The Ontario Securities Commission

OSC Bulletin

September 8, 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)

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

SEPTEMBER 08, 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
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20 Queen Street West
Toronto, Ontario
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Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

September 12, 2006 10:00 a.m.	**Maitland Capital Ltd *et al*** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: PMM/ST
September 12, 2006 10:00 a.m.	**First Global Ventures, S.A. and Allen Grossman** s. 127 D. Ferris in attendance for Staff Panel: PMM/ST
September 13, 2006 10:00 a.m.	**Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: PMM/ST
September 21, 2006 10:00 a.m.	**Eugene N. Melnyk, Roger D. Rowan, Watt Carmichael Inc., Harry J. Carmichael and G. Michael McKenney** s. 127 and 127.1 J. Superina in attendance for Staff Panel: TBA
September 21, 2006 10:00 a.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s.127 and 127.1 D. Ferris in attendance for Staff Panel: SWJ/ST

October 12, 2006 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: TBA
October 19, 2006 10:00 a.m.	**Euston Capital Corporation and George Schwartz** s. 127 Y. Chisholm in attendance for Staff Panel: WSW/ST
October 20, 2006 10:00 a.m.	**Olympus United Group Inc.** s.127 M. MacKewn in attendance for Staff Panel: TBA
October 20, 2006 10:00 a.m.	**Norshield Asset Management (Canada) Ltd.** s.127 M. MacKewn in attendance for Staff Panel: TBA
December 5, 6, & 7, 2006 10:00 a.m.	**Jose Castaneda** s. 127 and 127.1 T. Hodgson in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**Cornwall *et al*** s. 127 K. Manarin in attendance for Staff Panel: TBA
TBA	**Robert Patrick Zuk, Ivan Djordjevic, Matthew Noah Coleman, Dane Alan Walton, Derek Reid and Daniel David Danzig** s. 127 J. Waechter in attendance for Staff Panel: TBA
TBA	**John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir** S. 127 & 127.1 K. Manarin in attendance for Staff Panel: TBA
TBA	**Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson** s.127 J. Superina in attendance for Staff Panel: TBA
TBA	**Philip Services Corp., Allen Fracassi**, Philip Fracassi**, Marvin Boughton**, Graham Hoey**, Colin Soule*, Robert Waxman and John Woodcroft**** s. 127 K. Manarin 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

TBA	**Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg**
	s. 127
	M. MacKewn & T. Hodgson for Staff
	Panel: TBA
TBA	**Bennett Environmental Inc.*, John Bennett, Richard Stern, Robert Griffiths and Allan Bulckaert***
	J. Cotte in attendance for Staff
	Panel: TBA
	* settled June 20, 2006
TBA	**John Daubney and Cheryl Littler**
	s. 127 & 127.1
	G. Mackenzie in attendance for Staff
	Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

Andrew Keith Lech

S. B. McLaughlin

Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein, Robert Topol

Andrew Stuart Netherwood Rankin

1.1.2 Notice of Commission Approval - Amendments to IDA Regulation 100.12 - Optional Use of Value at Risk Modeling

INVESTMENT DEALERS ASSOCATION OF CANADA

AMENDMENTS TO REGULATION 100.12 REGARDING THE OPTIONAL USE OF VALUE AT RISK MODELING TO DETERMINE CAPITAL REQUIREMENTS FOR MEMBER FIRM SECURITY POSITIONS

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved amendments to IDA Regulation 100.12 regarding the optional use of value at risk modeling to determine capital requirements for member firm security positions. In addition, the British Columbia Securities Commission and Alberta Securities Commission did not object to, and the Autorité des marchés financiers approved, the amendments. The purpose of the amendments is to allow for an alternative method of determining capital requirements for member firm security positions, subject to certain conditions, for those IDA member firms who maintain sophisticated and/or significant proprietary inventories, the by-product of which will be capital requirements which are more reflective of the overall market risk of the proprietary inventory. The proposed amendments were published for comment on November 11, 2005 at (2005) 28 OSCB 9204. Some nonmaterial changes have been made to the amendments that were originally published, and a black-lined version highlighting the changes is being published in Chapter 13 of this Bulletin. A summary of the comments received and the IDA's response are also published in Chapter 13.

1.1.3 CSA Staff Notice 51-320 - Options Backdating

CSA STAFF NOTICE 51-320 -
OPTIONS BACKDATING

As a result of recent media attention about the apparent backdating of options in the US, Canadian market participants have expressed interest in the dating of stock options granted by reporting issuers in Canada. Staff in the jurisdictions represented by the Canadian Securities Administrators (CSA), are publishing this notice to communicate our understanding of this issue in the Canadian context.

It has been suggested that some US-based companies granted options to executives and then claimed that they issued them at an earlier date than they actually did. This enabled them to base the exercise price of the options on a lower market price for the issuer's shares. There are also broader concerns in the US that issuers may have timed the granting of stock options using their expectations of stock price movements.

There are some historically different regulatory requirements in Canada that may reduce the opportunity for Canadian companies to backdate or time option grants, for example:

- The Toronto Stock Exchange (TSX) imposes the following rules for its listed companies:

  (i) the exercise price for options granted by listed issuers must not be less than the market price of the underlying securities when the options are granted;

  (ii) the exercise price must not be based on market prices that do not reflect undisclosed material information; and

  (iii) all option grants must be reported to the TSX within ten days of the end of the month in which the grant was made.

- The TSX Venture Exchange (TSX-V) imposes similar rules, though it allows an issuer to set the exercise price at a discount (ranging from 15% to 25%) from the market price, which is specified by the TSX-V.

- Securities legislation generally requires insiders of reporting issuers to file a report on SEDI within ten days of any change in their direct or indirect beneficial ownership of or control or direction over securities of the issuer, including options.

The board of directors of an issuer is responsible for ensuring that the issuer prices options appropriately and discloses them properly. The following guidance may reduce concerns about the timing of option grants and the risk of non-compliance with securities legislation:

- establish a compensation committee that follows the guidance contained in National Policy 58-201 - *Corporate Governance Guidelines*;

- consider the guidance in National Policy 51-201 – *Disclosure Standards* including adopting a corporate disclosure policy, adopting an insider trading policy, and establishing "blackout periods" around earnings announcements; and

- ensure that, following a grant of options to insiders, the issuer provides them with details of their grants so that they can comply with their legal obligation to file insider reports on SEDI within 10 days.

CSA staff recommend that all issuers assess current policies, procedures and controls for option grants and equity-based awards to ensure that they comply with relevant stock exchange rules and securities legislation. If CSA staff become aware, through disclosure reviews, tips, or otherwise, of abuses by reporting issuers, they may take enforcement action against the issuers or their directors and officers. In considering the appropriate course of action, CSA staff may take into account what steps, if any, such issuers took to ensure their policies and controls complied with regulatory requirements.

September 8, 2006

1.1.4 Notice of Commission Order - ICE Futures Application for Exemptive Relief

ICE FUTURES

APPLICATION FOR EXEMPTIVE RELIEF

NOTICE OF COMMISSION ORDER

On September 1, 2006, the Commission granted ICE Futures an exemption from (i) the requirement to be recognized as a stock exchange under section 21 of the Securities Act (Ontario); and (ii) the requirement to be registered as a commodity futures exchange under section 15 of the Commodity Futures Act (Ontario)(CFA). The Commission also granted an exemption from section 33 of the CFA for trades in contracts on ICE Futures by registered futures commission merchants and an exemption from the registration requirements in section 22 of the CFA for trades in contracts on ICE Futures for "hedgers, as defined in the CFA. Relief from section 33 of the CFA was granted as the section 33 relief specified in the deemed rule "In The Matter Of Trading In Commodity Futures Contracts and Commodity Futures Options Entered Into On Commodity Futures Exchanges Situate Outside Canada Other Than Commodity Futures Exchanges In The United States Of America" is for trades "by and with registered futures commission merchants" which is possibly too restrictive for trades made on ICE Futures. Relief granted for trades in contracts on ICE Futures by registered futures commission merchants.

The Commission published the ICE Futures application and proposed exemption order for comment on July 21, 2006. No comments were received.

A copy of the exemption order is published in Chapter 2 of this Bulletin.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 SEI Investments Canada Company - MRRS Decision

Headnote

Mutual reliance review system for exemptive relief applications – Applicant exempted from the dealer registration requirements in the Legislation in respect of trades in securities of mutual funds to Capital Accumulation Plans, subject to terms and conditions.

Statutes Cited

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

Rules Cited

National Instrument 81-102 – Mutual Funds.
National Instrument 81-104 - Commodity Pools.
National Instrument 81-106 – Investment Fund Continuous Disclosure.
National Instrument 45-106 – Prospectus and Registration Exemptions.

Published Documents Cited

Amendments to NI 45-106 – Registration and Prospectus Exemption for Certain Capital Accumulation Plans, October 21, 2005 (2005), 25 OSCB 8681.

August 29, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, QUEBEC, NEWFOUNDLAND AND
LABRADOR, YUKON AND NUNAVUT
(the Jurisdictions)**

AND

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

AND

**IN THE MATTER OF
SEI INVESTMENTS CANADA COMPANY
(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 an exemption from the dealer registration requirements of the Legislation in respect of certain trading by the Filer and the officers and employees acting on the Filer's behalf in the securities of mutual funds (the **Requested Relief**);

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation governed by the laws of the Province of Nova Scotia. Its head office is located in Toronto, Ontario.

2. The Filer is registered as an adviser in the categories of investment counsel and portfolio manager in each of British Columbia, Alberta, Ontario and Nova Scotia, and as an adviser with an unrestricted practice in Quebec.

3. The Filer is registered as a dealer in the category of limited market dealer in Ontario. The Filer is also registered as a commodity trading manager in Ontario.

4. The Filer is the manager of 28 mutual funds that are prospectus qualified (27 of which are governed by National Instrument 81-102 - *Mutual Funds* and one of which is a commodity pool governed by National Instrument 81-104 - *Commodity Pools*) and 2 mutual funds that are distributed under exemptions from the prospectus requirements of the Legislation. The Filer may, in the future, be the manager of additional mutual funds.

5. The Filer carries on business primarily as an investment counsel and portfolio manager. In connection with this principal business, the Filer distributes securities of its mutual funds on a prospectus-exempt basis directly to accredited investors, as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions* (**NI 45-106**), who are, primarily, trusts having net assets of at least $5,000,000.

6. The Filer also carries on business as a service provider (a **Service Provider**) to sponsors (**Plan Sponsors**) of tax assisted investment or savings plans (**Capital Accumulation Plans or CAPs**), such as defined contribution registered pension plans, group registered retirement savings plans, group registered education savings plans or deferred profit sharing plans that permit CAP members to make investment decisions among two or more investment options offered within the Capital Accumulation Plan. A Plan Sponsor may be an employer, trustee, trade union or association.

7. As a Service Provider, the Filer may provide services to Plan Sponsors with respect to the design, establishment or operation of a Capital Accumulation Plan. The Filer also may carry out responsibilities of a Plan Sponsor that are delegated to it.

8. The Filer intends to trade in the securities of mutual funds to current or former employees of an employer, or a person who belongs, or did belong to a trade union or association or,

   (a) his or her spouse;

   (b) a trustee, custodian or administrator who is acting on his or her behalf, or for his or her benefit, or on behalf of, or for the benefit of, his or her spouse; or

   (c) his or her holding entity or a holding entity of his or her spouse,

   that has assets in a CAP, including a person that is eligible to participate in a CAP (**Members**) as a part of a Member's participation in a Capital Accumulation Plan.

9. The Filer intends to trade securities of mutual funds to a Capital Accumulation Plan or a Member in accordance with the conditions specified in proposed amendments to NI 45-106 related to CAPs which were published by the Canadian Securities Administrators on October 21, 2005 (the **Proposed CAP Exemption**).

10. By decision document dated January 16, 2006 (the **January Decision**), the Decision Makers in Ontario and Quebec granted a registration exemption to the Filer which was restricted to trades in mutual funds of which the Filer is or becomes the manager and portfolio manager (**Proprietary Mutual Funds**).

11. The January Decision is narrower than the Proposed CAP Exemption because the latter is not limited to Proprietary Mutual Funds.

12. The Filer is a Service Provider to some CAPs with investment options that are not limited to Proprietary Mutual Funds.

13. The Filer is a Service Provider in respect of a CAP with members in the Province of Newfoundland and Labrador. It is possible that in the future it may be a Service Provider in respect of CAPs with Members resident in the Yukon or Nunavut.

Decision

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

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

1. The relevant Plan Sponsor:

   (a) selects the mutual funds that Members will be able to invest in under the Capital Accumulation Plan;

   (b) establishes a policy, and provides Members with a copy of the policy and any amendments to it, describing what happens if a Member does not make an investment decision;

   (c) provides Members, in addition to any other information that the Plan Sponsor believes is reasonably necessary for a Member to make an investment decision within the CAP, and unless that information has previously been provided, the following information about each mutual fund the Member may invest in:

      (i) the name of the mutual fund;

      (ii) the name of the manager of the mutual fund and its portfolio adviser;

      (iii) the fundamental investment objective of the mutual fund;

      (iv) the investment strategies of the mutual fund or the types of investments the mutual fund may hold;

(v) a description of the risks associated with investing in the mutual fund;

(vi) where a Member can obtain more information about each mutual fund's portfolio holdings;

(vii) where a Member can obtain more information generally about each mutual fund, including any continuous disclosure; and

(viii) whether the mutual fund is considered foreign property for income tax purposes, and if so, a summary of the implications of that status for a Member who invested in that mutual fund;

(d) provides Members with a description and amount of any fees, expenses and penalties relating to the Capital Accumulation Plan that are borne by the Members, including:

(i) any costs that must be paid when the mutual fund is bought or sold;

(ii) costs associated with accessing or using any of the investment information, decision-making tools or investment advice provided by the Plan Sponsor;

(iii) mutual fund management fees;

(iv) mutual fund operating expenses;

(v) record keeping fees;

(vi) any costs of transferring among investment options, including penalties, book and market value adjustments and tax consequences;

(vii) account fees; and

(viii) fees for services provided by service providers,

provided that the Plan Sponsor may disclose the fees, penalties and expenses on an aggregate basis, if the plan sponsor discloses the nature of the fees, expenses and penalties, and the aggregated fees do not include fees that arise because of a choice that is specific to a particular Member;

(e) has within the past year, provided Members with performance information about each mutual fund the Members may invest in, including:

(i) the name of the mutual fund for which the performance is being reported;

(ii) the performance of the mutual fund, including historical performance for one, three, five and ten years if available;

(iii) a performance calculation that is net of investment management fees and mutual fund expenses;

(iv) the method used to calculate the mutual fund's performance return calculation, and information about where a Member could obtain a more detailed explanation of that method;

(v) the name and description of a broad-based securities market index, selected in accordance with National Instrument 81-106 – *Investment Fund Continuous Disclosure*, for the Mutual Fund, and corresponding performance information for that index; and

(vi) a statement that past performance of the mutual fund is not necessarily an indication of future performance;

(f) has, within the past year, informed Members if there were any changes in the choice of mutual funds that Members could invest in and where there was a change, provided information about what Members needed to do to change their investment decision, or make a new investment;

(g) provides Members with investment decision-making tools that the Plan Sponsor reasonably believes are sufficient to assist them in making an investment decision within the Capital, Accumulation Plan;

(h) provides the information required by paragraphs (b), (c), (d) and (g) prior to the Member making an investment decision under the CAP; and

(i) if the Plan Sponsor makes investment advice from a registrant available to

Members, the Plan Sponsor must provide members with information about how they can contact the registrant

2. This Decision, as it relates to the jurisdiction of a Decision Maker, will terminate upon the coming into force of a registration exemption for Capital Accumulation Plans in NI 45-106, or 60 days after the Decision Maker publishes in its Bulletin a notice or a statement to the effect that it does not propose to make such a rule.

"Wendell S. Wigle"
Commissioner
Ontario Securities Commission

"Carol S. Perry"
Commissioner
Ontario Securities Commission

2.1.2 4361733 Canada Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – All of the issuer's issued and outstanding securities are owned and controlled by one securityholder – Issuer is in default of certain continuous disclosure requirements under securities legislation – Issuer deemed to have ceased to be a reporting issuer under applicable securities laws.

Applicable Ontario Statutory Provisions

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

August 17, 2006

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

AND

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

AND

**IN THE MATTER OF
4361733 CANADA INC. (the "Filer")**

MRRS DECISION DOCUMENT

Background

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

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

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

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

Interpretation

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

Representations

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

1. The Filer is a company existing under the *Canada Business Corporations Act* (the "**CBCA**") with its head office located at 150 York Street, Suite 1102, in Toronto, Ontario.

2. The Filer was formed on April 5, 2006 through the amalgamation of Desert Sun Mining Corp. ("**DSM**") and a wholly-owned subsidiary of Yamana Gold Inc. ("**Yamana**"), pursuant to an arrangement (the "**Arrangement**") completed under section 192 of the CBCA.

3. The authorized capital of the Filer consists of an unlimited number of common shares, of which 100 common shares are outstanding. The 100 outstanding common shares of the Filer are owned and controlled by Yamana, and there are no other securities, including debt securities, of the Filer outstanding.

4. DSM was a reporting issuer in each of the Jurisdictions and in British Columbia, and as at the date of the Arrangement, was not in default of any of the requirements of the securities legislation of British Columbia or the Jurisdictions (the "**Legislation**").

5. Prior to the Arrangement becoming effective, the common shares of DSM were listed on the Toronto Stock Exchange. The common shares of DSM were delisted from the Toronto Stock Exchange following the closing of the Arrangement.

6. Upon completion of the Arrangement, the Filer became a reporting issuer in each of the Jurisdictions and in British Columbia.

7. Other than a failure to file interim financial statements on or before May 15, 2006 for the interim period ending March 31, 2006, the Filer is not in default of any requirement of the Legislation.

8. No securities of the Filer are currently traded on a marketplace as defined by National Instrument 12-101 *Marketplace Operation.*

9. The Filer does not intend to seek public financing by way of an issue of securities of the Filer.

10. The Filer is applying for the Requested Relief in all of the jurisdictions of Canada in which it is currently a reporting issuer.

Decision

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.

"Robert W. Davis"
Commissioner
Ontario Securities Commission

"David L. Knight"
Commissioner
Ontario Securities Commission

2.1.3 Data Group Income Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemption granted from the requirement to include financial statement disclosure of certain entities in a management information circular to be sent to the fund's unitholders in connection with a proposed internal reorganization that will replace the fund's operating company with a new operating limited partnership – certain securities will be changed, exchanged, issued or distributed in order to allow the reorganization to be effected in a tax-deferred manner – the rights of unitholders in respect of the fund and their relative indirect interests in and to the revenues of the fund's business will not be affected by the reorganization.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, Form 51-102 F5 – Information Circular, Item 14.2.

August 31, 2006

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

AND

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

AND

**IN THE MATTER OF
THE DATA GROUP INCOME FUND**

<u>MRRS DECISION DOCUMENT</u>

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application of The Data Group Income Fund (the "**Filer**") for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that the Filer be exempt from the requirements of Section 14.2 of Form 51-102F5 – Information Circular of National Instrument 51-102 – *Continuous Disclosure Obligations* to include the following financial statements in the Filer's management information circular (the "**Circular**") prepared in connection with the special meeting (the "**Meeting**") of the Filer's unitholders (the "**Unitholders**") to consider and approve the Arrangement (as defined below):

(a) financial statements of Newco, DBFL, Data Partnership, Amalco, GPCo and Amalco-DBFL (all as defined below and referred to herein collectively as the "**Data Entities**"), and

(b) financial statements in respect of a probable significant acquisition of the Business (as defined below) by Data Partnership and Newco

(the "**Requested Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. The Filer is a limited purpose trust established under the laws of Ontario pursuant to a declaration of trust dated November 15, 2004, as amended and restated on December 14, 2004. The Filer is authorized to issue an unlimited number of units (the "**Units**"). As of August 28, 2006, 14,861,333 Units were issued and outstanding.

2. The Filer completed its initial public offering on December 21, 2004 pursuant to a long form prospectus dated December 14, 2004.

3. The Filer is a reporting issuer in each of the Jurisdictions and in the Province of Prince Edward Island and is not in default of any of its obligations under the Legislation.

4. The Filer holds all of the voting common shares and the subordinated notes issued by Data Business Forms Limited ("**DBFL**"), an Ontario corporation, which carries on the business of providing document management solutions and printing products (the "**Business**") in Canada.

5. On March 31, 2005, the Filer obtained exemptive relief from the Decision Makers in the Province of Prince Edward Island and in the Jurisdictions other than Nunavut and Yukon Territory from the requirement to file and send to Unitholders annual audited financial statements for the stub period from December 14, 2004 to December 31, 2004

on the condition that the Filer file in those Jurisdictions a balance sheet for the Filer as at December 31, 2004, together with an auditor's report thereon, and unaudited consolidated financial statements of the Filer as at and for the period from December 21, 2004 to March 31, 2005.

6. It is proposed that the Filer's present organizational structure undergo an internal reorganization by way of plan of arrangement (the "**Arrangement**") to replace DBFL with a new operating limited partnership (the "**Data Partnership**") to carry on the Business. The limited partnership interest in the Data Partnership will be directly owned by the Filer. The general partnership interest in the Data Partnership will be owned by a corporation, all the shares of which are owned by the Filer.

7. The Filer has scheduled the Meeting to approve the Arrangement for September 27, 2006.

8. The Arrangement will occur on a tax-deferred basis for the Filer and its Unitholders. After giving effect to the Arrangement, the interests of the Filer in the assets of the Data Partnership and its general partner and in the Business will be the same as the interests that the Filer held in DBFL and the Business immediately prior to the Arrangement.

9. Prior to the Arrangement, the Filer and DBFL will undertake a number of pre-Arrangement steps:

   (a) the Filer will incorporate a wholly-owned subsidiary corporation ("GPCo") under the *Business Corporations Act* (Ontario) and subscribe for one common share of GPCo;

   (b) DBFL and GPCo will form the Data Partnership with GPCo as the sole general partner and DBFL as the sole limited partner of the Data Partnership; and

   (c) the Filer will incorporate an additional wholly-owned subsidiary corporation under the OBCA ("**Newco**") and subscribe for one common share of Newco. Newco will be authorized to issue an unlimited number of common shares, an unlimited number of non-voting, redeemable, retractable Class A shares ("**Class A Shares**") and an unlimited number of non-voting, redeemable, retractable Class B shares ("**Class B Shares**").

10. The following steps will occur as part of the Arrangement:

   (a) the Filer will subscribe for that number of Class A Shares equal to the total number of Units outstanding at 5:00 p.m. (Toronto time) on the last business day prior to the effective date of the Arrangement. The Filer will then distribute to its Unitholders those Class A Shares on a *pro rata* basis, as a return of capital;

   (b) all of the operating assets of DBFL will be transferred to the Data Partnership for consideration of limited partnership units of Data Partnership (the "**LP Units**") and the assumption by Data Partnership of all of the liabilities of DBFL other than the outstanding subordinated notes of DBFL (the "**DBFL Notes**");

   (c) the Filer will transfer all of the common shares of DBFL (the "**DBFL Shares**") and the DBFL Notes to Newco in exchange for Class B Shares;

   (d) the stated capital of DBFL will be reduced to $1;

   (e) Newco will amalgamate with DBFL to form "**Amalco**";

   (f) the Filer will acquire from Amalco the LP Units in exchange for that number of Units having a fair market value equal to the value of the LP Units;

   (g) Amalco will subscribe for Units with the Class A Share subscription proceeds received in step (a);

   (h) the Class A Shares distributed to Unitholders and the Class B Shares held by the Filer will be redeemed by Amalco in exchange for that number of Units of the Filer having a fair market value equal to the respective redemption amounts;

   (i) the Units received by the Filer upon the redemption of the Class B Shares in the preceding step will be cancelled by the Filer upon receipt and the Units received by Unitholders upon the redemption of the Class A Shares in the preceding step and will be automatically consolidated such that the total number of outstanding Units upon completion of the Arrangement will be equal to the total number of Units outstanding immediately prior to the Arrangement; and

   (j) Amalco and GPCo will amalgamate to form "**Amalco-DBFL**".

11. Neither the number of issued and outstanding Units nor the relative holdings of Units by any Unitholder will be altered as a result of the completion of the Arrangement.

12. The Class A Shares and additional Units distributed to Unitholders will be outstanding for an instant in time on the date of the Arrangement prior to their automatic redemption and consolidation, respectively.

