

The Ontario Securities Commission

# OSC Bulletin

May 19, 2006

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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)

**The Ontario Securities Commission**

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# Table of Contents

<p><b>Chapter 1 Notices / News Releases ..... 4127</b></p> <p><b>1.1 Notices ..... 4127</b></p> <p>1.1.1 Current Proceedings Before The Ontario Securities Commission ..... 4127</p> <p>1.1.2 Khaldoun Kader - Notice of Correction ..... 4129</p> <p><b>1.2 Notices of Hearing ..... 4130</b></p> <p>1.2.1 Andrew Oestreich - s. 127 ..... 4130</p> <p><b>1.3 News Releases ..... (nil)</b></p> <p><b>1.4 Notices from the Office of the Secretary ..... 4132</b></p> <p>1.4.1 Juniper Fund Management Corporation et al. .... 4132</p> <p>1.4.2 Euston Capital Corp. and George Schwartz ..... 4132</p> <p>1.4.3 Andrew Oestreich ..... 4133</p> <p><b>Chapter 2 Decisions, Orders and Rulings ..... 4135</b></p> <p><b>2.1 Decisions ..... 4135</b></p> <p>2.1.1 Glacier Ventures International Corp. - MRRS Decision ..... 4135</p> <p>2.1.2 Montrusco Bolton Taxable U.S. Equity Fund - s. 83 ..... 4139</p> <p>2.1.3 MG Dividend &amp; Income Fund - MRRS Decision ..... 4140</p> <p>2.1.4 Groundlayer Management Inc., Groundlayer Capital Inc. and the Alpha Fit Fund - MRRS Decision ..... 4142</p> <p>2.1.5 Nexgen Financial Limited Partnership - MRRS Decision ..... 4143</p> <p>2.1.6 Toronto-Dominion Bank and VFC Inc. - MRRS Decision ..... 4149</p> <p>2.1.7 CIBC Asset Management Inc. and CIBC Global Asset Management Inc. - MRRS Decision ..... 4153</p> <p>2.1.8 4355377 Canada Inc. - MRRS Decision ..... 4159</p> <p><b>2.2 Orders ..... 4160</b></p> <p>2.2.1 SMC Ventures Inc. - s. 144 ..... 4160</p> <p>2.2.2 Juniper Fund Management Corporations - s. 127(7) ..... 4162</p> <p>2.2.3 Euston Capital Corp. and George Schwartz - s. 127(7) ..... 4163</p> <p>2.2.4 Maxim Atlantic Corporation - s. 144 ..... 4464</p> <p>2.2.5 Lime Brokerage LLC - s. 218 of the Regulation ..... 4166</p> <p>2.2.6 Calyon Financial Canada Inc. and Calyon Financial Inc. - s. 80 of the CFA and s. 74(1) of the OSA ..... 4168</p> <p><b>2.3 Rulings ..... (nil)</b></p>	<p><b>Chapter 3 Reasons: Decisions, Orders and Rulings ..... 4171</b></p> <p><b>3.1 OSC Decisions, Orders and Rulings ..... 4171</b></p> <p>3.1.1 Thomas Hinke ..... 4171</p> <p><b>3.2 Court Decisions, Order and Rulings ..... (nil)</b></p> <p><b>Chapter 4 Cease Trading Orders ..... 4175</b></p> <p>4.1.1 Temporary, Permanent &amp; Rescinding Issuer Cease Trading Orders ..... 4175</p> <p>4.2.1 Temporary, Permanent &amp; Rescinding Management Cease Trading Orders ..... 4175</p> <p>4.2.2 Outstanding Management &amp; Insider Cease Trading Orders ..... 4176</p> <p><b>Chapter 5 Rules and Policies ..... (nil)</b></p> <p><b>Chapter 6 Request for Comments ..... (nil)</b></p> <p><b>Chapter 7 Insider Reporting ..... 4177</b></p> <p><b>Chapter 8 Notice of Exempt Financings ..... 4263</b></p> <p>Reports of Trades Submitted on Forms 45-106F1 and Form 45-501F1 ..... 4263</p> <p><b>Chapter 9 Legislation ..... (nil)</b></p> <p><b>Chapter 11 IPOs, New Issues and Secondary Financings ..... 4267</b></p> <p><b>Chapter 12 Registrations ..... 4277</b></p> <p>12.1.1 Registrants ..... 4277</p> <p><b>Chapter 13 SRO Notices and Disciplinary Proceedings ..... 4279</b></p> <p>13.1.1 IDA By-laws 10.1 and 10.4 - Board of Directors, National Advisory Committee and Meetings - Withdrawal of Proposed Rule Amendment ..... 4279</p> <p>13.1.2 IDA By-Laws 10.1 and 10.4 - Board of Directors, National Advisory Committee and Meetings ..... 4280</p> <p>13.1.3 CDS Rule Amendment Notice – Technical Amendments to CDS Application for Participation – ATON ..... 4285</p> <p><b>Chapter 25 Other Information ..... 4287</b></p> <p><b>25.1 Exemptions ..... 4287</b></p> <p>25.1.1 UrAsia Energy Ltd. - s. 13.1 of NI 51-102 ..... 4287</p> <p>25.1.2 Lime Brokerage LLC - s. 6.1 of Rule 91-502 ..... 4289</p> <p><b>Index ..... 4291</b></p>
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## Chapter 1

# Notices / News Releases

### 1.1 Notices

#### 1.1.1 Current Proceedings Before The Ontario Securities Commission

**MAY 19, 2006**

#### CURRENT PROCEEDINGS

BEFORE

#### ONTARIO SECURITIES COMMISSION

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

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

### SCHEDULED OSC HEARINGS

May 23, 2006	10:00 a.m.	<b>Momentas Corporation et al</b>  s.127 and 127.1  P. Foy in attendance for Staff  Panel: WSW/RWD/CSP
May 23, 2006	10:00 a.m.	<b>Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)</b>  s.127 and 127.1  D. Ferris in attendance for Staff  Panel: SWJ/ST
May 24, 2006	9:00 a.m.	<b>Momentas Corporation et al</b>  s.127 and 127.1  P. Foy in attendance for Staff  Panel: WSW/RWD/CSP
May 25 & 26, 2006	10:00 a.m.	<b>Momentas Corporation et al</b>  s.127 and 127.1  P. Foy in attendance for Staff  Panel: WSW/RWD/CSP
May 25, 2006	11:00 a.m.	<b>Terrence William Marlow, Marlow Group Private Portfolio Management Inc. and Marlow Group Securities Inc.</b>  s. 127 and 127.1  G. MacKenzie in attendance for Staff  Panel: PMM/ST
May 25, 2006	1:00 p.m.	<b>Andrew Oestreich</b>  s. 127  K. Manarin in attendance for Staff  Panel: PMM/ST

May 29, 2006 2:00 p.m.	<b>Maitland Capital Ltd et al</b> s. 127 and 127.1 D. Ferris in attendance for Staff Panel: PMM	June 26, 2006 10:00 a.m.	<b>Universal Settlement International Inc.</b>
May 30, 2006 2:30 p.m.	<b>Jose Castaneda</b> s. 127 and 127.1 T. Hodgson in attendance for Staff Panel: WSW	June 27, 2006 2:30 p.m. Jun 28 & 30, 2006 July 4 – 7, 2006 10:00 a.m.	s. 127 & 127.1 Y. Chisholm in attendance for Staff Panel: PMM/RWD
May 31, 2006 10:00 a.m.	<b>Mega-C Power Corporation, Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited</b> S. 127 T. Hodgson in attendance for Staff Panel: TBA	July 31, 2006 10:00 a.m.	<b>Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton</b> s. 127 J. Cotte in attendance for Staff Panel: TBA
June 9, 2006 10:00 a.m.	<b>Olympus United Group Inc.</b> s.127 M. MacKewn in attendance for Staff Panel: TBA	September 13, 2006 10:00 a.m.	<b>Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels</b> s. 127 and 127.1 D. Ferris in attendance for Staff Panel: PMM/ST
June 9, 2006 10:00 a.m.	<b>Norshield Asset Management (Canada) Ltd.</b> s.127 M. MacKewn in attendance for Staff Panel: TBA	TBA	<b>Yama Abdullah Yaqeen</b> s. 8(2) J. Superina in attendance for Staff Panel: TBA
June 9, 2006 10:00 a.m.	<b>Euston Capital Corporation and George Schwartz</b> s. 127 Y. Chisholm in attendance for Staff Panel: WSW/ST	TBA	<b>Cornwall et al</b> s. 127 K. Manarin in attendance for Staff Panel: TBA
			<b>Robert Patrick Zuk, Ivan Djordjevic, Matthew Noah Coleman, Dane Alan Walton, Derek Reid and Daniel David Danzig</b> 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. Boulton and Peter Y. Atkinson**

s.127

J. Superina in attendance for Staff

Panel: TBA

TBA            **Philip Services Corp., Allen Fracassi\*\*, Philip Fracassi\*\*, Marvin Boughton\*\*, Graham Hoey\*\*, Colin Soule\*, Robert Waxman and John Woodcroft\*\***

s. 127

K. Manarin & J. Cotte in attendance for Staff

Panel: TBA

\* Settled November 25, 2005

\*\* Settled March 3, 2006

### 1.1.2    **Khalidoun Kader - Notice of Correction**

There was a typographical error in the second paragraph of the Statement of Allegations, appended to the Notice of Hearing (published at (2006), 29 OSCB 3883). On page 3884, the paragraph numbered "2" should have read:

"2.        Prior to the release of the third quarter results, shares in IMAX closed on the NASDAQ Exchange on October 27, 2004 at USD \$5.52. Following the announcement on October 28, 2004, shares in IMAX opened at USD \$6.01 and rose to a high of USD \$6.56 before closing at USD \$6.43."

### **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**

**Andrew Stuart Netherwood Rankin**

1.2 Notices of Hearing

1.2.1 Andrew Oestreich - s. 127

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

**AND**

**IN THE MATTER OF  
ANDREW OESTREICH**

**NOTICE OF HEARING  
(section 127)**

**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 (the "Act"), at the offices of the Commission located at 20 Queen Street West, Toronto, in the Small Hearing Room, located on the 17th Floor, commencing on Thursday, May 25, 2006, at 1:00 p.m. or as soon thereafter as the hearing can be held:

**AND TAKE NOTICE** that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission ("Staff") and Andrew Oestreich ("Oestreich" or the "Respondent") pursuant to section 127 of the Act, which approval will be sought by Staff and the Respondent;

**BY REASON OF** the allegations set out in the Statement of Allegations 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;

**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 12th day of May, 2006.

"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 OESTREICH**

**STATEMENT OF ALLEGATIONS  
OF STAFF OF  
THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission make the following allegations:

**Background**

1. AiT Advanced Information Technologies Inc. (now 3M Canada Company) ("AiT" or the "Company") was a reporting issuer in Ontario and was located in Ottawa. The Company designed, developed and marketed issuance systems that automated the production of secure identification and travel documents such as passports and inspection and border control systems used to confirm the identity of travellers.
2. On May 23, 2002, AiT announced that it had entered into a merger transaction (the "Merger Transaction") with 3M Canada Company ("3M").

**The Respondent**

3. In approximately 1994, Oestreich was hired by AiT. From September 2001 to May 2002, Oestreich was the Vice President of Sales and Marketing and an officer of AiT.
4. Oestreich is a resident of Toronto.
5. In his position as Vice President of Sales and Marketing at AiT, Oestreich was a member of the executive management team (the "EMT") and was privy to and possessed confidential material information about general business matters and strategic alternatives that AiT was pursuing. The EMT met periodically with Bernard Jude Ashe ("Ashe"), the President and Chief Executive Officer of AiT, to discuss these issues.
6. Oestreich continued to work with 3M-AiT until July 2003 when he left the Company.

**Decision to Sell AiT**

7. AiT had incurred a significant loss for the fiscal year ended September 30, 2001.
8. By late 2001, Oestreich was aware that the Company needed financing and that AiT had been unable to raise adequate equity financing. Oestreich was also aware that the Company had



announced its desire to seek a strategic partner to continue development of its VeriMe product line.

9. In late 2001, officials of 3M Canada Company ("3M") met with representatives of AiT. Initially, these meetings were focused on investigating whether a better working relationship could be established between the two companies on the basis of complementary product lines.
10. On January 25, 2002 Ashe recommended to AiT's Strategic Committee that the Company engage a mergers and acquisitions advisor ("M&A Advisor") to assist the Company in finding a strategic buyer for the Company. The Strategic Committee, whose mandate was to review and discuss matters of strategic importance, approved the recommendation. On February 6, 2002, prior to seeking the approval for the recommendation to engage an M&A Advisor from the board of directors of AiT ("Board of Directors" or the "Board"), Ashe convened a special offsite meeting of the EMT, including Oestreich, in order to brief the EMT on the Strategic Committee's decision and to solicit management's opinions on the sale of the Company. At this meeting, the majority of the EMT, including Oestreich, supported the proposal to seek a strategic buyer.
11. On February 19, 2002, Ashe presented the Strategic Committee's recommendation to the Board of Directors and the Board authorized management to retain an M&A Advisor.
12. By February 26, 2002, Oestreich was aware of the recommendation of the Strategic Committee to engage an M&A Advisor to find a strategic buyer for the Company and that the Board of Directors of AiT had authorized management to retain such an advisor.

**Insider Trading by Oestreich**

13. On February 26, 2002, Oestreich instructed his wife to place an order to purchase a total of 1,000 shares of AiT at a time when he had knowledge of the events described above. The order was filled on February 26 and 27, 2002.
14. On February 28, 2002, Oestreich was advised that Ashe was to attend a dinner meeting that day with a representative of 3M in Ottawa.
15. On March 1, 2002, Oestreich placed orders to purchase a total of 9,000 shares of AiT at a time when he had knowledge of all of the events described above. The orders were filled on March 1 and March 5, 2002.
16. At the dinner meeting held on February 28, 2002 between Ashe and a representative of 3M, 3M expressed an interest in acquiring AiT. At a meeting of EMT held on or about March 5, 2002,

Ashe informed the EMT, including Oestreich, of 3M's expression of interest in acquiring AiT.

17. Particulars of the shares of AiT purchased by Oestreich are as follows:

Date Order Placed	# of AiT Shares	Purchase Price	Selling Price
February 26, 2002	700	\$1.30	\$2.88
February 27, 2002	300	\$1.30	\$2.88
March 1, 2002	5000 (1000) (4000)	\$1.27 \$1.30	\$2.88
March 1, 2002	4000 (1900) (2100)	\$1.25 \$1.30	\$2.88

18. On April 15, 2002, Oestreich filed an Insider Report reflecting the purchase of AiT shares described above.
19. At the time Oestreich purchased these shares, he was in a special relationship with AiT and each of these trades was made at a time when Oestreich had knowledge of material facts as set out above which had not been generally disclosed to the public, contrary to subsection 76(1) of the Act.
20. On May 23, 2002, AiT and 3M signed the final merger agreement. On the same date, AiT issued a press release announcing that it had entered into a merger transaction (the "Merger Transaction") with 3M.
21. On July 15, 2002, the Merger Transaction was approved by the shareholders of AiT at a special meeting called for that purpose.
22. All shares were remitted to the Company for redemption on July 17, 2002. At that time, Oestreich realized a profit of approximately \$15,925.
23. On July 19, 2002 AiT announced that it had concluded the Merger Transaction and, in effect, AiT became a wholly-owned subsidiary of 3M.
24. Such additional allegations as Staff may submit and the Commission may permit.

**DATED AT TORONTO** this 12th day of May, 2006.

1.4 Notices from the Office of the Secretary

1.4.1 Juniper Fund Management Corporation et al.

**FOR IMMEDIATE RELEASE**  
May 11, 2006

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

**AND**

**IN THE MATTER OF  
THE JUNIPER FUND MANAGEMENT  
CORPORATION, JUNIPER INCOME FUND,  
JUNIPER EQUITY GROWTH FUND AND  
ROY BROWN (a.k.a. ROY BROWN-RODRIGUES)**

**TORONTO** – The Commission issued a Temporary Order pursuant to sections 127(2) & 127(7) of the *Securities Act* in the above noted matter on May 11, 2006.

A copy of the Temporary Order is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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1.4.2 Euston Capital Corp. and George Schwartz

**FOR IMMEDIATE RELEASE**  
May 12, 2006

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

**AND**

**IN THE MATTER OF  
EUSTON CAPITAL CORP.  
AND GEORGE SCHWARTZ**

**TORONTO** – The Commission issued an Order pursuant to section 127(7) of the Securities Act in the above noted matter, ordering that:

1. the hearing to consider whether to extend the Temporary Order in this matter be adjourned to June 9, 2006 at 10:00 a.m., peremptory to the respondents;
2. the Temporary Order is continued until the hearing on June 9, 2006 or until further order of the Commission; and
3. any materials upon which Euston and Schwartz intend to rely will be served and filed no later than May 24, 2006.

A copy of the Temporary Order is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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1-877-785-1555 (Toll Free)

1.4.3 Andrew Oestreich

**FOR IMMEDIATE RELEASE**  
**May 15, 2006**

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

**AND**

**IN THE MATTER OF  
ANDREW OESTREICH**

**TORONTO** – The Commission issued a Notice of Hearing scheduling a hearing on Thursday, May 25, 2006 at 1:00 p.m. in the above noted matter to consider a Settlement Agreement entered into by Staff of the Commission and Andrew Oestreich.

A copy of the Notice of Hearing and the Statement of Allegations are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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## Chapter 2

# Decisions, Orders and Rulings

### 2.1 Decisions

#### 2.1.1 Glacier Ventures International Corp. - MRRS Decision

##### Headnote

Mutual Reliance Review System for Exemptive Relief Applications – National Instrument 51-102 Continuous Disclosure Obligations – Application for relief from the requirement to include certain financial statements in a business acquisition report (BAR) – issuer made a significant acquisition of a public company – acquired business in default of filing its financial statements – issuer represented that it could not comply with BAR requirements since, among other reasons, the statements did not exist, the auditors of the acquired business had resigned, new auditors would not complete an audit without conducting a forensic audit, and the issuer did not have access to the management and personnel required to complete the audit – issuer able to provide alternative financial information, including audited information, about the acquired business that will provide investors with information about the acquisition – Decision Makers satisfied that unique circumstances exist in this case which, considered in the aggregate, merit limited relief from the BAR requirement.

##### Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.

May 10, 2006

IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF BRITISH COLUMBIA AND ONTARIO  
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF  
GLACIER VENTURES INTERNATIONAL CORP.  
(the Filer)

MRRS DECISION DOCUMENT

### Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer be exempt from the requirements in the Legislation to include historical financial statements and pro forma financial information in the Filer's business acquisition report (BAR) relating to its acquisition, through its wholly owned subsidiary 0744062 B.C. Ltd. (0744062), of all of the issued and outstanding shares of 3120574 Nova Scotia Company (3120574) on February 6, 2006 (the Requested Relief).

### Application of Principal Regulator System

2. Under Multilateral Instrument 11-101 *Principal Regulator System* (MI 11-101) and the Mutual Reliance Review System for Exemptive Relief Applications
  - (a) the British Columbia Securities Commission is the principal regulator for the Filer,
  - (b) the Filer is relying on the exemption in Part 3 of MI 11-101 in Alberta and Québec, and
  - (c) this MRRS decision document evidences the decision of each Decision Maker.

### Interpretation

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

In this decision,

"Acquisition" means the Filer's indirect acquisition, through 0744062, of 3120574 and the additional direct acquisition of a 3% interest in HCNLP,

"Ecolog" means Eco Log Environmental Risk Information Services Ltd.,

"Effective Date" means January 31, 2006, the effective date of the Acquisition,

"HCNLP" means Hollinger Canadian Newspapers, Limited Partnership,

“HCNLP Financial Information” means

- (a) the unaudited consolidated balance sheet and statements of partners’ equity for HCNLP as at December 31, 2004, June 30, 2005, and September 30, 2005 as prepared by management, and
- (b) the unaudited consolidated statements of operations for HCNLP for the year ended December 31, 2004, the six months ended June 30, 2005, and the nine months ended September 30, 2005, as prepared by management,

“HLR” means Hollinger International Inc.,

“KCN” means KCN Capital News Company,

“NI 51-102” means National Instrument 51-102 *Continuous Disclosure Obligations*, and

“Required Disclosure” means

- (i) audited financial statements of each HCNLP, KCN and Ecolog for the years ended December 31, 2004 and 2003,
- (ii) unaudited interim financial statements of each of HCNLP, KCN and Ecolog for the nine month period ended September 30, 2005 together with comparatives for the nine month period ended September 30, 2004,
- (iii) an unaudited pro-forma consolidated balance sheet of the Filer as at December 31, 2005 giving effect to the Acquisition,
- (iv) an unaudited pro forma consolidated statement of operations for the year ended December 31, 2005 giving effect to the Acquisition as if it had taken place on January 1, 2005, and
- (v) a compilation report signed by the Filer’s auditor on the unaudited pro forma balance sheet as at December 31, 2005 and the unaudited pro forma consolidated statement of

operations for the year ended December 31, 2005.

**Representations**

- 4. This decision is based on the following facts represented by the Filer:
  - 1. the Filer was incorporated under the laws of Canada and has a head office in Vancouver, British Columbia;
  - 2. the Filer’s common shares trade on the Toronto Stock Exchange;
  - 3. the Filer is a reporting issuer in the provinces of British Columbia, Alberta, Québec and Ontario;
  - 4. to its knowledge, the Filer is not in default of any of the requirements of the applicable securities legislation in any of the provinces in which it is a reporting issuer, other than in connection with the filing the BAR in respect of the Acquisition;
  - 5. 0744062 is a wholly-owned subsidiary of the Filer and is not a reporting issuer in any jurisdiction;
  - 6. through 0744062, the Filer acquired all of the issued and outstanding shares of 3120574 under the terms of a share purchase agreement dated January 11, 2006 between 0744062, the Filer, Hollinger Canadian Publishing Holdings Co., and HLR on February 6, 2006;
  - 7. on February 6, 2006, the Filer concurrently purchased an additional 3% of the units of HCNLP;
  - 8. 3120574 holds
    - (i) 158,909,495 units of HCNLP (approximately 87% of the units),
    - (ii) 100 common shares of Hollinger Canadian Newspapers G.P. Inc.,
    - (iii) all of the outstanding shares of KCN and Ecolog, and
    - (iv) a beneficial interest in certain real property;
  - 9. on February 23, 2006, the Filer caused HCNLP to consolidate the balance of its units on the basis of one unit for every 25,000,000 units outstanding, which

- consolidation was effective on March 22, 2006;
10. HCNLP is currently a reporting issuer in each of the provinces of Canada except British Columbia, where it has voluntarily surrendered its reporting issuer status;
  11. before the consolidation, HCNLP's units were listed on the NEX board of the TSX Venture Exchange;
  12. KCN and Ecolog are not reporting issuers in any jurisdiction;
  13. under Part 8 of NI 51-102, the Filer is required to file a BAR relating to the Acquisition;
  14. based on the significance tests in Part 8 of NI 51-102, the Filer is required to include the Required Disclosure in its BAR;
  15. before the Acquisition, the businesses, entities and interests acquired from 3120575 were owned by subsidiaries of HLR;
  16. a special committee of independent directors of HLR was formed on June 17, 2003 to investigate past related party transactions and other historical payments made to certain executives of HLR and its controlling shareholder, Hollinger Inc., and other affiliates in connection with the sale of HLR's assets and other transactions, following which, executives in charge of managing HLR and its subsidiaries, of HLR ceased to be executives of HLR or its subsidiaries;
  17. during the course of the investigation, HCNLP did not file
    - (i) annual audited comparative financial statements for the years ended December 31, 2004 and 2003, and
    - (ii) interim financial statements for any interim periods in fiscal 2004 or 2005

based on the opinion that it was necessary to review the final report from the investigation before financial statements could be completed and, after the report on the investigation was released, because of the work that was required to be performed by its auditors to provide those audited and interim financial statements;
  18. historical financial statements of KCN and Ecolog were not audited for any of the required periods because
    - (i) the entities were not reporting issuers, and
    - (ii) the interests in these entities held by HLR were not material to HLR;
  19. no interim financial statements were prepared for any of KCN or Ecolog;
  20. the Filer filed the HCNLP Financial Information on SEDAR on January 11, 2006 as part of a material change report;
  21. because the personnel of HRL that would have information necessary to complete an audit of HCNLP, Ecolog or KCN are no longer employees of HRL or any of its subsidiaries, the Filer does not have access to individuals necessary to prepare audited financial statements for HCNLP, Ecolog or KCN; and
  22. with respect to Ecolog and KCN, the financial information of these entities is very insignificant in comparison to the financial results of each of the Filer and HCNLP.
- Decision**
5. Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.
 

