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DAVID WILSON, CHAIR, ONTARIO SECURITIES COMMISSION

GUEST SPEAKERS

HON. GERRY PHILLIPS, ONTARIO MINISTER RESPONSIBLE FOR SECURITIES REGULATION

DAVID BEATTY, MANAGING DIRECTOR, CANADIAN COALITION FOR GOOD GOVERNANCE

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The Ontario Securities Commission

OSC Bulletin

October 20, 2006

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

OCTOBER 20, 2006

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
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Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

October 20, 2006 **Norshield Asset Management (Canada) Ltd., Olympus United Group Inc., John Xanthoudakis, Dale Smith and Peter Kefalas**

10:00 a.m.

s.127

M. MacKewn in attendance for Staff

Panel: WSW/DLK

October 30, 2006 **Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels**

10:00 a.m.

s. 127 and 127.1

D. Ferris in attendance for Staff

Panel: PMM/ST

November 6, 2006 **Robert Patrick Zuk, Ivan Djordjevic, Matthew Noah Coleman, Dane Alan Walton, Derek Reid and Daniel David Danzig***

10:00 a.m.

s. 127

J. Waechter in attendance for Staff

Panel: TBA

* October 3, 2006 – Notice of Withdrawal

November 8, 2006 **Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)**

10:00 a.m.

s.127 and 127.1

D. Ferris in attendance for Staff

Panel: SWJ/ST

Notices / News Releases

November 21, 2006	First Global Ventures, S.A. and Allen Grossman	TBA	Cornwall et al
10:00 a.m.	s. 127 D. Ferris in attendance for Staff Panel: PMM/ST		s. 127 K. Manarin in attendance for Staff Panel: TBA
December 4, 2006	Euston Capital Corporation and George Schwartz	TBA	John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir
2:00 p.m.	s. 127 Y. Chisholm in attendance for Staff Panel: WSW/ST		S. 127 & 127.1 K. Manarin in attendance for Staff Panel: TBA
December 5, 6, & 7, 2006	Jose Castaneda	TBA	Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boulton and Peter Y. Atkinson
10:00 a.m.	s. 127 and 127.1 P. Foy in attendance for Staff Panel: TBA		s.127 J. Superina in attendance for Staff Panel: TBA
May 23, 2007	Eugene N. Melnyk, Roger D. Rowan, Watt Carmichael Inc., Harry J. Carmichael and G. Michael McKenney	TBA	Mega-C Power Corporation, Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited
10:00 a.m.	s. 127 and 127.1 J. Superina in attendance for Staff Panel: TBA		S. 127 A. Sonnen in attendance for Staff Panel: TBA
October 12, 2007	Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton	TBA	Bennett Environmental Inc.*, John Bennett, Richard Stern, Robert Griffiths and Allan Bulckaert*
10:00 a.m.	s. 127 H. Craig in attendance for Staff Panel: TBA		S. 127 P. Foy in attendance for Staff Panel: TBA
TBA	Yama Abdullah Yaqeen		* settled June 20, 2006
	s. 8(2) J. Superina in attendance for Staff Panel: TBA		

TBA **Momentas Corporation, Howard
Rash, Alexander Funt, Suzanne
Morrison* and Malcolm Rogers***

s. 127 and 127.1

P. Foy in attendance for Staff

Panel: WSW/RWD/CSP

* Settled April 4, 2006

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

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

* Settled November 25, 2005

** Settled March 3, 2006

**Portus Alternative Asset Management Inc., Portus
Asset Management Inc., Boaz Manor, Michael
Mendelson, Michael Labanowich and John Ogg**

John Daubney and Cheryl Littler

**Maitland Capital Ltd., Allen Grossman, Hanouch
Ulfan, Leonard Waddingham, Ron Garner, Gord
Valde, Marianne Hyacinthe, Diana Cassidy, Ron
Catone, Steven Lanys, Roger McKenzie, Tom
Mezinski, William Rouse and Jason Snow**

1.1.2 OSC Staff Notice 11-739 (Revised) - Policy Reformulation Table of Concordance and List of New Instruments

OSC STAFF NOTICE 11-739 (REVISED)

POLICY REFORMULATION TABLE OF CONCORDANCE AND LIST OF NEW INSTRUMENTS

The following revisions have been made to the Table of Concordance and List of New Instruments. A full version of the Table of Concordance and List of New Instruments as of September 30, 2006 has been posted to the OSC Website at www.osc.gov.on.ca under Policy and Regulation/Status Summaries.

Table of Concordance

Item Key
The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-CSA Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

Reformulation

Instrument	Title	Status
61-501	Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions	<i>To be revoked and replaced by 61-101</i>

New Instruments

11-739	Policy Formulation Table of Concordance and List of New Instruments (Revised)	<i>Published July 14, 2006</i>
13-101	SEDAR (Electronic Filing) Rule – Amendment	<i>To come into force November 1, 2006 [tied to 81-107]</i>
21-101	Marketplace Operation – Amendment	<i>Published for comment July 14, 2006</i>
21-304	Request for Filing of Form 21-101F5 Initial Operation Report for Information Processor by Interested Information Processors	<i>Published July 14, 2006</i>
23-101	Trading Rules – Amendment	<i>Published for comment July 14, 2006</i>
23-102	Use of Client Brokerage Commissions as Payment for Order Execution Services or Research (“Soft Dollar” Arrangements)	<i>Published for comment July 21, 2006</i>
31-101	Requirements under the National Registration System – Amendments	<i>Came into Force August 1, 2006</i>
31-201	National Registration System – Amendments	<i>Adopted August 1, 2006</i>
33-726	IOSCO Publishes Final Report on Compliance Function at Market Intermediaries	<i>Published September 1, 2006</i>
41-501	General Prospectus Requirements – Amendment	<i>To come into force November 1, 2006 [tied to 81-107]</i>
44-101	Short Form Prospectus Distributions – Amendment	<i>Came into Force September 6, 2006</i>
46-303	Principal Protected Notes	<i>Published July 7, 2006</i>
51-319	Report on Staff’s Second Continuous Disclosure Review of Income Trust Issuers	<i>Published August 4, 2006</i>
51-320	Options Backdating	<i>Published September 8, 2006</i>
52-306	Non-GAAP Financial Measures	<i>Revised and published August 4, 2006</i>
52-314	Securities Regulators Want Your Feedback on XBRL	<i>Published July 7, 2006</i>
52-315	Certification Compliance Review	<i>Published September 22, 2006</i>
52-316	Certification of Design of Internal Control over Financial Reporting	<i>Published September 29, 2006</i>
61-101	Protection of Minority Security Holders in Special Transactions	<i>Published for comment August 25, 2006 [to replace 61-501]</i>
61-701	Applications for Exemptive Relief under Rule 61-501	<i>To be withdrawn</i>
61-801	Implementing MI 61-101 Protection of Minority Security Holders in Special Transactions	<i>Published for comment August 25, 2006</i>
81-101	Mutual Fund Prospectus Disclosure – Amendment	<i>To come into force November 1, 2006 [tied to 81-107]</i>
81-102	Mutual Funds – Amendment	<i>To come into force November 1, 2006 [tied to 81-107]</i>
81-104	Commodity Pools – Amendment	<i>To come into force November 1, 2006 [tied to 81-107]</i>

Notices / News Releases

81-106	Investment Fund Continuous Disclosure – Amendment	<i>To come into force November 1, 2006 [tied to 81-107]</i>
81-107	Independent Review Committee for Mutual Funds	<i>To come into force November 1, 2006</i>
81-802	Implementing NI 81-107 Independent Review Committee for Investment Funds	<i>To come into force November 1, 2006</i>

For further information, contact:

Darlene Watson
Project Coordinator
Ontario Securities Commission
416-593-8148

October 20, 2006

1.1.3 CSA Staff Notice 23-305 - Status of the Transaction Reporting and Electronic Audit Trail System (TREATS)

CSA STAFF NOTICE 23-305

**JOINT NOTICE OF THE STAFF OF THE CANADIAN SECURITIES ADMINISTRATORS,
MARKET REGULATION SERVICES INC., BOURSE DE MONTRÉAL INC., AND
THE INVESTMENT DEALERS ASSOCIATION**

STATUS OF THE TRANSACTION REPORTING AND ELECTRONIC AUDIT TRAIL SYSTEM (TREATS)

A. Introduction

The electronic audit trail initiative is a project initiated and managed by the Canadian Securities Administrators (CSA) with the participation of Market Regulation Services Inc., the Bourse de Montréal Inc., and the Investment Dealers Association of Canada (together, the Regulators) to investigate, design and implement a solution to facilitate compliance with Canadian securities audit trail requirements introduced in National Instrument 23-101 *Trading Rules* (NI 23-101).

The purpose of this notice is to provide an update on the status of the TREATS project since the last notice on the subject was published in March 2006¹ (the March 2006 Notice).

B. Update on Activities Since the March 2006 Notice

Since the March 2006 Notice, the CSA published a notice regarding proposed amendments to NI 23-101 and Companion Policy 23-101CP in July 2006² that has the intended effect, among other things, of extending the deadline for the implementation of an electronic audit trail by dealers and inter-dealer bond brokers until January 1, 2010.

A Request for Proposals (RFP) was also issued³ to solicit firm proposals from suppliers to address the business and technical requirements for the TREATS solution, and to provide information that would help the Regulators in their selection process and the decision to move forward with the TREATS initiative.

Work has been completed on the data modeling for equities to outline the requirements for equity securities, and provide dealers and marketplaces with a resource for understanding their responsibilities to comply with the audit trail requirements stated in the NI 23-101. The Regulators had consulted with industry participants regarding these data modeling efforts directly and through the TREATS Discussion Forum at <http://treats.zeroforum.com>.⁴

As a result of the work to date concerning data modeling, the results of the RFP, and the consultations with the Industry Working Group⁵, the Regulators have identified additional issues that require further detailed examination. These issues include consideration of the current models that exist in other jurisdictions, a review of which aspects create the most benefits, as well as the completion of the data modeling and a Cost Benefit Analysis. We expect that this additional work, which will conclude with the completion of a Cost Benefit Analysis, will be completed by December 2007. The Regulators have commenced work on a Benefits Analysis with the assistance of external consultants.

C. Communications to Participants

The Regulators will endeavour to provide details and information on an ongoing basis to ensure that industry participants clearly understand the implications of this initiative and are able to suitably plan and prepare for the changes that will result. We will continue to publish notices as key information arises.

¹ Published on March 17, 2006 in English in the Ontario Securities Commission Bulletin at (2006) 29 OSCB 2265 and in French at Bulletin de l'Autorité des marchés financiers Vol. 3, no 11.

² The notice relating to the proposed amendments was published on July 14, 2006 in English in the Ontario Securities Commission Bulletin at (2006) 29 OSCB 5735 and in English and French at Bulletin de l'Autorité des marchés financiers Vol. 3, no 28.

³ The RFP can be found at Market Regulation / Special Projects / TREATS on the OSC web site.

⁴ To gain access to the TREATS Discussion Forum, please complete the online registration process at <http://treats.zeroforum.com/zerouser?cmd=register>.

⁵ The Industry Working Group is comprised of certain industry participants and service providers from the Industry Advisory Group who had indicated a willingness to be directly involved in the project.

If there are any questions at this stage, please contact:

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October 20, 2006

1.1.4 Notice of Commission Approval - Material Amendments to CDS Rules Relating to Intellectual Property Rights

THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED

MATERIAL AMENDMENTS TO CDS RULES

INTELLECTUAL PROPERTY RIGHTS

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and The Canadian Depository for Securities Limited (CDS), the Commission approved on October 16, 2006 the proposed rule amendments filed by CDS relating to confidentiality and intellectual property rights. The proposed rule amendments and accompanying notice were published for comment in the Commission Bulletin on May 26, 2006, (2006) 29 OSCB 4487.

Three comment letters were received. As a result of the comments received, CDS has made non-material changes to the proposed rule amendments. The rule amendments that were approved by the Commission, along with the summary of comments received and CDS's responses, are published in Chapter 13 of this Bulletin. The amendments have been black-lined to indicate the changes from the previously published version.

1.2 Notices of Hearing

1.2.1 Andrew Rankin

**FOR IMMEDIATE RELEASE
October 16, 2006**

**Andrew Rankin Appeal Scheduled for
Thursday, October 19, 2006**

TORONTO – The appeal in respect of the conviction and sentence of Andrew Rankin by His Honour Judge Ramez Khawly will be heard before the Ontario Court of Justice (Superior Court), 361 University Avenue, Toronto, at 10:00 a.m. on Thursday, October 19, 2006. The appeal is scheduled to conclude on Friday, October 20, 2006.

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and Public Affairs
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Laurie Gillett
Manager, Public Affairs
416-595-8913

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

1.3 News Releases

1.3.1 Don't believe everything you read and hear - CSA urges investors to research investment opportunities advertised in the media

FOR IMMEDIATE RELEASE
October 17, 2006

**Don't believe everything you read and hear -
CSA urges investors to research investment opportunities advertised in the media**

TORONTO - The Canadian Securities Administrators (CSA) are urging the public to investigate further when they encounter an investment opportunity advertised in the media.

"Regardless of the source, investors should protect themselves by researching investment opportunities before committing their money," says Jean St-Gelais, Chair of the CSA and President & Chief Executive Officer of the Autorité des marchés financiers (Québec). "Investors should not assume an opportunity is authentic simply based on where it appears or how it is presented."

Of main concern are paid advertisements placed by those who may not be properly registered to trade in securities. As well, certain ads may provide misleading information to the public regarding potential investments. These may appear across various types of media, including newspapers, magazines, television, radio, newsletters and the Internet.

In many cases, investments described in the advertisements may look or sound authentic, but unless investors verify the information first with an objective source, such as their provincial or territorial securities regulator, they could risk committing their money to a misleading or illegitimate opportunity. While no investment is without risk, investors can research opportunities to lessen the risk of falling victim to a scam. Once money changes hands, it's often difficult or impossible for investors to get their money back.

The Canada Revenue Agency (CRA) is also warning investors to be wary of paid ads that promote tax-saving incentives, especially those leading into RRSP season and tax time.

"Beware of charities that promise to provide an income tax receipt for more than you donated - legitimate charities issue receipts for the exact amount donated," said CRA Commissioner Michel Dorais. "The CRA regularly audits to identify schemes that are set up to purposely avoid paying taxes. The CRA is also working with revenue agencies at an international level to combat tax evasion schemes."

Some things investors should watch out for:

- **Promises of high-return, low-risk investment opportunities.** Ads may promote quick and above-average growth and "guaranteed security". Refer to current bank rates. Above-average growth involving little risk on your part should ALWAYS be questioned.
- **Liberal use of financial jargon.** Sometimes, ads use sophisticated language to convince investors that the people behind the opportunity are professional, knowledgeable and experienced. Anyone can use financial lingo to sound convincing, so don't take it at face value.
- **Free seminars and workshops.** In addition to promoting free registration, the ad may offer the public additional incentives, like free food, gifts, etc. for participating. Be cautious if you attend one of these sessions. The session may focus on investing or tax-savings strategies, or it may end up promoting a specific investment. Don't commit until you've checked into the person or firm offering the opportunity.
- **High-pressure sales tactics.** The ad may urge you to act now and invest while the opportunity's hot. A sales tactic like this doesn't necessarily mean you're a target of a scam. The point is you should NEVER feel pressured to invest. If it's a good opportunity, it WILL be there long enough for you to check into it first to make sure it's legitimate.
- **Company's purported 'track record'.** Many ads promote the fact that the company or person offering the opportunity has been in business a long time, are backed by a large conglomerate, and/or have achieved high performance in years past. A company's track record should not be the deciding factor when making an investment decision. Research the company's history and track record but also take other factors, such as your investment objectives, into account before committing.
- **Requests for personal information.** Ads may send you to a toll-free line, website or a free seminar so you can request more information or fill out an application form. Check to ensure the investment opportunity is legitimate before

submitting information. If it is a potential scam, your personal information could be shared, sold or held for use in future scams.

- **Tax-savings or tax-shelter incentives.** The tax angle is an effective attention-grabber. A toll-free number, website or free seminar may be promoted to explain how the tax savings work. Promoters that tell investors that a tax shelter identification number means the shelter has been approved by CRA are misleading investors. In actual fact, the identification number is for identification purposes only and does not in any way confirm the entitlement of an investor to claim any tax benefits associated with the tax shelter.