13. The Filer's audited financial statements for the year ended December 31, 2005 and related management's discussion and analysis of financial condition and results of operations ("**MD&A**"), interim unaudited financial statements for the six months ended June 30, 2006 and related MD&A, annual information form ("**AIF**") and any material change reports since the date of the AIF, and any applicable business acquisition report of the Filer (collectively, the "**CD Documents**") will be incorporated by reference in the Circular.

14. The Circular will contain information sufficient to enable a reasonable securityholder to form a reasoned judgment concerning the nature and effect of the Arrangement. To that end, prospectus level disclosure for the Filer as prescribed by National Instrument 44-101 – *Short Form Prospectus Distributions*, including the applicable CD Documents, will be included or incorporated by reference in the Circular.

15. Prospectus level disclosure for the Data Entities as prescribed by OSC Rule 41-501 – *General Prospectus Requirements* ("**Rule 41-501**") will also be included in the Circular, other than the financial statement disclosure.

16. The Arrangement is being undertaken in order to structure the flow of revenues created by the Business and distributed to the Filer by its operating subsidiary on an efficient basis. The Arrangement does not contemplate the acquisition of any additional operating assets or the disposition of any of the Filer's existing operating assets. The rights of Unitholders in respect of the Filer, and their relative indirect interests in and to the revenues of the Business will not be affected by the Arrangement. Following completion of the Arrangement, Unitholders will continue to hold Units of the Filer and the Filer will continue to directly own all of its existing operating assets. While changes to the Filer's financial statements will likely be required to reflect the Filer's organizational structure following the Arrangement, the Filer's financial position will be largely the same as is reflected in the Filer's interim financial statements for the six months ended June 30, 2006, other than the elimination of future income tax liabilities.

17. The distribution of the securities of the Filer and the Data Entities will, in each case, be done solely to enable the Arrangement to be effected in such a manner as to ensure that Unitholders, the Filer and any Filer subsidiaries will be able to make use of available roll-overs under applicable tax legislation, thus preserving the tax-deferred status of the Arrangement.

18. Newco, Amalco, GPCo and Amalco-DBFL will not exist at the time of the mailing of the Circular, and consequently there would not be any existing financial information regarding such entities.

19. The Filer's audited financial statements as at and for the period from December 21, 2004 to December 31, 2005, its unaudited interim financial statements as at and for the six months ended June 30, 2006 and its MD&A for the respective periods include the financial results for DBFL on a consolidated basis for the same period and provide sufficient disclosure in respect of DBFL and the Business.

20. The Class A Shares distributed to Unitholders will only be outstanding for a moment in time during the course of the Arrangement. Since additional Units will be transferred to Unitholders as part of the Arrangement (and later consolidated), the relevant financial information for Unitholders will be that of the Filer and not of Newco or any of the other Data Entities.

21. To the extent Data Partnership's proposed acquisition of the operating assets of DBFL may be considered to constitute a significant probable acquisition requiring the acquired business financial disclosure prescribed by Rule 41-501, the relevant financial information of DBFL and the Business will be part of the information contained in the Filer's audited financial statements as at and for the period from December 21, 2004 to December 31, 2005, its unaudited interim financial statements as at and for the six months ended June 30, 2006 and its MD&A for the respective periods already incorporated by reference into the Circular.

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 Filer complies with all other requirements of the Legislation applicable to the Circular; and

(b) the CD Documents are incorporated by reference into the Circular.

"Iva Vranic"
Manager, Corporate Finance
Ontario Securities Commission

2.1.4 Bell Globemedia Acquisition Corporation and CHUM Limited - MRRS Decision

Headnote

Mutual Reliance Review System – Take-over bid – Relief from the prohibition against collateral benefits – Target company amending, at the request of the bidder, the employment agreement of one of its senior executives who is also a shareholder – Amendments to employment agreement providing for a retention payment among other things – Amendments negotiated at arm's length and on commercially reasonable terms – Agreements entered into for reasons other than to increase the value of the consideration paid to the selling security holder for his shares – Selling security holder holds less than 1% of any class of shares of the target – Agreement may be amended despite the prohibition against collateral benefits.

Statute Cited

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

August 30, 2006

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

AND

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

AND

**IN THE MATTER OF
BELL GLOBEMEDIA ACQUISITION CORPORATION
(the "Filer")**

AND

**CHUM LIMITED
("CHUM")**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the CEO Employment Agreement Amendment (as hereinafter defined) may be entered into notwithstanding the provisions of the

Legislation that prohibit an offeror who makes or intends to make a take-over bid from entering into any collateral agreement, commitment or understanding with any holder or beneficial owner of securities of the offeree issuer that has the effect of providing to the holder or owner a consideration of greater value than that offered to other holders of the same class of securities (the "Requested Relief").

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

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

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

Interpretation

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

Representations

The factual information set out herein has been provided by the Filer and BGM and confirmed by CHUM where applicable.

1. Bell Globemedia Inc. ("BGM") is a corporation incorporated under the *Business Corporations Act* (Ontario) (the "OBCA") with ownership interests in media properties including CTV Inc. and *The Globe and Mail*.

2. Following the recently completed reorganization of its ownership, BGM is owned by The Woodbridge Company Limited ("Woodbridge"). Ontario Teachers' Pension Plan Board ("OTPPB"), BCE Inc. ("BCE") and Torstar Corporation ("Torstar").

3. The Filer was incorporated under the OBCA on July 10, 2006 for the purpose of making the offer (the "Offer") on July 26, 2006 to acquire all of the issued and outstanding common shares (the "Common Shares") and any and all of the issued and outstanding non-voting Class B shares (the "Class B Shares" and, together with the Common Shares, the "Shares") of CHUM. The Filer is owned indirectly by Woodbridge, BCE, OTPPB and Torstar (collectively, the "BGM Recapitalization Shareholders"). The Filer has not carried on any business prior to the date hereof other than in respect of the Offer. Following completion of the BGM reorganization transactions, the BGM Recapitalization Shareholders will transfer their respective ownership interests in the Filer to BGM.

4. Neither the Filer nor BGM is a reporting issuer or equivalent in any of the Jurisdictions.

5. CHUM, a corporation incorporated under the OBCA, owns and operates 33 radio stations, 12 local television stations and 21 specialty channels, as well as an environmental music distribution division.

6. CHUM is a reporting issuer or equivalent in each of the Jurisdictions. Both the Common Shares and the Class B Shares are listed and posted for trading on the Toronto Stock Exchange.

7. The authorized capital of CHUM consists of an unlimited number of Common Shares and an unlimited number of Class B Shares. As of July 12, 2006, there were 6,748,030 Common Shares and 21,378,929 Class B Shares issued and outstanding.

8. Pursuant to a support agreement dated July 12, 2006 (the "Support Agreement"), BGM agreed to make or cause to be made, and CHUM agreed to support, the Offer, subject to the conditions set forth therein. BGM has assigned its rights and obligations under the Support Agreement to the Filer.

9. Those members of the board of directors of CHUM (the "Board of Directors") entitled to vote, upon receiving the recommendation of an independent committee (the "Special Committee") of the Board of Directors following consultation with its independent financial and legal advisors and upon receipt of a fairness opinion from CIBC World Markets Inc., have unanimously determined that the Offer is in the best interests of CHUM and is fair to the holders of each class of Shares and, accordingly, those members of the Board of Directors entitled to vote have unanimously recommended that holders of Shares ("Shareholders") accept the Offer.

10. Pursuant to a lock-up agreement dated July 12, 2006 (the "Lock-Up Agreement"), the Estate of Allan Waters, Allan Waters Limited ("AWL") and Allan Waters Enterprises Limited ("AWEL" and, together with the Estate of Allan Waters and AWL, the "Controlling Shareholders") have agreed to deposit to the Offer, and not withdraw, 5,981,015 Common Shares, representing in the aggregate approximately 88.6% of the issued and outstanding Common Shares, and 2,812,118 Class B Shares, representing in the aggregate approximately 13.2% of the issued and outstanding Class B Shares.

11. The Offer and accompanying circular (the "Circular") were mailed to Shareholders on July 26, 2006. The Offer is open for acceptance until 5:00 p.m. (Toronto time) on August 31, 2006 (the "Expiry Time"), unless extended or withdrawn by the Filer.

12. The Offer has been structured in order to allow the Shares to be taken up and paid for by the Filer upon the expiry of the Offer even if certain of the required regulatory approvals of the transactions contemplated by the Offer have not been obtained. The Offer is not conditional upon the Filer obtaining the approval of the Canadian Radio-television and Telecommunications Commission (the "CRTC") for the transactions contemplated in the Offer, and the Filer will become obligated to take up and pay for Shares once the applicable waiting period under Part IX of the Competition Act has expired provided only that the Commissioner of Competition has not advised the Filer that she intends to initiate proceedings in respect of the transactions contemplated by the Offer before the Competition Tribunal.

13. In order to allow the Shares which are deposited to the Offer to be taken up by the Filer while BGM seeks the required approvals of the CRTC, and to provide that the Filer does not assume effective control of CHUM or its licensed subsidiaries prior to the receipt of CRTC approval of the acquisition of control by BGM, Common Shares acquired under the Offer will be held, directly or indirectly, by a trustee pursuant to a voting trust agreement pending approval by the CRTC of the acquisition of control of CHUM by BGM (collectively, the "Trust Arrangements"). The Trust Arrangements have been approved by the CRTC.

14. The President and Chief Executive Officer of CHUM (the "CEO"), beneficially owns, directly or indirectly, or exercises control or direction over 7,700 Common Shares and 97,925 Class B Shares. The CEO also owns approximately 33% of the shares of Phyllis Switzer Holdings Ltd. ("Switzer Holdings"), which owns 600 Common Shares and 80,400 Class B Shares. The Shares owned by the CEO together with those Shares owned by Switzer Holdings represent in the aggregate approximately 0.12% of the issued and outstanding Common Shares and approximately 0.83% of the issued and outstanding Class B Shares.

15. At the request of BGM, the CEO and CHUM have amended the CEO's employment agreement (the "CEO Employment Agreement Amendment") to provide that certain payments which the CEO would previously have been entitled to receive in the event he terminates his employment contract on six months' notice to CHUM following a change of control will now be payable only if such notice is not given before the earlier of (i) the date of the termination of the Trust Arrangements and (ii) December 31, 2007 (the ''Retention Date''). However, any such amounts will be payable over a period of 24 months, rather than 36 months. In addition, any termination payment to which the CEO may be entitled under his agreement with CHUM as a result of termination without cause or as a result of the non-extension or non-renewal of his agreement shall be payable over 24 months, rather than 30 months. The CEO Employment Agreement Amendment also reduces the period during which the CEO has agreed not to compete with CHUM from a period of one year, in circumstances where his employment is terminated without cause or is not extended or renewed, and from 18 months, where his employment is terminated after a change of control, to, in each case, a period of six months. The CEO Employment Agreement Amendment provides that, assuming the CEO remains employed by CHUM until the Retention Date, CHUM will pay the CEO a retention bonus of $400,000 on the Retention Date. Under the CEO Employment Agreement Amendment, the CEO no longer has a duty to mitigate and the payments by CHUM will not be reduced if he finds replacement employment. In addition, health and dental benefits will be extended, subject to the provisions of the applicable insurance policy, for a 24 month period following termination of employment other than for cause. In all other respects, the material terms of the CEO's employment agreement remain as summarized in the management information circular of CHUM dated November 4, 2005 in respect of its annual meeting held on December 14, 2005.

16. The CEO Employment Agreement Amendment has been undertaken for valid business purposes. The Filer believes that the CEO Employment Agreement Amendment will provide the CEO with appropriate incentives to assist with the transition of the business to new ownership and to support and grow the business.

17. Employment arrangements in the nature of the CEO Employment Agreement Amendment are not unusual in the context of take-over bids. The benefits to be provided to the CEO under the CEO Employment Agreement Amendment are commercially reasonable and the terms thereof were negotiated on an arm's length basis.

18. It was a condition to BGM entering into the Support Agreement that the CEO enter into the CEO Employment Agreement Amendment. BGM believes that if it were to acquire only CHUM's assets and not the services of its key personnel, there would be a material reduction in the likelihood of a successful transition of the business to new ownership following completion of the Offer and a corresponding reduction in the value of CHUM to BGM.

19. The benefits of the CEO Employment Agreement Amendment are being received by the CEO solely in connection with his services as an employee of CHUM and such benefits are not being conferred for the purpose, in whole or in part, of increasing the value of the consideration to be paid to him for

Shares tendered under the Offer or providing an incentive to tender his Shares to the Offer. The benefits conferred under the CEO Employment Agreement Amendment are not, by their terms, conditional on the CEO supporting the Offer in any manner.

20. The terms of the CEO Employment Agreement Amendment were proposed and approved by BGM, and were approved by those members of the Board of Directors entitled to vote upon receiving the recommendation of its compensation committee, which is composed entirely of independent directors.

21. Both the Circular and the directors' circular of the Board of Directors dated July 26, 2006 in respect of the Offer disclosed the particulars of the CEO Employment Agreement Amendment.

Decision

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

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

"Suresh Thakrar"
Ontario Securities Commission

"Paul K. Bates"
Ontario Securities Commission

2.1.5 Ocmes Acquisition Corp. and Semco Technologies Inc. - MRRS Decision

Headnote

Mutual Reliance Review System - take-over bid – relief from the prohibition against collateral benefits – target company entering into employment agreements with selling security holders who are also senior executives of the target company – agreements confirm that executives will continue with their present pay and benefits – agreements on commercially reasonable terms – agreements entered into for reasons other than to increase the value of the consideration paid to the selling security holders for their shares – agreements may be entered into despite the prohibition against collateral benefits.

Statute Cited

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

August 28, 2006

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

AND

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

AND

IN THE MATTER OF
OCMES ACQUISITION CORP.
(THE "OFFEROR" AND "FILER")
AND SEMCO TECHNOLOGIES INC. ("SEMCO")

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 pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, in connection with an offer dated July 28, 2006 (the "Offer") by the Offeror to acquire 51% of the issued and outstanding common shares of Semco ("Common Shares"), the Continuing Arrangements (as defined below) entered into between Semco and each of Ronald F. O'Hearn and Barbara Love (the "Officers") have been entered into for reasons other than to increase the value of the consideration paid to the Officers for their securities of Semco and may be entered into despite the provision in the Legislation that prohibits an offeror who makes or intends to make a take-over bid and any person acting jointly or in concert with the offeror from entering into any collateral agreement, commitment or understanding with any holder

or beneficial owner of securities of the offeree issuer that has the effect of providing to the holder or owner a consideration of greater value than that offered to other holders of the same class of securities (the "Requested Relief").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. The Offeror is a corporation incorporated under the *Business Corporations Act* (Ontario) for the purpose of making the Offer. Its registered office located in Toronto, Ontario.

2. The shareholders of the Offeror are Philip Jamieson, who is also the President and sole director of the Offeror, Tricaster Holdings Inc. ("Tricaster") and Combined Telecom Inc. ("Combined Telecom"). Tricaster and Combined Telecom are corporations controlled by David Campbell.

3. None of the Offeror, Tricaster or Combined Telecom is a reporting issuer in any jurisdiction in Canada.

4. The relationship between the Offeror, its officers, directors and shareholders, and Semco and its officers and directors and shareholders, is an arm's length relationship.

5. Semco is a corporation existing under the *Business Corporations Act* (Alberta) (the "ABCA"). Semco is in the business of the design and manufacturing of bulk handling systems for the food, petrochemical and mining industries, including customer relationships.

6. The authorized capital of Semco consists of an unlimited number of Common Shares and an unlimited number of first preferred shares issuable in series and an unlimited number of second preferred shares issuable in series. As of July 27, 2006 there are 12,500,000 Common Shares and nil first preferred shares or second preferred shares issued and outstanding. The Common Shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "STT".

7. Semco is a reporting issuer in each of the Jurisdictions. It is not a reporting issuer or the equivalent in any other jurisdiction in Canada.

8. Pursuant to the Offer and the take-over bid circular (the "Take-over Bid Circular") dated July 28, 2006, the Offeror proposes to acquire 51% of the issued and outstanding Common Shares.

9. The Offer was mailed to registered shareholders of Semco on July 28, 2006.

10. The Offer is made on the basis of $0.17 in cash in respect of each Common Share held by the holders of Common Shares (the "Shareholders"). The Offer is subject to conditions that are customary for transactions of this nature, including that all regulatory approvals be obtained and there be validly deposited under the Offer and not withdrawn at the expiry time of the Offer 51% of Common Shares then outstanding.

11. On July 19, 2006, the Offeror and certain Shareholders, including the Officers, (collectively, the "Locked-Up Parties") entered into an agreement (the "Lock-Up Agreement") pursuant to which the Locked-Up Parties agreed to deposit pursuant to the Offer and not withdraw (except under certain conditions provided for in the Lock-Up Agreement) the greater of:

    (i) 51% of the Common Shares held by the Locked-Up Parties, and

    (ii) that number of Common Shares equal to 51% of the outstanding Common Shares less the number of Common Shares tendered to the Offer by Shareholders other than the Locked-Up Parties.

12. Ronald F. O'Hearn (" O'Hearn") is the President, Chief Executive Officer, Chairman and a director of Semco. O'Hearn directly or indirectly holds, or exercises control or direction over, 5,317,096 Common Shares, representing approximately 42.54% of the issued and outstanding Common Shares (on a fully-diluted basis). O'Hearn does not currently hold any other securities of Semco.

13. Barbara Love ("Love") is the Chief Financial Officer and a director of Semco. Love directly or indirectly holds, or exercises control or direction over, 2,563,077 Common Shares, representing approximately 20.50% of the issued and outstanding Common Shares (on a fully-diluted basis). Love does not currently hold any other securities of Semco.

14. Semco currently has no written employment agreements with the Officers. However, each of

the Officers is employed based upon a verbal agreement (the "Verbal Agreements") that provides for, among other things, salary and non-competition and non-solicitation provisions. The terms and conditions of these provisions, while not formalized, are generally typical of arrangements with similarly situated senior officers of companies with comparable businesses to Semco.

15. The Verbal Agreements with the Officers is for an indefinite term. There are no termination provisions other than pursuant to provincial employment law.

16. The Verbal Agreements implicitly include non-competition and non-solicitation provisions. However, it is understood that the enforceability of such provisions is uncertain.

17. The annual salaries currently paid under the Verbal Agreements to O'Hearn and Love are $140,000 each, in addition to benefits. There are currently no Semco incentive stock options granted to the Officers under the Semco stock option plan.

18. The Offeror has verbally committed not to cause Semco to terminate the Officers upon completion of a successful Offer and accordingly Semco will continue to employ the Officers upon the current terms of their employment, (the "Continuing Arrangements").

19. The Officers have built the business of Semco based in large part upon their experience in the business of the design and manufacture of bulk handling systems for the food, petrochemical and mining industries, including customer relationships. In order to maintain continuity of management and retain the employee work force, it is essential to the Offeror that the Officers be motivated to stay on following the successful completion of the Offer to facilitate the continued growth of the business of Semco.

20. The commitment of the Offeror to the Continuing Arrangements is premised, in part, upon recognition of the fact that the successful completion of the Offer could constitute the basis of a claim of constructive dismissal which could entitle the Officers to severance payments. In this respect, the Continuing Arrangements are preventative and provide certainty that there is no basis for constructive dismissal.

21. The Continuing Arrangements may be embodied in written agreements which may include non-competition and non-solicitation covenants which extend beyond the implicit common law non-competition covenant under the Verbal Agreements.

22. The Continuing Arrangements are on terms and conditions that are commercially reasonable.

23. Disclosure of the Continuing Arrangements is included in the Take-over Bid Circular.

24. The Continuing Arrangements are proposed for valid business reasons unrelated to the Officers' holdings of Semco securities. The Continuing Arrangements are not for the purpose of conferring an economic or collateral benefit on the Officers, in their capacity as security holders, that other security holders of Semco do not enjoy.

25. The commitment of the Offeror to the Continuing Arrangements for each of the Officers is not conditional upon the Officers' support of the Offer.

26. The Continuing Arrangements have been negotiated between the Filer and each of Semco and the Officers on a arm's length basis.

Decision

Each of the relevant 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.

"Carol S. Perry"
Ontario Securities Commission

"Wendell S. Wigle"
Ontario Securities Commission

2.1.6 Bridges Transitions Inc. - s. 83

Headnote

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

Ontario Statutes

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

August 30, 2006

Fasken Martineau DuMoulin LLP
Suite 4200, Toronto Dominion Bank Tower
66 Wellington Street West
Toronto, ON M5K 1N6

Attention: Robert F. K. Mason

Dear Sir:

Re: Bridges Transitions Inc. (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Manitoba, Ontario and Québec (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that:

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;

2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

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

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

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

Relief requested granted on the 30th day of August, 2006.

"Patricia Leeson"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.7 Scotia Capital Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from the requirement to provide a statement of policies and obtain specific and informed written consent from discretionary management clients once in each twelve-month period with respect to purchases or sales of securities of certain related issuers – subject to conditions.

Applicable Ontario Legislation

Ontario Regulation 1015, R.R.O. 1990, ss. 227(2)(b), 233.

August 30, 2006

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

AND

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

AND

**IN THE MATTER OF
SCOTIA CAPITAL INC. (the Filer)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the requirements of the Legislation that a registrant shall not act as an adviser of securities of the registrant or of a related issuer of the registrant or, in the course of a distribution, in respect of securities of a connected issuer of the registrant (the **Related/Connected Issuer Prohibition**) unless a statement of policy is provided to the client and the specific and informed written consent of the client to invest in related or connected issuers of the registrant has been obtained once in each twelve month period (the **Annual Consent Requirement**) does not apply in the case of the Filer acting as a portfolio manager where the Filer purchases or sells, under its discretionary authority, securities of the Pinnacle Funds or Portfolios (the **Funds**) or the Bank of Nova Scotia (the **Bank**) in connection with the Summit Program, subject to certain conditions;

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the laws of Ontario and has its head office in the City of Toronto. The Filer is registered as an investment dealer in each province of Canada.

2. The Filer carries on certain investment management activities on a discretionary basis. The Filer is exempt from registration as an adviser under the *Securities Act* (Ontario) pursuant to section 3.8 of National Instrument 45-106 – *Prospectus and Registration Exemptions* as it is an investment dealer.

3. The Filer manages on a discretionary basis assets of those clients (each, a **Client**) who participate in the Summit Program by entering into an agreement with the Filer (the **Managed Account Agreement**).

4. Under the Summit Program, a Client who enters into a Managed Account Agreement authorizes the Filer to, among other things,:

    (a) identify investment advisers (the **Investment Advisers**) for the mandate(s) of the Client and to change those Investment Advisers from time to time in the discretion of the Filer;

    (b) monitor and supervise the Investment Advisers, including making changes to the investments where required; and

    (c) manage on a segregated account basis, and where the Client directs, use mutual or pooled funds;

5. The Investment Advisers are generally parties who are not related to the Filer and its affiliates. From time to time, one or more mandates may be granted to an Investment Adviser who is affiliated to the Filer (an **Affiliated Adviser**).

6. Under the Summit Program, the Investment Advisers do not have any direct contact with the Clients. Each Investment Adviser is given a

mandate by the Filer and requested to provide a model portfolio for such mandate and to adjust the portfolio on a continuous basis.

7. The Filer does not deviate from the model portfolio unless it is in breach of the laws or the agreement with the Investment Adviser (as described below). The Filer simply executes the trades in securities constituting the model portfolio for each Client in the particular mandate.

8. Pursuant to its agreement with each Investment Adviser (the **Adviser Agreement**), the Filer restricts the Investment Adviser from including in the model portfolio any securities of related or connected issuers of the Investment Adviser.

9. The Filer is a wholly owned subsidiary of the Bank.

10. The model portfolio of an Investment Adviser could include from time to time securities of the Bank.

11. Where the Filer enters into an Adviser Agreement with an Affiliated Adviser, the Adviser Agreement restricts the Affiliated Adviser from including in the model portfolio any securities of a related or connected issuer to the Affiliated Adviser. The Bank would be a related issuer of the Affiliated Adviser.

12. Without this exemption, the Filer would have to deviate from the model portfolios recommended by independent Investment Advisers to the extent such model portfolios include securities of the Bank and clients are thereby deprived of the recommendation of the relevant Investment Adviser.