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

    - (a) includes the following in the BAR:
      - (i) an audited balance sheet of HCNLP as at the Effective Date,
      - (ii) unaudited annual financial statements of HCNLP prepared by management of HCNLP for the years ended December 31, 2005 and 2004,
      - (iii) an audited statement of consolidated revenue and operating costs for HCNLP for the year ended December 31, 2005 that will include:
        - (A) revenue from operations with separate

disclosure of revenue from advertising, circulation and job printing and other,

Martin Eady, CA  
Director, Corporate Finance  
British Columbia Securities Commission

- (B) cost of operations with separate disclosure of labour costs, newsprint costs, management fees and other normal operating costs, and
- (C) operating profit,
- (iv) a pro forma balance sheet of the Filer as at December 31, 2005, based on the Filer's audited balance sheet at December 31, 2005 and the HCNLP balance sheet at the Effective Date, that gives effect to the acquisition of HCNLP and presents the acquisition of KCN and Ecolog as a separate pro forma adjustment (taken together),
- (v) a pro forma statement of operations for the 12 months ended December 31, 2005 based on the Filer's audited financial statements for the year ended December 31, 2005 and the audited statement of revenues and operating costs for HCNLP for the year ended December 31, 2005 as described in (a)(iii) above, and
- (vi) a compilation report on the unaudited pro forma balance sheet as at December 31, 2005 and the unaudited pro forma consolidated statement of operations for the year ended December 31, 2005 signed by the Filer's audited and prepared in accordance with the Handbook; and
- (b) the Filer explains in the BAR
  - (i) why the audited statement of revenue and operating costs for HCNLP does not reflect other items such as depreciation, tax, interest and other extraordinary items, and
  - (ii) why full audited financial statements of HCNLP could not be prepared as required under Part 8 of NI 51-102.



**2.1.2 Monrusco Bolton Taxable U.S. Equity Fund - s. 83**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Securities Act, R.S.O. 1990, c. S.5, as am., s. 83 - Applicant granted relief to be deemed to have ceased to be a reporting issuer in compliance with the requirements set out in CSA Notice 12-307- Applicant has been wound up and no longer requires to be a reporting issuer -satisfies all the requirements set out in CSA Notice 12-307.

**Applicable Legislative Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.  
CSA Staff Notice 12-307 - Ceasing to be a Reporting Issuer under the Mutual Reliance Review System for Exemptive Relief Applications. (2003) 26 OSCB 6348.

May 9, 2006

**Fraser Milner Casgrain LLP.**

1 Place Ville-Marie  
39<sup>th</sup> Floor  
Montréal, Québec  
H3B 4M7

Attention : Mr. Jonathan Halwagi

Dear Sir,

**Re: Monrusco Bolton Taxable U.S. Equity Fund (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions")**

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

As the Applicant has represented to the Decision Makers that:

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
2. no securities of the Applicant are traded on a marketplace as defined in Regulation entitled National Instrument 21-101, *Marketplace Operation*;

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

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

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

"Benoit Dionne"

Le Chef du Service du financement des sociétés,

2.1.3 MG Dividend & Income Fund - MRRS Decision

Headnote

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

Ontario Statutes Cited

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

National Instrument Cited

National Instrument 45-102 Resale of Securities, s. 2.8(2).

April 28, 2006

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

AND

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

AND

IN THE MATTER OF  
MG DIVIDEND & INCOME FUND (the "Filer")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Filer for a decision (the "Requested Relief") under the securities legislation of the Jurisdictions (the "Legislation"), that the requirement contained in the Legislation to file and obtain a receipt for a preliminary prospectus and a final prospectus (the "Prospectus Requirements") shall not apply to the distribution of units of the Filer (the "Units") which have been repurchased by the Filer pursuant to the mandatory market purchase program, the discretionary market purchase program, or by way of redemption of Units at the request of holders thereof.

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. The Filer is an unincorporated closed-end investment trust established under the laws of the Province of Ontario by a declaration of trust dated as of January 30, 2006 (the "Declaration of Trust").
2. The Filer is not considered to be a "mutual fund" as defined in the Legislation because the holders of Units ("Unitholders") are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the Filer as contemplated in the definition of "mutual fund" in the Legislation.
3. The Filer became a reporting issuer or the equivalent thereof in the Jurisdictions on January 31, 2006 upon obtaining a receipt for its final prospectus dated January 31, 2006 (the "Prospectus"). As of the date hereof, the Filer is not in default of any requirements under the Legislation.
4. The Units are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the trading symbol "MGZ.UN". As at March 10, 2006, 12,072,200 Units were issued and outstanding.
5. Each Unit represents an equal, undivided beneficial interest in the net assets of the Filer and is redeemable (as described below) at the option of the holder thereof.
6. Each whole Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with all other Units with respect to any and all distributions made by the Filer.
7. Middlefield MG Management Limited (the "Manager"), which was incorporated pursuant to the *Business Corporations Act* (Ontario), is the manager and the trustee of the Filer.
8. In order to enhance liquidity and to provide market support for the Units, pursuant to the Declaration of Trust and the terms and conditions that attach to the Units, the Filer shall, subject to compliance with any applicable regulatory requirements, be obligated to purchase (the "Mandatory Purchase

**Program**) any Units offered in the market at the then prevailing market price if, at any time after the closing of the Filer's initial public offering, the price at which Units are then offered for sale is less than 95% of the net asset value of the Filer ("**Net Asset Value**") per Unit, provided that:

- (a) the maximum number of Units that the Filer shall purchase pursuant to the Mandatory Purchase Program in any calendar quarter will be 1.25% of the number of Units outstanding at the beginning of each such period; and
  - (b) the Filer shall not be required to purchase Units pursuant to the Mandatory Purchase Program if:
    - (i) the Manager reasonably believes that the Filer would be required to make an additional distribution in respect of the year to Unitholders of record on December 31 of such year in order that the Filer will generally not be liable to pay income tax after the making of such purchase;
    - (ii) in the opinion of the Manager, the Filer lacks the cash, debt capacity or other resources to make such purchases; or
    - (iii) in the opinion of the Manager, such purchases would adversely affect the ongoing activities of the Filer or the remaining Unitholders.
9. In addition, the Declaration of Trust provides that the Filer, subject to applicable regulatory requirements and limitations, shall have the right, but not the obligation, exercisable in its sole discretion, at any time, to purchase outstanding Units in the market at prevailing market prices (the "**Discretionary Purchase Program**"). Such discretionary purchases may be made through the facilities and under the rules of any exchange or market on which the Units are listed (including the TSX) or as otherwise permitted by applicable securities laws.
10. Pursuant to the Declaration of Trust and subject to the Trust's right to suspend redemptions, Units may be surrendered for redemption (the "**Redemption Program**") and, together with the Mandatory Purchase Program, Discretionary Purchase Program and Additional Redemptions (as defined below), the "**Programs**") by a Unitholder in any month commencing in August, 2007 on any date that is at least 20 business days prior to August 31 by giving notice thereof to the

Trust's registrar and transfer agent. Units surrendered for redemption by a Unitholder by 5:00 p.m. (Toronto time) on the 20<sup>th</sup> business day prior to August 31 of any year commencing in 2007 will, subject to an investment dealer finding purchasers for Units properly surrendered for redemption at the direction of the Trust and subject to the Trust's right to suspend redemptions in certain circumstances, be redeemed on the last day of the next following month (a "**Valuation Date**") and the Unitholder will receive payment therefor on or before the 15<sup>th</sup> business day following such Valuation Date.

- 11. A Unitholder who properly surrenders a Unit for redemption on the Valuation Date of August of any year commencing in 2007 will receive the amount, if any, equal to the "Redemption Price per Unit" (as described in the Prospectus) less any costs associated with the redemption, including commissions.
- 12. In addition, the Manager may, at its sole discretion and subject to receipt of any necessary regulatory approvals, allow additional redemptions from time to time of Units ("**Additional Redemptions**"), for an amount equal to the Redemption Price per Unit less any costs of funding the redemption, including commissions; provided that the holder thereof shall be required to use the full amount received on such redemption to purchase treasury securities of a new or existing fund promoted by Middlefield Group then being offered to the public by prospectus.
- 13. Purchases of Units made by the Filer under the Programs are exempt from the issuer bid requirements of the Legislation pursuant to exemptions contained therein.
- 14. The Filer desires to, and the Declaration of Trust provides that the Filer shall have the ability to, sell through one or more securities dealers Units that have been repurchased by the Trust pursuant to the Programs ("**Repurchased Units**"), in lieu of cancelling such Repurchased Units and subject to obtaining all necessary regulatory approvals.
- 15. The Prospectus disclosed that the Filer may repurchase and redeem, as the case may be, Units under the Programs and that, subject to receiving all necessary regulatory approvals, the Filer may arrange for one or more securities dealers to find purchasers for any Repurchased Units.
- 16. In order to effect sales of Repurchased Units by the Filer, the Filer intends to sell, in its sole discretion and at its option, any Repurchased Units purchased by it under the Programs primarily through one or more securities dealers and through the facilities of the TSX (or such other exchange on which the Units are then listed).

17. All Repurchased Units will be held by the Filer for a period of 4 months after the repurchase thereof by the Filer (the "Holding Period"), prior to the resale thereof.
18. Repurchased Units that the Filer does not resell within 12 months after the Holding Period (or 16 months after the date of repurchase) will be cancelled by the Filer.
19. Prospective Purchasers who subsequently acquire Repurchased Units will have equal access to all of the continuous disclosure documents of the Filer, which will be filed on SEDAR, commencing with the Prospectus.
20. The Legislation provides that a trade by or on behalf of an issuer in previously issued securities of that issuer that have been purchased by that issuer is a distribution subject to the Prospectus Requirements.

**Decision**

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

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

- (a) the Repurchased Units are sold by the Filer through the facilities of and in accordance with the regulations and policies of the TSX or the market on which the Units are then listed;
- (b) the Filer complies with the insider trading restrictions imposed by securities legislation with respect to the trades of Repurchased Units;
- (c) the Filer complies with the conditions of paragraphs 1 through 5 of subsection 2.8(2) of National Instrument 45-102 with respect to the sale of the Repurchased Units; and

"Carol S. Perry"  
Commissioner  
Ontario Securities Commission

"Suresh Thakrar"  
Commissioner  
Ontario Securities Commission

**2.1.4 Groundlayer Management Inc., Groundlayer Capital Inc. and the Alpha Fit Fund - MRRS Decision**

**Headnote**

Relief granted from the mutual fund conflict of interest investment prohibitions, management company reporting requirements and self dealing restrictions of the Securities Act (Ontario) to permit a pooled fund to invest in a related pooled fund.

**Statutes Cited:**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(3), 113, 117(1)(a), 117(1)(d), 117(2), 118(2), 121(2)(a)(ii).

**April 27, 2006**

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

**AND**

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

**AND**

**IN THE MATTER OF  
GROUND LAYER MANAGEMENT INC.,  
GROUND LAYER CAPITAL INC. AND  
THE ALPHA FIT FUND  
(COLLECTIVELY, THE "FILER")**

**MRRS DECISION DOCUMENT**

**Background**

The local securities regulatory authority or regulator (the "Decision Maker") in the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") for an exemption from the restrictions or requirements, as the case may be, contained in the Legislation:

1. which prohibits a mutual fund from knowingly making or holding an investment in: (i) a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and (ii) an issuer in which a significant interest is held by an officer or director of the mutual fund, its management company or distribution company (or an associate of any one of them) or any person or company who is a substantial security holder of the mutual fund, its management company or its distribution company;

2. that requires a management company to file a report of every transaction of purchase or sale of securities between a mutual fund it manages and any related person or company and any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, a mutual fund is a joint participant with one or more of its related persons or companies; and
3. that prohibits a portfolio manager from knowingly causing an investment portfolio managed by it to invest in securities of an issuer in which a responsible person is an officer or director unless the specific fact is disclosed to the client, if applicable, and the written consent of the client to the investment is obtained before the purchase,

(collectively, the “**Requested Relief**”).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) The Ontario Securities Commission is the principal regulator for this application; and
- (b) This MRRS decision document evidences the decision of each Decision Maker.

#### **Interpretation**

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

#### **Representations**

##### **General Partner**

1. The General Partner is a corporation established under the laws of the Province of Ontario. The head office of the General Partner is in Ontario.
2. The General Partner is the general partner of the Underlying Fund and is seized with the power and exclusive authority to carry on the business and activities of the Underlying Fund under the terms of limited partnership agreement dated September 12, 2002.
3. The General Partner will be the general partner of the Top Fund and will be seized with the power and exclusive authority to carry on the business and activities of the Top Fund under a limited partnership agreement anticipated to be signed April 28, 2006.

##### **Portfolio Manager**

4. The Portfolio Manager, an affiliate of the General Partner, is a corporation established under the laws of Ontario and is registered with the Ontario Securities Commission (“OSC”) as an adviser in

the category of investment counsel and portfolio manager and as a dealer in the category of limited market dealer.

5. The Portfolio Manager is the portfolio manager for of the Underlying Fund under the terms of an investment management agreement dated September 12, 2002.
6. The Portfolio Manager will be the portfolio manager for the Top Fund under the terms of an investment management agreement anticipated to be signed April 28, 2006.

#### **Underlying Fund**

7. The Underlying Fund is a limited partnership established under the laws of Ontario on September 12, 2002.
8. The Underlying Fund was formed for the purpose of generating long-term capital gains primarily by investing in equity and equity-based securities primarily through long positions.
9. The Underlying Fund is sold in Canada’s private placement markets in accordance with National Instrument 45-106 *Prospectus and Registration Exemptions* (“**NI 45-106**”).
10. The Underlying Fund is not a reporting issuer in any of the Jurisdictions and is not in default under relevant securities legislation of the Jurisdictions.

#### **Top Fund**

11. The Top Fund will be a limited partnership established under the laws of Ontario on or about April 28, 2006.
12. The Top Fund will be sold in Canada’s private placement markets in accordance with NI 45-106 and will not be a reporting issuer in any Jurisdiction and is not in default under relevant securities legislation of the Jurisdictions.
13. The Top Fund will be formed for the purpose of generating long-term capital gains which will be achieved primarily by investing all of the Top Fund’s assets in units of the Underlying Fund.

#### **Fund-on-Fund Structure**

14. The initial offering price for the Underlying Fund in September 2002 was \$100,000 per Class A unit.
15. Over the past 12 months, the Underlying Fund’s net asset value per Class A unit (“**NAVPU**”) was in excess of \$200,000.
16. In January 2006, the General Partner sought to list the Underlying Fund on the electronic transaction processing system maintained and

supported by FundSERVE Inc. (“FundSERVE”) in order to expand the pool of potential investors.

17. FundSERVE advised the General Partner that for purposes of listing investment funds, the maximum numerical NAVPU that its electronic transaction system could support was (including cents) six (6) digits (or \$9,999.99). On this basis, FundSERVE advised the General Partner that the Underlying Fund could not be listed on FundSERVE.

18. Therefore, in order to list an investment fund on FundSERVE having the same investment mandate as the Underlying Fund, the General Partner intends to create the Top Fund which will be managed by the General Partner to maintain a less-than-6-digit NAVPU and will otherwise seek to replicate the returns of the Underlying Fund (less the FundSERVE listing costs) by investing 100% of its net assets in units of the Underlying Fund (the “Fund-on-Fund Structure”).

19. For purposes of implementing the Fund-on-Fund Structure, the General Partner shall ensure that:

- a) there will be compatible dates for the calculation of net asset values for purposes of the issue and redemption of units of the Top Fund and the Underlying Fund;
- b) the annual financial statements of the Top Fund, which is made available to investors in the Top Fund in accordance with securities legislation, together with an auditors report, will include summary disclosure of the securities held by the Underlying Fund;
- c) the offering memorandum of the Top Fund will contain information about how Top Fund investors may obtain a copy of the Underlying Fund offering memorandum and annual or semi-annual financial statements, which will be sent to them free of charge;
- d) the arrangements between, or in respect of, the Top Fund and the Underlying Fund are such as to avoid the duplication of management fees or incentive fees; and
- e) the General Partner will not vote the securities of the Underlying Fund held by the Top Fund at any meeting of such holders of such securities.

**Generally**

20. In the absence of this Decision, the Top Fund would be precluded from implementing the Fund-

on-Fund Structure due to certain investment restrictions contained in the Legislation.

21. The Fund-on-Fund Structure represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Top Fund.

**Decision**

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

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

- 1. the annual financial statements of the Top Fund discloses:
  - (a) the intent of the Top Fund to invest in the Underlying Fund;
  - (b) the manager of the Underlying Fund; and
  - (c) the name of the Underlying Fund;
- 2. the offering document of the Top Fund discloses:
  - (a) the intent of the Top Fund to invest in the Underlying Fund;
  - (b) the manager of the Underlying Fund;
  - (c) the name of the Underlying Fund; and
  - (d) the investment objectives, investments strategies, risks and restrictions of the Underlying Fund;
- 3. the arrangements between, or in respect of, the Top Fund and the Underlying Fund are such as to avoid the duplication of management fees or incentive fees;
- 4. no sales fees or redemption fees are payable by the Top Fund in relation to its purchases or redemptions of securities of the Underlying Fund;
- 5. the General Partner does not vote the securities of the Underlying Fund held by the Top Fund at any meeting of holders of such securities;
- 6. the offering memorandum of the Top Fund will contain information about how the Top Fund investor may obtain a copy of the Underlying Fund offering memorandum or annual or semi-annual financial statements, which will be sent to them free of charge; and

7. in addition to receiving the annual and the semi-annual financial statements of the Top Fund, investors in the Top Fund have received appropriate summary disclosure in respect to the Top Fund's holdings of securities of the Underlying Fund in the financial statements of the Top Fund.

"Robert R. Davis"  
Commissioner  
Ontario Securities Commission

"Susan Wolburgh Jenah"  
Vice-Chair  
Ontario Securities Commission

**2.1.5 Nexgen Financial Limited Partnership - MRRS Decision**

**Headnote**

MRRS exemption from subsection 2.1(1)(a) of National Instrument 81-105 Mutual Fund Sales Practices (NI 81-105) granted to permit a member of the organization of certain mutual funds to pay a benefit to participating dealers – benefit designed as a form of trailer payment, but not technically a trailing commission under section 3.2 – benefit contingent upon performance of fund manager over a 7 year period – benefit designed as a temporary measure - benefit will be shared with investors and amounts paid to participating dealers under the benefit and as standard trailing commissions subject to limits such that total compensation paid will likely be no greater than the amount represented by a 1.04% standard trailing commission on front load securities and .54% on deferred load securities – benefit an alternative to paying higher standard trailing commissions.

Exemption also granted from subsection 2.2(1) to permit participating dealers to accept the benefit.

**Rules Cited**

National Instrument 81-105 Mutual Fund Sales Practices – ss. 2.1(1)(a), 2.2(1), 9.1.

May 11, 2006

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA, ONTARIO,  
AND QUÉBEC (the Jurisdictions)**

**AND**

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

**AND**

**IN THE MATTER OF  
NEXGEN FINANCIAL LIMITED PARTNERSHIP  
(Nexgen)**

**AND**

**THE FUNDS IN SCHEDULE A (the Nexgen Funds)**

**MRRS DECISION DOCUMENT**

**Background**

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

1. Nexgen from the prohibition in paragraph 2.1(1)(a) of National Instrument 81-105 – *Mutual Fund Sales Practices* (NI 81-105) in connection with the payment of the Nexgen Founders Benefit (the Benefit); and
2. dealers that are members of the Investment Dealers Association of Canada (IDA), the Mutual Fund Dealers Association of Canada (MFDA), or dealers that are duly registered in Quebec, that will distribute securities of the Nexgen Funds (the Participating Dealers) from the prohibition in subsection 2.2(1) of NI 81-105 in connection with the Participating Dealers' acceptance of the Benefit;

(collectively, the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

#### Interpretation

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

#### Representations

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

1. Nexgen is a limited partnership formed under the laws of the Province of Ontario having its head office in Toronto, Ontario. Nexgen is registered as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the categories of mutual fund dealer and limited market dealer. Nexgen will be the manager, principal distributor, and trustee of the Nexgen Funds.
2. On January 25, 2006, Nexgen filed with the securities regulatory authorities in each of the Jurisdictions, a preliminary simplified prospectus (the Preliminary Prospectus) and annual information form for the Nexgen Funds, a group of 26 open-end mutual funds to be established under National Instrument 81-102, consisting of 13 mutual fund trusts and 13 investment portfolios within a mutual fund corporation. A preliminary receipt was issued on January 27, 2006 for the Preliminary Prospectus.
3. The securities of the Nexgen Funds will be distributed through independent third party

brokers and dealers. In consideration for ongoing services, advisors will receive both a sales commission and ongoing trailer commission in respect of an investment in the Nexgen Funds as described in the Preliminary Prospectus. Specifically, a participating dealer shall be entitled to receive a 5% sales commission from Nexgen in respect of the sale of deferred load securities and 0% to 5% sales commission from the investor in respect of the sale of front load securities. In addition, a dealer is entitled to receive a trailer commission payment (the Standard Trailer Payment) monthly based upon the value of securities held in an investor account of up to 1% for front load securities and .50% for deferred load securities (except in the case of the money market and bond funds where such amounts are 0.35% and 0.25% respectively).

