

The Ontario Securities Commission

OSC Bulletin

June 2, 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>Chapter 1 Notices / News Releases 4503</p> <p>1.1 Notices 4503</p> <p>1.1.1 Current Proceedings Before The Ontario Securities Commission 4503</p> <p>1.1.2 Assignment of Certain Powers and Duties of the OSC - s. 6(3)..... 4505</p> <p>1.1.3 CSA Staff Notice 43-306 - Technical Reports Filed for Prospectus Offerings 4509</p> <p>1.1.4 Assignment of Certain Powers and Duties of the OSC - s. 6(3)..... 4510</p> <p>1.1.5 OSC Staff Notice 55-701 - Automatic Securities Disposition Plans and Automatic Securities Purchase Plans 4513</p> <p>1.2 Notices of Hearing..... (nil)</p> <p>1.3 News Releases (nil)</p> <p>1.4 Notices from the Office of the Secretary 4516</p> <p>1.4.1 Universal Settlements International Inc. 4516</p> <p>1.4.2 Terrence William Marlow et al. 4517</p> <p>1.4.3 Maitland Capital Ltd. et al. 4517</p> <p>1.4.4 Juniper Fund Management Corporation et al. 4518</p> <p>1.4.5 Maitland Capital Ltd. et al. 4518</p> <p>1.4.6 First Global Ventures, S.A. and Allen Grossman 4519</p> <p>1.4.7 Jose L. Castaneda 4519</p> <p>1.4.8 Mega C Power Corporation et al. 4520</p> <p>Chapter 2 Decisions, Orders and Rulings 4521</p> <p>2.1 Decisions 4521</p> <p>2.1.1 Goodman & Company, Investment Counsel Ltd. and Dynamic Canadian Dividend Fund - MRRS Decision 4521</p> <p>2.1.2 Dimensional Fund Advisors Canada Inc. - MRRS Decision 4523</p> <p>2.1.3 Goodman & Company, Investment Counsel Ltd. and Dynamic Canadian Dividend Fund - MRRS Decision 4526</p> <p>2.1.4 Rhodia S.A. - MRRS Decision 4528</p> <p>2.1.5 SNP Split Corp. - MRRS Decision 4534</p> <p>2.1.6 Acadian Timber Income Fund - MRRS Decision 4536</p> <p>2.1.7 Norrep Performance 2005 Flow-Through Limited Partnership - MRRS Decision 4538</p> <p>2.1.8 FET Resources Ltd. - MRRS Decision 4541</p> <p>2.2 Orders..... 4545</p> <p>2.2.1 Covenant Capital Management of Tennessee, LLC - s. 80 of the CSA 4545</p>	<p>2.2.2 Morgan Stanley Hedge Fund Partners LP, Traxis Partners LLC et al. - s. 80 of the CFA..... 4547</p> <p>2.2.3 Terrence William Marlow - s. 127 4550</p> <p>2.2.4 Maitland Capital Ltd. et al. - s. 127(7) 4555</p> <p>2.2.5 ACE/Security Laminates Corporation - s. 144 4556</p> <p>2.2.6 Juniper Fund Management Corporation - s. 127(7) 4558</p> <p>2.2.7 Maitland Capital Ltd. et al. - s. 127(7) 4559</p> <p>2.2.8 First Global Ventures, S.A. and Allen Grossman - ss. 127(1), 127(5) 4560</p> <p>2.2.9 Jose L. Castaneda - s. 127 4561</p> <p>2.2.10 ClaymorETF FTSE RAFI Canadian Index Fund et al. - s. 1.1 of OSC Rule 48-501 4562</p> <p>2.2.11 Mega C Power Corporation et al. - s. 127 4563</p> <p>2.3 Rulings..... (nil)</p> <p>Chapter 3 Reasons: Decisions, Orders and Rulings 4565</p> <p>3.1 OSC Decisions, Orders and Rulings 4565</p> <p>3.1.1 Khaldoun Kader 4565</p> <p>3.2 Court Decisions, Order and Rulings (nil)</p> <p>Chapter 4 Cease Trading Orders 4569</p> <p>4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders 4569</p> <p>4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders 4569</p> <p>4.2.2 Outstanding Management & Insider Cease Trading Orders 4569</p> <p>Chapter 5 Rules and Policies (nil)</p> <p>Chapter 6 Request for Comments 4571</p> <p>6.1.1 Request for Comments – Notice of Proposed Ontario Securities Policy 51-604 <i>Defence for Misrepresentations in Forward-Looking Information</i> 4571</p> <p>Chapter 7 Insider Reporting 4577</p> <p>Chapter 8 Notice of Exempt Financings..... 4651</p> <p>Reports of Trades Submitted on Forms 45-106F1 and Form 45-501F1..... 4651</p> <p>Chapter 9 Legislation..... (nil)</p> <p>Chapter 11 IPOs, New Issues and Secondary Financings..... 4655</p>
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Table of Contents

Chapter 12 Registrations 4665
12.1.1 Registrants 4665

Chapter 13 SRO Notices and Disciplinary Proceedings..... 4667
13.1.1 MFDA Atlantic Hearing Panel
Makes Findings Against
Barry James Coleman 4667

Chapter 25 Other Information (nil)

Index 4669

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

JUNE 02, 2006

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

The Harry S. Bray Hearing Room
 Ontario Securities Commission
 Cadillac Fairview Tower
 Suite 1700, Box 55
 20 Queen Street West
 Toronto, Ontario
 M5H 3S8

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Paul K. Bates	—	PKB
Robert W. Davis, FCA	—	RWD
Harold P. Hands	—	HPH
David L. Knight, FCA	—	DLK
Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP
Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

June 9, 2006		Olympus United Group Inc.
10:00 a.m.		s.127
		M. MacKewn in attendance for Staff
		Panel: TBA
June 9, 2006		Norshield Asset Management (Canada) Ltd.
10:00 a.m.		s.127
		M. MacKewn in attendance for Staff
		Panel: TBA
June 9, 2006		Euston Capital Corporation and George Schwartz
10:00 a.m.		s. 127
		Y. Chisholm in attendance for Staff
		Panel: WSW/ST
June 16, 2006		Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg
10:00 a.m.		
		Motion Hearing
		s. 127
		M. MacKewn & T. Hodgson for Staff
		Panel: SWJ/WSW/CSP
June 26, 2006		Universal Settlement International Inc.
10:00 a.m.		
June 27, 2006		s. 127 & 127.1
2:30 p.m.		Y. Chisholm in attendance for Staff
Jun 28 & 30, 2006		Panel: TBA
July 4 – 7, 2006		
10:00 a.m.		

Notices / News Releases

June 28, 2006	Maitland Capital Ltd et al	TBA	Yama Abdullah Yaqeen
9:00 a.m.	s. 127 and 127.1 D. Ferris in attendance for Staff Panel: PMM/ST		s. 8(2) J. Superina in attendance for Staff Panel: TBA
July 5, 2006	Sears Canada Inc., Sears Holdings Corporation, and SHLD Acquisition Corp.	TBA	Cornwall et al
10:00 a.m.	Subsection 104(1) and section 127 J. Waechter in attendance for Staff Panel: SWJ/RWD/CSP	TBA	s. 127 K. Manarin in attendance for Staff Panel: TBA
July 25, 2006	Jose Castaneda		Robert Patrick Zuk, Ivan Djordjevic, Matthew Noah Coleman, Dane Alan Walton, Derek Reid and Daniel David Danzig
2:30 p.m.	s. 127 and 127.1 T. Hodgson in attendance for Staff Panel: WSW		s. 127 J. Waechter in attendance for Staff Panel: TBA
July 31, 2006	Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton	TBA	John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir
10:00 a.m.	s. 127 J. Cotte in attendance for Staff Panel: TBA	TBA	S. 127 & 127.1 K. Manarin in attendance for Staff Panel: TBA
September 13, 2006	Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels	TBA	Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boulton and Peter Y. Atkinson
10:00 a.m.	s. 127 and 127.1 D. Ferris in attendance for Staff Panel: PMM/ST		s.127 J. Superina in attendance for Staff Panel: TBA
September 21, 2006	Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)	TBA	Philip Services Corp., Allen Fracassi**, Philip Fracassi**, Marvin Boughton**, Graham Hoey**, Colin Soule*, Robert Waxman and John Woodcroft**
10:00 a.m.	s.127 and 127.1 D. Ferris in attendance for Staff Panel: SWJ/ST		s. 127 K. Manarin & J. Cotte in attendance for Staff Panel: TBA

* Settled November 25, 2005
** Settled March 3, 2006

TBA
Mega-C Power Corporation, Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited

S. 127

T. Hodgson in attendance for Staff

Panel: TBA

1.1.2 Assignment of Certain Powers and Duties of the OSC - s. 6(3)

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

AND

**IN THE MATTER OF
THE ASSIGNMENT OF
CERTAIN POWERS AND DUTIES OF
THE ONTARIO SECURITIES COMMISSION**

**ASSIGNMENT
[Subsection 6(3)]**

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

WHEREAS:

- A. On March 27, 2006, pursuant to subsection 6(3) of the Act, the Ontario Securities Commission (the Commission) issued an assignment (the "March 27, 2006 Assignment") assigning certain of its powers and duties under the Act to each "Director" as that term is defined in subsection 1(1) of the Act, acting individually;
- B. the Commission considers it desirable to amend and restate the March 27, 2006 Assignment to make an additional assignment of certain of its powers and duties by adding a new paragraph 2(e) in which the Commission makes an assignment of its powers and duties under section 74 of the Act to be exercised in certain limited circumstances as described in that paragraph;

NOW THEREFORE:

1. The March 27, 2006 Assignment is revoked, without prejudice to the effectiveness of any lawful exercise prior to the date of this revocation of the powers and duties assigned thereby, and is hereby replaced with the following amended and restated assignment (the "Assignment").
2. Pursuant to subsection 6(3) of the Act, the Commission assigns to each Director, acting individually, the powers and duties vested in or imposed on the Commission by:
 - (a) clause 21(5)(e) and subsections 21.1(4), 21.2(3) and 21.2.1(3) of the Act, but only in respect of by-laws, rules, regulations, policies, procedures, interpretations or practices that are identified to the Commission by the applicable stock exchange, self-regulatory organization, clearing agency or quotation and trade reporting system as being unlikely to raise public interest concerns;
 - (b) section 27 of the Act;

- (c) paragraph 14 of subsection 35(1) and clause 72(1)(h) of the Act;
- (d) subsection 62(5) of the Act;
- (e) section 74 of the Act, but only in respect of orders that a person or company is not subject to section 53 of the Act in connection with solicitations of expressions of interest before the filing of a preliminary short form prospectus in accordance with National Instrument 44-101 *Short Form Prospectus Distributions* for securities to be issued pursuant to an over-allotment option granted to an underwriter by an issuer or a selling securityholder of an issuer;
- (f) section 83 of the Act but only in respect of a reporting issuer:
 - (i) whose outstanding securities, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in Ontario and less than 51 security holders in Canada,
 - (ii) whose securities are not traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*,
 - (iii) that is not in default of any of its obligations as a reporting issuer, and
 - (iv) that will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director deeming the reporting issuer to have ceased to be a reporting issuer;
- (g) subsection 83.1(1) of the Act, in the circumstances described in Parts 2 and 3 of Ontario Securities Commission Policy 12-602 *Deeming an Issuer in Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario*;
- (h) paragraph 1 of subsection 127(1) of the Act, provided the making of the order under subsection 127(1) of the Act is not contested on its merits and is only in respect of suspending the registration of:
 - (i) a registrant that, at any time, fails to meet the capital requirements applicable to the registrant,
 - (ii) a registrant that, at any time, fails to comply with its, his or her conditions of registration and consents to such suspension;
 - (iii) a registrant that has, in the opinion of the Director, acted contrary to the public interest and consents to such suspension; and
 - (iv) a registrant that has filed an application to surrender registration pursuant to section 27 of the Act and has consented to suspension of registration pursuant to Ontario Securities Commission Rule 33-501 *Surrender of Registration*;
- (i) paragraph 2 and paragraph 2.1 of subsection 127(1) of the Act and subsections 127(2), (3), (5), (7), (8) and (9) of the Act, provided that the making of the order under subsections 127(1), (7) or (8) of the Act is not contested on its merits and is only in respect of
 - (i) trading, generally or by a person or company identified in the cease trade order, in securities of a reporting issuer that has failed to file
 - (A) comparative annual financial statements or interim financial statements containing the four statements and the notes required by National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) or by National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102),
 - (B) auditor's report issued in connection with comparative annual financial statements,
 - (C) an AIF, MD&A, information circular, or business acquisition report (all as defined by NI 51-102 and by NI 71-102) containing information for each of the content items

- required by NI 51-102 and the applicable form, by Part 5 of Multilateral Instrument 52-110 *Audit Committees*, or by NI 71-102,
- (D) a report on reserves data and other oil and gas information as required by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) containing information for each of the content items required by NI 51-101 and Form 51-101F2, or
- (E) a technical report as required by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) containing information for each of the content items required by NI 43-101 and Form 43-101F1,
- within the time period prescribed by Ontario securities law;
- (ii) trading, generally or by a person or company identified in the cease trade order, in securities of a reporting issuer that has acknowledged in writing that comparative annual financial statements or interim financial statements filed with the Commission were not prepared in accordance with generally accepted accounting principles, including, but not limited to, where an issuer has advised the Commission or staff in writing, or has publicly announced, that it intends to restate such financial statements;
- (iii) trading, generally or by a person or company identified in the cease trade order, in securities of a reporting issuer that has filed its financial statements accompanied by an auditor's report prepared by a public accounting firm that is, as of the
- date of the auditor's report, not a participating audit firm as defined by National Instrument 52-108 *Auditor Oversight*, or is not in compliance with any restrictions or sanctions imposed by the Canadian Public Accountability Board, or
- (iv) trading in securities of a reporting issuer by the Chief Executive Officer ("CEO") or Chief Financial Officer ("CFO") of the reporting issuer (or, in the case of an issuer that does not have a CEO or CFO, persons performing functions similar to a CEO or CFO, as the case may be) where the reporting issuer has failed to file the certificates required by Multilateral Instrument 52-109 *Certificates of Disclosure in Issuers' Annual and Interim Filings* within the time period or in the form prescribed by Ontario securities law;
- (j) subsection 140(2) of the Act in the circumstances described in clauses (b), (c) and (j) of section C of Ontario Securities Commission Policy 13-601 *Public Availability of Material Filed Under the Securities Act*;
- (k) section 144 of the Act to:
- (i) revoke or vary any decision made by a Director under authority assigned to him or her by the Commission pursuant to this Assignment or a predecessor Assignment, including another decision made under section 144 of the Act, but only if at the time of revoking or varying such decision the Director would have been authorized to make the decision being varied or revoked, or
- (ii) vary any order made by the Commission under section 127 of the Act to the extent necessary to permit transfers of securities as contemplated by Ontario Securities Commission Policy 57-602 *Cease Trade Orders – Applications for Partial Revocation to Permit a Securityholder to Establish a Tax Loss*;

- (l) section 147 of the Act, but only:
- (i) in respect of exempting limited market dealers from the requirements of section 21.10 of the Act in accordance with Part 3 of Ontario Securities Commission Rule 31-503 *Limited Market Dealers*, or
- (ii) in respect of exempting international advisers from the requirements of section 21.10 of the Act, in accordance with Part 4 of Ontario Securities Commission Rule 35-502 *Non-Resident Advisers*,

provided that a person or company directly affected by a decision of a Director made pursuant to this Assignment may, by notice in writing sent by registered mail to the Secretary of the Commission within 30 days after the mailing of the notice of the decision, request and be entitled to a hearing and review of such decision by the Commission.

3. The Executive Director of the Commission shall from time to time determine which one or more other Directors, in each case acting alone, should, as an administrative matter, exercise each of the powers or perform each of the duties assigned by the Commission in paragraph 2 above, each of which powers may also be exercised and performed by the Executive Director, acting alone.
4. No person or company shall be required to inquire as to the authority of a member of the staff of the Commission to sign a decision pursuant to this Assignment in the capacity of a Director, and a decision purporting to be signed pursuant to this Assignment by a member of the staff of the Commission in the capacity of a Director shall be conclusively deemed to have been signed by a Director authorized by this Assignment without proof of such authority.
5. This Assignment does not preclude the Commission from itself exercising or performing any of the assigned powers or duties.

DATED this 8th day of May, 2006.

“Susan Wolburgh Jenah”

“Paul Moore”

1.1.3 CSA Staff Notice 43-306 - Technical Reports Filed for Prospectus Offerings

CSA STAFF NOTICE 43-306 TECHNICAL REPORTS FILED FOR PROSPECTUS OFFERINGS

Purpose

Staff of the Canadian Securities Administrators (the CSA or we) are giving notice of a planned change in the administrative practices related to:

- public access to technical reports and related materials filed with preliminary prospectuses, and
- the technical materials an issuer must file before a member of the CSA will issue a receipt for a preliminary prospectus.

Background

National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) requires mining issuers to file in specified circumstances technical reports prepared and certified by qualified persons (QPs).

Public access to technical reports

Canadian securities legislation requires CSA members to make filed documents publicly available. For documents filed on SEDAR, we generally provide public access on sedar.com. However, as a matter of practice, we have not made the technical reports filed with a preliminary prospectus publicly available on SEDAR until after we issue a receipt for the final prospectus. For all preliminary prospectus filings on and after **July 1, 2006**, we will make these technical reports (and the QPs' certificates and consents) publicly available on SEDAR at the same time we make the preliminary prospectus public. Generally, that will be immediately after filing. Issuers may apply to have these documents kept confidential but we would only grant this request in exceptional circumstances.

Filing of technical reports, QP certificates and consents

If an issuer's filing of a preliminary prospectus triggers a requirement for the issuer to file a technical report, subsection 4.2(4) of NI 43-101 requires the issuer to file the technical report at the same time it files the preliminary prospectus. Part 8 of NI 43-101 requires the issuer to also file a certificate and consent of each QP responsible for preparing or supervising the preparation of each portion of the technical report. As a matter of practice, we have not always required the issuer to file all technical documents (particularly the certificates and consents) before we would issue a receipt for the preliminary prospectus. However, effective immediately, we will generally not issue a receipt for the preliminary prospectus until the issuer files these required documents.

If an issuer files an amended technical report between the filing of the preliminary and final prospectus, NI 43-101 requires the issuer to file new QP certificates and consents with the amended technical report.

June 2, 2006

Consents of experts in connection with final prospectuses

Prospectus rules require an issuer to file with its final prospectus consents of experts. The rules apply in specific circumstances and require the consents to contain specific language. These requirements are separate from the consent requirements for QPs, contained in NI 43-101. The consents of a QP filed with a final prospectus must meet the requirements of the prospectus rules and NI 43-101.

Questions

If you have comments on the changes described above, please send them to us by June 16, 2006. Please direct any questions to any of the people listed below:

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1.1.4 Assignment of Certain Powers and Duties of the OSC - s. 6(3)

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

AND

**IN THE MATTER OF
THE ASSIGNMENT OF
CERTAIN POWERS AND DUTIES OF
THE ONTARIO SECURITIES COMMISSION**

**ASSIGNMENT
[Subsection 6(3)]**

WHEREAS:

- A. on June 30, 2005, the Ontario Securities Commission (the "Commission") issued an assignment (the "June 30, 2005 Assignment"), pursuant to subsection 6(3) of the Act, assigning certain of its powers and duties under the Act to each "Director" as that term is defined in subsection 1(1) of the Act, acting individually;
- B. the June 30, 2005 Assignment provides for, among other things, the assignment by the Commission to each Director, acting individually, of the powers and duties vested in or imposed on the Commission by paragraph 2 of subsection 127(1) of the Act, provided that certain conditions in the June 30, 2005 Assignment are satisfied;
- C. on December 15, 2005, subsection 127(1) of the Act was amended by the addition of new paragraph 2.1, which paragraph authorizes the Commission to make an order that the acquisition of any securities by a particular person or company is prohibited, permanently or for the period specified in the order;
- D. the Commission considers it desirable to amend and restate the June 30, 2005 Assignment to reflect the December 2005 amendment to subsection 127(1) of the Act by adding the words "and paragraph 2.1" to paragraph 2(h) of the June 30, 2005 Assignment;

NOW THEREFORE:

- 1. The June 30, 2005 Assignment is revoked, without prejudice to the effectiveness of any lawful exercise prior to the date of this revocation of the powers and duties assigned thereby, and is hereby replaced with the following amended and restated assignment (the "Assignment").
- 2. Pursuant to subsection 6(3) of the Act, the Commission assigns to each Director, acting

individually, the powers and duties vested in or imposed on the Commission by:

- (a) clause 21(5)(e) and subsections 21.1(4), 21.2(3) and 21.2.1(3) of the Act, but only in respect of by-laws, rules, regulations, policies, procedures, interpretations or practices that are identified to the Commission by the applicable stock exchange, self-regulatory organization, clearing agency or quotation and trade reporting system as being unlikely to raise public interest concerns;
- (b) section 27 of the Act;
- (c) paragraph 14 of subsection 35(1) and clause 72(1)(h) of the Act;
- (d) subsection 62(5) of the Act;
- (e) section 83 of the Act but only in respect of a reporting issuer:
 - (i) whose outstanding securities, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in Ontario and less than 51 security holders in Canada,
 - (ii) whose securities are not traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*,
 - (iii) that is not in default of any of its obligations as a reporting issuer, and
 - (iv) that will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director deeming the reporting issuer to have ceased to be a reporting issuer;
- (f) subsection 83.1(1) of the Act, in the circumstances described in Parts 2 and 3 of Ontario Securities Commission Policy 12-602 *Deeming an Issuer in Certain Other Canadian Jurisdictions to be a Reporting Issuer in Ontario*;
- (g) paragraph 1 of subsection 127(1) of the Act, provided the making of the order under subsection 127(1) of the Act is not contested on its merits and is only in respect of suspending the registration of:

- (i) a registrant that, at any time, fails to meet the capital requirements applicable to the registrant,
 - (ii) a registrant that, at any time, fails to comply with its, his or her conditions of registration and consents to such suspension;
 - (iii) a registrant that has, in the opinion of the Director, acted contrary to the public interest and consents to such suspension; and
 - (iv) a registrant that has filed an application to surrender registration pursuant to section 27 of the Act and has consented to suspension of registration pursuant to Ontario Securities Commission Rule 33-501 *Surrender of Registration*;
- (h) paragraph 2 and paragraph 2.1 of subsection 127(1) of the Act and subsections 127(2), (3), (5), (7), (8) and (9) of the Act, provided that the making of the order under subsections 127(1), (7) or (8) of the Act is not contested on its merits and is only in respect of
- (i) trading, generally or by a person or company identified in the cease trade order, in securities of a reporting issuer that has failed to file
 - (A) comparative annual financial statements or interim financial statements containing the four statements and the notes required by National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) or by National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102),
 - (B) an auditor's report issued in connection with comparative annual financial statements,
 - (ii) trading, generally or by a person or company identified in the cease trade order, in securities of a reporting issuer that has acknowledged in writing that comparative annual financial statements or interim financial statements filed with the Commission were not prepared in accordance with generally accepted accounting principles, including, but not limited to, where an issuer has advised the Commission or staff in writing, or has publicly announced, that it intends to restate such financial statements;
- (C) an AIF, MD&A, information circular, or business acquisition report (all as defined by NI 51-102 and by NI 71-102) containing information for each of the content items required by NI 51-102 and the applicable form, by Part 5 of Multilateral Instrument 52-110 *Audit Committees*, or by NI 71-102,
 - (D) a report on reserves data and other oil and gas information as required by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) containing information for each of the content items required by NI 51-101 and Form 51-101F2, or
 - (E) a technical report as required by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) containing information for each of the content items required by NI 43-101 and Form 43-101F1,
- within the time period prescribed by Ontario securities law;

- (iii) trading, generally or by a person or company identified in the cease trade order, in securities of a reporting issuer that has filed its financial statements accompanied by an auditor's report prepared by a public accounting firm that is, as of the date of the auditor's report, not a participating audit firm as defined by National Instrument 52-108 *Auditor Oversight*, or is not in compliance with any restrictions or sanctions imposed by the Canadian Public Accountability Board, or
 - (iv) trading in securities of a reporting issuer by the Chief Executive Officer ("CEO") or Chief Financial Officer ("CFO") of the reporting issuer (or, in the case of an issuer that does not have a CEO or CFO, persons performing functions similar to a CEO or CFO, as the case may be) where the reporting issuer has failed to file the certificates required by Multilateral Instrument 52-109 *Certificates of Disclosure in Issuers' Annual and Interim Filings* within the time period or in the form prescribed by Ontario securities law;
 - (i) subsection 140(2) of the Act in the circumstances described in clauses (b), (c) and (j) of section C of Ontario Securities Commission Policy 13-601 *Public Availability of Material Filed Under the Securities Act*;
 - (j) section 144 of the Act to:
 - (i) revoke or vary any decision made by a Director under authority assigned to him or her by the Commission pursuant to this Assignment or a predecessor Assignment, including another decision made under section 144 of the Act, but only if at the time of revoking or varying such decision the Director would have been authorized to make the decision being varied or revoked, or
 - (ii) vary any order made by the Commission under section 127 of the Act to the extent necessary to permit transfers of securities as contemplated by Ontario Securities Commission Policy 57-602 *Cease Trade Orders – Applications for Partial Revocation to Permit a Securityholder to Establish a Tax Loss*;
 - (k) section 147 of the Act, but only:
 - (i) in respect of exempting limited market dealers from the requirements of section 21.10 of the Act in accordance with Part 3 of Ontario Securities Commission Rule 31-503 *Limited Market Dealers*, or
 - (ii) in respect of exempting international advisers from the requirements of section 21.10 of the Act, in accordance with Part 4 of Ontario Securities Commission Rule 35-502 *Non-Resident Advisers*,

provided that a person or company directly affected by a decision of a Director made pursuant to this Assignment may, by notice in writing sent by registered mail to the Secretary of the Commission within 30 days after the mailing of the notice of the decision, request and be entitled to a hearing and review of such decision by the Commission.
3. The Executive Director of the Commission shall from time to time determine which one or more other Directors, in each case acting alone, should, as an administrative matter, exercise each of the powers or perform each of the duties assigned by the Commission in paragraph 2 above, each of which powers may also be exercised and performed by the Executive Director, acting alone.
 4. No person or company shall be required to inquire as to the authority of a member of the staff of the Commission to sign a decision pursuant to this Assignment in the capacity of a Director, and a decision purporting to be signed pursuant to this Assignment by a member of the staff of the Commission in the capacity of a Director shall be conclusively deemed to have been signed by a Director authorized by this Assignment without proof of such authority.
 5. This Assignment does not preclude the Commission from itself exercising or performing any of the assigned powers or duties.

DATED this "27th" of March, 2006.

“Susan Wolburgh Jenah”

“Suresh Thakrar”

1.1.5 OSC Staff Notice 55-701 - Automatic Securities Disposition Plans and Automatic Securities Purchase Plans

**ONTARIO SECURITIES COMMISSION
STAFF NOTICE 55-701**

**AUTOMATIC SECURITIES DISPOSITION PLANS AND
AUTOMATIC SECURITIES PURCHASE PLANS**

Purpose

Staff of the Ontario Securities Commission (staff or we) have recently received a number of questions on behalf of insiders who wish to establish an “automatic securities disposition plan” (sometimes referred to as a “pre-arranged structured sales plan”) (an ASDP) with their broker.

We have compiled a list of the most frequently asked questions (the FAQs) and have set out our responses to such questions below.