13. The Filer is also the manager of the Funds. The Funds may be purchased on behalf of persons who participate in its Pinnacle mutual fund wrap account program and also by or on behalf of investors in other programs of the Filer, including the Summit Program. The Funds are reporting issuers as they are qualified for distribution under a prospectus.

14. The Funds are generally connected issuers of the Filer within the meaning of securities rules or instruments. Due to the requirements of National Instrument 81-102 – *Mutual Funds*, for the manager of a fund to provide $150,000 of seed capital when starting a new fund, a new Fund may temporarily be a related issuer of the Filer for a period of time until the Filer ceases to hold more than 20% of the units of the Fund.

15. The Filer will secure the specific and informed written consent of each Client with respect to the exercise of the Filer's discretionary authority to buy and/or sell securities of the Funds and the Bank.

16. All discretionary clients of the Filer receive a statement of policies that lists the related issuers of the Filer as part of the account opening procedure in connection with the client entering into the Managed Account Agreement. In the event of a significant change in its statement of policies, the Filer will provide to each of its clients a copy of the revised version of, or amendment to, its statement of policies.

Decision

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

The decision of the Decision Makers pursuant to the Legislation is that the Filer is exempt from the Annual Consent Requirement, provided that:

(a) the Filer has secured the specific and informed written consent of the Client in advance of the exercise of discretionary authority in respect of securities of the Funds and the Bank;

(b) The Filer has previously provided the Client with a statement of policies, or equivalent document, of the Filer which identifies the relationship between the Filer, the Funds and the Bank;

(c) any Affiliated Adviser of the Filer shall be prohibited from recommending securities of the Bank pursuant to the Adviser Agreement; and

(d) the Filer does not participate in, or influence, the investment recommendations of an Investment Adviser in making its recommendation.

"Carol S. Perry"
Commissioner
Ontario Securities Commission

"Suresh Thakrar"
Commissioner
Ontario Securities Commission

2.1.8 RBC Private Global Bond Pool and RBC Asset Management Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemption from subsection 2.1(1) of National Instrument 81-102 Mutual Funds to permit global bond fund to invest more than 10% of its net assets in debt securities issued by a foreign government or supranational agency.

Rules Cited

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 2.1(2), 19.1.

August 25, 2006

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

AND

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

AND

**IN THE MATTER OF
RBC PRIVATE GLOBAL BOND POOL (Fund) and
RBC ASSET MANAGEMENT INC. (RBC AM)
(the Filers)**

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 Filers for a decision under section 19.1 of National Instrument 81-102 – *Mutual Funds* (NI 81-102) providing exemptive relief from subsection 2.1(1) of NI 81-102 (the Concentration Restriction) such that the Fund may invest:

(a) up to 20 percent of its net assets, taken at market value at the time of purchase, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or fully and unconditionally guaranteed as to principal and interest, by supranational agencies or governments, other than the government of Canada, the government of a province or territory of Canada or the government of the United States, and are rated AA by Standard and Poor's, or the equivalent rating by one or more other approved credit rating organizations; and

(b) up to 35 percent of its net assets, taken at market value at the time of purchase, in evidences of indebtedness of any one issuer described in paragraph (a) if those securities are rated at least AAA by Standard and Poor's, or the equivalent rating by one or more other approved credit rating organizations.

Paragraphs (a) and (b) are herein referred to as the Requested Relief.

Under the Mutual Reliance Review System for Exemptive Relief Applications:

1. the Ontario Securities Commission is the principal regulator for this application; and

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

Interpretation

Terms defined in NI 81-102 or 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 Filers:

1. RBC AM is registered as an investment counsel and portfolio manager in Ontario and in the same or an equivalent category in each of the other Jurisdictions. RBC AM is also registered as a limited market dealer in Ontario and Newfoundland.

2. RBC AM is the trustee, manager and portfolio adviser of the Fund.

3. The Fund is a mutual fund that is subject to NI 81-102 and is a reporting issuer in each of the Jurisdictions.

4. The investment objective of the Fund is to provide long-term total returns comprised mainly of interest income and some capital gains generated by interest rate and currency fluctuations. The Fund invests primarily in high-quality fixed-income securities denominated in foreign currencies. Primarily these securities will be issued by Canadian and foreign governments. They may also be issued by Canadian corporations and supranational agencies like the World Bank.

5. As a result of the Concentration Restriction the Fund is restricted from purchasing a security of an issuer or entering into a specified derivatives transaction if, immediately after the transaction,

more than 10 percent of the net assets of the Fund would be invested in securities of any issuer. The Concentration Restriction does not apply, *inter alia*, to a purchase of a "government security".

6. "Government security" for purposes of the exemption from the Concentration Restriction means an evidence of indebtedness issued, or fully and unconditionally guaranteed as to principal and interest, by any of the government of Canada, the government of a province or territory of Canada or the government of the United States.

7. In pursuing the Fund's investment objective RBC AM, *inter alia*, generally invests in foreign currency denominated issues of Canadian governments, their agencies, Canadian corporations or supranational organizations. Further, no more than 10 percent of the market value of the Fund may be invested in securities rated below BBB by Standard and Poor's or the equivalent rating as defined by other recognized rating agencies.

8. RBC AM has determined that it would be in the interests of the Fund if, in pursuing the Fund's investment objective, RBC AM was not constrained by the Concentration Restriction with respect to investments in securities issued by foreign governments or supranational agencies with appropriate credit ratings. This would provide the Fund with more flexibility and more favourable prospects as it will be better able to compose a global portfolio that will best achieve the Fund's investment objectives.

9. The Fund currently invests more than 10 percent of its net assets in U.S. government securities and is therefore somewhat dependent on the performance of the U.S. economy. An exemption from the Concentration Restriction will enable the Fund to increase its exposure to securities issued by other developed countries as well as reduce its dependency on U.S. government securities. This would result in greater global diversification for the Fund.

10. In certain jurisdictions, the securities of supranational agencies or governments may be the only liquid or rated debts available for investment.

11. Permitting the Fund to invest more than 10 percent of its assets in any one issuer may help increased efficiencies and economics of scale which would result in reduced transaction costs for the Fund.

Decision

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

The Decision of the Decision Makers under NI 81-102 is that the Requested Relief is granted provided that:

(a) paragraphs (a) and (b) of the Requested Relief cannot be combined for any one issuer;

(b) the securities that are purchased pursuant to this Decision are traded on a mature and liquid market;

(c) the acquisition of the securities purchased pursuant to this Decision is consistent with the investment objective of the Fund;

(d) the simplified prospectus of the Fund discloses the risks associated with the potential concentration of the net assets of the Fund in securities of fewer issuers and the risks associated with investing in the countries in which such issuers may be located; and

(e) the simplified prospectus of the Fund discloses details of the Requested Relief including the types of securities covered by this Decision.

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

2.1.9 Stornoway Diamond Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemption from the formal take over bid requirements in Part XX of the Act – identical consideration - issuer needs relief from the requirement in s. 97(1) of the Act that all holders of the same class of securities must be offered identical consideration – under the bid, Canadian resident shareholders may receive securities, cash, or a combination of both; U.S resident shareholders will receive substantially the same value as Canadian shareholders, in the form of cash paid to the U.S shareholders based on the proceeds from the sale of their securities; the number of shares held by U.S residents is de minimis; the U.S does not have an identical consideration requirement

Applicable Ontario Statutory Provisions

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

August 16, 2006

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

AND

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

AND

IN THE MATTER OF
STORNOWAY DIAMOND CORPORATION
(the Filer)

<u>MRRS DECISION DOCUMENT</u>

Background

1 The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the requirement under the Legislation to offer identical consideration (the Identical Consideration Requirement) to all the holders of the same class of securities that are subject to a take-over bid (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

1. the Filer is a company existing under the *Business Corporations Act* (British Columbia);

2. the Filer's head office is located in British Columbia;

3. the Filer is a reporting issuer in British Columbia, Alberta, Manitoba, Ontario and Québec and is not in default of any of the requirements of the Legislation;

4. the authorized capital of the Filer consists of an unlimited number of common shares (the Filer's Shares), of which, as of July 20, 2006, there were 80,915,671 Filer Shares outstanding;

5. the Filer's Shares are listed on the Toronto Stock Exchange (TSX);

6. on July 24, 2006, the Filer issued a press release announcing its intention to make an offer (the Offer) to acquire all of the outstanding common shares (Ashton Shares) of Ashton Mining of Canada Inc. (Ashton);

7. Ashton is a public company existing under the *Canada Business Corporations Act*;

8. Ashton's head office is located in British Columbia;

9. Ashton is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador and, to the knowledge of the Filer, is not in default of any of the requirements of the Legislation;

10. the authorized capital of Ashton consists of an unlimited number of Ashton Shares and an unlimited number of preferred shares (Ashton Preferred Shares), of which, as of July 20, 2006, there were 94,977,661 Ashton Shares outstanding and no Ashton Preferred Shares outstanding;

11. the Ashton Shares are listed on the TSX;

12. under the terms of the Offer, each holder of an Ashton Share may elect to receive consideration per Ashton Share of (i) one of the Filer's Shares and $0.01 (the Share Alternative) or (ii) $1.25 cash (the Cash Alternative), subject to adjustment and proration as described in the Offer;

13. the Filer's Shares issuable under the Offer will not be registered or otherwise qualified for distribution under the securities legislation of the United States; the delivery of the Filer's Shares to the holders of Ashton Shares in the United States (Ashton US Shareholders) without further action by the Filer could constitute a violation of the laws of the United States;

14. to the best information of the Filer, as of August 3, 2006, there were 30 registered Ashton US Shareholders and those Ashton US Shareholders held a total of 1,846,090 Ashton Shares, representing 1.9% of the total number of outstanding Ashton Shares;

15. the Filer proposes to deliver to the depositary under the Offer (the Depositary) the Filer's Shares which Ashton US Shareholders would otherwise be entitled to receive under the Offer; the Depositary will sell those Filer's Shares by private sale or on any stock exchange on which the Filer's Shares are then listed after the payment date for the Ashton Shares tendered by the Ashton US Shareholders under the Offer; after completion of the sale, the Depositary will distribute the aggregate net proceeds of the sale, after expenses, *pro rata* among the Ashton US Shareholders who have elected the Share Alternative form of consideration or who have elected the Cash Alternative form of consideration and would otherwise receive some Filer's Shares as a result of prorationing;

16. if the Filer increases the consideration offered to holders of Ashton Shares resident in Canada, the increase in consideration will also be offered to Ashton US Shareholders at the same time and on the same basis;

17. any sale of the Filer's Shares described in paragraph 15 above will be completed as soon as possible after the date on which the Filer takes up the Ashton Shares tendered by the Ashton US Shareholders under the Offer and will be done in a manner intended to maximize the consideration to be received from the sale by the applicable Ashton US Shareholder and minimize any adverse impact of the sale on the market for the Filer's Shares; as soon as possible after the completion of the sale, the Depositary will send to each Ashton US Shareholder a cheque equal to that Ashton US Shareholder's pro rata share of the proceeds of the sale, net of sales commissions and applicable withholding taxes;

18. the takeover bid circular to be prepared by the Filer and sent to all shareholders of Ashton will disclose the procedure described in paragraph 15 to be followed for Ashton US Shareholders; and

19. except to the extent that relief from the Identical Consideration Requirement is granted, the Offer will comply with the requirements under the Legislation concerning take-over bids.

Decision

4 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, in connection with the Offer, the Requested Relief is granted so that Ashton US Shareholders who elect the Share Alternative under the Offer or who elect the Cash Alternative and would otherwise receive some Filer's Shares as a result of prorationing receive instead cash proceeds from the sale of the Filer's Shares in accordance with the procedure set out in representation 15.

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

2.1.10 Algoma Steel Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer making an issuer bid using modified Dutch auction method - issuer exempt from pro rata take-up requirement - issuer exempt from requirement to disclose that it will take up and pay for shares deposited on a pro rata basis or the total number of shares it will acquire under the bid - issuer will disclose the maximum amount it will spend under the bid, and the minimum and maximum amount it will pay for shares tendered.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 95.7, 104(2)(c).
General Regulation, R.R.O. 1990, Reg. 1015, as am, s. 189.

August 10, 2006

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

AND

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

AND

IN THE MATTER OF
ALGOMA STEEL INC.
(the Filer)

MRRS DECISION DOCUMENT

Background

1 The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that, in connection with the proposed purchase by the Filer of a portion of its outstanding common shares (Shares) pursuant to an issuer bid (the Offer), the Filer be exempt from the requirements in the Legislation:

(a) to take up and pay for securities proportionately according to the number of securities deposited by each securityholder;

(b) to provide disclosure in the issuer bid circular (the Circular) of the proportionate take-up and payment;

(c) to state the number of securities sought under the Offer (the Number of Securities Requirement); and

(d) except in Ontario and Quebec, obtain a valuation of the Shares and provide disclosure in the Circular of such valuation, or a summary thereof (the Valuation Requirement).

(collectively, the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

3 This decision is based on the following facts presented by the Filer:

1. the Filer is a reporting issuer or the equivalent in each of the Jurisdictions;

2. the Filer is not in default of any requirement of the Legislation and is not on the list of defaulting reporting issuers maintained pursuant to such Legislation, where applicable;

3. the Filer was incorporated under the Business Corporations Act (Ontario) by articles of arrangement dated June 1, 1992;

4. the Filer's authorized capital consists of an unlimited number of Shares, of which approximately 37.4 million were issued and outstanding as at July 26, 2006;

5. the Shares are listed and posted for trading on the Toronto Stock Exchange (the TSX);

6. to the best of the Filer's knowledge, no person or company holds more than 10% of the Shares;

7. on July 26, 2006, the closing price of the Shares on the TSX was $35.81 and on such date the Shares had an aggregate market value of approximately $1.3 billion, based on such closing price;

8. the Filer intends to conduct the Offer pursuant to a modified Dutch auction procedure (the Dutch Auction), as follows:

   (a) the Circular will specify that the maximum amount the Filer will expend pursuant to the Offer is $200 million (the Specified Amount);

   (b) the Circular will specify the range of prices within which the Filer is prepared to purchase such Shares (the Price Range);

   (c) each holder of Shares (collectively, the Shareholders) wishing to tender to the Offer will have the right either to:

      (i) specify the lowest price within the Price Range at which such Shareholder is willing to sell its tendered Shares (an Auction Tender), or

      (ii) not specify a price but elect to be deemed to have tendered the Shares purchased at the Purchase Price (determined according to subparagraph 8(e) below) (a Purchaser Price Tender);

   (d) the aggregate dollar amount the Filer will expend pursuant to the Offer will remain variable until the Purchase Price is determined and the prorating is calculated in accordance with the procedures outlined on subparagraph 8(i) below;

   (e) the price per Share (Purchase Price) for the Shares tendered to the Offer and not withdrawn will be the lowest price that will enable the Filer to purchase the maximum number of Shares that may be purchased with the Specified Amount, and it will be determined based upon the number of Shares tendered and not withdrawn pursuant to an Auction Tender at each price within the Price Range and tendered and not withdrawn pursuant to a Purchase Price Tender, with each Purchase Price Tender being considered a tender at the lowest price within the Price Range for the purpose of calculating the Purchase Price;

   (f) all Shares tendered at prices above the Purchase Price will be returned to the appropriate Shareholders;

   (g) all Shares tendered at or below the Purchase Price will be taken up and paid for at the Purchase Price;

   (h) all Shares tendered and not withdrawn by Shareholders who fail to specify any tender price for such tendered Shares or fail to indicate that they have tendered their Shares pursuant to a Purchase Price Tender will be considered to have been tendered pursuant to a Purchase Price Tender;

   (i) if the aggregate Purchase Price for Shares validly tendered to the Offer and not withdrawn exceeds the Specified Amount, the Filer will purchase the tendered Shares on a pro rata basis, except that, to prevent "Odd Lot" deposits, the Filer will first purchase and not pro rate, the Shares properly deposited by each Shareholder who owns fewer than 100 Shares and who properly tenders all such Shares at or below the Purchase Price;

   (j) if the Offer is under-subscribed by the initial expiration date but all the terms and conditions thereof have been complied with except those waived by the Filer, the Filer may extend the Offer for at least 10 days, but the Legislation would require the Filer to first take up and pay for all Shares deposited and not withdrawn. All Shares tendered at that time and not withdrawn will be taken up and paid for at the Purchase Price, which

would also be the price applicable for the Offer during the extended bid period.

(k) by the time any extended bid period is over, the Offer may be over-subscribed, in which case the Filer intends to pro-rate only among the tendered Shares received during the extension and after the original expiration date (and subject to the exception relating to "Odd Lots" described in (i) above).

9. prior to the expiry of the Offer, all information regarding the number of Shares tendered and the prices at which such Shares are tendered will be kept confidential by the depositary under the Offer, and the depositary will be directed by the Filer to maintain such confidentiality until the Purchase Price has been determined;

10. since the Offer is for less than all the Shares, if the number of Shares tendered to the Offer exceeds the Specified Amount worth of Shares, the Legislation would require the Filer to

(a) take up and pay for deposited Shares proportionately, according to the number of Shares deposited by each Shareholder; and

(b) disclose in the Circular that the Filer would, if Shares tendered to the Offer exceeded the Specified Amount worth of Shares, take up the Shares proportionately according to the number of Shares tendered by each Shareholder;

11. during the 12-month period before July 27, 2006:

(a) the number of issued and outstanding Shares was at all times at least 5,000,000, excluding Shares beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties of the Filer and Shares that were not freely tradeable;

(b) the aggregate trading volume of the Shares on the TSX was at least 1,000,000 Shares;

(c) there were at least 1,000 trades in Shares on the TSX;

(d) the aggregate trading value based on the price of the trades referred to in clause (c) was at least $15,000,000; and

(e) the market value of the Shares on the TSX was at least $75,000,000 for the month of June 2006.

12. the $200 million of its Shares that the Filer wishes to repurchase represents approximately 15% of the market capitalization on July 26, 2006, which is less than the average monthly trading value on the TSX;

13. the Filer has determined it is reasonable to conclude that, following completion of the Offer, there will be a market for the beneficial owners of Shares who do not tender to the Offer that is not materially less liquid than the market that exists at the time the Offer is made and the Filer intends to rely upon the exemptions from the Valuation Requirement in section 3.4(3) of Ontario Securities Commission Rule 61-501 and Quebec Local Policy Statement Q-27 (the Presumption of Liquid Market Exemptions);

14. the Filer cannot comply with the Number of Securities Requirement because it cannot specify the number of Shares it will acquire pursuant to the procedure described in paragraph 8 above; and

15. the Circular will:

(a) disclose the mechanics for the take-up of and payment for, or the return of, Shares as described in paragraph 8 above;

(b) explain that, by tendering Shares at the lowest price in the Price Range or under a Purchase Price Tender, a Shareholder can reasonably expect that the Shares so tendered will be purchased at the Purchase Price, subject to pro ration as described in paragraph 8 above;

(c) disclose the facts supporting the Filer's reliance on the Presumption of Liquid Market Exemptions as updated to the

date of the announcement of the Offer; and

(d) except to the extent exemptive relief is granted by this decision, contain the disclosure prescribed by the Legislation for issuer bids.

Decision

4 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) Shares deposited under the Offer and not withdrawn are taken up and paid for, or returned to Shareholders, in the manner described in paragraph 8, and

(b) for the Valuation Requirement, the Filer can rely on the Presumption of Liquid Market Exemptions.

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

2.1.11 Extendicare Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Exemption granted from the requirement in item 14.2 of Form 51-102F5 to include in an information circular certain financial statements in respect of a reorganization of an issuer pursuant to which: (i) a segment of the issuer's business is being spun off to existing shareholders and (ii) the issuer is being converted into a real estate investment trust – exemption also granted from NI 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency in connection with certain financial disclosure required to be included in the management proxy circular in connection with a reorganization of an issuer. The circular will provide sufficient information, including sufficient financial information of the spun off business, to enable shareholders to make an informed decision.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, Form 51-102F5 – Information Circular, Item 14.2
NI 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency, Part 7

August 31, 2006

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

AND

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

AND

**IN THE MATTER OF
EXTENDICARE INC.**

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 Extendicare Inc. (the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation"):

1. for exemptions from the requirements in the Legislation (i) to prepare the financial statements of Assisted Living Concepts, Inc. ("ALC")

appearing in the Filer's management proxy circular in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"); (ii) to audit the financial statements of ALC in accordance with Canadian Generally Accepted Auditing Standards ("GAAS"); (iii) to provide a statement by the auditor of ALC disclosing any material differences in the auditor's report and confirming that the auditing standards of the United States are substantially equivalent to Canadian GAAS; (iv) to provide a cross reference to the notes in the financial statements that reconcile the differences between the foreign GAAP and the Canadian GAAP; (v) to prepare pro forma financial statements of ALC in accordance with Canadian GAAP; and (vi) to provide the business acquisition disclosure that is required under the Legislation, in a management information circular of the Filer to be sent in connection with a special meeting of shareholders at which a reorganization transaction will be considered (the "Circular"), and

2. that the application and this MRRS Decision Document be maintained confidential until the earlier of:

   (a) 30 days from the date of this MRRS Decision Document; and

   (b) such time as the Circular is mailed to shareholders.

(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 Filers:

3. Extendicare is a corporation governed by the *Canada Business Corporations Act* (the "CBCA").

4. Extendicare is a reporting issuer in all the provinces of Canada. Extendicare is not, to its knowledge, in default of its reporting issuer obligations under the securities legislation of the provinces.

5. Extendicare's primary operations are its long-term health care services, which it conducts through its skilled nursing and assisted living facilities.

6. As of the date hereof, the authorized share capital of Extendicare consists of an unlimited number of Subordinate Voting Shares, Multiple Voting Shares and Class I and Class II Preferred Shares.

7. As at July 1, 2006, Extendicare had 56,177,520 Subordinate Voting Shares, 11,778,433 Multiple Voting Shares, 84,305 Class I Preferred Shares, Series 2, 89,910 Class I Preferred Shares, Series 3, 244,640 Class I Preferred Shares, Series 4 and 382,979 Class II Preferred Shares, Series I outstanding.

8. Extendicare's Subordinate Voting Shares, Multiple Voting Shares and preferred shares are listed on the Toronto Stock Exchange (the "TSX"). Extendicare's Subordinate Voting Shares are also listed on the New York Stock Exchange (the "NYSE").

9. Extendicare is a registrant with the United States Securities and Exchange Commission (the "SEC") and is deemed a foreign private issuer thereby.

10. Extendicare's financial statements are prepared in accordance with Canadian GAAP using the Canadian dollar as both its functional and reporting currency. Extendicare prepares a Canadian-U.S. GAAP reconciliation in its notes to its consolidated financial statements. Extendicare's auditor is KPMG LLP, Toronto, Canada.

11. Extendicare Health Services, Inc. ("EHSI") is an indirect U.S. wholly-owned subsidiary of Extendicare. EHSI owns, directly or indirectly, the shares of most of Extendicare's subsidiaries in the United States. EHSI is a SEC registrant as it has publicly traded debt in the United States.

12. EHSI's financial statements are prepared in accordance with U.S. GAAP using the U.S. dollar as both its functional and reporting currency.

13. As of January 1, 2006, Extendicare, through EHSI, owned or leased 211 assisted living facilities in the United States, of which 177 facilities are owned or leased by ALC and 34 facilities are owned or leased by EHSI. As part of the spin-off transaction referred to in paragraph 15 below, EHSI has transferred or will be transferring 29 of its owned assisted living facilities to ALC.

14. ALC was acquired by EHSI on January 31, 2005. ALC has maintained separate historical financial reporting. ALC's financial statements are prepared

in accordance with U.S. GAAP using the U.S. dollar as both its functional and reporting currency.

15. By press release dated May 31, 2006, Extendicare announced a proposed reorganization whereby (i) it will spin-off to holders of its Subordinate Voting Shares and Multiple Voting Shares almost all of its U.S. assisted living business, and (ii) convert its remaining business and the related assets, liabilities and operations into a real estate investment trust ("REIT"). The reorganization will be accomplished by way of a plan of arrangement (the "Arrangement") under the CBCA whereby (i) each holder of the Subordinate Voting Shares of Extendicare will receive one share of Class A common stock of ALC (being a subordinate voting share) and one unit of the new Extendicare REIT for each Subordinate Voting Share held and (ii) each holder of the Multiple Voting Shares of Extendicare will receive one share of Class B common stock of ALC (being a multiple voting share) and 1.075 units of the Extendicare REIT for each Multiple Voting Share held. As an alternative to the receipt of units of the new Extendicare REIT, non-exempt Extendicare Subordinate Voting or Multiple Voting shareholders resident in Canada will be entitled to receive one and 1.075, respectively, limited partnership units ("Exchangeable LP Units") of a new limited partnership controlled by the REIT, which will be exchangeable into REIT units on a one-for-one basis subject to a maximum number of Exchangeable LP Units.

