101.

Ontario Statutes

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

Ontario Rules

National Instrument 44-101 - Short Form Prospectus Distributions, s. 2.5(1).
National Instrument 44-102 - Shelf Distributions, s. 2.5(1).
National Instrument 71-101 The Multijurisdictional Disclosure System, s. 3.1(a).

December 14, 2005

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

AND

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

AND

IN THE MATTER OF
GENERAL MOTORS ACCEPTANCE CORPORATION OF CANADA, LIMITED (THE ISSUER)
AND GENERAL MOTORS ACCEPTANCE CORPORATION (GMAC)
(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 decisions under the securities legislation of the Jurisdictions (the Legislation) requesting a decision by each Decision Maker under the Legislation in connection with:

(a) the Issuer's continuous offerings of non-convertible debt securities (the Notes), including (i) medium-term notes, and (ii) variable denomination adjustable rate demand notes (the Demand Notes), pursuant to:

- short form base shelf prospectus dated October 18, 2004 (the Demand Notes Prospectus);
- a short form base shelf prospectus dated June 22, 2004 and a prospectus supplement dated June 22, 2004;
- applicable pricing supplements to the foregoing shelf prospectuses and prospectus supplements (collectively, the Prospectuses); and

(b) future offerings of Notes pursuant to renewal short form base shelf prospectuses and, if applicable, prospectus supplements and pricing supplements (collectively, Renewal Prospectuses) upon the lapse of the Prospectuses and Renewal Prospectuses or by filing additional short form base shelf prospectuses and, if applicable,

prospectus supplements and pricing supplements (collectively, the Future Offerings), in each of the Jurisdictions;

requesting a decision by each Decision Maker under the Legislation varying the MRRS Decision Document dated April 21, 2004 – *In the Matter of General Motors Acceptance Corporation and General Motors Acceptance Corporation of Canada, Limited* (the Original Decision Document) as follows (the Requested Relief):

(a) by deleting, in paragraph (g) of the second decision in the Original Decision Document, the words "the Notes have an Approved Rating (as defined in NI 44-101)"; and

(b) by substituting the words "the Notes have an investment grade rating from at least one approved rating organization, which rating organization has not made an announcement, of which the Issuer is or ought reasonably to be aware, that the investment grade rating given by the organization may be down-graded to a rating category that would not be an investment grade rating, all as defined in NI 71-101".

Under the Mutual Reliance Review System for Exemptive Relief Applications, the Ontario Securities Commission is the principal regulator for this application.

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. GMAC is a wholly-owned subsidiary of General Motors Corporation (GM) and was incorporated in 1997 under the laws of the State of Delaware. On January 1, 1998, GMAC merged with its predecessor, which was originally incorporated in New York in 1919. GMAC is not a reporting issuer or the equivalent in any of the Jurisdictions.

2. GMAC or its predecessor has been a reporting company under the United States Securities Exchange Act of 1934, as amended (the 1934 Act), for more than six years with respect to its debt securities. GMAC or its predecessor has filed with the United States Securities and Exchange Commission (the SEC) all filings required to be made with the SEC under sections 13 and 15(d) of the 1934 Act since it first became a reporting company under the 1934 Act.

3. GMAC has, for a period of more than 12 months, filed its annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K in Canada under the System for Electronic Document Analysis and Retrieval (SEDAR) established by National Instrument 13-101, under the SEDAR profile of the Issuer. GMAC is a "credit supporter" for the purposes of section 13.4 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102).

4. The common stock in the capital of GMAC is indirectly owned by GM, a publicly traded Delaware corporation.

5. In conducting its primary line of business, namely financing, GMAC and its affiliated companies have a presence in 41 countries and offer a wide variety of automotive financial services to and through franchised GM dealers throughout the world. GMAC also offers financial services to other automobile dealerships and to the customers of those dealerships. Additionally, GMAC provides commercial financing for real estate, equipment and working capital to automobile dealerships, GM suppliers and customers of GM affiliates. GMAC also provides commercial financing and factoring services for companies in the apparel, textile, automotive supplier and numerous other industries. GMAC's other financial services include insurance and mortgage banking. For the year ended December 31, 2004, the net income of GMAC was approximately US$2.9 billion.

6. As at September 30, 2005, GMAC had in excess of US$203 billion in long-term debt outstanding. GMAC is one of the world's largest non-governmental, non-bank issuers of debt securities, measured by principal amount outstanding.

7. The Issuer was incorporated under the laws of Canada on October 15, 1953. On February 12, 1975, the Issuer's name was changed by adding a French version (General Motors Acceptance Corporation du Canada, Limitée). The Issuer was continued under the *Canada Business Corporations Act* by Articles of Continuance effective December 3, 1979. The Issuer is a wholly-owned subsidiary of GMAC.

8. The principal business carried on by the Issuer is to offer a wide variety of automotive financial services to over 780 franchised GM dealers in Canada, their affiliates and their customers. The Issuer also offers a range of other financial services. In particular, the Issuer provides wholesale financing and capital loans to authorized General Motors of Canada Limited vehicle dealers and purchases retail installment sale contracts and retail leases from such dealers. The Issuer also makes loans to vehicle leasing companies, the majority of which are affiliated with such dealers. The Issuer employs over 570 people in Canada.

9. The Issuer is, and has been for more than 12 months, a reporting issuer or the equivalent thereof in all Jurisdictions and will continue to be a reporting issuer or the equivalent thereof in the Jurisdictions. The Issuer is a "credit support issuer" for the purposes of section 13.4 of NI 51-102, and has been filing its continuous disclosure documents in accordance with the provisions of that section, as modified by the Original Decision Document and by the MRRS Decision Document *In the Matter of General Motors Acceptance Corporation and General Motors Acceptance Corporation of Canada, Limited* dated August 11, 2005, since April 2004.

10. Pursuant to the Prospectuses, the Issuer established programs: (i) to offer and issue up to $8.5 billion aggregate principal amount of unsecured debt securities (or the equivalent in other currencies), including by way of medium term notes, and (ii) to offer and issue up to $1.25 billion aggregate principal amount of Demand Notes, in each case, during the currency of the applicable Prospectus.

11. The Notes are fully and unconditionally guaranteed by GMAC as to payment of principal and interest when and as the same become due and payable, such that the holders thereof will be entitled to receive payment from GMAC upon the failure by the Issuer to make any such payment.

12. As of September 30, 2005, the Issuer had approximately Cdn.$8.1 billion of Notes outstanding, either pursuant to the Prospectuses or previously filed prospectuses. The Issuer believes that, measured by principal amount outstanding, it is one of the largest non-government, non-bank issuer of debt securities in the Canadian capital markets.

13. The long-term debt of each of GMAC and the Issuer is rated by each of Dominion Bond Rating Service Limited, Standard & Poor's, Moody's Investors Service and Fitch, Inc., each of which qualifies as an approved rating organization under both National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101) and NI 71-101 *The Multijurisdictional Disclosure System* (NI 71-101). Generally, the approved rating organizations assess the credit ratings of GMAC and its subsidiaries (including the Issuer) on a consolidated basis. GMAC and the Issuer have currently been assigned the same long-term debt ratings and, since the Issuer's incorporation in 1953, these ratings have remained consistent and have been upgraded or downgraded, as applicable, in tandem.

14. On May 5, 2005, Standard & Poor's downgraded its rating of the long-term debt of each of GMAC and the Issuer from "BBB-" to "BB" and its rating of the short-term debt of each of GMAC and the Issuer from "A-3" to "B-1". Consequently, on May 24, 2005, Fitch, Inc. downgraded its rating of the long-term debt of each of GMAC and the Issuer from "BBB-" to "BB+" and its rating of the short-term debt of each of GMAC and the Issuer from "F-3" to "B". On September 26, 2005, Fitch, Inc. further downgraded its rating of GMAC's long-term debt from "BB+" to "BB". In addition, on August 24, 2005, Moody's Investors Service downgraded its rating of the long-term debt of each of GMAC and the Issuer from "Baa2" to "Ba1" and its rating of the short-term debt of each of GMAC and the Issuer from "Prime-3" to "Not-Prime". Therefore, with respect to the ratings assigned by each of Standard & Poor's, Fitch, Inc. and Moody's Investors Service Inc., the debt securities of each of GMAC and the Issuer no longer have an approved rating (as defined in NI 44-101) or an investment grade rating (as defined in NI 71-101). Accordingly, on May 5, 2005, the Issuer suspended the issue and sale of Notes, which were formerly offered pursuant to the Prospectuses.

15. On October 17, 2005, GM announced its plans to take action to provide GMAC with separate credit ratings and that it is exploring the possible sale of a controlling interest in GMAC to a strategic partner (the GM Announcement). Following the GM Announcement, on October 17, 2005, Fitch, Inc. placed its rating of the debt securities of each of GMAC and the Issuer on "Rating Watch Evolving" and Moody's Investors Service Inc. changed the review status of its long-term debt ratings of each of GMAC and the Issuer to "direction uncertain" from "review for possible downgrade", where they had been placed on October 10, 2005. Standard & Poor's announced that it would keep its ratings of each of GMAC and the Issuer on CreditWatch, but with implications changed from "negative" to "developing".

16. The long-term debt of each of GMAC and the Issuer is currently rated "BBB (low)" by Dominion Bond Rating Service Limited. The short-term debt of each of GMAC and the Issuer is currently rated "R-2 (low)" by Dominion Bond Rating Service Limited. Therefore, the rating assigned to the debt securities of each of GMAC and the Issuer by Dominion Bond Rating Service Limited currently continues to qualify as an approved rating (as defined in NI 44-101) and an investment grade rating (as defined in NI 71-101). Following the GM Announcement, Dominion Bond Rating Service Limited changed its review status to "Under Review with Developing Implications" from "Under Review with Negative Implications", where it had been placed on July 22, 2005.

17. Prior to obtaining the Original Decision Document, the Issuer was eligible to file a short form base shelf prospectus under section 2.4(1) of NI 44-101 and section 2.4 of NI 44-102. However,

subsequent to the implementation of NI 51-102, to the extent that the Issuer relies on the exemptions available to a "credit support issuer" (as defined in section 13.4 of NI 51-102), the Issuer would no longer have a "current AIF" (as defined in NI 44-101).

18. Pursuant to the Original Decision Document, the Decision Makers granted relief, among other things, from the requirement under section 2.5(1) of NI 44-101 and section 2.5 of NI 44-102 that GMAC, as a person or company guaranteeing the Notes, be a reporting issuer with a 12-month reporting history in a Canadian province or territory and have a current AIF, in order to permit the Issuer to issue Notes which are fully and unconditionally guaranteed by GMAC.

19. Section 3.1 of NI 71-101 allows a U.S. issuer to distribute in Canada debt that has an "investment grade rating", provided the various conditions are met. An investment grade rating is defined as a provisional rating by a rating organization in one of its generic rating categories that signifies investment grade. Accordingly, GMAC would be eligible to effect a distribution of its own debt securities into Canada under section 3.1 of NI 71-101 in circumstances where all but one approved rating organization had downgraded its debt securities below the level of investment grade.

20. Section 3.2 of NI 71-101 further allows a U.S. issuer that does not satisfy the eligibility requirements of section 3.1 of NI 71-101 to utilize NI 71-101 to distribute its non-convertible debt, provided such debt also has an investment grade rating, its parent company meets the eligibility requirements set out in sections 3.1(a)(i) through (v) of NI 71-101, and the parent company fully and unconditionally guarantees payment of principal, interest and other amounts due under such securities. Therefore, a U.S. subsidiary of GMAC would be permitted to use NI 71-101 to issue its non-convertible debt in circumstances where all but one approved rating organization had downgraded its debt below the level of investment grade.

21. So long as it maintains at least an investment grade rating, GMAC will continue to be eligible to file prospectuses with the SEC as part of a registration statement on Form S-3 (the U.S. equivalent of a short form prospectus). In addition, GMAC and any U.S. subsidiary of GMAC would be eligible to file such a U.S. prospectus as an MJDS prospectus under NI 71-101 and access the Canadian capital markets directly, with the proceeds directed to the Issuer.

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.

"Charlie MacCready"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.7 Aastra Technologies Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted from the requirement to file financial statements with a business acquisition report that have been audited in accordance with either Canadian or United States generally accepted auditing standards; financial statements audited in accordance with International Standards on Auditing.

Rules Cited

National Instrument 52-107 – Acceptable Accounting Principles, Auditing Standards and Foreign Currency.
National Instrument 51-102 – Continuous Disclosure Obligations.

November 16, 2005

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

AND

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

AND

IN THE MATTER OF
AASTRA TECHNOLOGIES LIMITED
(THE FILER)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) granting relief from the requirement contained in the Legislation to have financial statements of the Acquired Business (as defined below) audited in accordance with the prescribed form of auditing standards in the Legislation (the **Requested Relief**);

Under the Mutual 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 *Definition*s 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 head office of the Filer is located at 155 Snow Boulevard, Concord, Ontario, Canada L4K 4N9.

2. The Filer is a corporation subsisting under the *Canada Business Corporations Act*, is a reporting issuer or its equivalent in each of the Jurisdictions.

3. The Filer develops, markets, sells and supports a comprehensive portfolio of products, systems and applications for building and accessing communication networks.

4. The common shares of the Filer are listed and posted for trading on the Toronto Stock Exchange.

5. The Filer entered into a share purchase and transfer agreement (the **SPA**) for the purposes of acquiring (the **Acquisition**) the DeTeWe Telecommunication Business (the **Acquired Business**) on July 14, 2005.

6. As described in a material change report dated July 22, 2005 and press releases dated July 14, 2005 and July 31, 2005, the Acquisition was completed pursuant to the terms of the SPA on July 31, 2005.

7. The Acquired Business consists of six related businesses, each operating as a separate legal entity but under the common management of the vendor of the Acquired Business (the **Vendor**). All of these related businesses are based in Germany except for one related business which is based in Switzerland.

8. Historically, the Vendor prepared separate financial statements for each of the related businesses comprising the Acquired Business in accordance with generally accepted accounting principles and generally accepted auditing standards (**GAAS**) of Germany but did not prepare audited consolidated financial statements for the Acquired Business.

9. Given the amount of restructuring implemented by the Vendor of the Acquired Business in the last two years, the Filer believes it would be practically impossible to re-perform the audit of the Acquired Business for fiscal 2003 and 2004 (the **Audited**

Acquisition Statements) in accordance with Canadian GAAS.

10. The Acquisition is a "significant acquisition" for the Filer within the meaning of section 8.3 of National Instrument 51-102 (**NI 51-102**) and as a result, the Filer is required to file a "business acquisition report" in accordance with section 8.2 of NI 51-102 for the Acquisition, which will include the Audited Acquisition Statements.

11. Section 6.2 of National Instrument 52-107 does not permit the Filer to file Audited Acquisition Statements in accordance with International Standards on Auditing (**ISA**).

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that such Audited Acquisition Statements are audited in accordance with ISA and the auditor's report thereon is accompanied by a statement by the auditor that:

(a) describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS; and

(b) indicates that an auditor's report prepared in accordance with Canadian GAAS would not contain a reservation.

"Cameron McInnis"
Manager, Corporate Finance
Ontario Securities Commission

2.1.8 Nigel Stephens Management Inc. et al. - s. 5.5(1)(a) of NI 81-102 Mutual Funds

Headnote

Approval of change of manager of mutual funds under paragraph 5.5(1)(a) of National Instrument 81-102 Mutual Funds.

Rule Cited

National Instrument 81-102 Mutual Funds, s. 5.5(1)(a).

November 24, 2005

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

AND

IN THE MATTER OF
NIGEL STEPHENS MANAGEMENT INC.
(THE FILER)

AND

NSC CANADIAN BALANCED INCOME FUND,
NSC CANADIAN EQUITY FUND, AND
NSC GLOBAL BALANCED FUND
(COLLECTIVELY, THE "FUNDS")

DECISION DOCUMENT

Background

The Ontario Securities Commission (the **Commission**) has received an application from the Filer dated November 7, 2005 (the **Application**) requesting the approval of the proposed change of manager of the Funds from the Filer to Northwood Stephens Private Counsel Inc. (**Northwood Stephens**) under paragraph 5.5(1)(a) of NI 81-102 (the **Requested Approval**).

Representations

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

<u>The proposed business combination</u>

1. The Filer is currently the manager and trustee of the Funds.

2. On August 8, 2005, Nigel Stephens Counsel Inc. (**NSCI**), the former manager, trustee and investment advisor of the Funds, announced its proposed business combination with Northwood Private Counsel Inc., currently known as Northwood Stephens. The proposed business combination will be carried out in three stages and upon the completion of all three stages,

Northwood Stephens will become the manager, trustee and investment advisor of the Funds.

3. A press release dated August 8, 2005 and a material change report dated August 18, 2005 were filed by the Funds in connection with the business combination under SEDAR Project Nos. 814688 and 820425, respectively.

4. On September 30, 2005, the Filer, as manager and trustee of the Funds, issued a press release announcing the completion of the first two stages of the business combination.

5. In the first stage of the business combination, NSCI transferred its trustee and management functions of the Funds to the Filer, a newly formed affiliated Ontario corporation. The Filer retained NSCI to provide advisory services to the Funds pursuant to an investment advisor agreement (the **Advisory Agreement**). Both NSCI and the Filer were at the first stage of the business combination owned and controlled by a sole shareholder, being Mr. J. Ian Dalrymple.

6. In the second stage of the business combination, substantially all of the assets of NSCI, including the Advisory Agreement, were sold to Northwood Private Counsel Inc. As a result, Northwood Private Counsel Inc. changed its name to Northwood Stephens and became the investment advisor of the Funds. In addition, during the second stage of the business combination, 49% of the shares of the Filer were sold to Mr. D. Scott Hayman and Mr. F. Thomas McCullough.

7. In the third stage of the business combination, it is proposed that all of the outstanding shares of the Filer will be sold to Northwood Stephens following which the Filer will either be wound-up or amalgamated with Northwood Stephens or dissolved. Accordingly, upon completion of the third stage, Northwood Stephens will become the manager, trustee and investment advisor of the Funds.

8. The Filer, as manager and trustee of the Funds, has called a special meeting of the unitholders of each of the Funds to be held on November 28, 2005. In connection with the special meeting, a notice of meeting, management information circular and proxy was mailed to unitholders of the Funds on October 31, 2005.

9. At the special meetings, unitholders of each of the Funds will be asked to consider, and if thought advisable, to approve, amongst other things, the change in manager and trustee of each of the Funds from the Filer to Northwood Stephens. If unitholder approval is received, the change in manager is expected to occur on or about November 30, 2005, subject to receipt of all necessary regulatory approvals and standard closing conditions.

Northwood Stephens

10. Northwood Stephens is a corporation organized under the laws of Ontario. Northwood Stephens has provided customized financial services to its clients since February 2003.

11. Northwood Stephens is registered with the Commission as an advisor in the categories of investment counsel and portfolio manager and as a dealer in the category of limited market dealer.

12. All of the issued and outstanding shares of Northwood Stephens are held by NSPC Holdings Inc. NSPC Holdings Inc. is controlled, directly or indirectly, as follows: (i) 40% by Mr. J. Ian Dalrymple, the indirect sole shareholder of NSCI, the former manager and trustee of the Funds; (ii) 20% by Mr. D. Scott Hayman; and (iii) 40% by Mr. F. Thomas McCullough.

13. Northwood Stephens currently acts as investment advisor of the Funds pursuant to the terms of the Advisory Agreement. Northwood Stephens has received an exemption order from the Commission allowing Northwood Stephens to distribute units of the Funds to its managed accounts.

The Funds

14. Each of the Funds is a trust governed by the Amended and Restated Declaration of Trust dated November 30, 2004, as amended by the First Supplemental Indenture dated September 30, 2005, made under the laws of the Province of Ontario.

15. Units of the Funds are qualified for distribution in the province of Ontario pursuant to a Simplified Prospectus and an Annual Information Form, respectively, each dated November 30, 2004, as amended by Amendment No. 1 dated August 18, 2005 (**Amendment No. 1**) and Amendment No. 2 dated October 14, 2005. Amendment No. 1 disclosed the proposed change of manager from the Filer to Northwood Stephens.

16. The Funds are reporting issuers in Ontario. The Funds are not on any list of defaulting reporting issuers maintained by the Commission.

Decision

The Commission is satisfied that the proposed change of manager from the Filer to Northwood Stephens would not be prejudicial to unitholders of the Funds.

The decision of the Commission is that the Requested Approval is granted.

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

2.1.9 AIC Advantage Fund - MRRS Decision

Headnote

Mutual fund applying for relief from 10% concentration restriction in subsection 2.1(1) of National Instrument 81-102 Mutual Funds in connection with the exchange of Exchangeable Shares of AMVESCAP Inc. for shares of AMVESCAP PLC – Exercise of the exchange right considered a "purchase" – Exchange done on a one-for-one basis – Mutual fund's economic exposure to AMVESCAP PLC immediately after exchange not exceeding economic exposure to AMVESCAP PLC before the exchange.

Rule Cited

National Instrument 81-102 Mutual Funds, s. 2.1(1).

November 25, 2005

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

AND

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

AND

IN THE MATTER OF
AIC ADVANTAGE FUND
(the Filer)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under section 19.1 of National Instrument 81-102 *Mutual Funds* (NI 81-102 or the Legislation) that the Filer be exempt from the issuer concentration restriction in subsection 2.1(1) of NI 81-102 in connection with the exchange of its Exchangeable Shares (described below) for PLC Shares (described below) (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

1. AIC Limited (AIC) acts as the manager and trustee of the Filer. AIC Investment Services Inc., an affiliate of AIC, acts as the portfolio adviser for the Filer.

2. In 2000, AMVESCAP PLC entered into an arrangement (the Arrangement) with Trimark Financial Corporation (Trimark). Pursuant to this Arrangement, the Filer received shares of AMVESCAP Inc. (the Exchangeable Shares) in return for its Trimark shares. The Exchangeable Shares, which are Canadian securities, are exchangeable at the option of the holder on a one-for-one basis for shares of AMVESCAP PLC (the PLC Shares), which are foreign securities.

3. The Exchangeable Shares are structured so that they are economically equivalent to the PLC Shares. The Filer acquired Exchangeable Shares instead of PLC Shares because, at the time of the Arrangement, the Filer was fully eligible for registered plans and therefore, due to relevant foreign property restrictions under applicable tax regulation, unable to have more than 30% of the book value of its net assets invested in foreign securities. As such foreign property restrictions have recently been revoked, the Filer would now be fully eligible for registered plans after exchanging their Exchangeable Shares for PLC Shares. In any event, after such exchange the Filer will continue to hold no more than approximately 30% of its investments in foreign securities in accordance with the disclosure in its simplified prospectus.

4. Pursuant to various agreements, holders of the Exchangeable Shares are able to exercise essentially the same voting rights with respect to AMVESCAP PLC as they would have if they held PLC Shares. Also, holders of Exchangeable Shares are entitled to receive dividends that are economically equivalent to cash dividends paid on PLC Shares.

5. As at November 22, 2005, 12% of the net assets of the Filer taken at market value are invested in the aggregate in the Exchangeable Shares and the PLC Shares. The 10% threshold was exceeded passively.

6. NI 81-102 prohibits a mutual fund from purchasing a security of an issuer if, immediately after the transaction, more than 10% of the net assets of the mutual fund, taken at market value at the time of the transaction, would be invested in securities of any issuer. The Companion Policy to NI 81-102 provides that if a mutual fund, at its option, exercises, converts or exchanges a convertible security held by it, the Canadian securities regulatory authorities would generally consider that action to be a purchase of a security under the definition of "purchase" in connection with the acquisition of a portfolio asset by a mutual fund.

7. Without the relief requested, the Filer may not exercise the exchange right as the exchange would be considered a prohibited purchase since, immediately after the transaction, more than 10% of the net assets of the Filer, taken at market value, would be invested in the PLC Shares.

8. It would not be in the best interests of unitholders of the Filer to divest of the PLC Shares that are held in excess of 10% of net assets of the Filer as it is AIC's view that the PLC Shares are currently undervalued and, therefore, are a source of significant potential return for unitholders.

9. Immediately after the exchange, the Filer will have no more economic exposure to PLC Shares than it did immediately before the exchange. The Filer will not make any further purchases of PLC Shares after the exchange for as long as its exposure to PLC Shares remains above 10% of net assets.

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.

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

2.1.10 Sentry Select Capital Corp. and Sentry Select Focused Wealth Management Fund - MRRS Decision

Headnote

MRRS Exemptive Relief Application – Open-end mutual fund trust proposed to be merged into capital pool company – President and CEO of the portfolio advisor of the terminating mutual fund also officer and director, and majority shareholder of capital pool company – Portfolio advisor granted relief from prohibition contained in the legislation prohibiting it from knowingly causing an investment portfolio managed by it to invest in an issuer in which a responsible person is an officer or director.

Ontario Statutes Cited

Securities Act, R.S.O., c. S.5, as am., ss. 118(2)(a), 121(2)(a)(ii).

November 25, 2005

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

AND

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

AND

IN THE MATTER OF SENTRY SELECT CAPITAL CORP. (the Filer) AND SENTRY SELECT FOCUSED WEALTH MANAGEMENT FUND (THE TERMINATING FUND)

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) exempting the Filer from the provision in the Legislation prohibiting a portfolio manager from knowingly causing any investment portfolio managed by it to invest in an issuer in which a responsible person is an officer or director (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 a corporation governed by the laws of the Province of Ontario. The Filer is registered as an advisor in the categories of investment counsel and portfolio manager and as a dealer in the category of mutual fund dealer in Ontario.

2. The Filer is the trustee, manager and portfolio advisor of the Terminating Fund.

3. The Terminating Fund is currently an open-end mutual fund trust established under the laws of Ontario by declaration of trust.

4. Units of the Terminating Fund are currently distributed in each of the provinces and territories of Canada pursuant to a simplified prospectus and an annual information form each dated July 27, 2005.

5. Masthead Resources Ltd. (the Corporation) is incorporated pursuant to the laws of the Province of Alberta. The Corporation is a capital pool company (CPC), as that term is defined in TSXV Venture Exchange (TSXV) Policy 2.4 Capital Pool Companies (TSXV Policy 2.4). The Corporation has completed an initial public offering of its shares pursuant to a CPC prospectus. The CPC prospectus for the offering of shares of the Corporation is dated August 8, 2005.

6. Shares of the Corporation are listed on TSXV. The Corporation is a Tier 2 CPC issuer. In order to become a regular (non-CPC) Tier 1 or Tier 2 issuer, the Corporation intends to complete a Qualifying Transaction in accordance with TSXV Policy 2.4.

7. A “Qualifying Transaction” is defined in TSXV Policy 2.4 as a transaction pursuant to which a CPC acquires significant assets (assets or a business) which, when purchased by the CPC, would result in the CPC meeting the Minimum Listing Requirements of TSXV.

8. The Filer wishes to merge the Terminating Fund into the Corporation (the Merger).

9. The Merger will occur through the implementation of the following steps:

A. the declaration of trust of the Terminating Fund will be amended to remove the right of redemption to take effect on a specific date as set out in the Circular (as defined below);

B. the day after the declaration of trust is amended, the Terminating Fund will transfer its assets (which will consist entirely of cash at the date of the Merger) to the Corporation in exchange for shares and an equal number of share purchase warrants of the Corporation;

C. the Terminating Fund will then distribute its assets (now only shares and share purchase warrants) to its unitholders on a dollar-for-dollar basis so that they will become direct security holders of the applicable Corporation; and

D. thereafter, the Terminating Fund will be wound-up.

10. It is believed by the Filer that the Merger is in the best interests of unitholders of the Terminating Fund.

11. It is the intention of the promoter of the Corporation to treat the Merger as Qualifying Transaction for the Corporation.

12. John F. Driscoll, the President and Chief Executive Officer of the Filer, is an officer and director, the promoter and majority shareholder (he holds approximately 54% of the issued and outstanding shares) of the Corporation. Mr. Driscoll also holds approximately 5.4% of the Terminating Fund. Mr. Driscoll will not vote the units which he holds in the Terminating Fund or the shares which he holds in the Corporation at the meetings of Terminating Fund unitholders and Corporation shareholders called to consider the proposed transaction in order to address any appearance of conflict of interest. Neither the Filer or any associate of Mr. Driscoll owns units of the Terminating Fund or shares of the Corporation.

13. Contemporaneously with the closing of the Merger, it is proposed that the Corporation will purchase all the shares of C.A. Bancorp Inc. (C.A. Bancorp), a corporation beneficially owned by John F. Driscoll and his family, in exchange for shares of the Corporation (the Acquisition). C.A. Bancorp intends to carry on business as a merchant bank focusing on investments in the Canadian mid-market sector.

14. A special meeting will be called for the Terminating Fund unitholders to approve the Merger. The notice of meeting and management information circular (the Circular) sent to Terminating Fund unitholders in advance of the special meetings will contain detailed disclosure in respect of the Merger and the Acquisition, including the three steps of the transaction: (1) de-mutualizing the mutual fund and eliminating the redemption rights of unitholders, (2) the sale of the Terminating Fund assets to the Corporation in exchange for shares and share purchase warrants, and (3) the acquisition of C.A. Bancorp. Unitholders will be advised that as of a certain date immediately prior to the Merger, redemptions of units of the Terminating Fund will cease and then ultimately, unitholders will become direct holders of shares and share purchase warrants in the applicable Corporation. The Circular will outline the business focus of the Corporation and C.A. Bancorp and the positive and negative aspects of an investment in the Corporation so that unitholders can make an informed decision about how to proceed. As well, a copy of the prospectus for the applicable Corporation will be provided with the Circular. The prospectus outlines the requirements for a capital pool company, a Qualifying Transaction and the risks involved (for example, the possible reduced liquidity) in this type of investment.

15. Approval for the Merger will be sought from the shareholders of the Corporation. The Merger must be approved on a “majority of the minority” basis.

16. No sales charges will be payable by the Terminating Fund or its unitholders in connection with the acquisition by the Terminating Fund of shares and share purchase warrants of the Corporation.

17. Neither the Terminating Fund nor its unitholders will be responsible for any of the costs associated with the Merger.

18. Following the Merger, shares of the Corporation issued to unitholders on the Merger and shares underlying the share purchase warrants issued to unitholders on the Merger, when issued, will be freely tradable on TSXV.

19. Share purchase warrants received by unitholders on the Merger will have a term of one year and will entitle the holder thereof to purchase one share for each share purchase warrant at a price per share equal to the price per share of the Corporation, as applicable, after the Merger on the date the Merger takes place.

20. In the absence of this Decision, the Filer is prohibited from knowingly causing the Terminating Fund to sell its assets in exchange for shares and share purchase warrants of the Corporation because the transaction will result in the Terminating Fund investing in an issuer in which a responsible person (John Driscoll, the President

and Chief Executive Officer of the Filer) is an officer or director.

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, for the purpose of effecting the Merger described in this decision, the Requested Relief is granted.

"Paul Moore"
Vice-Chair
Ontario Securities Commission

"Robert W. Davis"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Robert Patrick Zuk et al.

December 14, 2005

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

AND

ROBERT PATRICK ZUK, DANE ALAN WALTON
DEREK REID, IVAN DJORDJEVIC,
DANIEL DAVID DANZIG,
and MATTHEW NOAH COLEMAN

ORDER

WHEREAS a Notice of Hearing and related Statement of Allegations were issued on the 11th day of March, 2005 in respect of Robert Patrick Zuk, Dane Alan Walton, Derek Reid, Ivan Djordjevic, Daniel David Danzig, and Matthew Noah Coleman;

AND WHEREAS by Order dated July 19, 2005 a pre-hearing conference was scheduled for September 14, 2005;

AND WHEREAS on September 14, 2005 the pre-hearing conference was scheduled to continue on October 19, 2005;

AND WHEREAS by Order dated October 18, 2005 the pre-hearing conference was scheduled to continue on December 15, 2005;

AND WHEREAS the parties consent to this Order;

AND WHEREAS by Authorization 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 exercise, subject to subsection 3.5(4) of the Act, the powers of the Commission to grant adjournments;

AND WHEREAS the Commission considers it to be in the public interest to make this order;

IT IS ORDERED that the continuation of the pre-hearing conference be adjourned to February 2, 2006 at 10:00 a.m.

"Paul M. Moore"

2.2.2 Portus Alternative Asset Management Inc. and Boaz Manor - s. 127

December 16, 2005

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

AND

PORTUS ALTERNATIVE ASSET MANAGEMENT INC.
AND BOAZ MANOR

ORDER
(Section 127)

WHEREAS on February 2, 2005, the Ontario Securities Commission (the "Commission") ordered that terms and conditions be imposed on the registration of Portus Alternative Asset Management Inc. ("Portus") such that Portus is precluded from opening new client accounts and accepting any new funds or other assets for investment in respect of any existing client accounts;

AND WHEREAS on February 10, 2005, the Commission ordered that:

(a) trading in any securities by Portus cease, except with respect to certain pre-authorized periodic account withdrawals (as described in paragraph 2(b) of the Order);

(b) an additional term and condition be imposed on Portus' registration such that Portus be precluded from redeeming or returning funds or assets from any existing client accounts except with respect to pre-authorized periodic account withdrawals (as described in paragraph 2(b) of the Order);

(c) Boaz Manor ("Manor") be precluded from undertaking any action that directly or indirectly constitutes a trade or act in furtherance of a trade with respect to the Notes in which client funds are deposited (as defined in the Temporary Order of February 10, 2005, the "Notes"); and

(d) that Manor shall not authorize, direct or execute trades in the Notes or appoint, authorize or direct any other party to make trades in the Notes;

AND WHEREAS on consent, the Commission extended its orders of February 2 and 10, 2005 (the "Temporary Orders") until December 16, 2005;

AND WHEREAS on October 5, 2005, the Commission commenced proceedings under section 127 of the Act against Portus, Manor and others (the "Proceeding");

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, Portus and Manor have consented to the making of this Order;

IT IS HEREBY ORDERED that:

1. the Temporary Orders are continued until the Proceeding is concluded and a decision of the Commission is rendered or until the Commission considers appropriate; and

2. any person or company affected by this order may apply to the Commission for an order revoking or varying the terms of this order pursuant to s. 144 of the Act.

"Paul M. Moore"

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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
Brazilian Resources, Inc.	06 Dec 05	16 Dec 05	16 Dec 05	
Capital Diagnostic Corporation (formerly Beris Biotechnology Corp.)	06 Dec 05	16 Dec 05	16 Dec 05	
Carber Capital Corp.	07 Dec 05	19 Dec 05	19 Dec 05	
Hedman Resources Limited	09 Dec 05	21 Dec 05	21 Dec 05	
Nova Growth Corp.	06 Dec 05	16 Dec 05		20 Dec 05
Richtree Inc.	08 Dec 05	20 Dec 05	20 Dec 05	
Teddy Bear Valley Mines, Limited	08 Dec 05	20 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
Canadex Resources Limited	04 Oct 05	17 Oct 05	17 Oct 05	16 Dec 05	
CoolBrands International Inc.	01 Dec 05	14 Dec 05		15 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		
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
Canadex Resources Limited	04 Oct 05	17 Oct 05	17 Oct 05	16 Dec 05	
CoolBrands International Inc.	01 Dec 05	14 Dec 05		15 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		

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
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		

Chapter 5

Rules and Policies

5.1.1 National Instrument 43-101 - Standards of Disclosure for Mineral Projects, Form 43-101F1 and Companion Policy 43-101CP

NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

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NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions - In this Instrument

"adjacent property" means a property

(a) in which the issuer does not have an interest;

(b) that has a boundary reasonably proximate to the property being reported on; and

(c) that has geological characteristics similar to those of the property being reported on;

"data verification" means the process of confirming that data has been generated with proper procedures, has been accurately transcribed from the original source and is suitable to be used;

"development property" means a property that is being prepared for mineral production and for which economic viability has been demonstrated by a feasibility study;

"disclosure" means any oral statement or written disclosure made by or on behalf of an issuer and intended to be, or reasonably likely to be, made available to the public in a jurisdiction of Canada, whether or not filed under securities legislation, but does not include written disclosure that is made available to the public only by reason of having been filed with a government or agency of government pursuant to a requirement of law other than securities legislation;

"early stage exploration property" means a property that has

(a) no current mineral resources or mineral reserves defined; and

(b) no drilling or trenching proposed;

in a technical report being filed in a local jurisdiction;

"exploration information" means geological, geophysical, geochemical, sampling, drilling, trenching, analytical testing, assaying, mineralogical, metallurgical and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define or delineate a mineral prospect or mineral deposit;

"feasibility study" means a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production;

"historical estimate" means an estimate of mineral resources or mineral reserves prepared prior to February 1, 2001;

"IMMM Reporting Code" means the classification system and definitions of mineral resources and mineral reserves approved by The Institution of Materials, Minerals, and Mining in the United Kingdom, as amended;

"JORC Code" means the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia, as amended;

"mineral project" means any exploration, development or production activity, including a royalty interest or similar interest in these activities, in respect of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals;

"NI 44-101" means National Instrument 44-101 *Short Form Prospectus Distributions*;

"preliminary assessment" means a study that includes an economic analysis of the potential viability of mineral resources taken at an early stage of the project prior to the completion of a preliminary feasibility study;

"preliminary feasibility study" and "pre-feasibility study" each mean a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit

configuration, in the case of an open pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve;

"producing issuer" means an issuer with annual audited financial statements that disclose

(a) gross revenues, derived from mining operations, of at least $30 million for the issuer's most recently completed financial year; and

(b) gross revenues, derived from mining operations, of at least $90 million in the aggregate for the issuer's three most recently completed financial years;

"professional association" means a self-regulatory organization of engineers, geoscientists or both engineers and geoscientists that

(a) is

(i) given authority or recognition by statute in a jurisdiction of Canada, or

(ii) a foreign association listed in Appendix A;

(b) admits individuals on the basis of their academic qualifications and experience;

(c) requires compliance with the professional standards of competence and ethics established by the organization; and

(d) has disciplinary powers, including the power to suspend or expel a member;

"qualified person" means an individual who

(a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these;

(b) has experience relevant to the subject matter of the mineral project and the technical report; and

(c) is in good standing with a professional association and, in the case of a foreign association listed in Appendix A, has the corresponding designation in Appendix A;

"quantity" means either tonnage or volume, depending on which term is the standard in the mining industry for the type of mineral;

"SAMREC Code" means the South African Code for Reporting of Mineral Resources and Mineral Reserves prepared by the South African Mineral Committee (SAMREC) under the auspices of the South African Institute of Mining and Metallurgy (SAIMM), as amended;

"SEC Industry Guide 7" means the mining industry guide entitled "Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations" contained in the Securities Act Industry Guides published by the United States Securities and Exchange Commission, as amended;

"technical report" means a report prepared and filed in accordance with this Instrument and Form 43-101F1 Technical Report that does not omit any material scientific and technical information in respect of the subject property as of the date of the filing of the report; and

"written disclosure" includes any writing, picture, map or other printed representation whether produced, stored or disseminated on paper or electronically, including websites.

1.2 Mineral Resource - In this Instrument, the terms "mineral resource", "inferred mineral resource", "indicated mineral resource" and "measured mineral resource" have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as those definitions may be amended.

1.3 Mineral Reserve - In this Instrument, the terms "mineral reserve", "probable mineral reserve" and "proven mineral reserve" have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as those definitions may be amended.