4. In addition to the Standard Trailer Payment, Participating Dealers and investors of the Nexgen Funds who purchase the regular, loyalty, high net worth, ultra high net worth front-end load series or the deferred series of the Nexgen Funds will be eligible to receive the Benefit from Nexgen. The Benefit will entitle such investors and their Participating Dealers to receive from Nexgen, a payment equal to a portion of the value of Nexgen at the end of the seven year vesting period from the date of purchase or deemed date of purchase of such Nexgen Fund securities, subject to the terms and conditions described in the Preliminary Prospectus.
5. The Benefit will be temporary. Nexgen may terminate the offering of the Benefit at any time, but will terminate the offering of the Benefit no later than 7 years from the date the Nexgen Funds receive a final receipt for their prospectus.
6. The Benefit does not share the attributes of a standard trailing commission as envisioned in section 3.2 of Part 3 of National Instrument 81-105 because it is not derived from the application of a fixed commission rate to the balance of Nexgen Fund units held by the investor. The Benefit is calculated based upon the growth of Nexgen, as manager of the Nexgen Funds, and is contingent upon the performance of Nexgen. Also, the Benefit, if paid, will be paid in a lump sum at the end of the 7 year vesting period rather than periodically.
7. An investor and their Participating Dealer are entitled to share one Benefit payment for each 100 securities of Nexgen Funds that the investor holds for 7 years. The value of a Benefit payment is based upon the growth in the value of Nexgen over the 7 year holding period. The Benefit's value is equal to the fully diluted value of one Nexgen common partnership unit on a payment date less an initial base price of \$1 per Benefit and less a compounding inflator of 8% per annum



applied in respect of the initial base price. Nexgen will pay one half of the Benefit to investors in the form of additional securities of the Nexgen Funds. Nexgen will pay the remainder of the Benefit to Participating Dealers in cash.

8. The Participating Dealers' share of the Benefit is subject to the following limit in connection with front load securities (the Front Load Maximum). Participating Dealers will receive a cash payment equal to the lesser of: (1) one half of the value of the Benefit, as calculated in paragraph 7 above; and (2) the difference obtained by subtracting the total Standard Trailer Payments paid over the 7 year period from the standard trailing commissions that Nexgen would have paid over the 7 year period if the standard trailing commission rate was 1.25%. Consequently, the cash payment to Participating Dealers, comprised by the Benefit and the Standard Trailer Payment, will at all times be no more than the cash payment represented by a 1.25% standard trailing commission paid throughout the 7 year vesting period.
9. The Front Load Maximum will only be achieved assuming that Nexgen has approximately \$20 billion in assets under management at the end of its first 7 years of operation. If Nexgen has approximately \$10 billion in assets under management at the end of its first 7 years of operation, the value of the Benefit and the Standard Trailer Payment will be less than the cash payment represented by a 1.15% standard trailing commission paid throughout the 7 year vesting period. If Nexgen has approximately \$5 billion in assets under management, the value of the Benefit and the Standard Trailer Payment will be less than the cash payment represented by a 1.04% standard trailing commission paid throughout the 7 year vesting period.
10. The Participating Dealers' share of the Benefit is subject to the following limit in connection with deferred load securities (the Deferred Load Maximum). Participating Dealers will receive a cash payment equal to the lesser of: (1) one half of the value of the Benefit, as calculated in paragraph 7 above; and (2) the difference obtained by subtracting the total Standard Trailer Payments paid over the 7 year period from the standard trailing commissions that Nexgen would have paid if the standard trailing commission rate was .75%. Consequently, the cash payment to Participating Dealers, comprised by the Benefit and the Standard Trailer Payment, will at all times be no more than the cash payment represented by a .75% standard trailing commission paid throughout the 7 year vesting period.
11. The Deferred Load Maximum will only be achieved assuming that Nexgen has approximately \$20 billion in assets under management at the end of its first 7 years of

operation. If Nexgen has approximately \$10 billion in assets under management at the end of its first 7 years of operation, the value of the Benefit and the Standard Trailer Payment will be less than the cash payment represented by a .65% standard trailing commission paid throughout the 7 year vesting period. If Nexgen has approximately \$5 billion in assets under management, the value of the Benefit and the Standard Trailer Payment will be less than the cash payment represented by a .54% standard trailing commission paid throughout the 7 year vesting period.

12. The Benefit is contingent and based upon the performance of Nexgen, which will in turn be dependent upon numerous factors including superior investment performance of the Nexgen Funds throughout the seven year vesting period of the Benefit.
13. The Benefit, unlike a standard trailing commission, provides a benefit to eligible investors of the Nexgen Funds. The value of the Benefit to investors will be equal to or greater than the value of the Benefit paid to Participating Dealers. Investors, however, will be paid through the issuance of additional securities of the Nexgen Funds rather than cash. The Benefit has been designed to reinforce the rewards provided to long-term investors of the Funds.
14. The Participating Dealers are registrants under the Legislation that are subject to an obligation to ensure that an investment in Nexgen Funds is suitable and in keeping with the client's investment objective. The Participating Dealers that are members of the MFDA are subject to "Know Your Product" obligations that require them to review each product including "an assessment of the commissions and other compensation to be paid to the dealer and the advisor for selling the product, and consideration of potential conflict issues that may arise under the compensation structure". The Benefit is required to be included in any such review as "other compensation". The Participating Dealers that are members of the IDA or that are subject to the Legislation of Quebec are subject to similar obligations.
15. The Preliminary Prospectus contained and the Nexgen Funds' final simplified prospectus (the Final Prospectus) will contain full, true, and plain disclosure regarding the Benefit including how it is calculated. Nexgen will also disclose the value of Nexgen for purposes of the calculation of the Benefit on an annual basis in each renewal simplified prospectus.

**Decision**

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision

Makers with the jurisdiction to make the Decision has been met.

The Decision of the Decision Makers under the Legislation is that the Requested Relief is granted so long as:

1. The Nexgen Funds continue to disclose the Benefit in each renewal simplified prospectus and annual information form.
2. Nexgen discloses the value of Nexgen for purposes of the calculation of the Benefit in the Nexgen Funds renewal simplified prospectus and annual information form.
3. Nexgen ceases to offer the Benefit no later than 7 years after the date of its Final Prospectus.
4. The total cash payment to Participating Dealers is subject to the Front Load Maximum and the Deferred Load Maximum, as applicable.
5. Nexgen provides each Participating Dealer with a copy of this Decision and specifically refers each Participating Dealer to paragraph 14 above.
6. Nexgen pays at least one half of the value of the Benefit to investors.

"Paul Moore"

"David Knight"

**SCHEDULE A**

**NEXGEN CANADIAN CASH REGISTERED FUND  
NEXGEN CANADIAN CASH TAX MANAGED FUND  
NEXGEN CANADIAN BOND REGISTERED FUND  
NEXGEN CANADIAN BOND TAX MANAGED FUND  
NEXGEN CANADIAN GROWTH REGISTERED FUND  
NEXGEN CANADIAN GROWTH AND INCOME TAX  
MANAGED FUND  
NEXGEN CANADIAN BALANCED GROWTH  
REGISTERED FUND  
NEXGEN CANADIAN BALANCED GROWTH TAX  
MANAGED FUND  
NEXGEN CANADIAN DIVIDEND AND INCOME  
REGISTERED FUND  
NEXGEN CANADIAN DIVIDEND AND INCOME TAX  
MANAGED FUND  
NEXGEN CANADIAN LARGE CAP REGISTERED FUND  
NEXGEN CANADIAN LARGE CAP TAX MANAGED  
FUND**

**NEXGEN CANADIAN GROWTH AND INCOME  
REGISTERED FUND  
NEXGEN CANADIAN GROWTH TAX MANAGED FUND  
NEXGEN NORTH AMERICAN DIVIDEND AND INCOME  
REGISTERED FUND  
NEXGEN NORTH AMERICAN DIVIDEND AND INCOME  
TAX MANAGED FUND  
NEXGEN NORTH AMERICAN LARGE CAP  
REGISTERED FUND  
NEXGEN NORTH AMERICAN LARGE CAP TAX  
MANAGED FUND  
NEXGEN NORTH AMERICAN VALUE REGISTERED  
FUND  
NEXGEN NORTH AMERICAN VALUE TAX MANAGED  
FUND  
NEXGEN NORTH AMERICAN GROWTH REGISTERED  
FUND  
NEXGEN NORTH AMERICAN GROWTH TAX MANAGED  
FUND  
NEXGEN NORTH AMERICAN SMALL/MID CAP  
REGISTERED FUND  
NEXGEN NORTH AMERICAN SMALL/MID CAP TAX  
MANAGED FUND  
NEXGEN AMERICAN GROWTH REGISTERED FUND  
NEXGEN AMERICAN GROWTH TAX MANAGED FUND**

**2.1.6 Toronto-Dominion Bank and VFC Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System - rake-over bid – relief from the prohibition against collateral benefits – target company entering into employment agreements with selling security holders who are also senior executives of the target company – agreements negotiated at arm’s length and on commercially reasonable terms – agreements entered into for reasons other than to increase the value of the consideration paid to the selling security holders for their shares – agreements may be entered into despite the prohibition against collateral benefits.

**Statute Cited**

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

April 13, 2006

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

AND

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

AND

IN THE MATTER OF  
THE TORONTO-DOMINION BANK  
 (“TD” OR THE “BANK”)  
AND VFC INC. (“VFC”)

**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 Bank for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the Employment Agreements (as hereinafter defined) may be entered into notwithstanding the provisions of the Legislation that prohibit an offeror who makes or intends to make a take-over bid from entering into any collateral agreement, commitment or understanding with any holder or beneficial owner of securities of the offeree issuer that has the effect of providing to the holder or owner a consideration of greater value than that offered to other holders of the same class of securities (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.

“CBCA” means the *Canada Business Corporations Act*, as amended;

“Employment Agreements” means the employment agreements entered into between VFC and each of the Executives dated as of February 15, 2006;

“Executives” mean Charles Stewart, J. Davis Knox, Erik de Witte and Sean A. O’Brien;

“Locked-up Shareholders” means, collectively, the Executives and certain other shareholders of VFC holding, in aggregate, approximately 29.3% of the VFC Shares on a fully diluted basis;

“Offer” means the offer by TD dated March 13, 2006 to purchase all of the VFC Shares, including all VFC Shares issuable upon the exercise of Options and Warrants;

“Options” means all of the currently outstanding options granted pursuant to VFC’s stock option plans;

“Options with SARs” means Options which, in addition to being exercisable for VFC Shares, also contain a feature that allows such Options to be surrendered by the holder in exchange for a cash amount equal to the in-the-money value of such Options;

“RSUs” means restricted share units of the Bank issued pursuant to the Bank’s existing restricted share unit plan;

“Support Agreement” means the support agreement between the Bank and VFC dated February 15, 2006 pursuant to which the Bank agreed to make the Offer, on the terms and subject to the conditions set out therein;

“TD Options” means stock options of the Bank issued pursuant to the Bank’s existing stock option plan;

“TD Shares” means the common shares of the Bank;

“TSX” means the Toronto Stock Exchange;

“VFC Shares” means all of the outstanding common shares of VFC; and

“Warrants” means all of the currently outstanding warrants to purchase VFC Shares.

### **Representations**

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

#### **The Bank**

1. The Bank is a Canadian chartered bank subject to the provisions of the *Bank Act* (Canada) and was formed on February 1, 1955 through the amalgamation of The Bank of Toronto and The Dominion Bank.
2. The head office and registered office of the Bank are located in the Toronto Dominion Bank Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1A2.
3. The Bank is a reporting issuer in each of the provinces and territories of Canada and the common shares of the Bank are listed for trading on the TSX, the New York Stock Exchange and the Tokyo Stock Exchange.
4. The authorized common share capital of the Bank consists of an unlimited number of TD Shares without nominal or par value, of which 716,042,216 were outstanding as of February 28, 2006. The Bank also has certain series of Class A First Preferred Shares outstanding.

#### **VFC**

5. VFC is a corporation incorporated under the CBCA by articles of incorporation dated December 14, 1994.
6. VFC is a consumer finance company that provides non-prime automotive purchase financing and consumer instalment loans.
7. The head office and registered office of the VFC are located at 25 Booth Avenue, Suite 101, Toronto, Ontario, M4M 2M3.
8. VFC is a reporting issuer in each of the provinces and territories of Canada and the common shares of VFC are listed on the TSX.
9. VFC has represented to the Bank that its authorized share capital consists of an unlimited number VFC Shares, of which 16,180,345 were outstanding as of February 15, 2006. In addition, VFC has represented to the Bank that, as at February 15, 2006, there were 251,852 outstanding Options that were vested, a further 541,734 Options with SARs of which 235,200 will be vested, and 278,666 outstanding Warrants, each exercisable for one VFC Share, and no other securities convertible into VFC Shares.

### **The Offer**

10. Pursuant to the Offer, the Bank proposes to acquire all of the VFC Shares at a price of \$19.50 per VFC Share. Under the terms of the Offer, holders of VFC Shares are entitled to elect to receive, at their option, either cash or a combination of cash and TD Shares.
11. The Offer was made by way of a take-over bid circular dated March 13, 2006 mailed to all holders of VFC Shares and prepared in accordance with the Legislation.
12. The Bank and VFC have entered into the Support Agreement pursuant to which the Bank agreed to make the Offer on the terms and subject to the conditions set out therein.
13. The Bank has also entered into lock-up agreements with the Locked-up Shareholders dated February 15, 2006 pursuant to which the Locked-up Shareholders have agreed to deposit under the Offer all of the VFC Shares owned or controlled by the Locked-up Shareholders, including VFC Shares issuable upon the exercise of outstanding Options and Warrants.
14. The board of directors of VFC has unanimously recommended in its directors circular dated March 13, 2006 that its shareholders accept the Offer.
15. Following the successful completion of the Offer, it is currently intended that VFC will remain a direct or indirect subsidiary of the Bank but that it will continue to operate under its existing brand.

### **Employment Agreements**

16. Each of the Executives has entered into an Employment Agreement with VFC dated February 15, 2006, setting out the terms and conditions of his continued employment with VFC, which agreement is conditional upon the Bank taking up VFC Shares under the Offer.
17. Mr. Stewart's Employment Agreement provides that he will assume the position of Managing Director of VFC. Mr. Stewart is currently the President and Chief Executive Officer of VFC. His Employment Agreement provides that he will receive the following compensation:
  - (a) until the end of the 2008 fiscal year, an annual base salary of \$200,000; and
  - (b) a one-time award of RSUs with a face value at the date of grant of \$1,000,000.
18. Mr. Stewart's salary in 2005 was \$250,000 and in 2005 he received a bonus of \$300,000. Mr. Stewart was also granted 30,000 Options with SARs in 2005.

19. Mr. Knox's Employment Agreement provides that he will assume the position of Managing Director of VFC. Mr. Knox is currently the Chief Operating Officer, Secretary and Treasurer of VFC. His Employment Agreement provides that he will receive the following compensation:
- (i) until the end of the 2008 fiscal year, an annual base salary of \$200,000; and
  - (ii) a one-time award of RSUs with a face value at the date of grant of \$1,000,000.
20. Mr. Knox's salary in 2005 was \$250,000 and in 2005 he received a bonus of \$300,000. Mr. Knox was also granted 30,000 Options with SARs in 2005.
21. Mr. de Witte's Employment Agreement provides that he will assume the position of Chief Executive Officer of VFC. Mr. de Witte is currently the Chief Financial Officer of VFC. His Employment Agreement provides that he will receive the following compensation:
- (i) until the end of the 2008 fiscal year, an annual base salary of \$210,000;
  - (ii) until the end of the 2008 fiscal year, Mr. de Witte is eligible to participate in an annual bonus plan with an annual bonus plan target of \$120,000 and an annual bonus plan maximum of \$200,000;
  - (iii) until the end of the 2008 fiscal year, Mr. de Witte will be eligible to receive annual equity awards based on an annual target of \$100,000. These awards will be a mix of RSUs and TD Options as determined by the Bank;
  - (iv) a one-time award of RSUs with a face value at the date of grant of \$1,500,000; and
  - (v) as additional performance-related equity awards, Mr. de Witte will receive RSUs with a face value on the date of grant of up to \$250,000 after each 12 month period ending April 30th, 2007, 2008 and 2009, conditional upon the achievement of the business plan as determined by the Bank.
22. Mr. de Witte's salary in 2005 was \$210,000 and in 2005 he received a bonus of \$200,000. Mr. de Witte was also granted 20,000 Options with SARs in 2005.
23. Mr. O'Brien's Employment Agreement provides that he will continue in his current position of Vice President Business Relations of VFC and that he will receive the following compensation:
- (i) until the end of the 2008 fiscal year, an annual base salary of \$150,000;
  - (ii) until the end of the 2008 fiscal year, Mr. O'Brien is eligible to participate in an annual bonus plan. His annual bonus plan target will be \$115,000 and his annual bonus plan maximum will be \$200,000;
  - (iii) until the end of the 2008 fiscal year, Mr. O'Brien will be eligible to receive annual equity awards based on an annual target of \$100,000. These awards will be a mix of RSUs and TD Options as determined by the Bank;
  - (iv) a one-time award of RSUs with a face value at the date of grant of \$500,000; and
  - (v) as additional performance-related equity awards, Mr. O'Brien will receive RSUs with a face value at the date of grant of up to \$125,000 after each 12 month period ending April 30th, 2007, 2008 and 2009, conditional upon the achievement of the business plan as determined by the Bank.
24. Mr. O'Brien's salary in 2005 was \$150,000 and in 2005 he received a bonus of \$200,000. Mr. O'Brien was also granted 20,000 Options with SARs in 2005.
25. All of the RSU grants, annual equity awards and additional performance-related equity awards set out in the Employment Agreements are governed by the Bank's 2004 Restricted Share Unit Agreement and the Bank's 2000 Stock Incentive Plan, as applicable.
26. Beginning with the 2009 fiscal year in respect of Messrs. de Witte and O'Brien, their compensation mix (as between percentages of base salary, annual bonus and equity compensation) will shift from that described above to be more in line with the compensation of other executives of TD who are at a similar level.
27. Each of the Employment Agreements provides that the Executive may be terminated by VFC at any time for cause, or without cause upon payment of a severance amount initially equal to 18 months of annual base salary and (where the Executive's Employment Agreement provides that the Executive is eligible for an annual cash bonus) 18 months of annual cash bonus, based upon target. The existing employment agreements between VFC and the Executives also provide for 18 month severance packages in the event of the termination of employment; except in the case of Messrs. de Witte and O'Brien, whose severance

- packages under their Employment Agreements now include 18 months of annual cash bonus based on target, these severance packages are not enhanced under the new Employment Agreements as compared with the existing severance arrangements. Each of the Employment Agreements also provides that the Executive is subject to certain non-competition and non-solicitation obligations which will continue to apply for 12 months after the termination of his employment.
28. Pursuant to escrow agreements dated February 15, 2006 entered into between each of Messrs. Stewart, Knox and de Witte with the Bank and The Canada Trust Company, as escrow agent, on the date that the Bank pays for VFC Shares pursuant to the Offer, each such Executive will deposit into escrow the TD Shares (the “**Escrowed TD Shares**”) issued to them as consideration for VFC Shares under the Offer in respect of at least 117,950 (in the case of Messrs. Stewart and Knox) or 41,030 (in the case of Mr. de Witte) VFC Shares to be deposited by them to the Offer. Such Escrowed TD Shares will be released to the Executive from escrow upon the earlier of June 1, 2009, the termination of the Executive’s Employment Agreement due to his death or disability, the termination of the Executive’s Employment Agreement by the Bank without cause, and the retirement of the Executive from his position with VFC with the consent of the Bank. If the Executive resigns from VFC prior to June 1, 2009, the Executive will forfeit his right to receive any portion of the Escrowed TD Shares, and such Escrowed TD Shares will be cancelled.
29. The Escrow Agreements are intended as retention incentives, complimentary to the Employment Agreements, and are designed to reinforce the commitment of such Executives to their continued employment with VFC. These arrangements are also further support to the importance which the Bank places upon the continued employment after the successful completion of the Offer of all of the Executives.
30. The Employment Agreements have been entered into by VFC, with the concurrence of the Bank, solely in connection with securing the services of each of the Executives as an employee of VFC following the successful completion of the Offer in a role appropriate to the plans of the Bank for VFC following such completion, and:
- (i) none of them has been entered into for the purpose, in whole or in part, of increasing the value of consideration paid to the Executive for securities deposited under the Offer; and
- (ii) none of them is, by its terms, conditional on the Executive supporting the transaction or bid in any manner.
31. The compensation packages afforded to each of the Executives in their Employment Agreements reflect the importance of such individuals’ participation in both the short and medium term integration of the business of VFC with that of the Bank and its longer term growth. Each of them will have senior strategic and/or operational responsibilities and will play an important role in the continuing operation and growth of the business under its existing brand by, for example: overseeing the development of new financing solutions and the improvement of existing products; maintaining relationships with automotive dealer groups and VFC’s other business partners; identifying and pursuing new business opportunities; and managing risk.
32. The Bank is not currently engaged in the specific line of business currently conducted by VFC and it regards the retention of VFC’s existing management at least for a period of time following the successful completion of the Offer as extremely important to a successful integration of VFC with the Bank. Each of the Executives has been employed by VFC for many years (in some cases since the inception of business by VFC) and has been an integral part of the success of VFC to date. The Bank regards this background and knowledge of the business of VFC as being of great importance to the continued success of VFC and to the integration of VFC with the Bank. Had the Executives not entered into the Employment Agreements, the value of VFC to the Bank would have been considerably reduced and the Bank might well not have agreed to make the Offer.
33. The terms of the Employment Agreements were negotiated at arm’s length prior to the execution of the Support Agreement. The Employment Agreements relate solely to each of the Executive’s ongoing contribution to the business of VFC as a senior executive following completion of the Offer. The Employment Agreements contain incentives appropriate to the expected role of the particular Executives with VFC following the successful completion of the Offer which relate to the performance of the Bank and, in the case of Messrs. de Witte and O’Brien, to VFC’s performance. The terms of the Employment Agreements are commercially reasonable and in accordance with industry practices.
34. The Bank has been advised that the special committee of the board of directors of VFC made a determination that the total salary package being offered to each of the Executives is reasonable.

**Decision**

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

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

“Paul M. Moore”  
Commissioner

“Suresh Thakrar”  
Commissioner

**2.1.7 CIBC Asset Management Inc. and CIBC Global Asset Management Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – Exemption to allow dealer managed mutual funds to invest in securities of an issuer during the 60 days after the distribution period in which an affiliate of the dealer manager has acted as an underwriter in connection with the distribution of securities of the issuer – the conflict is mitigated by the oversight of an independent review committee - subsection 4.1(1) of National Instrument 81-102 Mutual Funds.