16. As part of the proposed transaction, EHSI has transferred or will transfer 29 of its assisted living facilities to ALC. The book value of the 29 facilities as at March 31, 2006 was equal to approximately 25% of the book value of ALC's assets.

17. ALC has filed a registration statement on Form 10 in the United States with the SEC under the Securities Exchange Act of 1934 (the "Exchange Act") with respect to its Class A common stock. ALC has applied to list the Class A common stock on the NYSE.

18. As required under the Exchange Act, the Form 10 filed by ALC contains the following financial statements prepared in accordance with U.S. GAAP:

    (a) audited consolidated financial statements of ALC (as it existed prior to its acquisition by EHSI), being a consolidated balance sheet as of December 31, 2004 and 2003 and the related consolidated statements of operations, shareholders' equity and cash flows for the three years ended December 31, 2004;

    (b) audited combined financial statements of ALC (being a combination of the assisted living businesses owned by Extendicare as of December 31, 2005 and 2004) and the related combined statements of income, parent's investment and cash flows for the three years ended December 31, 2005 (and only giving effect to the acquisition of ALC from the date of acquisition);

    (c) comparative unaudited combined interim financial statements of ALC (being a combination of the assisted living businesses owned by Extendicare) for the six month period ended June 30, 2006 and 2005; and

    (d) unaudited pro forma condensed combined statements of income of ALC for the year ended December 31, 2005 and for the six month period ended June 30, 2006 (assuming the separation from Extendicare was effective as of January 1, 2005) and unaudited pro forma condensed combined balance sheets of ALC as of June 30, 2006 (assuming the separation from Extendicare was effective as of such date).

19. The financial statements in the Form 10 filed by ALC described in paragraphs 18(a) and 18(b) have been audited by KPMG LLP (Dallas and Milwaukee offices, respectively) in accordance with the standards of the Public Company Accounting Oversight Board, United States.

20. The financial statements described in paragraphs 18(b) and (c) above have been prepared to include all of Extendicare's assisted living business in the United States and are primarily a combination of (i) the assisted living facilities operated by EHSI prior to and after its acquisition of ALC, including giving effect to discontinued operations; (ii) the 177 assisted living facilities previously operated by ALC, which were acquired as a result of the acquisition of ALC in January 2005; and (iii) two assisted living facilities constructed during 2005 that are owned and operated by ALC. The pro forma financial statements described in paragraph 18(d) reflect certain adjustments, among others, to remove the five assisted living facilities being retained by EHSI..

21. The Arrangement will be subject, among other things, to court approval and approval of the holders of Extendicare's Multiple Voting Shares and Subordinate Voting Shares of Extendicare, voting on a class basis.

22. In connection with the shareholder meeting, Extendicare will prepare the Circular that will be sent to holders of its Multiple Voting Shares and Subordinate Voting Shares.

23. The Form 10 filed by ALC will be attached to or mailed with the Circular.

24. The Circular will contain or incorporate by reference the following financial statements (in addition to those contained in the Form 10):

    (a) Extendicare's audited consolidated financial statements as at and for the years ended December 31, 2005 and 2004 (incorporated by reference on the same basis as if the Circular were a short form prospectus);

    (b) Extendicare's interim financial statements for the six month periods ended June 30, 2006 and 2005 (incorporated by reference on the same basis as if the Circular were a short form prospectus);

    (c) Extendicare REIT's audited balance sheet on or about the date of formation;

    (d) Pro forma financial statements for the Extendicare REIT as at and for the year ended December 31, 2005 based on the following.

        (i) historical Extendicare financial statements;

        (ii) pro forma adjustments to remove ALC, based on financial information in accordance with Canadian GAAP and in Canadian dollars; and

        (iii) pro forma adjustments to reflect the Extendicare REIT transactions; and

    (e) Pro forma interim financial statements for the Extendicare REIT for the six month period ended June 30, 2006, prepared on the same basis as set out in (d) above.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the decision has been met. The decision of the Decision Makers under the Legislation is that the Requested Relief is hereby granted, provided that:

(a) the ALC financial statements are prepared in accordance with U.S. GAAP and U.S. GAAS,

(b) the Circular contains the ALC financial statements described in paragraph 18 of this MRRS Decision Document, and

(c) the Circular contains or incorporates by reference the financial statements described in paragraph 24 of this MRRS Decision Document.

"John Hughes"
Manager, Continuous Disclosure
Ontario Securities Commission

2.1.12 MRF 2006 Resource Limited Partnership et al.- MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemption from the requirements in National Instrument 81-106 Investment Fund Continuous Disclosure to prepare an annual proxy voting record for flow-through limited partnerships because of their short lifespan and lack of readily available secondary market.

Rules Cited

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 10.3, 10.4, 17.1.

August 31, 2006

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

AND

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

AND

**IN THE MATTER OF
MRF 2006 RESOURCE LIMITED PARTNERSHIP
(MRF 2006),
MRF 2005 RESOURCE LIMITED PARTNERSHIP
(MRF 2005),
EXPLORER III RESOURCE LIMITED PARTNERSHIP
(EXPLORER III) AND
EXPLORER II RESOURCE LIMITED PARTNERSHIP
(EXPLORER II)
(each a Filer and collectively the Filers)**

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 Filers for a decision under National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106) exempting each Filer from:

(i) the requirement in section 10.3 of NI 81-106 to maintain a proxy voting record (the Proxy Voting Record), and

(ii) the requirements in section 10.4 of NI 81-106 to prepare a Proxy Voting Record on an annual basis for the period ending on June 30 of each year, to post the Proxy Voting Record on the Filer's website no later than August 31 of each year, and to send the Proxy Voting Record to the limited partners of each Filer (the Limited Partners) upon request ((i) and (ii) are herein referred to as 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 Filers:

1. The principal office of the Filers is located in Toronto, Ontario.

2. The Filers were formed to invest in certain common shares (Flow-Through Shares) of companies involved primarily in oil and gas, mining or renewable energy exploration and development (Resource Companies) pursuant to agreements (Resource Agreements) between each Filer and the relevant Resource Company. Under the terms of each Resource Agreement, the relevant Filer will subscribe for Flow-Through Shares of the Resource Company and the Resource Company will agree 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 qualify as Canadian exploration expense or as Canadian development expense which may be renounced as Canadian exploration expense to the Filer.

3. MRF 2006 is a limited partnership formed pursuant to the *Limited Partnerships Act* (Ontario) (the Act) on January 10, 2006. On February 16, 2006, MRF 2006 became a reporting issuer in each of the Jurisdictions and in Prince Edward Island. On or about May 28, 2008, MRF 2006 will be dissolved and the Limited Partners of MRF 2006 will receive their pro rata share of the net assets of MRF 2006.

4. MRF 2005 is a limited partnership formed pursuant to the Act on January 18, 2005. On February 28, 2005, MRF 2005 became a reporting issuer in each of the Jurisdictions and in Prince

Edward Island. On or about May 31, 2007, MRF 2005 will be dissolved and the Limited Partners of MRF 2005 will receive their pro rata share of the net assets of MRF 2005.

5. Explorer III is a limited partnership formed pursuant to the Act on January 18, 2005. On September 28, 2005, Explorer III became a reporting issuer in each of the Jurisdictions, other than Quebec, and in Prince Edward Island. On or about March 18, 2008, Explorer III will be dissolved and the Limited Partners of Explorer III will receive their pro rata share of the net assets of Explorer III.

6. Explorer II is a limited partnership formed pursuant to the Act on January 16, 2004. On November 25, 2004, Explorer II became a reporting issuer in each of the Jurisdictions and in Prince Edward Island. On or about March 30, 2007, Explorer II will be dissolved and the Limited Partners of Explorer II will receive their pro rata share of the net assets of Explorer II.

7. It is the current intention of each of the general partners of the Filers that each Filer enter into an agreement with Middlefield Mutual Funds Limited (the Mutual Fund), an open-ended mutual fund, whereby assets of MRF 2006 and MRF 2005 would be exchanged for redeemable shares of the Growth Class of the Mutual Fund, and assets of Explorer III and Explorer II would be exchanged for redeemable shares of the Resource Class of the Mutual Fund. Upon dissolution of each of the Filers, the Limited Partners of each Filer would then receive their pro rata share of the shares of either the Growth Class or the Resource Class, as applicable, of the Mutual Fund.

8. The Filers are short-term special purpose vehicles which are dissolved within approximately 2 years of their formation. The primary investment purpose of the Filers is not to achieve capital appreciation, although this is a secondary benefit, but rather to obtain for the Limited Partners the significant tax benefits that accrue when Resource Companies renounce resource exploration and development expenditures to the Filers through the Flow-Through Shares.

9. The limited partnership units of each Filer (the Units) are not and will not be listed or quoted for trading on any stock exchange or market. The Units are not redeemable by the Limited Partners. Generally, Units are not transferred by Limited Partners since Limited Partners must be holders of the Units on the last day of each fiscal year of a Filer in order to obtain the desired tax deduction.

10. As a result of the implementation of NI 81-106, investors purchasing Units of MRF 2006 or Explorer III were provided with a prospectus containing written policies on how the Flow-Through Shares or other securities held by the Filers are voted (the Proxy Voting Policies), and had the opportunity to review the Proxy Voting Policies before deciding whether to invest in Units.

11. The Proxy Voting Policies (which also apply to MRF 2005 and Explorer II) require that a Filer exercise its voting rights in respect of securities of an issuer if more than 4% of the Filer's net assets are invested in that issuer. Each Filer does not intend to exercise its voting rights where less than 4% of its net assets are invested in an issuer, but may, in its sole discretion, decide to vote in such circumstances.

12. Pursuant to their Proxy Voting Policies and because each Filer invests in a number of issuers which generally do not represent more than 4% of the Filer's net assets, the Filers are not usually required to exercise their voting rights.

13. Given the short lifespan of each Filer, the production of a Proxy Voting Record would provide Limited Partners very little opportunity for recourse if they disagreed with the manner in which a Filer exercised or failed to exercise its proxy voting rights, as the Filer would likely be dissolved by the time any potential change could materialize.

14. Preparing and making available to Limited Partners a Proxy Voting Record will not be of any benefit to Limited Partners and may impose a material financial burden on the Filers.

Decision

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

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

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

2.2 Orders

2.2.1 ICE Futures - s. 147 of the Act and ss. 38 and 80 of the CFA

Headnote

Section 147 of the Securities Act (OSA) and sections 38 and 80 of the Commodity Futures Act (CFA) – exemption from section 21(1) of the OSA requiring ICE Futures to be recognized as a stock exchange; exemption from section 15 of the CFA requiring ICE Futures to be registered as a commodity futures exchange; exemption from section 33 of the CFA for trades in contracts on ICE Futures by registered futures commission merchants; and exemption from the registration requirement in section 22 of the CFA for trades in contracts on ICE Futures by "hedgers", as defined in the CFA. Relief from section 33 of the CFA granted as the relief specified in the deemed rule In The Matter of Trading In Commodity Futures Contracts and Commodity Futures Options Entered Into On Commodity Futures Exchanges Situate Outside Canada Other Than Commodity Futures Exchanges in The United States of America is for trades "by and with registered futures commission merchants" which is possibly too restrictive for trades made on ICE Futures. Relief granted for trades in contracts on ICE Futures by registered futures commission merchants.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147
Commodity Futures Act, R.S.O. 1990, c. 20, as am., ss. 15, 22, 33, 38, 80

Rule Cited

Ontario Securities Commission Rule 91-503 Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario (1997) 20 O.S.C.B. 1739

September 1, 2006

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

AND

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

AND

IN THE MATTER OF
ICE FUTURES

ORDER
(Section 147 of the OSA and sections 38 and 80 of the CFA)

WHEREAS ICE Futures has filed an application dated June 7, 2006 (Application) with the Ontario Securities Commission (Commission) requesting:

(a) an order pursuant to section 147 of the OSA exempting ICE Futures from the requirement to be recognized as a stock exchange under section 21 of the OSA;

(b) an order pursuant to section 80 of the CFA exempting ICE Futures from the requirement to be registered as a commodity futures exchange under section 15 of the CFA;

(c) an order pursuant to section 38 of the CFA exempting trades in contracts on ICE Futures by registered futures commission merchants (FCMs) from the requirements of section 33 of the CFA; and

(d) an order pursuant to section 38 of the CFA exempting trades in contracts on ICE Futures by "hedgers" from the registration requirement under section 22 of the CFA (Hedger Relief);

AND WHEREAS the term "hedger" has the meaning ascribed to it in section 1(1) of the CFA (Hedger);

AND WHEREAS Rule 91-503 *Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario* exempts trades of commodity futures contracts or commodity futures options made on commodity futures exchanges not registered with or recognized by the Commission under the CFA from sections 25 and 53 of the OSA;

AND WHEREAS ICE Futures has represented to the Commission that:

1. ICE Futures is a private company governed by the laws of the United Kingdom (U.K.) and is an indirect, wholly-owned subsidiary of Intercontinental Exchange, Inc. (ICE Inc.), a public company governed by the laws of the State of Delaware and listed on the New York Stock Exchange,

2. ICE Futures is recognized by Her Majesty's Treasury as a Recognized Investment Exchange (RIE) under the U.K.'s Financial Services and Markets Act 2000 (FSMA) and is subject to supervision by the U.K. Financial Services Authority (FSA) pursuant to the FSMA,

3. As an RIE, ICE Futures offers a variety of energy commodity derivatives contracts including commodity futures contracts and commodity futures options (collectively, ICE Futures Contracts) which are traded electronically on a

platform (known as the ICE Platform) owned and operated by ICE Inc.,

4. As part of its regulatory oversight of ICE Futures, the FSA reviews, assesses and enforces on-going compliance with the recognition requirements under the FSMA relating to financial resources, fitness and properness, systems and controls, maintenance of an orderly market, investor protection, rule-making and other matters including ICE Futures' regulations, procedures and practices (collectively, ICE Futures Regulations),

5. ICE Futures is required under its regulations to provide to the FSA on request access to all records and to cooperate with any other regulatory authority, including making arrangements for information-sharing,

6. All ICE Futures Contracts are cleared and settled by LCH.Clearnet Limited (LCH.Clearnet), which is a recognized clearing house (RCH) under the FSMA and which acts as counterparty and guarantor to each ICE Futures Contract traded on the ICE Platform,

7. The FSA discharges its regulatory oversight over RCHs such as LCH.Clearnet by conducting an ongoing assessment of the RCH's regulations, procedures and practices to confirm that they provide the proper protection of investors and include satisfactory arrangements for the settlement of transactions,

8. ICE Futures proposes to offer direct electronic access to trading in ICE Futures Contracts through the ICE Platform to market participants in Ontario, either by way of membership in ICE Futures to entities that meet its eligibility criteria or through order-routing arrangements,

9. ICE Futures Contracts fall under the definitions of "commodity futures contract" or "commodity futures option" set out in Section 1 of the CFA. ICE Futures is therefore considered a "commodity futures exchange" as defined in Section 1 of the CFA and is prohibited from carrying on business in Ontario unless it is registered or exempt from registration as an exchange under Section 15 of the CFA,

10. ICE Futures seeks to provide Ontario market participants with direct, electronic access to trading in ICE Futures Contracts and as a result, is considered to be "carrying on business as a commodity futures exchange" in Ontario,

11. ICE Futures is not registered with or recognized by the Commission as a commodity futures exchange under the CFA and no ICE Futures Contracts have been accepted by the Director (as defined in the OSA) under the CFA, therefore, ICE Futures Contracts are considered "securities" under paragraph (p) of the definition of "security" set out in Section 1(1) of the OSA and ICE Futures is considered a "stock exchange" under the OSA and is prohibited from carrying on business in Ontario unless it is recognized or exempt from recognition under section 21 of the OSA,

12. As above, since ICE Futures seeks to provide Ontario market participants with direct, electronic access to trading in ICE Futures Contracts it is considered to be "carrying on business as a stock exchange" in Ontario,

13. ICE Futures expects that its potential members and order-routing clients in Ontario will be (i) dealers that are engaged in the business of trading commodity futures in Ontario, (ii) utilities and other commercial enterprises that are exposed to risks attendant upon fluctuations in the price of a commodity and, to the extent applicable, (iii) institutional investors and proprietary trading firms,

14. ICE Futures maintains rigorous membership criteria that all applicants must satisfy before their applications are considered by its Authorization, Rules and Conduct Committee, including, among others: fitness criteria; suitable qualifications and experience; adequate training and supervision; proper authorizations, or exemptions to trade; and suitable financial standing,

15. ICE Futures applies its membership criteria by subjecting each applicant to an intensive due diligence process, which includes: review of constituent documentation and financial statements; verification of regulatory authorization in the applicant's home jurisdiction; confirmation of qualifications; conducting searches of relevant international and domestic financial services information databases; and conducting other know-your-client and anti-fraud procedures,

16. Each applicant for ICE Futures membership that intends to rely on the Hedger Relief will be required, as part of the application documentation to:

    (a) represent that it is a Hedger;

    (b) acknowledge that ICE Futures deems the Hedger representation to be repeated by the applicant each time it enters an order for an ICE Futures Contract, and that the applicant must be a Hedger for the purposes of each trade resulting from such an order; and

    (c) agree to notify ICE Futures if the applicant ceases to be a Hedger,

17. With respect to order-routing access, ICE Futures will ensure that the guidance that it circulates to its members (ICE Futures Members) respecting Ontario participation (Ontario Guidance) indicates that an ICE Futures Member is permitted to grant access to ICE Futures to a client in Ontario provided that (i) the client is a registered FCM under the CFA, (ii) the ICE Futures Member is a registered FCM under the CFA, or (iii) the ICE Futures Member is regulated as a dealer in its home jurisdiction and the client is a Hedger or is able to rely on another exemption from registration under the CFA,

18. Based on the facts set out in the Application, ICE Futures satisfies the criteria set out in Schedule "A" to this order;

AND WHEREAS based on the Application and the representations ICE Futures has made to the Commission, the Commission has determined that ICE Futures satisfies the criteria set out in Schedule "A" and that the granting of exemptions from recognition and registration to ICE Futures would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that pursuant to section 147 of the OSA, ICE Futures is exempt from recognition as a stock exchange under section 21 of the OSA, and pursuant to section 80 of the CFA, ICE Futures is exempt from registration as a commodity futures exchange under section 15 of the CFA;

AND IT IS FURTHER ORDERED by the Commission that, pursuant to section 38 of the CFA, trades in contracts on ICE Futures by FCMs are exempt from the requirements of section 33 of the CFA;

AND IT IS FURTHER ORDERED by the Commission that, pursuant to section 38 of the CFA, trades in ICE Futures Contracts by Hedgers who are ICE Futures Members are exempt from the registration requirement under section 22 of the CFA;

PROVIDED THAT ICE Futures complies with the terms and conditions attached hereto as Schedule "B".

"Paul M. Moore"
"Robert L. Shirriff"

SCHEDULE "A"

Criteria for Exemption from Recognition/Registration as an Exchange

PART 1 REGULATION AND OVERSIGHT OF THE EXCHANGE

1.1 Regulation of the Exchange

The Exchange is regulated in an appropriate manner in another jurisdiction by a Foreign Regulator. The regulatory scheme of the Foreign Regulator is transparent and generally comparable to that in Ontario.

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the Exchange. This oversight includes regular, periodic regulatory examinations of the Exchange by the Foreign Regulator.

PART 2 CORPORATE GOVERNANCE

2.1 Fair Representation

The governance structure of the Exchange provides for:

(i) appropriate, fair and meaningful representation on its Board and any committee thereof; and

(ii) appropriate representation by independent directors on the Board and any committee thereof.

2.2 Appropriate Provisions for Directors and Officers

There are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors and officers.

2.3 Fitness

The Exchange takes reasonable steps to ensure that each officer and director is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

2.4 Conflicts of Interest

The Exchange has appropriate conflict of interest provisions for all directors, officers and employees.

PART 3 FEES

3.1 Fees

The Exchange's process for setting fees is fair, transparent and appropriate. Any and all fees imposed by the Exchange on its participants are equitably allocated, do not

have the effect of creating barriers to access and are balanced with the criteria that the Exchange has sufficient revenues to satisfy its responsibilities.

PART 4 REGULATION OF PRODUCTS

4.1 Approval of Products

The products traded on the Exchange are approved by the appropriate authority.

4.2 Product Specifications

The terms and conditions of trading the products are in conformity with normal commercial business practices for the trade in the product.

4.3 Risks Associated with Trading Products

The Exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the Exchange, including, but not limited to, margin requirements, intra-day margin calls, daily trading limits, price limits, position limits, and internal controls.

PART 5 ACCESS

5.1 Fair Access

The requirements of the Exchange relating to access to the facilities of the Exchange, the imposition of limitations or conditions on access and denial of access are approved by the Foreign Regulator and are fair and reasonable, including in respect of notice, an opportunity to be heard or make representations, the keeping of records, the giving of reasons and the provisions for appeals.

5.2 Details of Access Criteria

In particular, the Exchange

i. has written standards for granting access to trading on its facilities to ensure users have appropriate integrity and fitness;

ii. has and enforces financial integrity standards for those persons who enter orders for execution on the system, including, but not limited to, credit or position limits and clearing membership;

iii. does not unreasonably prohibit or limit access by a person or company to services offered by it.

iv. keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access; and

v. restricts access to adequately trained system users who have demonstrated competence in the functions that they perform.

5.3 Access for Ontario Persons

The Exchange provides direct access, either through terminals, data feeds or third party provided interfaces, to only those Ontario persons that are duly registered or licensed under Ontario.

PART 6 RULEMAKING

6.1 Purpose of Rules

The Exchange maintains rules, policies and other similar instruments as are necessary or appropriate to govern and regulate all aspects of its business and affairs and such rules are designed to, in particular,

i. ensure compliance with the rules of the Exchange and securities legislation;

ii. prevent fraudulent and manipulative acts and practices;

iii. promote just and equitable principles of trade;

iv. foster cooperation and coordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, the products trade on the Exchange;

v. provide for appropriate discipline;

vi. ensure a fair and orderly market; and

vii. ensure that the Exchange business is conducted in a manner so as to afford protection to investors.

6.2 No Discrimination or Burden on Competition

The rules of the Exchange do not

i. permit unreasonable discrimination among issuers, if applicable, and participants; or

ii. impose any burden on competition that is not reasonably necessary or appropriate.

PART 7 SYSTEMS AND TECHNOLOGY

7.1 System Capability/Scalability

For each of its systems that support order entry, order routing, execution, data feeds, trade reporting and trade comparison, capacity and integrity requirements, the Exchange:

i. makes reasonable current and future capacity estimates;

ii. conducts capacity stress tests of critical systems to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

iii. reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

iv. ensures that safeguards which protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

v. ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

vi. maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

vii. maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

7.2 Information Technology Risk Management Procedures

Procedures are in place that:

i. handle trading errors, trading halts and circuit breakers;

ii. ensure the competence, integrity and authority of system users;

iii. ensure that the system users are adequately supervised; and

iv. ensure the competence, integrity and authority of system users, to ensure that system users are adequately supervised.

PART 8 FINANCIAL VIABILITY

8.1 Financial Viability

The Exchange has sufficient financial resources for the proper performance of its functions.

PART 9 CLEARING AND SETTLEMENT

9.1 Relationship with Clearing House

The Exchange has a clearing relationship with an established clearing house and all transactions executed on the Exchange are cleared through the Clearing House.

9.2 Regulation of the Clearing House

The Clearing House and direct clearing members are subject to acceptable regulation.

9.3 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the Clearing House. This oversight includes regular, periodic regulatory examinations of the Clearing House by the Foreign Regulator.

9.4 Restrictions on Access to a Foreign Member

Any restrictions on access to the clearing system by a foreign member are adequately disclosed and justified by the legislation of the home jurisdiction, are not anti-competitive and do not unreasonably impose barriers to access.

9.5 Sophistication of Technology of Clearing House

The Exchange has assured itself that the information technology used by the Clearing House has been adequately reviewed and tested and provides at least the same level of safeguards as required of the Exchange.