This notice represents staff’s views on the interpretation of certain requirements of Ontario securities law that apply to ASDPs. Although the focus of this notice is on ASDPs, we would generally consider the views set out below as also being applicable to “automatic securities purchase plans” (ASPPs) as described in National Instrument 55-101 *Insider Reporting Exemptions* (NI 55-101). Accordingly, unless otherwise indicated, a reference in this notice to a “plan” should be read as referring to both an ASDP and an ASPP.

This notice is intended to be a temporary notice pending the development by staff of the Canadian Securities Administrators (the CSA) of a CSA Staff Notice in relation to ASDPs and similar plans generally. We expect that the proposed CSA Staff Notice will also address additional questions, such as the application of certain requirements of Canadian securities legislation to insiders who wish to establish a managed account where full discretionary authority over the securities in the account rests with the manager of the account. Questions relating to managed accounts are beyond the scope of this notice.

In the meantime, we would remind issuers, insiders and other market participants that there may be differences in the securities law requirements of the other CSA jurisdictions that apply to automatic securities plans, and that the specific requirements of the other jurisdictions’ securities legislation should be reviewed prior to establishing an ASDP or ASPP.

Background

We have recently received a number of enquiries on behalf of insiders who wish to establish an ASDP with their broker.

These types of plans typically involve an insider instructing a broker to sell securities from the insider’s holdings in accordance with a pre-arranged set of instructions. The plans typically contemplate that the broker will continue to sell the securities regardless of whether a “blackout period”

established by the issuer may be in effect and regardless of whether the insider may be in possession of material undisclosed information about the issuer at the time of the sale.

The most common questions that we have received in relation to ASDPs are as follows:

- If an insider sells securities of a reporting issuer under an ASDP at a time when the insider has knowledge of material undisclosed information about the issuer, can the insider rely on the exemption contained in subsection 175(2)(b) of the regulations? In other words, is an ASDP an “other similar automatic plan” for the purposes of the exemption in s. 175(2)(b), with the result that the insider is exempt from the prohibition in subsection 76(1) of the Act and liability under section 134 of the Act?
- Is there a disclosure obligation at the time the insider enters into the ASDP?
- Does the insider have to file an insider report each time there is a disposition under an ASDP? Or can the insider rely on the insider reporting exemption for “automatic securities purchase plans” (ASPPs) in NI 55-101 which allows an insider to file a report on an annual basis rather than a transaction-by-transaction basis?

We have responded to these questions as follows.

1. *Is the exemption in s. 175(2)(b) of the regulations available?*

Although the exemption in s. 175(2)(b) refers to plans that are typically established by the issuer, staff take the view that this is not a necessary element under Ontario securities law, and an “other similar automatic plan” can include a plan established by an insider and the insider’s broker, provided that the plan is “automatic”, as discussed below, and the other conditions to the exemption are satisfied. (It should be noted, however, that securities legislation in other jurisdictions may limit this exemption to plans established by the issuer.)

We accept that a plan is “automatic” where the insider is able to demonstrate that the insider no longer has the ability to make decisions relating to trading in the securities in the plan and cannot make “discrete investment decisions” through the plan. (For more information on the concept of “discrete investment decisions”, please see, for example, sections 5.2 and 5.5 of the Companion Policy to NI 55-101).

Accordingly, we will generally accept that a plan is an “automatic” plan for the purposes of s. 175(2)(b) of the regulations if it meets the following conditions:

- a) At the time of entry into the plan, the insider is not in possession of any material undisclosed information in relation to the issuer.

- b) At the time of entry into the plan, in the case of plans that have not been established by the issuer, the insider provides the broker with a certificate from the issuer confirming that the issuer is aware of the plan and certifying that, to the best of its knowledge, the insider is not in possession of material undisclosed information about the issuer.
- c) The trading parameters and other instructions are set out in a written plan document at the time of the establishment of the plan.
- d) The plan contains meaningful restrictions on the ability of the insider to vary, suspend or terminate the plan that have the effect of ensuring that the insider cannot profit from material undisclosed information through a decision to vary, suspend or terminate the plan.
- e) The plan provides that the broker is not permitted to consult with the insider regarding any sales under the plan and that the insider cannot disclose to the broker any information concerning the issuer that might influence the execution of the plan.
- f) The plan to purchase or sell securities was given or entered into in good faith and not as part of a plan or scheme to evade the insider trading prohibitions.

Where an insider’s ability to vary, suspend or terminate the plan is not meaningfully restricted, we would likely question whether the plan may genuinely be regarded as an “automatic” plan for the purposes of s. 175(2)(b) of the regulations. This is because the insider retains discretionary authority over the securities in the plan and may be in a position to profit from material undisclosed information by varying, suspending or terminating the plan. For example, if an insider of an issuer establishes an ASDP and then comes into possession of material undisclosed information that is favourable to the issuer, the insider may profit from that information by terminating the plan. Similarly, if the insider comes into possession of material undisclosed information that is adverse to the issuer, the insider could vary the instructions to accelerate the dispositions. In both cases, we would likely take the view that the insider was making discrete investment decisions through the plan.

Where a plan contains meaningful restrictions on the ability to vary, suspend or terminate the plan, we will generally accept that the plan is an “automatic” plan for the purposes of s. 175(2)(b). We have previously advised insiders and their advisers that a simple requirement that the insider represent to the broker that the insider is not in possession of material undisclosed information at the time of the variation, suspension or termination would likely not be sufficient. Meaningful restrictions could include, for example, a requirement that the insider notify the issuer and the public (via a SEDI filing) of a change in instructions which filing would include a representation that the insider

is not in possession of any material undisclosed information.

2. *Is there a disclosure obligation at the time the insider enters into the ASDP?*

Staff take the view that this will depend on the particular circumstances of the plan. In making this determination, the following questions should be considered:

- Where the plan is established by the issuer, the issuer should consider whether establishing the plan constitutes a “material change”, thereby triggering a news release and a material change report.
- Similarly, the issuer and the insider should consider whether the establishment of the plan constitutes a “material fact”, with the result that no person with knowledge of the material fact can trade so long as it has not been generally disclosed. In discussions with staff, insiders and their advisers have in some cases expressed the concern that public disclosure of the plan at the time the plan is established may have a negative impact on share price as it will indicate that a large block of securities may shortly come onto the market. We note that this concern would appear to suggest that the establishment of the plan constitutes a material change and/or a material fact.
- The insider should consider whether entering into the arrangement involves a change in “direct or indirect ... control or direction” over the insider’s securities. If yes, then an insider report is required at the time the arrangement is entered into by virtue of s. 107(2) of the *Securities Act* (Ontario).
- The insider should consider whether entering into the arrangement involves a change in the insider’s “economic interest” in a security of the reporting issuer, or the insider’s “economic exposure to the reporting issuer”. If yes, then entering into the arrangement will trigger a disclosure requirement under MI 55-103 *Insider Reporting for Certain Derivative Transactions (Equity Monetization)*, unless an exemption in that instrument is available.

Where the issuer and insider conclude that there is no legal requirement to disclose the existence of the plan at the time the plan is established, it may nevertheless be advisable to disclose the existence of the plan on a voluntary basis. Disclosure about the plan may eliminate questions about apparent trading activity by insiders during blackout periods and periods when the insiders may have access to material undisclosed information.

3. *Does the insider have to file an insider report each time there is a disposition under an ASDP?*

Generally the insider (or the broker on behalf of the insider) will be required to file insider reports each time there is a disposition under an ASDP. We recommend that the insider include a statement in the general remarks section that the sale is pursuant to an ASDP.

NI 55-101 allows for reporting on an annual basis for certain acquisitions of securities under an ASPP. As a result of recent amendments to NI 55-101, effective April 30, 2005, insiders can now report certain “specified dispositions” in connection with an ASPP on an annual basis. An ASDP is not an ASPP since it is designed to facilitate dispositions not acquisitions. However, if an insider wishes to make an application for exemptive relief, and is able to demonstrate that the plan is genuinely an automatic plan and the insider cannot make discrete investment decisions through the plan, staff may be prepared to recommend exemptive relief to allow the insider to file reports on an annual basis.

June 2, 2006

1.4 Notices from the Office of the Secretary

1.4.1 Universal Settlements International Inc.

FOR IMMEDIATE RELEASE
May 25, 2006

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

AND

IN THE MATTER OF
UNIVERSAL SETTLEMENTS
INTERNATIONAL INC.

TORONTO – Staff of the Ontario Securities Commission filed an Amended Statement of Allegations dated May 24, 2006 with the Office of the Secretary in the above noted matter.

A copy of the Amended Statement of Allegations is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
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For investor inquiries: OSC Contact Centre
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IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
UNIVERSAL SETTLEMENTS
INTERNATIONAL INC.

AMENDED STATEMENT OF ALLEGATIONS
OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission make the following allegations:

1. Universal Settlements International Inc. ("USI") is a company which was incorporated under the laws of Ontario in April 1997. USI's head office is in Waterloo, Ontario.
2. Since at least 1999, USI has carried on the business of trading in viatical settlements to investors in Ontario, other parts of Canada and abroad. Each viatical settlement traded by USI is a "security" as defined in section 1(1)(n) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").
3. During the material time, USI was not registered with the Commission in any capacity. The registration exemptions in the Act were unavailable to USI.
4. During the material time, USI engaged in trading in securities without registration and without an exemption to the requirement for registration. Accordingly, USI breached section 25 of the Act.
5. During the material time, USI distributed securities without filing a preliminary prospectus and a prospectus, and obtaining receipt therefor from the Director and without an exemption to the prospectus requirement. Accordingly, USI breached section 53 of the Act.
6. USI has violated Ontario securities law and engaged in conduct contrary to the public interest.

DATED AT TORONTO this 24th day of May, 2006.

1.4.2 Terrence William Marlow et al.

FOR IMMEDIATE RELEASE
May 25, 2006

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

AND

**IN THE MATTER OF
TERRENCE WILLIAM MARLOW,
MARLOW GROUP PRIVATE PORTFOLIO
MANAGEMENT INC. AND
MARLOW GROUP SECURITIES INC.**

TORONTO – Following a hearing held today, the Commission issued an Order approving the Settlement Agreement reached between Staff of the Commission and Terrence William Marlow.

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

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1.4.3 Maitland Capital Ltd. et al.

FOR IMMEDIATE RELEASE
May 26, 2006

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

AND

**IN THE MATTER OF
MAITLAND CAPITAL LTD., ALLEN GROSSMAN,
HANOUGH ULFAN, LEONARD WADDINGHAM,
RON GARNER, GORD VALDE,
MARIANNE HYACINTHE, DIANA CASSIDY,
RON CATONE, STEVEN LANYS,
ROGER MCKENZIE, TOM MEZINSKI,
WILLIAM ROUSE and JASON SNOW**

TORONTO – The Commission issued an Order on April 19, 2006 adjourning the hearing in the above noted matter to May 29, 2006 at 2:00 p.m. and extending the Temporary Order against the Respondents until May 29, 2006.

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

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1.4.4 Juniper Fund Management Corporation et al.

**FOR IMMEDIATE RELEASE
May 29, 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 an Order on May 23, 2006 adjourning the hearing in the above noted matter to September 21, 2006 at 10:00 a.m. and extending the Temporary Order against the Respondents until September 21, 2006.

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

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1.4.5 Maitland Capital Ltd. et al.

**FOR IMMEDIATE RELEASE
May 30, 2006**

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

AND

**IN THE MATTER OF
MAITLAND CAPITAL LTD., ALLEN GROSSMAN,
HANOUGH ULFAN, LEONARD WADDINGHAM,
RON GARNER, GORD VALDE,
MARIANNE HYACINTHE, DIANA CASSIDY,
RON CATONE, STEVEN LANYS,
ROGER MCKENZIE, TOM MEZINSKI,
WILLIAM ROUSE and JASON SNOW**

TORONTO – The Commission issued an Order yesterday adjourning the hearing in the above noted matter to June 28, 2006 at 9:00 a.m. and extending the Temporary Order against the Respondents until June 28, 2006.

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

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1.4.6 First Global Ventures, S.A. and Allen Grossman

**FOR IMMEDIATE RELEASE
May 30, 2006**

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

AND

**IN THE MATTER OF
FIRST GLOBAL VENTURES, S.A.
AND ALLEN GROSSMAN**

TORONTO – On May 29, 2006, the Commission issued a Temporary Order in the above noted matter.

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

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1.4.7 Jose L. Castaneda

**FOR IMMEDIATE RELEASE
May 31, 2006**

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

AND

**IN THE MATTER OF
JOSE L. CASTANEDA**

TORONTO – On May 30, 2006, the Commission issued an Order in the above named matter adjourning the hearing to July 25, 2006, at 2:30 p.m. to hear an application by the Respondent to adjourn the section 127 and 127.1 Hearing until the conclusion of the section 122 proceedings.

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

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1.4.8 Mega C Power Corporation et al.

**FOR IMMEDIATE RELEASE
May 31, 2006**

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

AND

**IN THE MATTER OF
MEGA-C POWER CORPORATION,
RENE PARDO, GARY USLING,
LEWIS TAYLOR SR., LEWIS TAYLOR JR.,
JARED TAYLOR, COLIN TAYLOR AND
1248136 ONTARIO LIMITED**

TORONTO – The Commission issued an Order today adjourning the hearing to August 15, 2006 for a Pre-hearing Conference.

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

OFFICE OF THE SECRETARY
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

May 24, 2006

2.1.1 Goodman & Company, Investment Counsel Ltd. and Dynamic Canadian Dividend Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications –

National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 6.1 – exemption from requirement in Item 5(b) of Form 81-101F1 to permit the Fund to disclose its start date as that of the Terminating Fund – For purposes of the start date, units of each Existing Series will be indistinguishable from the Replacement Series.

National Instrument 81-102 Mutual Funds, s. 19.1 – exemption from requirements in section 3.1 to be exempted from the seed capital requirement and sections 15.3(2), 15.6(a)(i), 15.6(b), 15.6(d), 15.8(2)(a), 15.8(3)(a) and 15.9(2)(d) to permit the Fund to use performance data of the Terminating Fund in its sales communications – The Fund will inherit the assets of the Terminating Fund and will have sufficient liquidity. In addition, for purposes of disclosure of past performance in sales communications, units of each Existing Series will be indistinguishable from the Replacement Series.

National Instrument 81-106 Mutual Fund Continuous Disclosure, s. 17.1 – exemption from requirements in Sections 3.1, 3.2, 3.3, 3.4, 3.5, 3.6 and 4.4, Items 3.1(1), 3.1(7), 3.1(8), 4.2(1), 4.2(2), 4.3(1)(a) and 4.3(2) of Part B and Items 3(1) and 4 of Part C of Form 81-106F1 to enable the Fund to include in its annual and interim management reports of fund performance the financial highlights and past performance of the Terminating Fund - For purposes of disclosure of financial data in the MRFP, units of each Existing Series will be indistinguishable from the Replacement Series.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 6.1.

National Instrument 81-102 Mutual Funds, s. 19.1.

National Instrument 81-106 Mutual Fund Continuous Disclosure, s. 17.1.

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

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 81-106 –
INVESTMENT FUND CONTINUOUS DISCLOSURE
(“NI 81-106”)

AND

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

AND

IN THE MATTER OF
GOODMAN & COMPANY,
INVESTMENT COUNSEL LTD.
(the “Filer”)

AND

DYNAMIC CANADIAN DIVIDEND FUND
(the “Fund”)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the “Legislation”) granting an exemption from the requirements set out in Sections 3.1, 3.2, 3.3, 3.4, 3.5, 3.6 and 4.4 of NI 81-106 and Items 3.1(1), 3.1(7), 3.1(8), 4.2(1), 4.2(2), 4.3(1)(a) and 4.3(2) of Part B and Items 3(1) and 4 of Part C of Form 81-106F1 to enable the Fund to include in its annual and interim management reports of fund performance the financial highlights and past performance of the Terminating Fund (as defined below) that is presented in the Terminating Fund’s 2005 annual and interim management reports of fund performance (the “Requested Relief”).

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

Interpretation

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

Representations

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

1. Dynamic Canadian Dividend Fund Ltd. (the "Terminating Fund") is a mutual fund corporation subsisting under the laws of the Province of Ontario and offers series A, F and I shares pursuant to a simplified prospectus and annual information form dated December 19, 2005, as amended from time to time, (collectively, the "Terminating Fund's Prospectus").
2. The Filer is the manager of the Terminating Fund and will be the manager of the Fund.
3. The Filer has filed the annual management report of fund performance of the Terminating Fund for the period ended June 30, 2005 and the interim management report of fund performance of the Terminating Fund for the period ended December 31, 2005.
4. In order to provide investors in the Terminating Fund with a more tax-efficient investment fund, the Filer is proposing to convert the Terminating Fund from a mutual fund corporation to a mutual fund trust (the "Conversion").
5. The Conversion will not have any effect on the performance of the Fund going forward.
6. The Fund is a mutual fund trust that has been newly created for the purpose of implementing the Conversion. Each series of shares of the Terminating Fund (each, an "Existing Series") will be replaced by its corresponding series of units of the Fund (each, a "Replacement Series") as set forth below:

<u>Existing Series</u>	<u>Replacement Series</u>
Dynamic Canadian Dividend Fund Ltd., Series A shares	Dynamic Canadian Dividend Fund, Series A units
Dynamic Canadian Dividend Fund Ltd., Series F shares	Dynamic Canadian Dividend Fund, Series F units
Dynamic Canadian Dividend Fund Ltd., Series I shares	Dynamic Canadian Dividend Fund, Series I units

7. The Fund will not have its own past performance data or financial highlights on the date the Conversion is implemented. In order to render the Conversion "seamless" for existing investors in the Terminating Fund:
 - (a) the investment objectives, investment strategies and management fees of the Fund will be identical to those of the Terminating Fund; and
 - (b) the Manager proposes that the annual and interim financial statements and annual and interim management reports of fund performance (collectively, the "Fund's Continuous Disclosure") include the Financial Data (as defined below) of the Terminating Fund.
8. The Conversion is subject to any necessary securityholder and regulatory approvals. Shareholders of the Terminating Fund will be asked to approve the Conversion at a special meeting of shareholders to be held on or about June 22, 2006.
9. The Filer has filed a preliminary simplified prospectus and annual information form dated April 18, 2006 (the "Preliminary Prospectus") in respect of the Replacement Series. The Prospectus has been prepared, and the final simplified prospectus and annual information form of the Fund (the "Final Prospectus") will be prepared, on the basis that the Requested Relief will be granted.
10. If the Conversion is approved and implemented, then:
 - (a) the Terminating Fund will cease to exist;
 - (b) the assets of the Terminating Fund will become assets of the Fund; and
 - (c) each holder of Existing Series of shares will receive units of an equivalent value of its Replacement Series.

11. The Fund will not commence distributing its Replacement Series pursuant to the Final Prospectus until after the Conversion is approved and implemented.
12. The information derived from the financial statements and performance data (as defined in National Instrument 81-102) (collectively, the "Financial Data") of each Existing Series is significant information which can assist investors in determining whether to purchase and continue to hold units of a Replacement Series.
13. For the purposes of providing financial highlights and past performance in the annual and interim management reports of fund performance of each Replacement Series as required by Items 3 and 4 of Parts B and C of Form 81-106F1, and for the purposes of providing investors with information derived from the financial statements as required in Sections 3.1, 3.2, 3.3, 3.4, 3.5, 3.6 and 4.4 of NI 81-106, the Fund proposes to provide investors in each Replacement Series with the financial highlights and Financial Data of the corresponding Existing Series for the applicable time periods that precede the start date of each Replacement Series.

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the Fund's Continuous Disclosure for each Replacement Series includes the Financial Data of its Existing Series and discloses the Conversion for the relevant time periods.

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

2.1.2 Dimensional Fund Advisors Canada Inc. - 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 the extent necessary to permit a member of the organization of certain mutual funds to provide dealer with a list of specific sales representatives that it wishes to directly invite to its educational conferences – filer unable to rely upon exemption provided in s. 5.2 of NI 81-105 for educational conferences – filer exempted from s. 5.2(b) - exemption also granted from subsection 2.2(1) to the extent necessary to permit sales representatives of participating dealers to accept direct invites to educational conferences.

Exemption subject to conditions including that member of organization of mutual funds must obtain the written consent of a representative's participating dealer each time prior to directly inviting representative to a conference and that exemption provided will terminate in one year.

Rules Cited

National Instrument 81-105 Mutual Fund Sales Practices – ss. 2.1(1)(a), 2.2(1), 5.2(b), 9.1.

Policies

Companion Policy 81-105CP To National Instrument 81-105 Mutual Fund Sales Practices – s. 7.3(2).

May 24, 2006

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

AND

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

AND

**IN THE MATTER OF
DIMENSIONAL FUND ADVISORS 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 under the securities legislation of the Jurisdictions (the Legislation) for an exemption from:

- (a) the restrictions on providing non-monetary benefits to participating dealers and their representatives in sections 2.1(1)(b) and 2.2(1) of NI 81-105 *Mutual Fund Sales Practices* (NI 81-105) to the extent necessary to permit the Filer to directly invite the sales representatives of participating dealers that may distribute mutual funds managed by the Filer and that are members of the Investment Dealers Association of Canada (IDA), the Mutual Fund Dealers Association of Canada (MFDA), or are dealers that are duly registered in Quebec (collectively, the Participating Dealers) to the Filer's educational conferences; and
- (b) the requirement contained in section 5.2(b) of NI 81-105 that the selection of the representatives of a dealer to attend a conference or seminar be made exclusively by the dealer, uninfluenced by any member of the organization of the mutual fund to the extent necessary to permit the Filer to directly invite a Participating Dealer's sales representatives to the Filer's educational conferences.

(collectively, the Requested Relief).

Under the System:

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

Interpretation

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

Representations

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

1. The Filer is a registered portfolio manager under the *Securities Act* (British Columbia). Its head office is in British Columbia.
2. The Filer is the Canadian subsidiary of Dimensional Fund Advisors Inc. (DFA U.S.). DFA U.S. was founded in 1981. DFA U.S. first offered investment management services only to institutional clients. It started offering funds to

retail investors in the U.S. in 1990 and, through the Filer, in 2003 in Canada.

3. The Filer is or will be the manager, portfolio manager, and promoter of the Dimensional Funds (existing and future) (the Funds). The securities of the Funds are offered or may be offered by simplified prospectus in all the Jurisdictions. The Filer has retained (or will retain) DFA U.S. or other affiliates to act as sub-adviser(s) for the Funds.
4. Each of the Filer, DFA U.S., and other affiliates of the Filer (collectively, the Dimensional Group) is and will be a member of the organization of each of the Funds as defined in section 1.1 of NI 81-105.
5. The Funds are only available to retail investors through sales representatives authorized by the Filer (Approved Representatives).
6. Approved Representatives and the Filer conduct due diligence on each other that includes the following steps:
 - (a) The Filer will give the representative applying for approval materials about the Dimensional Group and the research behind its investment philosophy.
 - (b) The Filer's Regional Managers and the representative will meet (in person or by phone) to review and discuss the materials provided by the Filer.
 - (c) If the Filer and the representative want to take the next step in the due diligence process, the Filer will invite the representative to attend an introductory conference (Introductory Conference) to learn about the Dimensional Group's approach to investing. The Filer will only invite representatives to an Introductory Conference who have completed the preliminary stages of the due diligence process.
 - (d) The Filer will obtain the Participating Dealer's written consent prior to directly inviting the representative to attend the Introductory Conference.
 - (e) The Filer will authorize the representative as an Approved Representative.
 - (f) The Filer will enter into a distribution agreement with the representative's Participating Dealer.
 - (g) The Filer will request that an Approved Representative provide its clients with written disclosure explaining the

Approved Representative's relationship with DFA.

7. The Filer and other members of the Dimensional Group will also organize and present regular seminars and educational conferences (Educational Seminars) for Approved Representatives. Only Approved Representatives will be invited to attend Educational Seminars. The Filer will obtain the Participating Dealer's written consent prior to directly inviting an Approved Representative to an Educational Seminar.
8. The Filer's Introductory Conferences and Educational Seminars will be held exclusively for educational purposes. Except as exempted in this Decision, the Filer's Introductory Conferences and Educational Seminars will comply in all respects with NI 81-105 including the requirements that: (1) restrict the location of an Introductory Conference or Educational Seminar to Canada, the continental United States of America, or a location where a portfolio adviser of the Funds carries on business, if the primary purpose of the Introductory Conference or Educational Seminar is the provision of educational information about the investments or activities of the Funds carried on by that portfolio adviser; and (2) prohibit a member of the organization of the Funds from paying any travel, accommodation or personal incidental expenses associated with the attendance of a representative at an Introductory Conference or an Educational Seminar.
9. The Filer does not provide incentives, agree to provide incentives, or imply that it will provide incentives to Approved Representatives or to potential Approved Representatives going through the mutual due diligence process with the Filer.
10. The Filer obtained an exemption from NI 81-105 in British Columbia on March 20, 2006.

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 for so long as:

1. The Filer explains to a representative that they must attend an Introductory Conference in order to become an Approved Representative and may attend Educational Seminars after they become Approved Representatives.
2. The Filer explains to the representative that the Filer must obtain the written

consent of the representative's Participating Dealer prior to directly inviting the representative to an Introductory Conference or Educational Seminar.

3. The Filer explains that the representative's Participating Dealer will decide whether the representative can attend an Introductory Conference or Educational Seminar.
4. The Filer obtains the written consent from the person in charge of compliance for the representative at the Participating Dealer prior to directly inviting the representative to each Introductory Conference or Educational Seminar.
5. The Filer requests that an Approved Representative provide its clients with written disclosure explaining the Approved Representative's relationship with DFA.

It is the further decision of the Decision Makers under the Legislation that the Requested Relief terminates one year from the date of this Decision.

"Paul M. Moore"

"Harold P. Hands"

2.1.3 Goodman & Company, Investment Counsel Ltd. and Dynamic Canadian Dividend Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications –

National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 6.1 – exemption from requirement in Item 5(b) of Form 81-101F1 to permit the Fund to disclose its start date as that of the Terminating Fund – For purposes of the start date, units of each Existing Series will be indistinguishable from the Replacement Series.

National Instrument 81-102 Mutual Funds, s. 19.1 – exemption from requirements in section 3.1 to be exempted from the seed capital requirement and sections 15.3(2), 15.6(a)(i), 15.6(b), 15.6(d), 15.8(2)(a), 15.8(3)(a) and 15.9(2)(d) to permit the Fund to use performance data of the Terminating Fund in its sales communications – The Fund will inherit the assets of the Terminating Fund and will have sufficient liquidity. In addition, for purposes of disclosure of past performance in sales communications, units of each Existing Series will be indistinguishable from the Replacement Series.

National Instrument 81-106 Mutual Fund Continuous Disclosure, s. 17.1 – exemption from requirements in Sections 3.1, 3.2, 3.3, 3.4, 3.5, 3.6 and 4.4, Items 3.1(1), 3.1(7), 3.1(8), 4.2(1), 4.2(2), 4.3(1)(a) and 4.3(2) of Part B and Items 3(1) and 4 of Part C of Form 81-106F1 to enable the Fund to include in its annual and interim management reports of fund performance the financial highlights and past performance of the Terminating Fund - For purposes of disclosure of financial data in the MRFP, units of each Existing Series will be indistinguishable from the Replacement Series.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 6.1.

National Instrument 81-102 Mutual Funds, s. 19.1.

National Instrument 81-106 Mutual Fund Continuous Disclosure, s. 17.1.