**Applicable Legislative Provisions**

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

May 10, 2006

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

**AND**

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

**AND**

**IN THE MATTER OF  
CIBC ASSET MANAGEMENT INC.  
AND  
CIBC GLOBAL ASSET MANAGEMENT INC.  
(the “Applicants”)**

**MRRS DECISION DOCUMENT**

**Background**

The local securities regulatory authority or regulator (the “**Decision Maker**”) in each of the Jurisdictions has received an application from the Applicants (or “**Dealer Managers**”), for and on behalf of the mutual funds named in Appendix “A” (the “**Funds**” or “**Dealer Managed Funds**”) for whom the Applicants act as manager or portfolio advisor or both, for a decision under section 19.1 of National Instrument 81-102 *Mutual Funds* (“**NI 81-102**”) for:

- an exemption from subsection 4.1(1) of NI 81-102 to enable the Dealer Managed Funds to invest in trust units (the “**Units**”) of AutoCanada Income Fund (the “**Issuer**”) during the 60-day period following the completion of the distribution (the “**Prohibition Period**”) notwithstanding that the

Dealer Managers or their associates or affiliates act or have acted as an underwriter in connection with the offering (the "**Offering**") of Units of the Issuer under a prospectus (the "**Prospectus**") for the Offering that the issuer will file with the securities regulatory authorities in each of the provinces of Canada (the "**Requested Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission (the "**OSC**") is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

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

### Interpretation

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

### Representations

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

1. Each Dealer Manager is a "dealer manager" with respect to the Dealer Managed Funds, and each Dealer Managed Fund is a "dealer managed fund", as such terms are defined in section 1.1 of NI 81-102.
2. The securities of the Dealer Managed Funds are qualified for distribution in one or more of the provinces and territories of Canada pursuant to simplified prospectuses that have been prepared and filed in accordance with their respective securities legislation.
3. The head office of CIBC Asset Management Inc. is in Toronto, Ontario. The head office of CIBC Global Asset Management Inc. is in Montreal, Quebec.
4. The Issuer is an unincorporated, open-ended trust governed by the laws of Alberta. The Issuer was created to acquire and hold all of the LP units of AutoCanada LP (the "**Partnership**") and all of the outstanding shares of AutoCanada GP. The Partnership was formed to acquire and hold limited partnership units in the Dealer LPs (defined below) and, indirectly through the Dealer LPs, to acquire and hold the assets and undertaking of Canada One Auto Group Limited, 953878 Alberta Ltd. and certain of their affiliates ("**CAG**"). The Issuer is one of Canada's largest

multi-location automobile dealership groups, with 14 franchised dealerships in six provinces. In 2005, on a pro forma basis, the Issuer sold approximately 19,000 vehicles and processed approximately 204,000 service and collision repair orders in 223 service bays. The Issuer intends to continue to grow principally through the acquisition of additional franchised automobile dealerships and by opening new franchised automobile dealerships. In 2001, the Issuer began to implement a strategy of becoming a national multi-location automobile dealership group in Canada, a strategy that had been successfully executed by that time by owners of several franchised automobile dealers in the United States. The Issuer's strategy is to represent automobile manufacturers with vehicles that are in high demand in the local markets in which our dealerships are located. The Issuer currently sells new vehicles manufactured by DaimlerChrysler (under the brand names "Chrysler", "Jeep" and "Dodge"), Hyundai and Subaru. The Issuer's business is owned and operated by the Partnership, and each of the franchised automobile dealers are owned and operated by separate limited partnerships ("**Dealer LPs**") established under the laws of Manitoba.

5. The Offering, which is expected to close on May 11, 2006 (the "**Closing Date**"), is being underwritten, subject to certain terms, by a syndicate which will include CIBC World Markets Inc. (the "**Related Underwriter**"), among others (the Related Underwriter, together with the other underwriters, which are now or may become part of the syndicate prior to the closing, the "**Underwriters**"). The Related Underwriter is an affiliate of the Dealer Managers.
6. According to the Issuer's term sheet (the "**Term Sheet**"), the Offering consists of 10,209,500 Units at a price of \$10.00 per Unit. The gross proceeds of the Offering are expected to be approximately \$102,095,000. It is expected that the Issuer will grant the Underwriters an over-allotment option (the "**Over Allotment Option**") to purchase an additional 765,715 Units, exercisable, in whole or in part within 30 days of the Closing Date. If the Over Allotment Option is exercised in full, the Offering is expected to result in gross proceeds of approximately \$109,752,150.
7. The Issuer filed a preliminary prospectus on March 30, 2006 (the "**Preliminary Prospectus**").
8. According to the Preliminary Prospectus, the Issuer will use the net proceeds from the Offering to subscribe for units of the AutoCanada Operating Trust, which will, in turn, subscribe for units of AutoCanada LP. AutoCanada LP will use the proceeds to subscribe for units of each of the Dealer LPs. The Dealer LPs will use the proceeds



- from the issuance of their limited partnership units to pay (i) the cash portion of the purchase price for the assets and undertaking of CAG; and (ii) directly or indirectly, the Underwriters' fees and the expenses of the Offering.
9. According to the Preliminary Prospectus, the Underwriters will enter into an underwriting agreement (the "**Underwriting Agreement**") with the Issuer for the purpose of the Offering. The Underwriting Agreement provides for the Underwriters to severally purchase, subject to the terms of the Underwriting Agreement, Units of the Issuer at a price of \$10.00 per Unit. The Underwriting Agreement provides that the Underwriters will be paid a fee of \$0.60 per Unit purchased by the public in consideration for services performed in connection with the Offering.
10. Prior to the Offering, there was no market through which the Units could be sold. Accordingly, the terms of the Offering were established through negotiation between the Issuer, CAG and the Underwriters.
11. According to the Term Sheet, the Issuer will apply to list the Units on the Toronto Stock Exchange under the symbol "ACQ.UN".
12. The Preliminary Prospectus does not indicate that the Issuer is a "connected issuer" or a "related issuer" (as defined in NI 33-105) of the Related Underwriter.
13. Despite the affiliation between the Dealer Managers and the Related Underwriter, they operate independently of each other. In particular, the investment banking and related dealer activities of the Related Underwriter and the investment portfolio management activities of the Dealer Managers are separated by "ethical" walls. Accordingly, no information flows from one to the other concerning their respective business operations or activities generally, except in the following or similar circumstances:
- (a) in respect of compliance matters (for example, the Dealer Manager and the Related Underwriter may communicate to enable the Dealer Manager to maintain an up to date restricted-issuer list to ensure that the Dealer Manager complies with applicable securities laws); and
- (b) the Dealer Managers and the Related Underwriter may share general market information such as discussion on general economic conditions, bank rates, etc.
14. The Dealer Managed Funds are not required or obligated to purchase any Units during the Prohibition Period.
15. The Dealer Managers may cause the Dealer Managed Funds to invest in Units during the Prohibition Period. Any purchase of the Units will be consistent with the investment objectives of the Dealer Managed Funds and represent the business judgment of the Dealer Managers uninfluenced by considerations other than the best interests of the Dealer Managed Funds or in fact be in the best interests of the Dealer Managed Funds.
16. To the extent that the same portfolio manager or team of portfolio managers of a Dealer Manager manages two or more Dealer Managed Funds and other client accounts that are managed on a discretionary basis (the "Managed Accounts"), the Units purchased for them will be allocated:
- (a) in accordance with the allocation factors or criteria stated in the written policies or procedures put in place by the Dealer Manager for its Dealer Managed Funds and Managed Accounts, and
- (b) taking into account the amount of cash available to each Dealer Managed Fund for investment.
17. There will be an independent committee (the "**Independent Committee**") appointed in respect of the Dealer Managed Funds to review the investments of the Dealer Managed Funds in Units during the Prohibition Period.
18. The Independent Committee will have at least three members and every member must be independent. A member of the Independent Committee is not independent if the member has a direct or indirect material relationship with its Dealer Manager, the Dealer Managed Funds, or any affiliate or associate thereof. For the purpose of this Decision, a material relationship means a relationship which could, in the view of a reasonable person, reasonably interfere with the exercise of the member's independent judgment regarding conflicts of interest facing the Dealer Manager.
19. The members of the Independent Committee will exercise their powers and discharge their duties honestly, in good faith, and in the best interests of investors in the Dealer Managed Funds and, in so doing, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.
20. Each Dealer Manager, in respect of the Dealer Managed Funds, will notify a member of staff in the Investment Funds Branch of the Ontario

Securities Commission, of the filing of the SEDAR Report on SEDAR, as soon as practicable after the filing of such report, and the notice shall include the SEDAR project number of the SEDAR Report and the date on which it was filed.

21. Each Dealer Manager has not been involved in the work of the Related Underwriter and the Related Underwriter has not been and will not be involved in the decisions of the Dealer Managers as to whether the Dealer Managed Funds will purchase Units during the Prohibition Period.

**Decision**

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

Each of the Decision Makers is satisfied that the test contained in NI 81-102 that provides the Decision Maker with the jurisdiction to make the Decision has been met.

The Decision of the Decision Makers under the Legislation is that the Requested Relief is granted, notwithstanding that the Related Underwriter acts or has acted as underwriter in the Offering provided that, in respect of each Dealer Manager and its Dealer Managed Funds, the following conditions are satisfied:

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

- (a) the Purchase
  - (i) represents the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or
  - (ii) is, in fact, in the best interests of the Dealer Managed Fund;
- (b) the Purchase is consistent with, or is necessary to meet, the investment objective of the Dealer Managed Fund as disclosed in its simplified prospectus; and
- (c) the Dealer Managed Fund does not place the order to purchase, on a principal or agency basis, with its Related Underwriter;

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

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

- (b) in connection with any Purchase,
  - (i) there are stated factors or criteria for allocating the Units purchased for two or more Dealer Managed Funds and other Managed Accounts, and
  - (ii) there is full documentation of the reasons for any allocation to a Dealer Managed Fund or Managed Account that departs from the stated allocation factors or criteria;

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

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

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

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

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

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

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

- (a) the following particulars of each Purchase:
    - (i) the number of Units purchased by the Dealer Managed Fund;
    - (ii) the date of the Purchase and purchase price;
    - (iii) whether it is known whether any underwriter or syndicate member has engaged in market stabilization activities in respect of the Units;
    - (iv) if the Units were purchased for two or more Dealer Managed Funds and other Managed Accounts of the Dealer Manager, the aggregate amount so purchased and the percentage of such aggregate amount that was allocated to each Dealer Managed Fund; and
    - (v) the dealer from whom the Dealer Managed Fund purchased the Units and the fees or commissions, if any, paid by the Dealer Managed Fund in respect of such Purchase;
  - (b) a certification by the Dealer Manager that the Purchase:
    - (i) was made free from any influence by the Related Underwriter or any affiliate or associate thereof and without taking into account any consideration relevant to the Related Underwriter or any associate or affiliate thereof; and
    - (ii) represented the business judgment of the Dealer Manager uninfluenced by considerations other than the best interest of the Dealer Managed Fund, or
    - (iii) was, in fact, in the best interests of the Dealer Managed Fund;
  - (c) confirmation of the existence of the Independent Committee to review the Purchase of the Units by the Dealer Managed Funds, the names of the members of the Independent Committee, the fact that they meet the independence requirements set forth in this Decision, and whether and how they were compensated for their review;
  - (d) a certification by each member of the Independent Committee that after reasonable inquiry the member formed the opinion that the policies and procedures referred to in Condition II(a) above are adequate and effective to ensure compliance with this Decision and that the decision made on behalf of each Dealer Managed Fund by the Dealer Manager to purchase Units for the Dealer Managed Funds and each Purchase by the Dealer Managed Fund:
    - (i) was made in compliance with the conditions of this Decision;
    - (ii) was made by the Dealer Manager free from any influence by the Related Underwriter or any affiliate or associate thereof and without taking into account any consideration relevant to the Related Underwriter or any associate or affiliate thereof; and
    - (iii) represented the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or
    - (iv) was, in fact, in the best interests of the Dealer Managed Fund.
- X. The Independent Committee advises the Decision Makers in writing of:
- (a) any determination by it that the condition set out in paragraph IX(d) has not been satisfied with respect to any Purchase of the Units by a Dealer Managed Fund;
  - (b) any determination by it that any other condition of this Decision has not been satisfied;
  - (c) any action it has taken or proposes to take following the determinations referred to above; and
  - (d) any action taken, or proposed to be taken, by the Dealer Manager or a portfolio manager of a Dealer Managed Fund, in response to the determinations referred to above.
- XI. Each Purchase of Units during the Prohibition Period is made on the TSX; and

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

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

**APPENDIX A**

**THE MUTUAL FUNDS**

**Frontiers Pools**

Frontiers Canadian Equity Pool  
Frontiers Canadian Monthly Income Pool

**CIBC Mutual Funds**

Canadian Imperial Equity Fund  
CIBC Balanced Fund  
CIBC Balanced Index Fund  
CIBC Canadian Small Companies Fund  
CIBC Capital Appreciation Fund  
CIBC Core Canadian Equity Fund  
CIBC Dividend Fund  
CIBC Diversified Income Fund  
CIBC Financial Companies Fund  
CIBC Monthly Income Fund

**Imperial Pools**

Imperial Canadian Equity Pool  
Imperial Canadian Dividend Income Pool  
Imperial Canadian Dividend Pool  
Imperial Canadian Income Trust Pool

**Renaissance Talvest Mutual Funds**

Renaissance Canadian Balanced Value Fund  
Renaissance Canadian Core Value Fund  
Renaissance Canadian Dividend Income Fund  
Renaissance Canadian Growth Fund  
Renaissance Canadian Income Trust Fund  
Renaissance Canadian Income Trust Fund II  
Renaissance Canadian Small Cap Fund  
Talvest Dividend Fund  
Talvest Cdn. Asset Allocation Fund  
Talvest Cdn. Equity Value Fund  
Talvest Small Cap Cdn. Equity Fund

**2.1.8 4355377 Canada Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – s. 83 of Securities Act (Ontario) – Issuer has only one security holder – Issuer deemed to cease to be a reporting issuer under applicable securities laws.

**Applicable Legislative Provisions**

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

**May 17, 2006**

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ONTARIO, ALBERTA AND QUÉBEC  
(the Jurisdictions)**

**AND**

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

**AND**

**IN THE MATTER OF  
4355377 CANADA INC. (the Filer)**

**MRRS DECISION DOCUMENT**

**Background**

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer is deemed to have ceased to be a reporting issuer (the **Requested Relief**).

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

- (i) the Ontario Securities Commission is the principal regulator for this application, and
- (ii) 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 company existing under the *Canada Business Corporations Act* (the **CBCA**) with its head office located at 150 York Street, Suite 1102, in Toronto, Ontario.
2. The Filer was formed on February 28, 2006 through the amalgamation of RNC Gold Inc. (**RNC**) and a wholly-owned subsidiary of Yamana Gold Inc. (**Yamana**), pursuant to an arrangement (the **Arrangement**) completed under section 192 of the CBCA.
3. The authorized capital of the Filer consists of an unlimited number of common shares, of which 100 common shares are outstanding. The 100 outstanding common shares of the Filer are owned and controlled by Yamana, and there are no other securities, including debt securities, of the Filer outstanding.
4. RNC was a reporting issuer in each of the Jurisdictions and in British Columbia, and as at the date of the Arrangement, was not in default of any of the requirements of the securities legislation of British Columbia or the Jurisdictions (the **Legislation**).
5. Prior to the Arrangement becoming effective, the common shares of RNC were listed on the Toronto Stock Exchange. The common shares of RNC were delisted from the Toronto Stock Exchange following the closing of the Arrangement.
6. Upon completion of the Arrangement, the Filer became a reporting issuer in each of the Jurisdictions and in British Columbia.
7. Other than a failure to file annual financial statements on or before March 31, 2006 for the year ending December 31, 2005, the Filer is not in default of any requirement of the Legislation.
8. No securities of the Filer are currently traded on a marketplace as defined by National Instrument 21-101 *Marketplace Operation*.
9. The Filer does not intend to seek public financing by way of an issue of securities of the Filer.
10. The Filer is applying for the Requested Relief in all of the jurisdictions of Canada in which it is currently a reporting issuer.

**Decision**

1. 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.
2. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

"David L. Knight"

**2.2 Orders**

"Susan Wolburgh Jenah"

**2.2.1 SMC Ventures Inc. - s. 144**

**Headnote**

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

**Statutes Cited**

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

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

**AND**

**IN THE MATTER OF  
SMC VENTURES INC.**

**ORDER  
(Section 144)**

**WHEREAS** the securities of SMC Ventures Inc. (the "Applicant") are currently subject to an order (the "Temporary Order") made by the Director on behalf of the Ontario Securities Commission (the "Commission"), pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act on the 4<sup>th</sup> day of June, 2004 as extended by a further order (the "Extension Order") of the Director, made on the 16<sup>th</sup> day of June, 2004, on behalf of the Commission pursuant to subsection 127(8) of the Act, that trading in the securities of the Corporation cease until the Temporary Order, as extended by the Extension Order is revoked by a further Order of Revocation;

**AND WHEREAS** the Temporary Order and the extension Order were each made on the basis that the Applicant was in default of certain filing requirements;

**AND WHEREAS** the Applicant has represented to the Director that:

1. The Applicant was incorporated under the *Business Corporations Act* (British Columbia) (former *Companies Act* (British Columbia)) on December 4, 1980 under the name Shayna Resources Ltd. In November 1992, the Applicant changed its name to Brocoll Medical Corp. In August 1997, the Applicant changed its name to GenSci Regeneration Sciences Inc. and in October 2003, the Applicant changed its name to SMC Ventures Inc.
2. The Applicant is a reporting issuer under the securities legislation of the provinces of British Columbia, Alberta, Ontario and Quebec.

3. The authorized share capital of the Applicant consists of 300,000,000 shares divided into 100,000,000 Class A common shares without par value, 100,000,000 Class B common shares without par value and 100,000,000 Preferred shares without par value, of which 5,497,314 Class A common shares were issued and outstanding as of May 4, 2006. Other than its Class A common shares, the Applicant has no securities, including debt securities, outstanding.
4. The Temporary Order as extended by the Extension Order was issued as a result of the Applicant's failure to file its audited financial statements for the year ended December 31, 2003. Subsequently, the Applicant failed to file its interim financial statements for the three month period ended March 31, 2004.
5. The Applicant is also subject to cease trade orders issued by the British Columbia Securities Commission dated June 2, 2004, by the Autorité des Marchés Financiers dated June 2, 2004 and by the Alberta Securities Commission dated June 18, 2004, each relating to the failure of the Applicant to file its audited financial statements for the year ended December 31, 2003 and its interim financial statements for the three month period ended March 31, 2004.
6. On June 21, 2004, the NEX Board of the TSX Venture Exchange (the "Exchange") suspended trading of the common shares of the Applicant until the cease trade order of the Autorité des Marchés Financiers is revoked and the Company meets the Exchange's (NEX Board) requirements.
7. To bring its continuous disclosure records up to date, the Applicant has now filed on SEDAR its audited financial statements for the years ended December 31, 2003 and 2004, and its quarterly statements for all periods up to and including the quarter ended June 30, 2005.
8. Except for the Temporary Order as extended by the Extension Order, the Applicant is not in default of any requirement of the Act or the rules or regulation made under the Act.

"John Hughes"  
Manager, Corporate Finance

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

**AND UPON** the undersigned is satisfied that the Applicant has remedied its default in respect of the filing requirements and is of the opinion that it would not be prejudicial to the public interest to revoke the Temporary Order as extended by the Extension Order;

**IT IS ORDERED**, pursuant to section 144 of the Act, is that the Temporary Order and Extension Order be and they are hereby revoked.

DATED this 10th day of May, 2006.

**2.2.2 Juniper Fund Management Corporations - s. 127(7)**

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

**AND**

**IN THE MATTER OF  
THE JUNIPER FUND MANAGEMENT  
CORPORATION, JUNIPER INCOME FUND,  
JUNIPER EQUITY GROWTH FUND AND  
ROY BROWN (a.k.a. ROY BROWN-RODRIGUES)**

**ORDER  
Section 127(7)**

**WHEREAS** on March 8, 2006, the Ontario Securities Commission (the "Commission") ordered pursuant to section 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that all trading in the securities of the Juniper Income Fund and the Juniper Equity Growth Fund (the "Funds") shall cease forthwith for a period of 15 days from the date thereof (the "Temporary Order");

**AND WHEREAS** pursuant to sections 127(1) and 127(5) of the *Act*, a hearing was scheduled for March 23, 2006 at 10:00 a.m. (the "Hearing");

**AND WHEREAS** on March 23, 2006 the Respondents consented to an extension of the Temporary Order and to an adjournment of the Hearing to May 4, 2006;

**AND WHEREAS** the Respondents are represented by counsel and have been served with the Temporary Order, the Notice of Hearing dated March 21, 2006, the Statement of Allegations dated March 21, 2006 and the Affidavit of Trevor Walz sworn March 17, 2006;

**AND WHEREAS** the parties have requested an adjournment to permit Staff to continue its investigation including the voluntary interview of Roy Brown;

**AND WHEREAS** The Juniper Fund Management Corporation ("JFM") has undertaken to keep unitholders advised of the status of this proceeding through notices, updates and news releases which are available and displayed prominently on the home page of Juniper's website at [www.juniperfund.ca](http://www.juniperfund.ca);

**AND WHEREAS** Staff has advised that the Commission issued two Directions dated May 4, 2006 under section 126(1) of the *Act* freezing bank accounts of JFM, the Funds and Roy Brown without notice to any of the Respondents;

**AND WHEREAS** the assets of the Funds are currently being held by a third-party custodian, NBCN Inc. ("NBCN") and are continuing to be managed by a third-

party investment counsel, financial advisor and portfolio manager, Morgan Meighen & Associates Limited;

**AND WHEREAS** counsel for the Respondents and Staff of the Commission have consented to an adjournment of the Hearing and to an extension of the Temporary Order to May 23, 2006;

**AND WHEREAS** the Commission has requested that the parties serve and file written submissions by May 18, 2006 with regard to: (i) the status of the ongoing reconciliation process; (ii) an update on the appointment of an external auditor; (iii) the need to appoint an external auditor and the role of the external auditor in auditing the reconciliation process; and (iv) the need, if any, to appoint a monitor;

**IT IS ORDERED** pursuant to subsections 127(2) and (7) of the *Act* that:

- (a) the Hearing is adjourned to May 23, 2006 at 10:00 a.m.;
- (b) the Temporary Order is extended until May 23, 2006;
- (c) (i) JFM will continue not to be paid any monthly management fees; (ii) JFM's requests for funds to pay expenses incurred by the Funds will continue to be subject to review and approval by NBCN, acting reasonably and subject to the overall direction of Staff; (iii) weekly lists of expenses incurred by the Funds or by JFM on behalf of the Funds will continue to be provided by JFM and reviewed by Staff; and (iv) neither JFM nor Roy Brown will deal in any way with the assets and investments of the Funds.

**DATED** at Toronto this 11<sup>th</sup> day of May, 2006.

"Susan Wolburgh Jenah"

"Suresh Thakrar"



2.2.3 Euston Capital Corp. and George Schwartz - s.  
127(7)

"Wendell S. Wigle"

"Suresh Thakrar"

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

**AND**

**IN THE MATTER OF  
EUSTON CAPITAL CORP. AND  
GEORGE SCHWARTZ**

**ORDER  
(Section 127(7))**

**WHEREAS** on May 1, 2006, the Ontario Securities Commission ordered pursuant to sections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c.S.5., as amended, that all trading in securities of Euston Capital Corp. ("Euston") cease, trading in securities by Euston and George Schwartz ("Schwartz") cease, and any exemptions contained in Ontario securities law do not apply to Euston and Schwartz (the "Temporary Order");

**AND WHEREAS** on May 2, 2006, the Commission issued a Notice of Hearing and Statement of Allegations in this matter;

**AND WHEREAS** Euston and Schwartz have requested an adjournment and have consented to an extension of the Temporary Order and to a peremptory date for the extension hearing;

**AND WHEREAS** Euston and Schwartz have undertaken to keep investors advised of the status of this proceeding through notices, updates, and news releases to be displayed prominently on the home page of Euston's website at [www.eustoncapital.com](http://www.eustoncapital.com) by May 19, 2006;

**AND UPON HEARING** submissions from counsel for Staff of the Commission and from Schwartz on his behalf and on behalf of Euston;

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

**IT IS ORDERED THAT:**

1. the hearing to consider whether to extend the Temporary Order is adjourned until June 9, 2006 at 10:00 a.m., peremptory to the respondents;
2. the Temporary Order is continued until the hearing on June 9, 2006 or until further order of the Commission; and
3. any materials upon which Euston and Schwartz intend to rely will be served and filed no later than May 24, 2006.