Be wary of any ad that uses tax savings as a key selling point. Often, people sign up but discover later that they've been misled and end up owing taxes to the CRA. Or they may learn they've become a victim of a scam. The CRA has previously issued these fact sheets and alert to advise investors of the potential risks and problems associated with some shelters:

- <http://www.cra-arc.gc.ca/newsroom/factsheets/2003/nov/1125taxshelter-e.html>
- <http://www.cra-arc.gc.ca/newsroom/factsheets/2004/nov/1125tax-e.html>
- <http://www.cra-arc.gc.ca/newsroom/alerts/2005/a051122-e.html>

The CSA, the council of securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets. Their mandate is to protect investors from unfair or fraudulent practices through regulation of the securities industry. Part of this protection is educating investors about the risk, responsibilities and rewards of investing.

For more information:

CRA Website: <http://www.cra-arc.gc.ca/menu-e.html>

CSA Website: <http://www.csa-acvm.ca/>

Provincial and Territorial Securities Regulators

<p>Yukon Securities Registry Richard Roberts Richard.roberts@gov.yk.ca 867-667-5225</p>	<p>British Columbia Securities Commission Andrew Poon APoon@bcsc.bc.ca 604-899-6880 1-800-373-6393 (BC & Alberta only) www.bcsc.bc.ca</p>
<p>Securities Registry Northwest Territories Donald MacDougall donald_macdougall@gov.nt.ca 867-920-8984 www.justice.gov.nt.ca/SecuritiesRegistry/SecuritiesRegistry.htm</p>	<p>Alberta Securities Commission Tamera Van Brunt tamera.vanbrunt@seccom.ab.ca (403) 297-2664 1-877-355-0585 (toll free) www.albertasecurities.com</p>
<p>Nunavut Securities Registry Jennifer MacIsaac jmacisaac@gov.nu.ca Phone: (867) 975-6591</p>	<p>Saskatchewan Financial Services Commission www.sfsc.gov.sk.ca</p>
<p>Manitoba Securities Commission Ainsley Cunningham aicunningham@gov.mb.ca 204-945-4733 1-800-655-5244 (Manitoba only) www.msc.gov.mb.ca</p>	<p>Ontario Securities Commission Laurie Gillett 416-595-8913 1-877-785-1555 (toll-free in Canada) www.checkbeforeyouinvest.ca www.osc.gov.on.ca</p>

<p>Autorité des marchés financiers Frédéric Alberro frederic.alberro@lautorite.qc.ca 514-395-0558 poste 2176 1-800-361-5072 (Québec only) www.lautorite.qc.ca</p>	<p>New Brunswick Securities Commission Natalie Green natalie.green@nbsc-cvmnb.ca 506-643-7745 1-866-933-2222 (New Brunswick only) www.nbsc-cvmnb.ca</p>
<p>Nova Scotia Securities Commission Chris Pottie pottiec@gov.ns.ca 902-424-5393 www.gov.ns.ca/nssc</p>	<p>Department of Attorney General Prince Edward Island Mark Gallant mkgallant@gov.mb.ca 902-368-4552 www.gov.pe.ca/securities</p>
<p>Financial Services Regulation Division Newfoundland and Labrador Doug Connolly Connolly@gov.nl.ca 709-729-2594 www.gov.nl.ca/scon</p>	

1.4 Notices from the Office of the Secretary

1.4.1 Firestar Capital Management Corp. et al.

**FOR IMMEDIATE RELEASE
October 12, 2006**

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

- AND -

**IN THE MATTER OF
FIRESTAR CAPITAL MANAGEMENT CORP.,
KAMPOSSE FINANCIAL CORP.,
FIRESTAR INVESTMENT MANAGEMENT GROUP,
MICHAEL CIAVARELLA AND MICHAEL MITTON**

TORONTO – Today the Commission issued a Temporary Order in the above named matter which provides that the Temporary Cease Trade Orders currently in place as against the Respondents are further continued until October 12, 2007, or until further order of this Commission.

The Commission also ordered that the hearing to consider whether to continue the Temporary Cease Trade Orders be adjourned to October 12, 2007.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
and Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

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

1.4.2 Atlas Cold Storage Income Trust

**FOR IMMEDIATE RELEASE
October 13, 2006**

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

- AND -

**IN THE MATTER OF
ATLAS COLD STORAGE INCOME TRUST**

TORONTO – The hearing scheduled for Monday, October 16, 2006 in the above matter has been cancelled.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
and Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

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

1.4.3 Euston Capital Corp. and George Schwartz

**FOR IMMEDIATE RELEASE
October 17, 2006**

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

- AND -

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

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

1. the hearing is adjourned until December 4, 2006 at 2:00 p.m., peremptory to the respondents; and
2. the Temporary Order is continued until the hearing on December 4, 2006 or until further order of the Commission.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
and Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Life & Banc Split Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Exemptive relief granted to an exchange traded fund offered in continuous distribution from certain mutual fund requirements and restrictions on: investment concentration, borrowing, organizational costs, calculation and payment of redemptions, compliance reports and date of record for payment of distributions – Since investors will generally buy and sell units through the facilities of the TSX, there are adequate protections and it would not be prejudicial to investors - National Instrument 81-102 Mutual Funds

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 2.6(a), 3.3, 10.3, 10.4(1), 12.1, 14.1 and 19.1

September 29, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA, PRINCE EDWARD ISLAND,
NEWFOUNDLAND AND LABRADOR,
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
LIFE & BANC SPLIT CORP.
(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 (the "Application") from the Filer dated September 7, 2006 for a decision under section 19.1 of National Instrument 81-102 – *Mutual Funds* (the

"Legislation") for exemptive relief from sections 2.1(1), 2.6(a), 3.3, 10.3, 10.4, 12.1(1) and 14.1 of the Legislation.

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:

The Filer

1. The Filer is a mutual fund corporation established under the laws of Ontario.
2. Brompton Funds Management Limited (the "Manager") is the promoter and manager of the Filer and will perform administrative services on behalf of the Filer.

The Offering

3. The Filer will be issuing preferred shares (the "Preferred Shares") and class A shares (the "Class A Shares") (together, referred to as the "Shares").
4. The offering of Shares by the Filer is a one-time offering and the Filer will not continuously distribute Shares.
5. The Filer's investment objectives are: (i) to provide holders of Preferred Shares with fixed cumulative preferential quarterly cash distributions in the amount of \$0.13125 per Preferred Share representing a yield on the issue price of the Preferred Shares of 5.25% per annum; (ii) to provide holders of Class A Shares with regular monthly cash distributions targeted to be \$0.10 per Class A Share representing a yield on the issue price of the Class A Shares of 8.0% per annum; (iii) to return the original issue price to holders of Preferred Shares at the time of

redemption of such shares on November 29, 2013; and (iv) to provide holders of Class A Shares with the opportunity for growth in net asset value per Class A Share.

6. The net proceeds from the offering will be invested in an equally weighted portfolio consisting of common shares of the six largest Canadian banks and the four largest Canadian life insurance companies (the "Portfolio").
7. The Company may from time to time selectively write covered call options on the shares included in the Portfolio in order to generate additional distributable income for the Company.
8. It is proposed that the initial costs of formation and organization of the Filer, including the preparation and filing of the Preliminary Prospectus and final prospectus, be borne by the Filer rather than the promoter or manager of the Filer.
9. A preliminary prospectus of the Filer dated September 7, 2006 (the "Preliminary Prospectus") has been filed with the securities regulatory authorities in each of the Provinces and Territories of Canada.
10. The Filer intends to establish a credit facility which may be used by the Filer for working capital purposes. The Filer expects that the maximum amount it borrows thereunder will be limited to 5% of NAV. The Filer may pledge Portfolio shares as collateral for amounts borrowed thereunder.

The Shares

11. The Shares are expected to be listed and posted for trading on the Toronto Stock Exchange (the "TSX").
12. The Shares will be retractable at the option of the holder on a monthly and annual basis at a price computed by reference to the value of a proportionate interest in the net assets of the Filer. As a result, the Filer will be a "mutual fund" under applicable securities legislation.
13. The description of the retraction process in the Preliminary Prospectus contemplates that the retraction price for the Shares will be determined as of the valuation date, being the second last business day of the month (the "Retraction Date"). As requests for retractions may be made at any time during the month and are subject to a cut-off date (ten business days prior to the Retraction Date), and as the net asset value is calculated weekly, retractions may not be implemented at a price equal to the net asset value next determined after receipt of the retraction request.
14. The retraction procedures described in the Preliminary Prospectus provide that shareholders

will receive payment within ten business days of the month following the Retraction Date.

15. The Preferred Shares have been provisionally rated Pfd-2 by Dominion Bond Rating Service Limited in accordance with the rating criteria applicable to conventional preferred shares issued by a non-mutual fund issuer.
16. The Filer will make quarterly distributions to holders of the Preferred Shares and monthly distributions to holders of the Class A Shares. The record date for shareholders entitled to receive such distributions will be determined in accordance with the requirements of the TSX.

Decision

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

The decision of the Decision Makers under the Legislation is that relief is granted from the following requirements of the Legislation:

- (a) subsection 2.1(1) – to enable the Filer to invest all of its net assets in the Portfolio provided the Filer does not become an insider of any issuer of common shares in the Portfolio as a result of such investment;
- (b) clause 2.6(a) – to enable the Filer to obtain a credit facility for working capital purposes and provide a security interest over its assets, as stated in paragraph 10 above, so long as the outstanding amount of any such borrowings of the Filer does not exceed 5% of the net assets of the Filer taken at market value at the time of the borrowing;
- (c) section 3.3 – to permit the Filer to bear the expenses of the offerings as described in paragraph 8 above;
- (d) section 10.3 – to permit the Filer to calculate the retraction price for the Class A Shares and Preferred Shares in the manner described in the Preliminary Prospectus and on the applicable Retraction Date as defined in the Preliminary Prospectus;
- (e) section 10.4 – to permit the Filer to pay the retraction price for the Class A Shares and the Preferred Shares on the Retraction Payment Date, as defined in the Preliminary Prospectus;
- (f) subsection 12.1(1) – to relieve the Filer from the requirement to file the prescribed compliance reports; and

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

“Leslie Byberg”
Manager, Investment Funds Branch
Ontario Securities Commission

SEDAR Project No. 990973

2.1.2 Bell Globemedia Acquisition Corporation and CHUM Limited - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from the requirement to provide in an information circular ‘prospectus-level’ disclosure and disclosure regarding executive compensation and indebtedness of directors and executive officers in connection with a second-step transaction - Disclosure not relevant to decision whether to approve amalgamation transaction – Redeemable preferred shares to be issued pursuant to the amalgamation - Redeemable preferred shares will be redeemed immediately after the completion of the amalgamation - Amalgamation, in substance, a cash transaction.

Applicable Legislative Provisions

National Instrument 51-102 - Continuous Disclosure Obligations, Part 9 and s. 13.1, and Form 51-102F5 - Information Circular, items 8, 10 and 14.2.

October 5, 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 “Applicant”)**

AND

**CHUM LIMITED
(“CHUM”)**

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 Applicant, an indirect wholly-owned subsidiary of Bell Globemedia Inc. (“**BGM**”), for a decision under the securities legislation of the Jurisdictions (the “**Legislation**”) exempting CHUM from the requirement to include prospectus-level disclosure, executive compensation disclosure and disclosure as to the

indebtedness of directors and executive officers in a management proxy circular of CHUM relating to a special meeting of its shareholders to be held to approve the amalgamation (the “**Amalgamation**”) of CHUM and a wholly-owned subsidiary of BGM (“**Subco**”) in accordance with the Legislation (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 factual information below as provided by the Applicant and confirmed by CHUM where applicable.

1. CHUM, a corporation incorporated under the *Business Corporations Act* (Ontario) (the “**OBCA**”), is one of Canada’s leading media companies and content providers and owns and operates 33 radio stations, 12 local television stations and 21 specialty channels, as well as an environmental music distribution division. Through international format licenses and program sales, CHUM’s original content is seen in over 130 countries worldwide. CHUM content is also provided to online audiences on new media platforms, including interactive television, mobile and wireless services and exclusive CHUM branded internet properties.
2. The authorized capital of CHUM consists of an unlimited number of common shares (“**Common Shares**”) and an unlimited number of non-voting Class B shares (“**Class B Shares**” and, together with the Common Shares, the “**Shares**”). As at the date hereof, there are issued and outstanding 6,748,030 Common Shares and 21,378,929 Class B Shares. The Common Shares and Class B Shares are listed on the Toronto Stock Exchange under the symbols “CHM” and “CHM.B”, respectively.
3. CHUM is a reporting issuer or the equivalent thereof in each of the Jurisdictions. CHUM is not, to its knowledge, in default of its reporting issuer obligations under the securities legislation of the Jurisdictions.
4. Pursuant to its offer (the “**Offer**”) made July 26, 2006, the Applicant offered to purchase all of the

issued and outstanding Common Shares at a price of \$52.50 per Common Share and any and all of the issued and outstanding Class B Shares at a price of \$47.25 per Class B Share. The Offer expired at 5:00 p.m. (Toronto time) on September 12, 2006.

5. The Applicant is incorporated under the OBCA and was incorporated solely for the purpose of making the Offer. The Applicant is an indirect wholly-owned subsidiary of BGM.
6. BGM, a corporation incorporated under the OBCA, is one of Canada’s leading multi-media companies with ownership interests in Canada’s leading media properties including CTV Inc. and *The Globe and Mail*, the leading national daily newspaper. CTV operates 21 conventional television stations across Canada, has interests, directly and indirectly, in 17 specialty channels and offers a wide-range of quality news, sports, information and entertainment programming.
7. Neither the Applicant nor BGM is a reporting issuer or equivalent in any of the Jurisdictions.
8. Pursuant to the Offer, the Applicant acquired 6,718,414 Common Shares, representing approximately 99.6% of the issued and outstanding Common Shares, and 21,072,438 Class B Shares, representing approximately 98.6% of the issued and outstanding Class B Shares. All of the Common Shares acquired by the Applicant pursuant to the Offer have been placed in the hands of an independent trustee pursuant to a voting trust agreement approved by the Canadian Radio-television and Telecommunications Commission (the “**CRTC**”). Pursuant to this voting trust agreement, such Common Shares will be voted by the trustee and control of CHUM will reside with the trustee pending consideration by the CRTC of BGM’s application for approval of its acquisition of control of CHUM.
9. The purpose of the Offer was to enable BGM to acquire all of the outstanding Common Shares and any and all of the outstanding Class B Shares. The Applicant intends to exercise its statutory rights under the OBCA to compulsorily acquire all of the remaining Common Shares that were not deposited to the Offer. The purpose of the proposed amalgamation (the “**Amalgamation**”) of CHUM and Subco is to permit the Applicant to acquire the remaining Class B Shares that were not deposited to the Offer.
10. CHUM has called a special meeting (the “**Meeting**”) to be held on or about October 30, 2006 to approve the Amalgamation. At the Meeting, CHUM will seek the requisite approval of shareholders in respect of a special resolution to

approve the Amalgamation upon the terms and conditions set forth in an amalgamation agreement between CHUM and Subco (the "**Amalgamation Agreement**"), the material terms of which will be described in the management proxy circular (the "**Circular**") to be sent to all shareholders of CHUM.

11. In connection with the Meeting, CHUM expects to mail on or about October 6, 2006 to each holder of Common Shares and Class B Shares (i) a notice of the Meeting; (ii) a form of proxy; and (iii) the Circular, which will be prepared in accordance with the OBCA and applicable securities laws.

12. Pursuant to the Amalgamation:

(a) at the effective time of the Amalgamation, by virtue of the Amalgamation and without any further action on the part of CHUM, Subco or the holders of Class B Shares, (A) each Common Share will be cancelled and converted automatically into one validly issued, fully paid and non-assessable common share in the capital of Amalco, (B) each Class B Share (other than any Class B Share held by the Applicant or a shareholder who has not effectively withdrawn or otherwise ceased to be entitled to such dissent rights pursuant to Section 176 of the OBCA (each a "**Dissenting Class B Share**")) will be cancelled and converted automatically into one validly issued, fully paid and non-assessable redeemable preferred share in the capital of Amalco (each a "**Redeemable Preference Share**"), (C) each Class B Share held by the Applicant will be cancelled and converted automatically into one validly issued, fully paid and non-assessable non-voting share in the capital of Amalco, and (D) each Dissenting Class B Share will be cancelled and converted automatically into the right to receive payment from Amalco with respect thereto in accordance with section 176 of the OBCA; and

(b) all holders of Class B Shares (other than the Applicant), including insiders of CHUM, will receive identical consideration for their Class B Shares in the Amalgamation.

13. Immediately following the effective time of the Amalgamation, each Redeemable Preference Share will be redeemed by Amalco (the "**Redemption**") for a cash amount equal to \$47.25 per share (the "**Redemption Amount**"). No new certificates evidencing the Redeemable Preference Shares will be issued to the holders of Class B Shares who will continue to hold their

Class B Share certificates until exchanged for the aggregate Redemption Amount represented by such certificates as provided for in the Amalgamation Agreement.