1.4 Independence - In this Instrument, a qualified person is independent of an issuer if there is no circumstance that could, in the opinion of a reasonable person aware of all relevant facts, interfere with the qualified person's judgment regarding the preparation of the technical report.

PART 2 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

2.1 Requirements Applicable to All Disclosure - All disclosure of scientific or technical information made by an issuer, including disclosure of a mineral resource or mineral reserve, concerning a mineral project on a property material to the issuer must be based upon information prepared by or under the supervision of a qualified person.

2.2 All Disclosure of Mineral Resources or Mineral Reserves - An issuer must not disclose any information about a mineral resource or mineral reserve unless the disclosure

(a) uses only the applicable mineral resource and mineral reserve categories set out in sections 1.2 and 1.3;

(b) reports each category of mineral resources and mineral reserves separately, and states the extent, if any, to which mineral reserves are included in total mineral resources;

(c) does not add inferred mineral resources to the other categories of mineral resources; and

(d) states the grade or quality and the quantity for each category of the mineral resources and mineral reserves if the quantity of contained metal or mineral is included in the disclosure.

2.3 Prohibited Disclosure

(1) An issuer must not make any disclosure of the

(a) quantity, grade, or metal or mineral content of a deposit that has not been categorized as an inferred mineral resource, an indicated mineral resource, a measured mineral resource, a probable mineral reserve or a proven mineral reserve; or

(b) results of an economic analysis that includes inferred mineral resources.

(2) Despite paragraph (1)(a), an issuer may disclose in writing the potential quantity and grade, expressed as ranges, of a potential mineral deposit that is to be the target of further exploration if the disclosure

(a) includes a statement that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the target being delineated as a mineral resource; and

(b) states the basis on which the disclosed potential quantity and grade has been determined.

(3) Despite paragraph (1)(b), an issuer may disclose a preliminary assessment that includes inferred mineral resources if

(a) the results of the preliminary assessment are a material change or a material fact with respect to the issuer; and

(b) the disclosure

(i) includes a statement that the preliminary assessment is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized; and

(ii) states the basis for the preliminary assessment and any qualifications and assumptions made by the qualified person.

(4) An issuer must not use the term preliminary feasibility study, pre-feasibility study or feasibility study when referring to a study unless the study satisfies the criteria set out in the definition of the applicable term in section 1.1.

2.4 Disclosure of Historical Estimates – Despite section 2.2, an issuer may disclose an historical estimate using the historical terminology if the disclosure

(a) identifies the source and date of the historical estimate;

(b) comments on the relevance and reliability of the historical estimate;

(c) states whether the historical estimate uses categories other than the ones set out in sections 1.2 and 1.3 and, if so, includes an explanation of the differences; and

(d) includes any more recent estimates or data available to the issuer.

PART 3 ADDITIONAL REQUIREMENTS FOR WRITTEN DISCLOSURE

3.1 Written Disclosure to Include Name of Qualified Person - If an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure

(a) the name; and

(b) the relationship to the issuer

of the qualified person who prepared or supervised the preparation of the information that forms the basis for the written disclosure.

3.2 Written Disclosure to Include Data Verification - Subject to section 3.5, if an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure

(a) a statement whether a qualified person has verified the data disclosed, including sampling, analytical and test data underlying the information or opinions contained in the written disclosure;

(b) a description of how the data was verified and any limitations on the verification process; and

(c) an explanation of any failure to verify the data.

3.3 Requirements Applicable to Written Disclosure of Exploration Information

(1) Except as provided in section 3.5, if an issuer discloses in writing exploration information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure

(a) the results, or a summary of the material results, of surveys and investigations regarding the property;

(b) a summary of the interpretation of the exploration information; and

(c) a description of the quality assurance program and quality control measures applied during the execution of the work being reported on.

(2) Except as provided in section 3.5, if an issuer discloses in writing sample, analytical or test results on a property material to the issuer, the issuer must include in the written disclosure

(a) a summary description of the geology, mineral occurrences and nature of mineralization found;

(b) a summary description of rock types, geological controls and dimensions of mineralized zones, and the identification of any significantly higher grade intervals within a lower grade intersection;

(c) the location, number, type, nature and spacing or density of the samples collected and the location and dimensions of the area sampled;

(d) any drilling, sampling, recovery or other factors that could materially affect the accuracy or reliability of the data referred to in this subsection;

(e) a summary description of the type of analytical or testing procedures utilized, sample size, the name and location of each analytical or testing laboratory used, and any relationship of the laboratory to the issuer; and

(f) a summary of the relevant analytical values, widths and, to the extent known to the issuer, the true widths of the mineralized zone.

3.4 Requirements Applicable to Written Disclosure of Mineral Resources and Mineral Reserves - If an issuer discloses in writing mineral resources or mineral reserves on a property material to the issuer, the issuer must include in the written disclosure

(a) the effective date of each estimate of mineral resources and mineral reserves;

(b) details of quantity and grade or quality of each category of mineral resources and mineral reserves;

(c) details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;

(d) a general discussion of the extent to which the estimate of mineral resources or mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues; and

(e) a statement that mineral resources that are not mineral reserves do not have demonstrated economic viability, if the results of an economic analysis of mineral resources are included in the disclosure.

3.5 Exception for Written Disclosure Already Filed - Sections 3.2 and 3.3 and paragraphs 3.4 (a), (c) and (d) do not apply if the issuer includes in the written disclosure a reference to the title and date of a previously filed document that complies with those requirements.

PART 4 OBLIGATION TO FILE A TECHNICAL REPORT

4.1 Obligation to File a Technical Report Upon Becoming a Reporting Issuer

(1) Upon becoming a reporting issuer in a jurisdiction of Canada an issuer must file in that jurisdiction a technical report for a mineral project on each property material to the issuer.

(2) Subsection (1) does not apply if the issuer is a reporting issuer in a jurisdiction of Canada and subsequently becomes a reporting issuer in another jurisdiction of Canada.

4.2 Obligation to File a Technical Report in Connection with Certain Written Disclosure About Mineral Projects on Material Properties

(1) An issuer must file a technical report to support scientific or technical information in any of the following documents filed or made available to the public in a jurisdiction of Canada describing a mineral project on a property material to the issuer, or in the case of paragraph (c) below, the resulting issuer:

(a) a preliminary prospectus, other than a preliminary short form prospectus filed in accordance with NI 44-101;

(b) a preliminary short form prospectus filed in accordance with NI 44-101 that includes material scientific or technical information about a mineral project on a property material to the issuer but not contained in

(i) an annual information form, prospectus, or material change report filed before February 1, 2001; or

(ii) a previously filed technical report;

(c) an information or proxy circular concerning a direct or indirect acquisition of a mineral property where the issuer or resulting issuer issues securities as consideration;

(d) an offering memorandum, other than an offering memorandum delivered solely to accredited investors as defined under securities legislation;

(e) for a reporting issuer, a rights offering circular;

(f) an annual information form that includes material scientific or technical information about a mineral project on a property material to the issuer but not contained in

(i) an annual information form, prospectus, or material change report filed before February 1, 2001; or

(ii) a previously filed technical report;

(g) a valuation required to be prepared and filed under securities legislation;

(h) an offering document that complies with and is filed in accordance with the TSX Venture Exchange policy;

(i) a take-over bid circular that discloses a preliminary assessment or mineral resources or mineral reserves on a property material to the offeror if securities of the offeror are being offered in exchange on the take-over bid; and

(j) a news release or directors' circular that contains

(i) first time disclosure of a preliminary assessment or mineral resources or mineral reserves on a property material to the issuer that constitutes a material change in respect of the affairs of the issuer; or

(ii) a change in a preliminary assessment or in mineral resources or mineral reserves from the most recently filed technical report that constitutes a material change in respect of the affairs of the issuer.

(2) Subsection (1) does not apply for disclosure of an historical estimate in a document referred to in paragraph (j) of that subsection if the disclosure

(a) is in accordance with section 2.4; and

(b) includes a statement that

(i) a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves;

(ii) the issuer is not treating the historical estimate as current mineral resources or mineral reserves as defined in sections 1.2 and 1.3 of this Instrument; and

(iii) the historical estimate should not be relied upon.

(3) If there has been a material change to the information in the technical report filed under paragraph (a) or (b) of subsection (1) before the filing of the final version of a prospectus or short form prospectus, the issuer must file an updated technical report or an addendum to the technical report with the final version of the prospectus or short form prospectus.

(4) Subject to subsections (5), (6), and (7), the technical report referred to in subsection (1) must be filed not later than the time the document listed in subsection (1) that it supports is filed or made available to the public.

(5) Despite subsection (4), a technical report about mineral resources or mineral reserves that supports a news release must

(a) be filed not later than 45 days after the news release; and

(b) if there are any material differences in the mineral resources or mineral reserves between the technical report filed and the news release, be accompanied by a news release that reconciles those differences.

(6) Despite subsection (4), if a property referred to in an annual information form first becomes material to the issuer less than 30 days before the filing deadline for the annual information form, the issuer must file the technical report within 45 days of the date that the property first became material to the issuer.

(7) Despite subsection (4), a technical report that supports a directors' circular must be filed not less than 3 business days prior to the expiry of the take-over bid.

(8) Subsection (1) does not apply if

(a) the issuer has a technical report filed that supports the scientific or technical information contained in the disclosure and there has been no material change in the scientific and technical information concerning the property since the date of the filing of the technical report; and

(b) the issuer files an updated certificate in accordance with subsection 8.1 and consent in accordance with subsection 8.3 of each qualified person who has been responsible for preparing or supervising the preparation of each portion of the technical report.

4.3 Required Form of Technical Report - A technical report that is required to be filed under this Part must be prepared in accordance with Form 43-101F1.

PART 5 AUTHOR OF TECHNICAL REPORT

5.1 Prepared by a Qualified Person - A technical report must be prepared by or under the supervision of one or more qualified persons.

5.2 Execution of Technical Report - A technical report must be dated, signed and, if the qualified person has a seal, sealed by

(a) each qualified person who is responsible for preparing or supervising the preparation of all or part of the report; or

(b) a person or company whose principal business is providing engineering or geoscientific services if each qualified person responsible for preparing or supervising the preparation of all or part of the report is an employee, officer or director of that person or company.

5.3 Independent Technical Report

(1) Subject to subsection (2), a technical report required under any of the following provisions of this Instrument must be prepared by or under the supervision of a qualified person that is, at the date of the technical report, independent of the issuer:

(a) section 4.1;

(b) paragraphs (a) and (g) of subsection 4.2(1); or

(c) paragraphs (b), (c), (d), (e), (f), (h), (i), (j) of subsection 4.2(1) if the document discloses

(i) for the first time a preliminary assessment or mineral resources or mineral reserves on a property material to the issuer, or

(ii) a 100 percent or greater change, from the most recently filed technical report prepared by a qualified person who is independent of the issuer, in total mineral resources or total mineral reserves on a property material to the issuer.

(2) A technical report required to be filed by a producing issuer under paragraph (c) of subsection (1) is not required to be prepared by or under the supervision of an independent qualified person.

(3) A technical report required to be filed by an issuer that is or has contracted to become a joint venture participant, concerning a property which is or will be the subject of the joint venture's activities, is not required to be prepared by or under the supervision of an independent qualified person if the qualified person preparing or supervising the preparation of the report relies on scientific and technical information prepared by or under the supervision of a qualified person that is an employee or consultant of a producing issuer that is a participant in the joint venture.

PART 6 PREPARATION OF TECHNICAL REPORT

6.1 The Technical Report - A technical report must be prepared on the basis of all available data relevant to the disclosure that it supports.

6.2 Current Personal Inspection

(1) Subject to subsections (2) and (3), before an issuer files a technical report, the issuer must have at least one qualified person who is responsible for preparing or supervising the preparation of all or part of the technical report complete a current inspection on the property that is the subject of the technical report.

(2) Subsection (1) does not apply to an issuer provided that

(a) the property that is the subject of the technical report is an early stage exploration property;

(b) seasonal weather conditions prevent a qualified person from accessing any part of the property or obtaining beneficial information from it; and

(c) the issuer discloses in the technical report, and in the disclosure that the technical report supports, that a personal inspection by a qualified person was not conducted, the reasons why, and the intended time frame to complete the personal inspection.

(3) If an issuer relies on subsection (2), the issuer must

(a) as soon as practical, have at least one qualified person who is responsible for preparing or supervising the preparation of all or part of the technical report complete a current inspection on the property that is the subject of the technical report; and

(b) promptly file a technical report and the certificates and consents required under Part 8 of this Instrument.

6.3 Maintenance of Records - An issuer must keep for 7 years copies of assay and other analytical certificates, drill logs and other information referenced in the technical report or used as a basis for the technical report.

6.4 Limitation on Disclaimers – An issuer must not file a technical report that contains a disclaimer by any qualified person responsible for preparing or supervising the preparation of the report that

(a) disclaims responsibility for, or reliance on, that portion of the report the qualified person prepared or supervised the preparation of; or

(b) limits the use or publication of the report in a manner that interferes with the issuer's obligation to reproduce the report by filing it on SEDAR.

PART 7 USE OF FOREIGN CODE

7.1 Use of Foreign Code – Despite section 2.2, an issuer that

(a) is incorporated or organized in a foreign jurisdiction; or

(b) is incorporated or organized under the laws of Canada or a jurisdiction of Canada, for its properties located in a foreign jurisdiction;

may make disclosure and file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, the SEC Industry Guide 7, the IMMM Reporting Code or the SAMREC Code if a reconciliation to the mineral resource and mineral reserve categories set out in sections 1.2 and 1.3 is disclosed in the technical report.

PART 8 CERTIFICATES AND CONSENTS OF QUALIFIED PERSONS FOR TECHNICAL REPORTS

8.1 Certificates of Qualified Persons

(1) An issuer must, when filing a technical report, file a certificate of each qualified person responsible for preparing or supervising the preparation of each portion of the technical report and the certificate must be dated, signed and, if the signatory has a seal, sealed.

(2) A certificate under subsection (1) must state

(a) the name, address and occupation of the qualified person;

(b) the title and date of the technical report to which the certificate applies;

(c) the qualified person's qualifications, including a brief summary of relevant experience, the name of all professional associations to which the qualified person belongs, and that the qualified person is a "qualified person" for purposes of this Instrument;

(d) the date and duration of the qualified person's most recent personal inspection of each property, if applicable;

(e) the item or items of the technical report for which the qualified person is responsible;

(f) whether the qualified person is independent of the issuer as described in section 1.4;

(g) what prior involvement, if any, the qualified person has had with the property that is the subject of the technical report;

(h) that the qualified person has read this Instrument and the technical report has been prepared in compliance with this Instrument; and

(i) that, as of the date of the certificate, to the best of the qualified person's knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

8.2 Addressed to Issuer - All technical reports must be addressed to the issuer.

8.3 Consents of Qualified Persons - An issuer must, when filing a technical report, file a statement of each qualified person responsible for preparing or supervising the preparation of each portion of the technical report, addressed to the securities regulatory authority, dated, and signed by the qualified person

(a) consenting to the public filing of the technical report and to extracts from, or a summary of, the technical report in the written disclosure being filed; and

(b) confirming that the qualified person has read the written disclosure being filed and that it fairly and accurately represents the information in the technical report that supports the disclosure.

PART 9 EXEMPTIONS

9.1 Authority to Grant Exemptions

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

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

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

9.2 Limited Exemption for Royalty Interests or Similar Interests

(1) Subject to subsection (2), an issuer that has only a royalty interest or similar interest in a mineral project and is required to file a technical report in accordance with section 4.3 is not required to

(a) comply with section 6.2; and

(b) complete those items under Form 43-101F1 that require data verification, inspection of documents, or personal inspection of the property to complete those items.

(2) Paragraphs (1)(a) and (b) only apply if the issuer

(a) has requested but has not received access to the necessary data from the operating company and is not able to obtain the necessary information from the public domain;

(b) under Item 3 of Form 43-101F1, states the issuer has requested but has not received access to the necessary data from the operating company and is not able to obtain the necessary information from the public domain and describes the content referred to under each item of Form 43-101F1 that the issuer did not complete; and

(c) includes in all scientific and technical disclosure a statement that the issuer has an exemption from completing certain items under Form 43-101F1 in the technical report required to be filed and includes a reference to the title and date of that technical report.

9.3 Exemption for Certain Types of Filings - This Instrument does not apply if the only reason an issuer files written disclosure of scientific or technical information is to comply with the requirement under securities legislation to file a copy of a record or disclosure material that was filed with a securities commission, exchange or regulatory authority in another jurisdiction.

PART 10 EFFECTIVE DATE

10.1 Effective Date - This Instrument comes into force on December 30, 2005.

APPENDIX A

RECOGNIZED FOREIGN ASSOCIATIONS AND DESIGNATIONS

Foreign Association	DESIGNATION
American Institute of Professional Geologists (AIPG)	Certified Professional Geologist
Any state in the United States of America	Licensed or certified as a professional engineer
Mining and Metallurgical Society of America (MMSA)	Qualified Professional
European Federation of Geologists (EFG)	European Geologist
Australasian Institute of Mining and Metallurgy (AusIMM)	Fellow or member
Institute of Materials, Minerals and Mining (IMMM)	Fellow or professional member
Australian Institute of Geoscientists (AIG)	Fellow or member
South African Institute of Mining and Metallurgy (SAIMM)	Fellow
South African Council for Natural Scientific Professions (SACNASP)	Professional Natural Scientist
Institute of Geologists of Ireland (IGI)	Professional Member
Geological Society of London (GSL)	Chartered Geologist
National Association of State Boards of Geology (ASBOG)	Licensed or certified in: Alabama, Arizona, Arkansas, California, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Maine, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, North Carolina, Oregon, Pennsylvania, Puerto Rico, South Carolina, Texas, Utah, Virginia, Washington, Wisconsin or Wyoming

FORM 43-101F1
TECHNICAL REPORT

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TITLE

CONTENTS OF THE TECHNICAL REPORT

FORM 43-101F1
TECHNICAL REPORT

INSTRUCTIONS

(1) The objective of the technical report is to provide a summary of scientific and technical information concerning mineral exploration, development and production activities on a mineral property that is material to an issuer. This Form sets out specific requirements for the preparation and contents of a technical report.

(2) Terms used in this Form that are defined or interpreted in National Instrument 43-101 Standards of Disclosure for Mineral Projects (the "Instrument") will bear that definition or interpretation. In addition, a general definition instrument has been adopted as National Instrument 14-101 Definitions that contains definitions of certain terms used in more than one national instrument. Readers of this Form should review both these national instruments for defined terms.

(3) The qualified person preparing the technical report must use all of the headings of the items in this Form and may create sub-headings. If unique or infrequently used technical terms are required, clear and concise explanations must be included.

(4) No disclosure need be given in respect of inapplicable items and, unless otherwise required by this Form, negative answers to items may be omitted. Disclosure included under one heading is not required to be repeated under another heading.

(5) The technical report is not required to include the information required in Items 6 through 11 of this Form to the extent that the required information has been previously filed in a technical report for the property being reported on, the previous technical report is referred to in the technical report and there has not been any material change in the information.

(6) The technical report for development properties and production properties may summarize the information required in the items of this Form, except for Item 25, provided that the summary includes the material information necessary to understand the project at its current stage of development or production.

(7) The technical report may only contain disclaimers that are in accordance with section 6.4 of the Instrument and Item 5 of this Form.

CONTENTS OF THE TECHNICAL REPORT

Item 1: **Title Page** - Include a title page setting out the title of the technical report, the general location of the mineral project, the name and professional designation of each qualified person and the effective date of the technical report.

Item 2: **Table of Contents** - Provide a table of contents listing the contents of the technical report, including figures and tables.

Item 3: **Summary** - Provide a summary that briefly describes the property, its location, ownership, geology and mineralization, the exploration concept, the status of exploration, development and operations and the qualified person's conclusions and recommendations.

Item 4: **Introduction** - Include a description of

(a) who the technical report is prepared for;

(b) the purpose for which the technical report was prepared;

(c) the sources of information and data contained in the technical report or used in its preparation, with citations if applicable; and

(d) the scope of the personal inspection on the property by each qualified person and author or, if applicable, the reason why a personal inspection has not been completed.

Item 5: **Reliance on Other Experts** - If a qualified person preparing or supervising the preparation of all or a portion of the technical report is relying on a report, opinion or statement of a legal or other expert, who is not a qualified person, for information concerning legal, environmental, political or other issues and factors relevant to the technical report, the qualified person may include a disclaimer of responsibility in which the qualified person identifies the report, opinion or statement relied upon, the maker of that report, opinion or statement, the extent of reliance and the portions of the technical report to which the disclaimer applies.

Item 6: **Property Description and Location** - To the extent applicable, with respect to each property reported on, describe

(a) the area of the property in hectares or other appropriate units;

(b) the location, reported by an easily recognizable geographic and grid location system;

(c) the type of mineral tenure (eg. claim, license, lease) and the identifying name or number of each;

(d) the nature and extent of the issuer's title to, or interest in, the property including surface rights, the obligations that must be met to retain the property, and the expiration date of claims, licences or other property tenure rights;

(e) how the property boundaries were located;

(f) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailing ponds, waste deposits and important natural features and improvements, relative to the outside property boundaries;

(g) to the extent known, the terms of any royalties, back-in rights, payments or other agreements and encumbrances to which the property is subject;

(h) to the extent known, all environmental liabilities to which the property is subject; and

(i) to the extent known, the permits that must be acquired to conduct the work proposed for the property, and if the permits have been obtained.

Item 7: **Accessibility, Climate, Local Resources, Infrastructure and Physiography** - With respect to each property reported on, describe

(a) topography, elevation and vegetation;

(b) the means of access to the property;

(c) the proximity of the property to a population centre, and the nature of transport;

(d) to the extent relevant to the mineral project, the climate and the length of the operating season; and

(e) to the extent relevant to the mineral project, the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pad areas and potential processing plant sites.

Item 8: **History** - To the extent known, with respect to each property reported on, describe

(a) the prior ownership of the property and ownership changes;

(b) the type, amount, quantity and general results of exploration and development work undertaken by any previous owners or operators;

(c) historical mineral resource and mineral reserve estimates in accordance with section 2.4 of the Instrument, including the reliability of the historical estimates and whether the estimates are in accordance with the categories set out in sections 1.2 and 1.3 of the Instrument; and

(d) any production from the property.

Item 9: **Geological Setting** - Include a concise description of the regional, local and property geology.

Item 10: **Deposit Types** - Describe the mineral deposit type(s) being investigated or being explored for and the geological model or concepts being applied in the investigation and on the basis of which the exploration program is planned.

Item 11: **Mineralization** - Describe the mineralized zones encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity, together with a description of the type, character and distribution of the mineralization.

Item 12: **Exploration** - Describe the nature and extent of all relevant exploration work conducted by, or on behalf of, the issuer on each property being reported on, including

(a) results of surveys and investigations, and the procedures and parameters relating to the surveys and investigations;

(b) an interpretation of the exploration information; and

(c) a statement as to whether the surveys and investigations have been carried out by the issuer or by a contractor and, if the latter, identifying the contractor.

INSTRUCTION: *If exploration results from previous operators are included, the qualified person or author must clearly identify the work conducted by, or on behalf of, the issuer.*

Item 13: **Drilling** - Describe the type and extent of drilling including the procedures followed and a summary and interpretation of all results. The relationship between the sample length and the true thickness of the mineralization must be stated, if known, and if the orientation of the mineralization is unknown, state this.

Item 14: **Sampling Method and Approach** - Provide

(a) a brief description of sampling methods and relevant details of location, number, type, nature and spacing or density of samples collected, and the size of the area covered;

(b) a description of any drilling, sampling or recovery factors that could materially impact the accuracy and reliability of the results;

(c) a discussion of the sample quality, including whether the samples are representative, and any factors that may have resulted in sample biases;

(d) a description of rock types, geological controls, widths of mineralized zones and other parameters used to establish the sampling interval and identification of any significantly higher grade intervals within a lower grade intersection; and

(e) a summary of relevant samples or sample composites with values and estimated true widths.

Item 15: **Sample Preparation, Analyses and Security** - Describe sample preparation methods and quality control measures employed before dispatch of samples to an analytical or testing laboratory, the method or process of sample splitting and reduction, and the security measures taken to ensure the validity and integrity of samples taken. Include

(a) a statement whether any aspect of the sample preparation was conducted by an employee, officer, director or associate of the issuer;

(b) details regarding sample preparation, assaying and analytical procedures used, the name and location of the analytical or testing laboratories and whether the laboratories are certified by any standards association and the particulars of any certification;

(c) a summary of the nature and extent of all quality control measures employed and check assay and other check analytical and testing procedures utilized, including the results and corrective actions taken; and

(d) a statement of the author's opinion on the adequacy of sample preparation, security and analytical procedures.

Item 16: **Data Verification** - Include

(a) a discussion of quality control measures and data verification procedures applied;

(b) a statement as to whether the qualified person has verified the data referred to or relied upon;

(c) a discussion of the nature of and any limitations on such verification; and

(d) the reasons for any failure to verify the data.

Item 17: **Adjacent Properties** - A technical report may include information concerning an adjacent property if

(a) such information was publicly disclosed by the owner or operator of the adjacent property;

(b) the source of the information is identified;

(c) the technical report states that its qualified person has been unable to verify the information and that the information is not necessarily indicative of the mineralization on the property that is the subject of the technical report;

(d) the technical report clearly distinguishes between mineralization on the adjacent property and mineralization on the property being reported on; and

(e) if any historical estimates of resources or reserves are included in the technical report, they are disclosed in accordance with section 2.4 of the Instrument.

Item 18: **Mineral Processing and Metallurgical Testing** - If mineral processing or metallurgical testing analyses have been carried out, include the results of the testing, details of the testing and analytical procedures, and discuss whether the samples are representative.

Item 19: **Mineral Resource and Mineral Reserve Estimates** - A technical report disclosing mineral resources or mineral reserves must

(a) use only the applicable mineral resource and mineral reserve categories set out in sections 1.2 and 1.3 of the Instrument;

(b) report each category of mineral resources and mineral reserves separately and if both mineral resources and mineral reserves are disclosed, state the extent, if any, to which mineral reserves are included in total mineral resources;

(c) not add inferred mineral resources to the other categories of mineral resources;

(d) disclose the name, qualifications and relationship, if any, to the issuer of the qualified person who estimated mineral resources and mineral reserves;

(e) include appropriate details of quantity and grade or quality for each category of mineral resources and mineral reserves;

(f) include details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;

(g) include a general discussion on the extent to which the estimate of mineral resources and mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues;

(h) identify the extent to which the estimates of mineral resources and mineral reserves may be materially affected by mining, metallurgical, infrastructure and other relevant factors;

(i) use only indicated mineral resources, measured mineral resources, probable mineral reserves and proven mineral reserves when referring to mineral resources or mineral reserves in an economic analysis that is used in a preliminary feasibility study or a feasibility study of a mineral project;

(j) if inferred mineral resources are used in an economic analysis, state the required disclosure set out in subsection 2.3(3) of the Instrument;

(k) when the results of an economic analysis of mineral resources are reported, state “mineral resources that are not mineral reserves do not have demonstrated economic viability”;

(l) state the grade or quality, quantity and category of the mineral resources and mineral reserves if the quantity of contained metal or mineral is reported; and

(m) when the grade for a polymetallic mineral resource or mineral reserve is reported as metal equivalent, report the individual grade of each metal, and consider and report the recoveries, refinery costs and all other relevant conversion factors in addition to metal prices and the date and sources of such prices.

INSTRUCTION: *A statement of quantity and grade or quality is an estimate and should be rounded to reflect the fact that it is an approximation.*

Item 20: **Other Relevant Data and Information** - Include any additional information or explanation necessary to make the technical report understandable and not misleading.

Item 21: **Interpretation and Conclusions** - Summarize the results and interpretations of all field surveys, analytical and testing data and other relevant information. Discuss the adequacy of data density and the data reliability as well as any areas of uncertainty. A technical report concerning exploration information must include the conclusions of the qualified person. The qualified person must discuss whether the completed project met its original objectives.

Item 22: **Recommendations** - Provide particulars of the recommended work programs and a breakdown of costs for each phase. If successive phases of work are recommended, each phase must culminate in a decision point. The recommendations must not apply to more than two phases of work. The recommendations must state whether advancing to a subsequent phase is contingent on positive results in the previous phase.

Item 23: **References** - Include a detailed list of all references cited in the technical report.

Item 24: **Date and Signature Page** - The technical report must have a signature page at the end, signed in accordance with section 5.2 of the Instrument. The effective date of the technical report and date of signing must be on the signature page.

Item 25: **Additional Requirements for Technical Reports on Development Properties and Production Properties** - Technical reports on development properties and production properties must include

(a) Mining Operations - information and assumptions concerning the mining method, metallurgical processes and production forecast;

(b) Recoverability - information concerning all test and operating results relating to the recoverability of the valuable component or commodity and amenability of the mineralization to the proposed processing methods;

(c) Markets - information concerning the markets for the issuer's production and the nature and material terms of any agency relationships;

(d) Contracts - a discussion of whether the terms of mining, concentrating, smelting, refining, transportation, handling, sales and hedging and forward sales contracts or arrangements, rates or charges are within industry norms;

(e) Environmental Considerations - a discussion of bond posting, remediation and reclamation;

(f) Taxes - a description of the nature and rates of taxes, royalties and other government levies or interests applicable to the mineral project or to production, and to revenues or income from the mineral project;

(g) Capital and Operating Cost Estimates - capital and operating cost estimates, with the major components being set out in tabular form;

(h) Economic Analysis - an economic analysis with cash flow forecasts on an annual basis using proven mineral reserves and probable mineral reserves only, and sensitivity analyses with variants in metal prices, grade, capital and operating costs;

(i) Payback - a discussion of the payback period of capital with imputed or actual interest; and

(j) Mine Life - a discussion of the expected mine life and exploration potential.

Item 26: **Illustrations**

(a) Technical reports must be illustrated by legible maps, plans and sections, which may be located in the appropriate part of the report. All technical reports must be accompanied by a location or index map and more detailed maps showing all important features described in the text. In addition, technical reports must include a compilation map outlining the general geology of the property and areas of historical exploration. The location of all known mineralization, anomalies, deposits, pit limits, plant sites, tailings storage areas, waste disposal areas and all other significant features must be shown relative to property boundaries. If information is used, from other sources, in preparing maps, drawings, or diagrams, disclose the source of the information.

(b) If adjacent or nearby properties have an important bearing on the potential of the property under consideration, their location and any mineralized structures common to two or more such properties must be shown on the maps.

(c) If the potential merit of a property is predicated on geophysical or geochemical results, maps showing the results of surveys and their interpretations must be included in the technical report.

(d) Maps must include a scale in bar form and an arrow indicating north.

INSTRUCTION: *Illustrations should be sufficiently summarized and simplified so that they are not oversized and are suitable for electronic filing.*

COMPANION POLICY 43-101CP
TO NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

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COMPANION POLICY 43-101CP
TO NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

This companion policy sets out the views of the Canadian Securities Administrators (the "CSA") as to the manner in which the CSA interprets and applies certain provisions of National Instrument 43-101 and Form 43-101F1 (the "Instrument"), and how the securities regulatory authorities or regulators (the "Securities Regulatory Authorities") may exercise their discretion in respect of certain applications for exemption from provisions of the Instrument.

PART 1 APPLICATION AND TERMINOLOGY

1.1 Supplements Other Requirements – The Instrument supplements other continuous disclosure requirements of securities legislation that apply to reporting issuers in all business sectors.

1.2 Evolving Industry Standards and Modifications to the Instrument - Mining industry practice and professional standards are evolving in Canada and internationally. The Securities Regulatory Authorities will monitor developments in these fields and will solicit and consider recommendations from their staff and external advisers as to whether modifications to the Instrument are appropriate.

1.3 Application of the Instrument - The definition of "disclosure" under the Instrument includes oral and written disclosure. The Instrument establishes standards for disclosure of scientific and technical information regarding mineral projects and requires that the disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person. The Instrument does not apply to disclosure concerning petroleum, natural gas, bituminous sands or shales, groundwater, coal bed methane or other substances that do not fall within the meaning of the term "mineral project" in section 1.1 of the Instrument.

1.4 Mineral Resources and Mineral Reserves Definitions - The Instrument incorporates by reference the definitions and categories of mineral resources and mineral reserves as set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Definition Standards on Mineral Resources and Mineral Reserves (the "CIM Definition Standards") adopted by the CIM Council on November 14, 2004, as amended.

1.5 Best Practices Guidelines for Mineral Resources and Mineral Reserves - A qualified person classifying a mineral deposit as a mineral resource or mineral reserve should follow the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines adopted by CIM on November 23, 2003, as amended. These guidelines are posted on www.cim.org.

A qualified person estimating mineral resources or mineral reserves for coal may follow the guidelines of Paper 88-21 of the Geological Survey of Canada: A Standardized Coal Resource/Reserve Reporting System for Canada, as amended ("Paper 88-21"). However, for all disclosure of mineral resources or mineral reserves for coal, issuers are required by section 2.2 of the Instrument to use the equivalent mineral resource or mineral reserve categories set out in the CIM Definition Standards and not the categories set out in Paper 88-21. The CSA believes it is not reasonable to apply Paper 88-21 to foreign coal properties.

1.6 Best Practices Guidelines for Mineral Exploration - Issuers and qualified persons should follow the Mineral Exploration Best Practices Guidelines adopted by CIM, published in June 2000, as amended.

Disclosure regarding the reporting of diamond exploration sampling results should conform to the CIM Guidelines for Reporting of Diamond Exploration Results adopted by CIM in March 2003, as amended.

These guidelines are posted on www.cim.org.

1.7 Preliminary Assessments - The term "preliminary assessment", commonly referred to as a scoping study, is defined in the Instrument. A preliminary assessment may be based on measured, indicated, or inferred mineral resources, or a combination of any of these. The CSA considers these types of economic analyses to include disclosure of forecast mine production rates that may contain capital costs to develop and sustain the mining operation, operating costs, and projected cash flows. A preliminary assessment must be either in the form of a technical report or be supported by a technical report. In some cases the technical report must be independent.

Although preliminary assessments can provide important information to the market, because of the early stage of the project the information has a high degree of uncertainty. An issuer may mislead investors if it does not disclose this information properly. Under general securities laws, an issuer must disclose a preliminary assessment that is a material change in its affairs. In so doing, an issuer may trigger a technical report under section 4.2(1)(j) of the Instrument. When an issuer discloses the results of a preliminary assessment, section 3.4(e) of the Instrument requires a

cautionary statement. If the preliminary assessment includes inferred mineral resources, an issuer must provide the cautionary statement required by section 2.3(3)(b) of the Instrument. The purpose of these cautionary statements is to alert investors to the limitations of the information. We expect the issuer to include these cautionary statements in the same paragraph as, or immediately following, the disclosure of the preliminary assessment.

1.8 Objective Standard of Reasonableness - Issuers should apply an objective standard of reasonableness in making a determination about the definitions or application of a requirement in the Instrument. Where a determination turns on reasonableness, the test is what a person acting reasonably would conclude. It is not sufficient for an officer of an issuer or a qualified person to determine that he or she personally believes the matter under consideration. The person must form an opinion as to what a reasonable person would believe in the circumstances. Formulating definitions using an objective test strengthens the basis upon which the Securities Regulatory Authority may object to a person's unreasonable application of a definition.

1.9 Improper Use of Terms in the French Language - An issuer that prepares its disclosure using the French language must ensure that it uses the proper terms when referring to a mineral deposit. In the French language, an issuer must not use the words “gisement” and “gîte” interchangeably. The word “gisement” means a mineral deposit that is a continuous, well-defined mass of material containing a sufficient volume of mineralized material that can be or has been mined legally and economically. The word “gîte” means a mineral deposit that is a continuous, defined mass of material containing a volume of mineralized material that has had no demonstration of economic viability. An issuer must use these terms properly so that investors understand whether the deposit has demonstrated economic viability.

1.10 Royalty Interests and Other Similar Interests - The definition of “mineral project” under the Instrument includes a royalty interest or other similar interest. Scientific and technical disclosure regarding all types of royalty interests in a mineral project is subject to NI 43-101. “Royalty interest or other similar interest” includes gross overriding royalty, net smelter return, net profit interest, free carried interest, and a product tonnage royalty.

A company that holds any such interest in a mineral project and has triggered one of the requirements to file a technical report under section 4.2(1) of the Instrument may rely on the limited relief under section 9.2 of the Instrument. Section 9.2 exempts the royalty holder from having to complete a personal inspection of the property and those items under Form 43-101F1 that the royalty holder is unable to complete because it meets the condition specified in section 9.2(2)(a). It must also comply with the disclosure requirements under section 9.2(2)(b) and (c). Generally, the CSA considers a company with a royalty interest or similar interest would meet the condition in section 9.2(2)(a) if the arrangements or agreements between the royalty holder and the operating company limit the royalty holder to auditing the production or financial records, without the ability to participate in decisions to expend funds on the mineral project. If the royalty holder's arrangements or agreements involve the sharing of capital costs or operating losses, the CSA expects the royalty holder will make arrangements to access the necessary data from the operating company.

PART 2 DISCLOSURE

2.1 Disclosure is the Responsibility of the Issuer - Primary responsibility for public disclosure remains with the issuer and its directors and officers. The qualified person is responsible for preparing or supervising the preparation of the technical report and providing scientific and technical advice in accordance with applicable professional standards. The proper use, by or on behalf of the issuer, of the technical report and other scientific and technical information provided by the qualified person is the responsibility of the issuer and its directors and officers. The onus is on the issuer and its directors and officers and, in the case of a document filed with a Securities Regulatory Authority, each signatory to the document, to ensure that disclosure in the document is consistent with the related technical report or advice. Issuers are strongly urged to have the qualified person review disclosure that summarizes or restates the technical report or the technical advice or opinion to ensure that the disclosure is accurate.

2.2 Use of Plain Language - Disclosure made by or on behalf of an issuer regarding mineral projects on properties material to the issuer should be understandable. Issuers should present written disclosure in an easy to read format using clear and unambiguous language. Wherever possible, issuers should present data in table format. The CSA recognizes that the technical report does not lend itself well to plain language and therefore urge issuers to consult the responsible qualified person when restating the data and conclusions from a technical report in plain language in its public disclosure.

2.3 Prohibited Disclosure

(1) Section 2.3(1) of the Instrument prohibits the disclosure of the quantity, grade, or metal or mineral content of a deposit that has not been categorized as required. It also prohibits the disclosure of the results of an economic analysis, including a preliminary assessment, preliminary feasibility study, and a feasibility study, that includes inferred resources. However, pursuant to section 2.3(2) and (3), respectively, these prohibitions are excepted for quantity and grade of exploration targets expressed as ranges and for preliminary assessments that

include inferred mineral resources if the disclosure is accompanied by the cautionary statements required in those sections. Also, this disclosure must be based on information prepared by or under the supervision of a qualified person. For preliminary assessments, the cautionary statement under section 3.4(e) is also required. We expect the issuer to include these cautionary statements in the same paragraph as, or immediately following, the disclosure permitted by these exceptions.