**DATED** at Toronto this 11th day of May, 2006.

**2.2.4 Maxim Atlantic Corporation - s. 144**

**Headnote**

Section 144 – application for partial revocation of cease trade order - variation of cease trade order to permit private placement – variation of cease trade order to permit tax loss disposition.

**Applicable Ontario Statutory Provisions**

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

**Applicable Ontario Policies**

OSC Policy 57 - 602 Applications for Partial Revocation to Permit a Securityholder to Establish a Tax Loss.

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

**AND**

**IN THE MATTER OF  
MAXIM ATLANTIC CORPORATION**

**ORDER  
(Section 144 of the Act)**

**WHEREAS** the securities of Maxim Atlantic Corporation ("Maxim") are currently subject to a temporary cease trade order dated May 26, 2004 made pursuant to paragraph 2 of subsection 127 (1) and subsection 127 (5) of the Act, as extended by a further order dated June 7, 2004 made pursuant to subsection 127(8) of the Act (collectively, the "Cease Trade Order"), ordering that trading in any securities of Maxim cease; and

**WHEREAS** Maxim has made an application to the Commission pursuant to section 144 of the Act (the "Application") for an order varying the Cease Trade Order with respect to (i) the Private Placement (as defined below); and (ii) the disposition by Prudential Assurance Co. Ltd. ("Prudential") of 12,375,906 common shares of Maxim (the "Prudential Shares") solely for the purpose of establishing a tax loss; and

**WHEREAS** Ontario Securities Commission Policy 57-602 – *Cease Trading Orders – Applications of Partial Revocation to Permit a Securityholder to Establish a Tax Loss* provides that the Commission is prepared to vary an outstanding cease trade order to permit the disposition of securities subject to the cease trade order for the purposes of establishing a tax loss where the Commission is satisfied that the disposition is being made, so far as the securityholder is concerned, solely for the purpose of that securityholder establishing a tax loss and provided that the securityholder provides the purchaser with a copy of the cease trade order and the variation order.

**AND UPON** considering the Application and the recommendation of the staff of the Commission.

**AND UPON** Maxim having represented to the Commission that:

1. Maxim is a corporation amalgamated under the *Business Corporations Act* (Ontario) on January 1, 1989;
2. Maxim is a reporting issuer in Ontario and British Columbia;
3. The authorized share capital of Maxim consists of an unlimited number of common shares and Class A Preferred Shares of which 24,819,367 common shares are issued and outstanding;
4. Maxim's common shares were suspended from trading on the Toronto Stock Exchange (the "Exchange") on June 6, 2003 for failure to meet the Exchange's continued listing requirements and Maxim voluntarily delisted from the Exchange on November 18, 2003;
5. The Cease Trade Order was made by the Commission for Maxim's failure to file audited annual financial statements for the year ended December 31, 2003 and interim unaudited financial statements for the three-month period ended March 31, 2004 (collectively, the "Financial Statements");
6. On July 16, 2004, the Executive Director of the British Columbia Securities Commission ordered that all trading in the securities of Maxim cease until (a) Maxim files the required records, including the Financial Statements and MD&A for the period ended March 31, 2004, and (b) the order is revoked;
7. To bring its continuous disclosure records up to date, Maxim proposes to file its audited financial statements for the financial years ended December 31, 2003, 2004 and 2005 and its interim financial statements for the interim periods ending March 31, 2004 through March 31, 2006 (collectively, the "New Financial Statements"). Maxim is awaiting completion of the New Financial Statements and they will be filed on SEDAR when completed;
8. Maxim intends to complete a private placement (the "Private Placement") of unsecured convertible debentures (the "Debentures") for total gross proceeds of not more than \$500,000. The Debentures will be convertible into common shares of Maxim at the rate of \$0.15 per share at any time after issuance until October 30, 2007. Maxim may issue warrants to Debenture holders to purchase additional common shares of Maxim for \$0.30 per share expiring on October 30, 2007. Distribution of the securities will be effected

pursuant to National Instrument 45-106. The Private Placement will be completed in compliance with all applicable securities legislation;

the Cease Trade order until it is revoked; and

9. Maxim will use the proceeds from the Private Placement to complete the audit and filing of the Financial Statements; conduct shareholder meetings; pay legal and accounting professionals and filing fees; and, the balance, if any, will be used for general working capital purposes;
10. Prudential acquired the Prudential Shares prior to the effective date of the Cease Trade Order;
11. As a result of the Cease Trade Order and other circumstances of Maxim, there is no market for the Prudential Shares and Prudential has determined that the Prudential Shares have no value;
12. Prudential will effect the proposed disposition of the Prudential Shares (the "Disposition") solely for the purpose of enabling it to establish a tax loss in respect of such Disposition;
13. Corporate Finance (Bermuda) Limited (the "Purchaser") is a shareholder of Maxim and is a sophisticated purchaser and understands the Prudential Shares have no market value, the nature of the Cease Trade Order and the purpose of the proposed trade;
14. The Purchaser has agreed to purchase the Prudential Shares for a nominal purchase price of \$1,237.59 (representing \$.001 per share);
15. The Purchaser will purchase and hold the Prudential Shares as principal;

(b) this Order will terminate on the earlier of:

- (i) the later of the closing of the Private Placement and the closing of the Disposition; and
- (ii) 120 days from the date hereof.

May 10th, 2006.

"John Hughes"  
Manager, Corporate Finance  
Ontario Securities Commission

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

**IT IS ORDERED** pursuant to section 144 of the Act that the Cease Trade Order be and is hereby varied solely to permit trades and acts in furtherance of trades in connection with the Private Placement and the Disposition, provided that:

- (a) prior to the issuance of the Debentures and the Disposition each potential investor in Debentures and the Purchaser will:
  - (i) receive a copy of the Cease Trade Order;
  - (ii) receive a copy of this Order; and
  - (iii) receive written notice from Maxim and acknowledge that all of Maxim's securities, including the Prudential Shares, the Debentures and any common shares issued upon conversion of the Debentures, will remain subject to

**2.2.5 Lime Brokerage LLC - s. 218 of the Regulation**

**Headnote**

Application to the Commission for an order, pursuant to section 218 of Regulation 1015 of the Securities Act (Ontario), that the requirement in section 213 of the Regulation, which provides that a registered dealer that is not an individual must be a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada, shall not apply to the Applicant in connection with its registration as a limited market dealer. The order sets out the terms and conditions applicable to a non-resident limited market dealer.

**Applicable Statutes**

Ontario Regulation 1015, R.R.O. 1990, ss. 213, 218.

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

**AND**

**IN THE MATTER OF  
R.R.O. 1990, REGULATION 1015,  
AS AMENDED (the REGULATION)**

**AND**

**IN THE MATTER OF  
LIME BROKERAGE LLC  
  
ORDER  
(Section 218 of the Regulation)**

**UPON** the application (the **Application**) of Lime Brokerage LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 218 of the Regulation, exempting the Applicant from the requirement in section 213 of the Regulation that the Applicant be incorporated, or otherwise formed or created, under the laws of Canada or a province or territory of Canada, in order for the Applicant to be registered under the Act as a dealer in the category of limited market dealer; and

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

**AND UPON** the Applicant having represented to the Commission that:

1. The Applicant is a limited liability company formed under the laws of the State of Delaware in the United States of America. The head office of the Applicant is located in New York, New York.
2. The Applicant is registered as a broker-dealer with the U.S. Securities and Exchange Commission (**SEC**) and is a member of the U.S. National

Association of Securities Dealers (**NASD**) and of the U.S. National Futures Association.

3. The Applicant's registrations with the SEC and NASD include authorization to trade in equity options in the United States.
4. The Applicant provides order routing and execution for its clients in respect of securities traded on exchanges and other marketplaces. The Applicant is proposing to expand its business by providing order routing and execution services, including routing and execution of orders for trades in securities, including options, to institutional investors in Ontario. The Applicant will not take custody of any client assets.
5. The Applicant is not presently registered in any capacity under the Act.
6. The Applicant intends to apply to the Commission for registration under the Act as a dealer in the category of limited market dealer.
7. Section 213 of the Regulation provides that a registered dealer that is not an individual must be a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.
8. The Applicant is not resident in Canada and does not require a separate Canadian company in order to carry out its proposed limited market dealer activities in Ontario. It is more efficient and cost-effective to carry out those activities through the existing company.
9. Without the relief requested the Applicant would not meet the requirements of the Regulation for registration as a dealer in the category of limited market dealer as it is not a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.

**AND UPON** being satisfied that to make this order would not be prejudicial to the public interest;

**IT IS ORDERED THAT**, pursuant to section 218 of the Regulation, and in connection with the registration of the Applicant as a dealer under the Act in the category of limited market dealer, section 213 of the Regulation shall not apply to the Applicant for a period of three years, provided that:

10. The Applicant appoints an agent for service of process in Ontario.
11. The Applicant shall provide to each client resident in Ontario a statement in writing disclosing the non-resident status of the Applicant, the Applicant's jurisdiction of residence, the name and address of the agent for service of process of the

- Applicant in Ontario, and the nature of risks to clients that legal rights may not be enforceable.
12. The Applicant will not change its agent for service of process in Ontario without giving the Commission 30 days prior notice of such change by filing a new Submission to Jurisdiction and Appointment of Agent for Service of Process.
13. The Applicant and each of its registered officers or directors irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial, and administrative tribunals of Ontario and any administrative proceedings in Ontario, in any proceedings arising out of or related to or concerning its registration under the Act or its activities in Ontario as a registrant.
14. The Applicant will not have custody of securities, funds, and other assets of clients resident in Ontario.
15. The Applicant will inform the Director immediately upon the Applicant becoming aware:
- (a) that it has ceased to be registered in the United States as a broker-dealer;
  - (b) of its registration in any other jurisdiction not being renewed or being suspended or revoked;
  - (c) that it is the subject of a regulatory proceeding, investigation or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority;
  - (d) that the registration of its salespersons, officers or directors who are registered in Ontario have not been renewed or have been suspended or revoked in any Canadian or foreign jurisdiction; or
  - (e) that any of its salespersons, officers or directors who are registered in Ontario are the subject of a regulatory proceeding, investigation or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority in any Canadian or foreign jurisdiction.
16. The Applicant will pay the increased compliance and case assessment costs of the Commission due to the Applicant's location outside Ontario, including the cost of hiring a third party to perform a compliance review on behalf of the Commission.
17. The Applicant will make its books and records outside Ontario, including electronic records, readily accessible in Ontario, and will produce physical records for the Commission within a reasonable time if requested.
18. If the laws of the jurisdiction in which the Applicant's books and records are located prohibit production of the books and records in Ontario without the consent of the relevant client the Applicant shall, upon a request by the Commission:
- (a) so advise the Commission; and
  - (b) use its best efforts to obtain the client's consent to the production of the books and records.
19. The Applicant will, upon the Commission's request, provide a representative to assist the Commission in compliance and enforcement matters.
20. The Applicant and each of its registered officers or directors will comply, at the Applicant's expense, with requests under the Commission's investigation powers and orders under the Act in relation to the Applicant's dealings with Ontario clients, including producing documents and witnesses in Ontario, submitting to audit or search and seizure process or consenting to an asset freeze, to the extent such powers would be enforceable against the Applicant if the Applicant were resident in Ontario.
21. If the laws of the Applicant's jurisdiction of residence that are otherwise applicable to the giving of evidence or production of documents prohibit the Applicant or the witnesses from giving the evidence without the consent or leave of the relevant client or any third party, including a court of competent jurisdiction, the Applicant shall:
- (a) so advise the Commission; and
  - (b) use its best efforts to obtain the client's consent to the giving of the evidence.
22. The Applicant will maintain appropriate registration and regulatory organization membership, in the jurisdiction of its principal operations, and if required, in its jurisdiction of residence.

May 12, 2006

"Wendell S. Wigle"

"Suresh Thakrar"

**2.2.6 Calyon Financial Canada Inc. and Calyon Financial Inc. - s. 80 of the CFA and s. 74(1) of the OSA**

**Headnote**

Trades in Canadian securities and commodities futures contracts and options by U.S. licensed broker dealer, which is an affiliate of an Ontario registered investment dealer, exempted from requirements of section 22(1)(a) of the CFA and section 25(1)(a) of the OSA, for trades made to persons or companies that are resident in the U.S.A., where the trade is made by the U.S. dealer (in its own right, or on behalf of another person or company resident in the U.S.) through individuals that are officers or salespersons of both the U.S. licensed dealer and Ontario registrant – Individuals must be appropriately registered to make the trade on behalf of the Ontario registrant if instead the Ontario registrant were making the trade to an Ontario resident.

**Statutes Cited**

Commodity Futures Act, R.S.O. 1990, c. C.20., ss. 22(1)(a), 80(1).  
Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1)(a), 74(1).

**IN THE MATTER OF  
THE COMMODITY FUTURES ACT,  
R.S.O. 1990, CHAPTER C.20,  
AS AMENDED (the CFA)**

**AND**

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

**AND**

**IN THE MATTER OF  
CALYON FINANCIAL CANADA INC.  
(Calyon Canada) AND  
CALYON FINANCIAL INC. (Calyon U.S.)**

**ORDER  
(Section 80 of the CFA and  
Subsection 74(1) of the OSA)**

**UPON** the application of Calyon U.S. to the Ontario Securities Commission (the Commission or the OSC) for an order, pursuant to section 80 of the CFA, that Calyon U.S. and the Dual Representatives (as defined below) shall not be subject to section 22(1)(a) of the CFA where the Dual Representatives act on behalf of Calyon U.S. in respect of trades in commodity futures contracts or commodity futures options in Ontario with, or on behalf of, clients who are residents of the U.S. (U.S. Clients);

**AND UPON** the application of Calyon U.S. to the Commission for an order, pursuant to subsection 74(1) of

the OSA, that, Calyon U.S. and the Dual Representatives (as defined below) shall not be subject to section 25(1)(a) of the OSA where the Dual Representatives act on behalf of Calyon U.S. in respect of certain trades in securities in Ontario with, or on behalf of, U.S. Clients, which are not permitted by Calyon U.S.'s registration as an international dealer.

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

**AND UPON** the Applicants having represented to the Commission that:

1. Calyon Canada is a corporation formed under the laws of the Province of New Brunswick and is a wholly owned subsidiary of Calyon U.S. The head office of Calyon Canada is located in Toronto, Canada.
2. Calyon Canada is a member of the Investment Dealers Association of Canada and is registered as a Futures Commission Merchant under the CFA. Calyon Canada also has filed an application to register with the OSC as an "investment dealer".
3. Calyon U.S. is a corporation formed under the laws of the State of Delaware. The head office of Calyon U.S. is located in Chicago, Illinois. Calyon U.S. primarily engages in trading securities and futures contracts for institutional clients.
4. Calyon U.S. is registered as a "broker-dealer" by the U.S. Securities and Exchange Commission (SEC). Calyon U.S. is also a registered as a Futures Commission Merchant with the U.S. Commodity Futures Trading Commission (CFTC), and is a member of the National Futures Association. Calyon U.S. is registered in Ontario as an "international dealer".
5. Calyon U.S. and Calyon Canada wish to provide U.S. clients with access to representatives who have experience and expertise in the Canadian futures and securities markets. Such U.S. activities would require Calyon Canada to obtain registration in the U.S.
6. The primary purpose of establishing Calyon Canada was to provide Canadian clients with access to Canadian and global marketplaces as well as to provide non-Canadian clients with access to Canadian marketplaces and expertise.
7. Calyon Canada expects that the amount of revenue derived from non-Canadian clients will be insignificant compared to the revenue generated by Canadian clients.
8. The cost and time involved in having Calyon Canada become registered with and approved by the SEC and CFTC, as well as the continuing

regulatory oversight and burden would be duplicative and unduly burdensome considering the benefits generated by such an incremental amount of business.

9. Certain registered representatives of Calyon Canada in Ontario are, or will also be, U.S. registered representatives of Calyon U.S. (Dual Representatives).
10. Although Dual Representatives will primarily act on behalf of Calyon Canada, they may also act in Ontario on behalf of Calyon U.S. in respect of trades with or on behalf of U.S. Clients. In particular, Dual Representatives may execute trades for U.S. Clients which are not permitted under its registration in the category of international dealer.
11. When acting on behalf of Calyon U.S., the Dual Representatives will not be serving Canadian clients, except as permitted by its international dealer registration.
12. Where Calyon U.S. trades with or on behalf of U.S. Clients, Calyon U.S. and any Dual Representatives who act on behalf of Calyon U.S. in respect of such trades, are subject to and obliged to comply with the registration and other requirements of applicable legislation in the U.S.
13. Calyon Canada will file with the OSC such reports as to trading activities by the Dual Representative pursuant to this Order as the OSC may require from time to time.

**AND UPON** being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested on the basis of the terms and conditions proposed,

**IT IS ORDERED**, pursuant to section 80 of the CFA, that trades in commodity futures contracts or commodity futures options made by Dual Representatives on behalf of Calyon U.S., with or on behalf of U.S. Clients, shall not be subject to the requirements of section 22(1)(a) of the CFA, provided that, at the time of each trade:

- (a) Calyon Canada is registered under the CFA in a category that would permit

Calyon Canada to act as a dealer for the trade, in compliance with section 22(1)(a) of the CFA, if the trade were instead being made by Calyon Canada to a person or company resident in Ontario; and

- (b) the registration of the Dual Representative effecting the trade would permit the Dual Representative to act on behalf of Calyon Canada in respect of such trade, in compliance with section 22(1)(a) of the CFA, if the trade were instead being made by the Dual Representative on behalf of Calyon Canada to a person or company resident in Ontario.

**AND IT IS ORDERED** pursuant to subsection 74(1) of the OSA, that trades in Canadian securities not permitted by Calyon U.S.' registration as an international dealer that are made by Dual Representatives on behalf of Calyon U.S. with, or on behalf of, U.S. Clients, shall not be subject to the requirements of section 25(1)(a) of the OSA, provided that, at the time of each trade:

- (a) Calyon Canada is registered under the OSA as a dealer in a category that would permit Calyon Canada to act as a dealer for the trade, in compliance with section 25(1)(a) of the OSA, if the trade were instead being made by Calyon Canada to a person or company resident in Ontario; and
- (b) the registration of the Dual Representative effecting the trade would permit the Dual Representative to act on behalf of Calyon Canada in respect of such trade, in compliance with section 25(1)(a) of the OSA, if the trade were instead being made by the Dual Representative on behalf of Calyon Canada to a person or company resident in Ontario.

May 16, 2006

"Wendell S. Wigle"

"Robert W. Davis"

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## Chapter 3

# Reasons: Decisions, Orders and Rulings

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### 3.1 OSC Decisions, Orders and Rulings

#### 3.1.1 Thomas Hinke

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

**AND**

**IN THE MATTER OF  
THOMAS HINKE**

**Hearing:** April 12 and May 1, 2006

**Panel:** Susan Wolburgh Jenah - Vice Chair (Chair of the Panel)  
Suresh Thakrar - Commissioner

**Counsel:** Anne Sonnen - On behalf of Staff of the  
Michael Bennett - Ontario Securities Commission  
Ursel Callender -

Allan Morrison - On behalf of Thomas Hinke

#### **ORAL DECISION AND REASONS**

The following text has been prepared for purposes of publication in the Ontario Securities Commission Bulletin and is based on excerpts of the transcript of the hearing. The excerpts have been edited and supplemented and the text has been approved by the chair of the panel for the purpose of providing a public record of the decision.

[1] This proceeding related to the *Securities Act* (the Act) and the matter of Mr. Thomas Hinke. By way of background, there was a notice of hearing dated March 6, 2006, pursuant to which the Commission announced that it would hold a hearing on April 12, 2006 to consider whether it was in the public interest to make an order against Mr. Thomas Hinke for his failure to file the required insider trading reports.

[2] There was an agreed statement of facts which was filed with the Commission, and it referred to Mr. Hinke's failure to comply with all of the terms of a previous settlement agreement that had been entered into with the Executive Director of the Commission, which had also involved a failure to file insider trading reports for a prior period of time.

[3] The delinquent reports in both instances related to trades in shares of Thermal Energy International Inc., or TEI, of which Mr. Hinke was an officer, director, and insider.

[4] At the material time, Mr. Hinke held 16.1 percent of the outstanding shares of TEI, as set out in paragraph 6 of the settlement agreement which was filed with us today.

[5] On the return date of the hearing, April 12, 2006, the Panel, based on the agreed statement of facts between Staff and the Respondent, found that Mr. Hinke had failed to file the required insider reports during the period April 11, 2005 to January 3, 2006. Based on the agreed statement of facts, which were uncontested before us, we found that Mr. Hinke had breached Ontario securities law and had acted in a manner which was contrary to the public interest. That concluded the liability phase of the hearing.

[6] The sanctions which had initially been sought by Staff in this matter were not the subject of agreement between the parties. The Panel therefore determined that it was appropriate to put over the sanctions phase of the proceeding to May 1, 2006.

[7] This morning the parties presented the Panel with a settlement agreement, which contained, among other things, additional facts relating to the sanctions hearing and the agreed terms of settlement as between the parties.

[8] Having considered the settlement agreement, having heard the submissions of the parties, and having considered the relevant authorities which were provided to us by Staff in their book of authorities, and in particular the cases of *Re: Riley*, *Re: Cheung*, *Re: Meridian Resources Inc.*, and *Re: Popovic*, the Panel has determined that it is in the public interest to approve the settlement agreement, as modified to reflect the results of the Commission's deliberations this morning, and the order.

[9] In making this determination, the Panel was guided by the purposes and principles of the Act, which set out the Commission's mandate and the principles that the Commission should consider in the administration and enforcement of the Act.

[10] In exercising our public-interest jurisdiction, we are guided by the words of the Commission in the case of *Re: Mithras Management Ltd.*

[11] In that case, the Commission Panel said as follows:

We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing, we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.

[12] We also considered that the appropriate sanctions should be determined by taking into account the specific circumstances of this case.

[13] In determining the nature and duration of appropriate sanctions, the Commission will generally consider a number of factors, including: the seriousness of the allegations; the Respondent's experience in the marketplace; the level of the Respondent's activity in the marketplace; whether or not there has been recognition of the seriousness of the impropriety; whether or not the sanctions imposed will deter not only those involved in the case being considered, but also others from engaging in similar abuses of the capital markets; any mitigating factors; and the remorse of the particular Respondent. Those then are the general factors that the Commission will consider in a sanction proceeding.

[14] In addition, we were guided by the Supreme Court of Canada's statement of the principle that the Commission, in determining appropriate sanctions, should consider general deterrence. The Supreme Court said as follows in the case of *Re: Cartaway Resources Corp.*:

It is reasonable to view general deterrence as an appropriate, and perhaps necessary, consideration in making orders that are both protective and preventive.

[15] In other words, a penalty that is meant to generally deter is designed by its very nature to discourage or hinder like behaviour in others.

[16] This case involved a failure to file insider reports. We are mindful of the fact that the filing of insider reports serves a very important purpose in our securities regulatory regime. They are designed to foster fair and efficient capital markets and to protect public confidence in our markets.

[17] The filing of insider reports is underscored by principles of disclosure and transparency with respect to trading by insiders.

[18] The failure to file insider reports in this case requires that the Commission send an appropriate message to market participants generally and to this particular Respondent that chronic delinquent filings will not be tolerated.

[19] The failure to file insider reports is regarded as a serious breach of the Act.

[20] We further note that in this case the Respondent had breached a previous agreement with the Executive Director, which also involved a failure to file insider reports.