May 24, 2006

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

AND

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

AND

**NATIONAL INSTRUMENT 81-101 – MUTUAL FUND
PROSPECTUS DISCLOSURE (“NI 81-101”)**

AND

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

AND

**IN THE MATTER OF
GOODMAN & COMPANY,
INVESTMENT COUNSEL LTD.
(the “Filer”)**

AND

**DYNAMIC CANADIAN DIVIDEND FUND
(the “Fund”)**

MRRS DECISION DOCUMENT

Background

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

- (a) section 3.1 of NI 81-102 to permit the Filer not to comply with the \$150,000 seed money required when establishing a new mutual fund; and
- (b) sections 15.3(2), 15.6(a)(i), 15.6(b), 15.6(d), 15.8(2)(a), 15.8(3)(a) and 15.9(2)(d) of NI 81-102 which would otherwise preclude the Fund from including in its sales communications and reports to securityholders performance data and standard performance data that precedes the inception of the Fund and is derived from the past performance of the Terminating Fund (as defined below); and
- (c) Item 5(b) of Part B of Form 81-101F1 to permit the Fund to disclose the start date of the Terminating Fund as its start date

(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

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

1. Dynamic Canadian Dividend Fund Ltd. (the "Terminating Fund") is a mutual fund corporation subsisting under the laws of the Province of Ontario and offers series A, F and I shares pursuant to a simplified prospectus and annual information form dated December 19, 2005, as amended from time to time, (collectively, the "Terminating Fund's Prospectus").
2. The Filer is the manager of the Terminating Fund and will be the manager of the Fund.
3. The Filer has filed the annual management report of fund performance of the Terminating Fund for the period ended June 30, 2005 and the interim management report of fund performance of the Terminating Fund for the period ended December 31, 2005 (collectively, the "2005 Management Reports").
4. In order to provide investors in the Terminating Fund with a more tax-efficient investment fund, the Filer is proposing to convert the Terminating Fund from a mutual fund corporation to a mutual fund trust (the "Conversion").
5. The Conversion will not have any effect on the performance of the Fund going forward.
6. The Fund is a mutual fund trust that has been newly created for the purpose of implementing the Conversion. Each series of shares of the Terminating Fund (each, an "Existing Series") will be replaced by its corresponding series of units of the Fund (each, a "Replacement Series") as set forth below:

Existing Series	Replacement Series
Dynamic Canadian Dividend Fund Ltd., Series A shares	Dynamic Canadian Dividend Fund, Series A units
Dynamic Canadian Dividend Fund Ltd., Series F shares	Dynamic Canadian Dividend Fund, Series F units
Dynamic Canadian Dividend Fund Ltd., Series I shares	Dynamic Canadian Dividend Fund, Series I units

7. Subject to receipt of the relief requested from section 3.1 of NI 81-102, the Fund will not have any assets (other than a nominal amount to

establish the Fund) or liabilities. In addition, the Fund will not have its own past performance data or financial highlights on the date the Conversion is implemented. In order to render the Conversion "seamless" for existing investors in the Terminating Fund:

- (a) the investment objectives, investment strategies and management fees of the Fund will be identical to those of the Terminating Fund;
- (b) the Manager proposes that the sales communications and reports to securityholders of the Fund (the "Fund's Communications") include the past performance data and standard performance data, as applicable, of the Terminating Fund; and
- (c) the Manager proposes that the simplified prospectuses of the Fund (the "Fund's Simplified Prospectus") will:
 - (i) incorporate by reference the 2005 Management Reports and financial statements of the Terminating Fund for the corresponding periods (the "2005 Financial Statements") until the 2005 Management Reports and 2005 Financial Statements are superseded by more current management reports of fund performance and financial statements of the Fund; and
 - (ii) state that the date which is considered to be the date the Fund was started (the "Start Date") for each Replacement Series is based upon the Start Date of its corresponding Existing Series of the Terminating Fund.
8. The Conversion is subject to any necessary securityholder and regulatory approvals. Shareholders of the Terminating Fund will be asked to approve the Conversion at a special meeting of shareholders to be held on or about June 22, 2006.
9. If the Conversion is approved and implemented, then:
 - (a) the Terminating Fund will cease to exist;
 - (b) the assets of the Terminating Fund will become assets of the Fund; and

- (c) each holder of Existing Series of shares will receive units of an equivalent value of its Replacement Series.
10. The Fund will not commence distributing its Replacement Series pursuant to the final simplified prospectus and annual information form of the Fund until after the Conversion is approved and implemented.
11. The information derived from the financial statements and performance data (as defined in NI 81-102) of each Existing Series is significant information which can assist investors in determining whether to purchase and continue to hold units of a Replacement Series.

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 Fund's Communications include the past performance data and standard performance data, as applicable, of the Terminating Fund, prepared in accordance with Part 15 of NI 81-102; and
- (b) the Fund's Simplified Prospectus:
 - (i) incorporates by reference the 2005 Management Reports and 2005 Financial Statements of the Terminating Fund until the 2005 Management Reports and 2005 Financial Statements are superseded by more current management reports of fund performance and financial statements of the Fund;
 - (ii) states that the Start Date for each Replacement Series is the Start Date of its corresponding Existing Series of the Terminating Fund; and
 - (iii) discloses the Conversion where the Start Date of a Replacement Series is stated.

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

2.1.4 Rhodia S.A. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Securities Act (Ontario), ss.25 and 53 - Application for relief from the prospectus requirement and the dealer registration requirement in respect of certain trades made in connection with an employee share offering by a French issuer - The offering involves the use of collective employee shareholding vehicles, each a fonds commun de placement d'entreprise (FCPE) - The issuer cannot rely on the employee exemption in section 2.24 of National Instrument 45-106 Prospectus and Registration Exemptions as the shares are not being offered to Canadian participants directly by the issuer, but through the FCPEs - The offering contains a "leveraged fund" component – Number of Canadian employees de minimis - Canadian participants will not be induced to participate in the offering by expectation of employment or continued employment - Canadian participants will receive certain disclosure documents - The FCPEs are subject to the supervision of the French Autorité des marchés financiers – No market for shares of the issuer in Canada - Relief granted, subject to conditions.

Securities Act (Ontario), s.25- Application for relief from the dealer registration requirement and adviser registration requirement for the manager of the FCPEs, to the extent its activities require compliance - The manager will not be involved in providing advice to Canadian participants and its activities do not affect the underlying value of the shares being offered – Relief granted in respect of specified activities of the manager, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74.
National Instrument 45-106 Prospectus and Registration Exemptions, ss. 2.24, 2.28.
National Instrument 45-102 Resale of Securities, s. 2.14.

May 19, 2006

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

AND

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

AND

**IN THE MATTER OF
RHODIA S.A. (the "Filer")**

MRRS DECISION DOCUMENT

Background

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

1. an exemption from the prospectus requirements of the Legislation (the “**Prospectus Relief**”) so that such requirements do not apply to:
 - (i) trades in the units (“**Units**”) of three collective shareholding vehicles, the Aspire 2006 FCPE (the “**Leveraged Fund**”) and the Rhodia Souscription International FCPE (the “**Intermediary Classic Fund**”) which will be merged with the Rhodia International FCPE (the “**Principal Classic Fund**”, together with the Intermediary Classic Fund, the “**Classic Fund**”, and together with the Leveraged Fund, the “**Funds**”) made pursuant to the Employee Share Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdictions who elect to participate in the Employee Share Offering (the “**Canadian Participants**”);
 - (ii) trades of ordinary shares of the Filer (the “**Shares**”) by the Funds to Canadian Participants upon the redemption of Units by Canadian Participants, nor to the issuance of Units of the Classic Fund to holders of Leveraged Fund Units upon the transfer of the assets of the Leveraged Fund to the Classic Fund at the end of the Lock-Up Period (as defined below);
2. an exemption from the dealer registration requirements of the Legislation (the “**Registration Relief**”) so that such requirements do not apply to:
 - (i) trades in Units of the Classic Fund made pursuant to the Employee Share Offering to or with Canadian Participants;
 - (ii) trades of Shares by the Funds to Canadian Participants upon the redemption of Units by Canadian Participants, nor to the issuance of Units of the Classic Fund to holders of Leveraged Fund Units upon the transfer of the assets of the Leveraged Fund to the Classic Fund at the end of the Lock-Up Period;
3. an exemption from the adviser registration requirements and dealer registration requirements of the Legislation so that such requirements do not apply to the manager of the Funds, Natexis

Asset Management (the “**Manager**”), to the extent that its activities described in paragraphs 27 and 28 hereof require compliance with the adviser registration requirements and dealer registration requirements (collectively, with the Prospectus Relief and the Registration Relief, the “**Initial Requested Relief**”); and

4. an exemption from the dealer registration requirements of the Legislation so that such requirements do not apply to the first trade in any Shares acquired by Canadian Participants under the Employee Share Offering (the “**First Trade Registration Relief**”).

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

Interpretation

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

Representations

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

1. The Filer is a corporation formed under the laws of France. It is not and has no intention of becoming a reporting issuer (or equivalent) under the Legislation. The Shares are listed on Euronext Paris and on the New York Stock Exchange (in the form of American Depositary Shares).
2. The Filer carries on business in Canada through the following affiliated company, Rhodia Canada Inc. (the “**Canadian Affiliate**”, together with the Filer and other affiliates of the Filer, the “**Rhodia Group**”). The Canadian Affiliate is an indirect controlled subsidiary of the Filer and is not, and has no intention of becoming, a reporting issuer (or equivalent) under the Legislation.
3. The Filer has established a worldwide share purchase plan for employees of the Rhodia Group (the “**Employee Share Offering**”) which is comprised of two subscription options: (i) an offering of Shares to be subscribed through the Classic Fund (the “**Classic Plan**”); and (ii) an offering of Shares to be subscribed through the Leveraged Fund (the “**Leveraged Plan**”).
4. Only persons who are employees of a member of the Rhodia Group at the time of the Employee Share Offering (the “**Qualifying Employees**”) will

- be invited to participate in the Employee Share Offering.
5. The Funds were established for the purpose of implementing the Employee Share Offering.
 6. The Funds are not and have no intention of becoming reporting issuers under the Legislation.
 7. The Funds are collective shareholding vehicles (Fonds Communs de Placement d'Entreprise or "FCPEs") of a type commonly used in France for the conservation or custodianship of shares held by employee investors. The Funds have been registered with and approved by the Autorité des Marchés Financiers (the "French AMF"). Only Qualifying Employees will be allowed to hold Units of the Funds in an amount proportionate to their respective investments in the Funds.
 8. Under French law, all Units acquired in the Employee Share Offering will be subject to a hold period of approximately five years (the "Lock-Up Period"), subject to certain exceptions prescribed by French law (such as a release on death or termination of employment). At the end of the Lock-Up Period, a Canadian Participant may: (a) redeem Units in the Classic Fund in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares, or (b) continue to hold Units in the Classic Fund and redeem those Units at a later date.
 9. In the event of an early unwind resulting from the Canadian Participant satisfying one of the exceptions to the Lock-Up Period prescribed by French law, a Canadian Participant may redeem Units: (a) from the Classic Fund in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares, or (b) from the Leveraged Fund using the Redemption Formula (described below), by using the Average Increase determined at the time of unwind to measure the increase, if any, from the Reference Price (described below).
 10. Under the Classic Plan, Canadian Participants will be issued Units in the Intermediary Classic Fund, which will subscribe for Shares on behalf of the Canadian Participants, at a subscription price that is equal to the average of the opening price of the Shares on the 20 trading days preceding the date of fixing of the subscription price by the Filer (the "Reference Price"), less a 15% discount. After completion of the Employee Offering, the Intermediary Classic Fund will be merged with the Principal Classic Fund (subject to the approval of the French AMF) and Units of the Intermediary Fund held by Canadian Participants will be replaced with Units of the Principal Classic Fund. Units of the Intermediary Fund will be exchanged for Units of the Principal Classic Fund on a pro rata basis and the Shares subscribed for under the Employee Offering will be held in the Principal Classic Fund.
 11. Dividends paid on the Shares held in the Classic Fund will be contributed to the Classic Fund and used to purchase additional Shares. The Canadian Participants will receive additional Units or fractions of Units of the Classic Fund representing such Shares.
 12. Under the Leveraged Plan, Canadian Participants will subscribe for Units in the Leveraged Fund, and the Leveraged Fund will then subscribe for Shares using the Employee Contribution (as described below) and certain financing made available by Crédit Suisse (the "Bank").
 13. Canadian Participants in the Leveraged Plan receive a 15% discount in the Reference Price. Under the Leveraged Plan, the Canadian Participants effectively receive a share appreciation entitlement in the increase in value, if any, of the Shares financed by the Bank Contribution (as described below).
 14. Participation in the Leveraged Plan represents an opportunity for Qualifying Employees potentially to obtain significantly higher gains than would be available through participation in the Classic Plan, by virtue of the Qualifying Employee's indirect participation in a financing arrangement involving a swap agreement (the "Swap Agreement") between the Leveraged Fund and the Bank. In economic terms, the Swap Agreement effectively involves the following exchange of payments: for each Share which may be subscribed for by the Qualifying Employee's contribution (the "Employee Contribution") under the Leveraged Plan at the Reference Price less the 15% discount, the Bank will lend to the Leveraged Fund (on behalf of the Canadian Participant) an amount sufficient to enable the Leveraged Fund (on behalf of the Canadian Participant) to subscribe for an additional nineteen Shares (the "Bank Contribution") at the Reference Price less the 15% discount.
 15. Under the terms of the Swap Agreement, at the end of the Lock-Up Period (the "Settlement Date"), the Leveraged Fund will owe to the Bank an amount equal to the market value of the Shares held in the Leveraged Fund, less
 - (i) 100% of the Employee Contributions; plus
 - (ii) the greater of
 - (a) a guaranteed yield of 2% per year on (i), and
 - (b) an amount equal to 9.2 times the Average Increase (as

defined below), if any, of the Shares acquired with the Employee Contributions.

16. The “Average Increase” is determined as the difference between (i) the average of the closing price of the Share observed on the last trading day of each month (a “Monthly Quote”) on Eurolist Euronext Paris during the five year life of the Leveraged Plan (i.e. the average of sixty quotes) and (ii) the Reference Price. If a Monthly Quote is less than the Reference Price, the Reference Price will be substituted for the Monthly Quote for that month in the calculation of the Average Increase.

17. If, at the Settlement Date, the market value of the Shares held in the Leveraged Fund is less than 100% of the Employee Contributions, the Bank will, pursuant to a guarantee agreement, make a cash contribution to the Leveraged Fund to make up any shortfall.

18. At the end of the Lock-Up Period, the Swap Agreement will terminate after the making of final swap payments and a Canadian Participant may redeem his or her Leveraged Fund Units in consideration for

(i) payment of an amount equal to the value of the Canadian Participant’s Employee Contribution, plus the greater of

(a) a guaranteed yield of 2% per year on (i), and

(b) an amount equal to 9.2 times the Average Increase, if any, of the Shares acquired with the Employee Contributions; or

(ii) delivery of the number of Shares equal to such amount (the “Redemption Formula”).

If no redemption is made by the employee, his or her investment in the Leveraged Fund will be transferred to the Principal Classic Fund. New Units of the Principal Classic Fund will be issued to the applicable Canadian Participants in recognition of the assets transferred to the Principal Classic Fund. The Canadian Participants may redeem these Units whenever they wish.

19. Under no circumstances will a Canadian Participant in the Leveraged Fund be entitled to receive less than 100% of his or her Employee Contribution at the end of the Lock-Up Period, nor be liable for any other amounts.

20. Under French law, each Fund, as a FCPE, is a limited liability entity. Each Fund’s portfolio will

consist exclusively of Shares of the Filer. The Leveraged Fund’s portfolio will also include the Swap Agreement. From time to time, the Leveraged Fund may lend Shares to the Bank and will hold collateral while the Shares are on loan. The Funds may also hold cash or cash equivalents pending investments in Shares and for the purposes of Unit redemptions. The risk statement provided to Canadian Participants will confirm that, under no circumstances, will a Canadian Participant in the Leveraged Plan be liable to any of the Leveraged Fund, the Bank or the Filer for any amounts in excess of his or her Employee Contribution under the Leveraged Plan.

21. During the term of the Swap Agreement, dividends paid on the Shares held in the Leveraged Fund will be remitted to the Leveraged Fund, and the Leveraged Fund will remit an equivalent amount to the Bank as partial consideration for the obligations assumed by the Bank under the Swap Agreement.

22. For Canadian federal income tax purposes, the Canadian Participants in the Leveraged Fund will be deemed to receive all dividends paid on the Shares financed by either the Employee Contribution or the Bank Contribution, at the time such dividends are paid to the Leveraged Fund, notwithstanding the actual non-receipt of the dividends by the Canadian Participants by virtue of the terms of the Swap Agreement. Consequently, Canadian Participants will be required to fund the tax liabilities associated with the dividends from their own resources.

23. The payment of dividends on the Shares is determined by the shareholders of the Filer. The Filer has not made any commitment to the Bank as to any minimum payment in respect of dividends.

24. To respond to the fact that, at the time of the initial investment decision relating to participation in the Leveraged Plan, Canadian Participants will be unable to quantify their potential income tax liability resulting from such participation, the Filer will indemnify each Canadian Participant in the Leveraged Plan for all tax costs to the Canadian Participants associated with the payment of dividends in excess of a specified amount of euros per Share during the Lock-Up Period such that, in all cases, a Canadian Participant will, at the time of the original investment decision, be able to quantify, with certainty, his or her maximum tax liability in connection with dividends received by the Leveraged Fund on his or her behalf under the Leveraged Plan.

25. At the time the Canadian Participant’s obligations under the Swap Agreement are settled, the Canadian Participant will realize a capital gain (or capital loss) by virtue of having participated in the

- Swap Agreement to the extent that amounts received by the Leveraged Fund, on behalf of the Canadian Participant, from the Bank exceed (or are less than) amounts paid by the Leveraged Fund, on behalf of the Canadian Participant to the Bank. To the extent that dividends on Shares that are deemed to have been received by a Canadian Participant are paid by the Leveraged Fund on behalf of the Canadian Participant to the Bank, such payments will reduce the amount of any capital gain (or increase the amount of any capital loss) to the Canadian Participant under the Swap Agreement. Capital losses (gains) realized by a Canadian Participant under the Swap Agreement may be offset against (reduced by) any capital gains (losses) realized by the Canadian Participant on a disposition of the Shares, in accordance with the rules and conditions under the *Income Tax Act* (Canada) or comparable provincial legislation (as applicable).
26. The Manager, Natexis Asset Management, is an asset management company governed by the laws of France. The Manager is registered with the French AMF to manage French investment funds and complies with the rules of the French AMF. The Manager is not and has no intention of becoming a reporting issuer under the Legislation.
27. The Manager's portfolio management activities in connection with the Employee Share Offering and the Funds are limited to subscribing for Shares from the Filer, selling such Shares as necessary in order to fund redemption requests, and such activities as may be necessary to give effect to the Swap Agreement.
28. The Manager is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of each Fund. The Manager's activities in no way affect the underlying value of the Shares and the Manager will not be involved in providing advice to any Canadian Participant.
29. Shares issued in the Employee Share Offering will be deposited in the relevant Fund through Natexis Banque Populaires (the "**Depositary**"), a large French commercial bank subject to French banking legislation.
30. Under French law, the Depositary must be selected by the Manager from among a limited number of companies identified on a list by the French Minister of the Economy, Finance and Industry and its appointment must be approved by the French AMF. The Depositary carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow each Fund to exercise the rights relating to the securities held in its respective portfolio.
31. The Canadian resident Qualifying Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.
32. The total amount invested by a Qualifying Employee in the Employee Share Offering, including any Bank Contribution, cannot exceed 25% of his or her estimated gross annual compensation for 2006.
33. None of the Filer, the Manager, the Canadian Affiliate or any of their employees, agents or representatives will provide investment advice to the Canadian Participants with respect to an investment in the Shares or the Units.
34. The Filer will retain a securities dealer registered as a broker/investment dealer under the Legislation (the "**Registrant**") to provide advisory services to Canadian Participants who express interest in the Leveraged Plan and to make a determination, in accordance with industry practices, as to whether an investment in the Leveraged Plan is suitable for each such Canadian Participant based on his or her particular financial circumstances. The Registrant will establish accounts for, and will receive the initial account statements from the Leveraged Fund on behalf of, such Canadian Participants. The Units of the Leveraged Fund will be issued by the Leveraged Fund to Canadian Participants solely through the Registrant.
35. Units of the Leveraged Fund will be evidenced by account statements issued by the Leveraged Fund.
36. The Canadian Participants will receive an information package which will include a summary of the terms of the Employee Share Offering, a tax notice relating to the relevant Fund containing a description of Canadian income tax consequences of subscribing to and holding the Units in the Fund and redeeming Units for cash or Shares at the end of the Lock-Up Period, an Information Notice approved by the French AMF for each Fund describing the main characteristics of the relevant Fund, a reservation form and a revocation form. The information package for Canadian Participants in the Leveraged Plan will also include a risk statement which will describe certain risks associated with an investment in Units pursuant to the Leveraged Plan, and a tax calculation document which will illustrate the general Canadian federal income tax consequences of participating in the Leveraged Plan.
37. Upon request, Canadian Participants may receive copies of the Filer's annual report on Form 20-F filed with the United States Securities and Exchange Commission and/or the French

Document de Référence filed with the French AMF in respect of the Shares and a copy of the relevant Fund's rules (which are analogous to company by-laws). The Canadian Participants will also have access to copies of the continuous disclosure materials relating to the Filer furnished to Rhodia shareholders generally, which materials are accessible on the Filer's website and at the EDGAR website maintained by the United States Securities and Exchange Commission.

38. There are approximately 81 Qualifying Employees resident in Canada, in the province of Ontario (79) and Québec (2), who in the aggregate represent less than 0.5% of the employees in the Rhodia Group worldwide.

39. As of the date hereof and after giving effect to the Employee Share Offering, Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Funds on behalf of Canadian Participants) more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of the Shares as shown on the books of the Filer.

Decision

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

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

- (1) the first trade in any Units or Shares acquired by Canadian Participants pursuant to this Decision, in a Jurisdiction, is deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction unless the following conditions are met:
 - (a) the issuer of the security
 - (i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or
 - (ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;
 - (b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada

- (i) did not own directly or indirectly more than 10 percent of the outstanding securities of the class or series, and
- (ii) did not represent in number more than 10 percent of the total number of owners directly or indirectly of securities of the class or series; and
- (c) the trade is made
 - (i) through an exchange, or a market, outside of Canada, or
 - (ii) to a person or company outside of Canada; and
- (2) in Quebec, the required fees are paid in accordance with Section 271.6(1.1) of the Securities Regulation (Quebec).

It is the further decision of the Decision Makers under the Legislation that the First Trade Registration Relief is granted provided that the conditions set out in paragraphs (1)(a), (b) and (c) under this decision granting the Initial Requested Relief are satisfied.

"Wendell S. Wigle"
Commissioner
Ontario Securities Commission

"Robert W. Davis"
Commissioner
Ontario Securities Commission

2.1.5 SNP Split Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – subdivided offering exempted from certain requirements of National Instrument 81-102 Mutual Funds since issuer is fundamentally different from a conventional mutual fund.

Rules Cited:

National Instrument 81-102 Mutual Funds, ss. 2.6(a), 3.3, 10.3, 10.4(1), 12.1(1), 14.1.

May 26, 2006

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

AND

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

AND

**IN THE MATTER OF
SNP SPLIT CORP.**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application (the Application) from SNP Split Corp. (the Filer) for a decision under the securities legislation of the Jurisdictions (the Legislation) that exempts the Filer from the following requirements of National Instrument 81-102 *Mutual Funds* (NI 81-102) in connection with the Series 1 Preferred Shares to be issued by the Filer and described in its amended preliminary prospectus dated May 9, 2006 (the Preliminary Prospectus):

- (a) subsection 2.6(a), which prohibits a mutual fund from borrowing cash or providing a security interest over any of its portfolio assets except in compliance with subsection 2.6(a);
- (b) section 3.3, which prohibits a mutual fund or its securityholders from bearing the costs of the preparation and filing of any prospectus;
- (c) section 10.3, which requires that the redemption price of a security of a mutual fund to which a

redemption order pertains shall be the net asset value of a security of that class, or series of class, next determined after the receipt by the mutual fund of the order;

- (d) subsection 10.4(1), which requires that a mutual fund shall pay the redemption price for securities that are the subject of a redemption order within three business days after the date of calculation of the net asset value per security used in establishing the redemption price;
- (e) subsection 12.1(1), which requires a mutual fund that does not have a principal distributor to complete and file a compliance report, and accompanying letter of the auditor, in the form and within the time period mandated by subsection 12.1(1); and
- (f) section 14.1, which requires that the record date for determining the right of securityholders of a mutual fund to receive a dividend or distribution by the mutual fund shall be calculated in accordance with section 14.1.

Under the Mutual Reliance Review System for Exemptive Relief Applications

- (g) the Ontario Securities Commission is the principal regulator for this application, and
- (h) 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:

The Filer

1. The Filer is a passive investment company whose principal undertaking is the holding of a portfolio of publicly listed common shares of companies that make up the *S&P 100 Index* (the Portfolio Shares). The Portfolio Shares are the only material assets of the Filer. The purpose of the Filer is to provide a vehicle through which different investment objectives with respect to participation in the Portfolio Shares may be satisfied.
2. The Filer completed its initial public offering of Class A Capital Shares (the Capital Shares) and Class A Preferred Shares (the Preferred Shares) in June 2001. The Filer used the net proceeds of its initial public offering to acquire the Portfolio Shares. In connection with its initial public

offering, the Filer applied for and obtained an exemption (the Original Exemption) from certain provisions of NI-81-102. Some aspects of the Original Exemption are based on facts and share attributes which have changed.

3. The Filer is in the process of a capital reorganization (the Reorganization) which will result in the issuance of Class B Preferred Shares, Series 1 (the Series 1 Preferred Shares). The Reorganization was approved by the holders of Capital Shares of the Filer on April 17, 2006. The Reorganization will only be implemented if a minimum of 4,000,000 Capital Shares remain issued and outstanding following exercise of the Special Retraction Right by holders of Capital Shares on or before May 5, 2006. By the close of business on May 5, 2006, 4,560,650 Capital Shares had been tendered for retraction under the Special Retraction Right. As a result, 5,585,208 Capital Shares will remain outstanding following June 4, 2006. All of the outstanding Preferred Shares will be redeemed on June 2, 2006 in accordance with their terms.
4. The Filer filed the Preliminary Prospectus on May 9, 2006 in respect of the offering (the Offering) of Series 1 Preferred Shares. The Filer expects to file the final prospectus in respect of the Offering (the Final Prospectus) on or about May 26, 2006 and to close the Offering on or about June 1, 2006.
5. The Original Exemption does not deal with the Series 1 Preferred Shares and the date by which shares must be surrendered for retraction has been changed under the Reorganization.
6. The Capital Shares may still be surrendered for retraction at any time for a price based on "Unit Value", which is derived from a formula that is similar to a net asset value computation. Therefore, the Filer may be considered a mutual fund within the meaning of NI 81-102.
7. It is expected that no additional Series 1 Preferred Shares will be issued once the Filer is out of primary distribution.
8. The Filer invests in the Portfolio Shares. The policy of the Filer is to maintain the portfolio and not engage in any trading, except in the limited circumstances described in the Preliminary Prospectus and the Final Prospectus, including to ensure that the portfolio tracks the composition of the *S&P 100 Index* and the weightings of the constituent companies thereof and to fund retractions or redemptions of Capital Shares and Series 1 Preferred Shares.
9. The Series 1 Preferred Shares are expected to be, and the Capital Shares are, listed and posted for trading on The Toronto Stock Exchange (TSX)

and therefore holders of such shares will not be relying solely on the retraction privileges to provide liquidity for their investment.