9.6 Risk Management of Clearing House

The Exchange has assured itself that the Clearing House has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 10 TRADING PRACTICES

10.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

10.2 Market Making Provisions

Market making provisions and other provisions to ensure market liquidity, if any, are fair and equitable to all market participants.

10.3 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

10.4 Transparency

Adequate provision has been made to record and publish details of pricing and trading.

10.5 Market Limits

Market limits have been established as to ensure the integrity of the Exchange during times of volatility.

PART 11 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

11.1 Jurisdiction

The Exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

11.2 Member and Market Regulation

The Exchange or its Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with Exchange and legislative requirements and disciplining participants.

11.3 Record Keeping

The Exchange maintains adequate provisions for keeping books and records, including operations of the exchange, audit trail information on all trades and compliance and/or violations of Exchange requirements and securities legislation.

11.4 Availability of Information to Regulator

The Exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory and enforcement purposes is available to the relevant regulatory authorities on a timely basis.

PART 12 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

12.1 Information Sharing and Oversight Agreement

Satisfactory information sharing and oversight agreements exist among the OSC and the Foreign Regulator.

PART 13 IOSCO PRINCIPLES

13.1 IOSCO Principles

The Exchange adheres to the IOSCO principles to the extent consistent with the law of the foreign jurisdiction.

SCHEDULE "B"

Terms and Conditions

REGULATION OF ICE FUTURES

1. ICE Futures will maintain its recognition by Her Majesty's Treasury and will continue to be subject to the supervision of the FSA, or any successor regulatory body, as an RIE, or any successor category of recognition.

2. ICE Futures will continue to comply with its ongoing compliance requirements set out in the FSMA (Recognition Requirements), or any successor compliance requirements.

3. ICE Futures will continue to meet the criteria for exemption from registration as an exchange, as set out in Schedule "A".

ACCESS

4. ICE Futures will not provide direct access to Ontario participants unless they are appropriately registered to trade in ICE Futures Contracts or operating pursuant to an exemption from registration; ICE Futures may reasonably rely on a written representation from each ICE Futures Member in Ontario (Ontario Member) in making this determination and will notify such Ontario Member that this representation is deemed to be repeated each time it enters an order for an ICE Futures Contract.

5. Each applicant for ICE Futures membership that intends to rely on the Hedger Relief will be required, as part of the application documentation to:

   (a) represent that it is a Hedger;

   (b) acknowledge that ICE Futures deems the Hedger representation to be repeated by the applicant each time it enters an order for an ICE Futures Contract and that the applicant must be a Hedger for the purposes of each trade resulting from such an order; and

   (c) agree to notify ICE Futures if the applicant ceases to be a Hedger,

6. All orders for ICE Futures Contracts transmitted to the ICE Platform by a Hedger that is operating pursuant to the Hedger Relief will be solely for their own account.

7. ICE Futures will require Ontario Members to notify ICE Futures if their registration or exemption from registration has been revoked, suspended or amended by the Commission and, following notice from the Ontario Member or the Commission and subject to applicable laws, ICE Futures will promptly restrict access to ICE Futures if the Ontario Member is no longer appropriately registered with or exempted by the Commission.

8. With respect to order-routing access, ICE Futures will ensure that the Ontario Guidance indicates that an ICE Futures Member is permitted to grant access to ICE Futures to a client in Ontario provided that (i) the client is a registered FCM under the CFA; (ii) the ICE Futures Member is a registered FCM under the CFA or (iii) the ICE Futures Member is regulated as a dealer in its home jurisdiction and the client is a Hedger or is able to rely on another exemption from registration under the CFA.

9. ICE Futures makes available to ICE Futures Members appropriate training for each person who has access to trade in ICE Futures Contracts on the ICE Platform.

NON-REGISTRANTS

10. ICE Futures will require each Ontario Member that is not registered with the Commission as an FCM to file with ICE Futures a written representation, executed by a person with the authority to bind the Ontario Member, stating that as long as it operates pursuant to the Hedger Relief provided herein, the Ontario Member (a) agrees to and submits to the jurisdiction of the Commission with respect to activities conducted pursuant to the Hedger Relief, and (b) will provide, upon the request of the Commission, prompt access to the books and records of the Ontario Member. ICE Futures will make such representations available to the Commission upon the request of staff of the Commission.

SUBMISSION TO JURISDICTION AND AGENT FOR SERVICE

11. ICE Futures submits to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario, in a proceeding arising out of, related to or concerning or in any other manner connected with the activities of ICE Futures in Ontario.

12. ICE Futures will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of or relating to or concerning ICE Futures' activities in Ontario.

DISCLOSURE

13. ICE Futures will provide to all Ontario Members, and also require ICE Futures Members that are registered FCMs under the CFA to distribute to Ontario clients, prior to the first trade by each client that is executed through the facilities of ICE Futures, disclosure that states that:

    (a) rights and remedies against ICE Futures may only be governed by the laws of the U.K., rather than the laws of Ontario and may be required to be pursued in the U.K rather than in Ontario;

    (b) the rules applicable to trading on ICE Futures may be governed by the laws of the U.K., rather than the laws of Ontario; and

    (c) ICE Futures is regulated by the FSA, rather than the OSC.

FILING REQUIREMENTS

Prompt Notice

14. ICE Futures will promptly notify staff of the Commission of any of the following:

    (a) any material change to the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the FSA,

        (ii) the corporate governance structure of ICE Futures,

        (iii) the access model, including eligibility criteria, for Ontario participants,

        (iv) systems and technology, and

        (v) the clearing and settlement arrangements for ICE Futures;

    (b) any change in the ICE Futures Regulations or the laws, rules and regulations in the U.K. relevant to futures and options on futures where such change may materially affect the ability of ICE Futures to meet the criteria set out in Schedule "A" to this order;

    (c) any known investigations of, or disciplinary action against, ICE Futures by the FSA or any other regulatory authority to which ICE Futures is subject;

    (d) any matter known to ICE Futures that may affect the financial or operational viability of ICE Futures, including, but not limited to, any significant system failure or interruption;

    (e) any default, insolvency or bankruptcy of any ICE Futures Member known to ICE Futures or its representatives that may have a material, adverse impact upon ICE Futures, the ICE Futures clearing system or any Ontario Member.

Quarterly Reporting

15. ICE Futures will maintain the following updated information and submit such information to the Commission on at least a quarterly basis, and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Members;

    (b) a list of all Ontario Members against whom disciplinary action has been taken in the last quarter by ICE Futures or the FSA with respect to activities on ICE Futures;

    (c) a list of all investigations by ICE Futures relating to Ontario Members;

    (d) a list of all Ontario applicants who have been denied membership to ICE Futures;

    (e) for each ICE Futures Contract, the total trading volume originating from Ontario Members and the proportion of worldwide trading volume on ICE Futures conducted by Ontario Members.

Annual Reporting

16. ICE Futures will arrange to have the annual SAS 70 for ICE, Inc. filed with the Commission.

FINANCIAL VIABILITY

17. ICE Futures will file with the Commission all annual financial statements required to be filed with the FSA, within the same timeframes as required by the FSA.

INFORMATION SHARING

18. ICE Futures will, subject to applicable laws, share any and all information within the care and control of ICE Futures and otherwise co-operate wherever reasonable with the Commission or its staff.

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
NSP Pharma Corp.	05 Sept 06	15 Sept 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
Agtech Income Fund	01 Sept 06	14 Sept 06			
Cognos Incorporated	01 Jun 06	14 Jun 06	14 Jun 06	02 Aug 06	
DataMirror Corporation	02 May 06	15 May 06		12 May 06	

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
Agtech Income Fund	01 Sept 06	14 Sept 06			
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
Cognos Incorporated	01 Jun 06	14 Jun 06	14 Jun 06	02 Aug 06	
DataMirror Corporation	02 May 06	15 May 06		12 May 06	
Fareport Capital Inc.	13 Sept 05	26 Sept 05	26 Sept 05		
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 Inc.	18 May 04	01 Jun 04	01 Jun 04		
Mindready Solutions Inc.	06 Apr 06	19 Apr 06	19 Apr 06		
Neotel International Inc.	02 Jun 06	15 Jun 06	15 Jun 06		
Novelis Inc.	18 Nov 05	01 Dec 05	01 Dec 05		
TECSYS Inc.	02 Aug 06	15 Aug 06	15 Aug 06		

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
08/09/2006	2	Alinda Infrastructure Parallel Fund I, L.P. - LP Interest	55,995,000.00	50,000,000.00
08/23/2006 to 08/30/2006	20	Amalgamated Income Limited Partnership - LP Units	962,000.00	130,000.00
08/25/2006	11	Black Bore Resources Ltd - Common Share Purchase Warrant	1,700,195.00	557,000.00
01/01/2005	1	Cantillon Pacific Ltd. - Common Shares	2,223,400.00	20,000.00
08/22/2006	17	CareVest Blended Mortgage Investment Corporation - Preferred Shares	740,849.00	740,849.00
08/22/2006	16	CareVest First Mortgage Investment Corporation - Preferred Shares	2,004,386.00	2,004,386.00
08/30/2006	11	Christopher James Gold Corp. - Receipts	1,500,000.00	3,750,000.00
07/27/2006	63	Coro Mining Corp. - Receipts	3,843,322.50	2,562,125.00
08/30/2006	1	Ecofin Special Situations Utilities Fund Limited - Units	276,750.00	2,500.00
08/14/2006	29	Foran Mining Corporation - Common Shares	2,700,000.00	16,875,000.00
08/21/2006 to 08/25/2006	30	General Motors Acceptance Corporation of Canada, Limited - Notes	31,764,325.90	31,764,325.90
08/23/2006	5	Golden Goose Resources Inc. - Units	1,600,000.00	2,387,699.00
08/24/2006	5	Golden Hope Mines Ltd. - Common Shares	215,000.00	800,000.00
08/24/2006	2	Hedgeforum Single Manager Platform - Units	553,800.00	500.00
08/25/2006	42	Honda Canada Finance Inc. - Debentures	500,000,000.00	500,000.00
08/22/2006	360	Horizon North Logistics Inc. - Receipts	110,500,000.00	34,000,000.00
08/24/2006	57	Huron Energy Corporation - Common Shares	12,582,000.00	11,700,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
08/24/2006	67	Huron Energy Corporation - Flow-Through Shares	6,000,000.00	40,000,000.00
08/24/2006	2	IGW Capital Ltd. - Bonds	200,000.00	2,000.00
07/13/2006	2	IGW Investments Ltd. - Common Shares	139,000.00	1,390.00
08/24/2006	2	IGW Investments Ltd. - Common Shares	200.00	2,000.00
08/23/2006 to 09/01/2006	12	IGW Properties Limited Partnership I - LP Units	625,000.00	535,000.00
08/28/2006	2	In Depth Resources Ltd. - Flow-Through Shares	1,000,000.50	666,667.00
08/18/2006	2	Journey Resources Corp. - Common Shares	30,000.00	100,000.00
08/25/2006	1	Kadmus Pharmaceuticals, Inc. - Notes	323,107.15	N/A
08/21/2006	28	Killam Properties Inc. - Common Shares	15,088,000.00	6,560,000.00
08/15/2006	4	Kingwest Avenue Portfolio - Units	43,500.00	1,403.70
08/24/2006	2	KKR 2006 Fund Private Investors Offshore L.P. - LP Interest	2,220,000.00	N/A
08/15/2006	2	Leap Wireless International Inc - Common Shares	23,486.40	5,600,000.00
07/14/2006	1	Lindsay Goldbert & Bessemer II L.P. - LP Units	0.00	0.00
08/29/2006	37	Maxim Resources Inc. - Units	1,230,375.00	4,921,500.00
08/23/2006	62	New Millennium Capital Corp. - Units	10,743,450.36	10,800,000.00
08/17/2006	24	OceanLake Commerce Inc. - Units	1,100,001.15	73,333,341.00
07/13/2006	35	RIC Management Inc - Units	3,500,000.00	3,500,000.00
08/25/2006	2	Sextant Strategic Opportunities Hedge Fund LP - Units	200,000.00	9,192.20
08/18/2006	24	Sidon International Resources Corporation - Units	516,850.00	4,307,080.00
08/29/2006	1	SMART Trust - Notes	478,067.68	1.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
08/29/2006	1	SMART Trust - Notes	2,152,692.73	1.00
08/29/2006	1	SMART Trust - Notes	6,516,077.35	1.00
08/21/2006	0	Starfire Minerals Inc. - Flow-Through Shares	0.00	5,357,138.00
08/22/2006	45	Stikine Gold Corporation - Units	1,050,000.00	3,500,000.00
01/06/2006	1	Sydney Resource Corporation - Common Shares	47,000.00	100,000.00
06/30/2006	2	Sydney Resource Corporation - Common Shares	9,750.00	25,000.00
07/12/2006	2	Sydney Resource Corporation - Common Shares	5,100.00	15,000.00
05/09/2006	6	Sydney Resource Corporation - Common Shares	66,000.00	150,000.00
08/24/2006	1	TD Capital Private Equity Investors Holdings (Canada) L.P. II - LP Interest	66,666.00	60,000.00
08/24/2006	3	TD Capital Private Equity Investors (Canada) L.P. II - LP Interest	66,666.00	6.00
08/24/2006	246	TG World Energy Corporation - Units	22,731,360.00	18,942,800.00
08/22/2006	2	The Andersons Inc - Common Shares	2,057,200.00	50,000.00
06/28/2006	40	TheraVitae Inc - Common Shares	2,070,330.00	4,000,000.00
08/30/2006	86	Walton Alliston Investment Corporation - Common Shares	1,817,490.00	181,749.00
08/22/2006	22	Walton International Group Inc. - Notes	1,995,000.00	N/A

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Canadian Capital Auto Receivables Asset Trust II
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 1, 2006
Mutual Reliance Review System Receipt dated September 1, 2006
Offering Price and Description:
$ ** % Auto Loan Receivables-Backed Notes, Series 2006-2, Class A-1
$ ** % Auto Loan Receivables-Backed Notes, Series 2006-2, Class A-1
$ ** % Auto Loan Receivables-Backed Notes, Series 2006-2, Class A-3
$ ** % Auto Loan Receivables-Backed Notes, Series 2006-2, Class B
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Promoter(s):
General Motors Acceptance Corporation of Canada, Limited
Project #989444

Issuer Name:
DEQ Systems Corp.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated August 31, 2006
Mutual Reliance Review System Receipt dated August 31, 2006
Offering Price and Description:
$ * - * Units
Each Unit consisting of one Common Share and one Warrant
Price: $ * per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #988941

Issuer Name:
Equinox Minerals Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated August 30, 2006
Mutual Reliance Review System Receipt dated August 30, 2006
Offering Price and Description:
$105,000,000.00 - 75,000,000 Common Shares
Price: $1.40 per Common Share
Underwriter(s) or Distributor(s):
Sprott Securities Inc.
CIBC World Markets Inc.
GMP Securities L.P.
Paradigm Capital Inc.
Raymond James Ltd.
Dundee Securities Corporation
Promoter(s):
-
Project #988191

Issuer Name:
Fairway Energy (06) Flow-Through Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated August 31, 2006
Mutual Reliance Review System Receipt dated August 31, 2006
Offering Price and Description:
$40,000,000.00 (Maximum) 1,600,000 Limited Partnership Units
Price per Unit: $25.00
Minimum Purchase: $5,000.00 (200 Units)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
Blackmont Capital Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
GMP Securities L.P.
Raymond James Ltd.
Wellington West Capital Inc.
MGI Securities Inc.
IPC Securities Corporation
Sprott Securities Inc.
Tristone Capital Inc.
Promoter(s):
Fairway Energy Flow-Through Investment Holdings Corp.
Project #988979

Issuer Name:
General Motors Acceptance Corporation of Canada, Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated August 30, 2006
Mutual Reliance Review System Receipt dated August 31, 2006
Offering Price and Description:
Variable Denomination Adjustable Rate Demand Notes
$1,000,000,000.00
Unconditionally guaranteed as to principal and interest by GMAC LLC
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #988284

Issuer Name:
Mavrix Explore Québec 2006 FT Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated August 30, 2006
Mutual Reliance Review System Receipt dated August 31, 2006
Offering Price and Description:
Maximum offering: $25,000,000.00 (2,500,000 Units)
Minimum offering: $5,000,000.00 (500,000 Units)
Minimum Subscription: 500 Units Subscription Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
TD Securities Inc.
Scotia Capital Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Berkshire Securities Inc.
Laurentian Bank Securities
Promoter(s):
Mavrix Exploration Quebec 2006 Ltd.
Project #988405

Issuer Name:
Moly Mines Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated August 30, 2006
Mutual Reliance Review System Receipt dated September 1, 2006
Offering Price and Description:
$ * - * Shares
Price: $ * per Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Promoter(s):
-
Project #988596

Issuer Name:
Photowatt Technologies Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated August 29, 2006
Mutual Reliance Review System Receipt dated September 1, 2006
Offering Price and Description:
$ * - * Common Shares
Price: $ * per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
UBS Securities Canada Inc.
Promoter(s):
ATS Automation Toolding Systems Inc.
Project #989241

Issuer Name:
AltaFund Investment Corp.
Altamira Asia Pacific Fund
Altamira Balanced Fund
Altamira Biotechnology Fund
Altamira Bond Fund
Altamira Canadian Value Fund
Altamira Capital Growth Fund Limited
Altamira Dividend Fund Inc.
Altamira e-business Fund
Altamira Energy Fund
Altamira Equity Fund
Altamira European Equity Fund
Altamira Global 20 Fund
Altamira Global Bond Fund
Altamira Global Discovery Fund
Altamira Global Diversified Fund
Altamira Global Financial Services Fund
Altamira Global Small Company Fund
Altamira Global Value Fund
Altamira Growth & Income Fund
Altamira Health Sciences Fund
Altamira High Yield Bond Fund
Altamira Income Fund
Altamira Inflation-Adjusted Bond Fund
Altamira Japanese Opportunity Fund
Altamira Monthly Income Fund
Altamira Precious and Strategic Metal Fund
Altamira Precision Canadian Index Fund
Altamira Precision Dow 30 Index Fund
Altamira Precision European Index Fund
Altamira Precision European RSP Index Fund
Altamira Precision International RSP Index Fund
Altamira Precision U.S. Midcap Index Fund
Altamira Precision U.S. RSP Index Fund
Altamira Resource Fund
Altamira Science and Technology Fund
Altamira Select American Fund
Altamira Short Term Canadian Income Fund
Altamira Short Term Global Income Fund
Altamira Short Term Government Bond Fund
Altamira Special Growth Fund
Altamira T-Bill Fund
Altamira US Larger Company Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated August 31, 2006
Mutual Reliance Review System Receipt dated September 1, 2006
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Altamira Financial Services Ltd.
Promoter(s):
-
Project #967017

Issuer Name:
Bema Gold Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated August 30, 2006
Mutual Reliance Review System Receipt dated August 30, 2006
Offering Price and Description:
Cdn$115,000,000.00 - 18,400,000 Units Price: Cdn$6.25 per Unit
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Genuity Capital Markets
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
Haywood Securities Inc.
Orion Securities Inc.
RBC Dominion Securities Inc.
UBS Securities Canada Inc.
Promoter(s):
-
Project #980294

Issuer Name:
Garson Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated August 25, 2006
Mutual Reliance Review System Receipt dated August 30, 2006
Offering Price and Description:
Qualifying the distribution of 4,491,250 shares of Garson Resources Ltd. to the shareholders of MBMI Resources Inc. on the Record Date by way of a dividend in specie At a deemed price of $0.05 per share
Underwriter(s) or Distributor(s):
-
Promoter(s):
MBMI Resources Inc.
Project #950575

Issuer Name:
Global Educational Trust Plan
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated August 28, 2006
Mutual Reliance Review System Receipt dated August 30, 2006
Offering Price and Description:
mutual fund units @ net asset value
Underwriter(s) or Distributor(s):
Global Educational Marketing Corporation
Promoter(s):
-
Project #965631

Issuer Name:
Mackenzie Cundill Canadian Balanced Fund
Mackenzie Cundill Canadian Security Fund
Mackenzie Cundill Global Balanced Fund
Mackenzie Cundill Recovery Fund
Mackenzie Cundill Value Fund
Mackenzie Select Managers Canada Fund
Mackenzie Select Managers Fund
Principal Regulator - Ontario
Type and Date:
Amendment #8 dated August 18, 2006 to Final Simplified Prospectuses and Annual Information Forms dated November 30, 2005
Mutual Reliance Review System Receipt dated August 30, 2006
Offering Price and Description:
Series A,C, F, G, I, M O and P Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
Promoter(s):
Mackenzie Financial Corporation
Project #842703

Issuer Name:
Mackenzie Cundill American Capital Class
Mackenzie Cundill Canadian Security Capital Class
Mackenzie Cundill Value Capital Class
Mackenzie Select Managers Canada Capital Class
Mackenzie Select Managers Capital Class
Mackenzie Select Managers International Capital Class
Principal Regulator - Ontario
Type and Date:
Amendment #5 dated August 18, 2006 to Final Simplified Prospectuses and Annual Information Forms dated October 30, 2005
Mutual Reliance Review System Receipt dated August 30, 2006
Offering Price and Description:
Series A, F, I, O and R Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #835510

Issuer Name:
NCE Diversified Flow-Through (06-2) Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated August 30, 2006
Mutual Reliance Review System Receipt dated August 30, 2006
Offering Price and Description:
Maximum of 2,600,000 Limited Partnership Units @ $25/unit ($$65,000,000.00)
Minimum of 400,000 Limited Partnership Units @ $25 ($10,000,000.00)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Blackmont Capital Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Berkshire Securities Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
Jory Capital Inc.
Research Capital Corporation
Wellington West Capital Inc.
Promoter(s):
Petro Assets Inc.
Project #975247

Issuer Name:
Pathway Mining 2006 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated August 28, 2006
Mutual Reliance Review System Receipt dated August 30, 2006
Offering Price and Description:
$35,000,000.00 (Maximum Offering)
$3,000,000.00 (Minimum Offering)
A Maximum of 3,500,000 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:
Rhyolite Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated August 28, 2006
Mutual Reliance Review System Receipt dated August 31, 2006
Offering Price and Description:
$700,000.00 - 2,000,000 Common Shares Price: $0.35 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Brian Bayley
Project #970019

Issuer Name:
Royal Host Real Estate Investment Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated August 31, 2006
Mutual Reliance Review System Receipt dated August 31, 2006
Offering Price and Description:
$60,000,000.00 - 6.25% Convertible Unsecured Subordinated Debentures, due 2013
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #981559

Issuer Name:
SFK Pulp Fund
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated August 30, 2006
Mutual Reliance Review System Receipt dated August 30, 2006
Offering Price and Description:
$45,157,500.00 - 11,150,000 Subscription Receipts each representing the right to receive one Unit; and
$45,000,000.00 - 7% Convertible Extendible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
TD Securities Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Desjardins Securities Inc.
Promoter(s):
-
Project #980507

Issuer Name:
Symmetry Canadian Stock Capital Class
Symmetry Specialty Stock Capital Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated August 18, 2006 to Final Simplified Prospectuses and Annual Information Forms dated February 10, 2006
Mutual Reliance Review System Receipt dated August 30, 2006
Offering Price and Description:
Series A, F, I, O and W Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #873681