(2) An issuer may only rely on the exemption under section 2.3(3) to disclose an economic analysis that includes inferred resources if the project has not reached the preliminary feasibility study stage. If a project is in or has advanced past the preliminary feasibility study stage, the CSA considers that any economic analysis done later anywhere on the project is not a preliminary assessment. The CSA also considers a mine plan on a developed mine to have advanced past the preliminary feasibility study stage.

2.4 Materiality

(1) Management of the issuer should determine materiality. It should be determined in the context of the issuer's overall business and financial condition taking into account qualitative and quantitative factors, assessed in respect of the issuer as a whole.

(2) In assessing materiality, issuers should refer to the definition of material fact in securities legislation, which in most jurisdictions means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the securities of the issuer. In making materiality judgements, issuers should take into account a number of factors that cannot be captured in a simple bright-line standard or test. An issuer must consider the effect on both the market price and value of the issuer's securities in light of the current market activity. An assessment of materiality depends on the context. Information that is immaterial today may be material tomorrow; an item of information that is immaterial alone may be material if it is aggregated with other items.

For example:

(a) materiality of a property should be assessed in light of the extent of the interest in the property held, or to be acquired, by the issuer. A small interest in a sizeable property may, in the circumstances, not be material to the issuer;

(b) in assessing whether interests represented by multiple claims or other documents of title constitute a single property for the purpose of the Instrument, issuers should consider that several non-material properties in a contiguous cluster may, when taken as a whole, be a property material to the issuer; and

(c) when disclosing results of a drilling program the results from a single hole may not be material in itself. However, the results of several holes, in aggregate, could be material to the issuer.

2.5 Material Information not yet Confirmed by a Qualified Person - Issuers are reminded that they have an obligation under securities legislation to disclose material facts and to make timely disclosure of material changes. The CSA recognizes that there may be circumstances in which the issuer expects that certain information concerning a mineral project may be material notwithstanding the fact that a qualified person has not prepared or supervised the preparation of the information. In this situation the CSA suggests that issuers file a confidential material change report concerning this information while a qualified person reviews the information. Once a qualified person has confirmed the information, the issuer should issue a news release and the basis of confidentiality will end. Issuers are also reminded that during the period of confidentiality, prohibitions against tipping and trading by persons in a special relationship to the issuer apply until the information is disclosed to the public. Issuers should also refer to National Policy 51-201 Disclosure Standards for further guidance about materiality and timely disclosure obligations.

2.6 Exception for Disclosure Previously Filed - Section 3.5 of the Instrument provides that the disclosure requirements of sections 3.2, 3.3, and 3.4 (a), (c), and (d) of the Instrument may be satisfied by referring to a previously filed document that includes the required disclosure. Issuers relying on this exception are reminded that all disclosure should provide sufficient information to permit market participants to make informed investment decisions and should not present or omit information in a manner that is misleading.

2.7 Meaning of Technical Report - A report may constitute a technical report, even if prepared considerably before the date the technical report is required to be filed, provided the information in the technical report remains accurate and there has been no material change in the scientific and technical information prior to the required filing date. A change to mineral resources or mineral reserves due to mining depletion from a producing property generally will not be

considered to be a material change to the property as it should be reasonably predictable based on a company's continuous disclosure record.

2.8 Exception from Requirement to File Technical Report if Information Previously Filed in a Technical Report - The Instrument contains relief under section 4.2(1)(b), (f), and (8) from the technical report filing requirement in certain instances. If an issuer has disclosed scientific and technical information on a mineral property in any of the documents enumerated under section 4.2(1) of the Instrument, the issuer will not be required to prepare and file a technical report with that disclosure unless the disclosure contains new, material scientific and technical information about that mineral property not supported by a previously filed technical report. In order to rely on the exception to the requirement to re-file a previously filed technical report under section 4.2(8) of the Instrument, the issuer must file updated qualified persons' certificates and consents required under Part 8 of the Instrument with that disclosure.

For a preliminary short form prospectus and an annual information form, the issuer will not be required to file a technical report with the disclosure unless the disclosure contains new, material scientific and technical information about that mineral property not contained in an annual information form, prospectus, or material change report filed before February 1, 2001.

2.9 Use of Historical Estimates

(1) An issuer can disclose an estimate of resources or reserves made before February 1, 2001 using the historical terminology of the estimate provided the issuer complies with the conditions set out in section 2.4 of the Instrument. An issuer will trigger the filing of a technical report if it makes disclosure of the historical estimate as if it is a current estimate.

(2) Under section 2.4(a), we expect disclosure of historical estimates from third party reports, including government databases, to identify the original source and date of the estimates.

(3) Under section 2.4(b), when commenting on relevance and reliability, we expect an issuer to discuss the key assumptions and parameters that were used for the historical estimate. An issuer should consider whether the estimates are suitable for public disclosure.

(4) The announcement of an acquisition of a mineral project that includes the disclosure of an historical estimate will not trigger the requirement to file a technical report under section 4.2(1)(j) of the Instrument if the issuer makes the cautionary statements required under section 4.2(2)(b)(i) to (iii). We expect the issuer to include the cautionary statements required under this section in the same paragraph as, or immediately following, the disclosure of the historical estimate.

(5) The CSA will conclude the issuer is treating the historical estimate as a current resource or reserve in its disclosure when, for example, it states it will be adding on or building on that resource or reserve base, includes them in an economic analysis, or adds them to current resource or reserve estimates. In that case, the issuer will have triggered the requirement to file a technical report within the 45-day period set out under section 4.2(5) of the Instrument if:

(a) the property, or interest in the property, is material to the issuer, and

(b) the acquisition of the resources or reserves is a material change in the affairs of the issuer.

(6) If the issuer has not signed a formal agreement at the time of the disclosure, but is conducting its day to day operations in reliance on the terms of a letter of intent or memorandum of understanding, then the 45-day period will begin to run from the time the issuer first discloses the historical estimate as a current resource or reserve.

(7) If the agreement is subject to conditions such as the approval of a third party or the completion of a due diligence review, the technical report is still required to be filed within 45 days after the issuer discloses the historical estimate as a current resource or reserve. However, the issuer may apply for relief to extend the 45-day period. Whether or not the securities regulators will grant such relief will depend on the circumstances.

2.10 Use of Other Foreign Codes - Issuers are prohibited from disclosing mineral resources or mineral reserves using foreign codes other than those permitted under Part 7 of the Instrument. If an issuer wishes to announce an acquisition or proposed acquisition of a property that contains estimates of quantity and grade that are not historical and are not in accordance with the CIM Definition Standards or the alternative codes under Part 7, the issuer may apply for an exemption under section 9.1 of the Instrument.

Issuers are reminded that they have an obligation under securities legislation to disclose material facts and to make timely disclosure of material changes. Therefore, the issuer should arrange its affairs in advance to comply with those requirements and the requirements in the Instrument if it is considering the acquisition of a foreign property and wishes to disclose estimates using foreign codes not permitted under the Instrument. Issuers that have difficulty doing this should consider filing a confidential material change report and maintain a period of confidentiality until they obtain an exemption or convert the estimates and disclose them in accordance with the Instrument. Issuers should also refer to section 2.5 of this Companion Policy for further guidance about timely disclosure obligations.

Issuers may also consider disclosing the quantity and grade of mineralization as an exploration target as provided under section 2.3(2) of the Instrument.

PART 3 AUTHOR OF THE TECHNICAL REPORT

3.1 **Selection of Qualified Person** - It is the responsibility of the issuer and its directors and officers to retain a qualified person who meets the criteria listed under the definition in the Instrument of qualified person, including having the relevant experience and competence for the subject matter of the technical report.

3.2 **Assistance of non-Qualified Persons** - A person who is not a qualified person may work on a project. If a qualified person relies on the work of a person who is not a qualified person to prepare a technical report or to provide information or advice to the issuer, the qualified person must take responsibility for that work, information or advice and must take whatever steps are appropriate, in his or her professional judgement, to ensure that the work, information or advice that he or she relies upon is sound.

3.3 **More than One Qualified Person** - Section 5.1 of the Instrument provides that a technical report must be prepared by or under the supervision of one or more qualified persons. Several qualified persons may author different portions of the report. In that case, each of them must provide a certificate and consent required under Part 8 of the Instrument.

When one or more qualified persons prepare a technical report that includes a mineral resource or mineral reserve estimate prepared by another qualified person for a previously filed technical report, one of the qualified persons preparing the new technical report must take responsibility for those estimates. In doing this, that qualified person should make whatever investigations are necessary to reasonably rely on that information.

3.4 Exemption from Qualified Person Requirement

(1) The CSA recognizes that certain individuals who currently provide technical expertise to issuers will not be considered qualified persons for purposes of the Instrument. An issuer may apply under section 9.1 of the Instrument for an exemption from the requirement for involvement of a qualified person and the acceptance of another person. The application should demonstrate the person's experience, competence and qualification to prepare the technical report or other information in support of the disclosure despite the fact that he or she does not meet the requirements set out in the definition in the Instrument of qualified person.

(2) Requests for exemption from the requirement that the qualified person belong to a professional association will rarely be granted. Where an issuer wishes to retain a person who is well qualified and who does not belong to a professional association because no association exists in his or her jurisdiction or because it is not a requirement for members of his or her profession to be registered in the jurisdiction, Securities Regulatory Authorities will consider granting an exemption. However, if there is any other qualified person available to the issuer who has been or can get to the site and is able to co-author the report, then an exemption will not likely be granted.

3.5 Independence of Qualified Person

(1) Section 1.4 of the Instrument provides the test an issuer and a qualified person should apply to determine whether a qualified person is independent of the issuer. When an independent qualified person is required, an issuer must always apply the test in section 1.4 of the Instrument to confirm that the requirement is met.

Applying this test, the following are examples of when the CSA would consider that a qualified person is not independent. These examples are not a complete list of non-independence situations.

We consider a qualified person is not independent when the qualified person:

(a) is an employee, insider, or director of the issuer,

(b) is an employee, insider, or director of a related party of the issuer,

(c) is a partner of any person or company in paragraph (a) or (b),

(d) holds or expects to hold securities, either directly or indirectly, of the issuer or a related party of the issuer,

(e) holds or expects to hold securities, either directly or indirectly, in another issuer that has a direct or indirect interest in the property that is the subject of the technical report or an adjacent property,

(f) has or expects to have, directly or indirectly, an ownership, royalty, or other interest in the property that is the subject of the technical report or an adjacent property, or

(g) has received the majority of their income, either directly or indirectly, in the three years preceding the date of the technical report from the issuer or a related party of the issuer.

For the purpose of (d) above, related party of the issuer means an affiliate, associate, subsidiary, or control person of the issuer as those terms are defined under securities legislation.

There may be some instances where it would be reasonable to consider the qualified person's independence would not be compromised even though the qualified person holds an interest in the issuer's securities. The issuer needs to determine whether a reasonable person would consider such interest would interfere with the qualified person's judgement regarding the preparation of the technical report.

If the issuer applies for relief, the Securities Regulatory Authorities may consider granting an exemption under section 9.1 of the Instrument if the issuer demonstrates why the involvement of an independent qualified person is not necessary in a particular circumstance.

(2) There may be circumstances in which the Securities Regulatory Authorities question the objectivity of the author of the technical report. In order to ensure the requirement for independence of the qualified person has been preserved, the issuer may be asked to provide further information, additional disclosure or the opinion of another qualified person to address concerns about possible bias or partiality on the part of the author of the technical report.

PART 4 PREPARATION OF TECHNICAL REPORT

4.1 Addendums not Permitted - Anytime an issuer is required to file a technical report, that report must be complete and current. If an issuer has a technical report previously filed, and is required to file another technical report because it triggered one of the circumstances listed under Part 4 of the Instrument, the issuer must update the outdated sections of the previously filed report and file a new, complete, current technical report if the contents of the previously filed technical report are no longer current. It is not sufficient for the issuer to only file the updated portions of the technical report. If an issuer gets a new qualified person to update a previously filed technical report prepared by a different qualified person, we expect the new qualified person to take responsibility for the whole technical report and certify that in his or her certificate required under section 8.1 of the Instrument.

The only exception to the requirement to file a complete technical report is under section 4.2(3) of the Instrument. An issuer may file an addendum if it is for a technical report that originally was filed with a preliminary short form prospectus or preliminary long form prospectus and there is a material change in the information before the issuance of the final receipt. In this case, the addendum must be attached to and filed with the previously filed technical report. The technical report and addendum must also have an updated certificate and consent of the qualified person filed with it.

4.2 Filing on SEDAR - If an issuer is required under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (SEDAR) to be an electronic filer, then all technical reports must be prepared so that the issuer can file them on SEDAR. Issuers are reminded that figures required in the technical report must be included in the technical report filed on SEDAR and therefore should be prepared in electronic format.

The qualified person must date, sign and, if the qualified person has a seal, seal the technical report, certificate and consent. If a person's name appears in an electronic document with (signed by) and (sealed) next to the person's name or there is a similar indication in the document, the Securities Regulatory Authorities will consider that the document has been signed and sealed by that person. Although not required, maps and drawings may be signed and sealed in the same manner.

4.3 Technical Documents Filed with Other Securities Regulatory Authorities or Exchanges - Securities Regulatory Authorities in most CSA jurisdictions require an issuer to file, if not already filed with it, any record or disclosure material that the issuer files with another securities regulatory authority, agency, or body, or exchange, wherever situate. If an

issuer must complete such filing, and the record or disclosure material is not a technical report required by the Instrument, then the exemption provided under section 9.3 of the Instrument permits an issuer to do this without breaching the Instrument. The filing should be made by the issuer on SEDAR under the "Other" category.

PART 5 USE OF INFORMATION

5.1 Use of Information in Technical Reports - The Instrument requires that technical reports be prepared and filed in local jurisdictions to support certain disclosure of mineral exploration, development and production activities and results in order to permit the public and analysts to have access to information that will assist them in making investment decisions and recommendations. Persons and companies, including registrants, who wish to make use of information concerning mineral exploration, development and production activities and results, including mineral resource and mineral reserve estimates, are encouraged to review the technical reports that will be on the public file for the issuer. If they are summarizing or referring to this information they are strongly encouraged to use the applicable mineral resource and mineral reserve categories and terminology found in the technical report.

5.2 Disclaimers in Technical Reports - Section 6.4 of the Instrument prohibits certain disclaimers in technical reports. The types of disclaimers prohibited by section 6.4 of the Instrument include blanket disclaimers that purport to disclaim responsibility for, or reliance on, that portion of the report that the qualified person prepared. Disclaimers are also prohibited when they create limitations on the use or publication of the report that would interfere with an issuer's obligation to reproduce the report by filing it on SEDAR.

The CSA considers blanket disclaimers potentially misleading. In certain circumstances, securities legislation provides investors with a statutory right of action against a qualified person for a misrepresentation in disclosure that is based upon the qualified person's technical report. That right of action exists despite any disclaimer to the contrary that appears in the technical report.

The Securities Regulatory Authorities will expect the issuer to have its qualified person remove any blanket disclaimers in a technical report that the issuer uses to support its public offering document.

Item 5 of the Form permits a qualified person to insert a disclaimer of responsibility if he or she relied on other experts who are not qualified persons for legal, environmental, political, or other issues relevant to the technical report that are not within the qualified person's area of expertise.

PART 6 PERSONAL INSPECTION

6.1 Meaning of Current Personal Inspection - The current personal inspection referred to in section 6.2(1) of the Instrument is the most recent personal inspection of the property, provided that there has been no material change to the scientific and technical information about the property since that personal inspection. A personal inspection may constitute a current personal inspection even if the qualified person conducted the personal inspection considerably before the filing date of the technical report, if there has been no material change in the scientific and technical information about the property at the filing date.

6.2 Personal Inspection - The CSA considers current personal inspection particularly important because it enables the qualified person to become familiar with conditions on the property, to observe the geology and mineralization, to verify the work done and, on that basis, to design or review and recommend to the issuer an appropriate exploration or development program. A personal inspection is required even for properties with poor exposure. In such cases, it may be relevant for a qualified person to observe the depth and type of the overburden and cultural effects that could interfere with the results of the geophysics. It is the responsibility of the issuer to arrange its affairs so that a current personal inspection can be carried out by a qualified person. A qualified person, or where required an independent qualified person, must visit the site and cannot delegate the personal inspection requirement.

6.3 Delay of Personal Inspection Requirement - Section 6.2(2) of the Instrument permits an issuer to delay conducting a personal inspection in very limited circumstances. An issuer does not need to apply for this relief. The exemption applies automatically only where the issuer's mineral project is located on an early stage exploration property, as defined in the Instrument, provided the issuer complies with all conditions listed in section 6.2(2) of the Instrument. The exemption recognizes that there may be situations where an issuer is unable to access an early stage exploration property or obtain beneficial information on it because seasonal weather conditions prevent it from doing so by the time the issuer is required to file a technical report. Examples of such situations would include an early stage exploration property that is inaccessible because of seasonal flooding or it is completely covered in snow for an extended period of time.

Other than circumstances permitted by the exemption under section 6.2(2) of the Instrument, there may be circumstances in which it is not possible for a qualified person to inspect the property. In such instances the qualified

person or the issuer should apply in writing to the Securities Regulatory Authorities for relief, stating the reasons why a personal inspection is considered impossible. It would likely be a condition of any such relief that the technical report state that no inspection was carried out by a qualified person and the reasons why it was not done.

6.4 More than One Qualified Person - Section 6.2(1) of the Instrument requires at least one qualified person who is responsible for preparing or supervising the preparation of the technical report to inspect the property. This is a minimum standard for personal inspection. There may be cases in advanced mineral projects where the issuer should have personal inspections of the property conducted by more than one qualified person, taking into account the work being carried out on the property and the technical report being prepared by the qualified person or persons.

For example, for an advanced stage property with mineral resource and mineral reserve estimates, if several qualified persons prepare a different portion of the technical report because of their particular expertise in geology or mining engineering, then the Securities Regulatory Authorities expect that expertise makes each of them responsible for the preparation of the technical report and each of them relevant for a proper personal inspection of the property.

PART 7 REGULATORY REVIEW

7.1 Review

(1) Disclosure and technical reports filed under the Instrument may be subject to review by Securities Regulatory Authorities.

(2) If an issuer that is required to file a technical report under the Instrument files a technical report that does not meet the requirements of the Instrument, the issuer may be in breach of securities legislation. The issuer may be required to issue or file corrected disclosure, file a revised technical report or file revised consents, and may be subject to other sanctions.

5.1.2 Amendment Instrument for NI 51-102 Continuous Disclosure Obligations

NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS
AMENDMENT INSTRUMENT

1 ***National Instrument 51-102*** **Continuous Disclosure Obligations** ***is amended by this Instrument.***

2 ***Section 1.1 is amended***

(a) by repealing the definition of **"mineral project"** ***and substituting the following:***

"mineral project" has the same meaning as in National Instrument 43-101 *Standards of Disclosure for Mineral Projects.*

3 ***This Instrument comes into force on December 30, 2005.***

5.1.3 NI 44-101 Short Form Prospectus Distributions

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

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NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

PART 1 DEFINITIONS AND INTERPRETATIONS

1.1 Definitions - In this Instrument

"AIF" has the same meaning as in NI 51-102 for a reporting issuer other than an investment fund, and for an investment fund means an annual information form as such term is used in NI 81-106;

"alternative credit support" means support, other than a guarantee, for the payments to be made by an issuer of securities, as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities, that

(a) obliges the person or company providing the support to provide the issuer with funds sufficient to enable the issuer to make the stipulated payments, or

(b) entitles the holder of the securities to receive, from the person or company providing the support, payment if the issuer fails to make a stipulated payment;

"applicable CD rule" means, for a reporting issuer other than an investment fund, NI 51-102 and, for an investment fund, NI 81-106;

"approved rating" has the same meaning as in NI 51-102;

"approved rating organization" has the same meaning as in NI 51-102;

"asset-backed security" has the same meaning as in NI 51-102;

"business acquisition report" has the same meaning as in NI 51-102;

"cash equivalent" means an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by

(a) the government of Canada or the government of a jurisdiction of Canada,

(b) the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state or a permitted supranational agency, if, in each case, the evidence of indebtedness has an approved rating, or

(c) a Canadian financial institution, or other entity that is regulated as a banking institution, loan corporation, trust company, or insurance company or credit union by the government, or an agency of the government, of the country under whose laws the entity is incorporated or organized or a political subdivision of that country, if, in either case, the Canadian financial institution or other entity has outstanding short term debt securities that have received an approved rating from any approved rating organization;

"cash settled derivative" means a derivative, the terms of which provide for settlement only by means of cash or cash equivalent the amount of which is determinable by reference to the underlying interest of the derivative;

"convertible" means, if used to describe securities, that the rights and attributes attached to the securities include the right or option to purchase, convert into or exchange for or otherwise acquire equity securities of an issuer, or any other security that itself includes the right or option to purchase, convert into or exchange for or otherwise acquire equity securities of an issuer;

"credit supporter" means a person or company who provides a guarantee or alternative credit support for any of the payments to be made by an issuer of securities as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities;

"current AIF" means,

(a) if the issuer has filed an AIF for its most recently completed financial year, that AIF, or

(b) the issuer's AIF filed for the financial year immediately preceding its most recently completed financial year if

(i) the issuer has not filed an AIF for its most recently completed financial year, and

(ii) the issuer is not yet required under the applicable CD rule to have filed its annual financial statements for its most recently completed financial year,

"current annual financial statements" means,

(a) if the issuer has filed its comparative annual financial statements in accordance with the applicable CD rule for its most recently completed financial year, those financial statements together with the auditor's report accompanying the financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period, or

(b) the issuer's comparative annual financial statements filed for the financial year immediately preceding its most recently completed financial year, together with the auditor's report accompanying the financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period if

(i) the issuer has not filed its comparative annual financial statements for its most recently completed financial year, and

(ii) the issuer is not yet required under the applicable CD rule to have filed its annual financial statements for its most recently completed financial year;

"derivative" means an instrument, agreement or security, the market price, value or payment obligation of which is derived from, referenced to, or based on an underlying interest;

"designated foreign jurisdiction" has the same meaning as in NI 52-107;

"equity securities" means securities of an issuer that carry a residual right to participate in the earnings of the issuer and, upon the liquidation or winding up of the issuer, in its assets;

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

"foreign disclosure requirements" has the same meaning as in NI 52-107;

"Form 44-101F1" means Form 44-101F1 *Short Form Prospectus* of this Instrument;

"Form 51-102F2" means Form 51-102F2 *Annual Information Form* of NI 51-102;

"Form 51-102F3" means Form 51-102F3 *Material Change Report* of NI 51-102;

"Form 51-102F4" means Form 51-102F4 *Business Acquisition Report* of NI 51-102;

"Form 51-102F5" means Form 51-102F5 *Information Circular* of NI 51-102;

"full and unconditional credit support" means

(a) alternative credit support that

(i) entitles the holder of the securities to receive payment from the credit supporter, or enables the holder to receive payment from the issuer within 15 days of any failure by the issuer to make a payment as stipulated, and

(ii) results in the securities receiving the same credit rating as, or a higher credit rating than, the credit rating they would have received if payment had been fully and unconditionally guaranteed by the credit supporter, or would result in the securities receiving such a rating if they were rated, or

(b) a guarantee of the payments to be made by the issuer of securities as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities such that the holder of the securities is entitled to receive payment from the guarantor within 15 days of any failure by the issuer to make a payment as stipulated;

"information circular" has the same meaning as in NI 51-102;

"interim period" has the same meaning as in the applicable CD rule;

"investment fund" has the same meaning as in NI 81-106;

"material change report" means, for a reporting issuer other than an investment fund, a completed Form 51-102F3, and for an investment fund, a completed Form 51-102F3 adjusted as directed by NI 81-106;

"MD&A" has the same meaning as in NI 51-102 in relation to a reporting issuer other than an investment fund, and in relation to an investment fund means an annual or interim management report of fund performance as defined in NI 81-106;

"mineral project" has the same meaning as in NI 43-101;

"NI 13-101" means National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*;

"NI 43-101" means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;

"NI 44-102" means National Instrument 44-102 *Shelf Distributions*;

"NI 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"NI 52-107" means National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

"NI 81-106" means National Instrument 81-106 *Investment Fund Continuous Disclosure*;

"non-convertible" means, if used to describe a security, a security that is not convertible;

"permitted supranational agency" means the International Bank for Reconstruction and Development, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, the Caribbean Development Bank, the European Bank for Reconstruction and Development, the African Development Bank and any person or company prescribed under paragraph (g) of the definition of "foreign property" in subsection 206(1) of the ITA;

"reorganization" means

(a) a statutory amalgamation,

(b) a statutory merger, or

(c) a statutory arrangement;

"restricted security" has the same meaning as in NI 51-102;

"short form eligible exchange" means each of the Toronto Stock Exchange, Tier 1 and Tier 2 of the TSX Venture Exchange and the Canadian Trading and Quotation System Inc.;

"special warrant" means a security that, by its terms or the terms of an accompanying contractual obligation, entitles or requires the holder to acquire another security without payment of material additional consideration and obliges the issuer of either security to undertake efforts to file a prospectus to qualify the distribution of the other security;

"successor issuer" means an issuer existing as a result of a reorganization, other than, in the case where the reorganization involved a divestiture of a portion of an issuer's business, an issuer that succeeded to or otherwise acquired the portion of the business divested;

"underlying interest" means, for a derivative, the security, commodity, financial instrument, currency, interest rate, foreign exchange rate, economic indicator, index, basket, agreement, benchmark or any other reference, interest or variable, and, if applicable, the relationship between any of the foregoing, from, to or on which the market price, value or any payment obligation of the derivative is derived, referenced or based; and

"U.S. credit supporter" means a credit supporter that

(a) is incorporated or organized under the laws of the United States of America or any state or territory of the United States of America or the District of Columbia,

(b) either

(i) has a class of securities registered under section 12(b) or section 12(g) of the 1934 Act, or

(ii) is required to file reports under section 15(d) of the 1934 Act,

(c) has filed with the SEC all 1934 Act filings for a period of 12 calendar months immediately before the filing of the preliminary short form prospectus,

(d) is not registered or required to be registered as an investment company under the *Investment Company Act of 1940* of the United States of America, and

(e) is not a commodity pool issuer;

"U.S. GAAS" has the same meaning as in NI 52-107.

1.2 References to Information Included in a Document - References in this Instrument to information included in a document refer to both information contained directly in the document and information incorporated by reference in the document.

1.3 References to Information to be Included in a Document - Provisions of this Instrument that require an issuer to include information in a document require an issuer either to insert the information directly in the document or to incorporate the information in the document by reference.

1.4 Interpretation of "short form prospectus" - In this Instrument, other than in Parts 4 through 8 or unless otherwise stated, a reference to a short form prospectus includes a preliminary short form prospectus.

1.5 Interpretation of "payments to be made" - For the purposes of the definition of "full and unconditional credit support", payments to be made by an issuer of securities as stipulated in the terms of the securities include any amounts to be paid as dividends in accordance with, and on the dividend payment dates stipulated in, the provisions of the securities, whether or not the dividends have been declared.

PART 2 QUALIFICATION TO FILE A PROSPECTUS IN THE FORM OF A SHORT FORM PROSPECTUS

2.1 Short Form Prospectus

(1) An issuer shall not file a prospectus in the form of Form 44-101F1 unless the issuer is qualified under any of sections 2.2 through 2.6 to file a prospectus in the form of a short form prospectus.

(2) An issuer that is qualified under any of sections 2.2 through 2.6 to file a prospectus in the form of a short form prospectus for a distribution may file, for that distribution,

(a) a preliminary prospectus, prepared and certified in the form of Form 44-101F1; and

(b) a prospectus, prepared and certified in the form of Form 44-101F1.

2.2 Basic Qualification Criteria - An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of any of its securities in the local jurisdiction, if the following criteria are satisfied:

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

(b) the issuer is a reporting issuer in at least one jurisdiction of Canada;

(c) the issuer 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;

(d) the issuer has, in at least one jurisdiction in which it is a reporting issuer,

(i) current annual financial statements, and

(ii) a current AIF;

(e) the issuer's equity securities are listed and posted for trading on a short form eligible exchange and the issuer is not an issuer

(i) whose operations have ceased, or

(ii) whose principal asset is cash, cash equivalents, or its exchange listing.

2.3 Alternative Qualification Criteria for Issuers of Approved Rating Non-Convertible Securities

(1) An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of non-convertible securities in the local jurisdiction, if the following criteria are satisfied:

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

(b) the issuer is a reporting issuer in at least one jurisdiction of Canada;

(c) the issuer 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;

(d) the issuer has, in at least one jurisdiction in which it is a reporting issuer,

(i) current annual financial statements, and

(ii) a current AIF;

(e) the securities to be distributed

(i) have received an approved rating on a provisional basis,

(ii) are not the subject of an announcement by an approved rating organization, of which the issuer is or ought reasonably to be aware, that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(iii) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

(2) Paragraph (1)(e) does not apply to an issuer filing a short form prospectus that is a base shelf prospectus under NI 44-102.

2.4 Alternative Qualification Criteria for Issuers of Guaranteed Non-Convertible Debt Securities, Preferred Shares and Cash Settled Derivatives

(1) An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of non-convertible debt securities, non-convertible preferred shares or non-convertible cash settled derivatives in the local jurisdiction, if the following criteria are satisfied:

(a) a credit supporter has provided full and unconditional credit support for the securities being distributed,

(b) at least one of the following is true:

(i) the credit supporter satisfies the criteria in paragraphs 2.2(a), (b), (c) and (d) if the word "issuer" is replaced with "credit supporter" wherever it occurs;

(ii) the credit supporter is a U.S. credit supporter and the issuer is incorporated or organized under the laws of Canada or a jurisdiction of Canada;

(c) unless the credit supporter satisfies the criteria in paragraph 2.2(e) if the word "issuer" is replaced with "credit supporter" wherever it occurs, at the time the preliminary short form prospectus is filed

(i) the credit supporter has outstanding non-convertible securities that

(A) have received an approved rating,

(B) have not been the subject of an announcement by an approved rating organization, of which the issuer is or ought reasonably to be aware, that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(C) have not received a rating lower than an approved rating from any approved rating organization, and

(ii) the securities to be issued by the issuer

(A) have received an approved rating on a provisional basis,

(B) have not been the subject of an announcement by an approved rating organization, of which the issuer is or ought reasonably to be aware, that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(C) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

(2) Subparagraph (1)(c)(ii) does not apply to an issuer filing a short form prospectus that is a base shelf prospectus under NI 44-102.

2.5 Alternative Qualification Criteria for Issuers of Guaranteed Convertible Debt Securities or Preferred Shares - An issuer is qualified to file a prospectus in the form of a short form prospectus for a distribution of convertible debt securities or convertible preferred shares in the local jurisdiction, if the following criteria are satisfied:

(a) the debt securities or the preferred shares are convertible into securities of a credit supporter that has provided full and unconditional credit support for the securities being distributed;

(b) the credit supporter satisfies the criteria in section 2.2 if the word "issuer" is replaced with "credit supporter" wherever it occurs.

2.6 Alternative Qualification Criteria for Issuers of Asset-Backed Securities

(1) An issuer established in connection with a distribution of asset-backed securities is qualified to file a prospectus in the form of a short form prospectus for a distribution of asset-backed securities in the local jurisdiction, if the following criteria are satisfied:

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

(b) the issuer has, in at least one jurisdiction of Canada,

(i) current annual financial statements, and

(ii) a current AIF;

(c) the asset-backed securities to be distributed

(i) have received an approved rating on a provisional basis,

(ii) have not been the subject of an announcement by an approved rating organization, of which the issuer is or ought reasonably to be aware, that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(iii) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

(2) Paragraph (1)(c) does not apply to an issuer filing a short form prospectus that is a base shelf prospectus under NI 44-102.

2.7 Exemptions for New Reporting Issuers and Successor Issuers

(1) Paragraph 2.2(d), paragraph 2.3(1)(d) and paragraph 2.6(1)(b) do not apply to an issuer if

(a) the issuer is not exempt from the requirement in the applicable CD rule to file annual financial statements within a prescribed period after its financial year end, but the issuer has not yet been required under the applicable CD rule to file annual financial statements, and

(b) unless the issuer is seeking qualification under section 2.6, the issuer has filed and obtained a receipt for a final prospectus that included the issuer's comparative annual financial statements for its most recently completed financial year or the financial year immediately preceding its most recently completed financial year, together with the auditor's report accompanying those financial statements and, if there has been a change of auditors since the comparative period, an auditor's report on the financial statements for the comparative period.

(2) Paragraph 2.2(d), paragraph 2.3(1)(d) and paragraph 2.6(1)(b) do not apply to an issuer if

(a) the successor issuer is not exempt from the requirement in the applicable CD rule to file annual financial statements within a prescribed period after its financial year end, but the issuer has not yet, since the completion of the reorganization which resulted in the successor issuer, been required under the applicable CD rule to file annual financial statements, and

(b) an information circular relating to the reorganization that resulted in the successor issuer was filed by the successor issuer or an issuer that was a party to the reorganization, and such information circular

(i) complied with applicable securities legislation, and

(ii) included disclosure in accordance with Item 14.2 or 14.5 of Form 51-102F5 for the successor issuer.

2.8 Notice of Intention and Transition

(1) An issuer is not qualified to file a short form prospectus under this Part unless it has filed a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the issuer filing its first preliminary short form prospectus after the notice

(a) with its notice regulator, and

(b) in substantially the form of Appendix A.

(2) The notice under subsection (1) is effective until withdrawn.

(3) For the purposes of subsection (1), "notice regulator" means, as determined on the date the notice is filed, the securities regulatory authority or regulator of the jurisdiction of Canada

(a) in which the issuer's head office is located, if the issuer is not an investment fund and the issuer is a reporting issuer in that jurisdiction,

(b) in which the investment fund manager's head office is located, if the issuer is an investment fund and the issuer is a reporting issuer in that jurisdiction, or

(c) with which the issuer has determined that it has the most significant connection, if paragraphs (a) and (b) do not apply to the issuer.

(4) For the purposes of this section, if, on December 29, 2005, an issuer had a current AIF under National Instrument 44-101 *Short Form Prospectus Distributions* that was in force on December 29, 2005, the issuer is deemed to have filed a notice on December 14, 2005 declaring its intention to be qualified to file a short form prospectus.

(5) For the purposes of this Part, if, on December 29, 2005, an issuer or a credit supporter had an annual information form in Form 44-101F1 *AIF*, prior to its repeal on May 18, 2005, that was a current AIF under National Instrument 44-101 *Short Form Prospectus Distributions* that was in force on December 29, 2005, the issuer or credit supporter is deemed to have a current AIF under this Part until the date it is first required under the applicable CD rule to file its annual financial statements.

PART 3 DEEMED INCORPORATION BY REFERENCE

3.1 Deemed Incorporation by Reference of Filed Documents - If an issuer does not incorporate by reference in its short form prospectus a document required to be incorporated by reference under section 11.1 or 12.1 of Form 44-101F1, the document is deemed for purposes of securities legislation to be incorporated by reference in the issuer's short form prospectus as of the date of the short form prospectus to the extent not otherwise modified or superseded by a statement contained in the short form prospectus or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference in the short form prospectus.

3.2 Deemed Incorporation by Reference of Subsequently Filed Documents - If an issuer does not incorporate by reference in its short form prospectus a subsequently filed document required to be incorporated by reference under section 11.2 or 12.1 of Form 44-101F1, the document is deemed for purposes of securities legislation to be incorporated by reference in the issuer's short form prospectus as of the date the issuer filed the document to the extent not otherwise modified or superseded by a statement contained in the short form prospectus or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference in the short form prospectus.

3.3 Incorporation by Reference - A document deemed by this Instrument to be incorporated by reference in another document is deemed for purposes of securities legislation to be incorporated by reference in the other document.

PART 4 FILING REQUIREMENTS FOR A SHORT FORM PROSPECTUS

4.1 Required Documents for Filing a Preliminary Short Form Prospectus - An issuer that files a preliminary short form prospectus shall

(a) file the following with the preliminary short form prospectus:

(i) **Signed Copy** - a signed copy of the preliminary short form prospectus;

(ii) **Qualification Certificate** - a certificate, dated as of the date of the preliminary short form prospectus, executed on behalf of the issuer by one of its executive officers

(A) specifying which of the qualification criteria set out in Part 2 the issuer is relying on in order to be qualified to file a prospectus in the form of a short form prospectus, and

(B) certifying that

(I) all of those qualification criteria have been satisfied, and

(II) all of the material incorporated by reference in the preliminary short form prospectus and not previously filed is being filed with the preliminary short form prospectus;

(iii) **Material Incorporated by Reference** - copies of all material incorporated by reference in the preliminary short form prospectus and not previously filed;

(iv) **Material Documents** - copies of all documents referred to in subsection 12.1(1) or 12.2(1) of NI 51-102 or section 16.4 of NI 81-106, as applicable, that relate to the securities being distributed, and that have not previously been filed;

(v) **Mining Reports** - if the issuer has a mineral project, the technical reports required to be filed with a preliminary short form prospectus under NI 43-101;

(vi) **Reports and Valuations** - a copy of each report or valuation referred to in the preliminary short form prospectus for which a consent is required to be filed under section 4.4 and that has not previously been filed, other than a technical report that

(A) deals with a mineral project or oil and gas activities, and

(B) is not otherwise required to be filed under paragraph (v); and

(b) deliver to the regulator, concurrently with the filing of the preliminary short form prospectus, the following:

(i) **Authorization to Collect, Use and Disclose Personal Information** - an authorization in the form set out in Appendix B to the indirect collection, use and disclosure of personal information including, for each director and executive officer of an issuer, each promoter of the issuer or, if the promoter is not an individual, each director and executive officer of the promoter, for whom the issuer has not previously delivered the information;

(ii) **Auditor's Comfort Letter regarding Audited Financial Statements** - a signed letter to the regulator from the auditor of the issuer or of the business, as applicable, prepared in accordance with the form suggested for this circumstance by the Handbook, if a financial statement of an issuer or a business included in a preliminary short form prospectus is accompanied by an unsigned audit report.

4.2 Required Documents for Filing a Short Form Prospectus - An issuer that files a short form prospectus shall

(a) file the following with the short form prospectus:

(i) **Signed Copy** - a signed copy of the short form prospectus;

(ii) **Material Incorporated by Reference** - copies of all material incorporated by reference in the short form prospectus and not previously filed;

(iii) **Material Documents** - copies of all documents referred to in subsection 12.1(1) or 12.2(1) of NI 51-102 or section 16.4 of NI 81-106, as applicable, that relate to the securities being distributed, and that have not previously been filed;

(iv) **Other Reports and Valuations** - a copy of each report or valuation referred to in the short form prospectus, for which a consent is required to be filed under section 4.4 and that has not previously been filed, other than a technical report that

(A) deals with a mineral project or oil and gas activities of the issuer, and

(B) is not otherwise required to be filed under subparagraph 4.1(a)(v);

(v) **Issuer's Submission to Jurisdiction** - a submission to jurisdiction and appointment of agent for service of process of the issuer in the form set out in Appendix C, if an issuer is incorporated or organized in a foreign jurisdiction and does not have an office in Canada;

(vi) **Non-Issuer's Submission to Jurisdiction** - a submission to jurisdiction and appointment of agent for service of process of the selling security holder, promoter or credit supporter, as applicable, in the form set out in Appendix D, if a selling security holder, promoter or credit supporter of an issuer is incorporated or organized under a foreign jurisdiction and does not have an office in Canada or is an individual who resides outside of Canada;

(vii) **Expert's Consents** - the consents required to be filed under section 4.4;

(viii) **Credit Supporter's Consent** - the written consent of the credit supporter to the inclusion of its financial statements in the short form prospectus, if financial statements of a credit supporter are required under section 12.1 of Form 44-101F1 to be included in a short form

prospectus and a certificate of the credit supporter is not required under section 21.3 of Form 44-101F1 to be included in the short form prospectus; and

(b) deliver the following to the regulators, no later than the filing of the short form prospectus:

(i) **Blacklined Prospectus** - a copy of the short form prospectus, blacklined to show changes from the preliminary short form prospectus;

(ii) **Undertaking in Respect of Credit Supporter Disclosure** – if disclosure about a credit supporter is required to be included in the short form prospectus under section 12.1 of Form 44-101F1, an undertaking of the issuer, in a form acceptable to the regulators, to file the periodic and timely disclosure of the credit supporter similar to the disclosure required under section 12.1 of Form 44-101F1, for so long as the securities being distributed are issued and outstanding.