10. The Filer has established a revolving credit facility (the Revolving Credit Facility) with Scotia Capital Inc. which may be used by the Filer to fund the payment of a portion of the fixed distribution on the Series 1 Preferred Shares. To the extent that the Filer uses the Revolving Credit Facility, it will pledge Portfolio Shares as collateral for amounts borrowed. The balance outstanding under the Revolving Credit Facility will be no greater than 5% of the Filer's net assets and the Filer will repay any amounts borrowed within 12 months of the date of such borrowing.
11. Series 1 Preferred Share distributions will be funded primarily from the dividends received on the Portfolio Shares and sales of Portfolio Shares in order to pay the Series 1 Preferred Share distribution and the expenses of the Filer.
12. The Filer will bear the expenses incurred in connection with the preparation and filing of the Preliminary Prospectus and the Final Prospectus and the marketing of the Offering (the Expenses of the Offering).
13. The Capital Shares and Series 1 Preferred Shares may be surrendered for retraction at any time. Retraction payments for Capital Shares and Series 1 Preferred Shares will be made on the Retraction Payment Date (as defined in the Preliminary Prospectus and the Final Prospectus) provided the Capital Shares and the Series 1 Preferred Shares have been surrendered for retraction at least ten business days prior to the relevant Valuation Date (as defined in the Preliminary Prospectus and the Final Prospectus).
14. The Filer will redeem any Capital Shares and Series 1 Preferred Shares outstanding on June 4, 2011.
15. The record date for the payment of Series 1 Preferred Share distributions, Capital Share dividends or other distributions of the Filer will be set in accordance with the applicable requirements of the TSX.

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 is that an exemption is granted from the following requirements of NI 81-102:

- (a) clause 2.6(a) – to enable the Filer to provide a security interest over its assets

in connection with the Revolving Credit Facility to permit the Filer to fund the payment of a portion of the fixed distribution on the Series 1 Preferred Shares on a temporary basis, if necessary, so long as the outstanding amount of any such borrowings of the Filer does not exceed 5% of the net assets of the Filer taken at market value at the time of the borrowing;

- (b) section 3.3 – to permit the Filer to bear the Expenses of the Offering;
- (c) section 10.3 – to permit the Filer to calculate the retraction price for the Capital Shares and Series 1 Preferred Shares in the manner described in the Preliminary Prospectus and the Final Prospectus and on the applicable Valuation Date as defined in the Preliminary Prospectus and the Final Prospectus;
- (d) subsection 10.4(1) – to permit the Filer to pay the retraction price for the Capital Shares and the Series 1 Preferred Shares on the Retraction Payment Date, as defined in the Preliminary Prospectus and the Final Prospectus;
- (e) subsection 12.1(1) – to relieve the Filer from the requirement to file the prescribed compliance reports; and
- (f) section 14.1 – to relieve the Filer from the requirement relating to the record date for the payment of dividends or other distributions, provided that it complies with the applicable requirements of the TSX.

"Rhonda Goldberg"
Assistant Manager, Investment Funds

2.1.6 Acadian Timber Income Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Application by an issuer for a decision that certain portions of two material contracts be held in confidence for an indefinite period by the Decision Makers, to the extent permitted by law - the issuer be permitted to file on SEDAR versions of the contracts in which provisions containing commercially sensitive information have been redacted – the issuer did not request confidentiality during the initial public offering prospectus review process as the contracts were not finalized at the time of the issuance of a receipt - information redacted from the redacted versions of the contracts does not contain information that would be material to an investor – relief granted.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 6(3),140(2).

Applicable Ontario Instruments

Rule 41-501 General Prospectus Requirements, s. 13.3(1)(6).
Companion Policy 41-501CP General Prospectus Requirements, ss. 5.3, 5.4.

May 19, 2006

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

AND

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

AND

IN THE MATTER OF
ACADIAN TIMBER INCOME FUND
(the "Filer")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker", and collectively the "Decision Makers") in each of the Jurisdictions has received an application (the "Application") from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") that certain portions of two material contracts of the Filer, namely

- i) the Fibre Supply Agreement between AT Limited Partnership (the "**Operating LP**"), an indirect subsidiary of the Filer, and Fraser Papers Inc. ("**Fraser Papers**") entered into on January 31, 2006 (the "**Fibre Supply Agreement**"); and
- ii) the Crown Lands Services Agreement between the Operating LP and Fraser Papers entered into on January 31, 2006 (the "**Crown Lands Services Agreement**") and, collectively with the Fibre Supply Agreement, the "**Agreements**")

be held in confidence for an indefinite period by the Decision Makers, to the extent permitted by law (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 the Application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

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

- 1) The Filer is a reporting issuer, or the equivalent, in each of the Jurisdictions that provides for a reporting issuer regime, and is not in default of any requirements under the Legislation.
- 2) On January 23, 2006, the Filer filed a final long form prospectus dated January 23, 2006 (the "**Final Prospectus**") with each of the Jurisdictions. The OSC was designated as the principal jurisdiction for the review of the Final Prospectus.
- 3) Under the Legislation, the Filer is required to file copies of all material contracts with the Final Prospectus on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and is required to make such material contracts available for inspection during the distribution of the securities offered under the Final Prospectus.
- 4) In connection with the filing of the Final Prospectus, the Filer provided an undertaking to each of the Decision Makers that it would file the remaining material contracts following the closing of the offering contemplated by the Final Prospectus. On February 3 and 6, 2006, the Filer filed all of the material contracts listed in the Final Prospectus, other than the Agreements.

- 5) Pursuant to the Fibre Supply Agreement, the Operating LP agrees to sell forest products, which are harvested from certain timberlands located in New Brunswick to Fraser Papers at prescribed volumes and according to established specifications.
- 6) Pursuant to the Crown Lands Services Agreement, the Operating LP agrees to provide certain services to Fraser Papers and some sub-licensees in connection with approximately 1.3 million of Crown lands located in the province of New Brunswick licensed to Fraser Papers by the Government of the Province of New Brunswick. These services include: harvest planning, filing and administration of management plan and other compliance requirements, scaling services, management of loadslips, road construction and maintenance and accounting services.
- 7) Certain portions of the Agreements contain financial and commercially sensitive information relating (i) to the products and services to be delivered pursuant to these agreements and (ii) to the agreement reached between the Operating LP and Fraser Papers (collectively, the "**Confidential Information**"), the public disclosure of which would be unduly detrimental to the interests of the Filer, the Operating LP and Fraser Papers and such disclosure is not necessary in the public interest.
- 8) But for the reasons discussed below, pursuant to Section 15.1 of OSC Rule 41-501, a pre-filing application could have been made requesting relief from any of the requirements of OSC Rule 41-501, including any relief from the requirements in subsection 13.3(1)6 and Section 13.6 of OSC Rule 41-501 at the time of filing the Final Prospectus. A pre-filing application was not made at that time because the Confidential Information was not yet known or finalized, as the Agreements were in the process of being drafted and negotiated, and therefore this Application is being made subsequent to the filing of the Final Prospectus.
- 9) In connection with this Application, the Filer has provided the Decision Makers with (i) redacted versions of the Agreements which are identical to the Agreements, except that the Confidential Information has been removed (the "**Redacted Agreements**") as well as (ii) unredacted copies of the Agreements.
- 10) The Filer believes that public access to the Confidential Information would be seriously prejudicial to the interests of the Filer and that it would be in the best interests of the Filer's relationship with the Operating LP and Fraser Papers to file the Redacted Agreements on SEDAR.

- 11) The Confidential Information redacted from the Redacted Agreements does not contain information in relation to the Filer or securities of the Filer that would be material to an investor.

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that the Filer files on SEDAR a copy of the Redacted Agreements that will be made public by the Decisions Makers and posted on www.sedar.com.

“Iva Vranic”
Manager, Corporate Finance

2.1.7 Norrep Performance 2005 Flow-Through Limited Partnership - MRRS Decision

Headnote

MRRS for exemptive relief applications - Exemption from Annual Information Form (AIF) Requirements of Part 9 of National Instrument 81-106 (NI 81-106) - Flow-through limited partnership issuer - seeks relief from AIF requirements - the costs of complying with AIF requirements in NI 81-106 far outweigh the benefits - limited partners have adequate alternative continuous disclosure in the prospectus, financial statements and management report of fund performance - given issuers limited range of activities and intended liquidation, AIF of minimal benefit to limited partners.

Applicable Legislative Provisions

NI 81-106 Investment Fund Continuous Disclosure, ss. 9.2, 17.1.

Citation: Norrep Performance 2005 Flow-Through Limited Partnership, 2006 ABASC 1287

April 27, 2006

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

AND

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

AND

**IN THE MATTER OF
NORREP PERFORMANCE 2005 FLOW-THROUGH
LIMITED PARTNERSHIP (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 general partner, Norrep 2005 Management Inc. (the General Partner) on behalf of the Filer under the securities legislation of the Jurisdictions (the Legislation) for a decision under section 17.1 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106), that the Filer be exempt from the requirement in section 9.2 of NI 81-106 to prepare and file annual information forms (AIF) for the Filer's Limited Partnership Units (LP Units) (the Requested Relief).

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

- 2.1 the Alberta Securities Commission is the principal regulator for this application; and
- 2.2 this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

3. Unless otherwise defined, the terms herein have their meanings set out in National Instrument 14-101 – *Definitions* and NI 81-106.

Representations

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

- 4.1 The Filer is a limited partnership duly formed under the laws of the Province of Ontario on February 18, 2005.
- 4.2 The principal place of business of the Filer is located at Suite 1500, 510-5th Street S.W., Calgary, Alberta T2P 3S2 and its registered office is located at 1400, 350 - 7th Avenue S.W. Calgary, Alberta, T2P 3N9.
- 4.3 Norrep 2005 Management Inc. is the General Partner of the Filer, and is responsible for the management of the Filer in accordance with the terms and conditions of a limited partnership agreement dated February 18, 2005 (the Partnership Agreement).
- 4.4 Hesperian Capital Management Inc. is the investment manager for the Filer.
- 4.5 The Filer was formed for the purpose of raising funds to invest in flow-through shares (Flow-Through Shares) of issuers whose principle business is oil and gas exploration, development and production or mineral exploration, development and production (Resource Companies). The Filer also participates in the exploration development and production of oil and gas by investing in Flow-Through Shares of one or more Resource Companies which are wholly-owned subsidiary companies of the Filer (Subsidiary Companies). These Subsidiary Companies were formed to enter into one or more oil and gas drilling joint ventures.
- 4.6 The investment in Flow-Through Shares is made pursuant to flow-through investment agreements (Flow-Through

Agreements) between the Filer and the relevant Resource Company or Subsidiary Company.

- 4.7 Under the terms of each Flow-Through Agreement, the Filer subscribes for Flow-Through Shares of the Resource Company or the Subsidiary Company and the Resource Company or Subsidiary Company agrees to incur and renounce to the Filer, in amounts equal to the subscription price of the Flow-Through Shares, expenditures in respect of resource exploration and development which shall be Canadian Exploration Expenses or Canadian Development Expenses which may be renounced as Canadian Exploration Expenses to the Filer and the balance will be Canadian Development Expenses which cannot be renounced as Canadian Exploration Expenses to the Filer (as such terms are defined in the *Income Tax Act* (Canada)).
- 4.8 The Filer is a reporting issuer, or the equivalent, in each of the Jurisdictions.
- 4.9 To its knowledge, the Filer is not in default of any of the requirements of the applicable securities legislation in any of the Jurisdictions.
- 4.10 The Filer is an investment fund in the Jurisdictions for the purpose of NI 81-106.
- 4.11 On April 29, 2005, the Decision Makers issued a final receipt under the Mutual Reliance Review System for the final prospectus of the Filer dated April 29, 2005 (the Prospectus) relating to a maximum offering of up to 10,000,000 LP Units of the Filer.
- 4.12 Pursuant to its initial public offering (the IPO), at the first closing on May 17, 2005, the Filer issued 6,809,750 LP Units represented by instalment receipts, at \$10 per LP Unit with \$51,073,125 paid on closing and the \$17,024,375 owing pursuant to the instalment receipts paid on September 1, 2005. At the second closing on June 8, 2005, the Filer issued 1,298,250 LP Units represented by instalment receipts, at \$10 per LP Unit with \$9,736,875 paid on closing and the \$3,245,625 owing pursuant to the instalment receipts paid on September 1, 2005.
- 4.13 The LP Units are not and will not be listed or quoted for trading on any stock exchange or market. In addition, the

- Filer has not and shall not issue further LP Units pursuant to the Prospectus following completion of the IPO. The LP Units are not redeemable by the limited partners of the Filer (Limited Partners).
- 4.14 At a date no later than September 30, 2008, the Filer will be liquidated and the Limited Partners will receive their pro rata share of the net assets of the Filer, unless the Filer completes a rollover transaction before that time. It is the current intention of the General Partner prior to such time that the Filer exchange its assets for securities of Norrep Opportunities (a mutual fund corporation) or any open-end mutual fund corporation managed by Norrep Inc. and distribute such securities to the Limited Partners on a pro rata basis.
- 4.15 Since its formation on February 18, 2005 the Filer's activities have primarily included (i) collecting subscriptions from the limited partners, (ii) investing the available funds in Flow-Through Shares of Resource Companies and Subsidiary Companies, (iii) participating in joint ventures, and (iv) incurring expenses to maintain the fund.
- 4.16 Unless a material change takes place the Prospectus provides sufficient background materials and the explanations necessary for a Limited Partner to understand the Filer's business, its financial position and its future plans, including dissolution or completion of a rollover transaction.
- 4.17 The Prospectus together with the annual financial statements of the Filer and the MRFP (which shall be sent to holders of LP Units in compliance with section 18.3 of NI 81-106) contain substantially the same disclosure concerning the LP Units as would be required by NI 81-106 to be included in the AIF with respect to the Filer for the 2005 fiscal year.
- 4.18 In light of the limited range of business activities carried on by the Filer following completion of its IPO, the occurrence of the Liquidity Alternative and receipt by limited partners of audited annual financial statements of the Filer together with the MRFP, Management of the Filer is of the view the preparation and distribution by the Filer of the AIF will not be of benefit to Limited Partners and may impose a material financial burden on the Filers. Upon the occurrence of any material change (as defined in NI 81-106)

to the Filers, Limited Partners would receive all relevant information from the material change reports the Filers are required to file with the Decision Makers.

- 4.19 Each of the Limited Partners has, by subscribing for the LP Units offered by the Filer in accordance with the Prospectus, agreed to the irrevocable power of attorney contained in the Partnership Agreement filed with the Prospectus and has effectively consented to the application for the Requested Relief.

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 requirement in Section 9.2 of NI 81-106 to file an AIF shall not apply to the Filer, provided that this exemption shall terminate upon the occurrence of a material change in the affairs of the Filer unless the Filer satisfies the Decision Makers that the exemptions should continue, which satisfaction shall be evidenced in writing.

"Agnes Lau, CA"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.8 FET Resources Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from certain filing requirements applicable to oil and gas issuers, relief in certain jurisdictions from filing requirements relating to annual information forms, and relief from the requirement to certify annual and interim filings.

Applicable Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

National Instrument 51-102 Continuous Disclosure Obligations.

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

Citation: FET Resources Ltd., 2006 ABASC 1166

May 15, 2006

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

AND

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

AND

**IN THE MATTER OF
FET RESOURCES LTD. (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:
 - 1.1 the Filer be exempted from Part 2 (Annual Filing Requirements) and Part 3 (Responsibilities of Reporting Issuers and Directors) of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) (the NI 51-101 Relief);
 - 1.2 in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Newfoundland and Labrador (the AIF Jurisdictions), the Filer be exempted from Part 6 (Annual Information Form) of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) (the AIF Relief); and
 - 1.3 the Filer be exempted from Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (MI 52-109) (the MI 52-109 Relief).
2. Under the Mutual Reliance Review System (the MRRS) for Exemptive Relief Applications:
 - 2.1 the Alberta Securities Commission is the principal regulator for this application; and
 - 2.2 this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

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

Representations

4. The decision is based on the following facts represented by the Filer:
 - 4.1 The Filer amalgamated under the *Business Corporations Act* (Alberta) on August 23, 2002.
 - 4.2 The head office and registered office of the Filer is in Calgary, Alberta.
 - 4.3 As at November 30 2005, the Filer had one common share issued and outstanding, which was owned by Focus Energy Trust (the Trust), and 570,218 exchangeable shares (Exchangeable Shares) issued and outstanding.
 - 4.4 The Exchangeable Shares are listed and posted for trading on The Toronto Stock Exchange (TSX).
 - 4.5 The Filer is a reporting issuer in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Newfoundland and Labrador.
 - 4.6 The Trust was established pursuant to a trust indenture dated July 15, 2002 under the laws of Alberta.
 - 4.7 The head office of the Trust is located in Calgary, Alberta.
 - 4.8 The holders of Trust Units are the sole beneficiaries of the Trust. Valiant Trust Company (the Trustee) is the trustee of the Trust. The Filer is the administrator of the Trust.
 - 4.9 Units of the Trust (Units) are listed and posted for trading on the TSX.
 - 4.10 The Trust is a reporting issuer in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Newfoundland and Labrador.
 - 4.11 The Exchangeable Shares are exchangeable into Trust Units and, to the extent possible, they are the economic equivalent of the Trust Units.
 - 4.12 The Exchangeable Shares have voting attributes equivalent to those of the Trust Units.
 - 4.13 Holders of Exchangeable Shares receive all disclosure materials that the Trust is required to send to holders of Trust Units under the Legislation.
 - 4.14 Pursuant to an MRRS decision document dated September 13, 2002 (the 2002 Decision), the Filer obtained relief in the Jurisdictions from the requirement, to: issue a news release and file a report upon the occurrence of a material change; file an annual report where applicable; file interim financial statements and audited annual financial statements and deliver such statements to the securityholders of the Filer; file and deliver an information circular; file an annual information form; and provide management's discussion and analysis of financial condition and results of operations (the CD Requirements).
 - 4.15 Under section 13.2 of NI 51-102, the Filer is exempt from the provisions of NI 51-102 that are substantially similar to the provisions that the Filer is exempt from under the 2002 Decision.
 - 4.16 NI 52-109 requires every issuer to file certain certificates at the time of filing an AIF, annual financial statements and annual MD&A. As the Filer is not required to file continuous disclosure the required certification is not useful.
 - 4.17 NI 51-101 requires reporting issuers to file certain information with respect to the issuers' oil and gas activities. The Filer has applied to be exempted from the filing requirements under NI 51-101 as the Trust is required to file the same information.

Decision

5. Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.
6. The decision of the Decision Makers under the Legislation is as follows:
 - 6.1 The NI 51-101 Relief is granted for so long as:
 - 6.1.1 the Trust files with each Decision Maker copies of all documents required to be filed by it pursuant to NI 51-101 (the NI 51-101 Documents) and concurrently with the filing of the NI 51-101 Documents, the Trust files in electronic format under the *System for Electronic Document Analysis and Retrieval* (SEDAR) profile of the Filer either:
 - 6.1.1.1 the NI 51-101 Documents; or
 - 6.1.1.2 a notice that indicates:
 - 6.1.1.2.1 that the Filer has been granted an exemption from the requirements of Part 2 (Annual Filing Requirements) and Part 3 (Responsibilities of Reporting Issuers and the Directors) of NI 51-101;
 - 6.1.1.2.2 that the Trust has filed the NI 51-101 Documents; and
 - 6.1.1.2.3 where a copy of the NI 51-101 Documents can be found for viewing on SEDAR by electronic means;
 - 6.1.2 the Filer disseminates, or causes the Trust to disseminate on the Filer's behalf, a news release announcing the filing by the Filer or the Trust of the information set out in Section 6.1.1 above, and indicating where a copy of the filed information can be found for viewing on SEDAR by electronic means;
 - 6.1.3 the Filer is exempt from or otherwise not subject to the CD Requirements and the Filer and the Trust are in compliance with the 2002 Decision;
 - 6.1.4 if disclosure to which NI 51-101 applies is made by the Filer separately from the Trust, the disclosure includes a statement to the effect that the Filer is relying on an exemption from the requirements to file information annually under NI 51-101 separately from the Trust, and indicates where disclosure under NI 51-101 filed by the Trust (or by the Filer, if applicable) can be found for viewing on SEDAR by electronic means; and
 - 6.1.5 if the Trust files a material change report to which section 6.1 of NI 51-101 applies, the Filer files the same material change report.
 - 6.2 The AIF Relief is granted for so long as the Filer is exempt from or otherwise not subject to the CD Requirements and the Filer and the Trust are in compliance with the 2002 Decision.
 - 6.3 The MI 52-109 Relief is granted for so long as:
 - 6.3.1 the Filer is not required to, and does not, file its own interim filings and annual filings (as those terms are defined under MI 52-109);
 - 6.3.2 the Trust files in electronic format under the SEDAR profile of the Filer the:
 - (i) interim financial statements of the Trust required under section 4.3 of NI 51-102;
 - (ii) annual financial statements of the Trust required under section 4.2 of NI 51-102;
 - (iii) certification of interim filings of the Trust required under Part 3 of NI 52-109; and
 - (iv) certification of annual filings of the Trust required under Part 2 of NI 52-109at the same time as such documents are required to be filed by the Trust under the Legislation; and

6.3.3 the Filer is exempt from or otherwise not subject to the CD Requirements.

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

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

2.2 Orders

2.2.1 Covenant Capital Management of Tennessee, LLC - s. 80 of the CSA

Headnote

Section 80 of the Commodity Futures Act (Ontario) -- relief from the adviser registration requirements of subsection 22(1)(b) of the CFA granted to sub-adviser not ordinarily resident in Ontario in respect of advising certain funds, subject to certain terms and conditions. Relief mirrors exemption available in section 7.3 of OSC Rule 35-502 – Non-Resident Advisers made under the Securities Act (Ontario).

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22(1)(b), 80.

Securities Act, R.S.O. 1990, c. S.5, as am. -- Rule 35-502 - Non Resident Advisers.

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

AND

IN THE MATTER OF
COVENANT CAPITAL MANAGEMENT
OF TENNESSEE, LLC

ORDER
(Section 80 of the CFA)

UPON the application of Covenant Capital Management of Tennessee, LLC (the **Sub-Adviser**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 80 of the CFA, that neither the Sub-Adviser, nor its directors, officers or employees acting on its behalf as an adviser (the **Sub-Advisers Representatives**), shall be subject to the requirements of paragraph 22(1)(b) of the CFA in respect of advice regarding trades in commodity futures contracts and commodity futures options provided to Friedberg Mercantile Group Ltd. (the **Principal Adviser**) for the benefit of the Niagara Discovery Fund (the **Specified Fund**), and other mutual funds for which FMGL acts as portfolio manager and engages the Sub-Adviser to provide advisory services;

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

AND UPON the Sub-Adviser having represented to the Commission as follows:

1. The Sub-Adviser is a limited liability company originally organized in 1999 under the laws of the State of Delaware in the United States, and subsequently reorganized in 2000 under the laws of the State of Tennessee.

2. The Sub-Adviser is registered with the U.S. Commodity Futures Trading Commission (the **CFTC**) as a Commodity Trading Advisor and is a member of the U.S. National Futures Association (the **NFA**).

3. The Principal Adviser is a corporation continued under the *Canada Business Corporations Act* and is resident in Ontario. The Principal Adviser is registered under the CFA as a dealer in the category of commodity futures merchant and as an advisor in the category of commodity trading manager. The Principal Adviser is also registered as a dealer under the *Securities Act* (Ontario) (the **OSA**) in the categories of broker and investment dealer.

4. Albert D. Friedberg is the Chief Executive Officer and principal investment strategist of the Principal Adviser. Mr. Friedberg's family indirectly controls the Principal Adviser. Mr. Friedberg has an indirect 7.5% ownership interest in the Sub-Adviser.

5. The Specified Fund will be a mutual fund (as defined in the OSA), the units of which will be distributed on a prospectus exempt basis pursuant to an offering memorandum. The Specified Fund will be constituted as a limited partnership organized under the laws of Ontario.

6. The Principal Adviser will be the portfolio manager for the Specified Fund. The Principal Adviser is also the portfolio manager for various other investment funds, which are currently constituted as limited partnerships or trusts, and may in the future act as portfolio manager for additional funds, however constituted (such current and future funds, together with the Specified Fund, being the **FMGL Managed Funds**).

7. Units of certain of the existing FMGL Managed Funds have been offered by prospectus, or simplified prospectus and annual information form, while units of the other existing FMGL Managed Funds, including the Specified Fund, have or will, only been offered on a prospectus exempt basis. Securities of future FMGL Managed Funds may be offered through a prospectus or on a prospectus exempt basis.

8. The Sub-Adviser will be entering into a sub-advisory agreements with the Principal Adviser in respect of the Specified Fund, to provide advise in respect of purchases and sales of commodity futures contracts and commodity futures options. The Principal Adviser and Sub-Adviser may in the future wish to enter into similar agreements to provide services to other FMGL Managed Funds (the **Proposed Advisory Services**).

9. In connection with any of the Proposed Advisory Services, the Sub-Adviser will enter into written

agreements with the Principal Adviser and the respective FMGL Managed Fund setting out the obligations and duties of the Sub-Adviser (each, a **Sub-Advisory Agreement**).

10. There is presently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA, for a person or company acting as an adviser to another registered adviser in respect of commodity futures options and commodity futures contracts that is similar to the exemption in section 7.3 of Commission Rule 35-502 - *Non-Resident Advisers*, from the adviser registration requirement in section 25(1)(b) of the OSA.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested.

IT IS ORDERED pursuant to section 80 of the CFA that neither the Sub-Adviser nor any of the Sub-Adviser's Representatives is subject to the requirement of section 22(1)(b) of the CFA in respect of the Proposed Advisory Services provided to the Principal Adviser, provided that:

- (a) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;
- (b) the Sub-Adviser is registered with the CFTC as a commodity trading adviser and is a member of the NFA;
- (c) the duties and obligations of the Sub-Adviser are set out in a Sub-Advisory Agreement with the Principal Adviser;
- (d) the Principal Adviser has contractually agreed with the respective FMGL Managed Fund to be responsible for any loss that arises out of any failure of the Sub-Adviser:
 - (i) to exercise the powers and discharges the duties of its office honestly, in good faith and in the best interests of the respective FMGL Managed Fund and its securityholders, or
 - (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;
- (e) the Principal Adviser cannot be relieved by the respective FMGL Managed Fund or its securityholders from its responsibility for any loss referred to in paragraph (c) above;

(f) the securityholders of the respective FMGL Managed Fund have received written disclosure, in a prospectus or other offering document to the extent applicable, disclosing;

(i) the responsibility of the Principal Adviser for losses arising out of any failure of the Sub-Adviser referred to in paragraph (c) above, and

(ii) that there may be difficulty in enforcing legal rights against the Sub-Adviser because it is resident outside Canada and all or substantially all of the Sub-Adviser's assets may be situated outside of Canada; and

(g) this Order shall terminate three years from the date of the Order.

May 23, 2006

"Paul M. Moore"

"Robert W. Davis"

2.2.2 Morgan Stanley Hedge Fund Partners LP, Traxis Partners LLC et al. - s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Renewal of previous order (granted June 10, 2003) providing an exemption from the adviser registration requirements of subsection 22(1)(b) of the CFA in respect of advising certain mutual funds, non-redeemable investment funds and similar investment vehicles established outside of Canada in respect of trades in commodity futures contracts and commodity futures options traded on commodity futures exchanges primarily outside of Canada and cleared through clearing corporations primarily outside of Canada, subject to certain terms and conditions.

Fees waived as application only required because amendments to or a rule under the CFA that would have a similar effect as section 7.10 of Rule 35-502 have not yet been adopted.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22(1)(b), 80.
Securities Act, R.S.O. 1990, c. S.5, as am. – Rule 35-502 – Non Resident Advisers.