14. No action is to be taken at the Meeting on any matter involving executive compensation or the indebtedness of directors or executive officers of CHUM, and neither executive compensation disclosure nor disclosure as to the indebtedness of directors and executive officers of CHUM would reasonably be expected to affect a shareholder's decision whether or not to vote in favour of the Amalgamation.

15. The consideration paid by Amalco on the Redemption will be funded directly or indirectly by the Applicant. The Applicant has advised CHUM that it intends to ensure that Amalco will have sufficient funds to pay in full the aggregate Redemption Amount on the Redemption.

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 CHUM complies with all other provisions of the Legislation applicable to the Circular.

"John Hughes"
Manager
Ontario Securities Commission

2.1.3 AGF Funds Inc. et al. - s. 6.1 of Rule 13-502 Fees

Headnote

Application pursuant to s. 6.1 of OSC Rule 13-502 Fees - exemption from requirement that each fund family applicant pay activity fee in connection with an MRRS exemptive relief application as application arising from unique circumstances and could have been brought by only one applicant.

Rules Cited

National Instrument 81-106 Investment Fund Continuous Disclosure, s. 14.2

Ontario Securities Commission Rule 13-502 Fees, s. 4.1 and Appendix C, Item E(1).

September 28, 2006

Torys LLP

Suite 3000
79 Wellington St. W.
Box 270, TD Centre
Toronto, Ontario
M5K 1N2

Attention: Marlene Davidge

Dear Sirs/Mesdames:

**Re: Filers listed in Appendix A (the Filers)
Application under section 6.1 of OSC Rule 13-502 Fees (the Fees Rule)
Application No. 2006/0624**

By letters dated August 11 and September 12, 2006 (the Application), you applied on behalf of the Filers to the Director for an exemption, pursuant to section 6.1 of the Fees Rule, from the requirement to pay a fee per investment fund family in connection with the application for certain relief from section 14.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106) dated August 11, 2006 made by the Filers on behalf of all investment funds that are reporting issuers (the MRRS application). You also applied for an exemption from the requirement to pay an activity fee in connection with the Application.

From our review of the Application, the MRRS Application and other information communicated to staff, we understand the relevant facts and representations to be as follows:

1. The MRRS Application deals with the consequences arising from the introduction of section 3855 of the CICA Handbook which applies to financial years beginning on or after October 1, 2006. There is not sufficient time to make any changes to NI 81-106 before the implementation of section 3855.

2. The issues to be considered in the context of the MRRS Decision are identical for all of the Filers as well as for other investment funds not included as applicants.
3. The MRRS Application could have been made by one applicant in a representative capacity on behalf of other investment fund families. The reason for the inclusion of so many fund families in the MRRS Application is to send a clear message of the concern of the industry regarding the implications of section 3855 of the CICA Handbook.
4. The MRRS Application is not a typical application which results in a benefit only for the Filers. The fact scenario of the MRRS Application represents a very unique circumstance where the entire investment fund industry is potentially affected.
5. Appendix C of the Fees Rule specifies that the activity fee for an application for relief is \$3,000. Section 4.1 of the Fees Rule states that a person or company that files an application must pay the activity fee. The MRRS Application was filed by 31 named fund companies, but the Filers have submitted only one \$3,000 activity fee.

Decision

This letter confirms that, based on the information provided in the Application, the MRRS Application, and the facts and representations above, and for the purposes described in the Application, the Director hereby exempts the Filers from:

- (a) the requirement to pay an activity fee per investment fund family in connection with the MRRS Application provided that the Filers pay one activity fee of \$3,000 for the MRRS Application; and
- (b) paying an activity fee in connection with the Application.

Yours truly,

Rhonda Goldberg
Assistant Manager, Investment Funds Branch

Appendix A

List of Filers

AGF Funds Inc.
Accumulus Management Ltd.
AIC Limited
AIM Funds Management Inc.
BetaPro Management Inc.
BMO Harris Investment Management Inc.
BMO Investments Inc.
BMO Nesbitt Burns Inc.
Canadian Imperial Bank of Commerce
CIBC Asset Management Inc.
CI Investments Inc.
Counsel Group of Funds Inc.
Excel Funds Management Inc.
Fédération des caisses Desjardins du Québec
Fidelity Investments Canada Limited
Franklin Templeton Investments Corp.
Goodman & Company, Investment Counsel Ltd.
Guardian Group of Funds Ltd.
Horizons Funds Inc.
I.G. Investment Management, Ltd.
IA Clarington Investments Inc.
Impax Funds Management Inc.
Investors Group Investment Management (Quebec) Ltd.
Mackenzie Financial Corporation
Medical Discovery Management Corporation
Northwest Mutual Funds Inc.
PFSL Investments Canada Ltd.
RBC Asset Management Inc.
Russell Investments Canada Limited
TD Asset Management Inc.
United Financial Corporation

2.1.4 AGF Funds Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – investment funds exempt from requirement to calculate net asset value for purposes other than financial statements in accordance with Canadian GAAP for one year following the introduction of Handbook section 3855 – changes to Canadian GAAP would require investment funds to change valuation of certain portfolio securities.

Rules Cited

National Instrument 81-106 Investment Fund Continuous Disclosure, s. 14.2.

September 28, 2006

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

AND

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

AND

**IN THE MATTER OF
AGF FUNDS INC.,
ACCUMULUS MANAGEMENT LTD.,
AIC LIMITED,
AIM FUNDS MANAGEMENT INC.,
BETAPRO MANAGEMENT INC.,
BMO HARRIS INVESTMENT MANAGEMENT INC.,
BMO INVESTMENTS INC.,
BMO NESBITT BURNS INC.,
CANADIAN IMPERIAL BANK OF COMMERCE,
CIBC ASSET MANAGEMENT INC.,
CI INVESTMENTS INC.,
COUNSEL GROUP OF FUNDS INC.,
EXCEL FUNDS MANAGEMENT INC.,
FÉDÉRATION DES CAISSES DESJARDINS DU
QUÉBEC,
FIDELITY INVESTMENTS CANADA LIMITED,
FRANKLIN TEMPLETON INVESTMENTS CORP.,
GOODMAN & COMPANY, INVESTMENT COUNSEL
LTD.,
GUARDIAN GROUP OF FUNDS LTD.,
HORIZONS FUNDS INC.,
I.G. INVESTMENT MANAGEMENT, LTD.,
IA CLARINGTON INVESTMENTS INC.,
IMPAX FUNDS MANAGEMENT INC.,**

**INVESTORS GROUP INVESTMENT MANAGEMENT
(QUEBEC) LTD.,
MACKENZIE FINANCIAL CORPORATION,
MEDICAL DISCOVERY MANAGEMENT CORPORATION,
NORTHWEST MUTUAL FUNDS INC.,
PFSL INVESTMENTS CANADA LTD.,
RBC ASSET MANAGEMENT INC.,
RUSSELL INVESTMENTS CANADA LIMITED,
TD ASSET MANAGEMENT INC., AND
UNITED FINANCIAL CORPORATION,
ON BEHALF OF
THE INVESTMENT FUNDS UNDER THEIR
MANAGEMENT (THE FUNDS)
(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 the Funds, whether under the management of the Filers currently or in the future, and each investment fund which is now or becomes subject to section 14.2 of NI 81-106 which is managed by a manager other than the Applicants (the Affected Funds) from the requirements of section 14.2 of NI 81-106 insofar as it relates to:

- (a) calculating net asset value for any purpose (including for greater certainty, for purchases and redemptions of securities of a mutual fund as required by Parts 9 and 10 of National Instrument 81-102 *Mutual Funds* (NI 81-102)), other than for purposes of the financial statements required of a Fund or Affected Fund under Part 2 of NI 81-106; or
- (b) providing net asset value of a Fund or Affected Fund or information based on net asset value of a Fund or Affected Fund, in any report, marketing material, any other document or any other commentary (including arranging for publication of net asset value pursuant to section 14.2(7) of NI 81-106), other than in the financial statements of the Fund or Affected Fund.

The relief from section 14.2 of NI 81-106 contemplated by paragraphs (a) and (b) is 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 Filers are the managers of the Funds under their management. They are responsible for ensuring that the Funds meet the requirements of applicable securities legislation, regulations and rules, including NI 81-106.
2. Each of the existing Funds is a reporting issuer and is subject, amongst others, to the requirements of NI 81-106.
3. Each existing Fund calculates its net asset value, as of the date of this application, as required by section 14.2 of NI 81-106 as currently in effect. Section 14.2 of NI 81-106 requires the Funds and Affected Funds to calculate their net asset value in accordance with Canadian GAAP. Canadian GAAP is modified by the introduction of section 3855 *Financial Instruments – Recognition and Measurement* of the Handbook (section 3855) which applies to financial years beginning on or after October 1, 2006 (the Initial Date).
4. Funds in the industry have different year ends, typically March, June, September or December. As a result, the Initial Date is as early as October 1, 2006 for some Funds, but could theoretically be as late as September 30, 2007 for others.
5. The Filers believe that complying with the requirements of section 3855 will result in a change to net asset value which will vary by type of fund and the holdings of such fund. That change will result from or depend on various factors, including the requirement to use bid price for securities purchased long and ask for securities purchased short, instead of closing price for active securities and the interpretation of “active market”.
6. The Filers believe that further study is required of whether the calculation and use of net asset value in accordance with Canadian GAAP for purposes other than financial statements is appropriate before proceeding with the implementation of such change. This will also allow an opportunity for the Filers and regulators to consider international standards which are still developing in this regard.
7. Canadian GAAP is meant to define suitable approaches for financial reporting purposes and those who establish such requirements are concerned with financial reporting. Indeed,

section 3855 is not a provision specifically targeted at investment funds and would not have been considered from the perspective of the best interests of investors in such funds, the industry's perspective or perspectives other than financial reporting. Investors would be subjected to a reduction in the value of their investment funds not from any change in the portfolio securities held by the fund but as a result of the first day change in valuation methodology as a result of Canadian GAAP changes.

8. As is clear from the previous paragraphs, this is not a typical application which results in a benefit for a fund group; rather it is about the consequence arising from the introduction of section 3855 of the CICA Handbook, an event which occurred beyond the industry's control. It is for this reason that constating documents of Funds have not historically defined, and continue not to define, net asset value for purchases and redemptions by cross reference to Canadian GAAP.
9. The Filers do not believe that it is in the best interests of investors to make any change to begin with, let alone to make such a change as early as October 1, 2006, when most investors and even many of their advisors are relatively unfamiliar with the proposed changes. If a Fund complies with Canadian GAAP as modified by the introduction of section 3855, the net asset value of the Fund will change from the last day of the financial year to the first day of the next year by dint of compliance with section 3855. Investors are generally not aware of this consequence, which sets up the possibility of allowing some investors to engage in arbitrage thereby taking value from other investors. This arbitrage opportunity is in fact one of the issues of concern to the industry. In short, two of the prerequisites for investing, being clarity and quality of communication, clearly do not exist with respect to this issue at this point in time. The Filers do not believe that such a change is in the best interests of investors in the Funds, is prejudicial to existing and future investors and is not necessary for the fair operation of a Fund.
10. As noted above, the introduction of the proposed change in the way net asset value is calculated for purchases and redemptions and other non-financial statement purposes would apply at different times for different Funds. The Filers believe that such a status would cause further confusion to investors and is also prejudicial to Filers whose Funds would be required to be priced differently than those of their direct competitors in a particular fund category for a period of time.
11. The Filers also note that the change, if implemented, would result in further unfairness due to the fact that the brunt of the time and effort

would fall unfairly on those whose Initial Date occurs first. The change would require cost, time and effort with regards to systems, operations and other matters, both directly on the Filers and on third party service providers serving many members of the industry.

12. If the Requested Relief is not granted, the valuation procedures described in the current prospectus and/or annual information form of a Fund would be inaccurate and each Fund would have to amend such offering documents in order to explain the valuation requirements of section 3855 for pricing purposes, including for example, that the bid price must be used for a security in an active market rather than the closing price.
13. Additional time for dialogue between the industry and the Decision Makers will be required to clarify various matters relating to the use of net asset value, including but not limited to, presentation of performance information, quarterly reports, management report of fund performance, and percentages that portfolio investments represent of a fund.

Decision

Each of the Decision Makers is satisfied that the test contained in NI 81-106 that provides the Decision Maker with the jurisdiction to make the decision has been met. The decision of the Decision Makers under NI 81-106 is that the Requested Relief is granted to each Fund and Affected Fund provided that:

1. each Fund and Affected Fund continues to calculate its net asset value for purposes other than its financial statements in accordance with Canadian GAAP without giving effect to section 3855;
2. the notes to the financial statements of a Fund or Affected Fund required under Part 2 of NI 81-106 include a reconciliation of the net asset value in the financial statements to the net asset value calculated in accordance with 1 above and used for other purposes; and
3. this decision shall terminate on the earlier of (i) September 30, 2007, or (ii) the date on which changes to Part 14 of NI 81-106 come into effect with respect to calculating net asset value for purposes other than the financial statements and providing net asset value of a Fund or Affected Fund or information based on net asset value of a Fund or Affected Fund, in any report, marketing material, any other document or any other commentary.

Susan Silma
Director, Investment Funds Branch
Ontario Securities Commission

2.1.5 HORIZON Total Return Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemption granted to permit a fund that uses specified derivatives to calculate its NAV once per week subject to certain conditions – relief needed from the requirement that an investment fund that uses specified derivatives must calculate its NAV daily – relief not prejudicial to the public interest because the NAV will be posted on a website and the units of the investment fund are expected to be listed on the TSX which will provide liquidity for investors – National Instrument 81-106 Investment Fund Continuous Disclosure

Applicable Legislative Provisions

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

October 13, 2006

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

AND

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

AND

IN THE MATTER OF
HORIZON TOTAL RETURN FUND
(THE “TRUST”)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application from Middlefield HORIZON TR Management Limited (the “Manager”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) for an exemption from the following requirement contained in section 14.2(3)(b) of National Instrument 81-106 – *Investment Fund Continuous Disclosure* (“NI 81-106”):

- (a) that an investment fund that uses specified derivatives (as that term is defined in National Instrument 81-102 – *Mutual Funds*) must calculate its net asset value (“NAV”) at least once every business day,

to permit the Trust to calculate its NAV once per week (the “Requested Relief”).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

Interpretation

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

Representations

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

1. The Manager is a corporation incorporated under the laws of Ontario. It intends to establish the Trust pursuant to a declaration of trust in October 2006. The head office of the Trust will be located in Toronto, Ontario.
2. The Trust’s investment objectives will be to: (i) enhance the initial value of the units offered under the prospectus (the “Units”) through capital appreciation driven by the Portfolio (as defined below); and (ii) provide holders of Units (“Unitholders”) with the benefits of compound investment returns.
3. The Trust will make an offering of Units in the Jurisdictions and has filed a preliminary prospectus dated August 31, 2006 in such jurisdictions (the “Prospectus”). The Trust does not intend to continuously offer Units once the Trust is out of primary distribution.
4. The Trust will invest virtually all of the net proceeds of its proposed offering (and any funds borrowed pursuant to a loan facility) for the pre-payment of its purchase obligations under a forward purchase and sale agreement which the Trust will enter into with a Canadian chartered bank, pursuant to which the Trust will gain economic exposure to an actively-managed, broadly diversified investment portfolio of income producing equity securities (the “Portfolio”) comprised primarily of income trust securities and supplemented by common shares held by HTR Fund, a new trust to be formed under the laws of the Province of Ontario.
5. The Manager will be the trustee and manager of the Trust and will be responsible for providing or arranging for the provision of administrative

- services to the Trust. The Manager will also be the manager and trustee of HTR Fund.
6. Guardian Capital LP and Middlefield Capital Corporation will act as investment advisors to HTR Fund.
 7. A bank, trust company or other custodian will act as custodian of the assets of the Trust.
 8. The Units will be redeemable monthly, commencing in November 2006, on a date that is at least 20 business days prior to the last day of the month (the "**Valuation Date**"). The redemption price per Unit is equal to the lesser of (A) 94% of the weighted average trading price of the Units on the TSX during the last 15 trading days preceding the applicable Valuation Date, and (B) the "closing market price" of the Units on the principal market on which the Units are quoted for trading on the applicable Valuation date. The "closing market price" is equal to (i) the closing price of the Units if there was a trade on the applicable Valuation Date and the market provides a closing price; (ii) the average of the highest and lowest prices of the Units if there was trading on the applicable Valuation Date and the market provides only the highest and lowest prices of the Units traded on a particular day; or (iii) the average of the last bid and last asking prices of the Units if there was no trading on the applicable Valuation Date.
 9. The Units will also be redeemable annually on a Valuation Date of April in any year commencing in 2008. The redemption price per Unit is calculated as the NAV per Unit of the Fund less any costs associated with the redemption.
 10. The Trust is not considered to be a "mutual fund" because the Unitholders are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the Trust as contemplated in the definition of "mutual fund" in the securities legislation of the Jurisdictions. Accordingly, the Trust will be a "non-redeemable investment fund" as defined in NI 81-106.
 11. The Trust intends to calculate the NAV per Unit on a weekly basis on Thursday of each week (or if Thursday is not a business day, then on the immediately preceding business day), on each Valuation Date and on any other date on which the Manager elects in its discretion to calculate the NAV per Unit.
 12. The Prospectus of the Trust will disclose that the NAV per Unit of the Trust will be made available to the public by the Manager through publication in the financial press and on the internet at www.middlefield.com.