4.3 Review of Unaudited Financial Statements

(1) Any unaudited financial statements of an issuer or an acquired business included in or incorporated by reference into a short form prospectus must have been reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by an entity's auditor or a public accountant's review of financial statements.

(2) Despite subsection (1),

(a) if the financial statements of the issuer or acquired business have been audited in accordance with U.S. GAAS, the unaudited financial statements may be reviewed in accordance with U.S. review standards,

(b) if the financial statements of the issuer or acquired business have been audited in accordance with International Standards on Auditing, the unaudited financial statements may be reviewed in accordance with international review standards, or

(c) if the financial statements of the issuer or acquired business have been audited in accordance with auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, the unaudited financial statements may be reviewed in accordance with review standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject.

4.4 Consents of Experts

(1) If any solicitor, auditor, accountant, engineer or appraiser, or any other person or company whose profession or business gives authority to a statement made by that person or company, is named in a short form prospectus or an amendment to a short form prospectus, either directly or in a document incorporated by reference,

(a) as having prepared or certified any part of the short form prospectus or the amendment,

(b) as having opined on financial statements from which selected information included in the short form prospectus has been derived and which audit opinion is referred to in the short form prospectus either directly or in a document incorporated by reference, or

(c) as having prepared or certified a report or valuation referred to in the short form prospectus or the amendment, either directly or in a document incorporated by reference;

the issuer shall file no later than the time the short form prospectus or the amendment is filed, the written consent of the person or company to being named and to the use of that report, valuation, statement or opinion.

(2) The consent referred to in subsection (1) shall

(a) refer to the report, valuation, statement or opinion stating the date of the report, valuation, statement or opinion, and

(b) contain a statement that the person or company referred to in subsection (1)

(i) has read the short form prospectus, and

(ii) has no reason to believe that there are any misrepresentations in the information contained in it that are

(A) derived from the report, valuation, statement or opinion, or

(B) within the knowledge of the person or company as a result of the services performed by the person or company in connection with the report, financial statements, valuation, statement or opinion.

(3) In addition to any other requirement of this section, the consent of an auditor or accountant shall also state

(a) the dates of the financial statements on which the report of the person or company is made, and

(b) that the person or company has no reason to believe that there are any misrepresentations in the information contained in the short form prospectus that are

(i) derived from the financial statements on which the person or company has reported, or

(ii) within the knowledge of the person or company as a result of the audit of the financial statements.

(4) Subsection (1) does not apply to an approved rating organization that issues a rating to the securities being distributed under the preliminary short form prospectus or short form prospectus.

4.5 Language of Documents

(1) A person or company must file a document required to be filed under this Instrument in the French language or in the English language.

(2) Despite subsection (1), if a person or company files a document only in the French language or only in the English language but delivers to an investor or prospective investor a version of the document in the other language, the person or company must file that other version not later than when it is first delivered to the investor or prospective investor.

(3) In Québec, the preliminary short form prospectus, the short form prospectus, the permanent information record and any document incorporated by reference must be in the French language or in the French language and the English language.

PART 5 AMENDMENTS TO A SHORT FORM PROSPECTUS

5.1 Form of Amendment

(1) An amendment to a preliminary short form prospectus or a short form prospectus shall consist of either an amendment that does not fully restate the text of the preliminary short form prospectus or short form prospectus or an amended and restated preliminary short form prospectus or short form prospectus.

(2) An amendment to a preliminary short form prospectus or a short form prospectus shall contain the certificates required by securities legislation and, in the case of an amendment that does not fully restate the text of the preliminary short form prospectus or short form prospectus, shall be numbered and dated as follows:

"Amendment No. [insert amendment number] dated [insert date of amendment] to [Preliminary] Short Form Prospectus dated [insert date of preliminary short form prospectus or short form prospectus]."

5.2 Required Documents for Filing an Amendment - An issuer that files an amendment to a preliminary short form prospectus or short form prospectus shall

(a) file a signed copy of the amendment,

(b) deliver to the regulator a copy of the preliminary short form prospectus or short form prospectus blacklined to show the changes made by the amendment, if the amendment is also a restatement of the preliminary short form prospectus or short form prospectus,

(c) file or deliver any supporting documents required under this Instrument or other provisions of securities legislation to be filed or delivered with a preliminary short form prospectus or a short form prospectus, as the case may be, unless the documents originally filed or delivered with the preliminary short form prospectus or short form prospectus as the case may be, are correct as of the date the amendment is filed, and

(d) in case of an amendment to a short form prospectus, file any consent letter required under this Instrument to be filed with a short form prospectus, dated as of the date of the amendment.

5.3 Auditor's Comfort Letter - If an amendment to a preliminary short form prospectus materially affects, or relates to, an auditor's comfort letter delivered under section 4.1, the issuer shall deliver with the amendment a new auditor's comfort letter.

5.4 Forwarding Amendments - An amendment to a preliminary short form prospectus shall be forwarded to each recipient of the preliminary short form prospectus according to the record of recipients to be maintained under securities legislation.

5.5 Amendment to Preliminary Short Form Prospectus

(1) The regulator shall issue a receipt for an amendment to a preliminary short form prospectus as soon as reasonably possible after the amendment is filed.

(2) Despite subsection (1), in British Columbia, the regulator shall issue a receipt for an amendment to a preliminary short form prospectus in accordance with the *Securities Act* (British Columbia).

5.6 Amendment to Short Form Prospectus

(1) If, after a receipt is issued for a short form prospectus but prior to the completion of the distribution under such short form prospectus, securities in addition to the securities previously disclosed in the prospectus are to be distributed, the person or company making the distribution must file an amendment to the short form prospectus disclosing the additional securities, as soon as practical, and in any event no later than 10 days after the decision to increase the number of securities offered is made.

(2) The regulator shall issue a receipt for an amendment to a short form prospectus required to be filed under this section or under securities legislation unless the regulator considers that it is not in the public interest to do so, or unless otherwise required by securities legislation.

(3) The regulator shall not refuse to issue a receipt under subsection (2) without giving the person or company who filed the short form prospectus an opportunity to be heard.

(4) A distribution or an additional distribution must not proceed until a receipt for an amendment to a short form prospectus that is required to be filed is issued by the regulator.

PART 6 NON-FIXED PRICE OFFERINGS AND REDUCTION OF OFFERING PRICE UNDER SHORT FORM PROSPECTUS

6.1 Non-Fixed Price Offerings and Reduction of Offering Price under Short Form Prospectus

(1) Every security distributed under a short form prospectus shall be distributed at a fixed price.

(2) Despite subsection (1), securities for which the issuer is qualified under Part 2 to file a prospectus in the form of a short form prospectus may be distributed for cash at non-fixed prices under a short form prospectus if, at the time of the filing of the preliminary short form prospectus, the securities have received a rating, on a provisional or final basis, from at least one approved rating organization.

(3) Despite subsection (1), if securities are distributed for cash under a short form prospectus, the price of the securities may be decreased from the initial offering price disclosed in the short form prospectus and, after such a decrease, changed from time to time to an amount not greater than the initial offering price, without filing an amendment to the short form prospectus to reflect the change, if

(a) the securities are distributed through one or more underwriters that have agreed to purchase all of the securities at a specified price,

(b) the proceeds to be received by the issuer or selling security holders or by the issuer and selling security holders are disclosed in the short form prospectus as being fixed, and

(c) the underwriters have made a reasonable effort to sell all of the securities distributed under the short form prospectus at the initial offering price disclosed in the short form prospectus.

(4) Despite subsections (2) and (3), the price at which securities may be acquired on exercise of rights shall be fixed.

PART 7 SOLICITATIONS OF EXPRESSIONS OF INTEREST

7.1 Solicitations of Expressions of Interest - The prospectus requirement does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus for securities to be qualified for distribution under a short form prospectus in accordance with this Instrument, if

(a) the issuer has entered into an enforceable agreement with an underwriter who has, or underwriters who have, agreed to purchase the securities,

(b) the agreement referred to in paragraph (a) has fixed the terms of the distribution and requires that the issuer file a preliminary short form prospectus for the securities and obtain from the regulator a receipt, dated as of a date that is not more than four business days after the date that the agreement is entered into, for the preliminary short form prospectus,

(c) the issuer has issued and filed a news release announcing the agreement immediately upon entering into the agreement,

(d) upon issuance of a receipt for the preliminary short form prospectus, a copy of the preliminary short form prospectus is sent to each person or company who has expressed an interest in acquiring the securities, and

(e) except as provided in paragraph (a), no agreement of purchase and sale for the securities is entered into until the short form prospectus has been filed and a receipt obtained.

PART 8 EXEMPTION

8.1 Exemption

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

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

(3) An application made to the securities regulatory authority or regulator for an exemption from the provisions of this Instrument shall include a letter or memorandum describing the matters relating to the exemption, and indicating why consideration should be given to the granting of the exemption.

(4) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

8.2 Evidence of Exemption

(1) Subject to subsection (2) and without limiting the manner in which an exemption under this Part may be evidenced, the granting under this Part of an exemption, other than an exemption, in whole or in part, from Part 2 or subsection 4.5(3), may be evidenced by the issuance of a receipt for a short form prospectus or an amendment to a short form prospectus.

(2) An exemption under this Part may be evidenced in the manner set out in subsection (1) only if

(a) the person or company that sought the exemption

(i) sent to the regulator the letter or memorandum referred to in subsection 8.1(3) on or before the date of the filing of the preliminary short form prospectus, or

(ii) sent to the regulator the letter or memorandum referred to in subsection 8.1(3) after the date of the filing of the preliminary short form prospectus and received a written acknowledgement from the regulator that the exemption may be evidenced in the manner set out in subsection (1); and

(b) the regulator has not before, or concurrently with, the issuance of the receipt sent notice to the person or company that sought the exemption, that the exemption sought may not be evidenced in the manner set out in subsection (1).

PART 9 TRANSITION, REPEAL AND EFFECTIVE DATE

9.1 Applicable Rules - A short form prospectus may, at the issuer's option be prepared in accordance with securities legislation in effect at either the date of issuance of a receipt for the preliminary short form prospectus or the date of issuance of a receipt for the short form prospectus.

9.2 Repeal - National Instrument 44-101 *Short Form Prospectus Distributions* and Form 44-101F3 *Short Form Prospectus*, both of which came into force on December 31, 2000, are repealed on December 30, 2005.

9.3 Effective Date - This Instrument comes into force on December 30, 2005.

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

APPENDIX A
NOTICE DECLARING INTENTION
TO BE QUALIFIED UNDER
NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS
("NI 44-101")

[date]

To: [the issuer's notice regulator (as defined in subsection 2.8(2) of NI 44-101), and any other securities regulatory authority or regulator of a jurisdiction of Canada with whom the issuer may voluntarily file this notice]

[name of issuer] (the "Issuer") intends to be qualified to file a short form prospectus under NI 44-101. The Issuer acknowledges that it must satisfy all applicable qualification criteria prior to filing a preliminary short form prospectus. This notice does not evidence the Issuer's intent to file a short form prospectus, to enter into any particular financing or transaction or to become a reporting issuer in any jurisdiction. This notice will remain in effect until withdrawn by the Issuer.

[signature of Issuer]
[name and title of duly authorized signing officer of Issuer]

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

APPENDIX B
AUTHORIZATION OF INDIRECT COLLECTION,
USE AND DISCLOSURE OF PERSONAL INFORMATION

The attached Schedule 1 contains information concerning the full name, position with or relationship to the issuer named below (the "Issuer"), name and address of employer, if other than the Issuer, full residential address, date and place of birth and citizenship (the "Information") of each director, executive officer, and any promoter of the issuer, and, in the case of a promoter, of each director and executive officer of the promoter. The Issuer is required by securities legislation to deliver the Information to the regulators listed in Schedule 2, unless the Information was previously delivered.

The Issuer confirms that each person or company listed in Schedule 1:

(a) has been notified by the Issuer

(i) of the Issuer's delivery to the regulator of the Information in Schedule 1 pertaining to that person or company,

(ii) that the Information is being collected indirectly by the regulator under the authority granted to it in securities legislation,

(iii) that the Information is being collected and used for the purpose of enabling the regulator to administer and enforce securities legislation, including those obligations that require or permit the regulator to refuse to issue a receipt for a prospectus if it appears to the regulator that the past conduct of management or promoters of the Issuer affords reasonable grounds for belief that the business of the Issuer will not be conducted with integrity and in the best interests of its securityholders, and

(iv) of the contact, business address and business telephone number of the regulator in the local jurisdiction as set out in the attached Schedule 2, who can answer questions about the regulator's indirect collection of the Information;

(b) has read and understands and has signed the Notice of Collection, Use and Disclosure of Personal Information by Regulators attached hereto as Schedule 3; and

(c) has, by signing the Notice, authorized the indirect collection, and use and disclosure of the Information by the regulator as described in Schedule 3.

Date: _____

_____
Name of Issuer

Per: _____

_____
Name

_____
Official Capacity

(Please print the name of the individual whose signature appears in the official capacity)

Schedule 1 to
Authorization of Indirect
Collection, Use and Disclosure of Personal Information

Personal Information

[Name of Issuer]

Part 1

Full Name (including previous name(s) if any)	Position with or Relationship to Issuer	Name and Address of Employer, if other than Issuer	Full Residential Address	Date and Place of Birth	Citizenship

Part 2

For any of the above noted individuals with a residential address outside of Canada, please provide the following additional information:

Full Name	Previous Address(es) (5-year history)	Dates Residing in Foreign Country	Height and Weight	Eye Colour	Hair Colour	Passport Nationality and Number

Schedule 2 to
Authorization of Indirect
Collection, Use and Disclosure of Personal Information

Local Jurisdiction	Regulator
Alberta	Information Officer Alberta Securities Commission Suite 400 300 - 5th Avenue S.W Calgary, Alberta T2P 3C4 Telephone: (403) 297-6454 E-mail: inquiries@seccom.ab.ca www.albertasecurities.com
British Columbia	Review Officer British Columbia Securities Commission P.O. Box 10142 Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1LZ Telephone: (604) 899-6854 Toll Free within British Columbia and Alberta: (800) 373-6393 E-mail: inquiries@bcsc.bc.ca www.bcsc.bc.ca
Manitoba	Director, Corporate Finance The Manitoba Securities Commission 1130 - 405 Broadway Winnipeg, Manitoba R3C 3L6 Telephone: (204) 945-2548 E-mail: securities@gov.mb.ca www.msc.gov.mb.ca
New Brunswick	Director Corporate Finance and Chief Financial Officer New Brunswick Securities Commission Suite 606, 133 Prince William Street Saint John, New Brunswick E2L 4Y9 Telephone: (506) 658-3060 Fax: (506) 658-3059 E-mail: information@nbsc-cvmnb.ca
Newfoundland and Labrador	Director of Securities Department of Government Services and Lands P.O. Box 8700 West Block, 2nd Floor, Confederation Building St. John's, Newfoundland A1B 4J6 Telephone: (709) 729-4189 www.gov.nf.ca/gsl/cca/s
Northwest Territories	Securities Registries Department of Justice Government of the Northwest Territories P.O. Box 1320, Yellowknife, Northwest Territories X1A 2L9 www.justice.gov.nt.ca/SecuritiesRegistry/SecuritiesRegistry.html
Nova Scotia	Deputy Director, Compliance and Enforcement Nova Scotia Securities Commission P.O. Box 458 Halifax, Nova Scotia B3J 2P8 Telephone: (902) 424-5354 www.gov.ns.ca/nssc

Nunavut	Government of Nunavut Legal Registries Division P.O. Box 1000 – Station 570 Iqaluit, Nunavut X0A 0H0 Telephone: (867) 975-6590
Ontario	Administrative Assistant to the Director of Corporate Finance Ontario Securities Commission 19th Floor, 20 Queen Street West Toronto, Ontario M5H 2S8 Telephone: (416) 597-0681 E-mail: Inquiries@osc.gov.on.ca www.osc.gov.on.ca
Prince Edward Island	Deputy Registrar, Securities Division Shaw Building 95 Rochford Street, P.O. Box 2000, 4th Floor Charlottetown, Prince Edward Island C1A 7N8 Telephone: (902) 368-4550 www.gov.pe.ca/securities
Québec	Autorité des marchés financiers Stock Exchange Tower P.O. Box 246, 22nd Floor 800 Victoria Square Montréal, Québec H4Z 1G3 Attention: Responsable de l'accès à l'information Telephone: (514) 395-0337 Toll Free in Québec: (877) 525-0337 www.lautorite.qc.ca
Saskatchewan	Director Saskatchewan Financial Services Commission 6th Floor, 1919 Saskatchewan Drive Regina, Saskatchewan S4P 3V7 Telephone: (306) 787-5842 www.sfsc.gov.sk.ca
Yukon	Registrar of Securities Department of Justice Andrew A. Philipsen Law Centre 2130 - 2nd Avenue, 3rd Floor Whitehorse, Yukon Territory Y1A 5H6 Telephone: (867) 667-5005

Schedule 3 to
Authorization of
Indirect Collection, Use and Disclosure of
Personal Information

Notice of Collection, Use and Disclosure of Personal Information by Regulators

The regulators listed in Schedule 2 collect the personal information in Schedule 1 to the Authorization of Indirect Collection, Use and Disclosure of Personal Information under the authority granted to them under provincial and territorial securities legislation.

The regulators collect the personal information in Schedule 1 for the purpose of enabling the regulators to administer and enforce provincial and territorial securities legislation, including those provisions that require or permit the regulators to refuse to issue a receipt for a prospectus if it appears to the regulators that the past conduct of management or promoters of the Issuer affords reasonable grounds for belief that the business of the Issuer will not be conducted with integrity and in the best interests of its securityholders.

You understand that by signing this document, you are consenting to the Issuer submitting your personal information in Schedule 1 (the "Information") to the regulators and to the collection and use by the regulators of the Information, as well as any other information that may be necessary to administer and enforce provincial and territorial securities legislation. This may include the collection of information from law enforcement agencies, other government or non-governmental regulatory authorities, self-regulatory organizations, exchanges, and quotation and trade reporting systems to conduct background checks, verify the Information and perform investigations and conduct enforcement proceedings as required to ensure compliance with provincial and territorial securities legislation.

You also understand and agree that the Information the regulators collect about you may also be disclosed, as permitted by law, where its use and disclosure is for the purposes described above. The regulators may also use a third party to process Information, but when this happens, the third party will be carefully selected and obligated to comply with the limited use restrictions described above and with provincial and federal privacy legislation.

Warning: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Questions

If you have any questions about the collection, use, and disclosure of the information you provide to the regulators, you may contact the regulator in the jurisdiction in which the required information is filed, at the address or telephone number listed in Schedule 2.

I have read and understand the foregoing and consent to the indirect collection, use and disclosure of the personal information pertaining to me that is set out in the Authorization.

Date: _____

_____
Signature

_____
Name

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

APPENDIX C
ISSUER FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

1. Name of issuer (the "Issuer"):

2. Jurisdiction of incorporation, or equivalent, of Issuer:

3. Address of principal place of business of Issuer:

4. Description of securities (the "Securities"):

5. Date of the short form prospectus (the "Short Form Prospectus") under which the Securities are offered:

6. Name of agent for service of process (the "Agent"):

7. Address for service of process of Agent in Canada (the address may be anywhere in Canada):

8. The Issuer designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the "Proceeding") arising out of, relating to or concerning the distribution of the Securities made or purported to be made under the Short Form Prospectus or the obligations of the Issuer as a reporting issuer, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.

9. The Issuer irrevocably and unconditionally submits to the non-exclusive jurisdiction of

   (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces [and territories] of Canada in which the securities are distributed under the Short Form Prospectus; and

   (b) any administrative proceeding in any such province [or territory],

   in any Proceeding arising out of or related to or concerning the distribution of the Securities made or purported to be made under the Short Form Prospectus or the obligations of the issuer as a reporting issuer.

10. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer shall file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before termination of this submission to jurisdiction and appointment of agent for service of process.

11. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer shall file an amended submission to jurisdiction and appointment of agent for service of process at least 30 days before any change in the name or above address of the Agent.

12. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

Dated: _____

_____
Signature of Issuer

_____
Print name and title of signing officer of Issuer

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of Issuer] under the terms and conditions of the appointment of agent for service of process stated above.

Dated: _____

_____
Signature of Agent

_____
Print name of person signing and, if Agent is not an individual, the title of the person

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

APPENDIX D
NON-ISSUER FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

1. Name of issuer (the "Issuer"):

2. Jurisdiction of incorporation, or equivalent, of Issuer:

3. Address of principal place of business of Issuer:

4. Description of securities (the "Securities"):

5. Date of the short form prospectus (the "Short Form Prospectus") under which the Securities are offered:

6. Name of person filing this form (the "Filing Person"):

7. Filing Person's relationship to Issuer:

8. Jurisdiction of incorporation, or equivalent, of Filing Person, if applicable, or jurisdiction of residence of Filing Person:

9. Address of principal place of business of Filing Person:

10. Name of agent for service of process (the "Agent"):

11. Address for service of process of Agent in Canada (which address may be anywhere in Canada):

12. The Filing Person designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the "Proceeding") arising out of, relating to or concerning the distribution of the Securities made or purported to be made under the Short Form Prospectus, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring the Proceeding.

13. The Filing Person irrevocably and unconditionally submits to the non-exclusive jurisdiction of

    (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces [and territories] of Canada in which the securities are distributed under the Short Form Prospectus; and

    (b) any administrative proceeding in any such province [or territory],

    in any Proceeding arising out of or related to or concerning the distribution of the Securities made or purported to be made under the Short Form Prospectus.

14. Until six years after completion of the distribution of the Securities made under the Short Form Prospectus, the Filing Person shall file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before termination of this submission to jurisdiction and appointment of agent for service of process.

15. Until six years after completion of the distribution of the Securities under the Short Form Prospectus, the Filing Person shall file an amended submission to jurisdiction and appointment of agent for service of process at least 30 days before a change in the name or above address of the Agent.

16. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

Dated: _____

_____
Signature of Filing Person

_____
Print name of person signing and, if the Filing Person is not an individual, the title of the person

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of Filing Person] under the terms and conditions of the appointment of agent for service of process stated above.

Dated: _____

_____
Signature of Agent

_____
Print name of person signing and, if Agent is not an individual, the title of the person

NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

FORM 44-101F1
SHORT FORM PROSPECTUS

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INSTRUCTIONS

(1) *The objective of the short form prospectus is to provide information concerning the issuer that an investor needs in order to make an informed investment decision. This Form sets out specific disclosure requirements that are in addition to the general requirement under securities legislation to provide full, true and plain disclosure of all material facts relating to, and, in Québec, not to make any misrepresentation likely to affect the value or market price of, the securities to be distributed. Certain rules of specific application impose prospectus disclosure obligations in addition to those described in this Form.*

(2) *Terms used and not defined in this Form that are defined or interpreted in the Instrument shall bear that definition or interpretation. Other definitions are set out in National Instrument 14-101* Definitions*.*

(3) *In determining the degree of detail required, a standard of materiality should be applied. Materiality is a matter of judgement in the particular circumstance, and should generally be determined in relation to an item's significance to investors, analysts and other users of information. An item of information, or an aggregate of items, is considered material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the issuer's securities. In determining whether information is material, take into account both quantitative and qualitative factors. The potential significance of items should be considered individually rather than on a net basis, if the items have an offsetting effect. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.*

(4) *Unless an item specifically requires disclosure only in the preliminary short form prospectus, the disclosure requirements set out in this Form apply to both the preliminary short form prospectus and the short form prospectus. Details concerning the price and other matters dependent upon or relating to price, such as the number of securities being distributed, may be left out of the preliminary short form prospectus, along with specifics concerning the plan of distribution, to the extent that these matters have not been decided.*

(5) *Any information required in a short form prospectus may be incorporated by reference in the short form prospectus, other than confidential material change reports. Clearly identify in a short form prospectus any document incorporated by reference. If an excerpt of a document is incorporated by reference, clearly identify the excerpt in the short form prospectus by caption and paragraph of the document. Any material incorporated by reference in a short form prospectus is required under sections 4.1 and 4.2 of the Instrument to be filed with the short form prospectus unless it has been previously filed.*

(6) *The disclosure must be understandable to readers and presented in an easy to read format. The presentation of information should comply with the plain language principles listed in section 4.2 of Companion Policy 44-101CP* Short Form Prospectus Distributions*. If technical terms are required, clear and concise explanations should be included.*

(7) *No reference need be made to inapplicable items and, unless otherwise required in this Form, negative answers to items may be omitted.*

(8) *Where the term "issuer" is used, it may be necessary, in order to meet the requirement for full, true and plain disclosure of all material facts, and in Québec, disclosure of all material facts likely to affect the value or the market price of the securities to be distributed, to also include disclosure with respect to the issuer's subsidiaries and investees. If it is more likely than not that a person or company will become a subsidiary or investee, it may be necessary to also include disclosure with respect to the person or company.*

(9) *An issuer that is a special purpose entity may have to modify the disclosure items to reflect the special purpose nature of its business.*

(10) *If disclosure is required as of a specific date and there has been a material change or change that is otherwise significant in the required information subsequent to that date, present the information as of the date of the change or a date subsequent to the change instead.*

(11) *If the term "class" is used in any item to describe securities, the term includes a series of a class.*

(12) Disclosure in a preliminary short form prospectus or short form prospectus must be consistent with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities *(NI 51-101) if the issuer is engaged in oil and gas activities (as defined in NI 51-101).*

Item 1 Cover Page Disclosure

1.1 Required Language - State in italics at the top of the cover page the following:

"No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise."

1.2 Preliminary Short Form Prospectus Disclosure - Every preliminary short form prospectus shall have printed in red ink and italics on the top of the cover page the following, with the bracketed information completed:

"A copy of this preliminary short form prospectus has been filed with the securities regulatory authority[ies] in [each of/certain of the provinces/provinces and territories of Canada] but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authority[ies]."

INSTRUCTION

Issuers shall complete the bracketed information by

(a) inserting the names of each jurisdiction in which the issuer intends to offer securities under the short form prospectus;

(b) stating that the filing has been made in each of the provinces of Canada or each of the provinces and territories of Canada; or

(c) identifying the filing jurisdictions by exception (i.e., every province of Canada or every province and territory of Canada, except [excluded jurisdiction]).

1.3 Disclosure Concerning Documents Incorporated by Reference - State the following in italics on the cover page, with the first sentence in bold type and the bracketed information completed:

"Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the issuer at [insert complete address and telephone number], and are also available electronically at www.sedar.com. [Insert if the offering is made in Québec - "For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the secretary of the issuer at the above-mentioned address and telephone number and is also available electronically at www.sedar.com."]

1.4 Basic Disclosure about the Distribution - State the following, immediately below the disclosure required under sections 1.1, 1.2 and 1.3, with the bracketed information completed:

[PRELIMINARY] SHORT FORM PROSPECTUS

[INITIAL PUBLIC OFFERING OR NEW ISSUE AND/OR SECONDARY OFFERING]

(Date)

[Name of Issuer]

[number and type of securities qualified for distribution under the short form prospectus, including any options or warrants, and the price per security]

1.5 Name and Address of Issuer - State the full corporate name of the issuer or, if the issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the issuer's head and registered office.

1.6 Distribution

(1) If the securities are being distributed for cash, provide the information called for below, in substantially the following tabular form or in a note to the table:

	Price to public **(a)**	**Underwriting discounts or commissions** **(b)**	**Proceeds to issuer or selling security holders** **(c)**
Per security			
Total			

(2) If there is an over-allotment option, describe the terms of the option and the fact that the short form prospectus qualifies both the grant of the option and the issuance or transfer of securities that will be issued or transferred if the option is exercised.

(3) If the distribution of the securities is to be on a best efforts basis, provide totals for both the minimum and maximum subscriptions, if applicable.

(4) If debt securities are distributed at a premium or a discount, state in bold type the effective yield if held to maturity.

(5) Disclose separately those securities that are underwritten, those under option and those to be sold on a best efforts basis and, in the case of a best efforts distribution, the latest date that the distribution is to remain open.

(6) In column (b) of the table, disclose only commissions paid or payable in cash by the issuer or selling security holder and discounts granted. Set out in a note to the table

(a) commissions or other consideration paid or payable by persons or companies other than the issuer or selling security holder;

(b) consideration other than discounts granted and cash paid or payable by the issuer or selling security holder, other than securities described in section 1.10 below; and

(c) any finder's fees or similar required payment.

(7) If a security is being distributed for the account of a selling security holder, state the name of the selling security holder and a cross-reference to the applicable section in the short form prospectus where further information about the selling security holder is provided. State the portion of expenses of the distribution to be borne by the selling security holder and, if none of the expenses of the distribution are being borne by the selling security holder, include a statement to that effect and discuss the reasons why this is the case.

1.7 Non-Fixed Price Distributions - If the securities are being distributed at non-fixed prices, disclose

(a) the discount allowed or commission payable to the underwriter;

(b) any other compensation payable to the underwriter and, if applicable, that the underwriter's compensation will be increased or decreased by the amount by which the aggregate price paid for the securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriter to the issuer or selling security holder;

(c) that the securities to be distributed under the short form prospectus will be distributed, as applicable, at

(i) prices determined by reference to the prevailing price of a specified security in a specified market,

(ii) market prices prevailing at the time of sale, or

(iii) prices to be negotiated with purchasers;

(d) that prices may vary as between purchasers and during the period of distribution;

(e) if the price of the securities is to be determined by reference to the prevailing price of a specified security in a specified market, the price of the specified security in the specified market at the latest practicable date;

(f) if the price of the securities will be the market price prevailing at the time of sale, the market price at the latest practicable date; and

(g) the net proceeds or, if the distribution is to be made on a best efforts basis, the minimum amount of net proceeds, if any, to be received by the issuer or selling security holder.

1.8 Reduced Price Distributions - If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price disclosed in the short form prospectus, include in bold type a cross-reference to the section in the short form prospectus where disclosure concerning the possible price decrease is provided.

1.9 Market for Securities

(1) Identify the exchange(s) and quotation system(s), if any, on which securities of the issuer of the same class as the securities being distributed are traded or quoted and the market price of those securities as of the latest practicable date.

(2) Disclose any intention to stabilize the market and provide a cross-reference to the section in the short form prospectus where further information about market stabilization is provided.

(3) If no market for the securities being distributed under the short form prospectus exists or is to exist after the distribution, state the following in bold type:

> "There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under the short form prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See Risk Factors."

1.10 Underwriter(s)

(1) State the name of each underwriter.

(2) If applicable, comply with the requirements of National Instrument 33-105 *Underwriting Conflicts* for cover page prospectus disclosure.

(3) If an underwriter has agreed to purchase all of the securities being distributed at a specified price and the underwriter's obligations are subject to conditions, state the following, with the bracketed information completed:

> "We, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by [name of issuer] and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under Plan of Distribution."

(4) If an underwriter has agreed to purchase a specified number or principal amount of the securities at a specified price, state that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the short form prospectus.

(5) If there is no underwriter involved in the distribution, provide a statement in bold type to the effect that no underwriter has been involved in the preparation of the short form prospectus or performed any review of the contents of the short form prospectus.

(6) Provide the following tabular information:

Underwriters' Position	Maximum size or number of securities held	Exercise period/ Acquisition date	Exercise price or average acquisition price
Over-allotment option			
Compensation option			
Any other option granted by issuer or insider of issuer			
Total securities under option			
Other compensation securities			

INSTRUCTIONS

(1) Estimate amounts, if necessary. For non-fixed price distributions that are being made on a best efforts basis, disclosure of the information called for by the table may be set forth as a percentage or a range of percentages and need not be set forth in tabular form.

(2) If debt securities are being distributed, express the information as a percentage.

1.11 International Issuers - If the issuer, a selling security holder, a credit supporter of the securities being distributed under the short form prospectus or a promoter of the issuer is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada state the following on the cover page or under a separate heading elsewhere in the short form prospectus, with the bracketed information completed:

> "The [issuer, selling security holder, credit supporter and/or promoter] is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada. Although [the issuer, selling security holder, credit supporter and/or promoter] has appointed [name(s) and address(es) of agent(s) for service] as its agent(s) for service of process in [list jurisdictions] it may not be possible for investors to collect from [the issuer, selling security holder, credit supporter or promoter] judgments obtained in Canadian courts predicated on the civil liability provisions of securities legislation."

1.12 Restricted Securities – If the securities being distributed are restricted securities and the holders of the securities do not have the right to participate in a takeover bid made for other equity securities of the issuer, disclose that fact.

1.13 Earnings Coverage Ratios – If any of the earnings coverage ratios required to be disclosed under section 6.1 is less than one-to-one, disclose this fact in bold type.

Item 2 Summary Description of Business

2.1 Summary of Description of Business - Provide a brief summary on a consolidated basis of the business carried on and intended to be carried on by the issuer.

Item 3 Consolidated Capitalization

3.1 Consolidated Capitalization - Describe any material change in, and the effect of the material change on, the share and loan capital of the issuer, on a consolidated basis, since the date of the issuer's financial statements most recently filed in accordance with the applicable CD rule, including any material change that will result from the issuance of the securities being distributed under the short form prospectus.

Item 4 Use of Proceeds

4.1 Proceeds - State the estimated net proceeds to be received by the issuer or selling security holder or, in the case of a non-fixed price distribution or a distribution to be made on a best efforts basis, the minimum amount, if any, of net proceeds to be received by the issuer or selling security holder from the sale of the securities distributed. If the short form prospectus is used for a special warrant or similar transaction, state the amount that has been received by the issuer of the special warrants or similar securities on the sale of the special warrants or similar securities.

4.2 Principal Purposes

(1) Describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the net proceeds will be used by the issuer. If the closing of the distribution is subject to a minimum subscription, provide disclosure of the use of proceeds for the minimum and maximum subscriptions.

(2) If more than 10 percent of the net proceeds will be used to reduce or retire indebtedness and the indebtedness was incurred within the two preceding years, describe the principal purposes for which the proceeds of the indebtedness were used and, if the creditor is an insider, associate or affiliate of the issuer, identify the creditor and the nature of the relationship to the issuer and the outstanding amount owed.

Item 5 Plan of Distribution

5.1 Disclosure of Market Out - If securities are distributed by an underwriter that has agreed to purchase all of the securities at a specified price and the underwriter's obligations are subject to conditions, include a statement in substantially the following form, with the bracketed information completed and with modifications necessary to reflect the terms of the distribution:

> "Under an agreement dated [insert date of agreement] between [insert name of issuer or selling security holder] and [insert name(s) of underwriter(s)], as underwriter[s], [insert name of issuer or selling security holder] has agreed to sell and the underwriter[s] [has/have] agreed to purchase on [insert closing date] the securities at a price of [insert offering price], payable in cash to [insert name of issuer or selling security holder] against delivery. The obligations of the underwriter[s] under the agreement may be terminated at [its/their] discretion on the basis of [its/their] assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The underwriter[s] [is/are], however, obligated to take up and pay for all of the securities if any of the securities are purchased under the agreement."

5.2 Best Efforts Offering - Outline briefly the plan of distribution of any securities being distributed other than on the basis described in section 5.1.

5.3 Determination of Price - Disclose the method by which the distribution price has been or will be determined and, if estimates have been provided, explain the process for determining the estimates.

5.4 Over-Allotments - If the issuer, a selling security holder or an underwriter knows or has reason to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the distribution of the securities, disclose this information.

5.5 Minimum Distribution - If a minimum amount of funds is required under the issue and the securities are to be distributed on a best efforts basis, state the minimum amount required to be raised and the maximum that could be raised. Also indicate that the distribution will not continue for a period of more than 90 days after the date of the receipt for the short form prospectus if subscriptions representing the minimum amount of funds are not obtained within that period, unless each of the persons and companies who subscribed within that period has consented to the continuation. State that during that period funds received from subscriptions will be held by a depository who is a registrant, bank or trust company and if the minimum amount of funds is not raised, the funds will be returned to the subscribers unless the subscribers have otherwise instructed the depository.

5.6 Reduced Price Distributions - If an underwriter wishes to be able to decrease the price at which securities are distributed for cash from the initial offering price disclosed in the short form prospectus and thereafter change, from time to time, the price at which securities are distributed under the short form prospectus in accordance with the procedures permitted by the Instrument, disclose that, after the underwriter has made a reasonable effort to sell all of the securities at the initial offering price disclosed in the short form prospectus, the offering price may be decreased, and further changed from time to time, to an amount not greater than the initial offering price disclosed in the short form prospectus and that the compensation realized by the underwriter will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriter to the issuer or selling security holder.

5.7 Listing Application - If application has been made to list or quote the securities being distributed, include a statement in substantially the following form with the bracketed information completed:

> "The issuer has applied to [list/quote] the securities distributed under this short form prospectus on [name of exchange or other market]. [Listing/Quotation] will be subject to the issuer fulfilling all the listing requirements of [name of exchange or other market]."

5.8 Conditional Listing Approval - If application has been made to list or quote the securities being distributed and conditional listing approval has been received, include a statement in substantially the following form, with the bracketed information completed:

> "[name of exchange or other market] has conditionally approved the [listing/quotation] of these securities. [Listing/Quotation] is subject to the [name of the issuer] fulfilling all of the requirements of the [name of exchange or market] on or before [date], [including distribution of these securities to a minimum number of public security holders.]"

5.9 Constraints - If there are constraints imposed on the ownership of securities of the issuer to ensure that the issuer has a required level of Canadian ownership, describe the mechanism, if any, by which the level of Canadian ownership of the securities of the issuer will be monitored and maintained.

Item 6 Earnings Coverage Ratios

6.1 Earnings Coverage Ratios

(1) If the securities being distributed are debt securities having a term to maturity in excess of one year or are preferred shares, disclose the following earnings coverage ratios adjusted in accordance with subsection (2):

1. The earnings coverage ratio based on the most recent 12 month period included in the issuer's current annual financial statements. If there has been a change in year end and the issuer's most recent financial year is less than nine months in length, also disclose the earnings coverage calculation for its old financial year. If the issuer's financial year is less than 12 months in length, the earnings coverage should be calculated on an annualized basis.