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

AND

**IN THE MATTER OF
MORGAN STANLEY HEDGE FUND
PARTNERS LP, TRAXIS PARTNERS LLC,
MORGAN STANLEY HEDGE FUND
PARTNERS CAYMAN LTD.
AND
MORGAN STANLEY HEDGE FUND
PARTNERS GP LP**

**ORDER
(SECTION 80 OF THE CFA)**

UPON the application (the **Application**) of Morgan Stanley Hedge Fund Partners LP, Traxis Partners LLC, Morgan Stanley Hedge Fund Partners Cayman Ltd. and Morgan Stanley Hedge Fund Partners GP LP (the **Applicants**, as more fully defined below) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 80 of the CFA, renewing the exemption order granted by the Commission on June 10, 2003, that each of the Applicants and their respective directors, partners, officers, and employees, are exempt, for a period of three years, from the requirements of paragraph 22(1)(b) of the CFA in respect of advising the Master Fund (as defined below), the Feeder Funds (as defined below) and other mutual funds, non-redeemable investment funds and

similar investment vehicles (collectively, the **Funds**), established outside of Canada in respect of trades in commodity futures contracts and commodity futures options principally traded on commodity futures exchanges outside Canada and cleared through clearing corporations outside Canada;

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

AND UPON the Applicants having represented to the Commission that:

1. The Applicants include Morgan Stanley Hedge Fund Partners LP, Traxis Partners LLC, Morgan Stanley Hedge Fund Partners Cayman Ltd. and Morgan Stanley Hedge Fund Partners GP LP. Each of Morgan Stanley Hedge Fund Partners GP LP and Morgan Stanley Hedge Fund Partners LP is a limited liability partnership organized under the laws of the State of Delaware. Morgan Stanley Hedge Fund Partners Cayman Ltd. is an exempted company incorporated with limited liability under the laws of the Cayman Islands. Traxis Partners LLC is a limited company organized under the laws of the State of Delaware. The Applicants may also include affiliates of, or entities organized by, the Applicants which may subsequently execute and submit to the Commission a verification certificate referencing this Application and confirming the truth and accuracy of the information set out in this Application with respect to that particular Applicant.
2. None of the Applicants are registered in any capacity under the CFA or the *Securities Act* (Ontario) (the **OSA**).
3. The Funds are, or will be, organized in a “master-feeder” structure. Traxis Fund Onshore LP, a Delaware limited partnership, Traxis Fund Offshore LP, a Cayman Islands exempted limited partnership along with Traxis Fund Offshore II LP, a Cayman Islands exempted limited partnership and any other feeder funds (the **Feeder Funds**) will co-invest exclusively in a “master” fund, Traxis Fund LP (the **Master Fund**). The Master Fund will serve as a master fund in said master-feeder structure, in which substantially all of the assets of the Feeder Funds will be invested in return for limited partnership interests in the Master Fund. The Master Fund and the Feeder Funds will have identical investment programs and objectives and the performance of the Feeder Funds will be entirely dependent on the performance of the Master Fund.
4. Securities of Traxis Fund Onshore LP, Traxis Fund Offshore LP, Traxis Fund Offshore II LP and any other Feeder Funds will be offered to a small number of Ontario residents who are institutional investors or high net worth individuals.

5. The Funds invest in commodity futures contracts and commodity futures options principally traded on commodity futures exchanges outside Canada and cleared through clearing corporations outside Canada.
 6. The Applicants may provide advice with respect to commodity futures and options contracts to the Funds.
 7. Any of the Funds advised by the Applicants are, or will be, established outside of Canada.
 8. By advising the Funds directly on investing in commodity futures contracts and commodity futures options, the Applicants will be providing advice to the Funds with respect to commodity futures contracts and commodity futures options.
 9. There is presently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA for a person or company acting as an adviser in respect of commodity futures options and commodity futures contracts that is similar to the exemption from the adviser registration requirement in section 25(1)(c) of the OSA for acting as an adviser (as defined in the OSA) in respect of securities that is provided under section 7.10 (Privately Placed Funds Offered Primarily Abroad) of OSC Rule 35-502 *Non Resident Advisers (Rule 35-502)*.
 10. As would be required under section 7.10 of Rule 35-502, the securities of the Funds will be:
 - (a) primarily offered outside of Canada;
 - (b) only distributed in Ontario through one or more registrants under the OSA; and
 - (c) distributed in Ontario in reliance upon an exemption from the prospectus requirements under the OSA.
 11. Each of the Applicants, where required, is or will be registered or licensed or is or will be entitled to rely on appropriate exemptions from such registrations or licences to provide advice to the Funds pursuant to the applicable legislation of its principal jurisdiction. In particular:
 - (i) Morgan Stanley Hedge Fund Partners GP LP is registered with the U.S. Securities U.S. Investments Advisers Act of 1940 (**Advisers Act**) and as a commodity and Exchange Commission as an investment adviser under the pool operator and a commodity trading advisor with the U.S. Commodity Futures Trading Commission (the **CFTC**) and the National Futures Association (the **NFA**).
 - (ii) Morgan Stanley Hedge Fund Partners LP is registered as an investment adviser under the Advisers Act and as a commodity trading advisor and a commodity pool operator with the CFTC and the NFA.
 - (iii) Morgan Stanley Hedge Fund Partners Cayman Ltd. is registered as a commodity pool operator with the CFTC and the NFA.
 - (iv) Traxis Partners LLC is registered as an investment adviser under the Advisers Act and as commodity trading advisor with the CFTC and the NFA.
 12. All of the Funds issue securities which are offered primarily abroad. None of the Funds is, and none has any current intention of becoming a reporting issuer in Ontario or in any other Canadian jurisdiction.
 13. Prospective investors who are Ontario residents will receive disclosure that includes:
 - (i) a statement that there may be difficulty in enforcing any legal rights against the applicable Funds or any of the Applicants advising the relevant Funds, because such entities are resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and
 - (ii) a statement that the Applicant advising the applicable Funds is not, or will not be, registered with or licensed by any securities regulatory authority in Canada and, accordingly, the protections available to clients of a registered adviser will not be available to purchasers of securities of a Funds.
- 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 each of the Applicants and their respective directors, partners, officers and employees responsible for advising the Funds are not subject to the requirements of paragraph 22(1)(b) of the CFA in respect of their advisory activities in connection with the Funds, for a further period of three years, provided that at the time that such activities are engaged in:
- (a) the Applicants, where required, are or will be registered or licensed, or are or will be entitled to rely on appropriate exemptions from such registrations or licences, to provide advice to the Funds pursuant to

- the applicable legislation of its principal jurisdiction;
- (b) the Funds invests in commodity futures contracts and commodity futures options principally traded on organized exchanges outside Canada and cleared through clearing corporations located outside of Canada;
- (c) securities of the Funds will be:
- (i) primarily offered outside of Canada;
 - (ii) only distributed in Ontario through one or more registrants under the OSA; and
 - (iii) distributed in Ontario, in reliance on an exemption from the prospectus requirements of the OSA and upon an exemption from the adviser registration requirement of the OSA under Section 7.10 of Rule 35-502;
- (d) prospective investors in the Funds who are Ontario residents will receive disclosure that includes:
- (i) a statement that there may be difficulty in enforcing any legal rights against the applicable Funds or any of the Applicants advising the relevant Funds, because such entities are resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and
 - (ii) a statement that the Applicant advising the applicable Funds is not, or will not be, registered with or licensed by any securities regulatory authority in Canada and, accordingly, the protections available to clients of a registered adviser will not be available to purchasers of securities of a Funds; and
- (e) any Applicant whose name does not specifically appear in this Order and who proposes to rely on the exemption granted under this Order, shall, as a condition to relying on such exemption, have executed and filed with the Commission a verification certificate referencing this Order and confirming the truth and accuracy of the Application with respect to that particular Applicant.

May 19, 2006

“Paul M. Moore”

“Wendell S. Wigle”

2.2.3 Terrence William Marlow - s. 127

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

AND

**IN THE MATTER OF
TERRENCE WILLIAM MARLOW,
MARLOW GROUP PRIVATE PORTFOLIO
MANAGEMENT INC.
AND MARLOW GROUP SECURITIES INC.**

**ORDER
(Section 127)**

WHEREAS on April 4, 2006, the Ontario Securities Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act* (the "Act") in respect of Terrence William Marlow ("Marlow"), Marlow Group Private Portfolio Management Inc. and Marlow Group Securities Inc.;

AND WHEREAS Marlow entered into a settlement agreement with Staff of the Commission dated May 19, 2006 (the "Settlement Agreement") in which he agreed to a settlement of the proceeding against him, subject to the approval of the Commission;

AND WHEREAS the Commission issued a Notice of Hearing dated May 23, 2006 setting down the hearing to consider the Settlement Agreement;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from Marlow's representative and from Staff of the Commission;

IT IS HEREBY ORDERED THAT:

- (a) the Settlement Agreement attached to this Order as Schedule "1" is hereby approved;
- (b) Marlow's registrations under Ontario securities law be suspended permanently, pursuant to paragraph 1 of s. 127(1);
- (c) Marlow cease trading in securities permanently, pursuant to paragraph 2 of s. 127(1), except for any trading by A. Farber & Partners Inc. pursuant to the order of the Ontario Superior Court of Justice dated March 9, 2005;
- (d) any exemptions contained in Ontario securities law do not apply to Marlow permanently, pursuant to paragraph 3 of s. 127(1), except for those exemptions necessary to permit trading of securities

by A. Farber & Partners Inc. pursuant to the order of the Ontario Superior Court of Justice dated March 9, 2005;

- (e) Marlow be reprimanded, pursuant to paragraph 6 of s.127(1);
- (f) Marlow resign any positions he holds as director or officer of any issuer, pursuant to paragraph 7 of s.127(1); and
- (g) Marlow be permanently prohibited from becoming or acting as officer or director of any issuer, pursuant to paragraph 8 of s.127(1).

DATED at Toronto this 25th day of May, 2006

"Paul Moore"

"Suresh Thakrar"

SCHEDULE "1"

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

AND

**IN THE MATTER OF
TERRENCE WILLIAM MARLOW,
MARLOW GROUP PRIVATE PORTFOLIO
MANAGEMENT INC.
AND MARLOW GROUP SECURITIES INC.**

**SETTLEMENT AGREEMENT
BETWEEN STAFF OF THE COMMISSION AND
TERRENCE WILLIAM MARLOW**

I. INTRODUCTION

1. By Notice of Hearing dated May 23, 2006, the Commission announced that it will hold a hearing on May 25, 2006 in respect of a settlement agreement ("Settlement Agreement") between Staff of the Commission and Terrence William Marlow ("Marlow") to determine whether it is in the public interest to approve the Settlement Agreement and to make an Order that:

- (a) Marlow's registrations under Ontario securities law be suspended permanently, pursuant to paragraph 1 of s. 127(1);
- (b) Marlow cease trading in securities permanently, pursuant to paragraph 2 of s. 127(1);
- (c) any exemptions contained in Ontario securities law do not apply to Marlow permanently, pursuant to paragraph 3 of s. 127(1);
- (d) Marlow be reprimanded, pursuant to paragraph 6 of s.127(1);
- (e) Marlow resign any positions he holds as director or officer of any issuer, pursuant to paragraph 7 of s.127(1); and
- (f) Marlow be permanently prohibited from becoming or acting as officer or director of any issuer, pursuant to paragraph 8 of s.127(1).

II. JOINT SETTLEMENT RECOMMENDATION

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

III. STATEMENT OF FACTS

Acknowledgement

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

Agreed Facts

A. Background

4. Marlow resides in the province of Ontario and is the President of both Marlow Group Private Portfolio Management Inc. ("Marlow Private") and Marlow Group Securities Inc. ("Marlow Securities").

5. Marlow Private is a corporation incorporated pursuant to the laws of Ontario and was registered with the Commission as an investment counsel and portfolio manager ("ICPM") and limited market dealer ("LMD"). Marlow Private's registrations with the Commission are currently suspended by Order of the Commission dated December 17, 2004 and amendments thereto.

6. Marlow Securities is a corporation incorporated pursuant to the laws of Ontario and was registered with the Investment Dealers Association ("IDA") as a dealer in the category of investment dealer. The registration of Marlow Securities has been terminated by the IDA.

7. Marlow was registered with the Commission as a director and as an advising and trading officer of Marlow Private. He was the Ultimate Responsible Person and Chief Compliance Officer in respect of Marlow Private's ICPM registration and the Designated Compliance Officer in respect of Marlow Private's LMD registration. Marlow was also registered with the IDA as a director and as a trading officer of Marlow Securities. Marlow's registrations with the Commission and the IDA are currently suspended by Order of the Commission dated December 17, 2004 and amendments thereto.

B. Events leading to the Respondents' Suspension

(i) Failure to File Audited Financial Statements and Maintain Proper Books and Records

8. Marlow Private failed to file its audited financial statements with the Commission for the year ended December 31, 2003, due April 1, 2004, in contravention of sections 21.10(4) and 139 of Regulation 1015 (the "Regulations") to the Securities Act, R.S.O. 1990, c. S.5 (the "Act").

9. On October 22, 2004, Staff conducted a preliminary compliance review of the books and records of Marlow Private. The review revealed deficiencies in the books and records of Marlow Private, including that client trust accounts and portfolios had not been reconciled for several months.

(ii) Identification of Trust Account Deficiency

10. On December 7, 2004, the interim Chief Operating Officer of Marlow Private and Marlow Securities (the "COO") advised Staff that an extensive review of the available accounting and client records, and meetings with the largest clients of Marlow Private and Marlow Securities, revealed that there was a deficiency between the cash balance owed to clients and the cash balance in the client trust account in the name of Marlow Private (the "Trust Account Deficiency").

11. The COO provided Staff with a client account balance reconciliation for both Marlow Private and Marlow Securities detailing the cash balances owed to clients (the "Reconciliation"). The COO also advised Staff that there appeared to be a number of unallocated client investments that could satisfy most of the Trust Account Deficiency.

12. Following the identification of the Trust Account Deficiency, the Commission imposed a temporary order on December 17, 2004, and the amendments thereto by orders dated December 22, 2004, and January 4, 2005, all on consent. These orders suspended the registrations of the Respondents and required the Respondents to cease trading subject to two specified exceptions, pending further order of the Commission.

13. In addition to completion of the Reconciliation, Staff also required an audit (the "Audit") of the Reconciliation and that Marlow Private surrender the cash balance of the Trust Account totaling approximately \$476,000.

C. Events Following the Respondents' Suspension

14. The Audit report, dated January 7, 2005, confirmed that the cash balance of Marlow Private's account was significantly less than amounts Marlow Private was required to be holding in trust for its clients. The Trust Account Deficiency was estimated to be approximately \$3,400,000.

15. Following the completion of the Reconciliation and the Audit, Marlow and representatives of six clients (the "Six Clients") who were owed approximately 95% of the Trust Account Deficiency attempted to address concerns regarding the missing funds and to negotiate repayment from Marlow.

16. These negotiations were unsuccessful. On March 9, 2005, the Six Clients obtained an order of the Ontario Superior Court of Justice appointing A. Farber & Partners Inc. as the receiver and manager (the "Receiver") of all assets, undertakings, and properties of the Respondents (the "Receivership Order"), including the \$476,000 surrendered by Marlow Private as described in paragraph 10 above.

D. The Results of the Receiver Reports

17. Between March 2005 and January 2006, the Receiver undertook a court-approved process of identifying, recovering and realizing on the assets of the Corporate Respondents.

18. The First Report of the Receiver, dated April 11, 2005, included the Receiver's initial findings regarding the Corporate Respondents' books and records. The Receiver reported that:

- (i) client funds were co-mingled with general corporate funds;
- (ii) record keeping and reporting systems and procedures, including those designed to maintain proper documentation and records, were weak or absent, resulting in inadequate or missing documentation with respect to many transactions; and
- (iii) unallocated client assets identified by the Receiver would not be sufficient to cover the Trust Account Deficiency.

19. Between April 2005 and September 2005, the Receiver continued its review of the Corporate Respondents' books and records.

20. The Third Report of the Receiver, dated August 15, 2005, concluded that the Trust Account Deficiency had an estimated value of \$3,415,000 and was attributable to the following:

- (i) substantial spending by the Corporate Respondents on leasehold improvements and purchases of furniture and art;
- (ii) financing of overheads and ongoing losses sustained by the Corporate Respondents; and
- (iii) a substantial investment by the Corporate Respondents through a private placement in a privately owned Canadian company.

21. The Fourth Report of the Receiver dated September 30, 2005:

- (i) confirmed that the vast majority of securities purchased by Marlow Private were notionally allocated, but not registered, to individual investors; and
- (ii) estimated that the Respondents' clients, including the Six Clients, would recover approximately 60% of balances owed to them.

22. Marlow has not provided any satisfactory explanation to Staff or the Receiver regarding the Trust Account Deficiency.

23. On January 6, 2006, the Ontario Superior Court of Justice made an order authorizing the bankruptcy of the Corporate Respondents, but not Marlow personally (the "Bankruptcy Order") and appointed the Receiver as the trustee in bankruptcy (the "Trustee").

IV. CONDUCT CONTRARY TO THE PUBLIC INTEREST BY MARLOW

24. Marlow has breached Ontario securities law and engaged in conduct contrary to the public interest by failing:

- (i) to deal fairly, honestly, and in good faith with his clients, contrary to s. 2.1 of Rule 31-505.
- (ii) to maintain books, records and other documents necessary for the proper recording of business transactions and financial affairs executed on behalf of others, contrary to s. 19 of the Act and s. 113(1) of the Regulations.
- (iii) to deposit into a trust account and properly identify funds or prepayments held on behalf of his clients contrary to s. 118-119 of the Regulations;
- (iv) to file with the Commission audited financial statements for Marlow Private for the year ended December 31, 2003, in contravention of s. 21.10(4) of the Act and s. 139 of the Regulations.

V. TERMS OF SETTLEMENT

25. Marlow agrees to the following terms of settlement:

- (a) Marlow's registrations under Ontario securities law be suspended permanently, pursuant to paragraph 1 of s. 127(1);
- (b) Marlow cease trading in securities permanently, pursuant to paragraph 2 of s. 127(1)
- (c) any exemptions contained in Ontario securities law do not apply to Marlow permanently, pursuant to paragraph 3 of s. 127(1);
- (d) Marlow be reprimanded, pursuant to paragraph 6 of s. 127(1);
- (e) Marlow resign any positions he holds as director or officer of any issuer, pursuant to paragraph 7 of s. 127(1); and

- (f) Marlow be permanently prohibited from becoming or acting as officer or director of any issuer, pursuant to paragraph 8 of s. 127(1).

VI. STAFF COMMITMENT

26. If this Settlement Agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of Marlow in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 30 below.

VII. PROCEDURE FOR APPROVAL OF SETTLEMENT

27. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for May 25, 2006, or such other date as may be agreed to by Staff and Marlow, in accordance with procedures described in this Settlement Agreement.

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

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

30. If Marlow fails to honour the terms of settlement contained in paragraph 25 or 29 of this Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Marlow based on, but not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.

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

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

VIII. DISCLOSURE OF AGREEMENT

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

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

IX. EXECUTION OF AGREEMENT

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

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

Dated this 19th day of May, 2006

"Melanie Adams"
Witness

"Terrence William Marlow"
Terrence William Marlow

Dated this 19th day of May, 2006

STAFF OF THE
ONTARIO SECURITIES COMMISSION

"Michael Watson"
Michael Watson
Director, Enforcement Branch

SCHEDULE "A"

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

AND

**IN THE MATTER OF
TERRENCE WILLIAM MARLOW,
MARLOW GROUP PRIVATE PORTFOLIO
MANAGEMENT INC.
AND MARLOW GROUP SECURITIES INC.**

**ORDER
(Section 127)**

WHEREAS on April 4, 2006, the Ontario Securities Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act* (the "Act") in respect of Terrence William Marlow ("Marlow"), Marlow Group Private Portfolio Management Inc. and Marlow Group Securities Inc.;

AND WHEREAS Marlow entered into a settlement agreement with Staff of the Commission dated May 19, 2006 (the "Settlement Agreement") in which he agreed to a settlement of the proceeding against him, subject to the approval of the Commission;

AND WHEREAS the Commission issued a Notice of Hearing dated May **, 2006 setting down the hearing to consider the Settlement Agreement;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from Marlow's representative and from Staff of the Commission;

IT IS HEREBY ORDERED THAT:

- (a) the Settlement Agreement attached this Order as Schedule "1" is hereby approved;
- (b) Marlow's registrations under Ontario securities law be suspended permanently, pursuant to paragraph 1 of s. 127(1);
- (c) Marlow cease trading in securities permanently, pursuant to paragraph 2 of s. 127(1);
- (d) any exemptions contained in Ontario securities law do not apply to Marlow permanently, pursuant to paragraph 3 of s. 127(1);
- (e) Marlow be reprimanded, pursuant to paragraph 6 of s.127(1);

- (f) Marlow resign any positions he holds as director or officer of any issuer, pursuant to paragraph 7 of s. 127(1); and
- (g) Marlow be permanently prohibited from becoming or acting as officer or director of any issuer, pursuant to paragraph 8 of s. 127(1).

DATED at Toronto this _____ day of May, 2006

2.2.4 Maitland Capital Ltd. et al. - s. 127(7)

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

AND

**IN THE MATTER OF
MAITLAND CAPITAL LTD., ALLEN GROSSMAN,
HANOUGH ULFAN, LEONARD WADDINGHAM,
RON GARNER, GORD VALDE,
MARIANNE HYACINTHE, DIANA CASSIDY,
RON CATONE, STEVEN LANYS,
ROGER MCKENZIE, TOM MEZINSKI,
WILLIAM ROUSE and JASON SNOW**

**ORDER
Section 127(7)**

WHEREAS on January 24, 2006, the Ontario Securities Commission (the "Commission") ordered pursuant to s. 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that: (a) all trading by Maitland Capital Ltd. ("Maitland") and its officers, directors, employees and/or agents in securities of Maitland shall cease forthwith for a period of 15 days from the date thereof; (b) the Respondents cease trading in all securities; and (c) any exemptions in Ontario securities law do not apply to the Respondents (the "Temporary Order");

AND WHEREAS pursuant to subsection 127(1) and 127(5) of the *Act*, a hearing was scheduled for February 8, 2006 at 2:00 p.m. (the "Hearing");

AND WHEREAS on February 8, 2006, the Commission ordered pursuant to subsection 127(7) of the *Act* that: (a) the Hearing is adjourned to February 28, 2006 at 9:30 a.m.; and (b) the Temporary Order is extended until February 28, 2006;

AND WHEREAS on February 28, 2006, the Commission ordered pursuant to subsection 127(7) of the *Act* that: (a) the Hearing is adjourned to April 19, 2006 at 9:30 a.m.; and (b) the Temporary Order is extended until April 19, 2006;

AND WHEREAS Staff have filed the affidavit of Sabine Dobell sworn February 2, 2006 and the affidavit of Bryan Gourlie sworn November 7, 2005 in support of Staff's request to extend the Temporary Order;

AND WHEREAS counsel for Maitland and Allen Grossman and counsel for Hanooh Ulfan do not oppose and counsel for Diana Cassidy, and the individual Respondents, Roger McKenzie, Gord Valde, William Rouse, Leonard Waddingham and Steven Lanys have consented to an adjournment of the Hearing and consented to an extension of the Temporary Order;

AND WHEREAS Tom Mezinski has not appeared although duly served with the Temporary Order, the Notice

of Hearing and Statement of Allegations as evidenced by the affidavits of service filed as exhibits in this proceeding;

AND WHEREAS Marianne Hyacinthe appeared before the Commission on February 8, 2006 and received a copy of the Order dated February 8, 2006 but did not appear before the Commission on February 28, 2006 or today;

AND WHEREAS Ron Garner has not appeared although duly served with the Temporary Order, the Notice of Hearing, the Statement of Allegations and the Order dated February 8, 2006 as evidenced by the affidavits of service filed as exhibits in this proceeding;

AND WHEREAS Staff have advised that two Respondents, namely Ron Catone and Jason Snow, have not been served with the Temporary Order, Notice of Hearing or the Statement of Allegations in this matter notwithstanding attempts at service as evidenced by the affidavits of attempted service filed as exhibits in this proceeding;

AND WHEREAS counsel for Maitland and Allen Grossman and counsel for Hanouch Ulfan have requested that Staff be ordered to provide disclosure;

AND WHEREAS by Commission order made November 1, 2005 pursuant to section 3.5(3) of the *Act*, any one of W. David Wilson, Susan Wolburgh Jenah and Paul M. Moore, acting alone, is authorized to make orders under section 127 of the *Act*;

IT IS ORDERED pursuant to subsection 127(7) of the *Act* that:

- (a) the Hearing is adjourned to May 29, 2006 at 2:00 p.m.;
- (b) the Temporary Order is extended until May 29, 2006; and
- (c) Staff shall provide disclosure of all documents and things which are in the possession or control of Staff that are relevant to the hearing before April 28, 2006 to the Respondents who have responded to the Notice of Hearing and shall provide any additional disclosure of all documents and things which come into the possession or control of Staff that are relevant to the hearing as expeditiously as possible.

Dated at Toronto this 19th day of April, 2006

"Paul M. Moore"
Vice Chair

2.2.5 ACE/Security Laminates Corporation - s. 144

Headnote

Section 144 – full revocation of cease trade order upon remedying of defaults.

Statutes Cited

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

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

AND

**IN THE MATTER OF
ACE/SECURITY LAMINATES CORPORATION**

**ORDER
(Section 144)**

WHEREAS the securities of ACE/Security Laminates Corporation (the "Company") are subject to an issuer cease trade order issued by the Ontario Securities Commission (the "Commission") on January 17, 2006 (the "Cease Trade Order") and extended by a further order made on January 27, 2006;

AND WHEREAS the Company has applied to the Commission pursuant to section 144 of the *Act* (the "Application") for a revocation of the Cease Trade Order;

AND WHEREAS the Company has represented to the Commission that:

1. The Company was incorporated on December 22, 1999 under the *Business Corporations Act* (Ontario) and has been created in order to pursue the activities of its predecessor "ACE Clear Defence Inc." which began operations in 1993. In May 2004, ACE entered into a Reverse Takeover transaction (Qualifying Transaction) with a Capital Pool Corporation listed on the TSX Venture named Sonus Capital Venture Corporation. Following the transaction, Sonus changed its name to ACE/Security Laminates Corporation.
2. The Company is a reporting issuer under the securities legislation (the "Legislation") of the provinces of Ontario, British Columbia, Alberta and Quebec.
3. The Company's authorized capital consists of an unlimited number of common shares (the "Common Shares"), of which approximately 27,667,406 Common Shares are issued and outstanding on a non-diluted basis.
4. The Common Shares are listed on the TSX Venture Exchange as ASL-X. The TSX Venture

has currently suspended trading of the Company's shares. The Company has received conditional approval for the Company's shares to trade on the CNQ. The Company presently has no securities, including debt securities, listed or quoted on any exchange or market recognized by the Commission.

DATED this 23rd day of May, 2006

John Hughes
Manager, Corporate Finance
Ontario Securities Commission

5. The Cease Trade Order was issued due to deficiencies in the Company's interim financial statements and MD&A for the period ended June 30, 2005.
6. The Company paid to the Commission its outstanding participation fees, penalties and \$3,000 application fee, and filed with the Commission Form 13-502F1 (May 10, 2006) as well as the revised financial statements and MD&A for the period ending June 30, 2005 (April 24, 2006). The Company's audited annual financial statements and MD&A for the year-ended September 30, 2005 (April 24, 2006) and unaudited for the interim periods ending December 31, 2005 (May 2, 2006). All of the aforementioned documents have been filed and are available on the System for Electronic Document Analysis and Retrieval ("SEDAR").
7. On September 7, 2005 Autorité Des Marchés Financiers on decision 2005-MC-3370 dossier 20241 has placed an issuer cease trade order against the Company as a result of the June 30, 2005 financial statements not being within the prescribed time. The statements were subsequently filed and Autorité Des Marchés Financiers is in the process of revoking the issuer cease trade order.
8. Except for the Cease Trade Order issued by the Ontario Securities Commission on January 17, 2006 and extension of the order made on January 27, 2006 and the order made by Autorité Des Marchés Financiers on September 7, 2005 concerning the late issue of the June 30, 2005 financial statements, which has now been satisfied, the Company is not in default of any requirement of the Act or rules or regulation made under the Act.
9. The Company now wishes to make application for a full revocation of the Cease Trade Order so as to permit trading of its securities.