13. The Units are expected to be listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") and the Manager has applied to the TSX to so list the Units. Since the Units will be listed for trading on the TSX, Unitholders will not have to rely solely on the redemption feature of the Units in order to provide liquidity for their investment.

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.

1. The Decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the Prospectus of the Trust discloses that:
 - (i) the NAV calculation is available to the public upon request; and
 - (ii) a toll-free telephone number or website which the public can access for the purpose of obtaining the NAV calculation;for so long as:
 - (iii) the Units are listed on the TSX; and
 - (iv) the Trust calculates its NAV at least weekly.

"Leslie Byberg"
Manager, Investment Funds
Ontario Securities Commission

2.1.6 Extreme CCTV Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications and Multilateral Instrument 11-101 Principal Regulator System

National Instrument 51-102, s. 13.1 - Continuous Disclosure Obligations - An issuer requires relief from the requirement to include certain financial statements in a business acquisition report (BAR)- The issuer is required to include in a BAR interim financial statements for the most recently completed interim period of the business that ended before the date of the acquisition - The issuer is instead including audited financial statements for a period of at least nine months commencing the day after the most recently completed financial year for which financial statements are required under item 8.5(1)2 of NI 51-102; because of this, the issuer is exempt from filing certain annual financial statements under section 8.7(1) of NI 51-102, but the issuer cannot rely on section 8.7(2) of NI 51-102 to exclude the interim financial statements - The BAR will contain sufficient information about the acquisitions.

National Instrument 52-107 , s. 9.1 - Acceptable Accounting Principles, Auditing Standards and Reporting Currency - An issuer wants relief from the requirement to audit acquisition statements in accordance with Canadian or U.S. generally accepted auditing standards (GAAS) - The issuer acquired or will acquire a business whose historical financial statements have not been audited in accordance with Canadian or U.S. GAAS - The acquired business' financial statements have been audited in accordance with U.K. GAAS - It would be impractical to re-audit the business' financial statements in accordance with Canadian or U.S. GAAS - The audit report will be accompanied by a statement by the auditor that describes any material differences in the form of report as compared to a Canadian GAAS audit report, and indicates that its report would not contain a reservation if it were prepared in accordance with Canadian GAAS.

Applicable Legislative Provisions

National Instrument 51-102, Continuous Disclosure Obligations, ss. 8 and 13.1

National Instrument 52-107 , Acceptable Accounting Principles, Auditing Standards and Reporting Currency , ss. 6 and 9.1

October 12, 2006

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

AND

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

AND

IN THE MATTER OF
EXTREME CCTV 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) for an exemption from:
 - (a) the requirement in section 8.4(2) of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) to include interim financial statements of Forward Vision CCTV Ltd. (FVCCTV) and Forward Vision Systems Limited (FVS and collectively with FVCCTV, Forward) in the business acquisition report (BAR) required to be filed by the Filer in respect of its acquisition of Forward; and
 - (b) the requirement in section 6.2 of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107) that financial statements for each of FVCCTV and FVS that are required to be included in a BAR be audited in accordance with Canadian or U.S. generally accepted auditing standards (Canadian GAAS or U.S. GAAS)

(collectively, the Requested Relief).

Application of Principal Regulator System

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

Interpretation

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

Representations

4. This decision is based on the following facts represented by the Filer:
1. the Filer specializes in the design, development, manufacture and marketing of advanced infrared illuminators and precision engineered surveillance solutions;
 2. the Filer is governed by the *Canada Business Corporations Act* and its head office is located in Burnaby, British Columbia;
 3. the Filer is a reporting issuer in each Jurisdiction and in Alberta and, to its knowledge, is not in default of its obligations as a reporting issuer under the Legislation and the securities legislation of Alberta;
 4. the Filer is authorized to issue an unlimited number of its common shares (the Common Shares), of which as of September 12, 2006, 16,315,177 Common Shares are issued and outstanding;
 5. the Common Shares are listed and posted for trading on the Toronto Stock Exchange;
 6. the Filer's fiscal year end is September 30;
 7. on July 31, 2006, the Filer completed acquisitions of FVCCTV and FVS (collectively the Acquisition), which constituted an "acquisition of related businesses" as outlined in Part 8 of NI 51-102;
 8. FVCCTV and FVS are companies incorporated or organized under the laws of the United Kingdom (U.K.);
 9. before the Acquisition, less than 50% of the votes for election of directors of each of FVCCTV and FVS were owned, directly or indirectly, by residents of Canada; the majority of executive officers and directors of each of FVCCTV and FVS were not resident in Canada; less than 50% of the consolidated assets of each of FVCCTV and FVS were located in Canada; and the business of each of FVCCTV and FVS was not administered principally in Canada and is not seasonal;
10. the fiscal year end for each of FVCCTV and FVS is August 31;
 11. as the Acquisition constituted a "significant acquisition" for the purposes of NI 51-102, the Filer is required to file a BAR by October 16, 2006 (the first business day after October 14, 2006, which is 75 days after July 31, 2006, the date of the Acquisition), under section 8.2 of NI 51-102; the Acquisition satisfies the significance tests in Part 8 of NI 51-102 at a level greater than 40%;
 12. under sections 8.4 and 8.5 of NI 51-102, the BAR must be accompanied by certain financial statements of each of FVCCTV and FVS, including audited financial statements for the two most recently completed financial years ended more than 45 days before the date of the Acquisition, and certain pro forma statements and information of the Filer; the Filer intends to rely on section 8.7 of NI 51-102 to use the eleven month period ended July 31, 2006 for each of FVCCTV and FVS in lieu of the audited financial statements for the oldest financial year required by section 8.5 (being the financial year ended August 31, 2004);
 13. absent an exemption, to meet the requirements to prepare and file a BAR in accordance with the requirements of Part 8 of NI 51-102 in respect of the Acquisition, the Filer may include the following financial statements or information in respect of each of FVCCTV and FVS under sections 8.4, 8.5 and 8.7 of NI 51-102:
 - (a) balance sheets as at August 31, 2005 and July 31, 2006 and the statements of income, retained earnings and cash flows for:
 - (i) the financial year ending August 31, 2005; and
 - (ii) the eleven month financial period ending on July 31, 2006;
 together with the notes thereon and accompanied by an auditor's report (the Annual Financial Statements); and
 - (b) unaudited balance sheets as at July 31, 2006 and 2005 and the unaudited statements of

income, retained earnings and cash flows commencing September 1, 2005 and ending July 31, 2006 and the comparable period in the preceding financial year together with the notes thereon;

and the following additional pro forma information in respect of the Filer:

(c) a pro forma balance sheet as at June 30, 2006 that gives effect to the Acquisition as if it had taken place as at that date;

(d) a pro forma income statement to give effect to the Acquisition for each of:

(i) the most recently completed financial year of the Filer, being the year ended September 30, 2005 (using the income statements of FVCCTV and FVS for the financial year ended August 31, 2005); and

(ii) the most recently completed interim period of the Filer, being the interim period ended June 30, 2006 (using the income statements of FVCCTV and FVS for the eleven month period ended July 31, 2006 adjusted to reflect a nine month period ended May 30, 2006);

in each case, as if the Acquisition had taken place at the beginning of that financial period;

(e) pro forma earnings per share based on the pro forma financial statements; and

(f) a compilation report accompanying the pro forma financial statements signed by the Filer's auditor;

14. the Annual Financial Statements of FVCCTV and FVS are being prepared in accordance with UK GAAP and audited in accordance with UK GAAS and will

include a reconciliation note prepared in accordance with the requirements of section 6.1 of NI 52-107;

15. under NI 52-107, acquisition statements that are required by securities legislation to be audited must be audited in accordance with Canadian GAAS or US GAAS unless the reporting issuer that is making the acquisition is a foreign issuer; and

16. NI 52-107 does not permit the filer to file acquisition statements for each of FVCCTV and FVS audited in accordance with U.K. GAAS.

Decision

5. The Decision Makers being satisfied that each has jurisdiction to make this decision and that the relevant test contained in the Legislation has been met, the Requested Relief is granted, provided that the Annual Financial Statements for each of FVCCTV and FVS are accompanied by an auditor's report from the auditor of FVCCTV and FVS, which contains or is accompanied by a statement by the auditor that:

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

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

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

2.1.7 Life & Banc Split Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Exemptive relief granted to an exchange traded fund offered in continuous distribution from certain mutual fund requirements and restrictions on: investment concentration, borrowing, organizational costs, calculation and payment of redemptions, compliance reports and date of record for payment of distributions – Since investors will generally buy and sell units through the facilities of the TSX, there are adequate protections and it would not be prejudicial to investors - National Instrument 81-102 Mutual Funds

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 2.6(a), 3.3, 10.3, 10.4(1), 12.1, 14.1 and 19.1

September 29, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA, PRINCE EDWARD ISLAND,
NEWFOUNDLAND AND LABRADOR,
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
LIFE & BANC SPLIT CORP.
(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 (the “Application”) from the Filer dated September 7, 2006 for a decision under section 19.1 of National Instrument 81-102 – *Mutual Funds* (the “Legislation”) for exemptive relief from sections 2.1(1), 2.6(a), 3.3, 10.3, 10.4, 12.1(1) and 14.1 of the Legislation.

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:

The Filer

1. The Filer is a mutual fund corporation established under the laws of Ontario.
2. Brompton Funds Management Limited (the “Manager”) is the promoter and manager of the Filer and will perform administrative services on behalf of the Filer.

The Offering

3. The Filer will be issuing preferred shares (the “Preferred Shares”) and class A shares (the “Class A Shares”) (together, referred to as the “Shares”).
4. The offering of Shares by the Filer is a one-time offering and the Filer will not continuously distribute Shares.
5. The Filer’s investment objectives are: (i) to provide holders of Preferred Shares with fixed cumulative preferential quarterly cash distributions in the amount of \$0.13125 per Preferred Share representing a yield on the issue price of the Preferred Shares of 5.25% per annum; (ii) to provide holders of Class A Shares with regular monthly cash distributions targeted to be \$0.10 per Class A Share representing a yield on the issue price of the Class A Shares of 8.0% per annum; (iii) to return the original issue price to holders of Preferred Shares at the time of redemption of such shares on November 29, 2013; and (iv) to provide holders of Class A Shares with the opportunity for growth in net asset value per Class A Share.
6. The net proceeds from the offering will be invested in an equally weighted portfolio consisting of common shares of the six largest Canadian banks and the four largest Canadian life insurance companies (the “Portfolio”).
7. The Company may from time to time selectively write covered call options on the shares included in the Portfolio in order to generate additional distributable income for the Company.

8. It is proposed that the initial costs of formation and organization of the Filer, including the preparation and filing of the Preliminary Prospectus and final prospectus, be borne by the Filer rather than the promoter or manager of the Filer.
9. A preliminary prospectus of the Filer dated September 7, 2006 (the "Preliminary Prospectus") has been filed with the securities regulatory authorities in each of the Provinces and Territories of Canada.
10. The Filer intends to establish a credit facility which may be used by the Filer for working capital purposes. The Filer expects that the maximum amount it borrows thereunder will be limited to 5% of NAV. The Filer may pledge Portfolio shares as collateral for amounts borrowed thereunder.

The Shares

11. The Shares are expected to be listed and posted for trading on the Toronto Stock Exchange (the "TSX").
12. The Shares will be retractable at the option of the holder on a monthly and annual basis at a price computed by reference to the value of a proportionate interest in the net assets of the Filer. As a result, the Filer will be a "mutual fund" under applicable securities legislation.
13. The description of the retraction process in the Preliminary Prospectus contemplates that the retraction price for the Shares will be determined as of the valuation date, being the second last business day of the month (the "Retraction Date"). As requests for retractions may be made at any time during the month and are subject to a cut-off date (ten business days prior to the Retraction Date), and as the net asset value is calculated weekly, retractions may not be implemented at a price equal to the net asset value next determined after receipt of the retraction request.
14. The retraction procedures described in the Preliminary Prospectus provide that shareholders will receive payment within ten business days of the month following the Retraction Date.
15. The Preferred Shares have been provisionally rated Pfd-2 by Dominion Bond Rating Service Limited in accordance with the rating criteria applicable to conventional preferred shares issued by a non-mutual fund issuer.
16. The Filer will make quarterly distributions to holders of the Preferred Shares and monthly distributions to holders of the Class A Shares. The record date for shareholders entitled to receive such distributions will be determined in accordance with the requirements of the TSX.

Decision

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

The decision of the Decision Makers under the Legislation is that relief is granted from the following requirements of the Legislation:

- (a) subsection 2.1(1) – to enable the Filer to invest all of its net assets in the Portfolio provided the Filer does not become an insider of any issuer of common shares in the Portfolio as a result of such investment;
- (b) clause 2.6(a) – to enable the Filer to obtain a credit facility for working capital purposes and provide a security interest over its assets, as stated in paragraph 10 above, so long as the outstanding amount of any such borrowings of the Filer does not exceed 5% of the net assets of the Filer taken at market value at the time of the borrowing;
- (c) section 3.3 – to permit the Filer to bear the expenses of the offerings as described in paragraph 8 above;
- (d) section 10.3 – to permit the Filer to calculate the retraction price for the Class A Shares and Preferred Shares in the manner described in the Preliminary Prospectus and on the applicable Retraction Date as defined in the Preliminary Prospectus;
- (e) section 10.4 – to permit the Filer to pay the retraction price for the Class A Shares and the Preferred Shares on the Retraction Payment Date, as defined in the Preliminary Prospectus;
- (f) subsection 12.1(1) – to relieve the Filer from the requirement to file the prescribed compliance reports; and
- (g) section 14.1 – to relieve the Filer from the requirement relating to the record date for the payment of dividends or other distributions, provided that it complies with the applicable requirements of the TSX.

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

SEDAR Project No. 990973

2.1.8 Blackwatch Energy Services Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from registration and prospectus requirements in connection with the initial distribution of units under the optional cash payment provisions of a distribution reinvestment and optional trust unit purchase plan – At the start of the Filer's 2006 financial year, the Filer did not have any units issued and outstanding - Relief required for the Filer's 2006 financial year because absent relief, the Filer would not be able to issue any units under the cash payment option during the 2006 financial year.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S-5, as amended, s.74(1)
National Instrument 45-106 Prospectus and Registration Exemptions, s. 2.2

Citation

Blackwatch Energy Services Trust, 2006 ABASC 1711

October 13, 2006

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

AND

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

AND

**IN THE MATTER OF
BLACKWATCH ENERGY SERVICES TRUST**

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the Northwest Territories (the Jurisdictions) has received an application from BlackWatch Energy Services Trust (BlackWatch or the Filer) for a decision, pursuant to the securities legislation of the Jurisdictions (the Legislation), that the requirements contained in the Legislation to be

registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a final prospectus (the Registration and Prospectus Requirements) shall not apply to the initial distribution of trust units of BlackWatch to be issued under the optional cash payment provisions of a distribution reinvestment and optional trust unit purchase plan (the Plan) during the Filer's financial year ending December 31, 2006 (the 2006 Financial Year) (the Requested Relief).

2. Pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the MRRS):

2.1 the Alberta Securities Commission is the principal regulator for this application; and

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

Interpretation

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

Representations

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

4.1 BlackWatch is an open-ended unincorporated investment trust formed under the laws of the province of Alberta and governed by a trust indenture dated as of June 23, 2006 (the Trust Indenture), as amended and restated on July 27, 2006 between Valiant Trust Company, as Trustee, BlackWatch Energy Services Operating Corp., as administrator and Shannon M. Gangl, as settlor.

4.2 The head office and principle place of business of the Filer and the administrator (as defined below) is located at Calgary, Alberta.

4.3 On August 1, 2006, the Filer became a reporting issuer in each of the provinces and territories of Canada, other than Québec, by filing a final prospectus for an initial public offering of its securities in the Jurisdictions on July 31, 2006.