Issuer Name:
TD AmeriGrowth RSP Fund
TD Asian Growth Fund
TD Balanced Fund
TD Balanced Growth Fund
TD Balanced Income Fund
TD Balanced Index Fund
TD Canadian Blue Chip Equity Fund
TD Canadian Bond Fund
TD Canadian Bond Index Fund
TD Canadian Equity Fund
TD Canadian Index Fund
TD Canadian Money Market Fund
TD Canadian Small-Cap Equity Fund
TD Canadian T-Bill Fund
TD Canadian Value Fund
TD Corporate Bond Capital Yield Fund
TD Dividend Growth Fund
TD Dividend Income Fund
TD Dow Jones Industrial Average Index Fund
TD Emerging Markets Fund
TD Energy Fund
TD Entertainment & Communications Fund
TD European Growth Fund
TD European Index Fund
TD Global Asset Allocation Fund
TD Global Dividend Fund
TD Global Multi-Cap Fund
TD Global RSP Bond Fund
TD Global Select Fund
TD Global Value Fund
TD Health Sciences Fund
TD High Yield Income Fund
TD Income Advantage Portfolio
TD Income Trust Capital Yield Fund
TD International Equity Fund
TD International Equity Growth Fund
TD International Index Fund
TD International RSP Index Fund
TD Japanese Growth Fund
TD Japanese Index Fund
TD Latin American Growth Fund
TD Monthly Income Fund
TD Mortgage Fund
TD Nasdaq RSP Index Fund
TD Pacific Rim Fund
TD Precious Metals Fund
TD Premium Money Market Fund
TD Real Return Bond Fund
TD Resource Fund
TD Science & Technology Fund
TD Short Term Bond Fund
TD U.S. Blue Chip Equity Currency Neutral Fund
TD U.S. Blue Chip Equity Fund
TD U.S. Equity Advantage Currency Neutral Portfolio
TD U.S. Equity Advantage Portfolio
TD U.S. Equity Fund
TD U.S. Index Fund
TD U.S. Large-Cap Value Currency Neutral Fund
TD U.S. Large-Cap Value Fund
TD U.S. Mid-Cap Growth Currency Neutral Fund
TD U.S. Mid-Cap Growth Fund
TD U.S. Money Market Fund
TD U.S. RSP Index Fund
TD U.S. Small-Cap Equity Currency Neutral Fund
TD U.S. Small-Cap Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated August 31, 2006
Mutual Reliance Review System Receipt dated September 1, 2006
Offering Price and Description:
Investor Series, e-Series, Institutional Series, O-Series, Premium Series and H-Series Units @ Net Asset Value
Underwriter(s) or Distributor(s):
TD Investment Services Inc.
TD Investment Services Inc. (for Investor Series units)
TD Investment Services Inc. (for Investor Series and e-Series units)
TD Investment Services Inc.(for Investor Series units)
TD Investment Services Inc. (for Investor Series and e-Series Units)
TD Asset Management Inc. (for Investor Series units)
TD Investment Services Inc. (for Investor Series and Premium Series units)
Promoter(s):
TD Asset Management Inc.
Project #962240

Issuer Name:
TD Asian Growth Fund
TD Balanced Growth Fund
TD Balanced Income Fund
TD Canadian Blue Chip Equity Fund
TD Canadian Bond Fund
TD Canadian Bond Index Fund
TD Canadian Equity Fund
TD Canadian Index Fund
TD Canadian Money Market Fund
TD Canadian Small-Cap Equity Fund
TD Canadian Value Fund
TD Corporate Bond Capital Yield Fund
TD Dividend Growth Fund
TD Dividend Income Fund
TD Dow Jones Industrial Average Index Fund
TD Emerging Markets Fund
TD Energy Fund
TD Entertainment & Communications Fund
TD European Index Fund
TD Global Dividend Fund
TD Global Multi-Cap Fund
TD Global RSP Bond Fund
TD Global Select Fund
TD Global Value Fund
TD Health Sciences Fund
TD High Yield Income Fund
TD Income Advantage Portfolio
TD Income Trust Capital Yield Fund
TD International Equity Fund
TD International Equity Growth Fund
TD International Index Fund
TD International RSP Index Fund
TD Japanese Growth Fund
TD Japanese Index Fund
TD Latin American Growth Fund
TD Monthly Income Fund
TD Nasdaq RSP Index Fund
TD Precious Metals Fund
TD Real Return Bond Fund
TD Resource Fund
TD Science & Technology Fund
TD Short Term Bond Fund
TD U.S. Blue Chip Equity Currency Neutral Fund
TD U.S. Blue Chip Equity Fund
TD U.S. Equity Advantage Currency Neutral Portfolio
TD U.S. Equity Advantage Portfolio
TD U.S. Index Fund
TD U.S. Large-Cap Value Currency Neutral Fund
TD U.S. Large-Cap Value Fund
TD U.S. Mid-Cap Growth Currency Neutral Fund
TD U.S. Mid-Cap Growth Fund
TD U.S. RSP Index Fund
TD U.S. Small-Cap Equity Currency Neutral Fund
TD U.S. Small-Cap Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated August 31, 2006
Mutual Reliance Review System Receipt dated September 1, 2006
Offering Price and Description:
Advisor Series, F-Series, T-Series and S-Series Units @ Net Asset Value
Underwriter(s) or Distributor(s):
TD Investment Services Inc. (for Investor Series units)
TD Investment Services Inc.(for Investor Series units)
TD Investment Services Inc. (for Investor Series and e-Series Units)
TD Investment Services Inc. (for Investor Series and e-Series units)
TD Asset Management Inc. (for Investor Series units)
Promoter(s):
TD Asset Management Inc.
Project #962288

Issuer Name:
TD Corporate Bond Pool
TD Income Trust Pool
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated August 29, 2006
Mutual Reliance Review System Receipt dated August 30, 2006
Offering Price and Description:
O-Series Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
TD Asset Management Inc.
Project #964347

Issuer Name:
FUEL-X INTERNATIONAL INC.
Principal Jurisdiction - Alberta
Type and Date:
Amended Preliminary Prospectus dated May 12th, 2006
Withdrawn on September 1st, 2006
Offering Price and Description:
$30,000,000.00 - * Common Shares
Up to .. Common Shares Issuable Upon the Conversion
of $10,700,000 Principal Amount of Series A Debentures
Underwriter(s) or Distributor(s):
Canaccrod Capital Corporation
Research Capital Corporation
MGI Securities Inc.
Orion Securities Inc.
Tristone Capital Inc.
Promoter(s):
Andre Arrata
Ian M. Cochran
Project #891214

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change of Name	**From:** O'Donnell Asset Management Corp. **To:** BWM Investment Counsel Inc.	Investment Counsel and Portfolio Manager	June 2, 2006
New Registration	Eaglecrest Securities Inc.	Limited Market Dealer	August 31, 2006
New Registration	BNP Paribas (Canada) Valeurs Mobilieres Inc./BNP Paribas (Canada) Securities Inc.	Investment Dealer	August 31, 2006
Change of Category	Mak, Allen & Day Capital Partners Inc.	**From:** Limited Market Dealer **To:** Investment Counsel & Portfolio Manager and Limited Market Dealer	September 1, 2006
New Registration	Tacita Capital Inc.	Investment Counsel and Portfolio Manager	September 5, 2006

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 Investment Dealers Association – Amendments to IDA Regulation 100.12 – Optional Use of Value at Risk Modeling

INVESTMENT DEALERS ASSOCIATION OF CANADA

AMENDMENTS TO REGULATION 100.12 REGARDING THE OPTIONAL USE OF VALUE AT RISK MODELING TO DETERMINE CAPITAL REQUIREMENTS FOR MEMBER FIRM SECURITY POSITIONS

The following is black-lined to indicate amendments from the version that was published on November 11, 2005 at (2005) 28 OSCB 9204.

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. Regulation 100.12 is amended by the addition of paragraph (i) as follows:

"**Optional use of value at risk modeling**

With respect to Member firm security and securities related derivative positions, the capital requirement provided may be calculated using an approved value at risk modeling approach, provided the Member firm:

(i) Reports as its minimum capital requirement on Line 4 of Statement B of Form 1 the greater of:

(A) $10 million; and

(B) 25% of the capital requirement calculated using the approved value at risk modeling approach;

~~and;~~

(ii) Certifies it is using an approved value at risk modeling approach whose standards are subject to regular stress testing and back-testing to ensure ongoing model standard appropriateness~~.~~;

and;

(iii) Applies to and receives permission from the Association in writing to use such approach.

The modeling approach used by the Member firm must be used consistently and cannot be changed without the prior consent of the Association.

For the purposes of this section "an approved value at risk modeling approach" is one which utilizes standards that are compliant with the recommended qualitative and quantitative standards set out in the publication entitled "Amendment to the Capital Accord to Incorporate Market Risks" that was published by the Basel Committee on Banking Supervision in January 1996 and last modified in ~~September 1997 and compliant with~~November 2005 (the Basel Requirements), any subsequent updates to the Basel Requirements and any additional standards the Association may establish from time to time."

2. The Notes and Instructions to Line 4 of Statement B of Form 1 are repealed and replaced with the following:

"Line 4 - Minimum capital

"Minimum capital" is:

- For Type 1 introducing brokers, $75,000

- For firms that use value at risk modeling to determine the capital requirements on their proprietary inventory positions, the greater of:

  (A) $10 million; and

  (B) 25% of the capital requirement calculated using the approved value at risk modeling approach;

- For all other firms, $250,000."

3. The Certificate Partners and Directors included with Form 1 is repealed and replaced with the certificate included as Attachment #2.

PASSED AND ENACTED BY THE Board of Directors this ~~26th~~ 20th day of ~~October 2005~~June 2006, to be effective on a date to be determined by Association staff.

**IDA RESPONSES TO COMMENTS RECEIVED ON
AMENDMENTS TO IDA REGULATION 100.2 – OPTIONAL USE OF VALUE AT RISK (VAR)
MODELING TO DETERMINE CAPITAL REQUIREMENTS FOR MEMBER FIRM SECURITY POSITIONS**

On November 11, 2005 a proposed amendment to Regulation 100.12 relating to the optional use of value at risk (VaR) modeling to determine capital requirements for Member firm security positions was published for comment.

The IDA received one comment letter BMO Nesbitt Burns Inc.

SUMMARY OF WRITTEN COMMENTS RECEIVED ON THE PROPOSED REGULATION AMENDMENT

The commenter was generally supportive of IDA efforts to improve how principle trading risks are assessed in the securities dealer regulatory capital formula but had concerns with the proposal that are summarized in the following comments:

Scope of IDA proposal - entity level versus consolidated Value at Risk (VaR) modeling

Comment

The IDA proposal seeks to permit the optional use of value at risk modeling to determine capital requirements for Member firm security positions (entity level VaR modeling). The commenter states that "While this makes sense in terms of the IDA's jurisdiction, it does not make sense in terms of actual industry practice." The commenter clarifies that "Canadian entities that have adopted a VaR methodology are using it on a consolidated basis" (consolidated VaR modeling) and in the case of bank-owned dealers, consolidated VaR modeling is the dominant methodology used for internal risk management purposes. As a result, the commenter expresses a concern that the IDA proposal will continue the disconnect between securities dealer regulatory capital requirements and internal risk management methodologies and that this "will introduce considerable confusion."

IDA Response

We disagree with the inference that the approach to risk assessment should be the same whether performed at either the parent company and subsidiary company levels of a financial institution group.

Parent – Position risks of Parent and all subsidiaries are netted for risk assessment purposes reflecting influence of Parent over Subsidiaries

Subsidiary – Position risks held at other entities are not considered for risk assessment purposes as Subsidiary has no reliable influence over Parent or affiliates

Referring to the above illustration, the exclusive use of consolidated VaR modeling to assess risk at the parent company level makes sense due to the parent company influence over the decision making at its subsidiaries. However, at the subsidiary company level we do not agree that risk assessment should be (or is) exclusively done on a consolidated basis as the subsidiary has no reliable influence over the decision making at its parent or affiliates. Specifically, in addition to actively participating in the management of risk by the financial institution group, we believe that the subsidiary also has an obligation to assess its ability to manage its own entity risks as it cannot necessarily always count on its parent and/or affiliates to provide the necessary risk management and capital support in the event of a significant loss at the subsidiary dealer.

Further, it is our understanding that most financial institution groups perform VaR modeling calculations on an entity level basis (in addition to on a consolidated basis). We believe this is being done largely to assess business unit and/or entity performance; but it is also used to assess the appropriateness of risk levels assumed by each entity within the financial institution group. We therefore do not know why the commenter believes that permitting the optional use of entity VaR modeling “does not make sense in terms of actual industry practice” and “will introduce considerable confusion.”

Specific to the IDA jurisdiction issue, as long as the IDA is charged with the responsibility of regulating securities dealer subsidiaries that are part of a financial institution group, the risk assessment we perform must be done on an entity basis. Simply, in the event of significant loss at the subsidiary dealer we can neither count on nor demand capital support from others; nor can the Canadian Investor Protection Fund if the loss makes the dealer insolvent. The proposal to permit the optional use of VaR modeling to determine capital requirements for Member firm security positions is consistent with this reality.

Concerns about specific VaR modeling requirements

Comment

The commenter requests that “to the extent OSFI has signed off on a Bank-owned Dealer's VaR model and data calibration framework, the IDA should consider exempting that Dealer from requirements that impose more stringent model or data calibration requirements on that Dealer.” The commenter cites two examples where the proposed IDA requirements would be more stringent than those of OSFI.

IDA Response

It is not the intention of the IDA to impose significantly different model or data calibration requirements on the securities dealer subsidiary than those imposed by OSFI or another recognized regulator in assessing the consolidated risk of the financial group parent. However, there are a number of factors to consider as follows:

- It is our understanding that OSFI sign off is limited to the VaR model that assesses the consolidated risk of the financial group parent;
- The proposals were not designed for the exclusive use of securities dealers that are part of a regulated financial group;
- The proposals were developed taking into consideration not only OSFI requirements but also the requirements of securities regulators in other jurisdictions; and
- The maintenance of a different proprietary trading portfolio mix at the subsidiary dealer level (in comparison to that of the consolidated proprietary trading portfolio) may require the use of different modeling assumptions to properly address the risk.

As a result, while every attempt will be made to harmonize the proposed IDA VaR modeling requirements with those of OSFI, circumstances specific to the individual securities dealer and/or differences in other regulatory requirements that apply to securities dealers (in comparison to other financial institutions) will make a certain number of different requirements necessary.

13.1.2 Notice and Request for Comment - Application to Vary the Recognition and Designation Order of the Canadian Depository for Securities Limited as a Clearing Agency

**APPLICATION TO VARY THE RECOGNITION AND DESIGNATION ORDER
OF THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED
AS A CLEARING AGENCY**

NOTICE AND REQUEST FOR COMMENT

A. INTRODUCTION

In connection with its proposed corporate restructuring ("Restructuring"), The Canadian Depository for Securities Limited ("CDS Ltd.") has made an application ("Application") to the Ontario Securities Commission ("Commission") for an order pursuant to subsection 21.2(1) and section 144 of the *Securities Act* (Ontario) ("Act"), to vary and restate the current recognition and designation order of CDS Ltd. as a clearing agency. The proposed varied and restated recognition and designation order ("Draft Order") would:

(i) continue the recognition of CDS Ltd. as a clearing agency under subsection 21.2(1) of the Act and the designation of CDS Ltd. as a clearing agency for the purposes of Part VI of the *Business Corporations Act* (Ontario); and

(ii) recognize a new wholly-owned subsidiary, CDS Clearing and Depository Services Inc. ("CDS Clearing"), as a clearing agency under subsection 21.2(1) of the Act and designate CDS Clearing as a clearing agency for the purposes of Part VI of the *Business Corporations Act* (Ontario).

The Commission is publishing for a 30-day comment period the Application and Draft Order.

B. BACKGROUND

CDS Ltd. provides clearing, settlement and depository services ("Settlement Services") for the Canadian capital markets. CDS Ltd. has one wholly-owned subsidiary, CDS Inc., which operates the National Registration Database (NRD), System for Electronic Disclosure by Insiders (SEDI) and System for Electronic Document Analysis and Retrieval (SEDAR), and provides other services primarily related to data dissemination and ancillary services related to the Settlement Services.

C. RESTRUCTURING

Under the Restructuring, CDS Ltd. will be transformed into a holding company with three wholly-owned operating subsidiaries: (1) CDS Clearing, (2) CDS Inc., and (3) CDS Innovations Inc.

The holdings of common shares in CDS Ltd. will not be changed by the Restructuring. CDS Ltd. will provide to CDS Clearing the following support functions: information technology development, maintenance and operations, legal services, risk management, financial management and support, human resources, internal audit, facilities management, and executive governance and communications. Each support service will be governed by a services agreement between CDS Ltd. and CDS Clearing.

Under the Restructuring, CDS Clearing will assume responsibility for all of the existing Settlement Services; all necessary assets and liabilities will be transferred from CDS Ltd. to CDS Clearing.

The Restructuring of CDS Ltd. is intended to position CDS Ltd. and its three subsidiaries as flexible business organization while isolating and containing any risks arising out of the various independent business activities.

Upon the completion of the Restructuring, CDS Clearing will be providing the Settlement Services, and CDS Ltd., through various services agreements, will be providing the support functions necessary for the day to day operations of CDS Clearing. Both of these entities will be recognized as clearing agencies under the Act and designated as clearing agencies for the purposes of Part VI of the Ontario Business Corporations Act. CDS Inc. and CDS Innovations Inc. will not be engaged in providing any Settlement Services and will not be recognized.

D. DRAFT ORDER

On July 12, 2005, the Commission amended and restated CDS Ltd.'s recognition and designation order which was subsequently varied on January 9, 2006 (collectively, the "Current Recognition Order"). The Current Recognition Order is being amended to reflect the changes resulting from the Restructuring. One key change is the recognition of CDS Clearing, the proposed new entity responsible for the Settlement Services. Schedule "A" to the Draft Order is now divided into Part I which has the terms and conditions applicable to CDS Ltd. and Part II which has the terms and conditions applicable to CDS Clearing.

Set out below is a summary of the changes being incorporated into the Draft Order.

1. Terms and Conditions applicable to CDS Ltd. – Part I of Schedule "A" to the Draft Order

CDS Ltd. will continue to be recognized as a clearing agency and certain terms and conditions in the Current Recognition Order will continue to apply directly to CDS Ltd. A new term and condition relating to compliance, requires that CDS Ltd. shall, at all times, ensure that its wholly-owned subsidiary, CDS Clearing, meets and is able to meet, all the terms and conditions, as enumerated in Part II of Schedule "A" to the Draft Order. Another new term and condition relating to allocation of costs requires that in providing support services to each of its operating subsidiaries, CDS Ltd., must ensure that it allocates the costs of providing those services fairly and equitably. A third new term and condition addresses the allocation of resources and requires that CDS Ltd. allocate sufficient financial and other resources to CDS Clearing to ensure that it can carry out its function in a manner that is consistent with the public interest and the terms and conditions applicable to CDS Clearing.

Other terms and conditions applicable to CDS Ltd. include governance, fitness, risk controls, financial viability, capacity and integrity of systems, and information sharing.

2. Terms and Conditions applicable CDS Clearing – Part II of Schedule "A" to the Draft Order

All of the terms and conditions found in Schedule "A" of the Current Recognition Order currently applicable to CDS Ltd. have been incorporated into Part II of Schedule "A" of the Draft Order. CDS Clearing will now be subject to the same terms and conditions as CDS Ltd. prior to the Restructuring, which include terms and conditions relating to:

1. Governance
2. Fitness
3. Access
4. Fees and Costs
5. Due Process
6. Risk Controls
7. Financial Viability
8. Operational Reliability
9. Capacity and Integrity of Systems
10. Protection of Customers' Securities
11. Rules
12. Enforcement of Rules and Discipline
13. Information Sharing

3. Rule Protocol

The Rule Protocol has been amended to reflect the fact that CDS Clearing will now be responsible for the submission of rules to the Commission in accordance with the Rule Protocol.

4. Reporting Obligations

The list of Reporting Requirements has been amended to clarify which entity, CDS Ltd. or CDS Clearing, is responsible for each reporting obligation.

Under the prior notification provisions, a new section 1.2 has been inserted to reflect that the activities or business of the operating subsidiaries of CDS Ltd., other than CDS Clearing, do not fall within the scope of notification requirements.

E. THE COMMENT PROCESS

You are asked to provide your comments in writing and to send them on or before **October 8, 2006** to:

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario
M5H 3S8
jstevenson@osc.gov.on.ca

We request that you submit an electronic version of your submission by email or on a diskette. Confidentiality of submissions cannot be maintained as a summary of written comments received during the comment period will be published.

Following the comment period, staff of the Commission will consider the comments received on the Application and Draft Order. Subject to comments received, staff will recommend that the Order be granted to CDS Ltd. and CDS Clearing. The varied and restated recognition order will take the form of the Draft Order with terms and conditions generally in the form of those attached to the Draft Order as Schedule "A".

Questions may be referred to:

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September 8, 2006

13.1.3 CDS Application re Restructuring of The Canadian Depository for Securities Limited

Cindy Petlock
Manager, Market Regulation
Ontario Securities Commission
20 Queen Street West, Suite 800
Toronto, Ontario
M5H 3S8

August 30, 2006

Dear Ms. Petlock:

Re: Restructuring of The Canadian Depository for Securities Limited ("CDS Ltd.")

In connection with the proposed restructuring of CDS Ltd., targeted for completion on November 1, 2006, CDS Ltd. hereby makes application to the Ontario Securities Commission ("Commission") for an order of the Commission pursuant to section 144 of the Ontario Securities Act amending the existing recognition order of CDS Ltd. to reflect the new status of CDS Ltd. as the holding company of, *inter alia*, CDS Clearing and Depository Services Inc. and to recognize CDS Clearing and Depository Services Inc. as a clearing agency pursuant to section 21.2(1) of the Ontario Securities Act and designate CDS Clearing and Depository Services Inc. as a recognized clearing agency pursuant to Part VI of the Ontario Business Corporations Act.

A. Background

CDS Ltd. currently performs all securities clearing, settlement and depository services ("Settlement Services") for the cash market in Canada. CDS Ltd. has one wholly owned subsidiary, CDS Inc. that currently operates the NRD, SEDI and SEDAR services (referred to as the "e-Reg Services") and a range of other services primarily related to data dissemination but also including ancillary services to the Settlement Services. CDS Ltd. is proposing to restructure its corporate composition.

Under the proposed restructuring, CDS Ltd. will be transformed into a holding company with three wholly-owned operating subsidiaries: (1) CDS Clearing and Depository Services Inc. ("CDS Clearing"), (2) CDS Inc. [in new capacity providing only e-Reg Services] ("E-Reg"), and (3) CDS Innovations Inc. ("Innovations").

The proposed restructuring of CDS Ltd. is intended to position the CDS group of companies as a flexible business organization while isolating and containing any risks arising out of the various independent business activities. The proposed restructuring will also facilitate focused regulatory oversight on the clearing agency activities.

CDS Clearing will assume responsibility for all of the existing Settlement Services. All necessary assets and liabilities will be transferred from CDS Ltd. to CDS Clearing to allow for the proper functioning of the Settlement Services. The Commission is also requested to recognize and designate CDS Clearing as a clearing agency.

E-Reg will operate only the e-Reg Services. All other services presently being operated in CDS Inc. will be transferred either to CDS Clearing or Innovations.

It is intended that, over time, Innovations will provide a range of services. Initially, Innovations will concentrate on the data dissemination business that was previously operated out of CDS Inc. (e.g., SCRIBE, SIES Bulletins [i.e. enhanced bulletins providing corporate event information] and CUSIP services).

As E-Reg and Innovations will not provide any Settlement Services, it is proposed they not be subject to the recognition and designation order.

The holdings of common shares in the parent company, CDS Ltd., will not be changed by the proposed restructuring.

Until such time as the outstanding corporate governance issues are resolved, CDS Ltd. will maintain its current board structure and the existing arrangements with its shareholders including any pooling agreement(s) between its shareholders. The resolution of the corporate governance issues are considered to be a separate initiative and are not considered to be a prerequisite to the completion of the corporate restructuring exercise.

The responsibilities of the CDS Ltd. Board will be to govern the affairs of CDS Ltd. as an owner of three wholly-owned, separate and independent subsidiaries.

Separate management teams will be responsible for the day-to-day operations of each of the subsidiaries. CDS Ltd. will provide certain support functions to CDS Clearing. These functions include information technology development, maintenance and

operations, legal services, risk management, financial management and support, human resource functions, internal audit, facilities management, and executive governance and communications. Each support service will be governed by a services agreement between CDS Ltd. and CDS Clearing and will contain mutually agreed upon performance targets.

The businesses and service offerings, assets and resource allocation, regulatory oversight, corporate governance, rule and rule-making authority, and various other matters are addressed in more detail below.

B. Restructuring of CDS Ltd.

Holding Company Structure

As previously noted, CDS Ltd. proposes to restructure into a holding company with three independent subsidiaries. The primary purpose for the adoption of this structure is to avoid risk spill-over from one business to another. In particular, the restructuring is intended to segregate existing securities clearing, settlement and depository operations – which operate on a cost recovery basis – from profit-generating operations with a higher risk/reward profile than the CDS Clearing business model.