AND WHEREAS the undersigned is satisfied that the Corporation 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 fully revoke the Cease Trade Order;

THEREFORE IT IS ORDERED, pursuant to section 144 of the Act, that the Cease Trade Order be and is hereby fully revoked.

2.2.6 Juniper Fund Management Corporation - 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 the Respondents were 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 on March 23, 2006, the Respondents and Staff consented to an extension of the Temporary Order and to an adjournment of the Hearing to May 4, 2006:

AND WHEREAS 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 on May 4, 2006, the Commission ordered: (i) the Hearing adjourned to May 23, 2006; (ii) the Temporary Order extended to May 23, 2006; (iii) JFM not to be paid any monthly management fees; (iv) JFM's requests for funds to pay expenses incurred by the Funds to continue to be subject to approval by NBCN; (v) weekly lists of expenses by the Funds to continue to be provided to and reviewed by Staff; and (vi) neither JFM nor Roy Brown to deal in any way with the assets or investments of the Funds;

AND WHEREAS on May 11, 2006, the Ontario Superior Court of Justice ordered that the two Directions dated May 4, 2006 freezing bank accounts of JFM, the

Funds and Roy Brown be continued with the exception of three personal accounts and one JFM account;

AND WHEREAS on May 18, 2006, the Ontario Superior Court of Justice issued an *ex parte* order under section 129 of the *Securities Act* appointing Grant Thornton Limited as Receiver over the assets, undertakings and properties of JFM and the Funds;

AND WHEREAS under the direction of the Receiver, the assets of the Funds continue to be held by a third-party custodian, NBCN Inc. ("NBCN") and continue to be managed by a third-party investment counsel, financial advisor and portfolio manager, Morgan Meighen & Associates Limited;

AND WHEREAS on May 18, 2006, the Commission granted leave to McMillan Binch Mendelsohn LLP to withdraw as counsel for the Respondents;

AND WHEREAS Roy Brown and Staff of the Commission have consented to an adjournment of the Hearing and to an extension of the Temporary Order to September 21, 2006 to allow Staff to continue their investigation;

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

- (a) the Hearing is adjourned to September 21, 2006 at 10:00 a.m.; and
- (b) the Temporary Order is extended until September 21, 2006.

DATED at Toronto this 23rd day of May, 2006.

"Susan Wolburgh Jenah"

"Suresh Thakrar"

2.2.7 Maitland Capital Ltd. et al. - s. 127(7)

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

AND

MAITLAND CAPITAL LTD., ALLEN GROSSMAN,
HANOCH ULFAN, LEONARD WADDINGHAM,
RON GARNER, GORD VALDE,
MARIANNE HYACINTHE, DIANA CASSIDY,
RON CATONE, STEVEN LANYS,
ROGER MCKENZIE, TOM MEZINSKI,
WILLIAM ROUSE AND JASON SNOW

ORDER
Section 127(7)

WHEREAS on January 24, 2006, the Ontario Securities Commission (the "Commission") ordered pursuant to s. 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that: (a) all trading by Maitland Capital Ltd. ("Maitland") and its officers, directors, employees and/or agents in securities of Maitland shall cease forthwith for a period of 15 days from the date thereof; (b) the Respondents cease trading in all securities; and (c) any exemptions in Ontario securities law do not apply to the Respondents (the "Temporary Order");

AND WHEREAS pursuant to subsection 127(1) and 127(5) of the *Act*, a hearing was scheduled for February 8, 2006 at 2:00 p.m. (the "Hearing");

AND WHEREAS on February 8, 2006, the Commission ordered pursuant to subsection 127(7) of the *Act* that: (a) the Hearing is adjourned to February 28, 2006 at 9:30 a.m.; and (b) the Temporary Order is extended until February 28, 2006;

AND WHEREAS on February 28, 2006, the Commission ordered pursuant to subsection 127(7) of the *Act* that: (a) the Hearing is adjourned to April 19, 2006 at 9:30 a.m.; and (b) the Temporary Order is extended until April 19, 2006;

AND WHEREAS on April 19, 2006, the Commission ordered pursuant to subsection 127(7) of the *Act* that: (a) the Hearing is adjourned to May 29, 2006; (b) the Temporary Order is extended until May 29, 2006; and (c) Staff provide disclosure to the Respondents by April 28, 2006;

AND WHEREAS Staff have filed the affidavit of Sabine Dobell sworn February 2, 2006 and the affidavit of Bryan Gourlie sworn November 7, 2005 in support of Staff's request to extend the Temporary Order;

AND WHEREAS counsel for Maitland and Allen Grossman, counsel for Hanoch Ulfan and counsel for Steven Lanys do not oppose and the individual Respondents, Diana Cassidy, Roger McKenzie, William Rouse and Gord Valde have consented to an adjournment

of the Hearing and consented to an extension of the Temporary Order;

AND WHEREAS Tom Mezinski has not appeared although duly served with the Temporary Order, the Notice of Hearing and Statement of Allegations as evidenced by the affidavits of service filed as exhibits in this proceeding;

AND WHEREAS Marianne Hyacinthe appeared before the Commission on February 8, 2006 and received a copy of the Order dated February 8, 2006 but did not appear before the Commission on February 28, 2006, April 19, 2006 or today;

AND WHEREAS Ron Garner has not appeared although duly served with the Temporary Order, the Notice of Hearing, the Statement of Allegations and the Order dated February 8, 2006 as evidenced by the affidavits of service filed as exhibits in this proceeding;

AND WHEREAS Staff have advised that two Respondents, namely Ron Catone and Jason Snow, have not been served with the Temporary Order, Notice of Hearing or the Statement of Allegations in this matter notwithstanding attempts at service as evidenced by the affidavits of attempted service filed as exhibits in this proceeding;

AND WHEREAS Staff have advised that Staff provided disclosure on April 28, 2006 to the parties who responded to the Notice of Hearing;

AND WHEREAS Staff have advised that section 122 proceedings were commenced against Hanoch Ulfan, Allen Grossman and Maitland on May 19, 2006;

AND WHEREAS counsel for Maitland and Allen Grossman has advised that Maitland and Allen Grossman intend to bring a motion to stay the section 127 proceedings against Maitland and Allen Grossman;

IT IS ORDERED pursuant to subsection 127(7) of the *Act* that:

- (a) the Hearing is adjourned to June 28, 2006 at 9:00 a.m.; and
- (b) the Temporary Order is extended until June 28, 2006.

Dated at Toronto this 29th day of May, 2006

"Paul M. Moore"

"Suresh Thakrar"

2.2.8 First Global Ventures, S.A. and Allen Grossman - ss. 127(1), 127(5)

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

AND

**FIRST GLOBAL VENTURES, S.A.
AND ALLEN GROSSMAN**

**TEMPORARY ORDER
Sections 127(1) & 127(5)**

WHEREAS it appears to the Ontario Securities Commission (the "Commission") that:

- (i) First Global Ventures, S.A. ("First Global") is a Panamanian corporation with a virtual office in Panama City, Panama;
- (ii) Allen Grossman ("Grossman") is an individual resident in Ontario who is currently subject to an ongoing temporary cease trade order dated January 24, 2006 issued by the Commission;
- (iii) neither First Global nor Grossman is registered with the Commission to trade in securities;
- (iv) the securities of First Global have been offered for sale to members of the public who have previously purchased shares in Maitland Capital Ltd.;
- (v) Staff of the Commission ("Staff") are conducting investigations into the trading of Maitland and First Global securities; and
- (vi) a prospectus receipt has not been issued for the First Global securities contrary to section 53 of the *Securities Act* (the "Act");

AND WHEREAS First Global has not been served with any notice that a temporary order and order for substituted service were being sought against First Global and whereas counsel for Allen Grossman were served on Friday, May 26, 2006 with the affidavits of Jody Sikora sworn May 25, 2006 and the affidavit of Wendell Clarke sworn May 25, 2006;

AND WHEREAS the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in s. 127(5) of the *Act*;

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

IT IS ORDERED pursuant to clause 2 of subsection 127(1) of the *Act*, that all trading by First Global and its officers, directors, employees and/or agents shall cease;

IT IS FURTHER ORDERED that pursuant to clause 2 of subsection 127(1) of the *Act*, that trading cease in the securities of First Global;

IT IS FURTHER ORDERED that pursuant to clause 3 of subsection 127(1) of the *Act*, that any exemptions contained in Ontario securities law do not apply to First Global; and

IT IS FURTHER ORDERED that pursuant to subsection 127(6) of the *Act*, this Order shall take effect immediately and shall expire on the 15th day after its making unless extended by Order of the Commission; and

IT IS FURTHER ORDERED that service of documents upon First Global shall be effected by:

- (a) service upon Grossman;
- (b) by fax transmission to First Global at 011-507-340-0299 being the fax number listed on First Global's website at www.firstglobalventures.com;
- (c) by e-mail to the e-mail addresses listed on the First Global website at www.firstglobalventures.com; and
- (d) by courier to the street address of Ave. Aquilino De La Guardia y Calle 47, Edificio Ocean Business Plaza, Piso 18, Panama City, Panama, Apartado Postal 0816-022273 as listed on First Global's website.

Dated at Toronto this 29th day of May, 2006

"Paul M. Moore"

"Suresh Thakrar"

2.2.9 Jose L. Castaneda - s. 127

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

AND

**IN THE MATTER OF
JOSE L. CASTANEDA**

**ORDER
(Section 127)**

WHEREAS on June 20, 2005, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") and Statement of Allegations pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S. 5, as amended (the "Act") in respect of Jose L. Castaneda (the "Respondent");

AND WHEREAS on December 20, 2005, an Information was issued commencing proceedings under section 122 of the Act in the Ontario Court of Justice;

AND WHEREAS the pre-hearing conference in this matter was adjourned on January 11, 2006 and February 27, 2006, in order to allow counsel for the Respondent an opportunity to review the disclosure previously provided by Staff;

AND WHEREAS the matter was spoken to on April 13, 2006, at which time a hearing was scheduled for May 30, 2006, in order for the Respondent to bring an application to adjourn the section 127 and 127.1 hearing until the conclusion of the section 122 proceedings;

AND WHEREAS the Respondent has since been charged with two counts of fraud over \$5,000 and two counts of theft over \$5,000 under the *Criminal Code of Canada* that involve some of the same complainants as the sections 122, 127 and 127.1 (*Securities Act*) proceedings;

AND WHEREAS the Respondent has not yet received disclosure from the Office of the Crown Attorney concerning the *Criminal Code* charges;

AND WHEREAS Staff consent to the adjournment request;

AND WHEREAS a temporary cease trade order was issued against the Respondent on June 7, 2005 and extended on June 20, 2005 until the hearing is concluded and a decision of the Commission is rendered or until the Commission considers appropriate;

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

IT IS HEREBY ORDERED that:

1. The hearing is adjourned to July 25, 2006, at 2:30 p.m., to hear an application

by the Respondent to adjourn the section 127 and 127.1 Hearing until the conclusion of the section 122 proceedings.

2. The written application materials of the Respondent shall be filed on or before July 11, 2006, and Staff's responding materials shall be filed on or before July 18, 2006.

DATED at Toronto this 30th day of May, 2006.

"Wendell S. Wigle, Q.C."

**2.2.10 ClaymorETF FTSE RAFI Canadian Index Fund
et al. – s. 1.1 of OSC Rule 48-501**

“Randee B. Pavalow”
Director, Capital Markets
Ontario Securities Commission

Headnote:

Certain mutual funds designated as exchange-traded funds for the purposes of OSC Rule 48-501.

Rules Cited

OSC Rule 48-501 – Trading During Distributions, Formal Bids and Share Exchange Transactions, s. 1.1.

**IN THE MATTER OF
OSC RULE 48-501 (the Rule)**

AND

**IN THE MATTER OF
CLAYMORETF FTSE RAFI CANADIAN INDEX FUND,
CP HOLDERS, iSHARES COMEX GOLD TRUST,
iUNITS CANADIAN BOND BROAD MARKET INDEX
FUND, iUNITS COMPOSITE CANADIAN EQUITY
CAPPED INDEX FUND, iUNITS DIVIDEND INDEX FUND,
iUNITS INCOME TRUST SECTOR INDEX FUND,
iUNITS INTERNATIONAL EQUITY C\$ INDEX FUND,
iUNITS MATERIALS SECTOR INDEX FUND,
iUNITS REAL RETURN BOND INDEX FUND,
iUNITS S&P 500 C\$ INDEX FUND,
iUNITS S&P/TSX 60 INDEX FUND,
iUNITS S&P/TSX CAPPED ENERGY INDEX FUND,
iUNITS S&P/TSX CAPPED FINANCIALS INDEX FUND,
iUNITS S&P/TSX CAPPED GOLD INDEX FUND,
iUNITS S&P/TSX CAPPED INFORMATION
TECHNOLOGY INDEX FUND,
iUNITS S&P/TSX CAPPED REIT INDEX FUND,
iUNITS S&P/TSX MIDCAP INDEX FUND,
AND
iUNITS SHORT BOND INDEX FUND
(collectively, the Funds)**

**DESIGNATION ORDER
Section 1.1**

WHEREAS each of the Funds is listed on the Toronto Stock Exchange;

AND WHEREAS Market Regulation Services Inc. has designated, or intends to designate, each of the Funds as an Exchange-traded Fund for the purposes of the Universal Market Integrity Rules (UMIR);

AND WHEREAS the definition of “exchange-traded fund” in the Rule is substantially similar to the definition of Exchange-traded Fund in UMIR;

THE DIRECTOR HEREBY DESIGNATES each of the Funds as an exchange-traded fund for the purposes of the Rule.

DATED May 24, 2006.

2.2.11 Mega C Power Corporation et al. - s. 127

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

AND

**IN THE MATTER OF
MEGA-C POWER CORPORATION, RENE
PARDO,
GARY USLING, LEWIS TAYLOR SR.,
LEWIS TAYLOR JR., JARED TAYLOR,
COLIN TAYLOR and 1248136 ONTARIO
LIMITED**

**ORDER
(Section 127)**

WHEREAS on November 16, 2005, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") in relation to a Statement of Allegations issued by Staff of the Commission pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S. 5, as amended (the "Act") in respect of Mega-C Power Corporation, Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Ltd. (the "Respondents");

AND WHEREAS the first appearance took place on January 31, 2006, at which time initial disclosure was provided and the matter was adjourned on consent of all parties to March 30, 2006, at 10:00 am;

AND WHEREAS on March 30, 2006, the matter was further adjourned to May 31, 2006, in order to allow counsel for the Respondents an opportunity to review further disclosure provided by Staff;

AND WHEREAS on May 31, 2006, the matter was set for a pre-hearing conference on August 15, 2006, on the consent of all parties;

IT IS HEREBY ORDERED that:

1. The hearing is adjourned to August 15, 2006, at 10:00 a.m., for a pre-hearing conference;
2. Any written material to be relied upon by the Respondents at the pre-hearing conference is to be filed with the Secretary's Office by no later than July 28, 2006;
3. Any written material to be relied upon by Staff at the pre-hearing conference is to be filed with the Secretary's Office by no later than August 4, 2006.

DATED at Toronto this 31st day of May, 2006.

"Susan Wolburgh Jenah"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Khaldoun Kader

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

AND

**IN THE MATTER OF
KHALDOUN KADER**

Hearing: May 16, 2006

Panel: Paul M. Moore, Q.C. - Vice Chair (Chair of the Panel)
Suresh Thakrar - Commissioner

Counsel: Melissa MacKewn - On behalf of Staff of the
Scott Boyle - Ontario Securities Commission

Lawrence Ritchie - On behalf of Khaldoun Kader
Karen Minz

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] The panel has reviewed the written submissions and has listened to counsel and has determined to approve the settlement agreement as being in the public interest.

Introduction

[2] This was a hearing under sections 127 and 127.1 of the *Securities Act*, as amended, for the commission to consider whether it is in the public interest to approve a proposed settlement agreement between staff of the commission and the respondent, Khaldoun Kader, regarding the respondent's conduct of illegal insider trading and making false statements to staff in relation thereto.

[3] By way of overview, the respondent has admitted that he conducted illegal insider trading in contravention of subsection 76(1) of the Act and that he provided false and misleading information to staff in relation thereto in contravention of clause 122(1)(a) of the Act. Accordingly, he has agreed to sanctions which include: A ten-year cease trade order (subject to a limited carve out); a payment in the amount of one and one-half times the profit earned; a contribution towards the commission's costs in this matter; and a reprimand.

[4] It is necessary to impose strong sanctions in insider trading cases, to deter illegal insider trading by making it clear to the particular respondent, and all like-minded individuals, that failing to respect the securities laws of Ontario and the authority of the commission in upholding them, will not be tolerated from those who wish to have the privilege of participating in Ontario's capital markets.

Facts

[5] The factual background taken from the agreed statement of facts in the settlement agreement is as follows:

Reasons: Decisions, Orders and Rulings

[6] The respondent is 33 years old and is a resident of the City of Mississauga. He was granted a license as a Certified Public Accountant in 1966 from the California Board of Accountancy and has been employed in several accounting positions in Canada and abroad, from 1996 to the present.

[7] The respondent is not, and never has been, an officer or director of a reporting issuer.

[8] IMAX Corporation is a reporting issuer in Ontario. IMAX's common shares are listed on both the Toronto Stock Exchange and the NASDAQ Exchange in the United States.

[9] On October 28, 2004, IMAX reported its third quarter 2004 financial results. IMAX reported net earnings from continued operations of US \$0.04 per diluted share, substantially ahead of management guidance for a breakeven quarter, the first quarter mean of USD \$0.01 a share, and analysts' expectation of US \$0.01 cent a share. IMAX also reported significant gains in revenue as compared with the third quarter of 2003.

[10] On October 27, 2004, prior to the release of the third quarter results, shares in IMAX closed on the NASDAQ Exchange at US \$5.52 per share.

[11] During October and November of 2004, which was the "Material Time," the respondent was employed at IMAX as Director of Finance and Treasury. Prior to October 18, the respondent became aware, in his capacity as Director of Finance and Treasury, that the net earnings per share of the third quarter of 2004 were going to be materially higher than management guidance and analysts' expectations.

[12] Between October 18 and 27, 2004, through an on-line internet access brokerage account in his mother's name, the respondent directed and financed the purchase of 110,000 shares of IMAX at a cost of approximately US \$607,000, exclusive of commissions.

[13] Between October 28, 2004 and November 1, 2004, the respondent directed the sale of all of the IMAX shares for proceeds of just under US \$700,000, exclusive of commissions.

[14] No other shares were traded in the account during the Material Time.

[15] That constituted the illegal insider trading.

[16] In April and May of 2005, the respondent told staff of the commission that he was unaware of the account and the trading in it. That consisted of the false statement to the commission.

Admissions

[17] The respondent admits that at the time of his purchases of IMAX shares, he was a "person in a special relationship" with IMAX, as defined in the Act, and that the material increase in earnings per share for the third quarter of 2004 was a material fact that had not been disclosed. As such, the respondent admits that he engaged in illegal insider trading in violation of section 76.1 of the Act.

[18] The respondent also admits that he made false and misleading representations to staff in contravention of subsection 122(1)(a) of the Act.

[19] And he admits that the foregoing conduct was contrary to the public interest.

Sanctions

[20] The sanctions agreed to in Part IV of the settlement agreement, which we will order today in approving the agreement, are as follows:

- (a) The respondent will cease trading in securities for a period of 10 years effective from the date of the order approving the settlement agreement, with the exception that the respondent will be permitted to trade in securities limited to mutual funds in registered retirement savings plans in which he has sole beneficial interest;
- (b) The exemptions contained in Ontario securities law will not apply to the respondent for a period of 10 years effective from the date of the order of the commission approving the settlement agreement;
- (c) The respondent will be reprimanded by the commission;

- (d) The respondent will be prohibited from becoming or acting as a director or officer of a reporting issuer for a period of 10 years effective from the date of the order of the commission approving the settlement agreement;
- (e) The respondent will pay the sum of \$5,000 to the commission in respect of a portion of the costs of the investigation and proceeding in relation to this matter; and
- (f) The respondent will make a settlement payment of US \$136,077 to the commission for the allocation to or for the benefit of third parties as determined by the commission under section 3.4(2) of the Act.

Reasons

[21] The commission's mandate in upholding the purpose of the Act, as set out in section 1.1 of the Act, is as follows:

- (a) to provide protection to investors from unfair, improper or fraudulent practices; and
- (b) to foster fair and efficient capital markets and confidence in them.

[22] There are several relevant factors that we need to take into account in approving a settlement agreement. They are similar to the factors that a commission panel would take into account in imposing sanctions after a contested hearing on the merits. In crafting a public interest sanction, the commission should consider at least three issues:

- first, whether or not there is a reasonable likelihood the objectionable conduct will be repeated;
- second, whether or not the objectionable conduct is such as to bring into question the integrity and reputation of the capital markets in general; and
- third, the impact on the respondent.

[23] Several factors should be taken into account in determining the nature and duration of sanctions, and these considerations were set out in *Re M.C.J.C. Holdings and Michael Cowpland* (2002), 25 O.S.C.B. 1133 and *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743.

[24] The role of the commission Panel in reviewing a settlement agreement is not to substitute the sanctions it would have imposed after a contested hearing for what is proposed in the settlement agreement; rather the commission should ensure that the agreed sanctions are within acceptable parameters.

[25] This is what we have done in approving this settlement agreement.

[26] Sanctions imposed by the commission in illegal insider trading proceedings under section 127 of the Act vary substantially according to the circumstances of each case.

[27] Commission staff has provided us, as precedents, with the names of several cases which we have looked at: *In the Matter of Piergiorgio Donnini* (2002), 25 O.S.C.B. 6225; rev'd (2003), 37 B.L.R. (3d) 46 (Ont. Sup. Ct.); rev'd (2005), 1 B.L.R. (4th) 101 (Ont. C.A.); *In the Matter of Jonathan Carley* (2003), 26 O.S.C.B. 8197; *In the Matter of Robert Walter Harris* (2005), 28 O.S.C.B. 5373; and *In the Matter of Jo-Anne Chang and David Stone*, Settlement Agreement between Staff of the Commission and Jo-Anne Chang and David Stone, signed April 9, 2005, approved by Commission Order dated April 11, 2005.

[28] As I stated, we believe these sanctions are within acceptable parameters.

[29] This case is somewhat different from some of the cases that come before us in that false statements were made to staff. So it's not just illegal insider trading but the fact that the respondent misinformed staff: that he did not know about the account or was unaware of the account. Now, it may have been youthful exuberance—the first reaction when confronted with a suggestion of wrongdoing. Nevertheless we can't ignore it.

[30] In the case of *Wilder et al v. Ontario Securities Commission*, [2001] O.J. 18 No. 1017 (C.A.) at page 9, the Ontario Court of Appeal stated:

The OSC is charged with a statutory obligation to do its best to ensure that those involved in the securities industry provide fair and accurate information so that public confidence in the integrity of the capital markets is maintained. It is difficult to imagine anything that could be more important to protecting the integrity of the capital markets than ensuring that those involved in those markets, whether as direct participants or advisers, provide full and accurate information to the OSC.

- [31] The primary factors that we did take into account when considering this case are the following:
- (a) The respondent's conduct demonstrated a serious disregard for Ontario securities law, the authority of the commission and his obligation as a participant in the capital markets in Ontario to provide full and accurate information to the commission;
 - (b) By way of lengthy prohibitions on trading and serving as an officer and director of a reporting issuer, the proposed sanctions recognize and address the likelihood of future misconduct by the respondent;
 - (c) However, the respondent did act promptly and the respondent does recognize the seriousness of his conduct and accepts the consequences;
 - (d) Staff counsel suggested that this was not the case of a youthful ingénue not really knowing what he was doing. On the other hand, it is not the case of a hardened sophisticated registrant trying to manipulate the system. The respondent is only 33 years of age. He's not a registrant.
 - (e) The respondent's employment has been terminated;
 - (f) The respondent's admissions eliminate the need for a full hearing and therefore conserve the resources of the commission and save the public considerable expense;
 - (g) The respondent has never been the subject of any prior allegations or violations of Ontario securities law;
 - (h) The amount of the proposed payment will not be regarded as a "licensing fee" which would merely restore the status quo; and
 - (i) The amount of the proposed payment together with other sanctions send a clear message to the respondent and other participants in the capital markets that engaging in illegal insider trading and providing false information to staff in relation thereto, are serious offences which will not be countenanced in our capital markets.

Conclusion

[32] In conclusion I want to say that because this respondent is relatively young, because this is a first offence, because these sanctions do go out for a long period of time, because of the consequences to the respondent with respect to his employment, and because this was a single incident (and I don't know for sure about the misrepresentation to the Commission and the terms under which it was made), it appears to us that these sanctions are severe. We acknowledge that these sanctions will have serious consequences. We are hopeful that the respondent will be able to get on with his life and that this incident will not be an irreparable black mark on his future.

[33] I want to make the point that we are not here to punish. We are here to protect the public in the future.

[34] The respondent should know that there is section 144 of the Securities Act which will allow him a way to come back in the future to seek a variation in the sanctions if future circumstances suggest a variation would be appropriate. I don't want to predict what those circumstances might be, but the respondent should be aware of that section.

[35] That concludes my oral reasons for approving the settlement.

[36] COMMISSIONER THAKRAR: I just echo the last few words that you said. This respondent is young and should take this as a lesson that he learned and move forward to better things.

[37] THE CHAIR: Mr. Kader, would you stand? Mr. Kader, I know you're aware of the seriousness of the actions that you've done and we appreciate the fact that you have cooperated with the commission and you've agreed to make the payment that will be made. You are now reprimanded, you may be seated.

[38] If there's nothing further, this hearing is terminated.

Approved by the chair of the panel on May 30, 2006.

"Paul M. Moore"

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
ACE/Security Laminates Corporation	17 Jan 06	27 Jan 06	27 Jan 06	23 May 06
BF Minerals Ltd.	10 May 06	19 May 06	19 May 06	29 May 06
China Education Resources Inc.	12 May 06	24 May 06		25 May 06
Continental Home Healthcare Ltd.	12 May 06	24 May 06	24 May 06	
Dectron Internationale Inc.	11 May 06	23 May 06	23 May 06	26 May 06
Denninghouse Inc.	12 May 06	24 May 06		26 May 06
Lease-Rite Corporation Inc.	12 May 06	24 May 06		26 May 06
Sterling Leaf Income Trust	17 May 06	29 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

NO UPDATES FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/Expire	Date of Issuer Temporary Order
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		
Foccini International Inc.	02 May 06	15 May 06	15 May 06		
Genesis Land Development Corp.	11 Apr 06	24 Apr 06	24 Apr 06		

Rules and Policies

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
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	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		
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 6

Request for Comments

6.1.1 Request for Comments – Notice of Proposed Ontario Securities Policy 51-604 *Defence for Misrepresentations in Forward-Looking Information*

NOTICE OF PROPOSED ONTARIO SECURITIES POLICY 51-604 DEFENCE FOR MISREPRESENTATIONS IN FORWARD-LOOKING INFORMATION

I. Introduction

The Commission is publishing for comment proposed OSC Policy 51-604 – *Defence for Misrepresentations in Forward-Looking Information* (the “Policy”). The proposed Policy relates to the defence available under the *Securities Act* in an action for damages for misrepresentations in forward-looking information contained in an issuer’s disclosure. The purpose of the proposed Policy is to outline the Commission’s views on some of the policy considerations underlying the defence for misrepresentations in forward-looking information and explain how the Commission approaches the interpretation of certain aspects of the defence.