[21] The breach of the previous agreement in these circumstances was a relevant factor particularly when coupled with subsequent breaches of the same nature. We determined that the sanctions to be imposed in this case should be adequate and proportional to the conduct in issue and the circumstances.

[22] The Panel has therefore determined that it is in the public interest to make the following order that:

(a) the settlement agreement dated May 1, 2006, entered into between Staff and the Respondent, is approved;

- (b) pursuant to clause 2 of Subsection 127(1) of the Act, trading by Thomas Hinke shall cease,
  - (i) in securities of TEI, for a six-month period commencing from the date of his last trade in TEI, that being February 15, 2006; and
  - (ii) in securities of all other reporting issuers in which Mr. Hinke holds in excess of 5 per cent of any class of securities, or for which he is deemed an insider pursuant to the Act, for one year from the date of the order;
- (c) the Panel hereby reprimands Mr. Hinke for his conduct in this matter;
- (d) pursuant to clause 9 of paragraph 127(1), Mr. Hinke shall pay an administrative penalty of \$32,000, to be allocated by the Commission to or for the benefit of third parties under Section 3.4(2)(b) of the Act; and
- (e) pursuant to Section 127.1 of the Act, that Mr. Hinke shall pay \$5,000 in costs.

[23] We also refer to recitals contained in the order, which provide that Mr. Hinke has agreed to provide a copy of this order to any registrant with whom he may deal for the coming year from the date of this order.

[24] Mr. Hinke has further undertaken in his recitals to the order that he agrees to take a relevant corporate governance course prior to becoming an insider, as defined in the Act, or an officer or director of a reporting issuer.

[25] These proceedings are concluded.

Approved by the chair of the panel on May 12, 2006.

“Susan Wolburgh Jenah”

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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
China Education Resources Inc.	12 May 06	24 May 06		
Continental Home HealthCare Ltd.	12 May 06	24 May 06		
Dectron Internationale Inc.	11 May 06	23 May 06		
Denninghouse Inc.	12 May 06	24 May 06		
Huntington Rhodes Inc.	05 May 06	17 May 06	17 May 06	
Lease-Rite Corporation Inc.	12 May 06	24 May 06		
Leisure Canada Inc.	11 May 06	23 May 06		
Sackport Ventures Inc.	12 May 06	24 May 06		
Silverstone Resources Corp.	11 May 06	23 May 06	12 May 06	
Sterling Leaf Income Trust	17 May 06	29 May 06		

### 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
Airesurf Networks Holdings Inc.	02 May 06	15 May 06	15 May 06		
DataMirror Corporation	02 May 06	15 May 06	12 May 06		
Foccini International Inc.	02 May 06	15 May 06	15 May 06		
Interquest Incorporated	03 May 06	16 May 06	16 May 06		
MedX Health Corp.	02 May 06	15 May 06	15 May 06		
ONE Signature Financial Corporation	03 May 06	16 May 06	16 May 06		
Radiant Energy Corporation	01 Mar 06	14 Mar 06	14 Mar 06	11 May 06	
Simplex Solutions Inc.	02 May 06	15 May 06	15 May 06		

## 4.2.2 Outstanding Management &amp; 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
Airesurf Networks Holdings Inc.	02 May 06	15 May 06	15 May 06		
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
Bennett Environmental Inc.	10 Apr 06	24 Apr 06	24 Apr 06		
Big Red Diamond Corporation	03 Mar 06	16 Mar 06	16 Mar 06		
DataMirror Corporation	02 May 06	15 May 06	12 May 06		
Fareport Capital Inc.	13 Sept 05	26 Sept 05	26 Sept 05		
Focini International Inc.	02 May 06	15 May 06	15 May 06		
Genesis Land Development Corp.	11 Apr 06	24 Apr 06	24 Apr 06		
Hip Interactive Corp.	04 Jul 05	15 Jul 05	15 Jul 05		
HMZ Metals Inc.	03 Apr 06	14 Apr 06	17 Apr 06		
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		
Interquest Incorporated	03 May 06	16 May 06	16 May 06		
Lakefield Marketing Corporation	08 May 06	23 May 06			
MedX Health Corp.	02 May 06	15 May 06	15 May 06		
Mindready Solutions Inc.	06 Apr 06	19 Apr 06	19 Apr 06		
Nortel Networks Corporation	27 Mar 06	10 Apr 06	10 Apr 06		
Nortel Networks Limited	27 Mar 06	10 Apr 06	10 Apr 06		
Novelis Inc.	18 Nov 05	01 Dec 05	01 Dec 05		
ONE Signature Financial Corporation	03 May 06	16 May 06	16 May 06		
Precision Assessment Technology Corporation	07 Apr 06	20 Apr 06	20 Apr 06		
Radiant Energy Corporation	01 Mar 06	14 Mar 06	14 Mar 06	11 May 06	
Simplex Solutions Inc.	02 May 06	15 May 06	15 May 06		
Specialty Foods Group Income Fund	04 Apr 06	17 Apr 06	17 Apr 06		

## Chapter 7

# Insider Reporting

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This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see [www.carswell.com](http://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](http://www.sedi.ca)).

## Chapter 8

# Notice of Exempt Financings

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### REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND FORM 45-501F1

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
04/28/2006	2	1514947 Ontario Inc. - Debentures	400,000.00	133,333.33
04/30/2006	4	ABC American -Value Fund - Units	650,000.00	19,356.09
04/30/2006	20	ABC Dirt Cheap Stock Fund - Units	3,780,000.00	360,176.31
04/30/2006	3	ABC Fully-Managed Fund - Units	800,000.00	72,563.68
04/30/2006	4	ABC Fundamental - Value Fund - Units	650,000.00	30,282.56
03/10/2006	97	Abenteuer Resources Corp. - Units	991,700.00	1,317,333.00
04/27/2006	75	Arcan Resources Ltd. - Common Shares	17,000,000.00	6,800,000.00
05/01/2006	2	Augen Resource Strategy Fund Inc. - Common Shares	16,651,317.64	166,513.17
05/04/2006	1	Aura Gold Inc. - Warrants	1.00	500,000.00
04/27/2006	94	Aurelian Resources Inc. - Common Shares	20,000,002.00	7,272,728.00
05/02/2006	18	Benton Resources Corp. - Units	240,120.00	303,030.00
04/28/2006	2	Burlington Partners I LP. - L.P. Units	200,000.00	200.00
04/30/2006	5	Business Propulsion Systems Inc. - Debentures	2,000,000.00	2,000,000.00
05/01/2006	17	CareVest Blended Mortgage Investment Corporation - Preferred Shares	369,885.00	217,527.00
05/01/2006	26	CareVest First Mortgage Investment Corporation - Preferred Shares	1,139,588.00	1,139,588.00
05/01/2006	9	CareVest Second Mortgage Investment Corporation - Preferred Shares	85,901.00	85,901.00
04/26/2006	37	Centram Exploration Ltd. - Units	506,100.00	10,100,000.00
04/13/2006 to 04/28/2006	54	Century Mining Corporation - Units	25,176,800.00	20,141,440.00
05/01/2006	1	CMP Susquecanna Corp. - Notes	1,113,300.00	1,000,000.00
04/21/2006	89	Coastport Capital Inc. - Units	2,516,550.00	7,387,500.00
05/08/2006	1	Cooper Pacific II Mortgage Investment Corporation - Common Shares	125,000.00	125,000.00
04/17/2006	3	Daniels Management Limited Partnership - L.P. Units	1,259,700.00	85.00
04/27/2006	439	Deepwell Energy Services Trust - Units	40,000,000.00	4,000,000.00
04/25/2006	21	Eloro Resources Ltd. - Common Shares	647,500.00	1,000,000.00
04/28/2006	1	Espial Group Inc. - Common Shares	1.00	291,720.00



**Notice of Exempt Financings**

<b>Transaction Date</b>	<b># of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Pur. Price (\$)</b>	<b># of Securities Distributed</b>
04/28/2006	13	FairWest Energy Corporation - Flow-Through Shares	229,500.40	382,500.00
04/28/2006 to 05/02/2006	1	First Leaside Fund - Trust Units	55,619.88	50,108.00
04/27/2006	65	G2 Resources Inc. - Common Shares	7,600,000.00	6,000,000.00
05/01/2006 to 05/05/2006	8	General Motors Acceptance Corporation of Canada, Limited - Notes	1,981,286.27	19,812.86
05/01/2006	4	Giraffe Capital Limited Partnership - L.P. Units	2,350,000.00	1,394.62
05/01/2006	6	Giraffe Capital Limited Partnership III - L.P. Units	1,500,000.00	15,129.20
04/24/2006	1	Globel Direct, Inc. - Debentures	200,000.00	200,000.00
04/27/2006	1	Golden China Resources Corporation - Option	0.00	N/A
04/25/2006	66	Greenbank Energy Ltd. - Common Shares	10,040,000.00	2,500,000.00
04/25/2006	37	Greenbank Energy Ltd. - Flow-Through Shares	5,000,000.00	2,100,000.00
04/28/2006	17	HealthUnity Corporation - Preferred Shares	1,338,175.44	3,090,018.00
04/26/2006	1	HLM Venture Partners II, L.P. - L.P. Interest	11,117,000.00	1.00
05/01/2006	24	IGW Properties Limited Partnership I - L.P. Units	1,753,000.00	1,753,000.00
04/06/2006	24	Inspiration Mining Corporation - Common Shares	787,500.00	2,250,000.00
04/28/2006	181	International PBX Ventures Ltd. - Units	3,171,344.00	5,766,080.00
04/28/2006	6	logen Corporation - Units	32,544,248.00	2,712,020.00
05/03/2006	2	iPayment, Inc. - Notes	1,200,922.27	1,100.00
04/28/2006	98	Ironhorse Oil & Gas Inc. - Units	5,075,000.00	2,100,000.00
10/19/2005	20	ISX Resources Inc. - Units	150,000.00	1,000,000.00
04/28/2006	13	JNR Resources Inc. - Common Shares	5,900,000.00	4,000,000.00
05/01/2006	3	KAI Pharmaceutical Inc. - Stock Option	2,698,306.96	1,904,465.00
05/02/2006	1	KBSH Enhanced Income Fund - Units	221,170.00	19,319.53
05/02/2006	1	KBSH Private - Canadian Equity Fund - Units	55,293.00	2,598.60
05/02/2006	1	KBSH Private - Special Equity Fund - Units	110,585.00	4,594.88
05/02/2006	1	KBSH Private - U.S. Equity Fund - Units	55,292.00	4,407.85
04/26/2006	24	Lithic Resources Ltd. - Units	932,000.00	3,728,000.00
04/25/2006	11	Logan Resources Ltd. - Flow-Through Shares	3,437,500.00	6,250,000.00
04/25/2006	4	Logan Resources Ltd. - Non-Flow Through Units	625,000.00	1,250,000.00
05/09/2006	35	Longbow Capital Limited Partnership #14 - L.P. Units	2,608,000.00	2,608.00
04/28/2006	45	Mawson Resources Limited - Common Shares	7,590,000.00	6,600,000.00
04/21/2006	43	Nevada Geothermal Power Inc. - Units	11,699,910.40	13,000,000.00
04/28/2006	1	New World Resources Corp. - Units	1,600,000.00	2,000,000.00

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b># of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Pur. Price (\$)</b>	<b># of Securities Distributed</b>
02/20/2006	11	Newport Diversified Hedge Fund - Units	851,202.94	7,093.58
03/23/2006	8	Newport Diversified Hedge Fund - Units	123,109.93	994.94
04/20/2006	4	Newport Diversified Hedge Fund - Units	119,842.90	979.25
04/27/2006	2	Nightingale Informatix Corporation - Common Shares	900,000.00	592,105.00
04/27/2006	14	Nightingale Informatix Corporation - Warrants	5,000,000.00	1,250,000.00
04/01/2006	6	Northern Freegold Resources Ltd. - Flow-Through Shares	78,400.00	224,000.00
04/01/2006 to 04/11/2006	18	Northern Freegold Resources Ltd. - Units	363,300.00	1,211,000.00
05/02/2006	85	Northpine Energy Ltd. - Common Shares	20,000,500.00	6,154,000.00
04/28/2006 to 05/05/2006	34	NovaDx Ventures Corp. - Receipts	705,300.00	2,717,500.00
04/28/2006	53	Orbus Pharma Inc. - Units	5,195,500.00	12,988,750.00
04/28/2006	114	Pan Orient Energy Corp. - Common Shares	29,025,000.00	8,000,000.00
04/28/2008	113	Paragon Pharmacies Ltd. - Common Shares	5,125,000.00	6,406,250.00
04/26/2006	3	Peace Arch Entertainment Group Inc. - Common Shares	107,928.04	245,291.00
04/28/2006	1	PharmaGap Inc. - Debentures	100,000.00	100,000.00
05/05/2006	447	Phoenix Oilfield Hauling Inc. - Receipts	25,000,000.00	25,000,000.00
04/26/2006	14	Plazacorp Retail Properties Ltd. - Units	5,000,000.00	5,000.00
05/01/2006	1	PMI Ventures Ltd. - Units	1,000,000.00	4,000,000.00
05/09/2006	3	Process Capital Corporation - Common Shares	695,500.00	13,910,000.00
04/28/2006	4	Progressive Moulded Products Limited - Notes	0.00	141,242,000.00
04/13/2006	137	Rampart Ventures Ltd. - Common Shares	3,300,000.00	11,000,000.00
05/01/2006	164	Romspen Mortgage Investment Fund - Units	13,334,210.00	1,333,424.00
04/27/2006	130	Royal Standard Minerals Inc. - Units	14,922,293.05	N/A
04/24/2006 to 05/03/2006	194	Scorpio Mining Corporation - Units	40,667,795.00	35,363,300.00
12/01/2004 to 10/01/2005	17	Selective Asset Long Biased Equity Hedge Fund LP - Units	3,423,600.00	3,423.60
12/01/2004 to 10/01/2005	13	Selective Asset Long/Short Fund of Funds LP - Units	806,483.00	8,064,830.00
12/01/2004 to 10/01/2005	11	Selective Asset Short Biased Equity Hedge Fund LP - Units	796,483.00	7,964,830.00
04/28/2006	50	Skyline Gold Corporation - Common Shares	500,000.00	5,000,000.00
04/28/2006	7	Standard Energy Inc. - Common Shares	1,133,355.00	377,785.00

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b># of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Pur. Price (\$)</b>	<b># of Securities Distributed</b>
04/28/2006	7	Standard Energy Inc. - Flow-Through Shares	1,522,148.40	422,819.00
05/02/2006	51	Stella-Jones Inc. - Receipts	18,020,000.00	1,060,000.00
05/04/2006	1	Stroud Resources Ltd. - Common Shares	0.00	750,000.00
05/04/2006	39	Stroud Resources Ltd. - Units	4,199,999.94	23,333,333.00
04/20/2006	142	Sun TV Limited - Common Shares	65,504,532.60	6,889,000.00
04/28/2006	56	Syscan International Inc. - Units	1,423,950.00	4,746,500.00
04/27/2006	1	Tartan Capital Limited - Notes	27,417,600.00	24,000,000.00
04/28/2006	1	TD Capital Private Equity Investors Holdings (Canada) L.P. II - L.P. Interest	104,972,110.00	9,370.00
04/28/2006	9	TD Capital Private Equity Investors (Canada) L.P. II - L.P. Interest	104,972,110.00	9,370.00
04/30/2006	2	TD Harbour Capital Canadian Balanced Fund - Trust Units	200,000.00	1,755.62
04/30/2006	2	TD Harbour Capital Commodity Fund - Trust Units	260,000.00	2,572.00
04/28/2006	2	Temex Resource Corp. - Common Shares	1,859,800.25	2,636,000.00
04/27/2006	12	Temex Resource Corp. - Units	5,000,000.20	7,692,308.00
04/28/2006	14	The McElvaine Investment Trust - Trust Units	2,540,865.00	98,644.49
04/28/2006	3	THL-PMPL Holding Corp. - Warrants	0.00	1,315,909.00
04/28/2006	48	Tumi Resources Limited - Units	2,170,000.00	3,500,000.00
04/28/2006	56	Universal Uranium Ltd. - Units	1,970,125.50	2,626,834.00
05/05/2006	7	Vanquish Oil & Gas Corporation - Common Shares	477,626.00	238,813.00
05/05/2006	2	Vanquish Oil & Gas Corporation - Flow-Through Shares	462,375.00	205,500.00
04/28/2006	2	Vector Wind Energy Inc. - Units	175,000.00	175,000.00
04/27/2006	111	Virgin Metals Inc. - Receipts	5,891,298.75	13,091,775.00
04/30/2006	79	WBIC Canada Ltd. - Common Shares	789,116.80	493,198.00
04/27/2006 to 05/02/2006	13	Wimberly Apartments Limited Partnership - Notes	2,777,000.00	2,627,000.00
04/12/2006 to 05/02/2006	2	Wimberly Apartments Limited Partnership - Notes	499,500.00	450,000.00
03/14/2006	14	Zappa Resources Ltd. - Units	980,000.00	9,800,000.00

## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

Arctic Glacier Income Fund  
Principal Regulator - Manitoba

**Type and Date:**

Preliminary Short Form Prospectus dated May 10, 2006  
Mutual Reliance Review System Receipt dated May 10, 2006

**Offering Price and Description:**

\$50,001,100.00 - 4,673,000 Subscription Receipts each representing the right to receive one Trust Unit  
And \$100,000,000.00 - 6.50% Extendible Convertible Unsecured Subordinated Debentures

**Underwriter(s) or Distributor(s):**

Scotia Capital Inc.  
TD Securities Inc.  
BMO Nesbitt Burns Inc.  
National Bank Financial Inc.  
Wellington West Capital Markets Inc.

**Promoter(s):**

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**Project #936342**

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**Issuer Name:**

BonaVista Canadian Equity Value Fund  
BonaVista Global Balanced Fund  
Phillips, Hager & North Currency-Hedged Overseas Equity Fund  
Phillips, Hager & North Currency-Hedged U.S. Equity Fund  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Simplified Prospectuses dated May 9, 2006  
Mutual Reliance Review System Receipt dated May 10, 2006

**Offering Price and Description:**

Offering Series A, O and R Units

**Underwriter(s) or Distributor(s):**

Phillips, Hager & North Investment Funds Ltd.  
Phillips, Hager & North Investment Funds Ltd.  
Phillips, Hager & North Investment Funds Ltd.

**Promoter(s):**

Phillips, Hager & North Investment Management Ltd.

**Project #936370**

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**Issuer Name:**

Capital Desjardins Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated May 15, 2006  
Mutual Reliance Review System Receipt dated May 16, 2006

**Offering Price and Description:**

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**Underwriter(s) or Distributor(s):**

BMO Nesbitt Burns Inc.  
Desjardins Securities Inc.  
Casgrain & Company Ltd.  
CIBC World Markets Inc.  
Deutsche Bank Securities Ltd.  
Laurentian Bank Securities Inc.  
RBC Dominion Securities Inc.  
Scotia Capital Inc.  
TD Securities Inc.

**Promoter(s):**

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**Project #941022**

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**Issuer Name:**

DaimlerChrysler Canada Finance Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated May 12, 2006  
Mutual Reliance Review System Receipt dated May 12, 2006

**Offering Price and Description:**

\$5,000,000,000.00 - Medium Term Notes (Unsecured)

**Underwriter(s) or Distributor(s):**

BMO Nesbitt Burns Inc.  
RBC Dominion Securities Inc.  
Scotia Capital Inc.  
TD Securities Inc.  
National Bank Financial Inc.  
CIBC World Markets Inc.

**Promoter(s):**

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**Project #938014**

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**Issuer Name:**

Dundee Real Estate Investment Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated May 15, 2006  
Mutual Reliance Review System Receipt dated May 15, 2006

**Offering Price and Description:**

\$100,036,000.00 - 3,560,000 REIT Units, Series A Price:  
\$28.10 per Unit

**Underwriter(s) or Distributor(s):**

TD Securities Inc.  
CIBC World Markets Inc.  
Scotia Capital Inc.  
Dundee Securities Corporation  
RBC Dominion Securities Inc.  
National Bank Financial Inc.  
Genuity Capital Markets G.P.  
Canaccord Capital Corporation  
Desjardins Securities Inc.  
HSBC Securities (Canada) Inc.  
Trilon Securities Corporation

**Promoter(s):**

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**Project #939479**

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**Issuer Name:**

First Capital Realty Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated May 15, 2006  
Mutual Reliance Review System Receipt dated May 16, 2006

**Offering Price and Description:**

\$180,000,000.00 - 628,094 Common Shares Issuable Only  
Upon Exercise of Warrants Expiring August 31, 2008

**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

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**Project #940711**

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**Issuer Name:**

Fronteer Development Group Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated May 16, 2006  
Mutual Reliance Review System Receipt dated

**Offering Price and Description:**

\$38,400,000.00 - 6,000,000 Common Shares Price: \$6.40  
per Common Share

**Underwriter(s) or Distributor(s):**

National Bank Financial Inc.  
Canaccord Capital Corporation  
Pacific International Securities Inc.  
Sprott Securities Inc.

**Promoter(s):**

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**Project #940898**

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**Issuer Name:**

FUEL-X INTERNATIONAL INC.  
Principal Regulator - Alberta

**Type and Date:**

Amended and Restated Preliminary Prospectus dated May 12, 2006  
Mutual Reliance Review System Receipt dated May 12, 2006

**Offering Price and Description:**

\$30,000,000.00 - \* Common Shares Up to .. Common  
Shares Issuable Upon the Conversion  
of \$10,700,000 Principal Amount of Series A Debentures

**Underwriter(s) or Distributor(s):**

Canaccord Capital Corporation  
Research Capital Corporation  
MGI Securities Inc.  
Orion Securities Inc.  
Tristone Capital Inc.

**Promoter(s):**

Andre Arrata  
Ian M. Cochran  
**Project #891214**

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**Issuer Name:**

Hi Ho Silver Resources Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated May 9, 2006  
Mutual Reliance Review System Receipt dated May 10, 2006

**Offering Price and Description:**

Minimum of 2,500,000 common shares and maximum of  
3,500,000 common shares @ \$0.15 per share  
Minimum of \$375,000 and Maximum of \$525,000.00

**Underwriter(s) or Distributor(s):**

Northern Securities Inc.

**Promoter(s):**

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**Project #932139**

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**Issuer Name:**

IG Mackenzie Maxxum Canadian Equity Growth Fund  
Investors Canadian Growth Fund  
Principal Regulator - Manitoba

**Type and Date:**

Preliminary Simplified Prospectuses dated May 8, 2006  
Mutual Reliance Review System Receipt dated May 16, 2006

**Offering Price and Description:**

Series A, B and C Units

**Underwriter(s) or Distributor(s):**

Investors Group Financial Services Inc.

**Promoter(s):**

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**Project #**934653

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**Issuer Name:**

IMA Exploration Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated May 10, 2006  
Mutual Reliance Review System Receipt dated May 10, 2006

**Offering Price and Description:**

\$10,027,500.00 - 2,865,000 Common Shares and 1,432,500 Warrants to be issued upon the exercise or deemed exercise of 2,865,000 Special Warrants and 171,900 Broker Warrants to be issued on the exercise or deemed exercise of 171,900 Agents' Compensation's Options.

**Underwriter(s) or Distributor(s):**

Canaccord Capital Corporation  
Paradigm Capital Inc.  
Blackmont Capital Inc.