Regulatory Oversight

CDS Ltd., in its new capacity as the holding entity for the three operating subsidiaries, proposes that regulatory oversight of its operations be limited to its interaction – by way of service agreements, guarantees, or other arrangement – with the operations of CDS Clearing. CDS Ltd. proposes amendments to the existing recognition and designation order to reflect the segregation of the independent businesses.

Ownership

The proposed holding company structure for CDS Ltd. does not contemplate any change in ownership of CDS Ltd., and the process is intended to have no consequences in respect of the pooling agreement(s) made between CDS Ltd.'s owners.

Corporate Governance & the CDS Ltd. Board of Directors

It is acknowledged that there are outstanding issues concerning the governance model currently in place for CDS Ltd. There are processes in effect to resolve these issues. However, for the purposes of implementing the proposed restructuring, CDS Ltd. proposes no changes to its existing governance model. It is proposed that the corporate governance and corporate restructuring exercises be handled separately with neither one being a prerequisite for the other. Consequently, the restructuring does not contemplate any changes at this time in the relationship that CDS Ltd. currently has with its shareholders. The responsibilities of the CDS Ltd. Board of Directors will be to govern the affairs of CDS Ltd. as the owner of three separate and independent operating companies.

Services offered by CDS Ltd. to the Operating Subsidiaries

CDS Ltd. will provide all, or substantially all, of the support services required to operate the subsidiaries. The activities that are unique to each subsidiary will be managed and performed by staff directly assigned to each subsidiary company.

The support services that will be provided by CDS Ltd. to all of the subsidiary companies include the following:

- Administrative Services (including Facilities and Office Services, Design & Publishing Services, Communications and Linguistic Services);
- Executive Governance including the facilitation of strategic and operational committees dealing with the standardisation of policies and procedures across the entire group of companies;
- Financial Accounting and Reporting Services;
- Human Resources Services including Payroll Services;
- Internal Audit services;
- Legal and Corporate Secretarial Services;
- Risk Management Services for both financial and operational risk.

In terms of Information Technology ("IT") Services, CDS Ltd. will provide all IT Services for CDS Clearing and Innovations. CDS Inc. already has in place its own IT group and will continue to maintain this group. However, CDS Ltd. will continue to provide certain IT infrastructure services to E-Reg (e.g., management of the Internet infrastructure, data centre space and facilities, etc.).

Services to be offered by Operating Subsidiaries

The services currently offered by CDS Ltd. and its wholly owned subsidiary CDS Inc. are to be allocated according to the following principles post-restructuring:

1. Services offered to either full or limited participants in the CDSX system will be supplied and offered by CDS Clearing. These services comprise the Settlement Services and will be governed by the rules for the Settlement Services to which all participants must adhere.

2. Services offered and operated by CDS Inc. on behalf of the Canadian Securities Administrators – the *SEDAR*, *SEDI*, and *NRD* systems – will continue to be supplied and offered by E-Reg. These services will be governed by individual contracts in place between CDS Inc. and the CSA (and the IDA in the case of the *NRD* service).

3. Services offered to non-participants will be supplied by Innovations. These services will be governed by individual contracts between Innovations and the customer for the service. In the case that such services involve the provision of information or data originating from CDS Clearing, or E-Reg, service agreements and licenses for use will govern any such data or information transfer and any subsequent data dissemination.

C. Recognition and Designation Order

The recognition and designation order currently governing the operations of CDS Ltd. was originally obtained in 1997 and has been restated and varied to reflect subsequent events and changes. In order to ensure that CDS Ltd. would act in the public interest, the recognition and designation order contained a number of terms and conditions that CDS Ltd. was required to satisfy in order to maintain such recognition and designation.

In light of the restructuring, it is proposed that CDS Ltd. and CDS Clearing each be recognized and designated as a clearing agency. As CDS Ltd. will act in the capacity of a holding company and CDS Clearing will act as the operating subsidiary for the Settlement Services, separate terms and conditions should apply to each. CDS Ltd. and CDS Clearing will meet the terms and conditions as provided in the Recognition and Designation Order and outlined in the summary of Schedule A included below.

The draft recognition and designation order is attached hereto. The following is a discussion of the recognition and designation order including its terms and conditions as set out in Schedule A.

The recognition and designation order has been amended to reflect the following changes that will be the result of the restructuring of the operations of CDS Ltd.:

- recitals detailing the two orders made by the Commission between the issuance of the original 1997 Order and today;
- a recital detailing how CDS Clearing will assume the Settlement Services currently provided by CDS Ltd.;
- a recital stating that CDS Ltd. will provide certain support functions to Clearing;
- a recital indicating and acknowledging that the terms and conditions governing CDS Ltd. have been changed to reflect its new status as the sole owner of CDS Clearing rather than as the organization which operates the clearing system;
- a recital indicating and acknowledging that the terms and conditions governing CDS Clearing will be wholly similar to those which governed its predecessor in the role, CDS Ltd.;
- an amendment to reflect that the recognition and designation order of CDS Ltd. shall be continued under the proposed order;
- an amendment to reflect the recognition and designation of CDS Clearing as a recognized and designated clearing agency under the *Ontario Securities Act* and the *Ontario Business Corporations Act*.

I. Schedule A to the Recognition and Designation Order

Compliance

This new term and condition applies to CDS Ltd. by virtue of its control over the operating company providing the Settlement Services. CDS Ltd., as 100% owner of CDS Clearing, will be able to mandate that CDS Clearing meet and be able to meet all terms and conditions enumerated in Part II of Schedule A.

Governance

The terms and conditions for governance will apply to both CDS Ltd. and CDS Clearing (sections 2.0 and 10.0, respectively). Such terms and conditions are continued from the previous Recognition and Designation Order for CDS Ltd. The board of directors of CDS Clearing will mirror the board of directors of its parent company, CDS Ltd. and, as such, the governance structure will be identical.

Fitness

The term and condition for fitness will apply to both CDS Ltd. and CDS Clearing (sections 3.0 and 11.0, respectively). No changes have been made to the current process for fitness criteria and will be the same as under the previous Recognition and Designation Order for CDS Ltd.

Access

The terms and conditions for access shall no longer apply to CDS Ltd. insomuch as CDS Ltd. will not be the company operating the Settlement Services. Such terms and conditions will apply to CDS Clearing. The processes for access currently applied by CDS Ltd. will be transferred to CDS Clearing.

Fees and Costs

The terms and conditions for fees and costs shall no longer apply to CDS Ltd. insomuch as CDS Ltd. will not be the company operating the Settlement Services. Such terms and conditions will apply to CDS Clearing. The processes for fees and costs currently applied by CDS Ltd. will be transferred to CDS Clearing.

Due Process

The terms and conditions for due process shall no longer apply to CDS Ltd. insomuch as CDS Ltd. will not be the company operating the Settlement Services. Such terms and conditions will apply to CDS Clearing. Due process as currently applied by CDS Ltd. will be transferred to CDS Clearing.

Risk Controls

Terms and conditions regarding risk controls shall continue in respect of Clearing, appropriately amended to acknowledge that CDS Clearing will only provide services that are governed by the participant rules. CDS Ltd. will be subject to appropriate risk control terms and conditions to prevent the spillover of risks from subsidiaries where such risks might negatively impact the financial viability of CDS Ltd. and/or CDS Clearing.

Allocation of Costs

This new term and condition provides that CDS Ltd. shall ensure that the costs associated with the provision of services to its subsidiaries are fairly and equitably allocated.

Costs that are dedicated to a subsidiary of CDS Ltd. are incurred directly by the subsidiary or are charged directly to the subsidiary. For services that are provided as shared services, CDS will have Shared Service Agreements between the CDS Ltd. and each of the subsidiaries. The cost for the shared services will be jointly agreed to by CDS Ltd. and each of the subsidiaries on an annual basis.

Services provided by CDS Ltd. that support all subsidiaries are charged to the subsidiaries using a Shared Service Cost Model. A Shared Service Cost Model has been developed by CDS Ltd. through discussion with the staff and management within each of the shared service units in CDS Ltd., and with the management of the subsidiaries by giving due recognition to the services and service support requirements of each of the subsidiaries. A fair and equitable charging for the shared services has been established by first reviewing and analyzing the costs to be charged to each subsidiary by the management of CDS Ltd. and subsequently a review and agreement with each subsidiary's management.

Allocation of Resources

This new term and condition provides that CDS Ltd. shall allocate sufficient financial and other resources to CDS Clearing and that CDS Ltd. will immediately advise the Commission in the event that this term and condition cannot be met. This term and condition previously applied to CDS Ltd. under the previous Recognition and Designation Order and shall apply to CDS Ltd. in its capacity as parent of CDS Clearing.

Financial Viability

The terms and conditions for financial viability will apply to both CDS Ltd. and CDS Clearing. (sections 7.0 and 16.0, respectively). It is proposed that for CDS Clearing, the financial leverage ratio exclude customers deposits from the calculation. The reason for this proposal is that customer deposits do not belong to the company and have the effect of distorting the calculation when included therein. Furthermore, it is proposed that the financial viability tests for CDS Ltd. shall be performed by CDS Ltd. on an unconsolidated basis.

Operational Reliability

Terms and conditions regarding operational reliability shall continue in respect of CDS Clearing, as appropriately amended for the provision of the results of an audit by CDS Ltd. to Commission staff as required by section 8.1(b).

Capacity and Integrity of Systems

Terms and conditions regarding capacity and integrity of systems shall apply to both CDS Ltd. and CDS Clearing (sections 8.0 and 18.0, respectively). The processes in regards to capacity and integrity of systems has not changed from that employed by CDS Ltd. under the previous Recognition and Designation Order.

Protection of Customers' Securities

Terms and conditions regarding protection of customers' securities shall continue in respect of CDS Clearing but shall no longer apply to CDS Ltd. in its role as a holding company. The processes for protection of customers' securities currently applied by CDS Ltd. will be transferred to CDS Clearing.

Rules

Terms and conditions regarding rules shall continue in respect of CDS Clearing but shall no longer apply to CDS Ltd. in its role as a holding company. The processes for rules currently applied by CDS Ltd. will be transferred to CDS Clearing.

Enforcement of Rules and Discipline

Terms and conditions shall continue in respect of CDS Clearing but shall no longer apply to CDS Ltd. in its role as a holding company. The processes for enforcement of rules and discipline currently applied by CDS Ltd. will be transferred to CDS Clearing.

Information Sharing

The terms and conditions for information sharing will apply to both CDS Ltd. and CDS Clearing (sections 9.0 and 22.0, respectively). The processes in place under the previous Recognition and Designation Order for CDS Ltd. have not changed and will apply to CDS Ltd. and CDS Clearing.

II. Appendices A and B to the Recognition and Designation Order

Appendix A to the recognition and designation order has been amended to reflect the fact that CDS Clearing will be responsible for the submission of Rules to the Commission in accordance with the protocol set out therein.

Appendix B to the recognition and designation order has been amended to reflect the following:

- In cases where the reporting obligation described relates to the operations of CDS Clearing and is reasonably the obligation of the clearing agency, the text of Appendix B has been so amended.
- In cases where the reporting obligation described relates to the operations of both CDS Ltd. and CDS Clearing the text of Appendix B has been so amended.
- Section 1.2 (of the section entitled Prior Notification) has been inserted to reflect that the activities or business operations of the other operating subsidiaries of CDS Ltd., excluding CDS Clearing, do not fall within the scope of notification requirements.

Sincerely,

"Toomas Marley"

Toomas Marley
Chief Legal Officer
CDS Ltd.

13.1.4 The Canadian Depository for Securities Ltd. and CDS Clearing and Depository Services Inc. – Amendment to Recognition and Designation Order – ss. 21.2(1) and s. 144 of the Act and Part VI of the OBCA

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

AND

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT
R.S.O. 1990, CHAPTER B.16, AS AMENDED ("OBCA")

AND

IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED

AND

CDS CLEARING AND DEPOSITORY SERVICES INC.

AMENDMENT TO RECOGNITION AND DESIGNATION ORDER

(Subsection 21.2(1) and Section 144 of the Act and Part VI of the OBCA)

WHEREAS the Ontario Securities Commission ("Commission") issued an order dated February 25, 1997 (“1997 Order”), which became effective on March 1, 1997, recognizing The Canadian Depository for Securities Limited ("CDS Ltd.") as a clearing agency pursuant to subsection 21.2(1) of the Act and designating CDS Ltd. as a recognized clearing agency pursuant to Part VI of the OBCA;

AND WHEREAS the Commission issued an order dated July 12, 2005 (“2005 Order”) varying and restating the 1997 Order;

AND WHEREAS the Commission issued an order dated January 9, 2006 (“2006 Order”) varying the 2005 Order (the 2005 Order, as amended by the 2006 Order, referred to as the “Current Recognition Order”);

AND WHEREAS CDS Ltd. has applied for an order pursuant to section 144 of the Act to vary the Current Recognition Order;

AND WHEREAS CDS Ltd. plans to restructure its businesses on or after November 1, 2006 (“Restructuring Date”) into separate operating subsidiaries, one of which will be CDS Clearing and Depository Services Inc. (“CDS Clearing”);

AND WHEREAS CDS Clearing shall assume responsibility for all of the existing securities clearing, settlement, and depository services (“Settlement Services”) and necessary assets and liabilities from CDS Ltd.;

AND WHEREAS CDS Ltd. shall provide certain support functions to CDS Clearing, including information technology development, maintenance and operations, legal services, risk management, financial management and support, human resources, internal audit, facilities management, and executive governance and communications, and such provision of support functions shall be governed by a services agreement between CDS Ltd. and CDS Clearing;

AND WHEREAS the Commission has received certain other representations and undertakings from CDS Ltd. and CDS Clearing in connection with the application of CDS Ltd. to vary the Current Recognition Order;

AND WHEREAS the Commission considers it appropriate to set out in the order terms and conditions for the recognition of each of CDS Ltd. and CDS Clearing as a clearing agency under the Act, which terms and conditions are set out in Schedule "A" attached;

AND WHEREAS CDS Ltd. and CDS Clearing have each agreed to the respective terms and conditions as set out in Schedule "A";

AND WHEREAS the terms and conditions set out in Schedule "A" may be varied or waived by the Commission;

AND UPON the Commission being of the opinion that it is not prejudicial to the public interest to vary the Current Recognition Order;

AND UPON the Commission being satisfied that it is in the public interest to continue to recognize CDS Ltd. as a clearing agency pursuant to subsection 21.2(1) of the Act;

AND UPON the Commission wishing to continue to designate CDS Ltd. as a recognized clearing agency for the purposes of Part VI of the OBCA;

AND UPON the Commission being satisfied that it is in the public interest to recognize CDS Clearing as a clearing agency pursuant to subsection 21.2(1) of the Act;

AND UPON the Commission wishing to designate CDS Clearing as a recognized clearing agency for the purposes of Part VI of the OBCA;

IT IS ORDERED pursuant to section 144 of the Act that the Current Recognition Order be varied and restated in the form of this order;

THE COMMISSION HEREBY RECOGNIZES each of CDS Ltd. and CDS Clearing as a clearing agency pursuant to subsection 21.2(1) of the Act, subject to the terms and conditions set out in Schedule "A";

AND THE COMMISSION HEREBY DESIGNATES each of CDS Ltd. and CDS Clearing as a recognized clearing agency for the purposes of Part VI of the OBCA.

DATED , 2006, to be effective on the Restructuring Date.

SCHEDULE "A" - TERMS AND CONDITIONS

PART I – CDS Ltd.

1.0 COMPLIANCE OF CDS CLEARING

1.1 CDS Ltd. shall, at all times, ensure that CDS Clearing meets, and is able to meet, all the terms and conditions of this order, as enumerated in Part II of this Schedule “A”.

2.0 GOVERNANCE

2.1 CDS Ltd.'s governance arrangements shall be designed to fulfill public interest requirements and to promote the objectives of its shareholders.

2.2 Without limiting the generality of the foregoing, CDS Ltd.'s governance structure shall provide for:

(a) fair and meaningful representation on its board of directors and any committee of the board of directors;

(b) appropriate representation of persons independent of the shareholders on the board of directors and any committees of the board of directors, and, for such purpose, a person is "independent" if the person is not:

(i) an associate, partner, director, officer or employee of a shareholder of CDS Ltd.,

(ii) an associate, partner, director, officer or employee of a participant of CDS Ltd. or its affiliates or an associate of such director, partner, officer or employee, or

(iii) an officer or employee of CDS Ltd. or its affiliates or an associate of such officer or employee; and

(c) appropriate qualifications, remuneration, conflict of interest guidelines and limitation of liability and indemnification protections for directors, officers and employees of CDS Ltd.

2.3 CDS Ltd. shall not, without the Commission's prior written approval, make significant changes to its governance structure or constating documents.

2.4 CDS Ltd. shall not, without the Commission's prior written approval, enter into any contract, agreement or arrangement that may limit its ability to comply with the terms and conditions contained in this Schedule "A".

3.0 FITNESS

3.1 CDS Ltd. shall take reasonable steps to ensure that each officer or director of CDS Ltd. is a fit and proper person and the past conduct of each officer or director affords reasonable grounds for belief that such person will perform his or her duties with integrity.

4.0 RISK CONTROLS

4.1 CDS Ltd. shall have clearly defined procedures for the management of risk.

4.2 Without limiting the generality of the foregoing:

(a) CDS Ltd. shall perform risk management activities in a manner that prevents the spillover of risk arising from activities in its subsidiaries where such risks might negatively impact the financial viability of CDS Ltd. or CDS Clearing; and

(b) Where CDS Ltd. materially outsources any of its services or systems affecting the Settlement Services to a third party service provider, which shall include affiliates or associates of CDS Ltd., CDS Ltd. shall proceed in accordance with best practices. Without limiting the generality of the foregoing, CDS Ltd. shall:

(i) establish and maintain policies and procedures that are approved by its board of directors for the evaluation and approval of such outsourcing arrangements,

(ii) in entering any such outsourcing arrangement:

A. assess the risk of such arrangement, the quality of the service to be provided and the degree of control to be maintained by CDS Ltd., and

B. execute a contract with the third party service provider addressing all significant elements of such arrangement, including service levels and performance standards,

(iii) ensure that any contract implementing such outsourcing arrangement that is likely to impact the business of CDS Clearing permits the Commission to have access to and inspect all data, information and systems maintained by the third party service provider on behalf of CDS Ltd. for the purposes of determining CDS Ltd.'s compliance with the terms and conditions of this Schedule "A" or securities legislation, and

(iv) monitor the performance of the third party service provider under any such outsourcing arrangement.

5.0 ALLOCATION OF COSTS

5.1 CDS Ltd. shall ensure that the costs for providing services to its subsidiaries are fairly and equitably allocated.

6.0 ALLOCATION OF RESOURCES

6.1 CDS Ltd. shall, subject to paragraph 6.2 and for so long as CDS Clearing carries on business as a clearing agency, allocate sufficient financial and other resources to CDS Clearing to ensure that CDS Clearing can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of Part II of this Schedule “A”.

6.2 CDS Ltd. shall notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial or other resources to CDS Clearing to ensure that it can carry out its functions in a manner that is consistent with the public interest and the terms and conditions of Part II of this Schedule “A”.

7.0 FINANCIAL VIABILITY

7.1 CDS Ltd. shall maintain sufficient financial and staffing resources to ensure the proper performance of its services.

7.2 For the purpose of monitoring its financial viability, CDS Ltd. shall calculate, on an unconsolidated basis, the following financial ratios:

(a) a debt to cash flow ratio, being the ratio of total debt to EBITDA (earnings before interest, taxes, depreciation and amortization) for the most recent 12 months; and

(b) a financial leverage ratio, being the ratio of total assets to shareholders’ equity.

7.3 If CDS Ltd. fails to maintain, or anticipates it will fail to maintain:

(a) a debt to cash flow ratio less than or equal to 4/1; or

(b) a financial leverage ratio less than or equal to 4/1;

it shall immediately notify Commission staff. If CDS Ltd. fails to maintain either of the debt to cash flow ratio or the financial leverage ratio for a period of more than three months, its Chief Executive Officer will deliver a letter advising the Commission staff of the continued ratio deficiencies and the steps being taken to address the situation.

7.4 On a quarterly basis (together with the financial statements required to be filed pursuant to item 7.5), CDS Ltd. shall report to Commission staff that quarter's monthly calculation of the debt to cash flow ratio and financial leverage ratio.

7.5 CDS Ltd. shall file with Commission staff unaudited quarterly financial statements within 60 days of each quarter end and audited annual financial statements, prepared in accordance with generally accepted accounting principles, within 90 days of each year end. The quarterly and annual financial statements of CDS Ltd. shall be provided on an unconsolidated and consolidated basis. Any annual report provided to shareholders shall be concurrently filed by CDS Ltd. with Commission staff.

8.0 CAPACITY AND INTEGRITY OF SYSTEMS

8.1 CDS Ltd. will operate the systems (“Systems”) for CDS Clearing’s Settlement Services and related business operations. CDS Ltd. shall work in concert with CDS Clearing to ensure that the former will:

(a) on a reasonably frequent basis, and in any event, at least annually:

(i) make reasonable current and future capacity estimates,

(ii) conduct capacity stress tests of the Systems to determine the ability of those Systems to process transactions in an accurate, timely and efficient manner,

(iii) develop and implement reasonable procedures to review and keep current the development and testing methodology of the Systems,

(iv) review the vulnerability of the Systems and data centre computer operations to internal and external threats including breaches of security, physical hazards and natural disasters, and

(v) maintain adequate contingency and business continuity plans;

(b) annually, cause to be performed an independent audit of the operations of the Settlement Services in accordance with generally accepted auditing standards; and

(c) promptly notify Commission staff of material Systems failures and changes.

9.0 INFORMATION SHARING

9.1 CDS Ltd. shall share information and otherwise cooperate with the Commission and its staff, other recognized clearing agencies, recognized exchanges, recognized quotation and trade reporting systems, registered alternative trading systems, recognized self-regulatory organizations, the Canadian Investor Protection Fund and any regulatory authority having jurisdiction over CDS Ltd., subject to any applicable privacy or other laws governing the sharing of information and the protection of personal information, and subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

9.2 CDS Ltd. shall permit the Commission to have access to and inspect all data and information in its possession that is required to assess compliance with the terms and conditions of this Schedule "A" or securities legislation, subject to applicable privacy or other laws governing the sharing of information and the protection of personal information, and subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

9.3 CDS Ltd. shall cause its subsidiary, CDS Clearing, to permit the Commission to have access to and inspect all data and information in its possession that is required to assess compliance with the terms and conditions of this Schedule "A" or securities legislation, subject to applicable privacy or other laws governing the sharing of information and the protection of personal information, and subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

9.4 CDS Ltd. shall comply with Appendix "B" setting out the reporting obligations, as amended from time to time, regarding the reporting of information to the Commission.

PART II – CDS CLEARING

10.0 GOVERNANCE

10.1 CDS Clearing's governance arrangements shall be designed to fulfill public interest requirements and to promote the objectives of its shareholder and the users ("participants") of the Settlement Services.

10.2 Without limiting the generality of the foregoing, CDS Clearing's governance structure shall provide for:

(a) fair and meaningful representation on its board of directors and any committee of the board of directors;

(b) appropriate representation of persons independent of the CDS Ltd. and participants on the board of directors and any committees of the board of directors, and, for such purpose, a person is "independent" if the person is not:

(i) an associate, partner, officer or employee of CDS Ltd. or a shareholder of CDS Ltd.,

(ii) an associate, director, partner, officer or employee of a participant of CDS Clearing or its affiliates or an associate of such director, partner, officer or employee, or

(iii) an officer or employee of CDS Clearing or its affiliates or an associate of such officer or employee; and

(c) appropriate qualifications, remuneration, conflict of interest guidelines and limitation of liability and indemnification protections for directors, officers and employees of CDS Clearing.

10.3 CDS Clearing shall not, without the Commission's prior written approval, make significant changes to its governance structure or constating documents.

10.4 CDS Clearing shall not, without the Commission's prior written approval, enter into any contract, agreement or arrangement that may limit its ability to comply with the terms and conditions contained in this Schedule "A".

11.0 FITNESS

11.1 CDS Clearing shall take reasonable steps to ensure that each officer or director of CDS Clearing is a fit and proper person and the past conduct of each officer or director affords reasonable grounds for belief that such person will perform his or her duties with integrity.

12.0 ACCESS

12.1 CDS Clearing shall provide any person or company reasonable access to its Settlement Services where that person or company satisfies the eligibility requirements established by CDS Clearing to access the Settlement Services.