4.4 To its knowledge, the Filer is not in default of any requirements under the Legislation.

- 4.5 BlackWatch Energy Services Operating Corp. (the Administrator) is a wholly owned subsidiary and the administrator of the Filer pursuant to an administration agreement dated July 27, 2006.
- 4.6 The entire beneficial interest in BlackWatch will be held by holders of trust units (Units) issued by BlackWatch. Each Unit represents an equal undivided beneficial interest in BlackWatch.
- 4.7 The Filer's Units have been trading on the Toronto Stock Exchange (the TSX) under the symbol BWT.UN since August 11, 2006.
- 4.8 BlackWatch currently makes and expects to continue to make monthly cash distributions (Cash Distributions) to holders of Units (Unitholders). The Cash Distributions will depend on numerous factors including the condition of the oil and gas industry, BlackWatch Energy Services Operating Limited Partnership's financial performance (a partnership indirectly wholly-owned by the Filer), debt covenants and obligations, working capital requirements and future capital requirements.
- 4.9 BlackWatch is not a "mutual fund" under the Legislation as Unitholders are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of BlackWatch, as contemplated by the definition of "mutual fund" in the Legislation.

Distribution Reinvestment and Trust Unit Purchase Plan

- 4.10 BlackWatch has authorized the establishment of the Plan pursuant to which eligible Unitholders may, at their option, (i) purchase additional Units (Additional Units) of BlackWatch by directing that Cash Distributions be applied to the purchase of Additional Units (the Distribution Reinvestment Option) and (ii) acquire new Units by making optional cash payments (the Cash Payment Option).
- 4.11 Except as described below, a registered holder of Units is eligible to join the Plan at any time by completing an enrollment and authorization form and sending it to Valiant Trust Company (the Agent).
- 4.12 A registered Unitholder shall become a participant (a Participant) in the Plan in regard to the investment of distributions
- 4.13 Except as provided in paragraph 4.14 below, all Additional Units purchased under the Plan will be purchased by the Agent directly from BlackWatch on the relevant distribution payment date at a price determined by reference to the Weighted Average Market Price (defined in the Plan as the arithmetic average of the daily volume weighted average trading prices of the Units on the TSX (or such other exchange or market on which the Units are then listed for trading) for the ten trading days from and including the second business day following the distribution record date to and including the second business day prior to the distribution payment date on which at least a board lot of Units was traded (such period not to exceed 20 trading days, appropriately adjusted for certain capital changes (including Unit subdivisions, Unit consolidations, certain rights offerings and certain distributions)). Additional Units purchased under the Distribution Reinvestment Option will be purchased at a 5% discount to the Weighted Average Market Price. Additional Units purchased under the Cash Payment Option will be purchased at the Weighted Average Market Price.
- 4.14 At the discretion of the Corporation, Additional Units purchased under the Plan or under the Distribution Reinvestment Option will either be acquired from treasury at 95% of Weighted Average Market Price or will be purchased at prevailing market prices through the facilities of the TSX following the distribution record date. Additional Units which are purchased through the facilities of the TSX will be acquired during the 15 business day period following the relevant distribution record date but will only be acquired at prices that are equal to or less than 115% of the volume weighted trading price of the Units on the TSX for the 10 trading days immediately preceding the date that Units are purchased.

- 4.15 The Cash Payment Option is available to eligible Unitholders who elect to reinvest their Cash Distributions under the Distribution Reinvestment Option.
- 4.16 Under the Cash Payment Option, Participants in the Plan may make optional cash payments of at least \$1,000 per remittance and not more than \$5,000 per month by forwarding payment together with an optional cash payment form to the Agent.
- 4.17 Under the Distribution Reinvestment Option, Cash Distributions will be paid to the Agent and applied by the Agent to the purchase of Additional Units, which will be held under the Plan for the account of eligible Participants.
- 4.18 No brokerage fees or service charges will be payable by Participants in connection with the purchase of Additional Units under the Plan.
- 4.19 Additional Units purchased and held under the Plan will be registered in the name of the Agent or its nominee as agent for the Participants, and all cash distributions on Units so held for the account of a Participant will be automatically reinvested in Additional Units in accordance with the terms of the Plan and the election of the Participant.
- 4.20 The Plan permits full investment of reinvested Cash Distributions and optional cash payments because fractions of Units, as well as whole Units, may be credited to Participants' accounts with the Agent.
- 4.21 BlackWatch reserves the right to determine for any distribution payment date how many Additional Units will be available for purchase under the Plan.
- 4.22 If, in respect of any distribution payment date, fulfilling all of the elections under the Plan would result in BlackWatch exceeding either the limit on Additional Units set by BlackWatch or the aggregate annual limit on Additional Units issuable pursuant to the Cash Payment Option, then elections for the purchase of Additional Units on such distribution payment date will be accepted: (i) first, from Participants electing the Distribution Reinvestment Option; and (ii) second, from Participants electing the Cash Payment Option. If BlackWatch is not able to accept all elections in a particular category, then purchases of Additional Units on the applicable distribution payment date will be pro rated among all Participants in that category according to the number of Additional Units sought to be purchased.
- 4.23 If the Corporation determines not to issue any equity through the Plan on a particular distribution payment date, then all Participants will receive the Cash Distribution to which they would otherwise be entitled to on such distribution payment date, subject to the Agent purchasing Units in the market at prevailing market prices in accordance with the Plan.
- 4.24 A Participant may terminate its participation in the Plan at any time by submitting a termination form to the Agent. A termination form received between a Cash Distribution record date and a Cash Distribution payment date will become effective after that Cash Distribution payment date.
- 4.25 A copy of the Plan, containing a statement describing a Participant's right to withdraw from the Plan and that upon withdrawing, a Participant will receive a certificate for the number of whole Units held by the Agent in such Participant's account and a cash payment for any remaining fraction of a Unit so held and for any optional cash payments received from such Participant prior to termination where such optional cash payments have not yet been invested and instructions on how the Participant can exercise their right to withdraw from the Plan, will be delivered to all Participants.
- 4.26 BlackWatch reserves the right to amend, suspend or terminate the Plan at any time, provided that such action shall not have a retroactive effect, which would prejudice the interests of the Participants. All Participants will be sent written notice of any such amendment, suspension or termination.
- 4.27 The Plan will not be available to Unitholders who are not residents of Canada.
- 4.28 The distribution of Units by the Filer under the Plan cannot be made in reliance on existing registration and prospectus exemptions contained in the Legislation for dividend reinvestment plans of mutual funds as the Filer is not a mutual fund as defined in the Legislation.

4.29 National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106) provides an exemption from the Registration and Prospectus Requirements for distributions of the Units under the Plan. However, with respect to the optional cash payment provisions of the Plan, the exemption is only available if the aggregate number of securities issued does not exceed 2% of the issued and outstanding securities as at the commencement of each financial year. At the start of the 2006 Financial Year, the Filer did not have any Units issued and outstanding. As a result, the Filer is not able to rely on the exemption in NI 45-106 to issue Units under the Cash Payment option.

“Stephen R. Murison”
Vice-Chair
Alberta Securities Commission

Decision

5. Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met.
6. The Decision of the Decision Makers pursuant to the Legislation is that the Requested Relief is granted, provided that:
 - 6.1 at the time of the trade or distribution BlackWatch is a reporting issuer or the equivalent under the Legislation and is not in default of any requirements of the Legislation;
 - 6.2 no sales charge is payable by Participants purchasing Units under the Plan;
 - 6.3 the aggregate number of Additional Units issuable under the Cash Payment Option of the Plan in the 2006 Financial Year shall not exceed 2% of the Units issued and outstanding immediately after the closing of the Filer's initial public offering (including any Units outstanding following the closing of the exercise of the over-allotment option granted to the agents under the initial public offering); and
 - 6.4 the first trade of Additional Units acquired pursuant to this Decision will be a distribution or primary distribution to the public unless the conditions in section 2.6(3) of National Instrument 45-102 *Resale of Securities* are satisfied.

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

2.1.9 Premier Tech Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemption from valuation requirement in connection with business combination – transaction involves subordinate voting shares and multiple voting shares – subordinate voting shares listed on Toronto Stock Exchange – multiple voting shares not listed for trading but convertible into subordinate voting shares on a one-for-one basis – transaction to be approved by minority holders of subordinate voting shares – independent board committee mandated to make recommendation on the privatization of issuer – subordinate voting shares fair appraisal for multiple voting shares – transaction involves arm’s length negotiations with a majority shareholder resulting in a minimum purchase price of \$2.75 per share – holders of multiple voting shares will benefit from the same conditions as the holders of subordinate voting shares – no valuation required in connection with multiple voting shares

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am.,
OSC Rule 61-501 Insider Bids, Issuer Bids, Business
Combinations and Related Party Transactions, s.
9.1

September 19, 2006

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

AND

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

AND

**IN THE MATTER OF
PREMIER TECH LTD.
(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(s) for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for a discretionary exemption from the valuation requirement of the Legislation (the "**Requested Relief**") with respect to the Transaction (as hereinafter defined).

Under the Mutual Reliance Review System for Exemptive Relief Applications

- (a) the *Autorité des marchés financiers* 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(s):

1. The Filer is a corporation existing under the laws of Canada and is a reporting issuer in each Jurisdiction.
2. The authorized share capital of the Filer consists of an unlimited number of Class A subordinated voting shares ("**SVS**"), Class B multiple voting shares ("**MVS**"), Class A preferred shares and Class B preferred shares. Each SVS entitles its holder to one vote and each MVS entitles its holder to ten votes. The Class A and B preferred shares carry no voting rights.
3. The MVS are convertible into SVS on a one-for-one basis.
4. The MVS and SVS carry identical rights except with respect to voting rights and convertibility. The MVS are convertible into SVS at any time at the shareholder's option. The SVS carry a limited right to be converted to MVS only in the context of a take-over bid made for the MVS (except where a bid is also made for the SVS on identical terms as to price, percentage of shares for which the bid is made and all other material aspects).
5. Only the SVS are listed on the Toronto Stock Exchange (the "**TSX**").
6. As of July 27, 2006, there were 15,492,695 SVS and 849,500 MVS issued and outstanding. As at the date hereof, there are no Class A or B preferred shares issued and outstanding.
7. Of the MVS outstanding, 6,500 are held by shareholders other than Gestion Bernard Bélanger Ltd. ("**GBB**"). Those 6,500 MVS represent less than 0.0004% of the overall equity interest in the Filer and have a total market value of approximately \$16,250 (as of August 11, 2006 and based on the closing price of the SVS on the TSX) and a total value under the Transaction of approximately \$18,000. Measured as of May 9, 2006, the date immediately preceding the announcement of the Transaction, the total market value of the MVS was approximately \$12,220.

8. GBB is a corporation existing under the laws of Canada. It is not a reporting issuer in any jurisdiction.
9. As at July 27, 2006 GBB held 7,915,373 SVS representing approximately 51.09% of the SVS issued and outstanding (or 48.38% on a fully diluted basis) and 843,000 MVS representing approximately 99.23% of the MVS issued and outstanding.
10. Altogether, GBB holds shares in the Filer carrying 16,345,373 votes representing approximately 68.14% of the total voting rights attached to all shares of the Filer (or 65.76% on a fully diluted basis).
11. The *Fonds de solidarité des travailleurs du Québec (F.T.Q.)* (the “**Fonds**”) is a joint-stock company established by special act of the Quebec National Assembly and existing under the laws of Quebec.
12. As of July 27, 2006, the Fonds held 5,205,565 SVS representing approximately 33.60% of the SVS issued and outstanding (or 31.81% on a fully diluted basis).
13. The Fonds deals at arm’s length with GBB.
14. On May 11, 2006, the Filer announced that it had been advised by GBB that GBB was taking steps to obtain the financing necessary to privatize the Filer. The Filer simultaneously announced that it had been advised that GBB had entered into an agreement (the “**Agreement**”) with the Fonds pursuant to which the Fonds agreed to sign a lock-up agreement under certain conditions (the “**Lock-Up**”) providing an undertaking of the Fonds to deposit (or to vote in favour, as the case may be) all of its SVS as part of a possible privatization (the “**Transaction**”) by way of take-over bid or by way of a merger proposal by GBB.
15. At a meeting held on April 27, 2006, the board of directors of the Filer established a committee of independent directors (the “**Committee**”) made up of Messrs. Marc-Yvan Côté (Committee Chairman), Gilles Laurin, Jean-Yves Leblanc and Roger Samson. The Committee was mandated to make a recommendation with respect to any proposed privatization transaction.
16. To that end, the Committee has retained KPMG LLP to render an opinion on the fairness, from a financial perspective, of the Transaction (the “**Fairness Opinion**”). The Fairness Opinion will cover both the SVS and the MVS in identical fashion.
17. The costs of preparing a formal valuation of the MVS are not justified by the benefit to be gained by its preparation.

18. The approval of the minority holders of the SVS will be obtained prior to completing the Transaction.
19. Minority holders of MVS will have the right to dissent pursuant to s. 190 of the *Canada Business Corporations Act* should the Transaction be completed.

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.

“Louis Morisset”
Executive Director, Securities Markets
Autorité des marchés financiers

2.2 Orders

2.2.1 Firestar Capital Management Corp. et al. - s. 127

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

- AND -

**IN THE MATTER OF
FIRESTAR CAPITAL MANAGEMENT CORP.,
KAMPOSSE FINANCIAL CORP.,
FIRESTAR INVESTMENT MANAGEMENT GROUP,
MICHAEL CIAVARELLA AND MICHAEL MITTON**

**TEMPORARY ORDER
(Section 127)**

WHEREAS on December 10, 2004, the Ontario Securities Commission issued a Notice of Hearing pursuant to s.127 of the *Securities Act*, R.S.O. 1990, c.S.5, to consider whether it is in the public interest to extend the Temporary Orders made on December 10, 2004 ordering that trading in shares of Pender International Inc. by Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Mitton, and Michael Ciavarella cease until further order by the Commission;

AND WHEREAS on December 17, 2004, the Commission ordered that the hearing to consider whether to extend the Temporary Orders should be adjourned until February 4 and the Temporary Orders continued until that date;

AND WHEREAS on December 17, 2004, the Commission ordered that the Temporary Order against Michael Mitton should also be expanded such that Michael Mitton shall not trade in any securities in Ontario until the hearing on February 4, 2005;

AND WHEREAS a Notice of Hearing and Statement of Allegations were issued on December 21, 2004;

AND WHEREAS the hearing to consider whether to continue the Temporary Orders has been adjourned, on consent on numerous occasions, most recently until July 31, 2006 and the Temporary Orders continued until October 12, 2006;

AND WHEREAS Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, and Michael Ciavarella consent to the making of this order;

AND WHEREAS, Michael Ciavarella and Michael Mitton were charged on September 26, 2006 under the Criminal Code with offences of fraud, conspiracy to commit fraud, laundering the proceeds of crime, possession of proceeds of crime, and extortion for acts related to this

matter;

AND WHEREAS Michael Mitton is subject to an arrest warrant in relation to these criminal charges and remains at large;

AND WHEREAS Michael Mitton has had no recent communication directly or through counsel with Staff of this Commission in relation to this order and any extension thereof;

AND WHEREAS Michael Ciavarella is subject to an order of the Ontario Court of Justice which inter alia prohibits him from trading in securities;

IT IS ORDERED that the hearing to consider whether to continue the Temporary Cease Trade Orders is adjourned to October 12, 2007;

IT IS ORDERED that the Temporary Cease Trade Orders currently in place as against Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton are further continued until October 12, 2007, or until further order of this Commission;

DATED at Toronto this 12th day of October, 2006.

“Paul M. Moore”

“Suresh Thakrar”

2.2.2 VRB Power Systems Inc. et al. - s. 74

Headnote

Order that section 53 of the Act does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus in accordance with National Instrument 44-101 Short Form Prospectus Distributions for securities to be issued pursuant to an over-allotment option, exercisable after the closing of the offering, granted by the issuer to the underwriters to purchase up to 15% of the securities offered under the offering.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 74, 53
National Instrument 44-101 Short Form Prospectus Distributions

August 31, 2006

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

AND

IN THE MATTER OF
VRB POWER SYSTEMS INC.

AND

SPROTT SECURITIES INC.,
CLARUS SECURITIES INC. AND
RESEARCH CAPITAL CORPORATION

ORDER
(Section 74)

Background

The Ontario Securities Commission (the Commission) has received an application (the Application) from VRB Power Systems Inc. (the Issuer) and Sprott Securities Inc., Clarus Securities Inc. and Research Capital Corporation (the Underwriters) for an order pursuant to section 74 of the *Securities Act* (Ontario) (the Act) that section 53 of the Act does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus in accordance with National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101) for securities to be issued pursuant to an over-allotment option, as defined below (the Requested Relief).