II. Background

Statutory Civil Liability for Secondary Market Disclosures

On December 31, 2005 amendments to the *Securities Act* which introduced a statutory civil liability regime for secondary market disclosure came into force. The new regime provides a statutory right of action in favour of secondary market investors against public companies and key related persons (like directors and officers) for making public misrepresentations about the company or for failing to disclose material changes as required by Ontario securities laws.

The new statutory civil liability regime is based on draft legislation that the Commission, together with certain other members of the CSA, proposed for public comment.¹ The draft legislation arose out of the Commission’s review and support of The Toronto Stock Exchange Committee on Corporate Disclosure’s (the “Allen Committee”) final report issued in March 1997.²

Defence for Misrepresentations in Forward-Looking Information

The new statutory civil liability regime contains a number of defences including a defence for misrepresentations in forward-looking information. Forward-looking information includes, but is not limited to, future-oriented financial information with respect to prospective results of operations, financial position and/or cash flows that is presented as either a forecast or a projection.³ Earnings guidance is an example of forward-looking information. MD&A may also contain forward-looking information.

Under the *Securities Act*, a defendant is not liable for a misrepresentation in forward-looking information if the defendant proves that the document or oral statement containing the information included, “proximate to” the information: (a) reasonable cautionary language identifying the information as forward-looking and identifying material factors that could cause results to diverge materially from a conclusion, forecast or projection in it; and (b) a statement of the material factors or assumptions on which it is based. In addition, the defendant must prove that it had a reasonable basis for the conclusion, forecast or projection.⁴ A similar defence is also available for primary market disclosure, like prospectuses, which contain forward-looking information.⁵

¹ See CSA Notice 53-302 – Proposal for a Statutory Civil Remedy for Investors in the Secondary Market and Response to the Proposed Change to the Definition of “Material Fact” and “Material Change” (2000), 23 OSCB 7383. The draft legislation was published for comment in May 1998 (see (1998), 21 OSCB 3367).

² “Responsible Corporate Disclosure – A Search for Balance (Final Report)”, Toronto Stock Exchange Committee on Corporate Disclosure (March 1997).

³ *Securities Act*, s. 1(1). “Forward-looking information” means “disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action and includes future oriented financial information with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection”.

⁴ *Securities Act*, s. 138.4(9). If the forward-looking information is contained in an oral statement, the cautions must be stated orally, in general terms, along with a reference to an available document that discloses the factors and assumptions; *Securities Act*, 138.4(9.1).

⁵ *Securities Act*, s. 132.1.

III. Purpose and Summary of the Proposed Policy

Following the recent proclamation of the amendments to the *Securities Act* introducing statutory civil liability for secondary market disclosure, Commission Staff have received a number of enquiries from various issuers and counsel who have expressed uncertainty with respect to the requirements of the defence for misrepresentations in forward-looking information. In June 2005 the Commission also received a written submission on behalf of a number of issuers requesting that the Commission issue guidance in connection with the defence (the "Submission"). In light of the recurring questions we have received on this subject, we are issuing the proposed Policy to outline the Commission's views on some of the policy considerations underlying the defence. The proposed Policy also explains how the Commission approaches the interpretation of certain aspects of the defence, including: (i) the "proximate" requirement; (ii) the required content of applicable risk factor and assumption disclosure; (iii) the "reasonable basis" requirement; and (iv) the operation of the defence with respect to oral statements containing forward-looking information.

IV. Related Instruments

The proposed Policy is related to subsection 132.1(1) and subsections 138.4(9), (9.1) and (9.2) of the *Securities Act* which provide a defence in an action for damages for misrepresentations in forward-looking information. Forward-looking information is defined under the *Securities Act* in subsection 1(1)

V. Unpublished Materials

In proposing the Policy, the Commission has not relied on any significant unpublished study, report, decision or other written materials. In proposing the Policy, however, the Commission considered the questions and issues raised in the Submission.

VI. Comments

Interested parties are invited to make written submissions with respect to the proposed Policy. Submissions received by August 2, 2006 will be considered.

Submissions should be addressed to the Commission at the following address:

John Stevenson
Secretary to the Commission
Ontario Securities Commission
20 Queen Street West,
Suite 1903, Box 55
Toronto, Ontario M5H 3S8
Fax: (416) 593-2318
e-mail: jstevenson@osc.gov.on.ca

If you are not sending your comments by e-mail, please send a diskette containing your comments (in DOS or Windows format, preferably Word).

We cannot keep submissions confidential because securities legislation requires that a summary of the written comments received during the comment period be published.

Questions may be referred to any of:

Monica Kowal
General Counsel
Ontario Securities Commission
Phone: (416) 593-3653
Fax: (416) 593-3681
e-mail: mkowal@osc.gov.on.ca

Rossana Di Lieto
Associate General Counsel
Ontario Securities Commission
Phone: (416) 593-8106
Fax: (416) 593-3681
e-mail: rdilieto@osc.gov.on.ca

**OSC POLICY 51-604 –DEFENCE FOR MISREPRESENTATIONS
IN FORWARD-LOOKING INFORMATION**

Part I – Introduction

1.1 Background – (1) Ontario securities law provides public issuers, directors, officers and other parties with a defence from statutory civil liability for misrepresentations in forward-looking information. The defence for misrepresentations in forward-looking information was first introduced into Ontario securities law in December 2002 and came into force on December 31, 2005 as part of the introduction of a statutory civil liability regime in favour of secondary market investors.¹ A similar defence exists in those parts of the *Securities Act* that provide a statutory right of action for damages for misrepresentations in primary market offering documents.² The defence contained in the *Securities Act* is based on draft legislation that the Commission, together with certain members of the Canadian Securities Administrators, proposed for public comment.

(2) Ontario securities law defines forward-looking information as disclosure about possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action.³ Forward-looking information includes, but is not limited to, future-oriented financial information with respect to prospective results of operations, financial position and/or cash flows that is presented as either a forecast or a projection. Earnings guidance is forward-looking information. MD&A may also contain forward-looking information.

(3) Forward-looking information is, by its very nature, information that carries with it a level of uncertainty. There is a concern that attaching statutory civil liability to information that contains inherent uncertainties will discourage issuers from providing forward-looking information. Such a “disclosure chill” would not be constructive. Understanding management’s assessment of the future prospects and potential of a company is valuable to shareholders and prospective investors. Indeed, some forward-looking information, for example in the form of MD&A, is required. The policy objective behind the provision of the defence is to facilitate responsible and balanced disclosure about an issuer’s anticipated future prospects.

(4) This policy statement expresses the Commission’s views on some of the policy considerations underlying the defence for misrepresentations in forward-looking information and explains how the Commission approaches the interpretation of certain aspects of the defence. It is being issued under subsection 143.8(1)(b) of the *Securities Act*.

This policy statement represents the views of the Commission. These views do not have the force of law. These views are also not legal advice and should not be relied on as such.

We expect that disclosure practices in this area will vary among issuers and will evolve over time.

Part II – Defence for Misrepresentations in Forward-Looking Information

2.1 Legislative scheme - Under the defence, written and oral forward-looking information is protected from statutory civil liability if:

- (a) the document or public oral statement contains:
 - (i) reasonable cautionary language identifying the forward-looking information as such (the “identifier”);
 - (ii) reasonable cautionary language identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information (“risk factors”); and
 - (iii) a statement of the material factors or assumptions that were applied in drawing a conclusion or in making a forecast or projection set out in the forward-looking information (“assumptions”);
- (b) the identifier and disclosure of risk factors and assumptions appear proximate to the forward-looking information; and
- (c) the person or company had a reasonable basis for drawing the conclusions or making the forecast or projection.⁴

¹ See paragraphs (9), (9.1), (9.2) and (10) of section 138.4 of the *Securities Act*.

² See section 132.1 of the *Securities Act*.

³ See subsection 1(1) of the *Securities Act*.

⁴ See subsection 138.4(9) of the *Securities Act*.

2.2 Animating Principles - The principles animating the defence include:

- (a) an investor who reads a disclosure document or listens to an oral statement containing forward-looking information should be able to readily:
 - (i) understand that forward-looking information is being provided in the document or statement;
 - (ii) identify the forward-looking information; and
 - (iii) inform himself or herself of the material assumptions underlying the forward-looking information and the material risk factors associated with a particular conclusion, forecast or projection; and
- (b) effective disclosure is based on clarity of presentation and simplicity of language and style.

2.3 The “proximate” requirement - (1) Concerns have been expressed that the word “proximate” may be interpreted so as to require immediate juxtaposition in every instance. If this were the case, each statement of forward-looking information would need to be individually identified as such and all of the material risk factors and assumptions applicable to the statement immediately included, irrespective of the fact that these risk factors and assumptions may apply to various statements of forward-looking information in the same disclosure. The Commission does not interpret the “proximate” requirement to require immediate juxtaposition in every instance.

(2) MD&A, for example, frequently has threads of forward-looking information throughout. These threads of forward-looking information may be subject to common assumptions and risk factors. Breaking the flow of the discussion to indicate each time that a particular statement is forward-looking and to then identify in a meaningful way the factors that could affect its outcome introduces complexity in presentation that could frustrate an investor’s ability to readily follow the MD&A discussion and appreciate the nature of the forward-looking information. If a reader may be better served by a single broader reference prefacing or following, as appropriate, the MD&A identifying and setting out the applicable assumptions and risk factors, the Commission believes that such placement should generally satisfy the “proximate” requirement of the defence.

(3) There may be situations where particular assumptions and risk factors apply equally to multiple instances of forward-looking information in a single document. In these cases, the Commission expects that issuers will use their judgment and balance the value of brevity accomplished by cross-referencing with the user-friendliness of having all relevant information stated in full in each instance. In the Commission’s opinion, the use of cross-referencing in a manner that supports the principles animating the defence is consistent with the “proximate” requirement of the defence. We expect that practices with respect to the use and extent of cross-referencing will vary among issuers and will vary depending on the circumstances and the nature of the particular disclosure.

(4) In the Commission’s view, the animating principles underlying the defence suggest that, as a general principle, the more closely-tied a particular risk factor or assumption is to a particular conclusion, forecast or projection, the more “proximate” it should be to the forward-looking information. For example, where the disclosure of risk factors and assumptions is particularly tied to a forward-looking statement but does not immediately precede or follow the forward-looking statement, it may be necessary to provide a cross-reference or footnote that ties the risk factor or assumption to the specific conclusion, forecast or projection.

2.4 Risk factor disclosure – (1) The defence for misrepresentations in forward-looking information requires the material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information to be identified (“risk factors”). The risk factors identified in the cautionary language should be relevant to the conclusion, forecast or projection and should not be boilerplate in nature.

(2) The use of the word “material” underscores, in the Commission’s view, that the cautionary statements should identify significant and reasonably foreseeable factors that could reasonably cause results to differ materially from those projected in the forward-looking statement. We do not believe that the defence should be interpreted as requiring an issuer to anticipate and discuss everything that could conceivably cause results to differ. It follows that failure to include the particular factor that ultimately causes the forward-looking statement not to materialize as predicted should not necessarily mean that the disclosure is not protected by the defence. The defence does not, in the Commission’s view, require companies to warn of every risk factor that, with the benefit of hindsight, ultimately could or might cause the forward-looking information not to come true.

2.5 Assumption disclosure – The defence for misrepresentations in forward-looking information requires a statement to be included of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information. The requirement for a statement of the material factors or assumptions that were applied requires, in the Commission’s view, the factors or assumptions to be relevant to the conclusion, forecast or projection. The use of the word “material” underscores, in the Commission’s view, that the defence does not require an exhaustive statement of every factor or assumption applied – a materiality standard applies.

2.6 Reasonable Basis – In order to benefit from the defence, a company must have a reasonable basis for drawing the conclusion or making the forecast or projection set out in the forward-looking information. When interpreting “reasonable basis”, we believe that relevant factors would include: the reasonableness of the assumptions applied in drawing the conclusion or making the forecast or projection; and the inquiries made and the process followed in preparing and reviewing forward-looking information.

Part III – Defence for Misrepresentations in Oral Statements Containing Forward-Looking Information

3.1 Legislative Scheme - The *Securities Act* provides that in the case of a public oral statement containing forward-looking information, a person or company is deemed to have satisfied the requirements of the defence in paragraph 1 of subsection 138.4(9) (which are discussed in section 2.1 of this Policy) if the person making the public oral statement states that:

- a) the oral statement contains forward-looking information;
- b) actual results could differ materially from a conclusion, forecast or projection in the oral forward-looking information;
- c) certain material factors or assumptions were applied in drawing the conclusions or making the forecasts or projections included in the oral forward-looking information; and
- d) additional information about the applicable risk factors and assumptions are contained in a “readily available” document and identifies that document.⁵

For purposes of the defence, a document filed with the Commission or otherwise generally disclosed is deemed to be “readily available”.⁶

3.2 A more flexible approach – (1) The *Securities Act* recognizes that it may be unwieldy to make oral disclosures containing forward-looking information that satisfy all of the requirements of the defence contained in subsection 138.4(9). Instead, the *Securities Act* provides for a more flexible approach for oral statements containing forward-looking information that will facilitate these types of oral communications by an issuer while still providing to the public information it would have received if the forward-looking information was contained in a written disclosure document.

(2) The deeming provision in subsection 138.4 (9.1) specifically refers to the requirements of the defence being satisfied in the case of public oral statements when the person making the public oral statement makes the required cautionary statements. In the Commission’s view, subsection 138.4 (9.1) should not be interpreted as exhaustive; the requirements of the defence may be satisfied in appropriate circumstances by one person making the required cautionary statements on behalf of another person making the forward-looking statement. The animating principles underlying the defence support a pragmatic interpretation.

Part IV – Duty to Update

4.1 We do not interpret the defence for misrepresentations in forward-looking information as imposing upon any person or company a duty to update forward-looking information beyond any duty imposed under Ontario securities law or otherwise.

⁵ See subsection 138.4(9.1) of the *Securities Act*.

⁶ See subsection 138.4(9.2) of the *Securities Act*.

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
05/28/2006	133	0731159 BC Ltd - Common Shares	2,080,400.00	5,201,000.00
05/08/2006	2	Adherex Technologies Inc. - Units	534,754.24	596,190.00
05/18/2006	4	Aliron Exploration Ltd. - Common Shares	1,525,000.00	1,300,000.00
05/04/2006	1	Allied Waste North America, Inc. - Notes	540,344.25	600,000,000.00
03/06/2006	4	AMADOR GOLD CORP. - Common Shares	11,900.00	140,000.00
03/03/2006	12	ARISE Technologies Corporation - Units	131,857.70	439,525.00
06/30/2005	1	Ashmore Asian Recovery Fund - Units	122,560.00	3,971.99
05/10/2006	65	Aura Gold Inc. - Units	3,595,000.00	8,987,500.00
05/12/2006	94	Bear Ridge Resources Ltd. - Flow-Through Shares	23,152,500.00	3,150,000.00
05/19/2006	5	Big Deal Games Inc. - Preferred Shares	550,000.00	550,000.00
05/11/2006	2	BioEnvelop Technologies Corporation - Debentures	1,200,000.00	1,200,000.00
05/10/2006	47	Brilliant Mining Corp. - Receipts	10,322,200.00	12,902,750.00
05/11/2006	38	Commander Resources Ltd. - Flow-Through Shares	1,699,999.92	3,695,652.00
05/15/2006	122	Commander Resources Ltd. - Units	3,885,000.00	10,500,000.00
05/17/2006	63	Coronation Minerals Inc. - Flow-Through Shares	2,000,000.00	3,112,000.00
05/12/2006	39	Creststreet Windpower Development (II) LP - Limited Partnership Units	1,745,000.00	174,500.00
05/15/2006	1	CU Real Property (4) Ltd. - Common Shares	633,333.00	633,333.00
05/15/2006	1	CU (4) Limited Partnership - Limited Partnership Units	1,900,000.00	1,900,000.00
05/09/2006	1	Debenhams plc - Common Shares	4,000,000.00	1,000,000.00
05/17/2006	1	DN Partners II, L.P. - Limited Partnership Interest	278,125.00	1.00
05/16/2006	6	EdgeStone Capital Equity Fund III (Canada) L.P. - Limited Partnership Interest	26,798,910.00	26,798,910.00
05/17/2006	17	Equigenesis 2006 Preferred Investment LP - Units	9,252,000.00	257.00
05/10/2006	34	First Metals Inc. - Warrants	2,500,000.00	2,500,000.00
05/12/2006	1	Fletcher Nickel Inc. - Units	250,000.00	200,000.00
05/16/2006	28	Gastem Inc. - Common Shares	699,900.00	4,666,000.00

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
05/08/2006 to 05/12/2006	12	General Motors Acceptance Corporation of Canada, Limited - Notes	3,538,367.32	3,538,367.32
05/10/2006	40	GSL Energy Corporation - Units	33,000,000.00	33,000,000.00
04/28/2006	1	Harvest Gold Corporation - Units	7,500.00	2,200,000.00
05/11/2006	1	HSBC Bank USA National Association - Bonds	191,795,493.75	175,000,000.00
05/09/2006	1	HSBC Bank USA National Association - Bonds	187,371,712.50	175,000,000.00
05/04/2006	1	HSBC Bank USA National Association - Bonds	153,863,325.00	150,000,000.00
05/18/2006	1	HSBC Bank USA National Association - Bonds	137,026,693.75	125,000,000.00
05/03/2006	5	HSBC Holdings PLC - Bonds	18,511,055.64	16,500,000.00
05/15/2006	24	Indicator Minerals Inc. - Flow-Through Shares	1,158,099.80	2,105,636.00
05/15/2006	80	Indicator Minerals Inc. - Non-Flow Through Units	2,356,750.00	4,713,500.00
05/16/2006	25	International Wayside Gold Mines Ltd. - Flow-Through Shares	412,218.90	411,721.00
05/11/2006	40	Inviro Medical Inc. - Common Shares	8,616,940.00	4,103,305.00
12/28/2005 to 01/01/2006	2	J.P. Morgan Direct European Corporate Finance Institutional Investors III LLC - Limited Liability Interest	5,273,763.00	N/A
12/28/2005 to 01/01/2006	2	J.P. Morgan Pooled European Corporate Finance Institutional Investors III LLC - Limited Liability Interest	15,821,288.00	N/A
10/01/2005 to 12/28/2005	2	J.P. Morgan Pooled U.S. Corporate Finance Institutional Investors III LLC - Limited Partnership Interest	38,811,150.00	N/A
10/01/2005 to 12/28/2005	1	J.P. Morgan Pooled Venture Capital Institutional Investors III LLC - Limited Liability Interest	11,655,000.00	N/A
10/01/2005 to 12/28/2005	2	J.P. Morgan Direct U.S. Corporate Finance Institutional Investors III LLC - Limited Liability Interest	12,937,050.00	N/A
10/01/2005 to 12/28/2005	1	J.P. Morgan Direct Venture Capital Institutional Investors III LLC - Limited Liability Interest	2,913,750.00	N/A
05/19/2006	1	KBSH Private - Canadian Equity Fund - Units	100,000.00	4,938.27
05/19/2006	11	Kinwest Corporation - Common Shares	1,269,501.00	423,167.00
05/19/2006	5	Kinwest Corporation - Flow-Through Shares	253,001.00	72,286.00
07/01/2005 to 09/13/2005	3	Mackenzie Alternative Strategies Fund - Units	201,824.03	19,470.00
05/12/2006	1	Madison Dearborn Capital Partners Executive -A, L.P. - Limited Partnership Interest	2,217,000.00	1.00
05/12/2006	1	Madison Dearborn Capital Partners Executive -B, L.P. - Limited Partnership Interest	2,217,000.00	1.00

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
05/08/2006 to 05/09/2006	26	Melford International Terminal Inc. - Common Shares	2,353,411.13	2,074,213.00
05/17/2006	76	Midnight Oil Exploration Ltd. - Flow-Through Shares	20,400,000.00	4,000,000.00
05/17/2006	8	Midway Gold Corp. - Units	6,705,000.00	3,725,000.00
05/08/2006	69	Mistral Pharma Inc. - Common Shares	3,864,700.00	77,294,000.00
05/12/2006	24	MPVC Inc. - Common Shares	500,000.00	1,250,000.00
05/05/2006	52	Neotel International Inc. - Units	565,624.82	N/A
05/08/2006	1	NFX Gold Inc. - Common Shares	0.00	20,000.00
05/16/2006	40	Open Range Energy Corp. - Common Shares	5,700,000.00	1,000,000.00
05/10/2006	23	Osisko Exploration ltee - Units	16,006,250.00	4,925,000.00
04/28/2006	2	Peace Arch Entertainment Group Inc. - Common Shares	97,356.20	178,620.00
05/09/2006	17	Phoenix Matachewan Mines Inc. - Units	1,018,836.00	5,660,200.00
05/15/2004 to 06/01/2004	2	Polar Enterprise Partners - Units	182,398.00	2.00
05/05/2006	15	ProspEx Resources Ltd. - Common Shares	7,015,000.00	1,220,000.00
05/11/2006	27	Radisson Mining Resources Inc. - Units	1,207,500.00	3,450,000.00
05/03/2006	66	Rock Well Petroleum Inc. - Common Shares	35,311,733.45	23,541,158.00
05/11/2006	24	Seafield Resources Ltd. - Units	957,000.00	3,190,000.00
05/19/2006	99	Shear Minerals Ltd. - Common Shares	2,972,025.00	3,073,500.00
05/18/2006	4	Silver Spruce Resources Inc. - Flow-Through Shares	2,880,000.00	4,800,000.00
05/18/2006	13	Silver Spruce Resources Inc. - Non-Flow Through Units	1,810,000.00	3,620,000.00
05/16/2006	15	Soho Resources Corp. - Units	5,520,000.00	9,200,000.00
05/18/2006	21	SunOcean Energy Ltd. - Common Shares	2,978,000.25	3,970,667.00
05/12/2006	1	Tanzanian Royalty Exploration Corporation - Common Shares	375,000.00	40,783.00
05/12/2006	1	Tanzanian Royalty Exploration Corporation - Common Shares	1,000,000.00	10,124.00
05/08/2006	1	Twin Mining Corporation - Units	250,000.00	1,666,666.00
04/30/2006	239	Vertex Fund - Units	23,721,934.05	115.00
05/15/2006	6	Viron Therapeutics Inc. - Preferred Shares	19,676,459.48	3,142,469.00
10/01/2003 to 12/01/2005	5	Walter Scott & Partners Global Fund - Units	78,305,693.00	7,010,836.58
05/01/2003 to 12/01/2005	3	Walter Scott & Partners International Fund - Units	76,401,556.00	7,199,241.68

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
05/01/2006	1	Water Bank of America Inc. - Common Shares	500,000.00	1,190,476.00
05/16/2006	39	X-CAL Resources Ltd. - Common Shares	6,584,760.28	23,517,001.00
05/16/2006	1	X-CAL Resources Ltd. - Common Shares	3,200,000.00	10,000,000.00
05/09/2006	1	ZTEST Electronics Inc. - Warrants	0.00	132,104.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Altair Ventures Incorporated
Principal Regulator - British Columbia

Type and Date:

Preliminary CPC Prospectus dated May 26, 2006
Mutual Reliance Review System Receipt dated May 26, 2006

Offering Price and Description:

\$300,000.00 - 3,000,000 Shares Price: \$0.10

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

-

Project #945744

Issuer Name:

American Creek Resources Ltd.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated May 24, 2006
Mutual Reliance Review System Receipt dated May 25, 2006

Offering Price and Description:

Minimum: \$1,000,000.00; Maximum: \$1,500,000.00 up to 1,875,000 Units

Price: \$0.80 per Unit

Underwriter(s) or Distributor(s):

Leede Financial Markets Inc.

Promoter(s):

Allan Burton
Darren Blaney

Project #944713

Issuer Name:

Atlas Energy Ltd.
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated May 26, 2006
Mutual Reliance Review System Receipt dated May 26, 2006

Offering Price and Description:

\$25,500,000.00 - 5,000,000 Common Shares Price: \$5.10 per Common Share

Underwriter(s) or Distributor(s):

Peters & Co. Limited
Firstenergy Capital Corp.
GMP Securities L.P.
BMO Nesbitt Burns Inc.

Promoter(s):

-

Project #945542

Issuer Name:

Big Country Energy Services Income Fund
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated May 23, 2006
Mutual Reliance Review System Receipt dated May 25, 2006

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

TD Securities Inc.

Peters & Co. Limited

Raymond James Ltd.

Sprott Securities Inc.

Promoter(s):

Grand Mesa Trust

Project #944226

Issuer Name:

BNP Resources Inc.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated May 24, 2006
Mutual Reliance Review System Receipt dated May 25, 2006

Offering Price and Description:

Minimum: 8,000 Units (\$8,000,000.00); Maximum: 10,000 Units (\$10,000,000.00) Price: \$1,000 per Unit

Minimum Subscription: 5 Units (\$5,000.00)

Underwriter(s) or Distributor(s):

GMP Securities L.P.

Promoter(s):

Gregory Bilcox

Dave Bonnar

Project #944258

Issuer Name:

Breaker Energy Ltd.
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated May 25, 2006
Mutual Reliance Review System Receipt dated May 25, 2006

Offering Price and Description:

\$87,500,000.00 - 14,000,000 Subscription Receipts, each representing the right to receive one Class A Share Price: \$6.25 per Subscription Receipt

Underwriter(s) or Distributor(s):

FirstEnergy Capital Corp.
Tristone Capital Inc.
Wellington West Capital Markets Inc.
Canaccord Capital Corporation
BMO Nesbitt Burns Inc.
Blackmont Capital Inc.
Scotia Capital Inc.

Promoter(s):

P. Daniel O'Neil
Robert Leach
Project #944817

Issuer Name:

Cirrus Energy Corporation
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated May 30, 2006
Mutual Reliance Review System Receipt dated May 30, 2006

Offering Price and Description:

\$10,000,000.00 - * Common Shares Price: \$ * per Common Share

Underwriter(s) or Distributor(s):

Tristone Capital Inc.
Maison Placements Canada Inc.

Promoter(s):

David Taylor
Robert Carter
Project #947669

Issuer Name:

Copernican World Financial Infrastructure Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated May 24, 2006
Mutual Reliance Review System Receipt dated May 25, 2006

Offering Price and Description:

Maximum \$ * (* Units) Price: \$10.00 per Unit (Minimum Purchase: 100 Units)

Underwriter(s) or Distributor(s):

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

Promoter(s):

Copernican Capital Corp.
Project #944496

Issuer Name:

Faircourt Dividend Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated May 24, 2006
Mutual Reliance Review System Receipt dated May 25, 2006

Offering Price and Description:

Class A, F and I Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

Faircourt Asset Management Inc.
Project #944344

Issuer Name:

Katanga Mining Limited
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated May 26, 2006
Mutual Reliance Review System Receipt dated May 26, 2006

Offering Price and Description:

\$152,250,000.00 - 21,000,000 Common Shares Issuable on Exercise of 21,000,000 Subscription Receipts @ \$7.50 per Subscription Receipt

Underwriter(s) or Distributor(s):

GMP Securities L.P.
RBC Dominion Securities
Haywood Securities Inc.
Sprott Securities Inc.
Dundee Securities Corporation
Paradigm Capital Inc.