2. The earnings coverage ratio based on the 12 month period ended on the last day of the most recently completed period for which interim financial statements of the issuer have been, or are required to have been, incorporated by reference into the short form prospectus.

(2) Adjust the ratios referred to in subsection (1) to reflect

(a) the issuance of the securities being distributed under the short form prospectus, based on the price at which these securities are expected to be distributed;

(b) in the case of a distribution of preferred shares,

(i) the issuance of all preferred shares issued since the date of the annual or interim financial statements, and

(ii) the repurchase, redemption or other retirement of all preferred shares repurchased, redeemed, or otherwise retired since the date of the annual or interim financial statements and of all preferred shares to be repurchased, redeemed, or otherwise retired from the proceeds to be realized from the sale of securities under the short form prospectus;

(c) the issuance of all long-term financial liabilities, as defined in accordance with the issuer's GAAP;

(d) the repayment, redemption or other retirement of all long-term financial liabilities, as defined in accordance with the issuer's GAAP, since the date of the annual or interim financial statements and all long-term financial liabilities to be repaid or redeemed from the proceeds to be realized from the sale of securities distributed under the short form prospectus; and

(e) the servicing costs that were incurred, or are expected to be incurred, in relation to the adjustments.

(3) If the issuer is distributing, or has outstanding, debt securities that are accounted for, in whole or in part, as equity, disclose in notes to the ratios required under subsection (1)

(a) that the ratios have been calculated excluding the carrying charges for those securities that have been reflected in equity in the calculation of the issuer's interest and dividend obligations;

(b) that if those securities had been accounted for in their entirety as debt for the purpose of calculating the ratios required under subsection (1), the entire amount of the annual carrying charges for those

securities would have been reflected in the calculation of the issuer's interest and dividend obligations; and

(c) the earnings coverage ratios for the periods referred to in subsection (1), calculated as though those securities had been accounted for as debt.

(4) If the earnings coverage ratio is less than one-to-one, disclose in the prospectus the dollar amount of the earnings required to achieve a ratio of one-to-one.

(5) If the short form prospectus includes a pro forma income statement, calculate the pro forma earnings coverage ratio and disclose it in the prospectus.

INSTRUCTIONS

(1) Cash flow coverage may be disclosed but only as a supplement to earnings coverage and only if the method of calculation is fully disclosed.

(2) Earnings coverage is calculated by dividing an entity's earnings (the numerator) by its interest and dividend obligations (the denominator).

(3) For the earnings coverage calculation

(a) the numerator should be calculated using consolidated net income before interest and income taxes;

(b) imputed interest income from the proceeds of a distribution should not be added to the numerator;

(c) an issuer may also present, as supplementary disclosure, a coverage calculation based on earnings before discontinued operations and extraordinary items;

(d) for distributions of debt securities, the appropriate denominator is interest expense determined in accordance with the issuer's GAAP, after giving effect to the new debt issue and any retirement of obligations, plus the amount of interest that has been capitalized during the period;

(e) for distributions of preferred shares

(i) the appropriate denominator is dividends declared during the period, together with undeclared dividends on cumulative preferred shares, after giving effect to the new preferred share issue, plus the issuer's annual interest requirements, including the amount of interest that has been capitalized during the period, less any retirement of obligations, and

(ii) dividends should be grossed-up to a before-tax equivalent using the issuer's effective income tax rate; and

(f) for distributions of both debt securities and preferred shares, the appropriate denominator is the same as for a preferred share issue, except that the denominator should also reflect the effect of the debt being offered pursuant to the short form prospectus.

(4) The denominator represents a pro forma calculation of the aggregate of an issuer's interest obligations on all long-term debt and dividend obligations (including both dividends declared and undeclared dividends on cumulative preferred shares) with respect to all outstanding preferred shares, as adjusted to reflect

(a) the issuance of all long-term debt and, in addition in the case of an issuance of preferred shares, all preferred shares issued, since the date of the annual or interim financial statements;

(b) the issuance of the securities that are to be distributed under the short form prospectus, based on a reasonable estimate of the price at which these securities will be distributed;

(c) the repayment or redemption of all long-term debt since the date of the annual or interim financial statements, all long-term debt to be repaid or redeemed from the proceeds to be realized from the sale of securities under the short form prospectus and, in addition, in the case of an issuance of preferred shares, all preferred shares repaid or redeemed since the date of the annual or interim

financial statements and all preferred shares to be repaid or redeemed from the proceeds to be realized from the sale of securities under the short form prospectus; and

(d) the servicing costs that were incurred, or will be incurred, in relation to the above adjustments.

(5) In certain circumstances, debt obligations may be classified as current liabilities because such obligations, by their terms, are due on demand, are due within one year, or are callable by the creditor. If the issuer is distributing, or has outstanding, debt securities that are classified as current liabilities, disclose

(a) in the notes to the ratios required under subsection 6.1(1) that the ratios have been calculated excluding the carrying charges for those debt securities reflected as current liabilities;

(b) that if those debt securities had been classified in their entirety as long term debt for the purposes of calculating the ratios under subsection 6.1(1), the entire amount of the annual carrying charges for such debt securities would have been reflected in the calculation of the issuer's interest and dividend obligations; and

(c) the earnings coverage ratios for the periods referred to in subsection 6.1(1), calculated as though those debt securities had been classified as long term debt.

(6) For debt securities, disclosure of earnings coverage shall include language similar to the following:

"[Name of the issuer]'s interest requirements, after giving effect to the issue of [the debt securities to be distributed under the short form prospectus], amounted to $• for the 12 months ended •. [Name of the issuer]'s earnings before interest and income tax for the 12 months then ended was $•, which is • times [name of the issuer]'s interest requirements for this period."

(7) For preferred share issues, disclosure of earnings coverage shall include language similar to the following:

"[Name of the issuer]'s dividend requirements on all of its preferred shares, after giving effect to the issue of [the preferred shares to be distributed under the short form prospectus], and adjusted to a before-tax equivalent using an effective income tax rate of •%, amounted to $• for the 12 months ended •. [Name of the issuer]'s interest requirements for the 12 months then ended amounted to $•. [Name of the issuer]'s earnings before interest and income tax for the 12 months ended • was $•, which is • times [name of the issuer]'s aggregate dividend and interest requirements for this period."

(8) If the earnings coverage ratio is less than one-to-one, disclose the dollar amount of the coverage deficiency (i.e. the dollar amount of earnings required to attain a ratio of one-to-one).

(9) Other earnings coverage calculations may be included as supplementary disclosure to the required earnings coverage calculations outlined above as long as their derivation is disclosed and they are not given greater prominence than the required earnings coverage calculations.

Item 7 Description of Securities Being Distributed

7.1 Equity Securities - If equity securities are being distributed, state the description or the designation of the class of the equity securities and describe all material attributes and characteristics that are not described elsewhere in a document incorporated by reference in the short form prospectus including, as applicable,

(a) dividend rights;

(b) voting rights;

(c) rights upon dissolution or winding up;

(d) pre-emptive rights;

(e) conversion or exchange rights;

(f) redemption, retraction, purchase for cancellation or surrender provisions;

(g) sinking or purchase fund provisions;

(h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and

(i) provisions requiring a securityholder to contribute additional capital.

7.2 Debt Securities - If debt securities are being distributed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt that are not described elsewhere in a document incorporated by reference in the short form prospectus, including

(a) provisions for interest rate, maturity and premium, if any;

(b) conversion or exchange rights;

(c) redemption, retraction, purchase for cancellation or surrender provisions;

(d) sinking or purchase fund provisions;

(e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;

(f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants including restrictions against payment of dividends and restrictions against giving security on the assets of the issuer or its subsidiaries and provisions as to the release or substitution of assets securing the debt securities;

(g) the name of the trustee under any indenture relating to the debt securities and the nature of any material relationship between the trustee or any of its affiliates and the issuer or any of its affiliates; and

(h) any financial arrangements between the issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

7.3 Asset-backed Securities - If asset-backed securities are being distributed, describe

(a) the material attributes and characteristics of the asset-backed securities, including

(i) the rate of interest or stipulated yield and any premium,

(ii) the date for repayment of principal or return of capital and any circumstances in which payments of principal or capital may be made before such date, including any redemption or pre-payment obligations or privileges of the issuer and any events that may trigger early liquidation or amortization of the underlying pool of financial assets,

(iii) provisions for the accumulation of cash flows to provide for the repayment of principal or return of capital,

(iv) provisions permitting or restricting the issuance of additional securities and any other material negative covenants applicable to the issuer,

(v) the nature, order and priority of the entitlements of holders of asset-backed securities and any other entitled persons or companies to receive cash flows generated from the underlying pool of financial assets, and

(vi) any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of payments or distributions to be made under the asset-backed securities, including those that are dependent or based on the economic performance of the underlying pool of financial assets;

(b) information on the underlying pool of financial assets, for the period from the date as at which the following information was presented in the issuer's current AIF to a date not more than 90 days before the date of the issuance of a receipt for the preliminary short form prospectus, of

(i) the composition of the pool as of the end of the period,

(ii) income and losses from the pool for the period, presented on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets, and

(iii) the payment, prepayment and collection experience of the pool for the period on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(c) the type or types of the financial assets, the manner in which the financial assets originated or will originate and, if applicable, the mechanism and terms of the agreement governing the transfer of the financial assets comprising the underlying pool to or through the issuer, including the consideration paid for the financial assets;

(d) any person or company who

(i) originated, sold or deposited a material portion of the financial assets comprising the pool, or has agreed to do so,

(ii) acts, or has agreed to act, as a trustee, custodian, bailee or agent of the issuer or any holder of the asset-backed securities, or in a similar capacity,

(ili) administers or services a material portion of the financial assets comprising the pool or provides administrative or managerial services to the issuer, or has agreed to do so, on a conditional basis or otherwise, if

(A) finding a replacement provider of the services at a cost comparable to the cost of the current provider is not reasonably likely,

(B) a replacement provider of the services is likely to achieve materially worse results than the current provider,

(C) the current provider of the services is likely to default in its service obligations because of its current financial condition, or

(D) the disclosure is otherwise material,

(iv) provides a guarantee, alternative credit support or other credit enhancement to support the obligations of the issuer under the asset-backed securities or the performance of some or all of the financial assets in the pool, or has agreed to do so, or

(v) lends to the issuer in order to facilitate the timely payment or repayment of amounts payable under the asset-backed securities, or has agreed to do so;

(e) the general business activities and material responsibilities under the asset-backed securities of a person or company referred to in paragraph (d);

(f) the terms of any material relationships between

(i) any of the persons or companies referred to in paragraph (d) or any of their respective affiliates, and

(ii) the issuer;

(g) any provisions relating to termination of services or responsibilities of any of the persons or companies referred to in paragraph (d) and the terms on which a replacement may be appointed; and

(h) any risk factors associated with the asset-backed securities, including disclosure of material risks associated with changes in interest rates or prepayment levels, and any circumstances where payments on the asset-backed securities could be impaired or disrupted as a result of any reasonably foreseeable event that may delay, divert or disrupt the cash flows dedicated to service the asset-backed securities.

INSTRUCTIONS

(1) Present the information required under paragraph (b) in a manner that will enable a reader to easily determine whether, and the extent to which, the events, covenants, standards and preconditions referred to in clause (a)(vi) have occurred, are being satisfied or may be satisfied.

(2) If the information required under paragraph (b) is not compiled specifically from the underlying pool of financial assets, but is compiled from a larger pool of the same assets from which the securitized assets are randomly selected such that the performance of the larger pool is representative of the performance of the pool of securitized assets, then an issuer may comply with paragraph (b) by providing the information required based on the larger pool and disclosing that it has done so.

(3) Issuers are required to summarize contractual arrangements in plain language and may not merely restate the text of the contracts referred to. The use of diagrams to illustrate the roles of, and the relationship among, the persons and companies referred to in paragraph (d) and the contractual arrangements underlying the asset-backed securities is encouraged.

7.4 Derivatives - If derivatives are being distributed, describe fully the material attributes and characteristics of the derivatives, including

(a) the calculation of the value or payment obligations under the derivatives;

(b) the exercise of the derivatives;

(c) the settlement of exercises of the derivatives;

(d) the underlying interest of the derivatives;

(e) the role of a calculation expert in connection with the derivatives;

(f) the role of any credit supporter of the derivatives; and

(g) the risk factors associated with the derivatives.

7.5 Other Securities - If securities other than equity securities, debt securities, asset-backed securities or derivatives are being distributed, describe fully the material attributes and characteristics of those securities.

7.6 Special Warrants, etc. – If the short form prospectus is used to qualify the distribution of securities issued upon the exercise of Special Warrants or other securities acquired on a prospectus-exempt basis, disclose that holders of such securities have been provided with a contractual right of rescission and provide the following disclosure in the prospectus:

> "In the event that a holder of a Special Warrant, who acquires a [*identify underlying security*] of the issuer upon the exercise of the Special Warrant as provided for in this short form prospectus, is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this short form prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the holder's exercise of its Special Warrant(s) but also of the private placement transaction pursuant to which the Special Warrant was initially acquired, and shall be entitled in connection with such rescission to a full refund of all consideration paid to the [*underwriter or issuer, as the case may be*] on the acquisition of the Special Warrant. In the event such holder is a permitted assignee of the interest of the original Special Warrant subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was such original subscriber. The foregoing is in addition to any other right or remedy available to a holder of the Special Warrant under applicable securities legislation or otherwise at law."

INSTRUCTION

If the short form prospectus is qualifying the distribution of securities issued upon the exercise of securities other than Special Warrants, replace the term "Special Warrant" with the type of the security being distributed.

7.7 Restricted Securities

(1) If the issuer has outstanding, or proposes to distribute under the short form prospectus, restricted securities, or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or subject securities, provide a detailed description of:

(a) the voting rights attached to the restricted securities and the voting rights, if any, attached to the securities of any other class of securities of the issuer that are the same or greater on a per security basis than those attached to the restricted securities;

(b) any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities but do apply to the holders of another class of equity securities, and the extent of any rights provided in the constating documents or otherwise for the protection of holders of restricted securities; and

(c) any rights under applicable corporate law, in the constating documents or otherwise, of holders of restricted securities to attend, in person or by proxy, meetings of holders of equity securities of the issuer and to speak at the meetings to the same extent that holders of equity securities are entitled.

(2) If holders of restricted securities do not have all of the rights referred to in subsection (1) the detailed description referred to in that subsection shall include, in bold type, a statement of the rights the holders do not have.

(3) If the issuer is required to include the disclosure referred to in subsection (1), state the percentage of the aggregate voting rights attached to the issuer's securities that will be represented by restricted securities after giving effect to the issuance of the securities being offered.

7.8 Modification of Terms - Describe provisions as to modification, amendment or variation of any rights or other terms attached to the securities being distributed. If the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

7.9 Ratings - If one or more ratings, including provisional ratings or stability ratings, have been received from one or more approved rating organizations for the securities being distributed and the rating or ratings continue in effect, disclose

(a) each security rating, including a provisional rating or stability rating, received from an approved rating organization;

(b) the name of each approved rating organization that has assigned a rating for the securities to be distributed;

(c) a definition or description of the category in which each approved rating organization rated the securities to be distributed and the relative rank of each rating within the organization's classification system;

(d) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating;

(e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities to be distributed;

(f) a statement that a security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization; and

(g) any announcement made by, or any proposed announcement known to the issuer to be made by, an approved rating organization that the organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed under this paragraph.

7.10 Other Attributes

(1) If the rights attaching to the securities being distributed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being

distributed, include information about the other securities that will enable investors to understand the rights attaching to the securities being distributed.

(2) If securities of the class being distributed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

INSTRUCTION

This Item requires only a brief summary of the provisions that are material from an investment standpoint. The provisions attaching to the securities being distributed or any other class of securities do not need to be set out in full. They may, in the issuer's discretion, be attached as a schedule to the prospectus.

Item 8 Selling Security Holder

8.1 Selling Security Holder - If any of the securities being distributed are to be distributed for the account of a security holder, state the following:

1. The name of the security holder.

2. The number or amount of securities owned by the security holder of the class being distributed.

3. The number or amount of securities of the class being distributed for the account of the security holder.

4. The number or amount of securities of the issuer of any class to be owned by the security holder after the distribution, and the percentage that number or amount represents of the total outstanding.

5. Whether the securities referred to in paragraph 2, 3 or 4 are owned both of record and beneficially, of record only, or beneficially only.

Item 9 Mineral Property

9.1 Mineral Property – If a material part of the proceeds of the distribution is to be expended on a particular mineral property and if the current AIF does not contain the disclosure required under section 5.4 of Form 51-102F2 for the property or that disclosure is inadequate or incorrect due to changes, disclose the information required under section 5.4 of Form 51-102F2.

Item 10 Significant Acquisitions

10.1 Significant Acquisitions

(1) Describe any acquisition

(a) that the issuer has completed within 75 days prior to the date of the short form prospectus;

(b) that is a significant acquisition for the purposes of Part 8 of NI 51-102; and

(c) for which the issuer has not yet filed a business acquisition report under NI 51-102.

(2) Describe any proposed acquisition that

(a) has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high; and

(b) would be a significant acquisition for the purposes of Part 8 of NI 51-102 if completed as of the date of the short form prospectus.

(3) If disclosure about an acquisition or proposed acquisition is required under subsection (1) or (2), include financial statements or other information of the acquisition or proposed acquisition if

(a) the acquisition or proposed acquisition is a reverse takeover; or

(b) the acquisition or proposed acquisition is not a reverse takeover but the inclusion of the financial statements is necessary for the short form prospectus to contain full, true and plain disclosure of all

material facts relating to, and in Québec disclosure of all material facts likely to affect the value or the market price of, the securities being distributed.

INSTRUCTIONS

(1) For the description of the acquisition or proposed acquisition, include the information required by sections 2.1 through 2.6 of Form 51-102F4. For a proposed acquisition, modify this information as necessary to convey that the acquisition is not yet completed.

(2) The requirement of subsection (3) must be satisfied by including either (i) the financial statements or other information required by Part 8 of NI 51-102, or (ii) satisfactory alternative financial statements or other information.

Item 11 Documents Incorporated by Reference

11.1 Mandatory Incorporation by Reference

(1) In addition to any other document that an issuer may choose to incorporate by reference, specifically incorporate by reference in the short form prospectus, by means of a statement in the short form prospectus to that effect, the documents set forth below:

1. The issuer's current AIF, if it has one.

2. The issuer's current annual financial statements, if any, and related MD&A.

3. The issuer's interim financial statements most recently filed or required to have been filed under the applicable CD rule in respect of an interim period, if any, subsequent to the financial year in respect of which the issuer has filed its current annual financial statements or has included annual financial statements in the short form prospectus, and the related interim MD&A.

4. If, before the prospectus is filed, financial information about the issuer for a financial period more recent than the period for which financial statements are required under paragraphs 2 and 3 is publicly disseminated by, or on behalf of, the issuer through news release or otherwise, the content of the news release or public communication.

5. Any material change report, except a confidential material change report, filed under Part 7 of NI 51-102 or Part 11 of NI 81-106 since the end of the financial year in respect of which the issuer's current AIF is filed.

6. Any business acquisition report filed by the issuer under Part 8 of NI 51-102 for acquisitions completed since the end of the financial year in respect of which the issuer's current AIF is filed.

7. Any information circular filed by the issuer under Part 9 of NI 51-102 or Part 12 of NI 81-106 since the end of the financial year in respect of which the issuer's current AIF is filed.

8. Any other disclosure document which the issuer has filed pursuant to an undertaking to a provincial or territorial securities regulatory authority since the beginning of the financial year in respect of which the issuer's current AIF is filed.

9. Any other disclosure document of the type listed in paragraphs 1 through 7 which the issuer has filed pursuant to an exemption from any requirement under the applicable CD rule since the beginning of the financial year in respect of which the issuer's current AIF is filed.

(2) In the statement incorporating the documents listed in subsection (1) by reference in a short form prospectus, clarify that the documents are not incorporated by reference to the extent their contents are modified or superseded by a statement contained in the short form prospectus or in any other subsequently filed document that is also incorporated by reference in the short form prospectus.

INSTRUCTIONS

(1) Paragraph 4 of subsection (1) requires issuers to incorporate only the news release or other public communication through which more recent financial information is released to the public. However, if the financial statements from which the information in the news release has been derived have been filed, then the financial statements must be incorporated by reference.

(2) Issuers must provide a list of the material change reports and business acquisition reports required under paragraphs 5 and 6 of subsection (1), giving the date of filing and briefly describing the material change or acquisition, as the case may be, in respect of which the report was filed.

(3) Any material incorporated by reference in a short form prospectus is required under sections 4.1 and 4.2 of the Instrument to be filed with the short form prospectus unless it has been previously filed.

11.2 Mandatory Incorporation by Reference of Future Documents - State that any documents, of the type described in section 11.1, if filed by the issuer after the date of the short form prospectus and before the termination of the distribution, are deemed to be incorporated by reference in the short form prospectus.

11.3 Issuers without a Current AIF or Current Annual Financial Statements

(1) If the issuer does not have a current AIF or current annual financial statements and is relying on the exemption in subsection 2.7(1) of the Instrument, include the disclosure, including financial statements, that would otherwise have been required to have been included in a current AIF and current annual financial statements under section 11.1.

(2) If the issuer does not have a current AIF or current annual financial statements and is relying on the exemption in subsection 2.7(2) of the Instrument, include the disclosure, including financial statements, provided in accordance with Item 14.2 or 14.5 of Form 51-102F5 in the information circular referred to in paragraph 2.7(2)(b) of the Instrument.

INSTRUCTION

If an issuer is required to include disclosure under subsection (2), it must include the historical financial statements of any issuer that was a party to the reorganization and any other information contained in the information circular that was used to construct financial statements for the issuer.

11.4 Significant Acquisition for Which No Business Acquisition Report is Filed

(1) If the issuer has,

(a) since the beginning of the most recently completed financial year in respect of which annual financial statements are included in the short form prospectus; and

(b) more than 75 days prior to the date of filing the preliminary short form prospectus;

completed a transaction that would have been a significant acquisition for the purposes of Part 8 of NI 51-102 if the issuer had been a reporting issuer at the time of the transaction, and the issuer has not filed a business acquisition report in respect of the transaction, include the financial statements and other information in respect of the transaction that is prescribed by Form 51-102F4.

(2) If the issuer was exempt from the requirement to file a business acquisition report in respect of a transaction because the disclosure that would normally be included in a business acquisition report was included in another document, include that disclosure in the short form prospectus.

INSTRUCTION

Disclosure required by section 11.3 or 11.4 to be included in the short form prospectus may be incorporated by reference from another document or included directly in the short form prospectus.

Item 12 Additional Disclosure for Issues of Guaranteed Securities

12.1 Credit Supporter Disclosure - Provide disclosure about each credit supporter, if any, that has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities to be distributed, by complying with the following:

1. If the credit supporter is a reporting issuer and has a current AIF, incorporating by reference into the short form prospectus all documents that would be required to be incorporated by reference under Item 11 if the credit supporter were the issuer of the securities.

2. If the credit supporter is not a reporting issuer and has a class of securities registered under section 12(b) or 12(g) of the 1934 Act, or is required to file reports under section 15(d) of the 1934 Act, incorporating by reference into the short form prospectus all 1934 Act filings that would be required to be incorporated by reference in a Form S-3 or Form F-3 registration statement filed under the 1933 Act if the securities distributed under the short form prospectus were being registered on Form S-3 or Form F-3.

3. If neither paragraph 1 nor paragraph 2 applies to the credit supporter, providing directly in the short form prospectus the same disclosure that would be contained in the short form prospectus through the incorporation by reference of the documents referred to in Item 11 if the credit supporter were the issuer of the securities and those documents had been prepared by the credit supporter.

4. Providing such other information about the credit supporter as is necessary to provide full, true and plain disclosure of all material facts concerning, and in Québec, disclosure of all material facts likely to affect the value or the market price, of the securities to be distributed, including the credit supporter's earnings coverage ratios under Item 6 as if the credit supporter were the issuer of the securities.

Item 13 Exemptions for Certain Issues of Guaranteed Securities

13.1 The Issuer is a Wholly Owned Subsidiary of the Credit Supporter - Despite Items 6 and 11, an issuer is not required to incorporate by reference into the short form prospectus any of its documents under paragraphs 1 through 4, 6 and 7 of subsection 11.1(1) or include in the short form prospectus its earnings coverage ratios under section 6.1, if

(a) a credit supporter has provided full and unconditional credit support for the securities being distributed;

(b) the credit supporter satisfies the criterion in paragraph 2.4(1)(b) of the Instrument;

(c) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into securities of the credit supporter;

(d) the issuer is a direct or indirect wholly owned subsidiary of the credit supporter;

(e) no other subsidiary of the credit supporter has provided a guarantee or alternative credit support for all or substantially all of the payments to be made under the securities being distributed; and

(f) the issuer includes the following information in the short form prospectus:

(i) if

(A) the issuer has no operations or only minimal operations that are independent of the credit supporter, and

(B) the impact of any subsidiaries of the credit supporter on a combined basis, excluding the issuer, on the consolidated financial results of the credit supporter is minor,

a statement that the financial results of the issuer are included in the consolidated financial results of the credit supporter, or

(ii) for the periods covered by the credit supporter's financial statements included in the short form prospectus under section 12.1, consolidating summary financial information for the credit supporter presented with a separate column for each of the following:

(A) the credit supporter,

(B) the issuer,

(C) any other subsidiaries of the credit supporter on a combined basis,

(D) consolidating adjustments, and

(E) the total consolidated amounts.

13.2 The Issuer and One or More Subsidiary Credit Supporters are Wholly Owned Subsidiaries of the Parent Credit Supporter - Despite Items 6, 11 and 12, an issuer is not required to incorporate by reference into the short form prospectus any of its documents under paragraphs 1 through 4, 6 and 7 of subsection 11.1(1), include in the short form prospectus its earnings coverage ratios under section 6.1, or include in the short form prospectus the disclosure of one or more subsidiary credit supporters required by section 12.1, if

(a) a parent credit supporter and one or more subsidiary credit supporters have each provided full and unconditional credit support for the securities being distributed;

(b) the parent credit supporter satisfies the criterion in paragraph 2.4(1)(b) of the Instrument;

(c) the guarantees or alternative credit supports are joint and several;

(d) the securities being distributed are non-convertible debt securities, non-convertible preferred shares, or convertible debt securities or convertible preferred shares that are convertible, in each case, into securities of the parent credit supporter;

(e) the issuer and each subsidiary credit supporter is a direct or indirect wholly owned subsidiary of the parent credit supporter; and

(f) the issuer includes the following information in the short form prospectus:

(i) if

(A) each of the issuer and each subsidiary credit supporter has no operations or only minimal operations that are independent of the parent credit supporter, and

(B) the impact of any subsidiaries of the parent credit supporter on a combined basis, excluding the issuer and all subsidiary credit supporters, on the consolidated financed results of the parent credit supporter is minor,

a statement that the financial results of the issuer and all subsidiary credit supporters are included in the consolidated financial results of the parent credit supporter, or

(ii) for the periods covered by the parent credit supporter's financial statements included in the short form prospectus under section 12.1, consolidating summary financial information for the parent credit supporter presented with a separate column for each of the following:

(A) the parent credit supporter,

(B) the issuer,

(C) each subsidiary credit supporter on a combined basis,

(D) any other subsidiaries of the parent credit supporter on a combined basis,

(E) consolidating adjustments, and

(F) the total consolidated amounts.

13.3 One or More Credit Supporters are Wholly Owned Subsidiaries of the Issuer - Despite Item 12, an issuer is not required to include in the short form prospectus the disclosure required by section 12.1 for one or more credit supporters if

(a) one or more credit supporters have each provided full and unconditional credit support for the securities being distributed;

(b) if there is more than one credit supporter, the guarantee or alternative credit supports are joint and several;

(c) the securities being distributed are non-convertible debt securities or non-convertible preferred shares;

(d) each credit supporter is a direct or indirect wholly owned subsidiary of the issuer; and

(e) the issuer includes the following information in the short form prospectus:

(i) if

(A) the issuer has no operations or only minimal operations that are independent of the credit supporter(s), and

(B) the impact of any subsidiaries of the issuer on a combined basis, excluding the credit supporter(s) but including any subsidiaries of the credit supporter(s) that are not themselves credit supporters, on the consolidated financial results of the issuer is minor,

a statement that the financial results of the credit supporter(s) are included in the consolidated financial results of the issuer, or

(ii) for the periods covered by the issuer's financial statements included in the short form prospectus under Item 11, consolidating summary financial information for the issuer, presented with a separate column for each of the following:

(A) the issuer,

(B) the credit supporters on a combined basis,

(C) any other subsidiaries of the issuer on a combined basis,

(D) consolidating adjustments, and

(E) the total consolidated amounts.

INSTRUCTIONS

(1) Summary Financial Information

(a) Summary financial information includes the following line items:

(i) sales or revenues;

(ii) income from continuing operations before extraordinary items;

(iii) net earnings;

(iv) currents assets;

(v) non-current assets;

(vi) current liabilities; and

(vii) non-current liabilities.

(b) Despite instruction (1)(a), if GAAP permits the preparation of an entity's balance sheet without classifying assets and liabilities between current and non-current then the following items may be omitted from the entity's summary financial information if alternative meaningful financial information is provided which is more appropriate to the industry:

(i) current assets;

(ii) non-current assets;

(iii) current liabilities; and

(iv) non-current liabilities.

(c) An entity's annual or interim summary financial information must be derived from the entity's financial information underlying the corresponding consolidated financial statements of the issuer or parent credit supporter included in the short form prospectus.

(d) The parent entity column should account for investments in all subsidiaries under the equity method.

(e) All subsidiary entity columns should account for investments in non-credit supporter subsidiaries under the equity method.

(2) For the purposes of Item 13, an entity is considered to be a wholly owned subsidiary if the parent entity owns voting securities representing 100 per cent of the votes attached to the outstanding voting securities of the subsidiary.

(3) For the purposes of Item 13, the impact of subsidiaries, on a combined basis, on the financial results of the parent is minor if each item of the summary financial information of the subsidiaries, on a combined basis, represents less than 3% of the total consolidated amounts.

(4) For the purposes of Item 13, "parent credit supporter" means a credit supporter of which the issuer is a subsidiary and "subsidiary credit supporter" means a credit supporter that is a subsidiary of the parent credit supporter.

Item 14 Relationship between Issuer or Selling Securityholder and Underwriter

14.1 Relationship between Issuer or Selling Securityholder and Underwriter - If the issuer or selling security holder is a connected issuer or related issuer of an underwriter of the distribution, or if the issuer or selling security holder is also an underwriter, comply with the requirements of National Instrument 33-105 *Underwriting Conflicts*.

INSTRUCTION

For the purposes of section 14.1, "connected issuer" and "related issuer" have the same meanings as in National Instrument 33-105 Underwriting Conflicts.

Item 15 Interest of Experts

15.1 Names of Experts – Name each person or company

(a) who is named as having prepared or certified a statement, report or valuation in the short form prospectus or an amendment to the short form prospectus, either directly or in a document incorporated by reference; and

(b) whose profession or business gives authority to the statement, report or valuation made by the person or company.

15.2 Interest of Experts – For each person or company referred to in section 15.1, provide the disclosure that would be required under section 16.2 of Form 51-102F2, as of the date of the short form prospectus, as if that person or company were a person or company referred to in section 16.1 of Form 51-102F2.

15.3 Exemption – Sections 15.1 and 15.2 do not apply to a person or company if the disclosure regarding that person or company required under section 15.2 is already disclosed in the issuer's current AIF.

Item 16 Promoters

16.1 Promoters

(1) For a person or company that is, or has been within the three years immediately preceding the date of the preliminary short form prospectus, a promoter of the issuer or of a subsidiary of the issuer state, to the extent not disclosed elsewhere in a document incorporated by reference in the short form prospectus,

(a) the person or company's name;

(b) the number and percentage of each class of voting securities and equity securities of the issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised by the person or company;

(c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter, directly or indirectly, from the issuer or from a subsidiary of the issuer, and the nature and amount of any assets, services or other consideration received or to be received by the issuer or a subsidiary of the issuer in return; and

(d) for an asset acquired within the three years before the date of the preliminary short form prospectus, or to be acquired, by the issuer or by a subsidiary of the issuer from a promoter

(i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,

(ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the issuer, the promoter, or an affiliate of the issuer or of the promoter, and

(iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

(2) If a promoter of the issuer has been a director, executive officer or promoter of any person or company during the 10 years ending on the date of the preliminary short form prospectus, that while that person was acting in that capacity,

(a) was the subject of a cease trade or similar order, or an order that denied the person or company access to any exemptions under provincial or territorial securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(b) was subject to an event that resulted, after the director, executive officer or promoter ceased to be a director, executive officer or promoter, in the company or person being subject to a cease trade or similar order or an order that denied the relevant company or person access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or

(c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

(3) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter has been subject to

(a) any penalties or sanctions imposed by a court relating to provincial or territorial securities legislation or by a provincial or territorial securities regulatory authority or has entered into a settlement agreement with a provincial or territorial securities regulatory authority; or

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

(4) Despite subsection (3), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

(5) If a promoter of the issuer has, within the 10 years before the date of the preliminary short form prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

Item 17 Risk Factors

17.1 Risk Factors - Describe the factors material to the issuer that a reasonable investor would consider relevant to an investment in the securities being distributed.

INSTRUCTION

Issuers may cross-reference to specific risk factors relevant to the securities being distributed that are discussed in their current AIF.

Item 18 Other Material Facts

18.1 Other Material Facts - Give particulars of any material facts about the securities being distributed that are not disclosed under any other items or in the documents incorporated by reference into the short form prospectus and are necessary in order for the short form prospectus to contain full, true and plain disclosure of all material facts relating to, and in Québec not to make any misrepresentation likely to affect the value or market price of, the securities to be distributed.

Item 19 Exemptions from the Instrument

19.1 Exemptions from the Instrument - List all exemptions from the provisions of the Instrument, including this Form, granted to the issuer applicable to the distribution or the short form prospectus, including all exemptions to be evidenced by the issuance of a receipt for the short form prospectus pursuant to section 8.2 of the Instrument.

Item 20 Statutory Rights of Withdrawal and Rescission

20.1 General - Include a statement in substantially the following form, with the bracketed information completed:

"Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. [In several of the provinces/provinces and territories,] [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [, in some jurisdictions,] damages] if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission [or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province [or territory]. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province [or territory] for the particulars of these rights or consult with a legal adviser."

20.2 Non-fixed Price Offerings - In the case of a non-fixed price offering, replace, if applicable in the jurisdiction in which the short form prospectus is filed, the second sentence in the legend in section 20.1 with a statement in substantially the following form:

"This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed."

Item 21 Certificates

21.1 Officers, Directors and Promoters - Include a certificate in the following form signed by

(a) the chief executive officer and the chief financial officer or, if no such officers have been appointed, a person acting on behalf of the issuer in a capacity similar to a chief executive officer and a person acting on behalf of the issuer in a capacity similar to that of a chief financial officer,

(b) on behalf of the board of directors of the issuer, any two directors of the issuer duly authorized to sign, other than the persons referred to in paragraph (a), and

(c) any person or company who is a promoter of the issuer:

"This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if offering made in Québec - "For the purpose of the Province of Québec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed."]"

21.2 Underwriters - If there is an underwriter, include a certificate in the following form signed by the underwriter or underwriters who, with respect to the securities being distributed, are in a contractual relationship with the issuer or selling security holders:

> "To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if offering made in Québec - "For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed."]"

21.3 Related Credit Supporters - If disclosure concerning a credit supporter is prescribed by section 12.1, including if a credit supporter is exempt from the requirements of section 12.1 under section 13.2 or 13.3, and the credit supporter is a related credit supporter, an issuer shall include a certificate of the related credit supporter in the form required in section 21.1 signed by

(a) the chief executive officer and the chief financial officer or, if no such officers have been appointed, a person acting on behalf of the related credit supporter in a capacity similar to a chief executive officer and a person acting on behalf of the related credit supporter in a capacity similar to that of a chief financial officer; and

(b) on behalf of the board of directors of the related credit supporter, any two directors of the related credit supporter duly authorized to sign, other than the persons referred to in paragraph (a).

INSTRUCTION

For the purposes of section 21.3, "related credit supporter" means a credit supporter of the issuer that is an affiliate of the issuer.

21.4 Amendments

(1) Include in an amendment to a short form prospectus that does not restate the short form prospectus the certificates required under sections 21.1, 21.2 and, if applicable, section 21.3 with the reference in each certificate to "this short form prospectus" omitted and replaced by "the short form prospectus dated [insert date] as amended by this amendment".

(2) Include in an amended and restated short form prospectus the certificates required under sections 21.1, 21.2 and, if applicable, section 21.3 with the reference in each certificate to "this short form prospectus" omitted and replaced by "this amended and restated short form prospectus".

21.5 Date of Certificates – The date of certificates in a preliminary short form prospectus, a short form prospectus or an amendment to a preliminary short form prospectus or short form prospectus shall be within three business days before the date of filing the preliminary short form prospectus, short form prospectus or amendment, as applicable.

COMPANION POLICY
TO NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

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TO NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS

PART 1 INTRODUCTION AND DEFINITIONS

1.1 Introduction and Purpose - National Instrument 44-101 *Short Form Prospectus Distributions* ("NI 44-101") sets out the substantive tests for an issuer to qualify to file a prospectus in the form of a short form prospectus. The purpose of NI 44-101 is to shorten the time period in which, and streamline the procedures by which, qualified issuers and their selling security holders can obtain access to the Canadian capital markets through a prospectus offering.

British Columbia, Alberta, Ontario, Manitoba, Nova Scotia and New Brunswick have adopted NI 44-101 by way of rule. Saskatchewan and Québec have adopted it by way of regulation. All other jurisdictions have adopted NI 44-101 by way of related blanket ruling or order. Each jurisdiction implements NI 44-101 by one or more instruments forming part of the law of that jurisdiction (referred to as the "implementing law of the jurisdiction"). Depending on the jurisdiction, the implementing law of the jurisdiction can take the form of regulation, rule, ruling or order.

This Companion Policy to NI 44-101 (also referred to as "this Companion Policy" or this "Policy") provides information relating to the manner in which the provisions of NI 44-101 are intended to be interpreted or applied by the provincial and territorial securities regulatory authorities, as well as the exercise of discretion under NI 44-101. Terms used and not defined in this Companion Policy that are defined or interpreted in NI 44-101 or a definition instrument in force in the jurisdiction should be read in accordance with NI 44-101 or the definition instrument, unless the context otherwise requires.

To the extent that any provision of this Policy is inconsistent or conflicts with the applicable provisions of NI 44-101 in those jurisdictions that have adopted NI 44-101 by way of related blanket ruling or order, the provisions of NI 44-101 prevail over the provisions of this Policy.

1.2 Interrelationship with Local Securities Legislation - NI 44-101, while being the primary instrument regulating short form prospectus distributions, is not exhaustive. Issuers are reminded to refer to the implementing law of the jurisdiction and other securities legislation of the local jurisdiction for additional requirements that may be applicable to the issuer's short form prospectus distribution.