Interpretation

In this order,

“over-allotment option” means a right granted to the underwriters by an issuer or a selling security holder of the issuer in connection with the distribution of securities under a short form prospectus to acquire, for the purposes of

covering the underwriters’ over-allocation position, a security of an issuer that has the same designation and attributes as a security that is distributed under such short form prospectus, and that

- (i) expires not later than the 60th day after the date of the closing of the distribution, and
- (ii) is limited to the lesser of
 - A the over-allocation position determined as at the closing of the distribution, and
 - B 15% of the number or principal amount of the securities qualified for the distribution, without taking into account the securities issuable on the exercise of the over-allotment option; and

“over-allocation position” means the amount by which the aggregate number or principal amount of securities that are the subject of offers to purchase received by all underwriters of a distribution exceeds the aggregate number or principal amount of securities distributed by an issuer or selling securityholder under the prospectus, without taking into account the securities issuable on the exercise of an over-allotment option.

Representations

This order is based on the following facts represented by the Issuer and the Underwriters:

1. the purpose of an over-allotment option is to allow underwriters to conduct market stabilization activities in circumstances where the risk in so doing is protected by the existence of an over-allotment option;
2. over-allotment options are not designed to allow underwriters to sell additional securities after a prospectus has been filed or an underwriting agreement has been signed; and
3. underwriters would not accept the market risk in conducting market stabilization activities without having an over-allotment option.

Order

The Commission is satisfied that the test contained in the Act that provides the Commission with the jurisdiction to make the order has been met;

The decision of the Commission pursuant to section 74 of the Act is that the Requested Relief is granted provided that:

- (a) the Issuer has entered into an enforceable agreement with the Underwriters, who have agreed to purchase the securities offered under a short form prospectus, other than the securities issuable on the exercise of an over-allotment option,
- (b) the agreement referred to in paragraph (a) has fixed the terms of the distribution and requires that the Issuer file a preliminary short form prospectus for the securities and obtain from the regulator a receipt, dated as of a date that is not more than four business days after the date that the agreement is entered into, for the preliminary short form prospectus,
- (c) the Issuer has issued and filed a news release announcing the agreement immediately upon entering into the agreement,
- (d) upon issuance of a receipt for the preliminary short form prospectus, a copy of the preliminary short form prospectus is sent to each person or company who has expressed an interest in acquiring the securities,
- (e) except as provided in paragraph (a), no agreement of purchase and sale for the securities is entered into until the short form prospectus has been filed and a receipt obtained, and
- (f) the relief granted will cease to be effective on the date when NI 44-101 is amended to permit solicitations of expressions of interest before the filing of a preliminary short form prospectus for securities to be issued pursuant to over-allotment options.

The further decision of the Commission under the Act is that the Application and this decision shall be held in confidence by the Commission until the occurrence of the earliest of the following:

- (a) the date on which a news release is issued by the Issuer announcing that the Issuer has entered into an enforceable agreement with the Underwriters with respect to the purchase of securities to be offered under a short form prospectus, and
- (b) the date that is thirty days from the date of this decision.

"Erez Blumberger"
Assistant Manager, Corporate Finance

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

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

- AND -

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

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

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

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

AND WHEREAS on May 11, 2006, on consent of Euston and Schwartz, the Commission adjourned the hearing to consider whether to extend the Temporary Order to June 9, 2006 at 10:00 a.m., preemptory to the respondents;

AND WHEREAS on May 11, 2006, the Commission continued the Temporary Order until the June 9, 2006 hearing or until further order of the Commission;

AND WHEREAS on May 11, 2006, the Commission ordered that any materials upon which Euston and Schwartz intended to rely would be served and filed no later than May 24, 2006;

AND WHEREAS on June 9, 2006, on consent of Euston and Schwartz, the Commission adjourned the hearing to consider whether to extend the Temporary Order to October 19, 2006 at 10:00 a.m., preemptory to the respondents;

AND WHEREAS on June 9, 2006, on consent of Euston and Schwartz, the Commission continued the Temporary Order until the October 19, 2006 hearing or until further order of the Commission;

AND WHEREAS on June 9, 2006, the Commission ordered that any materials upon which Euston and Schwartz intended to rely would be served and filed no later than October 11, 2006;

AND WHEREAS Euston and Schwartz undertook to keep investors advised of the status of this proceeding through notices, updates, news releases and a link to the

Commission website to be displayed prominently on the home page of Euston's website at www.eustoncapital.com by June 19, 2006 and displayed continually until further order of the Commission;

AND WHEREAS Euston and Schwartz have consented to an adjournment and to a further extension of the Temporary Order;

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

IT IS ORDERED THAT:

1. the hearing is adjourned until December 4, 2006 at 2:00 p.m., peremptory to the respondents; and
2. the Temporary Order is continued until the hearing on December 4, 2006 or until further order of the Commission.

DATED at Toronto this 17th day of October, 2006.

"Wendell S. Wigle"

"Suresh Thakrar"

2.2.4 Royal Host Real Estate Investment Trust et al. - s. 74

Headnote

Order that section 53 of the Act does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus in accordance with National Instrument 44-101 Short Form Prospectus Distributions for securities to be issued pursuant to an over-allotment option, exercisable after the closing of the offering, granted by the issuer to the underwriters to purchase up to 15% of the securities offered under the offering.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 74, 53
National Instrument 44-101 Short Form Prospectus Distributions

August 21, 2006

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

AND

**IN THE MATTER OF
ROYAL HOST REAL ESTATE INVESTMENT TRUST**

AND

**NATIONAL BANK FINANCIAL INC.,
CIBC WORLD MARKETS INC.,
BMO NESBITT BURNS INC.,
RBC DOMINION SECURITIES INC.,
TD SECURITIES INC. AND
HSBC SECURITIES (CANADA) INC.**

**ORDER
(Section 74)**

Background

The Ontario Securities Commission (the Commission) has received an application (the Application) from Royal Host Real Estate Investment Trust (the Issuer) and National Bank Financial Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc. and HSBC Securities (Canada) Inc. collectively, the Underwriters) for an order pursuant to section 74 of the *Securities Act* (Ontario) (the Act) that section 53 of the Act does not apply to solicitations of expressions of interest before the filing of a preliminary short form prospectus in accordance with National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101) for securities to be issued pursuant to an over-allotment option, as defined below (the Requested Relief).

Interpretation

In this order,

“over-allotment option” means a right granted to the underwriters by an issuer or a selling security holder of the issuer in connection with the distribution of securities under a short form prospectus to acquire, for the purposes of covering the underwriters’ over-allocation position, a security of an issuer that has the same designation and attributes as a security that is distributed under such short form prospectus, and that

- (i) expires not later than the 60th day after the date of the closing of the distribution, and
- (ii) is limited to the lesser of
 - A the over-allocation position determined as at the closing of the distribution, and
 - B 15% of the number or principal amount of the securities qualified for the distribution, without taking into account the securities issuable on the exercise of the over-allotment option; and

“over-allocation position” means the amount by which the aggregate number or principal amount of securities that are the subject of offers to purchase received by all underwriters of a distribution exceeds the aggregate number or principal amount of securities distributed by an issuer or selling securityholder under the prospectus, without taking into account the securities issuable on the exercise of an over-allotment option.

Representations

This order is based on the following facts represented by the Issuer and the Underwriters:

1. the purpose of an over-allotment option is to allow underwriters to conduct market stabilization activities in circumstances where the risk in so doing is protected by the existence of an over-allotment option;
2. over-allotment options are not designed to allow underwriters to sell additional securities after a prospectus has been filed or an underwriting agreement has been signed; and
3. underwriters would not accept the market risk in conducting market stabilization activities without having an over-allotment option.

Order

The Commission is satisfied that the test contained in the Act that provides the Commission with the jurisdiction to make the order has been met;

The decision of the Commission pursuant to section 74 of the Act is that the Requested Relief is granted provided that:

- (a) the Issuer has entered into an enforceable agreement with the Underwriters, who have agreed to purchase the securities offered under a short form prospectus, other than the securities issuable on the exercise of an over-allotment option,
- (b) the agreement referred to in paragraph (a) has fixed the terms of the distribution and requires that the Issuer file a preliminary short form prospectus for the securities and obtain from the regulator a receipt, dated as of a date that is not more than four business days after the date that the agreement is entered into, for the preliminary short form prospectus,
- (c) the Issuer has issued and filed a news release announcing the agreement immediately upon entering into the agreement,
- (d) upon issuance of a receipt for the preliminary short form prospectus, a copy of the preliminary short form prospectus is sent to each person or company who has expressed an interest in acquiring the securities,
- (e) except as provided in paragraph (a), no agreement of purchase and sale for the securities is entered into until the short form prospectus has been filed and a receipt obtained, and
- (f) the relief granted will cease to be effective on the date when NI 44-101 is amended to permit solicitations of expressions of interest before the filing of a preliminary short form prospectus for securities to be issued pursuant to over-allotment options.

Confidentiality

The further decision of the Commission under the Act is that the Application and this decision shall be held in confidence by the Commission until the occurrence of the earliest of the following:

- (a) the date on which a news release is issued by the Issuer announcing that the

Decisions, Orders and Rulings

Issuer has entered into an enforceable agreement with the Underwriters with respect to the purchase securities to be offered under a short form prospectus, and

- (b) the date that is thirty days from the date of this decision.

“Jo-Anne Matear”
Assistant Manager, Corporate Finance

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
BioEnvelop Technologies Corporation	06 Oct 06	18 Oct 06	18 Oct 06	
Tengtu International Corp.	02 Oct 06	13 Oct 06	13 Oct 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
Diamond Fields International Ltd.	03 Oct 06	16 Oct 16	16 Oct 16		
ESI Entertainment Systems Inc.	18 Oct 06	01 Nov 06			
Pacrim International Capital Inc.	29 Sep 06	12 Oct 06	12 Oct 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
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
Diamond Fields International Ltd.	03 Oct 06	16 Oct 06	16 Oct 06		
ESI Entertainment Systems Inc.	18 Oct 06	01 Nov 06			
Fareport Capital Inc.	13 Sep 05	26 Sep 05	26 Sep 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		
Neotel International Inc.	02 Jun 06	15 Jun 06	15 Jun 06		
Novelis Inc.	18 Nov 05	01 Dec 05	01 Dec 05		
Pacrim International Capital Inc.	29 Sept 06	12 Oct 06	12 Oct 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 SecuritiesSource (see www.carswell.com).

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
10/04/2006	5	1243908 Alberta Ltd. - Common Shares	1,699,999.20	2,800,044.00
10/04/2006	6	4347081 Canada Inc. - Notes	130,000.00	130,000.00
10/05/2006	90	Alberta Clipper Energy Inc. - Common Shares	25,000,008.00	4,166,668.00
10/03/2006	23	Anglo-Canadian Uranium Corp. - Units	432,000.00	600,000.00
01/04/2006	3	Bare Escentuals - Common Shares	2,110,669.00	85,000.00
09/21/2006	19	Barker Minerals Ltd. - Units	925,500.00	2,102,000.00
10/02/2006	7	Bentall Property Fund VI Limited Partnership - Units	35,300,000.00	7,060,000.00
10/02/2006	5	Bentall Property Fund VI Ltd. - Common Shares	38,500,000.00	7,700,000.00
09/27/2006 to 09/28/2006	7	Benton Resources Corp. - Common Shares	30,200.00	20,000.00
09/26/2006	49	Birchpoint Capital Inc. - Common Shares	896,400.00	3,320,000.00
09/26/2006	43	Birchpoint Capital Inc. - Common Shares	896,400.00	3,320,000.00
10/05/2006	4	Brandimensions Inc. - Common Shares	1,788,738.50	4,051,774.00
09/29/2006	1	Broadband Learning Corporation - Debentures	1,000,000.00	1.00
09/29/2006	1	Broadband Learning Corporation - Debentures	1,000,000.00	1.00
09/25/2006	115	Buffalo Gold Ltd. - Units	22,328,251.19	11,428,700.00
09/28/2006	5	Business Propulsion Systems Inc. - Debentures	5,000,000.00	10,000,000.00
10/04/2006	2	Cadillac Ventures Inc. - Flow-Through Shares	1,440,000.00	2,400,000.00
10/04/2006	16	Canadian Equipment Rental Fund Limited Partnership - Units	1,600,000.00	640,000.00
09/26/2006	32	Canadian Horizons (Sooke) Limited Partnership - Limited Partnership Units	666,500.00	64,650.00

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
10/03/2006	25	CareVest First Mortgage Investment Corporation - Preferred Shares	611,885.00	611,885.00
10/03/2006	7	CareVest Second Mortgage Investment Corporation - Preferred Shares	130,310.00	130,310.00
09/28/2006	1	Carlyle Infrastructure Partners L.P. - Limited Partnership Interest	16,758,000.00	1.00
06/21/2006	12	Cash Minerals Ltd. - Flow-Through Shares	14,550,000.00	7,275,000.00
10/05/2006	23	CLS Group Holdings AG - Certificate	119,467,287.10	13,543.00
10/10/2006	34	Consolidated Pacific Bay Minerals Ltd. - Flow-Through Units	1,270,000.00	5,540,000.00
10/11/2006	118	Critical Outcome Technologies Inc. - Units	2,637,600.00	6,594,000.00
09/26/2006	1	Croesus Gold Inc. - Units	36,000.00	300,000.00
09/28/2006	2	Diageo Capital plc - Notes	44,739,822.96	N/A
08/31/2006 to 09/19/2006	2	Echoworx Corporation - Common Shares	960,000.00	1,017,438.00
09/30/2006	58	Elite FX Limited Partnership - Units	865,211.00	865,211.00
10/01/2006	1	Elmwood Investment Partners LP - Limited Partnership Interest	83,662.50	75,000.00
09/08/2006	9	Empire and Fovere Residential Development Fund I, LP - Limited Partnership Units	3,340,000.00	100.00
09/28/2006 to 10/05/2006	38	Enermad Corp. - Common Shares	779,450.00	1,499,455.00
09/16/2006	5	Equimor Mortgage Investment Corporation - Common Shares	315,751.00	315,751.00
10/06/2006	1	Esperanza Silver Corporation - Common Shares	1,000,000.00	500,000.00
10/05/2006	4	Exeter Resources Corporation - Units	9,000,000.00	3,600,000.00
10/01/2006	6	FactorCorp Inc. - Debentures	360,000.00	360,000.00
09/29/2006	54	FairWest Energy Corporation - Common Shares	3,623,190.00	N/A
10/13/2006	1	Fiber Optic Systems Technology, Inc. - Common Shares	615,000.00	307,500.00
09/28/2006	81	FirstGrowth Capital Inc. - Units	2,010,000.00	2,010,000.00
09/30/2006	10	Flatiron Trust - Trust Units	3,150,000.00	1,884.61

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
09/28/2006	5	Ford Auto Securitization Trust 2006-L-2 - Notes	909,000,000.00	N/A
09/27/2006	2	FTI Consulting, Inc. - Notes	22,302,000.00	20,000.00
10/02/2006	1	Gemini Financial Services Opportunities Fund - Units	25,000.00	250.00
10/02/2006	12	General Motors Acceptance Corporation of Canada, Limited - Notes	7,006,997.99	70,069.98
10/05/2006	2	Genesis Trust - Notes	1,000,000,000.00	2.00
09/26/2006	9	Global Trader Europe Limited - Contracts for Differences	5,717.01	4,564.00
10/05/2006	13	Goldbrook Ventures Inc. - Flow-Through Shares	6,170,000.00	17,200,000.00
09/25/2006	1	Harvest Gold Corporation - Units	5,000.00	8,883,333.00
09/14/2006	143	Hathor Exploration Limited - Flow-Through Shares	5,800,040.00	3,975,000.00
10/06/2006	33	Hatton Capital Corp. - Units	1,192,500.00	1,700,000.00
05/19/2006	24	Ialta Industries Ltd. - Common Shares	388,750.00	840,000.00
08/18/2006	8	Ialta Industries Ltd. - Common Shares	343,000.00	1,980,000.00
09/26/2006	3	IGW Capital Ltd. - Bonds	112,400.00	1,124.00
09/26/2006	2	IGW Investments Ltd. - Common Shares	1,124.00	1,124.00
08/22/2006	25	Integral Wireless Solutions Inc. - Preferred Shares	6,523,044.00	2,105,264.00
10/13/2006	15	International Wayside Gold Mines Ltd. - Common Shares	201,750.00	647,000.00
09/29/2006 to 10/03/2006	12	Interquest Incorporated - Units	655,000.00	8,800,000.00
10/04/2006	15	Intrepid Energy Corporation - Common Shares	10,108,620.00	5,615,900.00
10/04/2006	26	Intrepid Energy Corporation - Flow-Through Shares	3,871,077.75	1,720,479.00
10/04/2006	1	ITC Holdings Corp. - Common Shares	1,078,494.18	30,000.00
05/01/2006	1	Ivory Offshore Flagship Fund Ltd - Common Shares	130,047.60	116.00
09/25/2006	1	KBSH Goodwood Canadian Long/Short Fund - Units	563,400.00	12,962.59