12.2 Without limiting the generality of the foregoing, CDS Clearing shall:

(a) establish written standards for granting access to the Settlement Services; and

(b) keep records of:

(i) each grant of access including, for each participant, the reasons for granting such access, and

(ii) each denial or limitation of access, including the reasons for denying or limiting access to any applicant.

13.0 FEES AND COSTS

13.1 CDS Clearing shall equitably allocate its fees and costs for Settlement Services. The fees shall not have the effect of unreasonably creating barriers to access such Settlement Services and shall be balanced with the criterion that CDS Clearing has sufficient revenues to satisfy its responsibilities.

13.2 CDS Clearing's process for setting fees and costs for Settlement Services shall be fair, appropriate and transparent. The fees, costs or expenses borne by participants in the Settlement Services shall not reflect any cost or expense incurred by CDS Clearing in connection with an activity carried on by CDS Clearing that is not related to the Settlement Services.

14.0 DUE PROCESS

14.1 CDS Clearing shall ensure that:

(a) participants affected by its decisions are given an opportunity to be heard or make representations; and

(b) it keeps a record, gives reasons and provides for appeals of its decisions to regulatory authorities.

15.0 RISK CONTROLS

15.1 CDS Clearing shall have clearly defined procedures for the management of risk which specify the respective responsibilities of CDS Clearing and its participants.

15.2 Without limiting the generality of the foregoing:

(a) Where a central counterparty service is offered by CDS Clearing, CDS Clearing shall rigorously control the risks it assumes;

(b) CDS Clearing shall reduce principal risk to the greatest extent possible by linking securities transfers to funds transfers in a way that achieves delivery-versus-payment;

(c) Final settlement shall occur no later than the end of the settlement day and intraday or real-time finality should be provided where necessary to reduce risks;

(d) Where CDS Clearing extends intraday credit to participants, including where it operates a net settlement system, it shall institute risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle;

(e) Assets accepted by CDS Clearing used to settle the ultimate payment obligations arising from securities transactions shall carry little or no credit or liquidity risk. If same-day, irrevocable final funds are not used, CDS Clearing shall take steps to protect participants in Settlement Services from potential losses and liquidity pressures arising from the failure of the payor or its paying agent;

(f) Where CDS Clearing establishes links to settle cross-border trades, it shall design and operate such links to reduce effectively the risks associated with cross-border settlements;

(g) CDS Clearing shall only provide services that are governed by the participant rules; and

(h) Where CDS Clearing materially outsources any of its Settlement Services to a third party service provider, which shall include affiliates or associates of CDS Clearing, CDS Clearing shall proceed in accordance with best practices. Without limiting the generality of the foregoing, CDS Clearing shall:

(i) establish and maintain policies and procedures that are approved by its board of directors for the evaluation and approval of such outsourcing arrangements,

(ii) in entering any such outsourcing arrangement:

A. assess the risk of such arrangement, the quality of the service to be provided and the degree of control to be maintained by CDS Clearing, and

B. execute a contract with the third party service provider addressing all significant elements of such arrangement, including service levels and performance standards,

(iii) ensure that any contract implementing such outsourcing arrangement permits the Commission to have access to and inspect all data, information and systems maintained by the third party service provider on behalf of CDS Clearing for the purposes of determining CDS Clearing's compliance with the terms and conditions of this Schedule "A" or securities legislation, and

(iv) monitor the performance of the third party service provider under any such outsourcing arrangement.

16.0 FINANCIAL VIABILITY

16.1 CDS Clearing shall maintain sufficient financial resources to ensure the proper performance of the Settlement Services.

16.2 CDS Clearing shall notify Commission staff as soon as practicable of any decision made to retain all or part of its transaction volatility premiums collected or to be collected.

16.3 For the purpose of monitoring its financial viability, CDS Clearing shall calculate the following financial ratios:

(a) a debt to cash flow ratio, being the ratio of total debt to EBITDA (earnings before interest, taxes, depreciation and amortization) for the most recent 12 months; and

(b) a financial leverage ratio, being the ratio of total assets less customer deposits to shareholders' equity.

16.4 If CDS Clearing fails to maintain, or anticipates it will fail to maintain:

(a) a debt to cash flow ratio less than or equal to 4/1; or

(b) a financial leverage ratio less than or equal to 4/1;

it shall immediately notify Commission staff. If CDS Clearing fails to maintain either of the debt to cash flow ratio or the financial leverage ratio for a period of more than three months, its Chief Executive Officer will deliver a letter advising the Commission staff of the continued ratio deficiencies and the steps being taken to address the situation.

16.5 On a quarterly basis (together with the financial statements required to be filed pursuant to item 16.6), CDS Clearing shall report to Commission staff that quarter's monthly calculation of the debt to cash flow ratio and financial leverage ratio.

16.6 CDS Clearing shall file with Commission staff unaudited quarterly financial statements within 60 days of each quarter end and audited annual financial statements, prepared in accordance with generally accepted accounting principles, within 90 days of each year end.

17.0 OPERATIONAL RELIABILITY

17.1 CDS Clearing shall adopt procedures and processes that, on an ongoing basis, ensure the provision of accurate and reliable settlement services to participants.

17.2 CDS Clearing shall assist CDS Ltd. in the annual filing, by CDS Ltd., and in accordance with CDS Ltd.'s obligation under section 8.1 of Part I of this Schedule “A”, in the audit to Commission staff.

18.0 CAPACITY AND INTEGRITY OF SYSTEMS

18.1 For its Systems CDS Clearing shall, or in the case of a third party service provider providing or maintaining such Systems, CDS Clearing shall require that the service provider shall:

(a) on a reasonably frequent basis, and in any event, at least annually:

(i) make reasonable current and future capacity estimates,

(ii) conduct capacity stress tests of the Systems to determine the ability of those Systems to process transactions in an accurate, timely and efficient manner,

(iii) develop and implement reasonable procedures to review and keep current the development and testing methodology of the Systems,

(iv) review the vulnerability of the Systems and data centre computer operations to internal and external threats including breaches of security, physical hazards and natural disasters, and

(v) maintain adequate contingency and business continuity plans;

(b) annually, cause to be performed an independent audit of the operations of the Settlement Services in accordance with generally accepted auditing standards; and

(c) promptly notify Commission staff of material Systems failures and changes.

19.0 PROTECTION OF CUSTOMERS' SECURITIES

19.1 CDS Clearing shall employ securities depository, account maintenance and accounting practices and safekeeping procedures that protect participants' securities.

20.0 RULES

20.1 CDS Clearing shall establish rules, operating procedures, user guides, manuals or similar instruments or documents (collectively, "rules") that are necessary or appropriate to govern, regulate, and set out all aspects of the Settlement Services offered by CDS Clearing.

20.2 The rules shall be consistent with the general goals of:

(a) ensuring compliance with securities legislation;

(b) fostering co-operation and co-ordination with self-regulatory organizations and persons or companies operating marketplaces, clearing and settlement systems and other systems that facilitate the processing of securities transactions and safeguarding of securities; and

(c) controlling systemic risk.

20.3 The rules will not:

(a) permit unreasonable discrimination among participants; or

(b) impose any burden on competition that is not necessary or appropriate in furtherance of compliance with securities legislation or the objects and mandate of the clearing agency.

20.4 CDS Clearing's rules and the process for adopting new rules or amending existing rules shall be transparent to participants and the general public.

20.5 CDS Clearing shall file with the Commission all rules and amendments to the rules and comply with the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time.

21.0 ENFORCEMENT OF RULES AND DISCIPLINE

21.1 The rules of CDS Clearing shall set out appropriate sanctions in the event of non-compliance by participants.

21.2 CDS Clearing shall reasonably monitor participant activities and impose sanctions to ensure compliance by participants with its rules.

22.0 INFORMATION SHARING

22.1 CDS Clearing shall share information and otherwise cooperate with the Commission and its staff, other recognized clearing agencies, recognized exchanges, recognized quotation and trade reporting systems, registered alternative trading systems, recognized self-regulatory organizations, the Canadian Investor Protection Fund and any regulatory authority having jurisdiction over CDS Clearing, subject to any applicable privacy or other laws governing the sharing of information and the protection of personal information, and subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

22.2 CDS Clearing shall permit the Commission to have access to and inspect all data and information in its possession that is required to assess compliance with the terms and conditions of this Schedule "A" or securities legislation, subject to applicable privacy or other laws governing the sharing of information and the protection of personal information, and subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

22.3 CDS Clearing shall comply with Appendix "B" to this Schedule setting out the reporting obligations, as amended from time to time, regarding the reporting of information to the Commission.

APPENDIX "A"

RULE PROTOCOL REGARDING THE REVIEW AND APPROVAL OF CDS CLEARING AND DEPOSITORY SERVICES INC. RULES BY THE ONTARIO SECURITIES COMMISSION

1. Purpose of the Protocol

On [, 2006], the Ontario Securities Commission ("Commission") issued a varied and restated recognition and designation order ("Recognition Order") with terms and conditions governing the recognition of each of The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. ("CDS Clearing") as a clearing agency pursuant to subsection 21.2(1) of the *Securities Act* (Ontario). To comply with the Recognition Order, CDS Clearing must file, among other things, its rules with the Commission for approval. This protocol sets out the procedures for the submission of a rule by CDS and the review and approval of the rule by the Commission.

2. Definitions

In this protocol:

"rule" means a proposed new or amendment to or deletion of a participant rule, operating procedure, user guide, manual or similar instrument or document of CDS Clearing which contains any contractual term setting out the respective rights and obligations between CDS Clearing and participants or among participants.

All other terms have the respective meanings ascribed to them in the Recognition Order and in securities legislation as that term is defined in NI 14-101.

3. Classification of Rules

CDS Clearing will classify a rule as either "material" or "technical/housekeeping" for the purposes of the approval process set out in this protocol.

(a) Technical/Housekeeping Rules

For the purpose of this protocol, a rule will be classified as "technical/housekeeping" if the rule involves only:

(i) matters of a technical nature in routine operating procedures and administrative practices relating to the settlement services;

(ii) consequential amendments intended to implement a material rule that has been published for comment pursuant to this protocol which only contain material aspects already contained in the material rule or disclosed in the notice accompanying the material rule;

(iii) amendments required to ensure consistency or compliance with an existing rule, securities legislation or other regulatory requirement;

(iv) the correction of spelling, punctuation, typographical or grammatical mistakes or inaccurate cross-referencing; or

(v) stylistic formatting, including changes to headings or paragraph numbers.

(b) Material Rules

A rule that is not a technical/housekeeping rule, as defined above, would be classified as a "material" rule.

4. Procedures for Review and Approval of Material Rules

(a) Prior Notice of a Significant Material Rule

If CDS Clearing is developing a material rule that it anticipates will result in a significant change in its policy, will require amendments to a significant number of rules or may be the subject of significant public comment as a result of publication, then CDS Clearing will notify Commission staff in writing at least 30 calendar days prior to submitting such a significant material rule. The purpose of such prior notification is to enable the Commission to react in a timely manner to the material rule upon filing. Prior notification shall not be

interpreted as an opportunity for Commission staff to participate in CDS Clearing policy development. Commission staff will not begin a formal review of the material rule until all relevant documents have been filed.

(b) Documents to be Filed

For a material rule, CDS Clearing will file with the Commission the following documents electronically, or by other means as agreed to by Commission staff and CDS Clearing from time to time:

(i) a cover letter that indicates the classification of the rule and the rationale for that classification and includes a statement that the rule is not contrary to the public interest;

(ii) the rule and, where applicable, a blacklined version of the rule indicating the proposed changes to an existing rule;

(iii) a notice of publication to be published by the Commission in the OSC Bulletin that contains the following information:

A. a description of the rule,

B. a concise statement, together with supporting analysis, of the nature and purpose of the rule,

C. a description and analysis of the possible effects of such rule on CDS Clearing, participants and other market participants and the securities and financial markets in general, including but not limited to any impact on competition, risks and the costs of compliance borne by any of the foregoing parties or within any market, and where applicable, a comparison of the rule to international standards promulgated by Committee on Payment and Settlement Systems of the Bank for International Settlements, the Technical Committee of the International Organization of Securities Commissions and the Group of Thirty,

D. a description of the rule drafting process, including a description of the context in which the rule was developed, the process followed, the issues considered, consultation done, the alternative approaches considered, the reasons for rejecting the alternatives and a review of the implementation plan,

E. where the rule requires technological systems changes to be made by participants, other market participants or CDS Clearing, CDS Clearing shall provide a description of the implications of the rule on such systems and, where possible, an implementation plan, including a description of how the rule will be implemented and the timing of the implementation,

F. where CDS Clearing is aware that another clearing agency has a counterpart to the rule, CDS Clearing shall include a reference to the rules of the other clearing agency, including an indication as to whether that clearing agency has a comparable rule or has made or is contemplating making a comparable rule, and a comparison of the rule to same,

G. a statement that CDS Clearing has determined that the rule is not contrary to the public interest, and

H. an explanation that all comments should be sent to CDS Clearing with a copy to the Commission, and that CDS Clearing will make available to the public on request all comments received during the comment period.

(c) Confirmation of Receipt

Commission staff will within 5 business days send to CDS Clearing confirmation of receipt of documents filed by CDS Clearing under subsection (b).

(d) Publication of a Material Rule by the Commission

As soon as practicable, Commission staff will publish in the OSC Bulletin the notice and rule filed by CDS Clearing under subsection (b) for a comment period of 30 calendar days (the "comment period"), commencing on the date on which the notice first appears in the OSC Bulletin or website.

(e) Review by Commission Staff

Commission staff will use their best efforts to conduct their initial review of the material rule and provide comments to CDS Clearing during the comment period. However, there will be no restriction on the amount of time necessary to complete the review of the material rule.

(f) CDS Clearing Responses to Commission Staff's Comments

(i) CDS Clearing will respond to any comments received to Commission staff in writing.

(ii) CDS Clearing will provide to Commission staff a summary of all public comments received and CDS Clearing's responses to the public comments, or confirmation of having received no public comments.

(iii) If CDS Clearing fails to respond to comments from Commission staff within 120 calendar days after receipt of their comment letter, CDS Clearing will be deemed to have withdrawn the material rule unless Commission staff otherwise agree.

(g) Approval by the Commission

Commission staff will use their best efforts to prepare the material rule for approval within 30 calendar days of the later of (a) receipt of written responses from CDS Clearing to staff's comments or requests for additional information, and (b) receipt of the summary of public comments and CDS Clearing's response to the public comments, or confirmation from CDS Clearing that there were no comments received. If at any time during the review period, Commission staff determine that they have further comments or require further information from CDS Clearing in order to prepare the materials for Commission approval, the review period will be extended by an additional period of 30 calendar days commencing on the day that Commission staff receive responses to the comments or the information requested. Commission staff will notify CDS Clearing of the Commission's approval of the material rule within 5 business days.

(h) Publication of Notice of Approval

Commission staff will prepare and publish in the OSC Bulletin and on its website a short notice of approval of the material rule within 15 business days of delivery of the notification to CDS Clearing of the decision. CDS Clearing will provide the following information to accompany the publication of the notice of approval:

(i) a short summary of the material rule;

(ii) CDS Clearing's summary of public comments and responses received, if applicable; and

(iii) if changes were made to the version published for public comment, a blacklined copy of the revised material rule.

(i) Effective Date of a Material Rule

A material rule will be effective as of the date of the notification of approval by Commission staff in accordance with subsection (g) or on a date determined by CDS Clearing, if such date is later.

(j) Significant Revisions to a Material Rule

When a material rule is revised subsequent to its publication for comment in a way that Commission and CDS Clearing staff determine has a material effect on the substance of the rule or its effect, the revision will be published in the OSC Bulletin with a notice for a second 30 calendar day comment period. The request for comment shall include CDS Clearing's summary of comments and responses submitted in response to the previous request for comments, together with an explanation of the revision to the material rule and the supporting rationale for the amendment.

(k) Withdrawal of a Material Rule

If CDS Clearing withdraws or is deemed to have withdrawn a rule that was previously submitted, then it will provide a notice of withdrawal to be published by the Commission in the OSC Bulletin as soon as practicable.

5. Procedures for Review and Approval of a Technical/Housekeeping Rule

(a) Documents to be Filed

For a technical/housekeeping rule, CDS Clearing will file with the Commission the following documents electronically, or by other means as agreed to by the Commission staff and CDS Clearing from time to time:

(i) a cover letter that indicates the classification of the rule and the rationale for that classification;

(ii) the rule and, where applicable, a blacklined version of the rule indicating the proposed changes to an existing rule; and

(iii) a short notice of publication to be published by the Commission in the OSC Bulletin that contains the following information:

A. a brief description of the technical/housekeeping rule,

B. the reasons for the technical/housekeeping classification, and

C. the effective date of the technical/housekeeping rule, or a statement that the technical/housekeeping rule will be effective on a date subsequently determined by CDS Clearing.

(b) Effective Date of Technical/Housekeeping Rules

The technical/housekeeping rule will be effective upon CDS Clearing filing the documents in accordance with subsection (a) or on a date determined by CDS Clearing Where CDS Clearing does not receive any communication of disagreement with the classification from Commission staff in accordance with subsection (d) within 15 business days after filing the rule, CDS Clearing may assume that the Commission staff agree with the classification.

(c) Confirmation of Receipt

Commission staff will within 5 business days send to CDS Clearing confirmation of receipt of documents filed by CDS Clearing under subsection (a).

(d) Disagreement with Classification

Where CDS Clearing has classified a rule as "technical/housekeeping" and Commission staff disagree with the classification:

(i) Commission staff will communicate to CDS Clearing, in writing, the reasons for disagreeing with the classification of the rule within 15 business days after receipt of CDS Clearing's filing.

(ii) After receipt of Commission staff's written communication, CDS Clearing will re-classify the rule as material and the Commission will review and approve the rule under the procedures set out in section 4.

(iii) Commission staff may require that CDS Clearing immediately repeal the technical/housekeeping rule and inform its participants of the reason for the repeal of the rule.

(e) Publication of Technical/Housekeeping Rules

Commission staff will publish the notice filed by CDS Clearing under clause (a)(iii) as soon as practicable.

(f) Comments received on Technical/Housekeeping Rules

If comments are raised in response to the publication of the notice or the implementation of the technical/housekeeping rule, Commission staff may review the rule in light of the comments received. Commission staff may determine that the rule was incorrectly classified and require that the rule be classified as a material rule and reviewed and approved by the Commission in accordance with the procedures set out in section 4 with necessary modifications. If the Commission subsequently disapproves the material rule, CDS Clearing will immediately repeal the material rule and inform its participants of the disapproval.

6. Immediate Implementation of a Material Rule

(a) Criteria for Immediate Implementation

CDS Clearing may make a material rule effective immediately where CDS Clearing determines that there is an urgent need to implement the material rule because of a substantial and imminent risk of material harm to CDS Clearing, participants, other market participants, or the Canadian capital markets or due to a change in operation imposed by a third party supplying services to CDS Clearing and to its participants.

(b) Prior Notification

Where CDS Clearing determines that immediate implementation is necessary, CDS Clearing will advise Commission staff in writing as soon as possible but in any event at least 5 business days prior to the implementation of the rule. Such written notice will include an analysis to support the need for immediate implementation.

(c) Disagreement on Need for Immediate Implementation

If Commission staff do not agree that immediate implementation is necessary, the process for resolving the disagreement will be as follows:

(i) Commission staff will notify CDS Clearing, in writing, of the disagreement, or request more time to consider the immediate implementation, within 3 business days of being advised by CDS Clearing under subsection (b).

(ii) Commission staff and CDS Clearing will discuss and resolve any concerns raised by Commission staff.

(iii) If no notice is received by CDS Clearing by the 3rd business day after Commission staff received CDS Clearing's notification, CDS Clearing may assume that Commission staff does not disagree with their assessment.

(d) Review of Material Rules Implemented Immediately

A material rule that has been implemented immediately will be published, reviewed and approved by the Commission in accordance with the procedures set out in section 4 with necessary modifications. If the Commission subsequently disapproves the material rule, CDS Clearing will immediately repeal the material rule and inform its participants of the disapproval.

7. Miscellaneous Provisions

(a) Waiving Provisions of the protocol

Commission staff may waive any part of this protocol upon request from CDS Clearing Such a waiver must be granted in writing by Commission staff.

(b) Amendments

This protocol and any provision hereof may be amended at any time or times with the agreement of the Commission and CDS Clearing.

APPENDIX "B"

REPORTING OBLIGATIONS

In addition to the notification, reporting and filing obligations set out in Schedule "A" to the Recognition and Designation Order, CDS Ltd. and CDS Clearing shall also comply with the reporting obligations set out below.

1. Prior Notification

1.1 CDS Ltd. and CDS Clearing shall provide to Commission staff prior notification of:

(a) any proposed change to CDS Ltd. and CDS Clearing's corporate governance structure other than significant changes to the governance structure or constating documents for which prior approval is required under item 4 of Schedule "A" to the Recognition and Designation Order;

(b) a decision to enter into an agreement, memorandum of understanding or other similar arrangement with any governmental or regulatory body, self-regulatory organization, clearing agency, stock exchange, other marketplace or market; or

(c) a decision to, either directly or through an affiliate, engage in a new type of business activity or cease to engage in a business activity in which CDS Ltd. and CDS Clearing are then engaged.

1.2 Notwithstanding the requirements of section 1.1(c), CDS Ltd. shall not be required to provide Commission staff with prior notification in the above instances in the event that such instances relate to the business operations of another CDS Ltd. subsidiary.

2. Immediate Notification

2.1 CDS Ltd. and CDS Clearing shall provide to Commission staff immediate notice of:

(a) the appointment of any new director or officer, including a description of the individual's employment history; and

(b) the resignation or intended resignation of a director or officer or the auditors of CDS Ltd. and CDS Clearing, including a statement of the reasons for the resignation or intended resignation.

2.2 CDS Ltd. and CDS Clearing shall immediately notify Commission staff if either organization:

(a) becomes the subject of any order, directive or other similar action of a governmental or regulatory authority;

(b) becomes aware that either organization is the subject of a criminal or regulatory investigation; or

(c) becomes, or is aware that either organization will become, the subject of a material lawsuit.

2.3 CDS Clearing shall immediately file with Commission staff copies of all notices, bulletins and similar forms of communication that CDS Clearing sends its participants.

2.4 CDS Ltd. and CDS Clearing shall immediately file with the Commission staff any unanimous shareholder agreements to which it is a party.

3. Quarterly Reporting

3.1 CDS Ltd. and CDS Clearing shall file quarterly with Commission staff a list of the internal audit reports and risk management reports issued in the previous quarter.

4. Annual Reporting

4.1 CDS Ltd. and CDS Clearing shall provide to Commission staff annually:

(a) a list of the directors and officers of CDS Ltd. and CDS Clearing;

(b) a list of the committees of the CDS Ltd. and CDS Clearing boards of directors, setting out the members, mandate and responsibilities of each of the committees; and

(c) a list of all participants in each settlement service operated by CDS Clearing.

5. General

5.1 CDS Ltd. and CDS Clearing shall continue to comply with the reporting obligations set out in their tailored Automation Review Program document.

Chapter 25

Other Information

25.1 Approvals

25.1.1 Cumberland Investment Management Inc. - s. 213(3)(b) of the LTCA

Headnote:

Clause 213(3)(b) of the Loan and Trust Corporations Act – Application for approval to act as trustee of pooled funds to be established and managed by the applicant and offered pursuant to a prospectus exemption.

Applicable Legislative Provisions:

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

September 1, 2006

Torys LLP
Box 270, 79 Wellington Street West
TD Centre
Toronto, Ontario
M5K 1N2

Attention: Dawn Scott

Dear Sirs/Mesdames:

**RE: Cumberland Investment Management Inc. (the Applicant)
Application pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) for approval to act as trustee - Application No. 559/06**

Further to your application dated July 18, 2006 (the "Application") filed on behalf of the Applicant, and based on the facts set out in the Application, and the representation by the Applicant that the assets of mutual fund trusts to be established and managed by the Applicant from time to time (the "Pooled Funds") will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction, or bank listed in Schedule I, II, or III of the Bank Act (Canada) or an affiliate of such bank or trust company, the Ontario Securities Commission (the "Commission") makes the following order:

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario), the Commission approves the proposal that the Applicant act as trustee of the Pooled Funds, the securities of which will be offered pursuant to a prospectus exemption.

Yours truly,

"Robert L. Shirriff"

"Suresh Thakrar"

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