1.3 Interrelationship with Continuous Disclosure (NI 51-102 and NI 81-106) - The short form prospectus distribution system established under NI 44-101 is based on the continuous disclosure filings of reporting issuers pursuant to NI 51-102 or, in the case of an investment fund, NI 81-106. Issuers who wish to use the system should be mindful of their ongoing disclosure and filing obligations under the applicable CD rule. Issues raised in the context of a continuous disclosure review may be taken into consideration by the regulator when determining whether it is in the public interest to refuse to issue a receipt for a short form prospectus. Consequently, unresolved issues may delay or prevent the issuance of a receipt.

1.4 Interrelationship with MRRS - National Policy 43-201 *Mutual Reliance Review System for Prospectuses* and, in Québec, *Notice 43-201 relating to the Mutual Reliance Review System for Prospectuses* ("NP 43-201") describes the practical application of the mutual reliance review system relating to the filing and review of prospectuses, including investment fund and shelf prospectuses, amendments to prospectuses and related materials. While use of NP 43-201 is optional, NP 43-201 represents the only means by which an issuer can enjoy the benefits of co-ordinated review by the securities regulatory authorities in the various jurisdictions in which the issuer has filed a short form prospectus. Under NP 43-201, one securities regulatory authority or regulator as defined in NI 14-101 *Definitions* ("NI 14-101"), as applicable, acts as the principal regulator for all materials relating to a filer.

1.5 Interrelationship with Selective Review - The securities regulatory authorities in some jurisdictions have, formally or informally, adopted a system of selective review of certain documents, including short form prospectuses and amendments to short form prospectuses. Under the selective review system, these documents may be subject to an initial screening to determine whether they will be reviewed and, if reviewed, whether they will be subject to a full review, an issue-oriented review or an issuer review. Application of the selective review system, taken together with MRRS, may result in certain short form prospectuses and amendments to short form prospectuses not being reviewed beyond the initial screening.

1.6 Interrelationship with Shelf Distributions (NI 44-102) - Issuers qualified under NI 44-101 to file a prospectus in the form of a short form prospectus and their security holders can distribute securities under a short form prospectus using the shelf distribution procedures under NI 44-102. The Companion Policy to NI 44-102 explains that the distribution of securities under the shelf system is governed by the requirements and procedures of NI 44-101 and securities

legislation, except as supplemented or varied by NI 44-102. Therefore, issuers qualified to file a prospectus in the form of a short form prospectus and selling security holders of those issuers that wish to distribute securities under the shelf system should have regard to NI 44-101 and this Policy first, and then refer to NI 44-102 and the accompanying policy for any additional requirements.

1.7 Interrelationship with PREP Procedures (NI 44-103) - NI 44-103 *Post-Receipt Pricing* ("NI 44-103") contains the post-receipt pricing procedures (the "PREP procedures"). All issuers and selling security holders can use the PREP procedures of NI 44-103 to distribute securities. Issuers and selling security holders that wish to distribute securities under a prospectus in the form of a short form prospectus using the PREP procedures should have regard to NI 44-101 and this Policy first, and then refer to NI 44-103 and the accompanying policy for any additional requirements.

1.8 Definitions

(1) **Approved rating** - Cash settled derivatives are covenant-based instruments that may be rated on a similar basis to debt securities. In addition to the creditworthiness of the issuer, other factors such as the continued subsistence of the underlying interest or the volatility of the price, value or level of the underlying interest may be reflected in the rating analysis for cash settled derivatives. These additional factors may be described by a rating agency by way of a superscript or other notation to a rating. The inclusion of such notations for covenant-based instruments that otherwise fall within one of the categories of an approved rating does not detract from the rating being considered to be an approved rating for the purposes of NI 44-101.

A rating agency may also restrict its rating to securities of an issuer that are denominated in local currency. This restriction may be denoted, for example, by the designation "LC". The inclusion of such a designation in a rating that would otherwise fall within one of the categories of an approved rating does not detract from the rating being considered to be an approved rating for the purposes of NI 44-101.

(2) **Asset-backed security** - The definition of "asset-backed security" is the same definition used in NI 51-102.

The definition is designed to be flexible to accommodate future developments in asset-backed securities. For example, it does not include a list of "eligible" assets that can be securitized. Instead, the definition is broad, referring to "receivables or other financial assets" that by their terms convert into cash within a finite time period. These would include, among other things, notes, leases, instalment contracts and interest rate swaps, as well as other financial assets, such as loans, credit card receivables, accounts receivable and franchise or servicing arrangements. The reference to "and any rights or other assets..." in the definition is sufficiently broad to include "ancillary" or "incidental" assets, such as guarantees, letters of credit, financial insurance or other instruments provided as a credit enhancement for the securities of the issuer or which support the underlying assets in the pool, as well as cash arising upon collection of the underlying assets that may be reinvested in short-term debt obligations.

The term, a "discrete pool" of assets, can refer to a single group of assets as a "pool" or to multiple groups of assets as a "pool". For example, a group or pool of credit card receivables and a pool of mortgage receivables can, together, constitute a "discrete pool" of assets. The reference to a "discrete pool" of assets is qualified by the phrase "fixed or revolving" to clarify that the definition covers "revolving" credit arrangements, such as credit card and short-term trade receivables, where balances owing revolve due to periodic payments and write-offs.

While typically a pool of securitized assets will consist of financial assets owed by more than one obligor, the definition does not currently include a limit on the percentage of the pool of securitized assets that can be represented by one or more financial assets owing by the same or related obligors (sometimes referred to as an "asset concentration test").

(3) **Current AIF** - An issuer's AIF filed under the applicable CD rule is a "current AIF" until the issuer files an AIF for the next financial year, or is required by the applicable CD rule to have filed its annual financial statements for the next financial year. If an issuer fails to file a new AIF by the filing deadline under the applicable CD rule for its annual financial statements, it will not have a current AIF and will not qualify under NI 44-101 to file a prospectus in the form of a short form prospectus. If an issuer files a revised or amended AIF for the same financial year as an AIF that has previously been filed, the most recently filed AIF will be the issuer's current AIF.

An issuer that is a venture issuer for the purpose of NI 51-102, and certain investment funds, may have no obligation under the applicable CD rule to file an AIF. However, to qualify under NI 44-101 to file a prospectus in the form of a short form prospectus, that issuer will be required to file an AIF in accordance with the applicable CD rule so as to have a "current AIF". A current AIF filed by an issuer that is a venture issuer for

the purposes of NI 51-102 can be expected to expire later than a non-venture issuer's AIF, due to the fact that the deadlines for filing annual financial statements under NI 51-102 are later for venture issuers than for other issuers.

(4) **Current annual financial statements** - An issuer's comparative annual financial statements filed under the applicable CD rule, together with the accompanying auditor's report, are "current annual financial statements" until the issuer files, or is required under the applicable CD rule to have filed, its comparative annual financial statements for the next financial year. If an issuer fails to file its comparative annual financial statements by the filing deadline under the applicable CD rule, it will not have current annual financial statements and will not be qualified under NI 44-101 to file a prospectus in the form of a short form prospectus.

Where there has been a change of auditor and the new auditor has not audited the comparative period, the report of the former auditor on the comparative period must be included in the prospectus. The issuer may file the report of the former auditor on the comparative period with the annual financial statements that are being incorporated by reference into the short form prospectus, and clearly incorporate by reference the former auditor's report in addition to the new auditor's report. Alternatively, the issuer can incorporate by reference into the short form prospectus its comparative financial statements filed for the previous year, including the audit reports thereon.

(5) **Regulator** - The regulator for each jurisdiction is listed in Appendix D to NI 14-101. In practice, that person has often delegated his or her powers to act under NI 44-101 to another staff member of the same securities regulatory authority or, under the relevant statutory framework, another person is permitted to exercise those powers. Generally, the person exercising the powers of the regulator for the purposes of NI 44-101 holds, as of the date of this Policy, the following position in each jurisdiction:

Jurisdiction	**Position**
Alberta	Director, Capital Markets
British Columbia	Director, Corporate Finance
Manitoba	Director, Corporate Finance
New Brunswick	Executive Director
Newfoundland and Labrador	Director of Securities
Northwest Territories	Deputy Registrar of Securities
Nova Scotia	Director of Securities
Nunavut	Registrar of Securities
Ontario	Manager, Corporate Finance or, in the case of an investment fund, Manager, Investment Funds
Prince Edward Island	Registrar of Securities
Québec	Manager, Corporate Finance
Saskatchewan	Deputy Director, Corporate Finance (except for applications for exemptions from Part 2 of NI 44-101, for which the regulator is the Saskatchewan Financial Services Commission)
Yukon Territory	Registrar of Securities

Further delegation may take place among staff or under securities legislation.

(6) **Successor Issuer** - The definition of "successor issuer" requires that the issuer exist "as a result of a reorganization". In the case of an amalgamation, the amalgamated corporation is regarded by the securities regulatory authorities as existing "as a result of a reorganization". Also, if a corporation is incorporated for the sole purpose of facilitating a reorganization, the securities regulatory authorities regard the new corporation as "existing as a result of a reorganization" despite the fact that the corporation may have been incorporated before the reorganization. The definition of "successor issuer" also contains an exclusion applicable to divestitures. For example, an issuer may carry out a reorganization that results in the distribution to security holders of a portion of its business or the transfer of a portion of its business to another issuer. In that case, the entity that carries on the portion of the business that was "spun-off" is not a successor issuer within the meaning of the definition.

PART 2 QUALIFICATION TO FILE A PROSPECTUS IN THE FORM OF A SHORT FORM PROSPECTUS

2.1 Basic Qualification Criteria - Reporting Issuers with Equity Securities Listed on a Short Form Eligible Exchange (Section 2.2 of NI 44-101)

(1) Section 2.2 of NI 44-101 provides that an issuer with equity securities listed and posted for trading on a short form eligible exchange and that is up-to-date in its periodic and timely disclosure filings in all jurisdictions in which it is a reporting issuer satisfies the criteria for being qualified to file a prospectus in the form of a short form prospectus if it meets the other general qualification criteria. In addition to the listing requirement, the issuer may not be an issuer whose operations have ceased or whose principal asset is its exchange listing. The purpose of this requirement is to ensure that eligible issuers have an operating business in respect of which the issuer must provide current disclosure through application of the applicable CD rule.

The basic qualification criteria are structured to allow most Canadian listed issuers to participate in the expedited offering system created by this Instrument, provided their public disclosure record provides investors with satisfactory and sufficient information about the issuer and its business, operations or capital. The securities regulatory authorities believe that it is in the public interest to allow an issuer's public disclosure to be incorporated into a short form prospectus, provided that the resulting prospectus provides prospective investors with full, true and plain disclosure about the issuer and the securities being distributed. The securities regulatory authority may not be prepared to issue a receipt for a short form prospectus if the prospectus, together with the documents incorporated by reference, fails to provide such full, true and plain disclosure and, in Québec, disclosure of material facts likely to affect the value or the market price of the securities to be distributed. In such circumstances, the securities regulatory authority may require, in the public interest, that the issuer utilize the long form prospectus regime. In addition, the securities regulatory authorities may also require that the issuer utilize the long form prospectus regime if the offering is, in essence, an initial public offering by a business or if:

(a) the offering is for the purpose of financing a dormant or inactive issuer whether or not the issuer intends to use the proceeds to reactivate the issuer or to acquire an active business; or

(b) the offering is for the purpose of financing a material undertaking that would constitute a material departure from the business or operations of the issuer as at the date of its current annual financial statements and current AIF.

(2) A new reporting issuer or a successor issuer may satisfy the criteria to have current annual financial statements or a current AIF by filing its comparative annual financial statements or an AIF, respectively, in accordance with NI 51-102 or NI 81-106, as applicable, for its most recently completed financial year. It is not necessary that the issuer be required by the applicable CD rule to have filed such documents. An issuer may voluntarily choose to file either of these documents in accordance with the applicable CD rule for the purposes of satisfying the eligibility criteria under NI 44-101.

Alternatively, an issuer may rely on the exemption from the requirement to file such documents in section 2.7 of NI 44-101. That section provides an exemption from the current AIF and current annual financial statement requirements for new reporting issuers and successor issuers who have not yet been required to file such documents and who have filed a prospectus or information circular containing disclosure which would have been included in such documents had they been filed under the applicable CD rule.

(3) An issuer need not have filed all of its continuous disclosure filings in the local jurisdiction in order to be qualified to file a short form prospectus, but under sections 4.1 and 4.2 of NI 44-101 it will be required to file in the local jurisdiction all documents incorporated by reference into the short form prospectus no later than the date of filing the preliminary short form prospectus.

2.2 Alternative Qualification Criteria - Issuers that are Not Listed (Sections 2.3, 2.4, 2.5 and 2.6 of NI 44-101) - Issuers that do not have equity securities listed and posted for trading on a short form eligible exchange in Canada may nonetheless be qualified to file a prospectus in the form of a short form prospectus under the following alternative qualification criteria of NI 44-101:

1. Section 2.3, which applies to issuers which are reporting issuers in at least one jurisdiction, and who are intending to issue non-convertible securities with a provisional approved rating.

2. Section 2.4, which applies to issuers of non-convertible debt securities, non-convertible preferred shares or non-convertible cash settled derivatives, if another person or company that satisfies prescribed criteria provides full and unconditional credit support for the payments to be made by the issuer of the securities.

3. Section 2.5, which applies to issuers of convertible debt securities or convertible preferred shares, if the securities are convertible into securities of a credit supporter that satisfies prescribed criteria and provides full and unconditional credit support for the payments to be made by the issuer of the securities.

4. Section 2.6, which applies to issuers of asset-backed securities.

Under sections 2.4, 2.5 and 2.6 of NI 44-101, an issuer is not required to be a reporting issuer in any jurisdiction in order to qualify to file a prospectus in the form of a short form prospectus. Section 2.3 requires the issuer to be a reporting issuer in at least one jurisdiction of Canada.

2.3 Alternative Qualification Criteria - Issuers of Guaranteed Debt Securities, Preferred Shares and Cash Settled Derivatives (Sections 2.4 and 2.5 of NI 44-101) - Sections 2.4 and 2.5 of NI 44-101 allow an issuer to qualify to file a prospectus in the form of a short form prospectus based on full and unconditional credit support, which may take the form of a guarantee or alternative credit support. The securities regulatory authorities are of the view that a person or company that provides the full and unconditional guarantee or alternative credit support is not, simply by providing that guarantee or alternative credit support, issuing a security.

2.4 Alternative Qualification Criteria - Issuers of Asset-Backed Securities (Section 2.6 of NI 44-101)

(1) In order to be qualified to file a prospectus in the form of a short form prospectus under section 2.6 of NI 44-101, an issuer must have been established in connection with a distribution of asset-backed securities. Ordinarily, asset-backed securities are issued by special purpose issuers established for the sole purpose of purchasing financial assets with the proceeds of one or more distributions of these securities. This ensures that the credit and performance attributes of the asset-backed securities are dependent on the underlying financial assets, rather than upon concerns relating to ancillary business activities and their attendant risks. Qualification to file a prospectus in the form of a short form prospectus under section 2.6 of NI 44-101 has been limited to special purpose issuers to avoid the possibility that an otherwise ineligible issuer would structure securities falling within the definition of “asset-backed security”.

(2) The qualification criteria for a distribution of asset-backed securities under a prospectus in the form of a short form prospectus are intended to provide sufficient flexibility to accommodate future developments. To qualify under section 2.6 of NI 44-101, the securities to be distributed must satisfy the following two criteria:

1. First, the payment obligations on the securities must be serviced primarily by the cash flows of a pool of discrete liquidating assets such as accounts receivable, instalment sales contracts, leases or other assets that by their terms convert into cash within a specified or determinable period of time.

2. Second, the securities must (i) receive an approved rating on a provisional basis, (ii) not have been the subject of an announcement regarding a downgrade to a rating that is not an approved rating, and (iii) not have received a provisional or final rating lower than an approved rating from any approved rating organization.

The qualification criteria do not distinguish between pass-through (i.e., equity) and pay-through (i.e., debt) asset-backed securities. Consequently, both pay-through and pass-through securities, as well as residual or subordinate interests, may be distributed under a prospectus in the form of a short form prospectus if all other applicable requirements are met.

2.5 Timely and Periodic Disclosure Documents - To be qualified to file a short form prospectus under sections 2.2 and 2.3 of NI 44-101, an issuer must file 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 under applicable securities legislation, pursuant to an order issued by the securities regulatory authority, or pursuant to an undertaking to the securities regulatory authority. Similarly, a credit supporter must satisfy this qualification criterion for an issuer to be qualified to file a short form prospectus under sections 2.4 and 2.5 of NI 44-101.

This qualification criterion applies to all disclosure documents including, if applicable, a disclosure document the issuer or credit supporter (i) has undertaken to file with a provincial or territorial securities regulatory authority, (ii) must file pursuant to a condition in a written order or decision granting exemptive relief to the issuer or credit supporter from a requirement to file periodic and timely disclosure documents, (iii) must file pursuant to a condition in securities legislation exempting the issuer or credit supporter from a requirement to file periodic and timely disclosure documents, and (iv) has represented that it will file pursuant to a representation in a written order or decision granting exemptive relief to the issuer or credit supporter from a requirement to file periodic and timely disclosure documents. These disclosure documents must be incorporated by reference into a short form prospectus pursuant to paragraph 8 or 9 of subsection 11.1(1) of Form 44-101F1.

2.6 Notice Declaring Intention – Subsection 2.8(1) of NI 44-101 provides that an issuer is not qualified to file a short form prospectus under Part 2 of NI 44-101 unless it has filed, with its notice regulator, a notice declaring its intention to be qualified to file a short form prospectus under NI 44-101. This notice must be filed in substantially the form of Appendix A of NI 44-101 at least 10 business days prior to the issuer filing its first preliminary short form prospectus. This is a new requirement that came into effect on December 30, 2005. The securities regulatory authorities expect that this notice will be a one-time filing for issuers that intend to be participants in the short form prospectus distribution system established under NI 44-101. Subsection 2.8(2) provides that this notice is operative until withdrawn. Though the notice must be filed with the notice regulator, an issuer may voluntarily file the notice with any other securities regulatory authority or regulator of a jurisdiction of Canada.

Subsection 2.8(4) of NI 44-101 is a transitional provision that has the effect of deeming issuers that, as of December 29, 2005, have a current AIF under the pre-December 30, 2005 short form prospectus distribution system to have filed this notice and no additional filing is required to satisfy the notice requirements set out in subsection 2.8(1) of NI 44-101.

PART 3 FILING AND RECEIPTING OF SHORT FORM PROSPECTUS

3.1 Confidential Material Change Reports - Confidential material change reports cannot be incorporated by reference into a short form prospectus. It is the view of the securities regulatory authorities that an issuer cannot meet the standard of "full, true and plain" disclosure and, in Québec, disclosure of all material facts likely to affect the value or the market price of the securities to be distributed, while a material change report has been filed but remains undisclosed publicly. Accordingly, an issuer who has filed a confidential material change report may not file a short form prospectus until the material change that is the subject of the report is generally disclosed, and an issuer may not file a confidential material change report during a distribution and continue with the distribution. If circumstances arise that cause an issuer to file a confidential material change report during the distribution period of securities under a short form prospectus, the issuer should cease all activities related to the distribution until

1. the material change is generally disclosed and an amendment to the short form prospectus is filed, if required; or

2. the decision to implement the material change has been rejected and the issuer has so notified the regulator of each jurisdiction where the confidential material change report was filed.

3.2 Supporting Documents

(1) Material that is filed in a jurisdiction will be made available for public inspection in that jurisdiction, subject to the provisions of securities legislation in the local jurisdiction regarding confidentiality of filed material. Material that is delivered to a regulator, but not filed, is not required under securities legislation to be made available for public inspection. However, the regulator may choose to make such material available for inspection by the public.

(2) Any material incorporated by reference in a preliminary short form prospectus or a short form prospectus is required under sections 4.1 and 4.2 of NI 44-101 to be filed with the preliminary short form prospectus or short form prospectus unless previously filed. When an issuer files a previously unfiled document with its short form prospectus, the issuer should ensure that the document is filed under the SEDAR category of filing and filing subtype specifically applicable to the document, rather than the generic type "Other". For example, an issuer that has incorporated by reference an interim financial statement in its short form prospectus and has not previously filed the statement should file that statement under the "Continuous Disclosure" category of filing, and the "Interim Financial Statements" filing subtype.

3.3 Experts' Consent - Issuers are reminded that under section 4.4 of NI 44-101 an auditor's consent is required to be filed for audited financial statements that are included as part of other continuous disclosure filings that are incorporated by reference into a short form prospectus. For example, a separate auditor's consent is required for each set of audited financial statements that are included as part of a business acquisition report or an information circular incorporated by reference into a short form prospectus.

3.4 Undertaking in Respect of Credit Supporter Disclosure - If disclosure about a credit supporter is required to be included in the short form prospectus under section 12.1 of Form 44-101F1, the issuer must undertake to file the credit supporter's periodic and timely disclosure. This undertaking will likely be to file documents similar to the credit supporter's disclosure required under section 12.1 of Form 44-101F1. For credit supporters that are reporting issuers with a current AIF, the undertaking will likely be to file the types of documents listed in subsection 11.1(1) of Form 44-101F1. For credit supporters registered under the 1934 Act, the undertaking will likely be to file the types of documents that would be required to be incorporated by reference into a Form S-3 or Form F-3 registration statement. For other

credit supporters, the types of documents to be filed pursuant to the undertaking will be determined through discussions with the regulators on a case-by-case basis.

3.5 Amendments and Incorporation by Reference of Subsequently Filed Material Change Reports - The requirement in securities legislation for the filing of an amendment to a preliminary prospectus and prospectus is not satisfied by the incorporation by reference in a preliminary short form prospectus or a short form prospectus of a subsequently filed material change report.

3.6 Short Form Prospectus Review - No target time frame applies to the review of a short form prospectus of an issuer if the issuer has not elected to use MRRS.

3.7 "Waiting Period" - If the securities legislation of the local jurisdiction contains the concept of a "waiting period" such that the securities legislation requires that there be a specified period of time between the issuance of a receipt for a preliminary short form prospectus and the issuance of a receipt for a short form prospectus, the implementing law of the jurisdiction removes that requirement as it would otherwise apply to a distribution under NI 44-101.

3.8 Registration Requirements - Issuers filing a preliminary short form prospectus or short form prospectus and other market participants are reminded to ensure that members of underwriting syndicates are in compliance with registration requirements under provincial and territorial securities legislation in each jurisdiction in which syndicate members are participating in the distribution of securities under the short form prospectus.

PART 4 CONTENT OF SHORT FORM PROSPECTUS

4.1 Prospectus Liability - Nothing in the short form prospectus regime established by NI 44-101 is intended to provide relief from liability arising under the provisions of securities legislation of any jurisdiction in which a short form prospectus is filed if the short form prospectus contains an untrue statement of a material fact or omits to state a material fact that is required to be stated therein or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

4.2 Style of Prospectus - Provincial and territorial securities legislation requires that a prospectus contain "full, true and plain" disclosure and, in Québec, disclosure of all material facts likely to affect the value or the market price of the securities to be distributed. To that end, issuers and their advisors are reminded that they should ensure that disclosure documents are easy to read, and we encourage issuers to adopt the following plain language principles in preparing a prospectus in the form of a short form prospectus:

- use short sentences
- use definite, concrete, everyday language
- use the active voice
- avoid superfluous words
- organize the document into clear, concise sections, paragraphs and sentences
- avoid legal or business jargon
- use strong verbs
- use personal pronouns to speak directly to the reader
- avoid reliance on glossaries and defined terms unless it facilitates understanding of the disclosure
- avoid vague boilerplate wording
- avoid abstractions by using more concrete terms or examples
- avoid excessive detail
- avoid multiple negatives.

If technical or business terms are required, clear and concise explanations should be used. The securities regulatory authorities are of the view that question and answer and bullet point formats are consistent with the disclosure requirements of NI 44-101.

4.3 Firm Commitment Underwritings - If an underwriter has agreed to purchase a specified number or principal amount of the securities to be distributed at a specified price, subsection 1.10(4) of Form 44-101F1 requires the short form prospectus to contain a statement that the securities are to be taken up by the underwriter, if at all, on or before a date not later than 42 days after the date of the receipt for the short form prospectus. If the provincial and territorial securities legislation of a jurisdiction requires that a prospectus indicate that the securities must be taken up by the underwriter within a period that is different than the period provided under NI 44-101, the implementing law of a jurisdiction exempts issuers from that requirement if they comply with NI 44-101.

4.4 Minimum Distribution - If a minimum amount of funds is required by an issuer and the securities are proposed to be distributed on a best efforts basis, section 5.5 of Form 44-101F1 requires that the short form prospectus state that the distribution will not continue for a period of more than 90 days after the date of receipt for the short form prospectus if subscriptions representing the minimum amount of funds are not obtained within that period unless each of the persons and companies who subscribed within that period has consented to the continuation. If the provincial and territorial securities legislation of a jurisdiction requires that a distribution may not continue for more than a specified period if subscriptions representing the minimum amount of funds are not obtained within that period and the specified period is different than the period provided under NI 44-101, the implementing law of a jurisdiction exempts issuers from that requirement if they comply with NI 44-101.

4.5 Distribution of Asset-backed Securities

(1) Section 7.3 of Form 44-101F1 specifies additional disclosure applicable for distributions of asset-backed securities. Applicable disclosure for a special purpose issuer of asset-backed securities generally pertains to the nature, performance and servicing of the underlying pool of financial assets, the structure of the securities and dedicated cash flows and any third party or internal support arrangements established to protect holders of the asset-backed securities from losses associated with non-performance of the financial assets or disruptions in payment. The nature and extent of required disclosure may vary depending on the type and attributes of the underlying pool and the contractual arrangements through which holders of the asset-backed securities take their interest in such assets.

(2) The following factors should be considered by an issuer of asset-backed securities in preparing its short form prospectus:

1. The extent of disclosure respecting an issuer will depend on the extent of the issuer's on-going involvement in the conversion of the assets comprising the pool to cash and the distribution of cash to security holders; this involvement may, in turn, vary dramatically depending on the type, quality and attributes of the assets comprising the pool and on the overall structure of the transaction.

2. Requested disclosure respecting the business and affairs of the issuer should be interpreted to apply to the financial assets underlying the asset-backed securities.

3. Disclosure respecting the originator or the seller of the underlying financial assets will be relevant to investors in the asset-backed securities particularly in circumstances where the originator or seller has an on-going relationship with the financial assets comprising the pool. For example, if asset-backed securities are serviced with the cash flows from a revolving pool of receivables, an evaluation of the nature and reliability of the future origination or the future sales of underlying assets by the seller to or through the issuer may be a critical aspect of an investor's investment decision. To address this, the focus of disclosure respecting an originator or seller of the underlying financial assets should deal with whether there are current circumstances that indicate that the originator or seller will not generate adequate assets in the future to avoid an early liquidation of the pool and, correspondingly, an early payment of the asset-backed securities. Summary historical financial information respecting the originator or seller will ordinarily be adequate to satisfy the disclosure requirements applicable to the originator or seller in circumstances where the originator or seller has an ongoing relationship with the assets comprising the pool.

(3) Paragraph 7.3(d)(i) of Form 44-101F1 requires issuers of asset-backed securities to describe any person or company who originated, sold or deposited a material portion of the financial assets comprising the pool, irrespective of whether the person or company has an on-going relationship with the assets comprising the pool. The securities regulatory authorities consider $33^{1/3}$ % of the dollar value of the financial assets comprising the pool to be a material portion in this context.

4.6 Distribution of Derivatives - Section 7.4 of Form 44-101F1 specifies additional disclosure applicable to distributions of derivatives. This prescribed disclosure is formulated in general terms for issuers to customize appropriately in particular circumstances.

4.7 Underlying Securities - Issuers are reminded that if securities being distributed are convertible into or exchangeable for other securities, or are a derivative of, or otherwise linked to, other securities, a description of the material attributes of the underlying securities would generally be necessary to meet the requirement of securities legislation that a prospectus contain full, true and plain disclosure of all material facts relating to, and, in Québec disclosure of all material facts likely to affect the value or the market price of, the securities.

4.8 Offerings of Convertible or Exchangeable Securities - Investor protection concerns may arise where the distribution of a convertible or exchangeable security is qualified under a prospectus and the subsequent exercise of the convertible or exchangeable security is made on a prospectus-exempt basis. Examples of such offerings include the issuance of instalment receipts, subscription receipts and stand-alone warrants or long-term warrants. Reference to stand-alone warrants or long-term warrants is intended to refer to warrants and other forms of exchangeable or convertible securities that are offered under a prospectus as a separate and independent form of investment. This would not apply to an offering of warrants where the warrants may reasonably be regarded as incidental to the offering as a whole.

The investor protection concern arises because the conversion or exchange feature of the security may operate to limit the remedies available to an investor for incomplete or inaccurate disclosure in a prospectus. For example, an investor may pay part of the purchase price at the time of the purchase of the convertible security and part of the purchase price at the time of the conversion. To the extent that an investor makes a further "investment decision" at the time of conversion, the investor should continue to enjoy the benefits of statutory rights or comparable contractual rights in relation to this further investment. In such circumstances, issuers should ensure that either:

(a) the distribution of both the convertible or exchangeable securities and the underlying securities will be qualified by the prospectus; or

(b) the statutory rights that an investor would have if he or she purchased the underlying security offered under a prospectus are otherwise provided to the investor by way of a contractual right of action.

4.9 Restricted Securities - Section 7.7 of Form 44-101F1 specifies additional disclosure applicable to restricted securities, including a detailed description of any significant provisions under applicable corporate and securities law that do not apply to the holders of the restricted securities but do apply to the holders of another class of equity securities. An example of such provisions would be rights under takeover bids.

4.10 Recent and Proposed Acquisitions

(1) Subsection 10.1(2) of Form 44-101F1 requires prescribed disclosure of a proposed acquisition that has progressed to a state "where a reasonable person would believe that the likelihood of the acquisition being completed is high" and that would, if completed on the date of the short form prospectus, be a significant acquisition for the purposes of Part 8 of NI 51-102. The securities regulatory authorities interpret the phrase "where a reasonable person would believe that the likelihood of the acquisition being completed is high" having regard to section 3290 of the Handbook "Contingencies". It is the view of the securities regulatory authorities that the following factors may be relevant in determining whether the likelihood of an acquisition being completed is high:

1. whether the acquisition has been publicly announced;

2. whether the acquisition is the subject of an executed agreement; and

3. the nature of conditions to the completion of the acquisition including any material third party consents required.

The test of whether a proposed acquisition "has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high" is an objective, rather than subjective, test in that the question turns on what a "reasonable person" would believe. It is not sufficient for an officer of an issuer to determine that he or she personally believes that the likelihood of the acquisition being completed is or is not high. The officer must form an opinion as to what a reasonable person would believe in the circumstances. In the event of a dispute, an objective test requires an adjudicator to decide whether a reasonable person would believe in the circumstances that the likelihood of an acquisition being completed was high. By contrast, if the disclosure requirement involved a subjective test, the adjudicator would assess

an individual's credibility and decide whether the personal opinion of the individual as to whether the likelihood of the acquisition being completed was high was an honestly held opinion. Formulating the disclosure requirement using an objective test rather than a subjective test strengthens the basis upon which the regulator may object to an issuer's application of the test in particular circumstances.

(2) Subsection 10.1(3) of Form 44-101F1 requires inclusion of the financial statements or other information relating to certain acquisitions or proposed acquisitions if the acquisition or proposed acquisition is a reverse takeover or if the inclusion of the financial statements or other information is necessary in order for the short form prospectus to contain full, true and plain disclosure of all material facts relating to, and in Québec, disclosure of all material facts likely to affect the value or the market price of, the securities being distributed. The securities regulatory authorities generally presume that the inclusion of financial statements or other information is required for all acquisitions that are, or would be, significant under Part 8 of NI 51-102. Issuers can rebut this presumption if they can provide evidence that the financial statements or other information are not required for full, true and plain disclosure.

Instruction (2) of section 10.1 of Form 44-101F1 provides that issuers must satisfy the requirements of subsection 10.1(3) of Form 44-101F1 by including either: (i) the financial statements or other information that would be required by Part 8 of NI 51-102; or (ii) satisfactory alternative financial statements or other information. The securities regulatory authorities believe that satisfactory alternative financial statements or other information may be provided to satisfy the requirements of subsection 10.1(3) when the financial statements or other information that would be required by Part 8 of NI 51-102 relate to a financial year ended within 90 days before the date of the short form prospectus or an interim period ended within 60 days before the date of the short form prospectus. In these circumstances, the securities regulatory authorities believe that satisfactory alternative financial statements or other information would not have to include any financial statements or other information for the acquisition or proposed acquisition related to:

(a) a financial year ended within 90 days before the date of the short form prospectus; or

(b) an interim period ended within 60 days before the date of the short form prospectus.

The securities regulatory authorities believe that satisfactory alternative financial statements or other information would instead have to include, for the acquisition or proposed acquisition:

(c) comparative annual financial statements or other information for at least the number of financial years as would be required under Part 8 of NI 51-102;

(d) comparative interim financial statements or other information for any interim period ended subsequent to the latest annual financial statements included in the short form prospectus and more than 60 days before the date of the short form prospectus; and

(e) pro forma financial statements or other information required under Part 8 of NI 51-102.

The securities regulatory authorities encourage issuers to utilize the pre-filing procedures in NP 43-201 if the issuer intends to omit from its short form prospectus, the financial statements or other information required under subsection 10.1(3) of Form 44-101F1 or intends to file satisfactory alternative financial statements or other information in lieu of the financial statements or other information required by Part 8 of NI 51-102.

4.11 General Financial Statement Requirements - A reporting issuer is required under the applicable CD rule to file its annual financial statements and related MD&A 90 days after year end (or 120 days if the issuer is a venture issuer as defined in NI 51-102). Interim financial statements and related MD&A must be filed 45 days after the last day of an interim period (or 60 days for a venture issuer). The financial statement requirements in NI 44-101 are based on these continuous disclosure reporting time frames and do not impose accelerated filing deadlines for a reporting issuer's financial statements. However, to the extent an issuer has filed financial statements in advance of the deadline for doing so, those financial statements must be incorporated by reference in the short form prospectus. The securities regulatory authorities are of the view that directors of issuers should endeavor to review and approve financial statements in a timely manner and should not delay the approval and release of the financial statements in order to avoid their inclusion in a short form prospectus.

4.12 Credit Supporter Disclosure - In addition to the issuer's documents required to be incorporated by reference under sections 11.1 and 11.2 of Form 44-101F1 and the issuer's earnings coverage ratios required to be included under Item 6 of Form 44-101F1, a short form prospectus must include, under section 12.1 of Form 44-101F1, disclosure about any credit supporters that have provided a guarantee or alternative credit support for all or substantially all of the payments

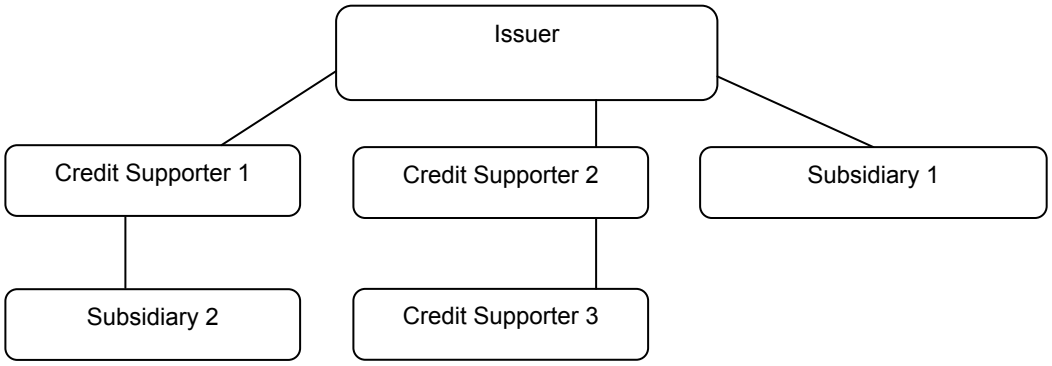
to be made under the securities being distributed. This type of guarantee or alternative credit support is not necessarily full and unconditional credit support as contemplated in sections 2.4 and 2.5 of NI 44-101. Accordingly, disclosure about a credit supporter may be required even if the credit supporter has not provided full and unconditional credit support.

Disclosure relating to all applicable credit supporters is generally required to ensure that the short form prospectus includes full, true and plain disclosure of all material facts concerning, and in Québec, disclosure of all material facts likely to affect the value or the market price of, the securities to be distributed. This is based on the principle that investors need both issuer and credit supporter disclosure to make an informed investment decision because both the issuer and the credit supporter are liable for payments to be made under the securities being distributed.

4.13 Exemptions for Certain Issues of Guaranteed Securities - Requiring disclosure about the issuer and any applicable credit supporters in a short form prospectus may result in unnecessary disclosure in some instances. Item 13 of Form 44-101F1 provides exemptions from the requirement to include both issuer and credit supporter disclosure where such disclosure is not necessary to ensure that the short form prospectus includes full, true and plain disclosure of all material facts concerning, and in Québec, disclosure of all material facts likely to affect the value or the market price of, the securities to be distributed.

The exemptions in Item 13 of Form 44-101F1 are based on the principle that, in these instances, investors will generally require either issuer disclosure or credit supporter disclosure to make an informed investment decision. The exemptions set out in Item 13 of Form 44-101F1 are not intended to be comprehensive and issuers may apply for exemptive relief from the requirement to provide both issuer and credit supporter disclosure, as appropriate.

The following example illustrates the application of the exemption in section 13.3 of Form 44-101F1.



Facts:

- Credit Supporter 1, Credit Supporter 2, and Credit Supporter 3 are credit supporters.
- Credit Supporter 1, Credit Supporter 2, and Credit Supporter 3 have each provided full and unconditional credit support for the securities being distributed.
- The guarantees or alternative credit supports of Credit Supporter 1, Credit Supporter 2, and Credit Supporter 3, are joint and several.
- The securities being distributed are non-convertible debt securities or non-convertible preferred shares.
- Credit Supporter 1, Credit Supporter 2, and Credit Supporter 3 are wholly owned subsidiaries of Issuer.
- Subsidiary 1 and Subsidiary 2 are not credit supporters.

Disclosure required in short form prospectus

- Issuer must incorporate by reference into the short form prospectus the documents required by Item 11 of Form 44-101F1.

- Under the exemption in section 13.3 of Form 44-101F1, Issuer is not required to include the disclosure of Credit Supporter 1, Credit Supporter 2, or Credit Supporter 3, as otherwise required by section 12.1 of Form 44-101F1.

- If Issuer has no operations or only minimal operations that are independent of Credit Supporter 1, Credit Supporter 2, and Credit Supporter 3, and each item of the summary financial information (as set out in Instruction (1) to Item 13 of Form 44-101F1) of Subsidiary 1 plus Subsidiary 2 is less than 3% of corresponding consolidated amounts of Issuer, the short form prospectus must state that the financial results of Credit Supporter 1 (less Subsidiary 2), Credit Supporter 2, and Credit Supporter 3 are included in the consolidated financial results of Issuer.