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
09/20/2006	1	KBSH Private - Canadian Equity Value Fund - Units	140,838.53	49,158.01
09/30/2006	6	Kingwest Avenue Portfolio - Units	1,094,695.75	34,162.06
10/04/2006	3	LoBenn Inc. - Common Shares	501,000.00	501,000.00
09/01/2006	5	Magenta II Mortgage Investment Corporation - Common Shares	650,000.00	650,500.00
09/26/2006	15	MedcomSoft Inc. - Common Shares	5,000,000.00	12,500,000.00
10/02/2006	23	Mega Uranium Ltd. - Common Shares	37,024,825.00	2,500,000.00
09/26/2006	4	Mindray Medical International Limited - Common Shares	755,730.00	50,000.00
09/27/2006		Murgor Resources Inc. - Common Shares		25,000.00
10/02/2006	5	Natural Convergence Inc. - Debentures	240,800.00	2.00
10/01/2006	20	New World Lenders Corp. - Bonds	2,273,095.00	2,035.00
10/16/2006	4	Patricia Mining Corp. - Units	2,000,000.00	2,105,261.00
10/04/2006	2	Petaquilla Minerals Ltd - Units	600,000.00	250,000.00
09/27/2006 to 04/10/2006	13	Powertree Limited Partnership 2 - Units	200,000.00	40.00
10/04/2006	2	Protexis Inc. - Warrants	0.00	0.00
09/11/2006	14	Red Mile Resources Fund LP No. 3 - Limited Partnership Units	6,499,480.00	5,603.00
07/12/2006	19	Red Mile Resources Fund LP No. 3 - Limited Partnership Units	12,168,930.00	10,545.00
08/21/2006 to 08/22/2006	13	Red Mile Resources Fund LP No. 3 - Limited Partnership Units	2,873,088.00	2,484.00
10/06/2006	3	Regional Power Inc. - Common Shares	1,200,000.00	1,200,000.00
08/15/2006	48	Rhone 2006 Flow-Through Limited Partnership - Limited Partnership Units	4,954,000.00	198,160.00
09/26/2006	1	Schooner Trust - Mortgage	23,659,617.11	N/A
08/31/2006	3	Sidense Corp. - Notes	561,080.00	3.00
09/22/2006 to 09/25/2006	14	Silver Shield Resources Inc. - Units	320,000.00	1,500,000.00

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
10/01/2006	1	Stacey Investment Limited Partnership - Limited Partnership Units	175,011.95	5,305.00
09/27/2006	2	Storm Cat Energy Corporation - Common Shares	23,111,110.66	6,172,839.00
10/06/2006	36	Sylogist Ltd. - Common Shares	5,000,040.00	2,631,600.00
09/29/2006	207	Temple Real Estate Investment Trust - Trust Units	6,512,000.00	1,302,400.00
10/06/2006	8	Teras Resources Inc. - Common Shares	1,914,503.00	12,763,354.00
09/29/2006	12	The McElvaine Investment Trust - Trust Units	1,544,712.33	58,912.84
10/11/2006	1	The Strand Coast Homes Investment Trust - Trust Units	100,000.00	8.00
09/29/2006	79	Timbercreek Real Estate Investment Trust - Units	2,003,752.52	296,732.56
10/06/2006	1	Twin Mining Corporation - Common Shares	100,000.00	870,000.00
09/29/2006	1	Vulcan Minerals Inc. - Common Shares	1,000,000.00	2,000,000.00
10/10/2006	1	Walking Horse Energy Inc. - Flow-Through Shares	48,000.00	40,000.00
10/06/2006	162	Walton AZ Sundland Ranch Limited Partnership - Limited Partnership Units	5,226,415.50	463,949.00
09/29/2006 to 10/06/2006	17	Walton International Group Inc. - Notes	1,990,000.00	N/A
09/29/2006	65	WBIC Canada Ltd. - Common Shares	999,143.45	540,076.00
10/04/2006	15	Young-Shannon Gold Mines, Limited - Units	613,250.00	5,575,000.00
10/04/2006	13	Yukon Gold Corporation Inc. - Units	1,073,500.00	950,000.00
10/04/2006	17	Z2Z Capital Corp. - Receipts	650,000.00	1,625,000.00
09/29/2006	3	Zeballos Lake Hydro Limited Partnership - Limited Partnership Units	7,500,002.00	100.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Air Canada
Principal Regulator - Quebec

Type and Date:

Preliminary Prospectus dated October 16, 2006
Mutual Reliance Review System Receipt dated October 17, 2006

Offering Price and Description:

\$ * - * Class A Variable Voting Shares and Class B Voting Shares
Price: \$ * per Offered Share

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
CitiGroup Global Markets Canada Inc.
TD Securities Inc.
BMO Nesbitt Markets Inc.
CIBC World Markets Inc.
Canaccord Capital Corporation
Research Capital Corporation
Salman Partners Inc.
Versant Partners Inc.
Westwind Partners Inc.

Promoter(s):

-

Project #1002250

Issuer Name:

Allen-Vanguard Corporation
Principal Regulator - Ontario

Type and Date:

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

Offering Price and Description:

CDN\$14,000,000.00 - 3,500,000 Common Shares

Underwriter(s) or Distributor(s):

Paradigm Capital Inc.
Versant Partners Inc.

Promoter(s):

-

Project #1002323

Issuer Name:

Armtec Infrastructure Income Fund
Principal Regulator - Ontario

Type and Date:

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

Offering Price and Description:

\$25,006,600.00 - 1,289,000 Units Price: \$19.40 per Unit

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
CIBC World Markets Inc.
M Partners Inc.

Promoter(s):

-

Project #1001792

Issuer Name:

Bellamont Exploration Ltd.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated October 10, 2006
Mutual Reliance Review System Receipt dated October 11, 2006

Offering Price and Description:

Minimum: 9,000 Units (\$9,000,000.00); Maximum: 11,000 Units (\$11,000,000.00)
Price: \$1,000 per Unit Minimum Subscription: 5 Units (\$5,000)

Underwriter(s) or Distributor(s):

Tristone Capital Inc.
FirstEnergy Capital Corp.
GMP Securities L.P.

Promoter(s):

Steve Moran
Craig Thomas
Chris Birchard

Project #1001453

Issuer Name:

Brookfield Asset Management Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Shelf Prospectus dated October 11, 2006

Mutual Reliance Review System Receipt dated October 11, 2006

Offering Price and Description:

US\$750,000,000.00 - Debt Securities Class A Preference Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1001261

Issuer Name:

Fairborne Energy Trust
Principal Regulator - Alberta

Type and Date:

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

Offering Price and Description:

\$87,500,000.00 - 6.50% Convertible Unsecured Subordinated Debentures Price: \$1,000.00 per Debenture

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
Canaccord Capital Corporation
CIBC World Markets Inc.
National Bank Financial Inc.
Sprott Securities Inc.
FirstEnergy Capital Corp.

Promoter(s):

-

Project #1001801

Issuer Name:

Marathon PGM Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated October 11, 2006
Mutual Reliance Review System Receipt dated October 11, 2006

Offering Price and Description:

\$20,000,000.00 - * Units and * Flow-Through Shares

Underwriter(s) or Distributor(s):

TD Securities Inc.
Octagon Capital Corporation

Promoter(s):

-

Project #1001255

Issuer Name:

Master Credit Card Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated October 10, 2006
Mutual Reliance Review System Receipt dated October 11, 2006

Offering Price and Description:

(1) \$* - * % Credit Card Receivables-Backed Class A Notes, Series 2006-1; (2) \$* - * % Credit Card Receivables-Backed Class B Notes, Series 2006-1; and (3) \$* - * % Credit Card Receivables-Backed Class C Notes, Series 2006-1

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
Laurentian Bank Securities Inc.
Merrill Lynch Canada Inc.
Dundee Securities Inc.

Promoter(s):

Bank of Montreal
Project #1000907

Issuer Name:

Master Credit Card Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated October 10, 2006
Mutual Reliance Review System Receipt dated October 11, 2006

Offering Price and Description:

(1) \$* - * % Credit Card Receivables-Backed Class A Notes, Series 2006-2; (2) \$* - * % Credit Card Receivables-Backed Class B Notes, Series 2006-2; and (3) \$* - * % Credit Card Receivables-Backed Class C Notes, Series 2006-2

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
Laurentian Bank Securities Inc.
Merrill Lynch Canada Inc.
Dundee Securities Inc.

Promoter(s):

Bank of Montreal
Project #1000908

Issuer Name:

Merrill Lynch Financial Assets Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form PREP Prospectus dated October 12, 2006

Mutual Reliance Review System Receipt dated October 12, 2006

Offering Price and Description:

\$553,627,000.00 (Approximate) Commercial Mortgage Pass-Through Certificates, Series 2006-Canada 20

Underwriter(s) or Distributor(s):

Merrill Lynch Canada Inc.
Credit Suisse Securities (Canada) Inc.

Promoter(s):

-

Project #1001497

Issuer Name:

NACG Holdings Inc.
Principal Regulator - Alberta

Type and Date:

Amended and Restated Preliminary PREP Prospectus dated October 12, 2006

Mutual Reliance Review System Receipt dated October 13, 2006

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

Credit Suisse Securities (Canada), Inc.
UBS Securities Canada Inc.

Promoter(s):

-

Project #966536

Issuer Name:

Pathway Mining/Energy 2006 Flow-Through Limited Partnership

Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 6, 2006

Mutual Reliance Review System Receipt dated October 11, 2006

Offering Price and Description:

\$10,000,000.00 (Maximum Offering); \$3,000,000.00 (Minimum Offering) A Maximum of 1,000,000 and a Minimum of 300,000 Limited Partnership Units Minimum Subscription: 250 Units Subscription Price: \$10.00 per Unit

Underwriter(s) or Distributor(s):

Wellington West Capital Inc.

Promoter(s):

Pathway Mining/Energy 2006 Inc.

Project #1000575

Issuer Name:

Photowatt Technologies Inc.
Principal Regulator - Ontario

Type and Date:

Amended and Restated Preliminary PREP Prospectus dated October 16, 2006

Mutual Reliance Review System Receipt dated October 17, 2006

Offering Price and Description:

\$* - * Common Shares

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
UBS Securities Canada Inc.

Promoter(s):

ATS Automation Tooling Systems Inc.

Project #989241

Issuer Name:

Pretium Capital Corp.
Principal Regulator - British Columbia

Type and Date:

Preliminary CPC Prospectus dated October 13, 2006

Mutual Reliance Review System Receipt dated October 16, 2006

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Haywood Securities Inc.

Promoter(s):

Quest Capital Corp.

Project #1002618

Issuer Name:

ProMetic Life Sciences Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Shelf Prospectus dated October 13, 2006

Mutual Reliance Review System Receipt dated October 16, 2006

Offering Price and Description:

\$ * - Subordinate Voting Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1002178

Issuer Name:

ROI Global Monthly Income Fund
ROI Sceptre Monthly Income Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectuses dated October 11, 2006
Mutual Reliance Review System Receipt dated October 12, 2006

Offering Price and Description:

Series A Units, Series F Units, Series F-5 Units, Series F-7 Units, Series O Units,
Series 5 Units and Series 7 Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

Return on Innovation Management Ltd.

Project #1001375

Issuer Name:

Sabrich Capital Corporation
Principal Regulator - Alberta

Type and Date:

Preliminary CPC Prospectus dated October 13, 2006
Mutual Reliance Review System Receipt dated October 13, 2006

Offering Price and Description:

\$900,000.00 - 9,000,000 common shares Price: \$0.10 per common share

Underwriter(s) or Distributor(s):

Wolverton Securities Ltd.

Promoter(s):

Michael L. Russeau

Project #1002198

Issuer Name:

SINOMAR CAPITAL CORP.
Principal Regulator - Alberta

Type and Date:

Preliminary CPC Prospectus (TSX-V) dated October 10, 2006
Mutual Reliance Review System Receipt dated October 11, 2006

Offering Price and Description:

Maximum Offering: \$1,000,000.20 (3,333,334 Common Shares); Minimum Offering: \$700,000.20 (2,333,334 Common Shares) Price: \$0.30 per Common Share

Underwriter(s) or Distributor(s):

Wolverton Securities Ltd.

Promoter(s):

Victor I. H. Sun

Harry L. Hopmeyer

Project #1001399

Issuer Name:

Stealth Energy Inc.
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated October 13, 2006
Mutual Reliance Review System Receipt dated October 17, 2006

Offering Price and Description:

Minimum: 2,650,000.00 COMMON SHARES; \$0.25 PER COMMON SHARE

Underwriter(s) or Distributor(s):

Union Securities Limited

Promoter(s):

David Eaton

Rudy Dejonge

Jonathan Paul Manson

Project #1002569

Issuer Name:

SXR Uranium One Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated October 16, 2006
Mutual Reliance Review System Receipt dated October 17, 2006

Offering Price and Description:

\$150,230,000.00 - 18,100,000 Common Shares Price: \$8.30 per Common Share

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.

Canaccord Capital Corporation

GMP Securities L.P.

Orion Securities Inc.

Sprott Securities Inc.

Wellington West Capital Markets Inc.

Raymond James Ltd.

Toll Cross Securities Inc.

Promoter(s):

-

Project #1002810

Issuer Name:

Blue Pearl Mining Ltd.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated October 13, 2006
Mutual Reliance Review System Receipt dated October 16, 2006

Offering Price and Description:

\$200,200,000.00 - 36,400,000 Subscription Receipts, each representing the right to receive One Common Share and One-Half of One Common Share Purchase Warrant Price: \$5.50 per Subscription Receipt

Underwriter(s) or Distributor(s):

GMP Securities L.P.
UBS Securities Canada Inc.
Canaccord Capital Corporation
Orion Securities Inc.
Blackmont Capital Inc.
Dundee Securities Corporation
Toll Cross Securities Inc.

Promoter(s):

-

Project #991624

Issuer Name:

Brookshire™ Raw Materials (Canada) Fund
Principal Regulator - Ontario

Type and Date:

Amendment #2 dated October 10, 2006 to the Prospectus dated May 10, 2006
Mutual Reliance Review System Receipt dated October 16, 2006

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Northern Securities Inc.
Northern Securities Inc.

Promoter(s):

Brookshire Raw Materials Group Inc.

Project #894442

Issuer Name:

First Capital Realty Inc.
Principal Regulator - Ontario

Type and Date:

Third Amended and Restated Short Form Base Shelf Prospectus dated October 12, 2006
Mutual Reliance Review System Receipt dated October 17, 2006

Offering Price and Description:

\$1,100,000 - Debt Securities (Senior Unsecured)

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #787363

Issuer Name:

Ford Floorplan Auto Securitization Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Shelf Prospectus dated October 16, 2006
Mutual Reliance Review System Receipt dated October 16, 2006

Offering Price and Description:

Up to \$1,500,000,000.00 of Asset-Backed Notes

Underwriter(s) or Distributor(s):

-

Promoter(s):

Ford Credit Canada Limited

Project #999177

Issuer Name:

HORIZON Total Return Fund
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated October 11, 2006
Mutual Reliance Review System Receipt dated October 12, 2006

Offering Price and Description:

\$100,000,000.00 (Maximum) - 10,000,000 Units @ \$10/Unit

Underwriter(s) or Distributor(s):

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

Promoter(s):

Middlefield Group Limited
Middlefield TR Management Limited

Project #990332

Issuer Name:

Interlude Capital Corp.
Principal Regulator - British Columbia

Type and Date:

Amendment #1 dated October 3, 2006 to the Prospectus dated August 25, 2006

Mutual Reliance Review System Receipt dated October 11, 2006

Offering Price and Description:

\$4,000,000.00 - 7,272,727 Common Shares Price: \$0.55 per Share

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

Kirk E. Exner

Project #960581

Issuer Name:

Mackenzie Ivy Enterprise Fund
(Series A, F, G, I, M and O units)
Mackenzie Select Managers Canada Fund
(Series A, F, I, M and O units)
Mackenzie Select Managers Fund
(Series A, F, I and O units)
Principal Regulator - Ontario

Type and Date:

Amendment #10 dated October 4, 2006 to the Simplified Prospectuses and Annual Information Forms dated November 30, 2005

Mutual Reliance Review System Receipt dated October 12, 2006

Offering Price and Description:

Series A, F, G, I, M and O Units

Underwriter(s) or Distributor(s):

Quadrus Investment Services Ltd.