Promoter(s):

-

Project #945414

Issuer Name:

LAB Research Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Prospectus dated May 30, 2006
Mutual Reliance Review System Receipt dated May 30, 2006

Offering Price and Description:

\$ * - * Common Shares Price: \$ *

Underwriter(s) or Distributor(s):

Desjardins Securities Inc.
Orion Securities Inc.
Versant Partners Inc.
Westwind Partners Inc.
Jennings Capital Inc.
Paradigm Capital Inc.

Promoter(s):

-

Project #948136

Issuer Name:

Leader Energy Services Ltd.
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated May 26, 2006
Mutual Reliance Review System Receipt dated May 26, 2006

Offering Price and Description:

\$20,003,100.00 - 5,129,000 Common Shares Price: \$3.90 per Common Share

Underwriter(s) or Distributor(s):

Westwind Partners Inc.
Westwind Partners USA Inc.

Promoter(s):

-

Project #945733

Issuer Name:

Mavrix Enterprise Fund
Mavrix Growth Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectuses dated May 23, 2006
Mutual Reliance Review System Receipt dated May 25, 2006

Offering Price and Description:

Class F Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

Mavrix Fund Manager Inc.

Project #944052

Issuer Name:

Palmarejo Silver and Gold Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated May 26, 2006
Mutual Reliance Review System Receipt dated May 26, 2006

Offering Price and Description:

\$75,000,001.50 - 7,894,737 Common Shares and 3,947,368 Warrants issuable on exercise or deemed exercise of 7,894,737 Special Warrants Price: \$9.50 per Special Warrant

Underwriter(s) or Distributor(s):

Sprott Securities Inc.
Haywood Securities Inc.
Dundee Securities Corporation

Promoter(s):

Bolnisi Gold NL

Project #945089

Issuer Name:

Pathway Mining 2006 Flow-Through Limited Partnership
Principal Regulator - Ontario

Type and Date:

Amended and Restated Preliminary Prospectus dated May 23, 2006

Mutual Reliance Review System Receipt dated May 29, 2006

Offering Price and Description:

\$30,000,000.00 (Maximum Offering); \$3,000,000.00 (Minimum Offering) A Maximum of 3,000,000 and a Minimum of 300,000 Limited Partnership Units Minimum Subscription: 250 Units Subscription Price: \$10.00 per Unit

Underwriter(s) or Distributor(s):

Wellington West Capital Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Argosy Securities Inc.
Burgeonvest Securities Inc.
Integral Wealth Securities Ltd.
Leede Financial Markets Inc.

Promoter(s):

Pathway Mining 2006 Inc.

Project #918944

Issuer Name:

Pisces Capital Corp.
Principal Regulator - Ontario

Type and Date:

Preliminary CPC Prospectus dated May 29, 2006
Mutual Reliance Review System Receipt dated May 30, 2006

Offering Price and Description:

Minimum Offering: \$450,000.00 or 3,000,000 Common Shares; Maximum Offering: \$600,000.00 or 4,000,000 Common Shares Price: \$0.15 per Common Share

Underwriter(s) or Distributor(s):

Leede Financial Markets Inc.

Promoter(s):

-

Project #947672

Issuer Name:

RBC \$U.S. Income Fund
RBC \$U.S. Money Market Fund
RBC Asian Equity Fund
RBC Balanced Fund
RBC Blue Chip Canadian Equity Fund
RBC Bond Fund
RBC Canadian Diversified Income Trust Fund
RBC Canadian Equity Fund
RBC Canadian Growth Fund
RBC Canadian Money Market Fund
RBC Canadian Short-Term Income Fund
RBC Canadian T-Bill Fund
RBC Canadian Value Fund
RBC Dividend Fund
RBC Energy Fund
RBC Global Bond Fund
RBC Global Corporate Bond Fund
RBC Global High Yield Fund
RBC Global Titans Fund
RBC International Equity Fund
RBC Monthly Income Fund
RBC O'Shaughnessy Canadian Equity Fund
RBC O'Shaughnessy International Equity Fund
RBC O'Shaughnessy U.S. Value Fund
RBC Precious Metals Fund
RBC U.S. Equity Currency Neutral Fund
RBC U.S. Equity Fund
RBC U.S. Mid-Cap Equity Currency Neutral Fund
RBC U.S. Mid-Cap Equity Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectuses dated May 26, 2006
Mutual Reliance Review System Receipt dated May 29, 2006

Offering Price and Description:

Series A, F, I, O and Advisor Series Units

Underwriter(s) or Distributor(s):

Royal Mutual Funds Inc.
Royal Mutual Funds Inc.
RBC Asset Management Inc.
RBC Dominion Securities Inc.

Promoter(s):

RBC Asset Management Inc.

Project #945357

Issuer Name:

Silverwing Energy Inc.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated May 26, 2006
Mutual Reliance Review System Receipt dated May 29, 2006

Offering Price and Description:

\$35,000,000.00 - * Shares Price: \$ * per Share and \$* per Flow-through Share

Underwriter(s) or Distributor(s):

Westwind Partners Inc.
Orion Securities Inc.

Promoter(s):

Terry O'Connor
Oleh Wowkodaw

Project #945758

Issuer Name:

Student Transportation of America Ltd.
Student Transportation of America ULC
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated May 24, 2006
Mutual Reliance Review System Receipt dated May 24, 2006

Offering Price and Description:

\$60,025,000.00 - 4,900,000 Income Participating Securities
Price: \$12.25 per IPS

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
Sprott Securities Inc.
Wellington West Capital Markets Inc.
National Bank Financial Inc.

Promoter(s):

-

Project #943958/943964

Issuer Name:

WIN Energy Corporation
Principal Regulator - Alberta

Type and Date:

Amended and Restated Preliminary Prospectus dated May 29, 2006
Mutual Reliance Review System Receipt dated May 29, 2006

Offering Price and Description:

\$30,000,000.00 - * Common Shares Price: \$* per share

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
Jennings Capital Inc.
Canaccord Capital Corporation
GMP Securities L.P.

Promoter(s):

-

Project #936372

Issuer Name:

Advantaged Preferred Share Trust
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 24, 2006
Mutual Reliance Review System Receipt dated May 25, 2006

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Berkshire Securities Inc.
Blackmont Capital Inc.
Canada Canaccord Capital Corporation
Dundee Securities Corporation
Wellington West Capital Inc.

Promoter(s):

RBC Dominion Securities Inc.

Project #916520

Issuer Name:

Big Bank Big Oil Split Corp.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 26, 2006
Mutual Reliance Review System Receipt dated May 29, 2006

Offering Price and Description:

\$150,000,000.00 (Maximum) 6,000,000 Preferred Shares and 6,000,000 Capital Shares

Underwriter(s) or Distributor(s):

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

Promoter(s):

Claymore Investments, Inc.

Project #927563

Issuer Name:

Chrysalis Capital III Corporation
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 19, 2006
Mutual Reliance Review System Receipt dated May 24, 2006

Offering Price and Description:

MINIMUM OFFERING: \$750,000.00 or 3,750,000 Common Shares; MAXIMUM OFFERING: \$1,250,000.00 or 6,250,000 Common Shares PRICE: \$0.20 per Common Share Agent's Option (as defined herein) Incentive Stock Options (as defined herein) Charitable Stock Options (as defined herein)

Underwriter(s) or Distributor(s):

Research Capital Corporation

Promoter(s):

-

Project #933570

Issuer Name:

Churchill IV Debenture Corp.
Churchill IV Real Estate Limited Partnership

Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated May 29, 2006
Mutual Reliance Review System Receipt dated May 30, 2006

Offering Price and Description:

Minimum: \$2,500,000.00 (200 Units); Maximum: \$20,000,000.00 (1,600 Units) \$12,500 per Unit

Underwriter(s) or Distributor(s):

Dundee Securities Corporation

Promoter(s):

Churchill International Securities Corporation

Project #931182/931076

Issuer Name:

Cordero Energy Inc.
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated May 26, 2006
Mutual Reliance Review System Receipt dated May 26, 2006

Offering Price and Description:

\$19,937,500.00 - 2,750,000 Common Shares Price: \$7.25 per Common Share

Underwriter(s) or Distributor(s):

Peters & Co. Limited
Tristone Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.

Promoter(s):

-

Project #941470

Issuer Name:

diversiGlobal Dividend Value Fund
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 30, 2006
Mutual Reliance Review System Receipt dated May 30, 2006

Offering Price and Description:

Maximum \$100,000,000.00 (10,000,000 Trust Units)

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
Scotia Capital Inc.
TD Securities Inc
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Berkshire Securities Inc.
Blackmont Capital Inc.

Promoter(s):

Goodman & Company, Investment Counsel Ltd.

Project #927043

Issuer Name:

Dynamic Canadian Dividend Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated May 26, 2006
Mutual Reliance Review System Receipt dated May 29, 2006

Offering Price and Description:

Series A, F and I Units @ Net Asset Value

Underwriter(s) or Distributor(s):

Goodman & Company, Investment Counsel Ltd.
Goodman & Company, Investment Counsel Ltd.

Promoter(s):

Goodman & Company, Investment Counsel Ltd.

Project #920371

Issuer Name:

Enervest FTS Limited Partnership 2006
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated May 24, 2006
Mutual Reliance Review System Receipt dated May 24, 2006

Offering Price and Description:

Maximum 1,200,000 limited partnership units @ \$25/unit - \$30,000,000.00
Minimum 200,000 limited partnership units @ \$25/unit - \$5,000,000.00

Underwriter(s) or Distributor(s):

GMP Securities L.P.
Raymond James Ltd.
Blackmont Capital Inc.
Canaccord Capital Corporation
Richardson Partners Financial Limited
Acumen Capital Finance Partners Limited

Promoter(s):

EnerVest 2006 General Partner Corp.
EnerVest Management Ltd.
Project #932177

Issuer Name:

Fronteer Development Group Inc.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated May 25, 2006
Mutual Reliance Review System Receipt dated May 25, 2006

Offering Price and Description:

\$38,400,000.00 - 6,000,000 Common Shares \$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):

-

Project #940898

Issuer Name:

Garda World Security Corporation
Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated May 26, 2006
Mutual Reliance Review System Receipt dated May 30, 2006

Offering Price and Description:

\$105,300,000.00 - 4,500,000 Class "A" Shares Issuable Upon the Exercise of Previously Issued Special Warrants

Underwriter(s) or Distributor(s):

GMP Securities L.P.
BMO Nesbitt Burns Inc.
Desjardins Securities Inc.

Promoter(s):

-

Project #942174

Issuer Name:

Hood Enhanced Income Fund

Type and Date:

Amended and Restated Simplified Prospectus dated May 11, 2006, amending and restating Simplified Prospectus and Annual Information Form dated March 7, 2006
Received on May 24, 2006

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

J.C. Hood Investment Counsel Inc.
Project #866810

Issuer Name:

Ithaca Energy Inc.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated May 24, 2006
Mutual Reliance Review System Receipt dated May 26, 2006

Offering Price and Description:

Offering: up to 10,643,810 Common Shares at C\$2.10 per share (C\$22,352,000.00); Minimum Combined Offering: 23,948,572 Common Shares (C\$50,292,000.00); Maximum Combined Offering: 37,253,334 Common Shares (C\$78,232,000.00)

Underwriter(s) or Distributor(s):

Research Capital Corporation
CIBC World Markets Inc.

Promoter(s):

Neill A. Carson
Project #925570

Issuer Name:

Medicure Inc.
Principal Regulator - Manitoba

Type and Date:

Final Short Form Shelf Prospectus dated May 23, 2006
Mutual Reliance Review System Receipt dated May 25, 2006

Offering Price and Description:

US\$42,000,000.00 - 20,000,000 Common Shares Price of US\$2.10

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #939526

Issuer Name:

Newport Partners Income Fund
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated May 29, 2006
Mutual Reliance Review System Receipt dated May 29, 2006

Offering Price and Description:

\$75,026,000.00 - 8,155,000 Units Price: \$9.20 per Unit

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CIBC World Markets Inc.
Sprott Securities Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
Scotia Capital Inc.
TD Securities Inc.
Raymond James Ltd.
Acumen Capital Finance Partners Limited
Blackmont Capital Inc.

Promoter(s):

-

Project #942464

Issuer Name:

Pathway Mining 2006 Flow-Through Limited Partnership
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 29, 2006
Mutual Reliance Review System Receipt dated May 30, 2006

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Wellington West Capital Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Argosy Securities Inc.
Burgeonvest Securities Inc.
Integral Wealth Securities Ltd.
Leede Financial Markets Inc.

Promoter(s):

Pathway Mining 2006 Inc.

Project #918944

Issuer Name:

Precious Metals and Mining Trust
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 29, 2006
Mutual Reliance Review System Receipt dated May 30, 2006

Offering Price and Description:

Maximum: \$200,000,000.00 (20,000,000 Units)

Underwriter(s) or Distributor(s):

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

Promoter(s):

Sentry Select Capital Corp.

Project #928505

Issuer Name:

Silver Eagle Mines Inc.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 26, 2006
Mutual Reliance Review System Receipt dated May 29, 2006

Offering Price and Description:

(1) Minimum Offering of \$10,000,000.00 (8,000,000 Units);
Maximum Offering of \$15,000,000.00 (12,000,000 Units)
Price: \$1.25 per Unit; (2) 1,610,950 Common Shares and
805,475 common share purchase warrants issuable upon
exercise of 1,464,500 previously issued Special Warrants
Price: \$1.00 per Special Warrant; (3) 161,095
Compensation Options issuable upon the exercise of
146,450 previously issued compensation warrants, each
Compensation Option entitling the holder to purchase one
Unit at a price of \$1.00 per Unit

Underwriter(s) or Distributor(s):

Blackmont Capital Inc.
TD Securities Inc.

Promoter(s):

-

Project #911691

Issuer Name:

SNP Split Corp.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated May 26, 2006
Mutual Reliance Review System Receipt dated May 26, 2006

Offering Price and Description:

US \$28,624,191.00 - 2,792,604 Class B Preferred Shares,
Series 1

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Raymond James Ltd.

Promoter(s):

-

Project #933833

Issuer Name:

TORR Canada Inc.
Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated May 25, 2006
Mutual Reliance Review System Receipt dated May 25, 2006

Offering Price and Description:

\$20,130,000.00 - 12,200,000 Common Shares Price: \$1.65
per Common Share

Underwriter(s) or Distributor(s):

Blackmont Capital Inc.
Paradigm Capital Inc.
Versant Partners Inc.

Promoter(s):

-

Project #941497

Issuer Name:

WebTech Wireless Inc.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated May 30, 2006
Mutual Reliance Review System Receipt dated May 30, 2006

Offering Price and Description:

\$10,000,000.00 - 6,896,552 Common Shares to be issued
upon exercise of 6,896,552 previously issued Special
Warrants

Underwriter(s) or Distributor(s):

Wellington West Capital Markets Inc.
GMP Securities L.P.
Clarus Securities Inc.
Paradigm Capital Inc.

Promoter(s):

-

Project #933183

Issuer Name:

Wood Composite Technologies Inc.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated May 25, 2006
Mutual Reliance Review System Receipt dated May 26, 2006

Offering Price and Description:

Minimum - \$5,025,000.00; Maximum - \$12,525,000.00 -
6,700,000 Common Shares up to 16,700,000 Common
Shares \$0.75 per Common Share

Underwriter(s) or Distributor(s):

J.F. Mackie & Company Ltd.
Canaccord Capital Corporation

Promoter(s):

John Greenwood

Project #917816

Issuer Name:

QCM Income Fund
Principal Jurisdiction - Quebec

Type and Date:

Amended and Restated Preliminary Prospectus dated
November 16th, 2005
Withdrawn on May 25th, 2006

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
Laurentian Bank Securities Inc.

Promoter(s):

168754 Canada Inc.

Project #853374

Issuer Name:

Stock Exchange Sector Fund
Principal Jurisdiction - Ontario

Type and Date:

Preliminary Prospectus dated April 5th, 2006
Withdrawn on May 25th, 2006

Offering Price and Description:

\$ * - * Unit Price: \$10.00 per Unit; Minimum Purchase: 100
Units

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Raymond James Ltd.
Bieber Securities Inc.
Blackmont Capital Inc.
Laurentian Bank Securities Inc.
Wellington West Capital Inc.

Promoter(s):

Quadravest Capital Management Inc.

Project #916106

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Palodun Capital Limited	Limited Market Dealer	May 31, 2006-
Voluntary Surrender	Wave Securities Canada Inc.	Investment Dealer	May 29, 2006
New Registration	CCM Holdings IV, LLC	Investment Counsel and Portfolio Manager	May 25, 2006
Voluntary Surrender	H&R Block Canada Financial Services Inc.	Scholarship Plan Dealer	May 29, 2006
Change of Name	From: Sakk Asset Management Inc. To: Stonebrooke Asset Management Ltd.	Investment Counsel and Portfolio Manager	May 12, 2006
Reinstated	Gestion D'investissement Merrill (Institutionnel) Canada Ltee / Merrill Lynch Investment Managers (Institutional) Canada Ltd. -	Extra Provincial Limited Market Dealer and Investment Counsel and Portfolio Manager	May 12, 2006
Suspended	AIC Private Portfolio Group Inc.	Investment Dealer	May 3, 2006

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA Atlantic Hearing Panel Makes Findings Against Barry James Coleman

NEWS RELEASE
For immediate release

For further information, please contact:
Shaun Devlin
Vice-President, Enforcement
(416) 943-4672 or sdevlin@mfd.ca

MFDA ATLANTIC HEARING PANEL MAKES FINDINGS AGAINST BARRY JAMES COLEMAN

May 30, 2006 (Toronto, Ontario) – A disciplinary hearing in the Matter of Barry James Coleman was held yesterday before a Hearing Panel of the Atlantic Regional Council of the Mutual Fund Dealers Association of Canada (“MFDA”) in Moncton, New Brunswick. The Hearing Panel found that the two allegations set out by MFDA staff in the Notice of Hearing dated December 19, 2005 (as amended), summarized below, had been established:

Allegation #1: Between May 2004 and January 2005 Mr. Coleman misappropriated the sum of \$28,250, more or less, from a client and thereby failed to deal fairly, honestly and in good faith with that client, contrary to MFDA Rule 2.1.1.

Allegation #2: Between May 2004 and January 2005 Mr. Coleman performed a series of unauthorized redemptions from the account of a client totaling \$31,400, more or less, and thereby failed to deal fairly, honestly and in good faith with that client, contrary to MFDA Rule 2.1.1.

The Hearing Panel made the following orders with respect to penalty at the conclusion of the hearing and advised that it would issue written reasons for its decision in due course:

- A permanent prohibition on Mr. Coleman from engaging in any securities-related business in any capacity;
- A fine in the amount of \$25,000; and
- Costs in the amount of \$7,500.

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

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 176 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

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Index

1248136 Ontario Limited		
Notice from the Office of the Secretary	4520	
Order - s. 127	4563	
Acadian Timber Income Fund		
MRRS Decision.....	4536	
ACE/Security Laminates Corporation		
Order - s. 144	4556	
Cease Trading Order	4569	
AIC Private Portfolio Group Inc.		
Suspended.....	4665	
Airesurf Networks Holdings Inc.		
Cease Trading Order	4569	
Argus Corporation Limited		
Cease Trading Order	4569	
Assignment of Certain Powers and Duties of the OSC - s. 6(3)		
Notice.....	4505	
Notice.....	4510	
Bennett Environmental Inc.		
Cease Trading Order	4569	
BF Minerals Ltd.		
Cease Trading Order	4569	
Big Red Diamond Corporation		
Cease Trading Order	4569	
Brown, Roy		
Notice from the Office of the Secretary	4518	
Order -s. 127(7)	4558	
Brown-Rodrigues, Roy		
Notice from the Office of the Secretary	4518	
Order -s. 127(7)	4558	
Cassidy, Diana		
Notice from the Office of the Secretary	4517	
Notice from the Office of the Secretary	4518	
Order -s . 127(7)	4555	
Order -s . 127(7)	4559	
Castaneda, Jose L.		
Notice from the Office of the Secretary	4519	
Order - s. 127	4561	
Catone, Ron		
Notice from the Office of the Secretary	4517	
Notice from the Office of the Secretary	4518	
Order -s . 127(7)	4555	
Order -s . 127(7)	4559	
CCM Holdings IV, LLC		
New Registration	4665	
China Education Resources Inc.		
Cease Trading Order.....	4569	
ClaymorETF FTSE RAFI Canadian Index Fund et al.		
Order - s. 1.1 of OSC Rule 48-501	4562	
Coleman, Barry James		
SRO Notices and Disciplinary Proceedings.....	4667	
Colin Taylor,		
Notice from the Office of the Secretary	4520	
Order - s. 127	4563	
Continental Home Healthcare Ltd.		
Cease Trading Order.....	4569	
Covenant Capital Management of Tennessee, LLC		
Order - s. 80 of the CSA.....	4545	
CSA Staff Notice 43-306 - Technical Reports Filed for Prospectus Offerings		
Notice	4509	
DataMirror Corporation		
Cease Trading Order.....	4569	
Dectron Internationale Inc.		
Cease Trading Order.....	4569	
Denninghouse Inc.		
Cease Trading Order.....	4569	
Dimensional Fund Advisors Canada Inc.		
MRRS Decision	4523	
Dynamic Canadian Dividend Fund		
MRRS Decision	4521	
MRRS Decision	4526	
Fareport Capital Inc.		
Cease Trading Order.....	4569	
FET Resources Ltd.		
MRRS Decision	4541	
First Global Ventures, S.A.		
Notice from the Office of the Secretary	4519	
Order - ss. 127(1), 127(5).....	4560	
Foccini International Inc.		
Cease Trading Order.....	4569	

Garner, Ron		Juniper Equity Growth Fund	
Notice from the Office of the Secretary	4517	Notice from the Office of the Secretary	4518
Notice from the Office of the Secretary	4518	Order -s. 127(7).....	4558
Order -s . 127(7)	4555		
Order -s . 127(7)	4559	Juniper Fund Management Corporation	
		Notice from the Office of the Secretary	4518
Gary Usling,		Order -s. 127(7).....	4558
Notice from the Office of the Secretary	4520		
Order - s. 127	4563	Juniper Income Fund	
		Notice from the Office of the Secretary	4518
Genesis Land Development Corp.		Order -s. 127(7).....	4558
Cease Trading Order	4569		
		Kader, Khaldoun	
Gestion D'investissement Merrill (Institutionnel)		OSC Decisions, Orders and Rulings	4565
Canada Ltee / Merrill Lynch Investment Managers			
(Institutional) Canada Ltd.		Lakefield Marketing Corporation	
Reinstated.....	4665	Cease Trading Order.....	4569
Goodman & Company, Investment Counsel Ltd.		Lanys, Steven	
MRRS Decision.....	4521	Notice from the Office of the Secretary	4517
MRRS Decision.....	4526	Notice from the Office of the Secretary	4518
		Order -s . 127(7).....	4555
Grossman, Allen		Order -s . 127(7).....	4559
Notice from the Office of the Secretary	4517		
Notice from the Office of the Secretary	4518	Lease-Rite Corporation Inc.	
Order -s . 127(7)	4555	Cease Trading Order.....	4569
Order -s . 127(7)	4559		
		Lewis Taylor Jr.,	
Grossman, Allen		Notice from the Office of the Secretary	4520
Notice from the Office of the Secretary	4519	Order - s. 127	4563
Order - ss. 127(1), 127(5)	4560		
		Lewis Taylor Sr.,	
H&R Block Canada Financial Services Inc.		Notice from the Office of the Secretary	4520
Voluntary Surrender.....	4665	Order - s. 127	4563
Hip Interactive Corp.		Maitland Capital Ltd.	
Cease Trading Order	4569	Notice from the Office of the Secretary	4517
		Notice from the Office of the Secretary	4518
HMZ Metals Inc.		Order -s . 127(7).....	4555
Cease Trading Order	4569	Order -s . 127(7).....	4559
Hollinger Canadian Newspapers, Limited Partnership		Marlow Group Private Portfolio Management Inc.	
Cease Trading Order	4569	Notice from the Office of the Secretary	4517
		Order - s. 127	4550
Hollinger Inc.			
Cease Trading Order	4569	Marlow Group Securities Inc.	
		Notice from the Office of the Secretary	4517
Hyacinthe, Marianne		Order - s. 127	4550
Notice from the Office of the Secretary	4517		
Notice from the Office of the Secretary	4518	Marlow, Terrence William	
Order -s . 127(7)	4555	Notice from the Office of the Secretary	4517
Order -s . 127(7)	4559	Order - s. 127	4550
Interquest Incorporated		Mckenzie, Roger	
Cease Trading Order	4569	Notice from the Office of the Secretary	4517
		Notice from the Office of the Secretary	4518
Jared Taylor,		Order -s . 127(7).....	4555
Notice from the Office of the Secretary	4520	Order -s . 127(7).....	4559
Order - s. 127	4563		
		MedX Health Corp.	
		Cease Trading Order.....	4569

Mega-C Power Corporation		Rouse, William	
Notice from the Office of the Secretary	4520	Notice from the Office of the Secretary	4517
Order - s. 127	4563	Notice from the Office of the Secretary	4518
Mezinski, Tom		Order - s. 127(7)	4555
Notice from the Office of the Secretary	4517	Order - s. 127(7)	4559
Notice from the Office of the Secretary	4518	Sakk Asset Management Inc.	
Order - s. 127(7)	4555	Change of Name	4665
Order - s. 127(7)	4559	Simplex Solutions Inc.	
Mindready Solutions Inc.		Cease Trading Order	4569
Cease Trading Order	4569	Snow, Jason	
Morgan Stanley Hedge Fund Partners Cayman Ltd.		Notice from the Office of the Secretary	4517
Order - s. 80 of the CFA	4547	Notice from the Office of the Secretary	4518
Morgan Stanley Hedge Fund Partners GP LP		Order - s. 127(7)	4555
Order - s. 80 of the CFA	4547	Order - s. 127(7)	4559
Morgan Stanley Hedge Fund Partners LP		SNP Split Corp.	
Order - s. 80 of the CFA	4547	MRRS Decision	4534
Norrep Performance 2005 Flow-Through Limited Partnership		Specialty Foods Group Income Fund	
MRRS Decision	4538	Cease Trading Order	4569
Nortel Networks Corporation		Sterling Leaf Income Trust	
Cease Trading Order	4569	Cease Trading Order	4569
Nortel Networks Limited		Stonebrooke Asset Management Ltd.	
Cease Trading Order	4569	Change of Name	4665
Novelis Inc.		Traxis Partners LLC	
Cease Trading Order	4569	Order - s. 80 of the CFA	4547
ONE Signature Financial Corporation		Ulfan, Hanouch	
Cease Trading Order	4569	Notice from the Office of the Secretary	4517
OSC Policy 51-604 – Defence for Misrepresentations in Forward-Looking Information		Notice from the Office of the Secretary	4518
Request for Comments	4571	Order - s. 127(7)	4555
OSC Staff Notice 55-701 - Automatic Securities Disposition Plans and Automatic Securities Purchase Plans		Order - s. 127(7)	4559
Notice	4513	Universal Settlements International Inc.	
Palodun Capital Limited		Notice from the Office of the Secretary	4516
New Registration	4665	Valde, Gord	
Precision Assessment Technology Corporation		Notice from the Office of the Secretary	4517
Cease Trading Order	4569	Notice from the Office of the Secretary	4518
Rene Pardo,		Order - s. 127(7)	4555
Notice from the Office of the Secretary	4520	Order - s. 127(7)	4559
Order - s. 127	4563	Waddingham, Leonard	
Rhodia S.A.		Notice from the Office of the Secretary	4517
MRRS Decision	4528	Notice from the Office of the Secretary	4518
		Order - s. 127(7)	4555
		Order - s. 127(7)	4559
		Wave Securities Canada Inc.	
		Voluntary Surrender	4665

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