- If paragraph (e)(i) of section 13.3 of Form 44-101F1 does not apply, the short form prospectus must include consolidating summary financial information for Issuer with a separate column for each of:

    - Issuer (Issuer's investment in Credit Supporter 1, Credit Supporter 2, and Subsidiary 1 should be accounted for under the equity method);

    - Credit Supporter 1 plus Credit Supporter 2 (Credit Supporter 1's investment in Subsidiary 2 should be accounted for under the equity method but Credit Supporter 2 should consolidate Credit Supporter 3);

    - Subsidiary 1 plus Subsidiary 2;

    - consolidating adjustments; and

    - total consolidated amounts.

PART 5 CERTIFICATES

5.1 Non-corporate Issuers

(1) Paragraph 21.1(a) of Form 44-101F1 requires an issuer to include a certificate in the prescribed form signed by the chief executive officer and the chief financial officer or, if no such officers have been appointed, a person acting on behalf of the issuer in a capacity similar to a chief executive officer and a person acting on behalf of the issuer in a capacity similar to a chief financial officer. For a non-corporate issuer that is a trust and has a trust company acting as its trustee, this officers' certificate is frequently signed by authorized signing officers of the trust company that perform functions on behalf of the trust similar to those of a chief executive officer and a chief financial officer. In some cases, these functions are delegated to and performed by other persons (e.g. employees of a management company). If the declaration of trust governing the issuer delegated the trustee's signing authority, the officers' certificate may be signed by the persons to whom authority is delegated under the declaration of trust to sign documents on behalf of the trustee or on behalf of the trust, provided that those persons are acting in a capacity similar to a chief executive officer or chief financial officer of the issuer.

(2) Paragraph 21.1(b) of Form 44-101F1 requires an issuer to include a certificate in the prescribed form signed on behalf of the board of directors, by two directors of the issuer, other than the persons referred to in paragraph 21.1(a), duly authorized to sign. Issuers that are not companies are directed to the definition of "director" and, in Québec, the definition of "senior executive" in securities legislation to determine the appropriate signatories to the certificate. The definition of "director" or, in Québec, "senior executive" in securities legislation typically includes a person acting in a capacity similar to that of a director of a company.

5.2 Promoters of Issuers of Asset-backed Securities

(1) Securities legislation in some jurisdictions in Canada contains definitions of "promoter" and requires, in certain circumstances, a promoter of an issuer to assume statutory liability for prospectus disclosure. Asset-backed securities are commonly issued by a "special purpose" entity, established for the sole purpose of facilitating one or more asset-backed offerings. The securities regulatory authorities are of the opinion that special purpose issuers of asset-backed securities will have a promoter because someone will typically have taken the initiative in founding, organizing or substantially reorganizing the business of the issuer. The securities regulatory authorities interpret the business of such issuers to include the business of issuing asset-backed securities and entering into the supporting contractual arrangements.

(2) For example, in the context of a securitization program under which assets of one or more related entities are financed by issuing asset-backed securities (sometimes called a "single seller program"), an entity transferring or originating a significant portion of such assets, an entity initially agreeing to provide on-going collection, administrative or similar services to the issuer, and the entity for whose primary economic benefit the asset-backed program is established, will each be a promoter of the issuer if it took the initiative in founding, organizing or substantially reorganizing the business of the issuer. Persons or companies contracting with the issuer to provide credit enhancements, liquidity facilities or hedging arrangements or to be a replacement servicer of assets, and investors who acquire subordinated investments issued by the issuer, will not typically be promoters of the issuer solely by virtue of such involvement.

(3) In the context of a securitization program established to finance assets acquired from numerous unrelated entities (sometimes called a "multi-seller program"), the person or company (frequently a bank or an investment bank) establishing and administering the program in consideration for the payment of an on-going fee, for example, will be a promoter of the issuer if it took the initiative in founding, organizing or substantially reorganizing the business of the issuer. Individual sellers of the assets into a multi-seller program are not ordinarily considered to be promoters of the issuer, despite the economic benefits accruing to such persons or companies from utilizing the program. As with single-seller programs, other persons or companies contracting with the issuer to provide services or other benefits to the issuer of the asset-backed securities will not typically be promoters of the issuer solely by virtue of such involvement.

(4) While the securities regulatory authorities have included this discussion of promoters as guidance to issuers of asset-backed securities, the question of whether a particular person or company is a "promoter" of an issuer is ultimately a question of fact to be determined in light of the particular circumstances.

5.1.4 Consequential Amendments Arising from the Replacement of NI 44-101 Short Form Prospectus Distributions

AMENDMENT INSTRUMENT
FOR
NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS*

1. This Instrument amends National Instrument 44-102 *Shelf Distributions*.

2. "National Instrument 44-101 Short Form Prospectus Distributions" and "National Instrument 44-101" are struck out wherever they occur and "NI 44-101" is substituted.

3. Subsection 1.1(1) is amended,

   (a) by adding the following definition after the definition of "MTN program":

   " "NI 44-101" means National Instrument 44-101 *Short Form Prospectus Distributions*";

   (b) in the definition of "novel", by adding "," after "means"; and

   (c) by repealing the definition of "special warrant".

4. Section 1.3 is repealed.

5. Part 2 is repealed and the following is substituted:

"**Part 2 SHELF QUALIFICATION AND PERIOD OF RECEIPT EFFECTIVENESS**

2.1 General - An issuer shall not file a short form prospectus that is a base shelf prospectus, unless the issuer is qualified to do so under this Instrument.

2.2 Shelf Qualification for Distributions Qualified under Section 2.2 of NI 44-101 (Basic Qualification)

(1) An issuer is qualified to file a preliminary short form prospectus that is a preliminary base shelf prospectus if, at the time of filing, the issuer is qualified under section 2.2 of NI 44-101 to file a prospectus in the form of a short form prospectus.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on the qualification criteria in subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus.

(3) A receipt issued for a base shelf prospectus of an issuer qualified under subsection (2) is effective until the earliest of

(a) the date 25 months from the date of its issue;

(b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time

(i) the issuer does not have current annual financial statements and does not satisfy the requirements of the exemption in either of subsection 2.7(1) or (2) of NI 44-101,

(ii) the issuer does not have a current AIF and does not satisfy the requirements of the exemption in either of subsection 2.7(1) or (2) of NI 44-101,

(iii) the issuer's equity securities are not listed or posted for trading on a short form eligible exchange,

(iv) the issuer is an issuer

(A) whose operations have ceased, or

(B) whose principal asset is cash, cash equivalents, or its exchange listing, or

(v) the issuer has withdrawn its notice declaring the issuer's intention to be qualified to file a short form prospectus under NI 44-101; and

(c) the lapse date, if any, prescribed by securities legislation.

2.3 Shelf Qualification for Distributions Qualified under Section 2.3 of NI 44-101 (Approved Rating Non-Convertible Securities)

(1) An issuer is qualified to file a preliminary short form prospectus that is a preliminary base shelf prospectus for approved rating non-convertible securities if, at the time of filing, the issuer

(a) is qualified under section 2.3 of NI 44-101 to file a prospectus in the form of a short form prospectus; and

(b) has reasonable grounds for believing that, if it were to distribute securities under the base shelf prospectus, the securities distributed would receive an approved rating and would not receive a rating lower than an approved rating from any approved rating organization.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on the qualification criteria in subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus if, at the time of the filing of the base shelf prospectus, the issuer has reasonable grounds for believing that, if it were to distribute non-convertible securities under the base shelf prospectus, the securities distributed would receive an approved rating and would not receive a rating lower than an approved rating from any approved rating organization.

(3) A receipt issued for a base shelf prospectus of an issuer filed under subsection (2) is effective until the earliest of

(a) the date 25 months from the date of its issue;

(b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time

(i) the issuer does not have current annual financial statements and does not satisfy the requirements of the exemption in either of subsection 2.7(1) or (2) of NI 44-101,

(ii) the issuer does not have a current AIF and does not satisfy the requirements of the exemption in either of subsection 2.7(1) or (2) of NI 44-101,

(iii) the issuer has withdrawn its notice declaring the issuer's intention to be qualified to file a short form prospectus under NI 44-101, or

(iv) the securities to which the agreement relates

(A) have not received a final approved rating,

(B) are the subject of an announcement by an approved rating organization, of which the issuer is or ought reasonably to be aware, that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, or

(C) have received a provisional or final rating lower than an approved rating from any approved rating organization; and

(c) the lapse date, if any, prescribed by securities legislation.

2.4 Shelf Qualification for Distributions under Section 2.4 of NI 44-101 (Guaranteed Non-Convertible Debt Securities, Preferred Shares and Cash Settled Derivatives)

(1) An issuer is qualified to file a short form prospectus that is a preliminary base shelf prospectus for non-convertible debt securities, non-convertible preferred shares or non-convertible cash settled

derivatives if, at the time of filing, the issuer is qualified under section 2.4 of NI 44-101 to file a prospectus in the form of a short form prospectus.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus.

(3) A receipt issued for a base shelf prospectus of an issuer qualified under subsection (2) is effective until the earliest of

(a) the date 25 months from the date of its issue;

(b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time

(i) a credit supporter has not provided full and unconditional credit support for the securities to which the shelf prospectus supplement relates,

(ii) unless the requirements of subparagraph 2.4(1)(b)(ii) of NI 44-101, but not the requirements of subparagraph 2.4(1)(b)(i) of NI 44-101, were satisfied at the time the issuer filed its base shelf prospectus, the credit supporter does not have current annual financial statements and does not satisfy the requirements of the exemption in either of subsection 2.7(1) or (2) of NI 44-101,

(iii) unless the requirements of subparagraph 2.4(1)(b)(ii) of NI 44-101, but not the requirements of subparagraph 2.4(1)(b)(i) of NI 44-101, were satisfied at the time the issuer filed its base shelf prospectus, the credit supporter does not have a current AIF and does not satisfy the requirements of the exemption in either of subsection 2.7(1) or (2) of NI 44-101,

(iv) the issuer has withdrawn its notice declaring the issuer's intention to be qualified to file a short form prospectus under NI 44-101, or

(v) either of the following is true

(A) the credit supporter's equity securities are not listed or posted for trading on a short form eligible exchange, or

(B) the credit supporter is a credit supporter

(I) whose operations have ceased, or

(II) whose principal asset is cash, cash equivalents, or its exchange listing, and

either of the following is true:

(C) the credit supporter does not have issued and outstanding non-convertible securities that

(I) have received an approved rating,

(II) have not been the subject of an announcement by an approved rating organization, of which the issuer is or ought reasonably to be aware, that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(III) have not received a rating lower than an approved rating from any approved rating organization, or

(D) the securities to which the agreement relates

(I) have not received a final approved rating,

(II) have been the subject of an announcement by an approved rating organization, of which the issuer is or ought reasonably to be aware, that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, and

(III) have received a provisional or final rating lower than an approved rating from any approved rating organization; and

(c) the lapse date, if any, prescribed by securities legislation.

2.5 Shelf Qualification for Distributions under Section 2.5 of NI 44-101 (Guaranteed Convertible Debt Securities or Preferred Shares)

(1) An issuer is qualified to file a short form prospectus that is a preliminary base shelf prospectus for convertible debt securities and convertible preferred shares if, at the time of filing, the issuer is qualified under section 2.5 of NI 44-101 to file a prospectus in the form of a short form prospectus.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on subsection (1) is qualified to file a short form prospectus that is the corresponding base shelf prospectus.

(3) A receipt issued for a base shelf prospectus qualified under subsection (2) is effective until the earliest of

(a) the date 25 months from the date of its issue;

(b) the time immediately before the entering into of an agreement of purchase and sale for a security to be sold under the base shelf prospectus, if at that time

(i) the securities to which the agreement relates are not convertible into securities of a credit supporter that has provided full and unconditional credit support for the securities being distributed,

(ii) the credit supporter does not have current annual financial statements and does not satisfy the requirements of the exemption in either of subsection 2.7(1) or (2) of NI 44-101,

(iii) the credit supporter does not have a current AIF and does not satisfy the requirements of the exemption in either of subsection 2.7(1) or (2) of NI 44-101,

(iv) the credit supporter's equity securities are not listed or posted for trading on a short form eligible exchange,

(v) the credit supporter is a credit supporter

(A) whose operations have ceased, or

(B) whose principal asset is cash, cash equivalents, or its exchange listing, or

(vi) the issuer has withdrawn its notice declaring the issuer's intention to be qualified to file a short form prospectus under NI 44-101; and

(c) the lapse date, if any, prescribed by securities legislation.

2.6 Shelf Qualification for Distributions under Section 2.6 of NI 44-101 (Asset-Backed Securities)

(1) An issuer that is qualified under section 2.6 of NI 44-101 to file a prospectus in the form of a short form prospectus may file a preliminary base shelf prospectus for asset-backed securities if, at the time of filing, the issuer has reasonable grounds for believing that

(a) all asset-backed securities that it may distribute under the base shelf prospectus will receive an approved rating; and

(b) no asset-backed securities that it may distribute under the base shelf prospectus will receive a rating lower than an approved rating from any approved rating organization.

(2) An issuer that has filed a preliminary base shelf prospectus in reliance on the qualification criteria in section 2.6 of NI 44-101 may file the corresponding base shelf prospectus if, at the time of the filing of the base shelf prospectus, the issuer has reasonable grounds for believing that

(a) all asset-backed securities that it may distribute under the base shelf prospectus will receive an approved rating; and

(b) no asset-backed securities that it may distribute under the base shelf prospectus will receive a rating lower than an approved rating from any approved rating organization.

(3) A receipt issued for a base shelf prospectus qualified under subsection (2) is effective for a distribution of asset-backed securities until the earliest of

(a) the date 25 months from the date of its issue;

(b) the time immediately before the entering into of an agreement of purchase and sale for an asset-backed security to be sold under the base shelf prospectus, if at that time

(i) the issuer does not have current annual financial statements and does not satisfy the requirements of the exemption in either of subsection 2.7(1) or (2) of NI 44-101,

(ii) the issuer does not have a current AIF and does not satisfy the requirements of the exemption in either of subsection 2.7(1) or (2) of NI 44-101, or

(iii) the asset-backed securities to which the agreement relates

(A) have not received a final approved rating,

(B) have been the subject of an announcement by an approved rating organization, of which the issuer is or ought reasonably to be aware, that the approved rating given by the organization may be down-graded to a rating category that would not be an approved rating, or

(C) have received a provisional or final rating lower than an approved rating from any approved rating organization; and

(c) the lapse date, if any, prescribed by securities legislation.

2.7 **Lapse Date - Ontario** - In Ontario, the lapse date prescribed by securities legislation for a receipt issued for a base shelf prospectus is extended to the date 25 months from the date of issuance of the receipt.

2.8 **Lapse Date - Alberta** - In Alberta, the lapse date prescribed by securities legislation for a receipt issued for a base shelf prospectus is the date 25 months from the date of the issuance of the receipt.

2.9 **Limitation on Offerings** - Despite any provision in this Instrument, the shelf procedures shall not be used for a distribution of rights under a rights offering."

6. Subsections 4.1(1) and (2) are amended by moving "in the local jurisdiction" to after "distribute".

7. Section 5.1 is amended in the preamble by adding "for the distribution" after "a short form prospectus".

8. Sections 5.3 and 5.6 are amended by striking out "44-101F3" wherever it occurs and substituting "44-101F1".

9. Section 5.4 is amended by striking out "person or company" and substituting "issuer or selling securityholder".

10. Section 5.5 is amended by adding the following after paragraph 8:

"9. List all exemptions from the provisions of this Instrument granted to the issuer applicable to the base shelf prospectus, including all exemptions to be evidenced by the issuance of a receipt for the base shelf prospectus pursuant to section 11.2."

11. Section 6.1 is amended by adding "and, in Québec, to contain no misrepresentation that is likely to affect the value or the market price of the securities to be distributed" after "distributed under the prospectus".

12. Section 6.2(1) is amended by adding "," after "base shelf prospectus" wherever it occurs.

13. Section 6.2 is amended by adding the following after subsection (2):

"(3) Any unaudited financial statements of an issuer or an acquired business incorporated by reference into the base shelf prospectus but filed after the date of filing the base shelf prospectus must have been reviewed in accordance with the relevant standards set out in the Handbook for a review of financial statements by an entity's auditor or a public accountant's review of financial statements.

(4) Despite subsection (3)

(a) if the financial statements of the issuer or acquired business have been audited in accordance with U.S. GAAS, the unaudited financial statements may be reviewed in accordance with U.S. review standards;

(b) if the financial statements of the issuer or acquired business have been audited in accordance with International Standards on Auditing, the unaudited financial statements may be reviewed in accordance with international review standards; or

(c) if the financial statements of the issuer or acquired business have been audited in accordance with auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, the unaudited financial statements may be reviewed in accordance with review standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject.

(5) The review specified in subsection (3) must have been completed

(a) if the base shelf prospectus established an MTN program or other continuous offering, no later than filing of the unaudited financial statements; or

(b) in all other circumstances, no later than the next filing of a shelf supplement."

14. Section 6.5 is amended by striking out "securities legislation that regulate conflicts of interest in connection with a distribution of securities of a registrant, a connected issuer of a registrant or a related issuer of a registrant" and substituting "National Instrument 33-105 *Underwriting Conflicts*".

15. Section 6.7 is amended by adding "and, in Québec, contain no misrepresentation that is likely to affect the value or the market price of the securities to be distributed," after "distributed".

16. Section 7.1 is amended by striking out "do not".

17. Subsection 7.2(1) is amended by striking out "that use of the" and substituting "the use of that".

18. Section 7.3 is repealed.

19. Subsection 8.2(1) is amended by striking out "5.5" and substituting "5.6".

20. Subsection 9.1(1) is amended

(a) by striking out "11.1" and substituting "6.1"; and

(b) by striking out "2.9 of National Instrument 44-101" and substituting "9.2".

21. Part 9 is amended by adding the following after section 9.1:

"**9.2 Market Value Calculation**

(1) For the purposes of this Part,

(a) the aggregate market value of the equity securities of an issuer on a date is the aggregate of the market value of each class of its equity securities on the date, calculated by multiplying

(i) the total number of equity securities of the class outstanding on the date, by

(ii) the closing price on the date of the equity securities of the class on the exchange in Canada on which that class of equity securities is principally traded; and

(b) instalment receipts may, at the option of the issuer, be deemed to be equity securities if

(i) the instalment receipts are listed and posted for trading on an exchange in Canada, and

(ii) the outstanding equity securities, the beneficial ownership of which is evidenced by the instalment receipts, are not listed and posted for trading on an exchange in Canada.

(2) For the purposes of subsection (1), in calculating the total number of equity securities of a class outstanding, an issuer shall exclude those equity securities of the class that are beneficially owned, or over which control or direction is exercised, by persons or companies that, alone or together with their respective affiliates and associated parties, beneficially own or exercise control or direction over more than 10 per cent of the outstanding equity securities of the issuer.

(3) Despite subsection (2), if a portfolio manager of a pension fund or investment fund, alone or together with its affiliates and associated parties, exercises control or direction in the aggregate over more than 10 per cent of the outstanding equity securities of an issuer, and the fund beneficially owns or exercises control or direction over 10 per cent or less of the issued and outstanding equity securities of the issuer, the securities that the fund beneficially owns or exercises control or direction over are not excluded unless the portfolio manager is an affiliate of the issuer."

22. Part 10 is repealed.

23. Subsection 11.1(2) is amended by striking out "and Alberta".

24. Appendix A is amended by striking out "and will not contain any misrepresentation" wherever it occurs and substituting ". For the purpose of the Province of Québec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, will contain no misrepresentation that is".

25. Appendix B is amended by striking out "and does not contain any misrepresentation" wherever it occurs and substituting ". For the purpose of the Province of Québec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is".

26. This Instrument comes into force on December 30, 2005.

AMENDMENTS TO
COMPANION POLICY 44-102CP
TO NATIONAL INSTRUMENT 44-102 *SHELF DISTRIBUTIONS*

Companion Policy 44-102CP to National Instrument 44-102 *Shelf Distributions* is amended as follows:

1. "National Instrument" is struck out wherever it occurs and substituted with "NI" other than in subsection 1.1(1) and in subsection 1.1(2) in the phrase "National Instrument 44-101 *Short Form Prospectus Distributions*".

2. Subsection 1.1(2) is amended by striking out "5" and substituting "6".

3. Section 2.2 is amended

   (a) in subsection (1) by adding ", the time" after "(ii)";

   (b) in subsection (2) by striking out "At the time of the coming into force of this Policy New Brunswick has a lapse date provision in its securities legislation and has not provided blanket relief for shelf distributions."; and

   (c) by rescinding subsection (3).

4. Subsection 2.3(1) is amended by striking out "POP" and substituting "short form prospectus distributions".

5. Section 2.4 is amended

   (a) in the title, by adding "Novel" after "of";

   (b) in subsection (2), by adding the following after "The securities regulatory authorities":

   > "also want to ensure that prospectus investors of such products are entitled to the appropriate rights at the time of their investment as contemplated by applicable securities laws. Reference is made to section 4.8 of Companion Policy NI 44-101CP for a discussion of these issues. The securities regulatory authorities";

   (c) in subsection (3)

   (i) by striking out "issues" and substituting "distributions"; and

   (ii) by adding the following after "prospectus.":

   > "This includes any circumstances where a base shelf prospectus, including, if applicable, an unallocated shelf prospectus, may be used together with a prospectus supplement to qualify novel products.";

   (d) in subsection (4), by adding the following to the end:

   > "However, in circumstances where an issuer or its advisor is uncertain if a product is novel, the securities regulatory authorities encourage the issuer to either treat products as novel or to seek input from staff prior to filing a base shelf prospectus or prospectus supplement, as the case may be."; and

   (e) in subsection (5), by adding the following to the end:

   > "The securities regulatory authorities also believe that the rights provided to investors in such products should be no less comprehensive than the rights provided in offerings previously reviewed by a securities regulatory authority in a jurisdiction."

6. Subsection 2.5(3) is amended by striking out "These terms" and substituting "This information".

7. The following section is added after section 2.6:

   > "**2.6.1 Expert's Consent** – Section 7.2 of NI 44-102 provides that if a document (the "Document") containing an expert's opinion, report or valuation is incorporated by reference into a base shelf prospectus and filed after the filing of the base shelf prospectus, the issuer must file the written consent of the expert in

accordance with deadlines that vary with the circumstances. For example, issuers are reminded that separate auditor's consents are required at the filing of the base shelf prospectus and in each subsequent shelf prospectus supplement for each set of audited financial statements incorporated by reference. The following is intended to illustrate the required timing for the filing of the expert's consents:

Type of Prospectus Filed	**Timing of inclusion of expert's report**	**Timing of filing of expert's consent**
MTN or non-MTN base shelf prospectus	Expert's report included in the base shelf prospectus at the date the base shelf prospectus is filed.	Expert's consent is filed at the date the prospectus is filed.
MTN base shelf prospectus	Expert's report included in a Document, filed after the base shelf prospectus is filed, that is incorporated by reference into the prospectus.	Expert's consent is filed at the date the Document is filed.
Non-MTN base shelf prospectus	Expert's report included in a Document, filed after the base shelf prospectus is filed, that is incorporated by reference into the prospectus.	Expert's consent is filed no later than the date of filing of the next prospectus supplement corresponding to the base shelf prospectus or the date the Document is filed.

8. Section 3.1 is amended

(a) in subsection (2)

(i) by striking out "subsection 5.8(1)" wherever it occurs and substituting "section 5.8";

(ii) by striking out "6.5" and substituting "3.5"; and

(iii) by striking out "the National Instrument" and substituting "NI 44-102"; and

(b) by adding the following as subsection (4):

"If an issuer wishes to add securities to its base shelf prospectus it may do so prior to issuing all of the securities qualified by the base shelf prospectus by filing an amendment to the base shelf prospectus. This will not extend the life of the base shelf prospectus."

AMENDMENT INSTRUMENT
FOR
NATIONAL INSTRUMENT 44-103
POST-RECEIPT PRICING

1. This Instrument amends National Instrument 44-103 *Post-Receipt Pricing*.

2. Subsection 3.2(1) is amended

   (a) in clause 5(a)(ii) by striking out "and" and substituting "or";

   (b) in subparagraph 5(b) by striking out "otherwise,";

   (c) in subparagraph 7(c) by adding "together with the documents and information incorporated herein by reference and" after "simplified prospectus,";

   (d) in paragraph 8 by adding "together with the documents and information incorporated herein by reference and" after "simplified prospectus,"; and

   (e) by adding the following after paragraph 9:

      "10. List all exemptions from the provisions of this Instrument granted to the issuer applicable to the base PREP prospectus, including all exemptions to be evidenced by the issuance of a receipt for the base PREP prospectus pursuant to section 6.2."

3. Section 3.3 is amended in paragraph 8 by striking out "44-101F3" and substituting "44-101F1".

4. Section 3.6 is amended in paragraph 2 by moving "to the document" to after "reference".

5. Section 4.1 is amended by adding "and, in Québec, to contain no misrepresentation that is likely to affect the value or the market price of the securities to be distributed" after "under the prospectus".

6. Subsection 4.5(2) is amended

   (a) by repealing subparagraph 3(c) and substituting the following:

      "(c) any person or company who is a promoter of the issuer:

      "This [insert, if applicable, "short form"] prospectus, [insert in the case of a short form prospectus distribution – "together with the documents incorporated herein by reference,"] constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if distribution made in Québec - "For the purpose of the Province of Québec, this [insert, if applicable, "simplified"] prospectus, [insert in the case of a short form prospectus distribution - "together with documents incorporated herein by reference and as supplemented by the permanent information record,"] contains no misrepresentation likely to affect the value or the market price of the securities to be distributed."]"

   (b) by repealing paragraph 4 and substituting the following:

      "4. Instead of the prospectus certificate required under paragraph 8 of subsection 3.2(1), a certificate in the following form signed by each underwriter, if any, who for the securities to be distributed under the prospectus, is in a contractual relationship with the issuer or selling security holder:

      "To the best of our knowledge, information and belief, this [insert, if applicable, "short form"] prospectus [insert in the case of a short form prospectus distribution - ", together with the documents incorporated herein by reference,"] constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under the securities legislation of [insert name of each jurisdiction in which qualified]. [Insert if distribution made in Québec - "For the purpose of the Province of Québec, this [insert, if applicable, "simplified"] prospectus, [insert in the case of a short form prospectus distribution - "together with documents incorporated herein by reference and as supplemented by the permanent information record,"] contains no misrepresentation likely to affect the value or the market price of the securities to be distributed."]"

7. Part 5 is repealed.

8. Subsection 6.1(2) is amended by striking out “and Alberta”.

9. This Instrument comes into force on December 30, 2005.

AMENDMENT TO
COMPANION POLICY 44-103CP
TO NATIONAL INSTRUMENT 44-103 *POST-RECEIPT PRICING*

Companion Policy 44-103CP to National Instrument 44-103 *Post-Receipt Pricing* is amended as follows:

1. Subsection 1.3(2) is amended by striking out “National Instrument” wherever it occurs and substituting “NI” other than in the phrase “National Instrument 44-101 *Short Form Prospectus Distributions*”.

AMENDMENT INSTRUMENT
FOR
NATIONAL INSTRUMENT 51-101
STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES

1. This Instrument amends National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities.*

2. Section 1.1 is amended by:

   (a) repealing paragraph (a) and substituting the following:

   > "(a) "annual information form" has the same meaning as "AIF" in National Instrument 51-102 *Continuous Disclosure Obligations*;" ; and

   (b) repealing paragraph (r).

3. This Instrument comes into force on December 30, 2005.

AMENDMENTS
TO
COMPANION POLICY 51-101CP
TO NATIONAL INSTRUMENT 51-101
STANDARDS OF DISCLOSURE FOR OIL AND GAS ACTIVITIES

Companion Policy 51-101CP to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* is amended as follows:

1. Section 2.4 is amended by:

   (a) rescinding paragraph (a) and substituting the following:

   > "(a) Meaning of "Annual Information Form" - *Annual information form* has the same meaning as "AIF" in National Instrument 51-102 *Continuous Disclosure Obligations*. Therefore, as set out in that definition, an *annual information form* can be a completed Form 51-102F2 *Annual Information Form* or, in the case of an SEC issuer (as defined in NI 51-102), a completed Form 51-102F2 or an annual report or transition report under the 1934 Act on Form 10-K, Form 10-KSB or Form 20-F."

   (b) in paragraph (b) by striking out the first sentence and substituting the following:

   > "Form 51-102F2 *Annual Information Form* requires the information required by section 2.1 of NI 51-101 to be included in the *annual information form*. That information may be included either by setting out the text of the information in the *annual information form* or by incorporating it by reference from separately filed documents."

2. Appendix 1 is amended by:

   (a) rescinding the definition of "Annual information form" and substituting the following:

" Annual information form	A completed Form 51-102F2 *Annual Information Form*, or in the case of an SEC issuer (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*) a completed Form 51-102F2 or an annual report or transition report under the 1934 Act on Form 10-K, Form 10-KSB or Form 20-F. [NI 51-102]"

   (b) rescinding the definition of NI 44-101.

AMENDMENT INSTRUMENT FOR
FORM 51-102F2 *ANNUAL INFORMATION FORM* OF
NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. This Instrument amends Form 51-102F2 *Annual Information Form*.

2. Subsection 16.2(1) is amended

   (a) in paragraphs (a) and (b), by adding “and, if the expert is not an individual, by the designated professionals of that expert,” immediately after “named in section 16.1”; and

   (b) in paragraph (c), by adding “and, if the expert is not an individual, by the designated professionals of that expert” immediately after “named in section 16.1”.

3. The following subsection is added after subsection 16.2(1):

   “(1.1) For the purposes of subsection (1), a "designated professional" means, in relation to an expert named in section 16.1,

      (a) each partner, employee or consultant of the expert who participated in and who was in a position to directly influence the preparation of the statement, report or valuation referred to in paragraph 16.1(a); and

      (b) each partner, employee or consultant of the expert who was, at any time during the preparation of the statement, report or valuation referred to in paragraph 16.1(a), in a position to directly influence the outcome of the preparation of the statement, report or valuation, including, without limitation

         (i) any person who recommends the compensation of, or who provides direct supervisory, management or other oversight of, the partner, employee or consultant in the performance of the preparation of the statement, report or valuation referred to in paragraph 16.1(a), including those at all successively senior levels through to the expert's chief executive officer;

         (ii) any person who provides consultation regarding technical or industry-specific issues, transactions or events for the preparation of the statement, report or valuation referred to in paragraph 16.1(a); and

         (iii) any person who provides quality control for the preparation of the statement, report or valuation referred to in paragraph 16.1(a).”

4. The following subsection is added after subsection 16.2(2):

   “(2.1) Despite subsection (1), an auditor who is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or who has performed an audit in accordance with US GAAS is not required to provide the disclosure in subsection (1) if there is disclosure that the auditor is independent in accordance with the auditor's rules of professional conduct in a jurisdiction of Canada or that the auditor has complied with the SEC's rules on auditor independence.”

5. This Instrument comes into force on December 30, 2005.

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORM 45-501F1

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
12/07/2005	19	49 North Resources Flow-Through L.P. - L.P. Units	475,500.00	91,500.00
11/30/2005	4	ABC Fundamental - Value Fund - Units	600,000.00	30,121.00
11/30/2005	1	Apollo Gold Corporation - Common Shares	189,000.00	900,000.00
11/23/2005	13	Arsenal Energy Inc. - Flow-Through Shares	4,000,000.25	12,285,715.00
11/30/2005	48	Augen Limited Partnership 2205 - L.P. Units	1,344,000.00	13,440.00
12/09/2005	8	Bancorp Investments (Fund 2) Ltd. - Preferred Shares	298,000.00	11,920.00
12/07/2005	45	bcMetals Corporation - Units	1,250,000.00	2,500,000.00
12/14/2005	2	Bedford Capital III, LP - L.P. Units	10,000,000.00	10,000.00
12/06/2005	3	Blackwood Realty Fund I L.P. - L.P. Interest	36,000,000.00	36,000,000.00
12/13/2005	2	Block Communications, Inc. - Notes	3,469,200.00	3,000.00
12/09/2005	8	BTI Photonics Systems Inc. - Preferred Shares	15181692.13	10,497,891.00
11/30/2005	222	Builders Energy Services Trust - Trust Units	25,011,000.00	1,588,000.00
12/06/2005	28	Canadian Trading and Quotation System Inc. - Debentures	10,305,480.44	1.00
11/29/2005	1	Carlyle Mexico Partners-F, L.P. - Limited Liability Interest	29,260,500.00	1.00
12/08/2005	1	Clayton, Dubilier & Rice Fund VII, L.P. - L.P. Interest	5,787,000.00	5,000,000.00
11/16/2005	2	Clear Channel Outdoor Holdings Inc. - Stock Option	2,179,302.48	100,400.00
11/30/2005	1	Clearly Canadian Beverage Corporation - Common Shares	174,750.00	75,000.00
12/12/2005	30	Cobra Venture Corporation - Units	415,000.00	2,075,000.00
12/15/2005	21	Costa Resources Ltd. - Common Shares	990,000.00	1,960,000.00
11/16/2005 to 12/15/2005	25	Currency Capital Corp. - Common Shares	120,200.00	30,050.00
11/25/2005	1	DB Mortgage Investment Corporation #1 - Common Shares	3,250,000.00	3,250.00
11/30/2005	18	Discovery Drilling Funds 2003 Development Limited Partnership - L.P. Units	425,000.00	425.00
12/09/2005	62	Ensyn Corporation - Stock Option	2,320,589.00	664,887.00
12/06/2005	20	Equigenesis 2005 Preferred Investment LP - Units	32,396,000.00	910.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
12/02/2005	1	Escalate Capital I, L.P. - L.P. Interest	23,166,000.00	-1.00
11/28/2005	1	Gemfields Resources PLC - Common Shares	574,200.00	638,000.00
12/12/2005 to 12/16/2005	18	General Motors Acceptance Corporation of Canada, Limited - Notes	4,342,877.97	43,428.00
11/30/2005	2	Gladiator Absolute Return Canadian Equity Fund - Units	400,000.00	36,680.00
11/24/2005	1	Global Development Resources Inc. - Common Shares	300,000.00	625,000.00
12/09/2005	1	Goldsource Mines Inc. - Units	30,000.00	50,000.00
11/30/2005	1	HSBC Bank Canada - Units	500,000.00	500,000.00
11/16/2005	1	IHS Inc. - Stock Option	19,294.40	1,000.00
12/01/2005 to 12/09/2005	16	IMAGIN Diagnostic Centres, Inc. - Preferred Shares	197,000.00	98,500.00
11/22/2005	1	Intermediate Capital Asia Pacific Mezzanine Opportunity 2005 L.P. - Units	291,375.00	250.00
12/07/2005	2	International Nickel Ventures Inc. - Common Shares	955,000.00	1,910,000.00
09/30/2005 to 11/30/2005	7	Jemekk Long/Short Fund L.P. - L.P. Units	825,000.00	825.00
05/31/2005 to 08/31/2005	11	Jemekk Long/Short Fund L.P. - L.P. Units	3,650,000.00	3,650.00
11/30/2005	2	Kingwest Canadian Equity Portfolio - Units	350,000.00	34,303.00
12/14/2005	15	Kodiak Oil & Gas Corp. - Common Shares	9,800,000.00	7,000,000.00
11/21/2005 to 12/01/2005	5	KWG Resources Inc. - Common Shares	305,000.00	5,900,000.00
09/18/2005	1	KWG Resources Inc. - Common Shares	7,500.00	150,000.00
10/31/2005	4	Legg Mason Balanced Alpha Pool - Units	47,169.38	-1.00
12/07/2005	1	Longview Solutions Inc. - Debentures	3,500,000.00	1.00
11/25/2005	191	Lynden Ventures Ltd. - Units	6,272,500.25	8,363,334.00
11/28/2005	45	Majescor Resources Inc. - Flow-Through Shares	1,352,650.00	10,405,000.00
11/24/2005 to 12/05/2005	26	Marauder Resources East Coast Inc. - Units	6,083,224.95	4,289,760.00
12/01/2005	19	Markinch Capital Corp. - Units	87,750.00	117,000.00
11/18/2005	61	Markinch Realty Corporation - Units	322,500.00	1,612,500.00
12/07/2005	9	Maudore Minerals Ltd. - Common Shares	466,000.00	1,456,250.00
12/01/2005	1	Meridian Diversified ERISA Fund, Ltd. - Units	10,007,000.00	85,487.00
12/13/2005	1	Nevada Pacific Gold Ltd. - Units	2,768,485.20	6,921,213.00
12/01/2005	1	New Solutions Financial (II) Corporation - Debentures	250,000.00	250,000.00
12/07/2005	1	NorthStar Realty Finance Corp. - Common Shares	431,586.00	38,796.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
10/25/2005 to 10/27/2005	1	OrthoClear Holdings Inc. - Stock Option	58,933.30	104,124.00
12/05/2005	1	Pele Mountain Resources Inc. - Units	250,800.00	1,140,000.00
12/08/2005	28	Pennine Petroleum Corporation - Common Shares	1,223,950.00	2,717,000.00
12/09/2005	1	Performance Plants Inc. - Notes	166,667.00	-1.00
11/30/2005	64	PetroGlobe Inc. - Units	90,216.00	1,646,270.00
12/12/2005	19	Pine Valley Mining Corporation - Units	10,137,500.00	4,055,000.00
11/30/2005	149	Qeva Group Inc. - Units	2,527,000.00	7,220,000.00
11/08/2005	1	Qwest Communications International Inc. - Notes	299,225.00	250,000.00
12/02/2005	1	Real Assets US Social Equity Index Fund - Units	4,576.00	623.00
11/30/2005	19	REGI U.S. Inc. - Units	455,286.00	1,500,000.00
12/07/2005	70	Revolve Energy Inc. - Common Shares	14,000,000.00	8,000,000.00
11/30/2005	41	Rhone 2005 Oil & Gas Strategic Limited Partnership - L.P. Units	6,640,000.00	265,600.00
12/07/2005	43	Rolling Rock Resource Corporation - Flow-Through Shares	757,500.00	1,800,000.00
11/25/2005	62	Sahara Energy Ltd. - Units	3,058,000.00	6,116,000.00
11/25/2005	62	Sahara Energy Ltd. - Units	3,058,000.00	6,116,000.00
12/01/2005	10	SignalEnergy Inc. - Common Shares	3,040,000.00	2,000,000.00
12/08/2005	152	Stoneham Drilling Trust - Trust Units	42,000,750.00	1,866,700.00
12/06/2005	85	Stylus Energy Inc. - Common Shares	10,044,000.00	1,390,000.00
11/30/2005	1	TD Harbour Capital Balanced Fund - Units	2,200,000.00	19,557.00
12/05/2005	23	Terra 2005 Mining Flow-Through Limited Partnership - L.P. Units	501,000.00	501.00
12/05/2005	18	Terra 2005 Oil & Gas Flow-Through Limited Partnership - L.P. Units	543,000.00	543.00
06/20/2005	1	The Canadian Investment Fund for Africa LP - L.P. Interest	24,752,000.00	24,752,000.00
12/07/2005	5	Third Brigade Inc. - Preferred Shares	13,100,000.00	37,750,000.00
11/18/2005	52	TIR Systems Ltd. - Debentures	8,995,000.00	6,919,209.00
11/29/2005	60	Titan Exploration, Inc. - Common Shares	14,250,000.00	3,000,000.00
12/07/2005	172	Tropic Networks Inc. - Receipts	87,750,000.00	13,000,000.00
12/05/2005	321	TUSK Energy Corporation - Warrants	24,551,260.00	3,100,000.00
12/02/2005	12	Twenty-Seven Capital Corp - Units	500,000.00	1,250,000.00
12/05/2005	18	Tyhee Development Corp. - Units	1,718,080.08	14,317,333.00
12/09/2005	3	USA Video Interactive Corp. - Units	14,250.00	200,000.00
11/30/2005	24	Villabar Properties (2005) Limited Partnership - Units	3,720,000.00	25.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
11/30/2005	12	Vismand Exploration Inc. - Flow-Through Shares	627,000.00	209,000.00
11/30/2005	1	Vismand Exploration Inc. - Preferred Shares	51,000.00	17,000.00
12/02/2005	72	Yamiri Gold and Energy Inc. - Common Shares	19,132,412.50	60,529,650.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Acadian Timber Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 19, 2005
Mutual Reliance Review System Receipt dated December 19, 2005
Offering Price and Description:
$ * - * Units - Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Promoter(s):
Fraser Papers Inc.
Project #871306