**Promoter(s):**

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**Project #**936514

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**Issuer Name:**

Impax Energy Services Income Trust  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Preliminary Prospectus dated May 12, 2006

Mutual Reliance Review System Receipt dated May 15, 2006

**Offering Price and Description:**

\$ \* - \* Units Price: \$10.00 per Unit

**Underwriter(s) or Distributor(s):**

TD Securities Inc.  
CIBC World Markets Inc.  
National Bank Financial Inc.  
Canaccord Capital Corporation  
Blackmont Capital Inc.

**Promoter(s):**

Impax Management Ltd.

**Project #**929032

**Issuer Name:**

Lifesciences Capital Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary CPC Prospectus dated May 9, 2006  
Mutual Reliance Review System Receipt dated May 12, 2006

**Offering Price and Description:**

\$1,900,000.00 - 7,600,000 - Common Shares Price: \$0.25 per Common Share

**Underwriter(s) or Distributor(s):**

Blackmont Capital Inc.

**Promoter(s):**

Christopher D. Carl

Ilija Troitschanski

**Project #**937797

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**Issuer Name:**

LTT Capital Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary CPC Prospectus dated May 10, 2006  
Mutual Reliance Review System Receipt dated

**Offering Price and Description:**

\$200,000.00 - 2,000,000 Common Shares Price: \$0.10 per Common Share

**Underwriter(s) or Distributor(s):**

Wellington West Capital Markets Inc.

**Promoter(s):**

David Patterson

**Project #**937637

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**Issuer Name:**

Medicure Inc.  
Principal Regulator - Manitoba

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated May 12, 2006

Mutual Reliance Review System Receipt dated May 15, 2006

**Offering Price and Description:**

\$ \* - 20,000,000 Common Shares

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #**939526

**Issuer Name:**

Northern Rivers Monthly Income and Capital Appreciation Fund

Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated May 12, 2006  
Mutual Reliance Review System Receipt dated May 15, 2006

**Offering Price and Description:**

Offering Series A and F Units

**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

Northern Rivers Capital Management Inc.

Project #938741

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**Issuer Name:**

Orior Technologies Inc.

Principal Regulator - Ontario

**Type and Date:**

Preliminary CPC Prospectus dated May 11, 2006  
Mutual Reliance Review System Receipt dated May 12, 2006

**Offering Price and Description:**

Minimum Offering: \$1,000,000.00 or 5,000,000 Common Shares; Maximum Offering: \$1,770,000.00 or 8,850,000 Common Shares Price: \$0.20 per Common Share

**Underwriter(s) or Distributor(s):**

Octagon Capital Corporation

**Promoter(s):**

-

Project #937415

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**Issuer Name:**

Richmont Mines Inc.

Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated May 12, 2006  
Mutual Reliance Review System Receipt dated May 12, 2006

**Offering Price and Description:**

\$15,190,000.00 - 3,100,000 Common Shares

**Underwriter(s) or Distributor(s):**

Desjardins Securities Inc.

Blackmont Capital Inc.

BMO Nesbitt Burns Inc.

**Promoter(s):**

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Project #938640

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**Issuer Name:**

RIOCAN REAL ESTATE INVESTMENT TRUST

Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated May 15, 2006

Mutual Reliance Review System Receipt dated May 15, 2006

**Offering Price and Description:**

\$3,000,000,000.00 - Debt Securities Units (Senior unsecured)

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

Project #939228

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**Issuer Name:**

Royal Utilities Income Fund

Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated May 11, 2006  
Mutual Reliance Review System Receipt dated May 11, 2006

**Offering Price and Description:**

\$ \* - \* Units Price: \$10.00 per Unit

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.

National Bank Financial Inc.

**Promoter(s):**

-

Project #936893

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**Issuer Name:**

SNP Split Corp.

Principal Regulator - Ontario

**Type and Date:**

Amended Preliminary Prospectus dated May 9, 2006  
Mutual Reliance Review System Receipt dated May 10, 2006

**Offering Price and Description:**

US\$ \* - \* Class B Preferred Shares, Series I Price: \$ \* per Series I Preferred Shares, Series I

**Underwriter(s) or Distributor(s):**

Scotia Capital Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

Raymond James Ltd.

**Promoter(s):**

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Project #933833

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**Issuer Name:**

The Hartford U.S. Growth and Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated May 8, 2006  
Mutual Reliance Review System Receipt dated May 10, 2006

**Offering Price and Description:**

Class A, B, D, F and I Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Hartford Investments Canada Corp.

**Project #936062**

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**Issuer Name:**

Art Advanced Research Technologies Inc.  
Principal Regulator - Quebec

**Type and Date:**

Final Short Form Prospectus dated May 10, 2006  
Mutual Reliance Review System Receipt dated May 11, 2006

**Offering Price and Description:**

\$7,000,050.00 - 9,333,400 Common Shares - Price \$0.75  
per Common Share

**Underwriter(s) or Distributor(s):**

Salman Partners Inc.  
Canaccord Capital Corporation  
Westwind Partners Inc.

**Promoter(s):**

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**Project #921035**

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**Issuer Name:**

Bankers Petroleum Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated May 12, 2006  
Mutual Reliance Review System Receipt dated May 12, 2006

**Offering Price and Description:**

25,971,715 Common Shares

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Robert Cross  
Ford Nicholson

**Project #932937**

**Issuer Name:**

BMO T-Bill Fund  
BMO Money Market Fund  
BMO AIR MILES Money Market Fund  
BMO Premium Money Market Fund  
BMO Mortgage and Short-Term Income Fund  
BMO Bond Fund  
BMO World Bond Fund  
(formerly, BMO International Bond Fund)  
BMO Monthly Income Fund  
BMO Diversified Income Fund  
BMO Global Monthly Income Fund  
BMO Global High Yield Bond Fund  
(formerly, BMO Global Bond Fund)  
BMO Income Trust Fund  
BMO Asset Allocation Fund  
BMO Dividend Fund  
BMO Equity Index Fund  
BMO Equity Fund  
BMO U.S. Equity Index Fund  
(formerly, BMO RSP U.S. Equity Index Fund)  
BMO U.S. Growth Fund  
BMO U.S. Equity Fund  
(formerly, BMO U.S. Value Fund)  
BMO International Index Fund  
(formerly, BMO RSP International Index Fund )  
BMO International Equity Fund  
BMO North American Dividend Fund  
(formerly BMO NAFTA Advantage Fund )  
BMO European Fund  
BMO Japanese Fund  
BMO Special Equity Fund  
BMO U.S. Special Equity Fund  
BMO Resource Fund  
BMO Precious Metals Fund  
BMO Global Science & Technology Fund  
BMO Emerging Markets Fund  
BMO U.S. Dollar Money Market Fund  
BMO U.S. Dollar Monthly Income Fund  
BMO U.S. Dollar Equity Index Fund  
BMO Short-Term Income Class  
(Class of Shares of BMO Global Tax Advantage Funds Inc.)  
BMO Dividend Class  
(Class of Shares of BMO Global Tax Advantage Funds Inc.)  
BMO Canadian Equity Class  
(Class of Shares of BMO Global Tax Advantage Funds Inc .)  
BMO Global Balanced Class  
(Class of Shares of BMO Global Tax Advantage Funds Inc .)  
BMO U.S. Equity Class  
(Class of Shares of BMO Global Tax Advantage Funds Inc .)  
BMO Global Equity Class  
(Class of Shares of BMO Global Tax Advantage Funds Inc .)  
BMO Greater China Class  
(Class of Shares of BMO Global Tax Advantage Funds Inc .)

Principal Regulator - Ontario



**Type and Date:**

Final Simplified Prospectuses dated May 10, 2006  
Mutual Reliance Review System Receipt dated May 16, 2006

**Offering Price and Description:**

Mutual fund securities at net asset value

**Underwriter(s) or Distributor(s):**

BMO Investments Inc.  
BMO Investments Inc.

**Promoter(s):**

BMO Investments Inc.

**Project #917382**

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**Issuer Name:**

Brookshire Raw Materials (Canada) Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated May 10, 2006  
Mutual Reliance Review System Receipt dated May 11, 2006

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Northern Securities Inc.  
Northern Securities Inc.

**Promoter(s):**

Brookshire Raw Materials Group Inc.

**Project #894442**

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**Issuer Name:**

Canadian National Railway Company  
Principal Regulator - Quebec

**Type and Date:**

Final Short Form Shelf Prospectus dated May 9, 2006  
Mutual Reliance Review System Receipt dated May 10, 2006

**Offering Price and Description:**

US\$1,500,000,000.00 - Debt Securities

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #929999**

**Issuer Name:**

CGF Resource 2006 Flow-Through Limited Partnership  
Principal Regulator - Alberta

**Type and Date:**

Final Prospectus dated May 8, 2006  
Mutual Reliance Review System Receipt dated May 10, 2006

**Offering Price and Description:**

Maximum: \$35,000,000.00 (1,400,000 Limited Partnership Units @ \$25 per Unit)

Minimum: \$5,000,000.00 (200,000 Limited Partnership Units @ \$25 per Unit)

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
BMO Nesbitt Burns Inc.  
TD Securities Inc.  
National Bank Financial Inc.  
Scotia Capital Inc.  
Desjardins Securities Inc.  
HSBC Securities (Canada) Inc.  
Canaccord Capital Corporation  
Raymond James Ltd.  
Blackmont Capital Inc.  
Wellington West Capital Inc.  
Bieber Securities Inc.  
Dundee Securities Corporation  
MGI Securities Inc.  
Research Capital Corporation

**Promoter(s):**

CGF 2006 FT Management Ltd.  
CGF Resources FT Funds Management Ltd.

**Project #915138**

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**Issuer Name:**

CGF Trust

**Type and Date:**

Final Prospectus dated May 10, 2006  
Received on May 11, 2006

**Offering Price and Description:**

Maximum \$150,000,000.00 (15,000,000 Units @ \$10 per Unit)

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Brompton Funds Management Limited

**Project #929283**

**Issuer Name:**

ConjuChem Inc.  
Principal Regulator - Quebec

**Type and Date:**

Final Short Form Prospectus dated May 11, 2006  
Mutual Reliance Review System Receipt dated May 12, 2006

**Offering Price and Description:**

\$15,750,000.00 - 7,500,000 Common Shares Price: \$2.10 per Common Share

**Underwriter(s) or Distributor(s):**

Sprott Securities Inc.  
Orion Securities Inc.  
Canaccord Capital Corporation  
Loewen, Ondaatje McCutcheon Limited  
Versant Partners Inc.

**Promoter(s):**

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**Project #932688**

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**Issuer Name:**

Constellation Software Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated May 11, 2006  
Mutual Reliance Review System Receipt dated May 11, 2006

**Offering Price and Description:**

C\$80,000,011.00 - 4,705,883 Common Shares Price: C\$17.00 per Common Share

**Underwriter(s) or Distributor(s):**

TD Securities Inc.  
CIBC World Markets Inc.  
Genuity Capital Markets G.P.  
National Bank Financial Inc.  
RBC Securities Inc.  
Sprott Securities Inc.

**Promoter(s):**

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**Project #914466**

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**Issuer Name:**

DHX Media Ltd.  
Principal Regulator - Nova Scotia

**Type and Date:**

Final Prospectus dated May 9, 2006  
Mutual Reliance Review System Receipt dated May 12, 2006

**Offering Price and Description:**

\$20,450,875.00 - 8,702,500 Common Shares Price: \$2.35 per Common Share

**Underwriter(s) or Distributor(s):**

Canaccord Capital Corporation  
TD Securities Inc.  
Westwind Partners Inc.

**Promoter(s):**

Michael Donovan  
Charles Bishop

**Project #914084**

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**Issuer Name:**

Eaglestar Ventures Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Final Prospectus dated May 10, 2006  
Mutual Reliance Review System Receipt dated May 12, 2006

**Offering Price and Description:**

\$300,000.00 - OFFERING OF: 3,000,000 Common Shares PRICE: \$0.10 per Common Share

**Underwriter(s) or Distributor(s):**

Golden Capital Securities Ltd.

**Promoter(s):**

Bruno Gasbarro

**Project #922115**

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**Issuer Name:**

Endeavour Silver Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Final Short Form Prospectus dated May 15, 2006  
Mutual Reliance Review System Receipt dated May 15, 2006

**Offering Price and Description:**

\$22,995,000.00 - 5,110,000 Units to be issued upon the exercise of 5,110,000 previously issued Special Warrants

**Underwriter(s) or Distributor(s):**

Salman Partners Inc.  
BMO Nesbitt Burns Inc.  
Canaccord Capital Corporation  
Dundee Securities Corporation

**Promoter(s):**

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**Project #934207**

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**Issuer Name:**

Ethical Canadian Dividend Fund  
Principal Regulator - British Columbia

**Type and Date:**

Amendment #3 dated April 28, 2006 to the Simplified Prospectus and Annual Information Form dated June 30, 2005  
Mutual Reliance Review System Receipt dated May 10, 2006

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Credential Asset Management Inc.

**Promoter(s):**

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**Project #788974**

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**Issuer Name:**

GGOF AMERICAN GROWTH FUND  
GGOF CANADIAN BALANCED FUND  
GGOF CANADIAN HIGH YIELD BOND FUND  
GGOF EMERGING MARKETS FUND  
GGOF EUROPEAN GROWTH FUND  
GGOF GLOBAL GROWTH FUND  
GGOF GLOBAL HEALTH SCIENCES FUND  
GGOF GLOBAL SMALL CAP FUND  
GGOF RSP GLOBAL BOND FUND  
GGOF RSP INTERNATIONAL BALANCED FUND  
GGOF RSP U.S. MONEY MARKET FUND  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 dated May 8, 2006 to the Simplified Prospectuses and Annual Information Forms dated July 5, 2005  
Mutual Reliance Review System Receipt dated May 16, 2006

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Guardian Group of Funds Ltd.  
Jones Heward Investment Management Inc.  
Guardian Group of Funds Ltd.

**Promoter(s):**

Guardian Group of Funds Ltd.

**Project #795433**

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**Issuer Name:**

Great Basin Gold Ltd.  
Principal Regulator - British Columbia

**Type and Date:**

Final Short Form Prospectus dated May 12, 2006  
Mutual Reliance Review System Receipt dated May 12, 2006

**Offering Price and Description:**

\$15,075,000.00 - 6,700,000 Common Shares Price: \$2.25 per Offered Share

**Underwriter(s) or Distributor(s):**

Pacific International Securities Inc.  
BMO Nesbitt Burns Inc.

**Promoter(s):**

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**Project #926076**

**Issuer Name:**

International Minerals Corporation  
Principal Regulator - British Columbia

**Type and Date:**

Final Short Form Prospectus dated May 8, 2006  
Mutual Reliance Review System Receipt dated May 10, 2006

**Offering Price and Description:**

Cdn\$52,250,000.00 Offering of Units (each Unit consisting of one IMC Share and one half of one IMC Warrant)  
Cdn\$5.50 per Unit - and - Cdn\$40,000,000.00 - Aggregate Principal Amount Offering of 5.50% Convertible insecured Subordinated Debentures due 2012

**Underwriter(s) or Distributor(s):**

TD Securities Inc.  
Dundee Securities Corporation  
GMP Securities L.P.  
Wellington West Capital Markets Inc.

**Promoter(s):**

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**Project #915968**

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**Issuer Name:**

North American Palladium Ltd.

**Type and Date:**

Final Short Form Shelf Prospectus dated May 12, 2006  
Received on May 16, 2006

**Offering Price and Description:**

US\$35,000,000.00 - 8,820,655 COMMON SHARES

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #927053**

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**Issuer Name:**

PrimeWest Energy Trust  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Shelf Prospectus dated May 12, 2006  
Mutual Reliance Review System Receipt dated May 12, 2006

**Offering Price and Description:**

\$750,000,000.00 - Trust Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #933296**

**Issuer Name:**

RAMTELECOM INC.  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated May 8, 2006  
Mutual Reliance Review System Receipt dated May 10, 2006

**Offering Price and Description:**

\$2,500,000.00 - 5,000,000 Units PRICE: \$0.50 per Unit

**Underwriter(s) or Distributor(s):**

Octagon Capital Corporation

**Promoter(s):**

Ralph A. Misener

**Project #880154**

**Issuer Name:**

UBS (Canada) Global Allocation Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus dated May 9, 2006  
Mutual Reliance Review System Receipt dated May 11, 2006

**Offering Price and Description:**

Series D Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

UBS Global Asset Management (Canada) Co.

**Project #899116**

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**Issuer Name:**

SCITI TR Fund

**Type and Date:**

Final Prospectus dated May 10, 2006  
Received on May 12, 2006

**Offering Price and Description:**

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**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

Scotai Capital Inc.

**Project #929235**

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**Issuer Name:**

Centerfire-FMA High Yield Income Fund  
Principal Jurisdiction - Ontario

**Type and Date:**

Preliminary Prospectus dated March 31st, 2006  
Withdrawn on May 11th, 2006

**Offering Price and Description:**

\$ \* - \* Units Price: \$10.00 per Unit Minimum Purchase: 200 Units

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.

BMO Nesbitt Burns Inc.

Scotia Capital Inc.

TD Securities Inc.

Canaccord Capital Corporation

HSBC Securities (Canada) Inc.

Raymond James Ltd.

Blackmont Capital Inc.

Desjardins Securities Inc.

Dundee Securities Corporation

Wellington West Capital Inc.

**Promoter(s):**

Centerfire Capital Management Inc.

**Project #915144**

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**Issuer Name:**

Tradex Bond Fund (Mutual Equity Units)  
Tradex Equity Fund Limited (Mutual Fund Shares)  
Tradex Global Equity Fund (Mutual Fund Units)  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectuses dated May 10, 2006  
Mutual Reliance Review System Receipt dated May 11, 2006

**Offering Price and Description:**

Mutual fund securities at net asset value

**Underwriter(s) or Distributor(s):**

Tradex Management Inc.

**Promoter(s):**

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**Project #917296**

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## Chapter 12

# Registrations

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### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Sakk Asset Management Inc.	Investment Counsel & Portfolio Manager	May 12, 2006-
Change in Name	From: Cowen & Co., LLC To: Cowen and Company, LLC	International Dealer	May 5, 2006

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## Chapter 13

# SRO Notices and Disciplinary Proceedings

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### 13.1.1 IDA By-laws 10.1 and 10.4 - Board of Directors, National Advisory Committee and Meetings - Withdrawal of Proposed Rule Amendment

#### INVESTMENT DEALERS ASSOCIATION OF CANADA

#### BY-LAWS 10.1 AND 10.4 - BOARD OF DIRECTORS, NATIONAL ADVISORY COMMITTEE AND MEETINGS

#### WITHDRAWAL OF PROPOSED RULE AMENDMENT

##### I Overview

On July 15, 2005, the Ontario Securities Commission published for comment a proposed rule amendment that would eliminate the requirement that the IDA Board of Directors be comprised of two-thirds Industry Directors.

##### II Withdrawal

The Association has informed the Canadian Securities Administrators that we have withdrawn the proposed rule amendment. In its place, the Association has submitted proposed rule amendments relating to the composition of the IDA Board of Directors that would both eliminate the requirement that the board be comprised of two-thirds Industry Directors and specifically require an equal number of Industry and Public Directors on the board.

Questions may be referred to:

Richard J. Corner  
Vice President, Regulatory Policy  
Investment Dealers Association of Canada  
(416) 943-6908



### 13.1.2 IDA By-Laws 10.1 and 10.4 - Board of Directors, National Advisory Committee and Meetings

#### INVESTMENT DEALERS ASSOCIATION OF CANADA

#### BY-LAWS 10.1 AND 10.4 - BOARD OF DIRECTORS, NATIONAL ADVISORY COMMITTEE AND MEETINGS

##### I OVERVIEW

In June 2005, the IDA submitted a proposal to the Canadian Securities Administrators (CSA) to amend By-law 10.1 by eliminating the requirement that the Board of Directors be comprised of two-thirds Industry Directors. In December 2005, the IDA Membership approved a plan to continue as a Self-Regulatory Organization (SRO) and to create a separate and independent Trade Association to represent the Canadian securities industry. As such, additional changes to the structure of the Board of Directors of the SRO will be made. The first of these changes is to withdraw the current proposal before the CSA with respect to By-law 10.1 and 10.4 and re-submit the following proposed amendments for consideration.

##### A Current Rules

IDA By-law 10.1 sets out the composition of the IDA Board of Directors. The by-law specifies that at least two-thirds of the Board be comprised of Industry Directors and gives the Board the authority to determine the number of members of the Board, which is confirmed each year at the Annual Meeting. The by-law also states that a maximum of eight Public Directors can be appointed to the Board.

IDA By-law 10.4 requires that nine members of the Board of Directors must be present in person at a meeting of the Board in order to form a quorum and that any action taken by a majority of those members shall constitute an action of the Board.

##### B The Issues

Depending on the size of the Board, the effective maximum number of Public Directors may be less than eight, because two-thirds of the Board must be comprised of Industry Directors. The Association is of the opinion that an equal number of Public and Industry Directors should be represented on the Board. As such, the two-thirds requirement needs to be removed so that the number of Public Directors on the Board at any given time will be equal to the number of Industry Directors.

Because of the changes that are being made to the structure of the Board, an amendment is required to amend what constitutes a quorum of the Board of Directors.

##### C Objective

The objective of the amendments is to enhance the corporate governance structure by creating a structure that is manageable in size for effective governance and decision making and which reflects a higher standard of independence than currently exists. Creating a more independent and transparent Board of Directors who is held responsible is necessary in today's corporate landscape.

##### D Effect of Proposed Rules

The proposed amendment strengthens the IDA's mission to protect investors and enhance the efficiency and competitiveness of the Canadian capital markets. By removing the requirement which specifies a minimum percentage of Industry Directors, and requiring an equal number of Industry and Public Directors, a more independent and transparent Board of Directors will emerge.

##### II DETAILED ANALYSIS

##### A Present Rules, Relevant History and Proposed Policy

###### Present Rules

By-law 10.1 requires that the Board of Directors include in its composition the Chair, the immediate Past Chair, the Vice-Chair, the President, the Chair of the National Advisory Committee, up to eight Public Directors, and up to thirteen other persons. In addition, a minimum of two-thirds of the members of the Board of Directors must be Members or partners, directors or officers of Members. The size of the Board is determined by the Board of Directors and confirmed each year at the Annual Meeting.

The by-law states that the Board can be comprised of up to a maximum of eight Public Directors but also requires that a minimum of two-thirds of the Board of Directors be Members or partners, directors or officers of a Member, which depending on the size of the Board of Directors may not allow for a significant number of Public Directors.

By-law 10.4 addresses the issue of what constitutes a quorum for the purposes of a meeting of the Board of Directors. The current rule states that nine members of the Board of Directors present in person at a meeting of the Board shall form a quorum and that any action taken by a majority of those members shall constitute an action of the Board.

### **Proposed Policy**

The proposed By-law amendment is structured to create a Board of Directors that has equal number of Industry Directors and Public Directors, which is needed in order to best serve the investing public and reflect a higher standard of independence. Good corporate governance demands increased independence and transparency and for Public Directors to truly be effective they must constitute a sufficient proportion of the Board. As such, the two-thirds requirement needs to be removed from the by-law so that the number of Public Directors and the number of Industry Directors on the Board can be equal

In November 2000, the IDA retained a consultant, Terence D. Dingle of Dingle and Associates Inc. to examine corporate governance issues. One recommendation made was that the size of the IDA Board should be reduced as it was felt to be unmanageable for effective governance or decision-making. As such, the proposed amendment mandates that the size of the Board be between nine members and twenty-one members, whereas the current By-law allows a maximum of twenty-six members with no minimum requirement.