Issuer Name:
Acuity Diversified Total Return Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 19, 2005
Mutual Reliance Review System Receipt dated December 19, 2005
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit (Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
Raymond James Ltd.
Wellington West Capital Inc.
Berkshire Securities Inc.
Blackmont Capital Inc.
GMP Securities L.P.
IPC Securities Corporation
Promoter(s):
Acuity Funds Ltd.
Project #871246

Issuer Name:
Addax Petroleum Corporation
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary PREP Prospectus dated December 15, 2005
Mutual Reliance Review System Receipt dated December 16, 2005
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Merrill Lynch Canada Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
FirstEnergy Capital Corp.
Peters & Co. Limited
Promoter(s):
-
Project #867623

Issuer Name:
BluMont Man Alternative Yield Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 16, 2005
Mutual Reliance Review System Receipt dated December 19, 2005
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit Minimum purchase: $5,000 (500 Units)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Berkshire Securities Inc.
Blackmont Capital Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
Wellington West Capital Inc.
Promoter(s):
BluMont Capital Corporation
Project #870883

Issuer Name:
BMO Harris Income Opportunity Bond Portfolio
BMO Harris Opportunity Bond Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated December 16, 2005
Mutual Reliance Review System Receipt dated December 19, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BMO Investments Inc.
BMO Investments Inc.
Promoter(s):
BMO Trust Company
Project #870918

Issuer Name:
Brompton Advantaged Tracker Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 16, 2005
Mutual Reliance Review System Receipt dated December 20, 2005
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Blackmont Capital Inc.
Dundee Securities Corporation
Raymond James Ltd.
Research Capital Corporation
IPC Securities Corporation
Wellington West Capital Inc.
Acadian Securities Incorporated
Promoter(s):
Brompton BTF Management Limited
Project #871720

Issuer Name:
Dividend 15 Split Corp.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated December 13, 2005
Mutual Reliance Review System Receipt dated December 14, 2005
Offering Price and Description:
$ * - * Preferred Shares; * Class A Shares Prices: $10.75 per Preferred Share and $18.25 per Class A Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Raymond James Ltd.
Bieber Securities Inc.
Blackmont Capital Inc.
Laurentian Bank Securities Inc.
Wellington West Capital Inc.
Promoter(s):
Quadravest Capital Management Inc.
Project #868810

Issuer Name:
Medicure Inc.
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated December 14, 2005
Mutual Reliance Review System Receipt dated December 14, 2005
Offering Price and Description:
$10,075,000.00 - 6,500,000 Common Shares Price: $1.55 per Common Share
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
Promoter(s):
-
Project #869872

Issuer Name:
Mullen Group Income Fund
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 15, 2005
Mutual Reliance Review System Receipt dated December 15, 2005
Offering Price and Description:
$90,000,000.00 - 3,000,000 Trust Units Price: $30.00 per Unit
Underwriter(s) or Distributor(s):
FirstEnergy Capital Corp.
RBC Dominion Securities Inc.
TD Securities Inc.
Peters & Co. Limited
Westwind Partners Inc.
Promoter(s):
-
Project #870442

Issuer Name:
Pure Energy Services Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated December 16, 2005
Mutual Reliance Review System Receipt dated December 16, 2005
Offering Price and Description:
$ * - * Common Shares
Underwriter(s) or Distributor(s):
Peters & Co. Limited
Sprott Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #870867

Issuer Name:
Pure Energy Visions Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 15, 2005
Mutual Reliance Review System Receipt dated December 19, 2005
Offering Price and Description:
29,126,160 Common Shares Issuable Upon Exercise of 29,126,160 Special Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
D. Wayne Hartford
Project #870910

Issuer Name:
Top 10 Split Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 14, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Blackmont Capital Inc.
Raymond James Ltd.
Promoter(s):
Mulvihill Capital Management Inc.
Project #869744

Issuer Name:
Toronto Hydro Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated December 13, 2005
Mutual Reliance Review System Receipt dated December 15, 2005
Offering Price and Description:
$1,000,000,000.00 DEBENTURES (unsecured)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
-
Project #869935

Issuer Name:
Transition Therapeutics Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 15, 2005
Mutual Reliance Review System Receipt dated December 15, 2005
Offering Price and Description:
$10,350,000.00 - 15,000,000 Common Shares Price: $ 0.69 per Share
Underwriter(s) or Distributor(s):
Versant Partners Inc.
GMP Securities L.P.
Dundee Securities Corporation
National Bank Financial Inc.
Promoter(s):
-
Project #870335

Issuer Name:
Trilogy Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 15, 2005
Mutual Reliance Review System Receipt dated December 15, 2005
Offering Price and Description:
$148,500,000.00 - 6,000,000 Trust Units Price: $24.75 Trust Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Blackmont Capital Inc.
Canaccord Capital Corporation
RBC Dominion Securities Inc.
Scotia Capital Inc.
FirstEnergy Capital Corp.
GMP Securities L.P.
Peters & Co. Limited
Promoter(s):
Paramount Resources Ltd.
Project #870479

Issuer Name:
VenGrowth Money Market Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated December 13, 2005
Mutual Reliance Review System Receipt dated December 14, 2005
Offering Price and Description:
Class A Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
VenGrowth Capital Partners Inc.
Project #869539

Issuer Name:
ARC Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 16, 2005
Mutual Reliance Review System Receipt dated December 16, 2005
Offering Price and Description:
$239,850,000.00 - 9,000,000 Trust Units Price: $26.65 per Trust Unit
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:
Final Short Form Prospectus dated December 16, 2005
Mutual Reliance Review System Receipt dated December 19, 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:
Final Short Form Prospectus dated December 19, 2005
Mutual Reliance Review System Receipt dated December 19, 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:
Caldwell America Fund
Caldwell Balanced Fund
Caldwell Canada Fund
Caldwell Income Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 14, 2005 to the Simplified Prospectuses and Annual Information Forms dated July 5, 2005
Mutual Reliance Review System Receipt dated December 20, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Caldwell Securities Ltd.
Caldwell Securities Ltd.
Promoter(s):
-
Project #788443

Issuer Name:
CARDS II Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Shelf Prospectus dated December 14, 2005
Mutual Reliance Review System Receipt dated December 14, 2005
Offering Price and Description:
Up to $9,000,000,000.00 - 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:
Final Short Form Prospectus dated December 16, 2005
Mutual Reliance Review System Receipt dated December 16, 2005
Offering Price and Description:
$70,000,000.00 - 6.00% Convertible Unsecured Subordinated Debentures, due 2012
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:
Communications DVR inc.
Principal Regulator - Quebec
Type and Date:
Final CPC Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 15, 2005
Offering Price and Description:
Minimum Offering: $250,000.00 or 1,250,000 common shares; Maximum Offering: $600,000.00 or 3,000,000 common shares Price: $0.20 per common share
Underwriter(s) or Distributor(s):
Investpro Securities Inc.
Union Securities Ltd.
Promoter(s):
Marc Lafontaine
Project #829171

Issuer Name:
Corriente Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 19, 2005
Mutual Reliance Review System Receipt dated December 19, 2005
Offering Price and Description:
$30,039,750.00 - 7,605,000 Common Shares $3.95 per Offered 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:
Crescent Point Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 15, 2005
Mutual Reliance Review System Receipt dated December 15, 2005
Offering Price and Description:
$220,086,900.00 - 10,406,000 Subscription Receipts, each representing the right to receive one Trust Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #868157

Issuer Name:
DELPHI ENERGY CORP.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 19, 2005
Mutual Reliance Review System Receipt dated December 19, 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:
Final Short Form Prospectus dated December 20, 2005
Mutual Reliance Review System Receipt dated December 20, 2005
Offering Price and Description:
Preferred Shares = 1,380,000 @ $10.75 per share = $14,835,000
Class A Shares = 1,380,000 @ $18.25 per share = $25,185,000
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Raymond James Ltd.
Bieber Securities Inc.
Blackmont Capital Inc.
Laurentian Bank Securities Inc.
Wellington West Capital Inc.
Promoter(s):
Quadravest Capital Management Inc.
Project #868810

Issuer Name:
Front Street Alternative Asset Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 16, 2005
Mutual Reliance Review System Receipt dated December 16, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
TNG Canada/CWA Sponsor Inc.
Front Street Capital 2004
Project #843770

Issuer Name:
Front Street Energy Growth Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 16, 2005
Mutual Reliance Review System Receipt dated December 19, 2005
Offering Price and Description:
Class A Shares, Series III @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
TNG Canada/CWA Sponsor Inc.
Front Street Capital
Project #856815

Issuer Name:
Futuremed Healthcare Income Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 20, 2005
Mutual Reliance Review System Receipt dated December 20, 2005
Offering Price and Description:
$120,356,140.00 - 12,035,614 Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
TD Securities Inc.
Dundee Securities Corporation
Sprott Securities Inc.
Promoter(s):
Futuremed Health Care Products Limited Partnership
ONCAP L.P.
R & FS Holdings Limited
Project #862196

Issuer Name:
Glencairn Gold Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated December 14, 2005
Mutual Reliance Review System Receipt dated December 14, 2005
Offering Price and Description:
Cdn$6,004,000.00 - 15,800,000 Units Price: Cdn$0.38 per Unit
Underwriter(s) or Distributor(s):
Orion Securities Inc.
Dundee Securities Corporation
Haywood Securities Inc.
Promoter(s):
-
Project #867101

Issuer Name:
GrowthWorks Commercialization Fund Ltd.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 14, 2005
Mutual Reliance Review System Receipt dated December 15, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
GrowthWorks Capital Ltd.
Promoter(s):
-
Project #848945

Issuer Name:
NSC Canadian Balanced Income Fund
NSC Canadian Equity Fund
NSC Global Balanced Fund
Type and Date:
Final Simplified Prospectuses dated December 9, 2005
Receipted on December 19, 2005
Offering Price and Description:
Class A and Class I Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #845982

Issuer Name:
Oilexco Incorporated
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 14, 2005
Mutual Reliance Review System Receipt dated December 15, 2005
Offering Price and Description:
$70,380,434.00 -19,021,739 Common Shares Price: $3.70 (£1.84) per Offered Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Haywood Securities Inc.
Maison Placements Canada Inc.
Promoter(s):
-
Project #868184

Issuer Name:
Opmedic Group Inc.
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated December 13, 2005
Mutual Reliance Review System Receipt dated December 16, 2005
Offering Price and Description:
$7,403,920.00 - 3,896,800 Common Shares Price: $1.90 per Common Share
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
GMP Securities Ltd.
Promoter(s):
-
Project #841426

Issuer Name:
PRT Forest Regeneration Income Fund
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 15, 2005
Mutual Reliance Review System Receipt dated December 15, 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:
Redstone Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated December 12, 2005
Mutual Reliance Review System Receipt dated December 14, 2005
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Quest Capital Corp.
Project #857821

Issuer Name:
Sequoia Oil & Gas Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 19, 2005
Mutual Reliance Review System Receipt dated December 19, 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:
SkyPower Wind Energy Fund LP
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated December 16, 2005
Mutual Reliance Review System Receipt dated December 19, 2005
Offering Price and Description:
Minimum: $70,000,000.00 (7,000,000 Limited Partnership Units); Maximum: $100,000,000.00 (10,000,000 Limited Partnership Units) Price: $10 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Genuity Capital Markets
Dundee Securities Corporation
Canaccord Capital Corporation
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
SkyPower Corp.
Project #839343

Issuer Name:
Solara Exploration Ltd
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated December 19, 2005
Mutual Reliance Review System Receipt dated December 19, 2005
Offering Price and Description:
Minimum: 5,000 Units ($5,000,000.00); Maximum: 10,000 Units ($10,000,000.00) Price: $1,000 per Unit
Minimum Subscription: 5 Units ($5,000)
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
Promoter(s):
Donald R. Holding
Project #857913

Issuer Name:
Talisman Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Shelf Prospectus dated December 19, 2005
Mutual Reliance Review System Receipt dated December 19, 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:
Final Short Form Prospectus dated December 15, 2005
Mutual Reliance Review System Receipt dated December 15, 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

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Palos Management Inc.	Limited Market Dealer	December 16, 2005
New Registration	AFC Capital Ltee	Extra Provincial Investment Counsel & Portfolio Manager and Limited Market Dealer	December 19, 2005
Change in Category	RBC Private Counsel Inc.	From: Limited Market Dealer, Investment Counsel and Portfolio Manager To: Investment Counsel and Portfolio Manager	December 14, 2005
New Registration	Stonegate Private Counsel LP	Limited Market Dealer, Investment Counsel and Portfolio Manager	December 20, 2005
Change of Name	From: Waterous Securities Inc. To: Scotia Waterous Inc.	Limited Market Dealer	July 5, 2005

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA Ontario Hearing Panel Makes Findings Against Stephan Headley

NEWS RELEASE
For immediate release

MFDA ONTARIO HEARING PANEL MAKES FINDINGS AGAINST STEPHAN HEADLEY

December 14, 2005 (Toronto, Ontario) – A disciplinary hearing in the Matter of Stephan Headley was held today before a Hearing Panel of the Ontario Regional Council of the Mutual Fund Dealers Association of Canada ("MFDA") in Toronto, Ontario. The Hearing Panel found that the two allegations set out by MFDA staff in the Notice of Hearing dated September 8, 2005, summarized below, had been established:

Allegation #1: Between April 2003 and February 2004, Mr. Headley misappropriated the total amount of approximately $155,000 obtained from two of his clients and during that time period he failed to return or truthfully account for these monies, thereby, failing to deal fairly, honestly and in good faith with such clients, contrary to MFDA Rule 2.1.1.

Allegation #2: Commencing in or around November 2004, Mr. Headley failed to produce for inspection and provide copies of documents and information requested by the MFDA for the purpose of investigating a complaint made against him, contrary to s. 22.1 of MFDA By-law No. 1.

The following is a summary of the Hearing Panel Orders made at the conclusion of the hearing:

- A permanent prohibition on Mr. Headley from engaging in any securities-related business in any capacity; and
- Costs in the amount of $7,500.

The Hearing Panel advised that it was reserving on the issue of penalty respecting Allegations # 1 and # 2 set out above and that its decision and written reasons would be issued in due course.

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

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 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 RS Disciplinary Notice - Ian Scott Douglas

December 14, 2005

Person Disciplined

On December 14, 2005, a Hearing Panel of the Hearing Committee of Market Regulation Services Inc. ("RS") found that Ian Scott Douglas ("Douglas") contravened Section 2.1(1) of the Universal Market Integrity Rules ("UMIR"). Mr. Douglas did not attend the hearing.

Requirement Contravened

The Hearing Panel found that the following Requirement was contravened:

(a) On 52 days in the period July 2003 to December 2003, Douglas engaged in a pattern of order entry in the pre-opening session of trading on the TSX which was inconsistent with Just and Equitable Principles of Trade, contrary to Section 2.1(1) of UMIR, for which he is liable pursuant to UMIR 10.4(1)(a).

Sanctions Approved

The following sanctions were approved against Douglas:

(a) A fine of $30,000.00 payable by Douglas to RS; and,

(b) Costs of $15,000.00 payable by Douglas to RS.

Summary of Facts

This matter concerns a pattern of order entry used by Douglas in the pre-opening session of trading on the TSX in the period July 2003 to December 2003 (the "Relevant Period"). Douglas's use of anonymous entry of overlapping orders in order to guarantee himself a fill at the opening of the marketplace, without declaring himself as a bona fide purchaser, seller or a bona fide participant in some cases, and which circumvented the TSX order allocation mechanism at the opening of the marketplace, was contrary to just and equitable principles of trade.

During the Relevant Period for a total of 52 days, prior to 9:28 a.m., Douglas entered non-client orders on both sides of the market, which had the potential of trading against each other. All of the orders were overlapping orders, meaning that the price of the buy side order was higher than or equal to the price of the sell order. All of the orders were marked anonymous. Between 9:28 a.m. and the opening of the market, Douglas would usually cancel or "CFO" one of the orders and then receive a fill for the remaining order. In some cases, he cancelled both orders. Through his trading strategy, Douglas positioned himself for a guaranteed fill in the opening trading session without having to declare himself as a bona fide buyer, seller and in some instances, even as a bona fide participant in the opening.

Douglas positioned these orders to allow him to maintain time priority which avoided the application of the TSX trading mechanism that allocates which orders will receive a complete fill at the opening of trading on the TSX. Pursuant to this mechanism, time priority for a complete fill at the opening is assigned in the pre-opening to certain types of orders, including market orders and better-priced limit orders for client accounts, and market orders and better priced limit orders for non-client accounts if entered prior to 9:28 a.m. Market orders and better priced limit orders for non-client accounts entered after 9:28 a.m. are eligible to participate in the opening but are not guaranteed to be filled. One of the reasons for this allocation mechanism is to ensure the time priority of client orders and prevent market professionals from "scooping" the opening by entering an order just before the start of trading and receiving a disproportionate amount of stock.

On some days, Douglas's order entry strategy also affected both the indicated and actual Calculated Opening Price, or "COP".

Panel Members

Chair:	The Honourable Robert F. Reid, Q.C.
Industry Member:	Ms. Brigitte Geisler, LL.M
Industry Member:	Mr. Donald Page, FCGA, FCSI

Further Information

Participants who require additional information should direct questions to Maureen Jensen, Vice President, Market Regulation, Eastern Region, Market Regulation Services Inc. at 416-646-7216.

About Market Regulation Services Inc.

Market Regulation Services Inc. ("RS") is the regulation services provider for Canadian equity markets including the TSX, TSX Venture Exchange, Canadian Trading and Quotation System, Bloomberg Tradebook Canada Company, Liquidnet Canada Inc. and Markets Inc. RS is recognized by the *Autorité des marchés financiers* in Québec and the securities commissions of Ontario, Manitoba, Alberta and British Columbia to regulate the trading of securities on these marketplaces by participant firms and their trading and sales staff. RS is mandated to conduct its regulatory activities in a neutral, cost-effective, service-oriented and responsive manner.

13.1.3 MFDA Issues Notice of Hearing regarding Ernest Ming Chung Lo

NEWS RELEASE
For immediate release

MFDA ISSUES NOTICE OF HEARING REGARDING ERNEST MING CHUNG LO

December 19, 2005 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada (MFDA) today announced that it has commenced disciplinary proceedings against Ernest Ming Chung Lo.

MFDA staff alleges in its Notice of Hearing that Mr. Lo engaged in the following conduct contrary to the By-laws, Rules or Policies of the MFDA:

- **Allegation #1:** Commencing March 2004, the Respondent engaged in securities related business outside of the accounts and facilities of the Member, by facilitating the participation of a client, LC, in an investment (the "Braganza Investment"), contrary to MFDA Rule 1.1.1.

- **Allegation #2:** Commencing March 2004, the Respondent failed to observe high standards of ethics and conduct in the transaction of business by facilitating the participation of a client, LC, in the Braganza Investment, contrary to MFDA Rule 2.1.1 (b).

- **Allegation #3:** Commencing on or about September 6, 2005, the Respondent failed to provide a report in writing as required by the MFDA in the course of an investigation, contrary to Section 22.1 of MFDA By-law No. 1.

The first appearance in this matter will take place by teleconference before a Hearing Panel of the MFDA Ontario Regional Council in the Hearing Room located at the offices of the MFDA, 121 King Street West, Suite 1000, Toronto, Ontario on Wednesday, January 11, 2006 at 10:00 a.m. (EST) or as soon thereafter as can be held.

The purpose of the first appearance is to schedule the date for the commencement of the hearing on its merits and to schedule any other procedural matters.

The hearing is open to the public, except as may be required for the protection of confidential matters. Members of the public attending the hearing will be able to listen to the proceeding by teleconference.

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

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 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

13.1.4 IDA - Form 1, Part I Auditor's Report – Amendment to Standard Auditor's Report to Reflect Changes to CICA Handbook Section 5600

INVESTMENT DEALERS ASSOCIATION OF CANADA –

FORM 1, PART I AUDITOR'S REPORT –AMENDMENT TO STANDARD AUDITOR'S REPORT TO REFLECT CHANGES TO CICA HANDBOOK SECTION 5600

I OVERVIEW

A CURRENT RULES

To certify that the annual filing of Form 1 presents fairly, in all material respects, the financial position of a particular Member firm, the Panel Auditors file with the IDA and the CIPF the Part I Auditors' Report.

B THE ISSUE(S)

The Canadian Institute of Chartered Accountants (CICA) introduced significant amendments to Section 5100 of the CICA Handbook effective for audit reports issued on or after October 1, 2003 regarding the expression of audit opinions on general purpose financial statements, which among other things, restricted industry accounting practices as an alternative to CICA Handbook accounting principles.

The CICA also introduced new generally accepted audit standards (GAAS) Section 5600 for those reporting entities such as securities dealers that because of their industry's regulatory requirements must prepare and report financial statements that are not fully in accordance with generally accepted accounting principles (GAAP) in order to express an audit opinion. For example, IDA Regulations require that its member firms prepare and report their financial statements on an unconsolidated basis. This is a departure from GAAP, and Section 5600 of the CICA handbook recognizes this by allowing a modified form of audit opinion to be expressed. This audit opinion provides for departures from GAAP only in the circumstance where the reporting entity is required by specific regulatory requirement to report on a different basis. This audit opinion recognizes departures in GAAP for the intended user of the financial statements by reference to the basis of accounting in accordance with regulatory, statutory or contractual requirements disclosed in the notes to the financial statements.

This requires that the Part I Auditors' Report in Form 1 be amended to recognize variations in audit opinion in accordance with new CICA Handbook Section 5600. These variations include whether the financial statements are non-consolidated, change in year-end, change in auditors from prior year, no prior year comparisons because of first year audit etc.

C OBJECTIVE(S)

The objective of the housekeeping amendment is to conform to the new CICA Section 5600.

D EFFECT OF PROPOSED RULES

The proposal seeks to make a housekeeping amendment to the Part I Auditors' Report in Form 1 by allowing a change to the current prescribed audit opinion to reflect new CICA Handbook Section 5600 as mandated by the accounting profession (Attachment #1 contains the Board Resolution).

It is proposed that the current Part 1 Auditors' Report (Attachment #2) be repealed and replaced with the new requirements as set forth by the accounting profession. There are a total of four different versions of the new audit reports: standard, combined, combined and non-consolidated and non-consolidated. Within each of these four audit reports there are three other sets of reports: standard, first year audit and new auditor, for a total of twelve variations of audit reports. Included as Attachment #3, is the default version of a revised standard Part I – Auditors' Report that would be applicable to most of our members.

The proposed rule will have no impact on:

- market structure,
- members, non-members
- competition,
- costs of compliance and
- other rules.

II DETAILED ANALYSIS

A PRESENT RULES, RELEVANT HISTORY AND PROPOSED POLICY

B ISSUES AND ALTERNATIVES CONSIDERED

C COMPARISON WITH SIMILAR PROVISIONS

Given the nature of the rule amendment being proposed, detailed analyses of the present requirement, the proposed amended requirement and the alternatives to the proposed amended requirements were considered unnecessary. A comparison with similar regulations of regulators and SRO's both foreign and in Canada was also considered unnecessary.

D SYSTEMS IMPACT OF RULE

The securities industry's regulatory financial filing system (referred to as "SIRFF") has been modified to accommodate variations in auditors' opinions as permitted by CICA Handbook Section 5600.

E BEST INTERESTS OF THE CAPITAL MARKETS

The Board has determined that this housekeeping rule is not detrimental to the best interests of the capital markets.

F PUBLIC INTEREST OBJECTIVE

According to subparagraph 14(c) of the IDA's Order of Recognition as a self regulatory organization, the IDA shall, where requested, provide in respect of a proposed rule change "a concise statement of its nature, purposes (having regard to paragraph 13 above) and effects, including possible effects on market structure and competition. Statements have been made elsewhere as to the nature and effects of this proposal. The purpose of the proposal is to:

- standardize industry practices where necessary or desirable for investor protection.

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

The amendment is believed to be housekeeping in nature as it is intended to clarify an existing requirement.

III COMMENTARY

A FILING IN OTHER JURISDICTIONS

This proposed amendment will be filed for approval in Alberta, British Columbia, Ontario and Quebec and will be filed for information in Manitoba, Nova Scotia and Saskatchewan.

B EFFECTIVENESS

As stated above, the purpose of the proposal is to amend the current Part I Auditors' Report in Form 1 to comply with changes made by the CICA.

C PROCESS

This proposal was developed by the Brokers Auditors Committee, an ad hoc committee of Panel Auditors representatives. It has been reviewed and is being recommended for approval by IDA staff. This proposal was mandated by the CICA and not initiated by the IDA.

IV SOURCES

References:

- Part I Auditors' Report in Form 1

V OSC REQUIREMENT TO PUBLISH FOR COMMENT

The Association has determined that the entry into force of the proposed amendments is housekeeping in nature. As a result, a determination has been made that these proposed rule amendments need not be published for comment.

Attachment #1

INVESTMENT DEALERS ASSOCIATION OF CANADA

FORM 1, PART I AUDITOR'S REPORT – AMENDMENT TO STANDARD AUDITOR'S REPORT TO REFLECT CHANGES TO CICA HANDBOOK SECTION 5600 BOARD RESOLUTION

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. The Standard Auditor's Report for Part I of Form 1 is repealed and replaced with the following:

"JOINT REGULATORY FINANCIAL QUESTIONNAIRE AND REPORT
PART I – AUDITORS' REPORT

TO: The _____ and the Canadian Investor Protection Fund
(applicable regulatory body)

We have audited the following Part I financial statements of _____ :
(firm)

Statement A - Statements of assets and of liabilities and shareholder/partner capital as at _____ (*date*) and _____ (*date*) ;

Statement B - Statements of net allowable assets and risk adjusted capital as at _____ (*date*) and _____ (*date*) ;

Statement C - Statement of early warning excess and early warning reserve as at _____ (*date*) ;

Statement D - Statement of free credit segregation amount as at _____ (*date*) ;

Statement E - Summary statements of income for the years ended _____ (*date*) and _____ (*date*) ;

Statement F - Statement of changes in capital and retained earnings (corporations) or undivided profits (partnerships) for the year ended _____ (*date*) ; and

Statement G - Statement of changes in subordinated loans for the year ended _____ (*date*) .

These financial statements have been prepared for the purpose of complying with the regulations, bylaws and policies of the _____ (*applicable regulatory body*) . These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion,

(a) The statements of assets and of liabilities and shareholders/partner capital and the summary statements of income present fairly, in all material respects, the financial position of the Company as at _____ *(date)* and _____ *(date)* and the results of its operations for the years then ended in accordance with the basis of accounting disclosed in Note 2 to the financial statements.

(b) The statements of net allowable assets and risk adjusted capital as at _____ *(date)* and _____ *(date)* and the statements of early warning excess and early warning reserve, free credit segregation amount, changes in capital and retained earnings (corporations) or undivided profits (partnerships), and changes in subordinated loans, either as at or for the year ended _____ *(date)* are presented fairly, in all material respects, in accordance with the applicable instructions of the _____ *(applicable regulatory body)* .

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Company, the _____ *(applicable regulatory body)* and the Canadian Investor Protection Fund to comply with the regulations and by-laws of _____ *(applicable regulatory body)* .

The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

_____ *(auditing firm name)*

_____ *(date)*

_____ *(signature)*

_____ *(place of issue)*

"

2. The Notes and Instructions to the Standard Auditor's Report for Part I of Form 1 are repealed and replaced with the following:

"PART I - AUDITORS' REPORT
NOTES AND INSTRUCTIONS

A measure of uniformity in the form of the auditors' report is desirable in order to facilitate identification of circumstances where the underlying conditions are different. Therefore, when auditors are able to express an unqualified opinion, their report should take the form of the auditors' report shown above.

Alternate forms of Auditors' Reports are available either online from within the web-based Securities Industry Regulatory Financial Filings system (SIRFF) or from the Joint Regulatory Body with primary audit jurisdiction.

Any limitations in the scope of the audit must be discussed in advance with the appropriate regulatory authority. Discretionary scope limitations will not be accepted.

Copies with original signatures must be provided to the Joint Regulatory Body with primary audit jurisdiction."

PASSED AND ENACTED BY THE Board of Directors this 19th day of January 2005, to be effective on a date to be determined by Association staff.

Attachment #2

INVESTMENT DEALERS ASSOCIATION OF CANADA

FORM 1, PART I AUDITOR'S REPORT – AMENDMENT TO STANDARD AUDITOR'S REPORT TO REFLECT CHANGES TO CICA HANDBOOK SECTION 5600 BLACKLINE COPY

JOINT REGULATORY FINANCIAL QUESTIONNAIRE AND REPORT PART I – AUDITORS' REPORT

~~TO: _____ and the Canadian Investor Protection Fund.~~
~~*(appropriate regulatory body)*~~

~~We have audited the following Part I financial statements of _____:~~
~~*(firm)*~~

~~Statement A — Statements of assets and of liabilities and shareholder/partner capital, and~~
~~Statement B — Statement of net allowable assets and risk adjusted capital,~~
~~as at _____ 19___ and _____ 19___;~~
~~*(date)* *(date)*~~
~~Statement C — Statement of early warning excess and early warning reserve, and~~
~~Statement D — Statement of free credit segregation amount,~~
~~as at _____ 19___;~~
~~*(date)*~~
~~Statement E — Summary statement of income,~~
~~for the years ended _____ 19___ and _____ 19___; and~~
~~*(date)* *(date)*~~
~~Statement F — Statement of changes in capital and retained earnings (corporations) or undivided profits (partnerships), and~~
~~Statement G — Statement of changes in subordinated loans,~~
~~for the year ended _____ 19___.~~
~~*(date)*~~

~~These financial statements are the responsibility of the firm's management. Our responsibility is to express an opinion on these financial statements based on our audit.~~

~~We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our audits also included the audit procedures prescribed by the regulations and bylaws of _____.~~
~~*(appropriate regulatory body)*~~

~~In our opinion,~~

~~(a) the statements of assets and of liabilities and shareholder/partner capital and the summary statement of income present fairly, in all material respects, the financial position of the firm as at _____ 19___ &~~
~~*(dates)*~~
~~_____ 19___ and the results of its operations for the years then ended in the form required by _____ in accordance with generally accepted accounting principles, except as modified by ___*(appropriate regulatory body)*~~
~~the requirements of the appropriate regulatory body.~~

~~(b) the statement of net allowable assets and risk adjusted capital, as at _____19____ &~~
~~*(date)*~~
~~_____ 19___ and the statements of early warning excess and early warning reserve, free~~
~~*(date)*~~
~~credit segregation amount, changes in capital and retained earnings (corporations) or undivided profits (partnerships), and changes in subordinated loans, either as at or for the year ended _____19___ are presented fairly, in all material~~
~~*(date)*~~

~~respects, in accordance with the applicable instructions of _____.~~
~~*(appropriate regulatory body)*~~

~~*[auditing firm name]*~~ ~~*[date]*~~

~~*[signature]*~~ ~~*[place of issue]*~~

TO: The _____ and the Canadian Investor Protection Fund
(applicable regulatory body)

We have audited the following Part I financial statements of _____ :
(firm)

Statement A - Statements of assets and of liabilities and shareholder/partner capital as at _____ (*date*) and _____ (*date*) ;

Statement B - Statements of net allowable assets and risk adjusted capital as at _____ (*date*) and _____ (*date*) ;

Statement C - Statement of early warning excess and early warning reserve as at _____ (*date*) ;

Statement D - Statement of free credit segregation amount as at _____ (*date*) ;

Statement E - Summary statements of income for the years ended _____ (*date*) and _____ (*date*) ;

Statement F - Statement of changes in capital and retained earnings (corporations) or undivided profits (partnerships) for the year ended _____ (*date*) ; and

Statement G - Statement of changes in subordinated loans for the year ended _____ (*date*) .

These financial statements have been prepared for the purpose of complying with the regulations, bylaws and policies of the _____ (*applicable regulatory body*) . These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion,

(a) The statements of assets and of liabilities and shareholders/partner capital and the summary statements of income present fairly, in all material respects, the financial position of the Company as at _____ (*date*) and _____ (*date*) and the results of its operations for the years then ended in accordance with the basis of accounting disclosed in Note 2 to the financial statements.

(b) The statements of net allowable assets and risk adjusted capital as at _____ (*date*) and

_____ and the statements of early warning excess and early warning reserve, free
(date)
credit segregation amount, changes in capital and retained earnings (corporations) or undivided profits (partnerships), and changes in subordinated loans, either as at or for the year ended _____ are
(date)
presented fairly, in all material respects, in accordance with the applicable instructions of the
_____ .
(applicable regulatory body)

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Company, the _____ and the Canadian Investor Protection Fund to comply with the
(applicable regulatory body)
regulations and by-laws of _____ .
(*applicable regulatory body)*

The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

_____ _____
(auditing firm name) *(date)*

_____ _____
(signature) *(place of issue)*

PART I - AUDITORS' REPORT
NOTES AND INSTRUCTIONS

A measure of uniformity in the form of the auditors' report is desirable in order to facilitate identification of circumstances where the underlying conditions are different. Therefore, when auditors are able to express an unqualified opinion, their report should take the form of the auditors' report shown above.

~~An a~~Alternate forms of Auditors' Reports are available either online from within the web-based Securities Industry Regulatory Financial Filings system (SIRFF) or from the Joint Regulatory Body with primary audit jurisdiction ~~in the case where the auditor is unable to express an opinion on previous year's figures due to not having been the auditor for the previous year~~.

Any limitations in the scope of the audit must be discussed in advance with the appropriate regulatory authority. Discretionary scope limitations will not be accepted.

Copies with original signatures must be provided to the Joint Regulatory Body with primary audit jurisdiction.

Attachment #3

FORM 1, PART I AUDITOR'S REPORT –AMENDMENT TO STANDARD AUDITOR'S REPORT TO REFLECT CHANGES TO CICA HANDBOOK SECTION 5600 CLEAN COPY OF STANDARD VERSION OF AUDITOR'S REPORT

JOINT REGULATORY FINANCIAL QUESTIONNAIRE AND REPORT PART I – AUDITORS' REPORT

TO: The _____ and the Canadian Investor Protection Fund
(applicable regulatory body)

We have audited the following Part I financial statements of _____ :
(firm)

Statement A - Statements of assets and of liabilities and shareholder/partner capital as at _____ *(date)* and _____ *(date)* ;

Statement B - Statements of net allowable assets and risk adjusted capital as at _____ *(date)* and _____ *(date)* ;

Statement C - Statement of early warning excess and early warning reserve as at _____ *(date)* ;

Statement D - Statement of free credit segregation amount as at _____ *(date)* ;

Statement E - Summary statements of income for the years ended _____ *(date)* and _____ *(date)* ;

Statement F - Statement of changes in capital and retained earnings (corporations) or undivided profits (partnerships) for the year ended _____ *(date)* ; and

Statement G - Statement of changes in subordinated loans for the year ended _____ *(date)* .

These financial statements have been prepared for the purpose of complying with the regulations, bylaws and policies of the _____ *(applicable regulatory body)* . These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion,

(a) The statements of assets and of liabilities and shareholders/partner capital and the summary statements of income present fairly, in all material respects, the financial position of the Company as at _____ *(date)* and _____ *(date)* and the results of its operations for the years then ended in accordance with the basis of accounting disclosed in Note 2 to the financial statements.

(b) The statements of net allowable assets and risk adjusted capital as at _____ *(date)* and _____ *(date)* and the statements of early warning excess and early warning reserve, free credit segregation amount, changes in capital and retained earnings (corporations) or undivided profits (partnerships), and changes in subordinated loans, either as at or for the year ended _____ *(date)* are presented fairly, in all material respects, in accordance with the applicable instructions of the _____ *(applicable regulatory body)*.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Company, the _____ *(applicable regulatory body)* and the Canadian Investor Protection Fund to comply with the regulations and by-laws of _____ *(applicable regulatory body)*.

The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

_____ *(auditing firm name)*

_____ *(date)*

_____ *(signature)*

_____ *(place of issue)*

PART I - AUDITORS' REPORT
NOTES AND INSTRUCTIONS

A measure of uniformity in the form of the auditors' report is desirable in order to facilitate identification of circumstances where the underlying conditions are different. Therefore, when auditors are able to express an unqualified opinion, their report should take the form of the auditors' report shown above.

Alternate forms of Auditors' Reports are available either online from within the web-based Securities Industry Regulatory Financial Filings system (SIRFF) or from the Joint Regulatory Body with primary audit jurisdiction.

Any limitations in the scope of the audit must be discussed in advance with the appropriate regulatory authority. Discretionary scope limitations will not be accepted.

Copies with original signatures must be provided to the Joint Regulatory Body with primary audit jurisdiction.

13.1.5 MFDA Issues Notice of Hearing regarding Donald Kent Coleman

NEWS RELEASE
For immediate release

MFDA ISSUES NOTICE OF HEARING
REGARDING DONALD KENT COLEMAN

December 21, 2005 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada (MFDA) today announced that it has commenced disciplinary proceedings against Donald Kent Coleman.

MFDA staff alleges in its Notice of Hearing that Mr. Coleman engaged in the following conduct contrary to the By-laws, Rules or Policies of the MFDA:

- **Allegation #1:** Between March 10, 2004 and July 9, 2004, the Respondent failed to deal fairly, honestly and in good faith with two clients by misappropriating from them the total amount of approximately $18,234.45, contrary to MFDA Rule 2.1.1.

- **Allegation #2:** Between March 10, 2004 and July 9, 2004, the Respondent failed to deal fairly, honestly and in good faith with two clients by processing redemptions in their mutual fund accounts without obtaining instructions, authorization or approval from the clients, contrary to MFDA Rule 2.1.1.

The first appearance in this matter will take place by teleconference before a Hearing Panel of the MFDA Ontario Regional Council in the Hearing Room located at the offices of the MFDA, 121 King Street West, Suite 1000, Toronto, Ontario on Thursday, January 26, 2006 at 10:00 a.m. (EST) or as soon thereafter as can be held.

The purpose of the first appearance is to schedule the date for the commencement of the hearing on its merits and to schedule any other procedural matters.

The hearing is open to the public, except as may be required for the protection of confidential matters. Members of the public attending the hearing will be able to listen to the proceeding by teleconference.

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

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 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

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