By-law 10.4 sets out what constitutes a "quorum" for the purposes of a Board meeting. The by-law currently states that a quorum of the Board is nine members but since the size of the Board has been amended and an equal proportion required, a change is required to mandate that a majority of the Board of Directors be present in person in order to constitute a quorum and further, that at least two of those present be Public Directors.

### **B Issues and Alternatives Considered**

In June 2005 when the initial amendments to By-law 10.1 and 10.4 were submitted to the CSA for approval, comments were received from the CSA questioning why a specific number of Public and Industry Directors were not proposed. As such no other alternatives were considered in re-submitting our proposal for consideration.

### **C Systems Impact of Rule**

There are no systems issues associated with the amendment.

### **D Best Interests of the Capital Markets**

The Board has determined that the public interest rule is not detrimental to the best interests of the capital markets.

### **E 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 the proposals with respect to the proposed amendments.

The purpose of the proposal is to ensure that the governance and organization structure is of paramount importance as it provides the platform from which the Association delivers upon its mandate. As a national not-for-profit Self-Regulatory Organization, the aim of the IDA's corporate governance structure must be to satisfactorily address the inherent conflicts between the public, Members and management. As a result the related general purpose of the amendment is:

- generally promote public confidence and public understanding of the goals and activities of the IDA

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.

## **III COMMENTARY**

### **A Filing in Other Jurisdictions**

These proposed amendments will be filed for approval in Alberta, British Columbia, Quebec and Ontario and will be filed for information in Manitoba, Nova Scotia and Saskatchewan.

**B Effectiveness**

The proposed amendments are simple and effective.

**C Process**

The proposed amendments were developed by the Executive Committee of the IDA and have been approved by the IDA Board of Directors.

**IV SOURCES**

References:

- By-law 10.1
- By-law 10.4
- Governance Review, D. Terence Dingle, Dingle & Associates, January 2001

**V OSC REQUIREMENT TO PUBLISH FOR COMMENT**

The IDA is required to publish for comment the accompanying amendments to By-laws 10.1 and 10.4.

The Association has determined that the entry into force of the proposed amendments would be in the public interest. Comments are sought on the proposed amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Richard J. Corner, Vice President, Regulatory Policy, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19<sup>th</sup> Floor, Box 55, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Richard J. Corner  
Vice President, Regulatory Policy  
Investment Dealers Association of Canada  
416.943.6908  
[rcorner@ida.ca](mailto:rcorner@ida.ca)

**INVESTMENT DEALERS ASSOCIATION OF CANADA**

**BY-LAWS 10.1 AND 10.4 - BOARD OF DIRECTORS, NATIONAL ADVISORY COMMITTEE AND MEETINGS**

**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. By-law 10.1 is amended by deleting the first paragraph and replacing it as follows:

“There shall be a Board of Directors of the Association composed from time to time of such odd numbers of persons between a minimum of nine and a maximum of twenty-one as the Members may determine by resolution at the Annual Meeting. The Board shall consist of an equal number of Industry Directors (one of whom shall be the Chair of the National Advisory Committee) and Public Directors together with the President. Industry Directors (other than the Chair of the National Advisory Committee) shall be nominated by the Nominating Committee referred to in By-law 13.4 and approved by the Board of Directors or nominated by any Member at the Annual Meeting (which nomination shall be made by the Member if he or she is an individual or by the senior partner, director or officer of the Member present at the Annual Meeting) and confirmed at the Annual Meeting. All of such nominated and confirmed Industry Directors shall hold office for such term not exceeding two years as may be prescribed in the resolution appointing them. Notice of the names of those persons who have been nominated by the said Nominating Committee and approved by the Board of Directors as Industry Directors shall be given to each Member at least thirty days prior to the Meeting.”

2. By-law 10. 1 is amended by removing the following sentence in the third paragraph:

“A minimum of two-thirds of the members of the Board of Directors shall at all times be Members or partners, directors or officers of Members.”

3. By-law 10.4 is amended by replacing the words “nine members” with the words “a majority.”

4. By-law 10.4 is amended by including the phrase “provided at least two Public Directors are present.” immediately after the word “thereof”.

PASSED AND ENACTED BY THE Board of Directors this 12th day of April 2006, to be effective on a date to be determined by Association staff.

INVESTMENT DEALERS ASSOCIATION OF CANADA

BY-LAWS 10.1 AND 10.4 - BOARD OF DIRECTORS, NATIONAL ADVISORY COMMITTEE AND MEETINGS

BLACKLINE COPY OF AMENDED SECTIONS

**By-law 10.1 – Amendment #1**

10.1. There shall be a Board of Directors of the Association composed from time to time of such odd numbers of persons between a minimum of nine and a maximum of twenty-one as the Members may determine by resolution at the Annual Meeting. The Board shall consist of an equal number of Industry Directors (one of whom shall be the Chair of the National Advisory Committee) and Public Directors together with the President of the Chair, the immediate Past Chair, the Vice Chair, the President, the Chair of the National Advisory Committee, up to eight public directors, and up to thirteen other persons Industry Directors (other than the Chair of the National Advisory Committee) shall be nominated by the Nominating Committee referred to in By-law 13.4 and approved by the Board of Directors or nominated by any Member at the Annual Meeting (which nomination shall be made by the Member if he or she is an individual or by the senior partner, director or officer of the Member present at the Annual Meeting) and confirmed at the Annual Meeting. ~~All of such nominated and confirmed Industry Directors shall persons to hold office for such term not exceeding two years as may be prescribed in the resolution appointing them. The number of members of the Board of Directors to be confirmed at each Annual Meeting shall be fixed by the Board of Directors and a Notice thereof and of the names of those persons who have been nominated by the said Nominating Committee and approved by the Board of Directors as Industry Directors shall be given to each Member at least thirty days prior to the Meeting.~~

The public directors shall be elected annually by the Board of Directors at its first meeting following the Annual Meeting to hold office for such term not exceeding two years as may be prescribed in the resolution electing them. Except as expressly provided otherwise, a public director shall be considered a member of the Board of Directors for the purposes of the By-laws. No person shall be eligible to be elected or remain as a public director if he or she is or becomes during his or her term of office a partner, director, officer or employee of a Member or associate or affiliate or related company of a Member. Nominations for public directors shall be made by the Nominating Committee referred to in By-law 13.4 and may be made by any member of the Board of Directors.

In the event that any person shall hold the office of Chair for two successive years, the immediate Past Chair shall continue to be a member of the Board of Directors during such Chair's second year of office. A retiring member of the Board of Directors shall be eligible for re-appointment. If a vacancy shall occur in the Board of Directors, the remaining members of the Board may appoint a person to fill the vacancy for the remainder of the term or until the next Annual Meeting whichever is the earlier, provided that a quorum is present at the meeting at which such appointment is made. ~~A minimum of two thirds of the members of the Board of Directors shall at all times be Members or partners, directors or officers of Members.~~ No Member shall have more than two partners, directors or officers as members of the Board of Directors at any one time, nor may both such members be from the same District, unless one of such members is either the Past Chair of the Association or the Chair of the National Advisory Committee. Where the Board selection process would result in more than two persons from a Member serving on the Board, the Chief Executive Officer of that Member shall decide which two persons will serve on the Board.

**By-law 10.4 – Amendment #2**

10.4 ~~Nine Members~~ A majority of the Board of Directors present in person shall form a quorum at any meeting thereof provided at least two Public Directors are present and any action taken by a majority of those members of the Board present at any meeting of the Board at which a quorum is present shall constitute the action of the Board.

13.1.3 CDS Rule Amendment Notice – Technical Amendments to CDS Application for Participation – ATON

**THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED (CDS)**  
**TECHNICAL AMENDMENTS TO CDS APPLICATION FOR PARTICIPATION**  
**NOTICE OF EFFECTIVE DATE**

**A. DESCRIPTION OF THE RULE AMENDMENT**

*Background*

CDS has proposed rule amendments that will create a new category of participants for the purpose of accessing the Account Transfer Online Notification (“ATON”) service. To facilitate the application process for prospective ATON participants, CDS has proposed amendments to its Application for Participation.

The Application for Participation marked for the amendments may be accessed at the CDS website at:

<http://www.cds.ca/applications/webforms/onlineforms.nsf/PublishedByDocID/61F27A957E48916C8525701100715FCE>

*Description of Proposed Amendments*

The proposed amendments update the instructions for completing the Application for Participation for the new limited purpose participant category “ATON Participant”. Checkboxes have been added as appropriate to various schedules to the Application for Participation to indicate the selections for the ATON service. Similar housekeeping changes have been made for the TA Participant category in the Application for Participation.

Additionally, as the ACCESS service is no longer offered by CDS, references to ACCESS in the Application for Participation have been removed. Furthermore, as CDS no longer requires a foreign institution to provide a guarantee or irrevocable letter of credit under its rules, reference to such has been removed from the Application for Participation.

**B. REASONS FOR TECHNICAL CLASSIFICATION**

The amendments related to ATON and foreign institutions proposed pursuant to this Notice are considered technical amendments as they are consequential amendments intended to implement a material rule that has been published for comment pursuant to the “Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC” and only contain material aspects already contained in the material rule or disclosed in the notice accompanying the material rule.

The amendments related to the ACCESS service and TA Participant proposed pursuant to this Notice are considered technical amendments as they concern matters of a technical nature in routine operating procedures and administrative practices relating to the settlement services.

**C. EFFECTIVE DATE OF THE RULE**

Pursuant to Appendix A (“Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC”) of the Recognition and Designation Order, as varied and restated, these amendments will be effective on April 27, 2006.

**D. QUESTIONS**

Questions regarding this notice may be directed to:

Jamie Anderson  
Senior Legal Counsel  
The Canadian Depository for Securities Limited  
85 Richmond Street West  
Toronto, Ontario M5H 2C9

Telephone: 416-365-3876  
Fax: 416-365-1984  
e-mail: [attention@cds.ca](mailto:attention@cds.ca)

TOOMAS MARLEY  
Chief Legal Officer

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## Chapter 25

# Other Information

### 25.1 Exemptions

#### 25.1.1 UrAsia Energy Ltd. - s. 13.1 of NI 51-102

##### Headnote

Issuer proposing to list its common shares on the Alternative Investment Market of the London Stock Exchange ordered not to be excluded from the definition of "venture issuer" under National Instrument 51-102 Continuous Disclosure Obligations solely due to such listing. Relief expires 60 days from the effective date of the amendments to NI 51-102 initially published for comment on December 9, 2005.

##### Instruments cited

Section 13.1 of National Instrument 51-102 Continuous Disclosure Obligations.

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

**AND**

**NATIONAL INSTRUMENT 51-102  
CONTINUOUS DISCLOSURE OBLIGATIONS  
(NI 51-102)**

**AND**

**IN THE MATTER OF  
URASIA ENERGY LTD.**

**EXEMPTION  
(Section 13.1 of NI 51-102)**

**UPON** the Director having received an application from UrAsia Energy Ltd. (the "Filer") for an order under section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) that the listing of the Filer on the Alternative Investment Market of the London Stock Exchange ("AIM") shall not cause the Filer to be excluded from the definition of "venture issuer" solely due to that listing;

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

**AND UPON** the Filer having represented to the Director as follows:

1. The Filer is a corporation incorporated under the laws of British Columbia, is a reporting issuer

under the *Securities Act*, R.S.B.C. 1996, c. 418 (the "BC Act"), is a reporting issuer under the *Securities Act*, R.S.A. 2000, c S-4 (the "Alberta Act") is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. S5 (the "Ontario Act") and is not in default of any requirement of the BC Act, the Alberta Act or the Ontario Act or the rules and regulations pertaining to those acts.

2. The Filer is a "venture issuer" as defined by NI 51-102 as a reporting issuer that does not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace or a marketplace outside of Canada and the United States of America.
3. The Filer intends, within the next 90 days, to make an application to list its common shares on AIM and upon listing will not fall within the definition of a venture issuer solely due to the fact that its common shares will be listed on AIM.
4. In all other respects the Filer will fall within the definition of a venture issuer as provided by NI 51-102 subsequent to its AIM listing.
5. The British Columbia Securities Commission has issued BC Instrument 51-507 and the Alberta Securities Commission has issued Alberta Blanket Order 51-509, both of which provide that the requirement in the definition of "venture issuer" in NI 51-102 that a reporting issuer not, at the relevant time, have any of its securities listed or quoted on a marketplace outside of Canada and the United States of America, does not apply to a reporting issuer whose securities are traded on AIM, provided that the issuer's securities are not also quoted or traded on any other marketplace outside of Canada and the United States of America.

**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, under section 13.1 of NI 51-102, that the requirement in the definition of venture issuer in NI 51-102, that an issuer not, at the relevant time, have any of its securities listed or quoted on a marketplace outside of Canada and the United States of America, does not apply to the Filer for so long as securities of the Filer are listed or quoted on the Alternative Investment Market of the London Stock Exchange and no other marketplace outside of Canada and the United States of America; provided that, this decision will terminate 60 days following the effective date of the amendments to NI



51-102 that were initially published for comment on December 9, 2005.

**DATED** April 24, 2006

“Charlie MacCready”  
Assistant Manager, Corporate Finance  
Ontario Securities Commission

**25.1.2 Lime Brokerage LLC - s. 6.1 of Rule 91-502**

**Headnote**

Application to the Director for an exemption, pursuant to section 6.1 of Rule 91-502 – Trades in Recognized Options (**Rule 91-502**), exempting the Applicant and its salespersons, directors, officers and employees (the **Representatives**) from the proficiency requirement in section 3.1 of Rule 91-502, which requires that no person shall trade in, or give advice in respect of, a recognized option unless he or she has successfully completed the Canadian Options Course. The exemption is in connection with the Applicant's proposed registration as a dealer in the category of limited market dealer and is subject to the condition that the Applicant and the Representatives maintain their respective registrations which permit them to trade options in the United States.

**Applicable Statutes**

Ontario Securities Commission Rule 91-502 – Trades in Recognized Options, ss. 3.1, 6.1.

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

**AND**

**IN THE MATTER OF  
LIME BROKERAGE LLC**

**EXEMPTION  
(Section 6.1 of Rule 91-502)**

**UPON** the application (the **Application**) of Lime Brokerage LLC (the **Applicant**) to the Director (the **Director**) for an exemption pursuant to section 6.1 of OSC Rule 91-502 – *Trades in Recognized Options (Rule 91-502)* exempting the Applicant and its salespersons, directors, officers and employees (the **Representatives**) from the proficiency requirement in section 3.1 of Rule 91-502, in connection with the Applicant's proposed registration as a dealer in the category of limited market dealer;

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

**AND UPON** the Applicant having represented to the Director that:

1. The Applicant is a limited liability company formed under the laws of the State of Delaware of the United States of America. The head office of the Applicant is located in New York, New York.
2. The Applicant is registered as a broker-dealer with the U.S. Securities and Exchange Commission (the **SEC**) and is a member of the U.S. National Association of Securities Dealers (the **NASD**) and of the U.S. National Futures Association.

## Other Information

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3. The Applicant's registrations with the SEC and NASD include authorization to trade in equity options in the United States.
4. The Applicant provides order routing and execution for its clients in respect of securities traded on exchanges and other marketplaces. The Applicant is proposing to expand its business by providing order routing and execution services, including routing and execution of orders for trades in securities, including options, to institutional investors in Ontario. The Applicant will not take custody of any client assets.
5. The Applicant is not presently registered in any capacity under the Act.
6. The Applicant intends to apply to the Commission for registration under the Act as a dealer in the category of limited market dealer.
7. Section 3.1 of Rule 91-502 requires any person who trades in respect of a recognized option to have successfully completed the Canadian Options Course (the **Proficiency Requirement**).
8. All Representatives who trade options in the United States have passed the options proficiency examination administered by the NASD.

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

**IT IS THE DECISION** of the Director, pursuant to section 6.1 of Rule 91-502, that the Applicant and its Representatives be exempt from the Proficiency Requirement, provided that the Applicant and its Representatives maintain their respective registrations with the SEC and NASD which permit the Applicant and its Representatives to trade options in the United States.

May 16, 2006

"David M. Gilkes"

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# Index

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<b>4355377 Canada Inc.</b>			
MRRS Decision.....	4159		
<b>Airesurf Networks Holdings Inc.</b>			
Cease Trading Order .....	4175		
<b>Alpha Fit Fund</b>			
MRRS Decision.....	4142		
<b>Argus Corporation Limited</b>			
Cease Trading Order .....	4175		
<b>Bennett Environmental Inc.</b>			
Cease Trading Order .....	4175		
<b>Big Red Diamond Corporation</b>			
Cease Trading Order .....	4175		
<b>Brown, Roy</b>			
Notice from the Office of the Secretary .....	4132		
Order - s. 127(7) .....	4162		
<b>Calyon Financial Canada Inc.</b>			
Order - s. 80 of the CFA and s. 74(1) of the OSA .....	4168		
<b>Calyon Financial Inc.</b>			
Order - s. 80 of the CFA and s. 74(1) of the OSA .....	4168		
<b>CDS Rule Amendment Notice – Technical Amendments to CDS Application for Participation – ATON</b>			
SRO Notices and Disciplinary Proceedings .....	4285		
<b>China Education Resources Inc.</b>			
Cease Trading Order .....	4175		
<b>CIBC Asset Management Inc.</b>			
MRRS Decision.....	4153		
<b>CIBC Global Asset Management Inc.</b>			
MRRS Decision.....	4153		
<b>Continental Home HealthCare Ltd.</b>			
Cease Trading Order .....	4175		
<b>Cowen &amp; Co., LLC</b>			
Change in Name .....	4277		
<b>Cowen and Company, LLC</b>			
Change in Name .....	4277		
<b>DataMirror Corporation</b>			
Cease Trading Order .....	4175		
<b>DataMirror Corporation</b>			
Cease Trading Order .....	4175		
<b>Dectron Internationale Inc.</b>			
Cease Trading Order.....	4175		
<b>Denninghouse Inc.</b>			
Cease Trading Order.....	4175		
<b>Euston Capital Corp.</b>			
Notice from the Office of the Secretary .....	4132		
Order - s. 127(7).....	4163		
<b>Fareport Capital Inc.</b>			
Cease Trading Order.....	4175		
<b>Foccini International Inc.</b>			
Cease Trading Order.....	4175		
<b>Genesis Land Development Corp.</b>			
Cease Trading Order.....	4175		
<b>Glacier Ventures International Corp.</b>			
MRRS Decision .....	4135		
<b>Groundlayer Capital Inc.</b>			
MRRS Decision .....	4142		
<b>Groundlayer Management Inc.</b>			
MRRS Decision .....	4142		
<b>Hinke, Thomas</b>			
OSC Decisions, Orders and Rulings .....	4171		
<b>Hip Interactive Corp.</b>			
Cease Trading Order.....	4175		
<b>HMZ Metals Inc.</b>			
Cease Trading Order.....	4175		
<b>Hollinger Canadian Newspapers, Limited Partnership</b>			
Cease Trading Order.....	4175		
<b>Hollinger Inc.</b>			
Cease Trading Order.....	4175		
<b>Huntington Rhodes Inc.</b>			
Cease Trading Order.....	4175		
<b>IDA By-law 10.1 - Board of Directors, National Advisory Committee and Meetings - Withdrawal of Proposed Rule Amendment</b>			
SRO Notices and Disciplinary Proceedings.....	4279		
<b>IDA By-Law 10.1 - Board of Directors, National Advisory Committee and Meetings</b>			
SRO Notices and Disciplinary Proceedings.....	4280		

---

---

<b>IDA By-law 10.4 - Board of Directors, National Advisory Committee and Meetings - Withdrawal of Proposed Rule Amendment</b>	
SRO Notices and Disciplinary Proceedings .....	4279
<b>IDA By-Law 10.4 - Board of Directors, National Advisory Committee and Meetings</b>	
SRO Notices and Disciplinary Proceedings .....	4280
<b>Interquest Incorporated</b>	
Cease Trading Order .....	4175
<b>Juniper Equity Growth Fund</b>	
Notice from the Office of the Secretary .....	4132
Order - s. 127(7) .....	4162
<b>Juniper Fund Management Corporation</b>	
Notice from the Office of the Secretary .....	4132
Order - s. 127(7) .....	4162
<b>Juniper Income Fund</b>	
Notice from the Office of the Secretary .....	4132
Order - s. 127(7) .....	4162
<b>Kader, Khaldoun</b>	
Notice of Correction .....	4129
<b>Lakefield Marketing Corporation</b>	
Cease Trading Order .....	4175
<b>Lease-Rite Corporation Inc.</b>	
Cease Trading Order .....	4175
<b>Leisure Canada Inc.</b>	
Cease Trading Order .....	4175
<b>Lime Brokerage LLC</b>	
Order - s. 218 of the Regulation .....	4166
Exemption - s. 6.1 of Rule 91-502 .....	4289
<b>Maxim Atlantic Corporation</b>	
Order - s. 144 .....	4164
<b>MedX Health Corp.</b>	
Cease Trading Order .....	4175
<b>MG Dividend &amp; Income Fund</b>	
MRRS Decision .....	4140
<b>Mindready Solutions Inc.</b>	
Cease Trading Order .....	4175
<b>Montrusco Bolton Taxable U.S. Equity Fund</b>	
Decision - s. 83 .....	4139
<b>Nexgen Financial Limited Partnership</b>	
MRRS Decision .....	4143
<b>Nortel Networks Corporation</b>	
Cease Trading Order .....	4175
<b>Nortel Networks Limited</b>	
Cease Trading Order .....	4175
<b>Novelis Inc.</b>	
Cease Trading Order .....	4175
<b>Oestreich, Andrew</b>	
Notice of Hearing .....	4130
Notice from the Office of the Secretary .....	4133
<b>ONE Signature Financial Corporation</b>	
Cease Trading Order .....	4175
<b>Precision Assessment Technology Corporation</b>	
Cease Trading Order .....	4175
<b>Radiant Energy Corporation</b>	
Cease Trading Order .....	4175
<b>Radiant Energy Corporation</b>	
Cease Trading Order .....	4175
<b>Rodrigues, Roy Brown-</b>	
Notice from the Office of the Secretary .....	4132
Order - s. 127(7) .....	4162
<b>Sackport Ventures Inc.</b>	
Cease Trading Order .....	4175
<b>Sakk Asset Management Inc.</b>	
New Registration .....	4277
<b>Schwartz, George</b>	
Notice from the Office of the Secretary .....	4132
Order - s. 127(7) .....	4163
<b>Silverstone Resources Corp.</b>	
Cease Trading Order .....	4175
<b>Simplex Solutions Inc.</b>	
Cease Trading Order .....	4175
<b>SMC Ventures Inc.</b>	
Order - s. 144 .....	4160
<b>Specialty Foods Group Income Fund</b>	
Cease Trading Order .....	4175
<b>Sterling Leaf Income Trust</b>	
Cease Trading Order .....	4175
<b>Toronto-Dominion Bank</b>	
MRRS Decision .....	4149
<b>UrAsia Energy Ltd.</b>	
Exemption - s. 13.1 of NI 51-102 .....	4287
<b>VFC Inc.</b>	
MRRS Decision .....	4149