Promoter(s):

Mackenzie Financial Corporation

Project #842703

Issuer Name:

Mackenzie Ivy Enterprise Capital Class
(Series A, F, I, O and R shares)
Principal Regulator - Ontario

Type and Date:

Amendment #7 dated October 4, 2006 to the Simplified Prospectus and Annual Information Form dated October 30, 2005

Mutual Reliance Review System Receipt dated October 12, 2006

Offering Price and Description:

Series A, F, I, O and R Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

Mackenzie Financial Corporation

Project #835510

Issuer Name:

RBC O'Shaughnessy Canadian Equity Fund
(Series A, Advisor Series and Series F Units)
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated October 6, 2006 to the Simplified Prospectus and Annual Information Form dated July 4, 2006

Mutual Reliance Review System Receipt dated October 11, 2006

Offering Price and Description:

Series A, Advisor Series and Series F Units

Underwriter(s) or Distributor(s):

Royal Mutual Funds Inc.

Royal Mutual Funds Inc.

RBC Asset Management Inc.

RBC Dominion Securities Inc.

Promoter(s):

RBC Asset Management Inc.

Project #945357

Issuer Name:

RONA inc.
Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated October 13, 2006

Mutual Reliance Review System Receipt dated October 13, 2006

Offering Price and Description:

\$400,000,000.00 - 5.40% Debentures Due 2016
(Unsecured) PRICE: 99.792%

Underwriter(s) or Distributor(s):

Scotia Capital Inc.

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

Desjardins Securities Inc.

Promoter(s):

-

Project #997916

Issuer Name:

Series A, F, I, O and W shares of:

Symmetry Canadian Stock Capital Class
Symmetry US Stock Capital Class
Symmetry EAFE Stock Capital Class
Symmetry Specialty Stock Capital Class

Of

Mackenzie Financial Capital Corporation

Principal Regulator - Ontario

Type and Date:

Amendment #2 dated October 12, 2006 to the Simplified Prospectuses and Annual Information Forms dated February 10, 2006

Mutual Reliance Review System Receipt dated October 17, 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:

VMD - McLean Budden LifePlan 2010 Fund
VMD - McLean Budden LifePlan 2020 Fund
VMD - McLean Budden LifePlan Retirement Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated October 13, 2006
Mutual Reliance Review System Receipt dated October 13, 2006

Offering Price and Description:

Class A Units

Underwriter(s) or Distributor(s):

Valeurs Mobilières Desjardins Inc.
Desjardins Securities Inc.

Promoter(s):

McLean Budden Limited

Project #993003

Issuer Name:

Class A Units, Class B Units, Class D Units, Class F Units
and Class I Units of :

The Hartford U.S. Stock Fund

Principal Regulator - Ontario

Type and Date:

Amendment #1 dated October 3, 2006 to the Amended and Restated Annual Information Form dated June 9, 2006, amending and restating the Annual Information Form dated April 28, 2006

Mutual Reliance Review System Receipt dated October 12, 2006

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

Hartford Investments Canada Corp.

Project #905982

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change of Name	From: Coventree Capital Group Inc. To: Coventree Inc.	Limited Market Dealer	October 6, 2006
Change of Name	From: Efficient Capital Corporation To: Coventree Capital Inc.	Limited Market Dealer	October 6, 2006
New Registration	Ameriprise Financial Services, Inc.	International Dealer	October 11, 2006
New Registration	Solaris Capital Advisors Inc.	Limited Market Dealer	October 11, 2006
New Registration	Meadowbank Asset Management Inc.	Investment Counsel & Portfolio Manager	October 11, 2006
New Registration	Aton Securities, Inc.	Limited Market Dealer (non-resident)	October 13, 2006
New Registration	Nibiru Corporate Finance Inc.	Limited Market Dealer	October 13, 2006
Consent to Suspension (Rule 33-501 – <i>Surrender of Registration</i>)	Merrill Lynch Investment Managers, L.P.	International Adviser (Investment Counsel & Portfolio Manager)	October 13, 2006
New Registration	Natexis Bleichroeder Inc.	International Dealer	October 16, 2006
Consent to Suspension (Rule 33-501 – <i>Surrender of Registration</i>)	Coventree Inc.	Limited Market Dealer	October 18, 2006

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 CDS Rule Amendment - Intellectual Property Rights

CDS Rule Amendment - Intellectual Property Rights

Proposed Rule Amendments - Revisions in Response to Comments

Text of CDS Participant Rules marked to reflect (1) proposed Rule published for comment on May 26, 2006 and (2) revisions thereto in response to comments

Text of CDS Participant Rules reflecting the adoption of proposed amendments

Rule 1.2.1 Definitions

“CDS Trade-marks” means CDS Trade-marks as the term is defined in Rule 3.8.1.

“CDS Works” means data and information created or compiled by CDS and provided by CDS to the Participant in written, oral or electronic form, as identified in the Procedures, and software, Functions, systems, hardware and networks relating to Services made available by CDS to the Participant.

“Other Marks” means Other Marks as the term is defined in Rule 3.8.1.

“Security Information” means data and information in written, oral or electronic form concerning a Security, including, without limitation, the deposit or withdrawal of a Security, an event related to a Security, the Issuer of a Security, the Security Identifier, or otherwise, which CDS or any of its affiliates or agents records, reports, collects, processes, compiles, creates, publishes, distributes, makes available, provides access to or has in its possession or control at any time.

3.6. CONFIDENTIALITY

3.6.1 Confidentiality and Use of Participant Information

CDS shall preserve the confidentiality of any information concerning a Participant or provided by a Participant, that becomes known to CDS through the operation of any Service, exercising the same degree of care as it uses with respect to its own confidential information. CDS will not use such information except for operation of the Services. Such confidentiality obligation shall not apply to any information that is or becomes generally available to the public, otherwise than as a result of the breach of this Rule 3.6. Such confidentiality obligation shall not preclude the disclosure of confidential information to any of CDS's officers, directors, employees or agents that is reasonably necessary for the operation of the Services. The obligations of CDS pursuant to this Rule 3.6 shall be in addition to and shall not derogate from any other obligation of confidentiality arising from any agreement or legislation binding on CDS.

Rule 1.2.1 Definitions

“CDS Trade-marks” means CDS Trade-marks as the term is defined in Rule 3.8.1.

“CDS Works” means data and information created or compiled by CDS and provided by CDS to the Participant in written, oral or electronic form, as identified in the Procedures, and software, Functions, systems, hardware and networks relating to Services made available by CDS to the Participant.

“Other Marks” means Other Marks as the term is defined in Rule 3.8.1.

“Security Information” means data and information in written, oral or electronic form concerning a Security, including, without limitation, the deposit or withdrawal of a Security, an event related to a Security, the Issuer of a Security, the Security Identifier, or otherwise, which CDS or any of its affiliates or agents records, reports, collects, processes, compiles, creates, publishes, distributes, makes available, provides access to or has in its possession or control at any time.

3.6. CONFIDENTIALITY

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CDS shall preserve the confidentiality of any information concerning a Participant or provided by a Participant, that becomes known to CDS through the operation of any Service, exercising the same degree of care as it uses with respect to its own confidential information. CDS will not use such information except for operation of the Services. Such confidentiality obligation shall not apply to any information that is or becomes generally available to the public, otherwise than as a result of the breach of this Rule 3.6. Such confidentiality obligation shall not preclude the disclosure of confidential information to any of CDS's officers, directors, employees or agents that is reasonably necessary for the operation of the Services. The obligations of CDS pursuant to this Rule 3.6 shall be in addition to and shall not derogate from any other obligation of confidentiality arising from any agreement or legislation binding on CDS.

Text of CDS Participant Rules marked to reflect (1) proposed Rule published for comment on May 26, 2006 and (2) revisions thereto in response to comments
3.6.2 Release of Participant Information

Each Participant authorizes CDS to release any information concerning the Participant or provided by a Participant:

- (a) to the auditors of CDS, of the Participant and of other Participants, as may reasonably be required to perform their duties;
- (b) to the legal counsel of CDS, as may reasonably be required to perform their duties;
- (c) requested by the Issuer of Securities held for the Participant or by any other Person, if such information is limited to information with respect to the Securities held for the Participant and if CDS is reasonably satisfied that such information is sought for a purpose concerning an effort to influence the voting by Security holders of the Issuer, an offer to acquire Securities of the Issuer or any other matter relating to either the affairs of the Issuer or Transactions in the Securities of the Issuer effected by the Participant, provided that any information released under this subsection (c) does not identify any client or customer of the Participant;
- (d) as may be required from time to time by order, summons, subpoena, statutory direction or other process of, or pursuant to an agreement with, a court, Regulatory Body or other administrative or regulatory agency, having, in the opinion of CDS, jurisdiction over CDS;
- (e) pursuant to any statutory or regulatory requirement including National Instrument 54-101 Communication with Beneficial Owners of a Reporting Issuer (as it may be reformulated from time to time) or any similar policy, instrument or Rule adopted or made by the Canadian Securities Administrators;
- (f) to any securities exchange, commodities exchange, alternative trading system, securities depository, securities clearing agency, payment clearing system or self-regulatory organization of which the Participant is a member or the services of which the Participant uses in connection with its participation in CDS, or to any insurer of the Participant including the Canadian Investor Protection Fund or the Canada Deposit Insurance Corporation; and
- (g) that is in a statistical, summary or other format, provided the information in that format does not specifically identify a particular Participant, or, if the information concerns debt Securities, provided the information in that format does not identify any industry group.

CDS shall take all reasonable steps to avoid releasing any information that may identify a particular client or customer of a Participant. When CDS is required pursuant to subsection (d) to disclose confidential information that is directed

Text of CDS Participant Rules reflecting the adoption of proposed amendments
3.6.2 Release of Participant Information

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- (a) to the auditors of CDS, of the Participant and of other Participants, as may reasonably be required to perform their duties;
- (b) to the legal counsel of CDS, as may reasonably be required to perform their duties;
- (c) requested by the Issuer of Securities held for the Participant or by any other Person, if such information is limited to information with respect to the Securities held for the Participant and if CDS is reasonably satisfied that such information is sought for a purpose concerning an effort to influence the voting by Security holders of the Issuer, an offer to acquire Securities of the Issuer or any other matter relating to either the affairs of the Issuer or Transactions in the Securities of the Issuer effected by the Participant, provided that any information released under this subsection (c) does not identify any client or customer of the Participant;
- (d) as may be required from time to time by order, summons, subpoena, statutory direction or other process of, or pursuant to an agreement with, a court, Regulatory Body or other administrative or regulatory agency, having, in the opinion of CDS, jurisdiction over CDS;
- (e) pursuant to any statutory or regulatory requirement including National Instrument 54-101 Communication with Beneficial Owners of a Reporting Issuer (as it may be reformulated from time to time) or any similar policy, instrument or Rule adopted or made by the Canadian Securities Administrators;
- (f) to any securities exchange, commodities exchange, alternative trading system, securities depository, securities clearing agency, payment clearing system or self-regulatory organization of which the Participant is a member or the services of which the Participant uses in connection with its participation in CDS, or to any insurer of the Participant including the Canadian Investor Protection Fund or the Canada Deposit Insurance Corporation; and
- (g) that is in a statistical, summary or other format, provided the information in that format does not specifically identify a particular Participant, or, if the information concerns debt Securities, provided the information in that format does not identify any industry group.

CDS shall take all reasonable steps to avoid releasing any information that may identify a particular client or customer of a Participant. When CDS is required pursuant to subsection (d) to disclose confidential information that is directed

Text of CDS Participant Rules marked to reflect (1) proposed Rule published for comment on May 26, 2006 and (2) revisions thereto in response to comments

exclusively to the activities of a particular Participant, CDS shall give notice to the Participant of the request before making the disclosure unless the terms of any applicable statute, regulation, ruling or order prohibit such notice. When CDS releases confidential information pursuant to subsection (f), CDS shall request the recipient to treat such information as confidential.

3.6.3 Confidentiality of CDS Information

Each Participant shall preserve the confidentiality of: (i) CDS Works and Security Information; and (ii) any information concerning CDS or provided by CDS, that, at the time of disclosure, is marked as confidential or is disclosed orally as confidential and that becomes known to the Participant through the operation of any Service, or in anticipation of any new service, including any on-going projects, records, data and reports. In preserving such confidentiality, each Participant shall exercise the same degree of care as it uses with respect to its own confidential information. Such confidentiality obligation shall not apply to any information that is or becomes generally available to the public, otherwise than as a result of the breach of this Rule 3.6. Such confidentiality obligation shall not preclude the disclosure of such confidential information to any of Participant's officers, directors, employees, clients or customers in the manner authorized in Rule 3.8.3, or agents that is reasonably necessary: for the use or proposed use of the Services or any new service by the Participant; or for the development or operation of Services or any new service by CDS; or to achieve the purposes for which CDS disclosed the confidential information.

The obligations of each Participant pursuant to this Rule 3.6.3 shall be in addition to and shall not derogate from any other obligation of confidentiality arising from any agreement or legislation binding on the Participant.

CDS authorizes the Participant to release any confidential information concerning CDS:

- (a) to the auditors of the Participant, as may reasonably be required to perform their duties;
- (b) to the legal counsel of the Participant, as may reasonably be required to perform their duties; and
- (c) as may be required from time to time by order, summons, subpoena, statutory direction or other process of, or pursuant to an agreement with, a court, Regulatory Body or other administrative or regulatory agency, having, in the opinion of the Participant, jurisdiction over the Participant.

Text of CDS Participant Rules reflecting the adoption of proposed amendments

exclusively to the activities of a particular Participant, CDS shall give notice to the Participant of the request before making the disclosure unless the terms of any applicable statute, regulation, ruling or order prohibit such notice. When CDS releases confidential information pursuant to subsection (f), CDS shall request the recipient to treat such information as confidential.

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Each Participant shall preserve the confidentiality of: (i) CDS Works; and (ii) any information concerning CDS or provided by CDS, that, at the time of disclosure, is marked as confidential or is disclosed orally as confidential and that becomes known to the Participant through the operation of any Service, or in anticipation of any new service, including any on-going projects, records, data and reports. In preserving such confidentiality, each Participant shall exercise the same degree of care as it uses with respect to its own confidential information. Such confidentiality obligation shall not apply to any information that is or becomes generally available to the public, otherwise than as a result of the breach of this Rule 3.6. Such confidentiality obligation shall not preclude the disclosure of such confidential information to any of Participant's officers, directors, employees, clients or customers in the manner authorized in Rule 3.8.3, or agents that is reasonably necessary: for the use or proposed use of the Services or any new service by the Participant; or for the development or operation of Services or any new service by CDS; or to achieve the purposes for which CDS disclosed the confidential information.

The obligations of each Participant pursuant to this Rule 3.6.3 shall be in addition to and shall not derogate from any other obligation of confidentiality arising from any agreement or legislation binding on the Participant.

CDS authorizes the Participant to release any confidential information concerning CDS:

- (a) to the auditors of the Participant, as may reasonably be required to perform their duties;
- (b) to the legal counsel of the Participant, as may reasonably be required to perform their duties; and
- (c) as may be required from time to time by order, summons, subpoena, statutory direction or other process of, or pursuant to an agreement with, a court, Regulatory Body or other administrative or regulatory agency, having, in the opinion of the Participant, jurisdiction over the Participant.

Text of CDS Participant Rules marked to reflect (1) proposed Rule published for comment on May 26, 2006 and (2) revisions thereto in response to comments

3.8. RIGHTS AND USES

3.8.1 CDS Trade-marks

The “CDS Trade-marks” are those words and logos identified as such in the Procedures. In addition, certain words, phrases, names, designs, numbers or logos may constitute trade-marks, service marks, trade names, domain names or intellectual property of CDS or other third parties (collectively the “Other Marks”). CDS will use its best efforts to identify Other Marks in the Procedures. Nothing in the Rules gives the Participant any right to use the CDS Trade-marks or Other Marks, including without limitation, as part of the name of any of its products or services, except a limited, non-exclusive, revocable and non-transferable right to refer to the fact that the Participant is a participant of CDS or uses or facilitates the use of Services, in which cases the Participant shall display any CDS Trade-mark in special typographical treatment as set out in the Procedures, and shall indicate clearly that it is a trade-mark of and property of CDS. All uses of CDS Trade-marks and Other Marks and all goodwill attached thereto shall enure solely to the benefit of CDS or its respective third party owner. To the extent that any rights or goodwill inadvertently accrue or attach to the Participant in respect of the CDS Trade-marks and Other Marks, the Participant shall hold such rights and goodwill in trust and shall assign such rights and goodwill to CDS or its respective third party owner, if requested.

Each Participant acknowledges and agrees that it acquires absolutely no rights or licenses in or to the CDS Trade-marks or Other Marks, other than the limited, non-exclusive, revocable and non-transferable right to use that is outlined in this Rule 3.8.1. Any unauthorized use by the Participant of the CDS Trade-marks or Other Marks or any other intellectual property right or proprietary right of CDS is strictly prohibited. Each Participant shall promptly notify CDS of any conflicting use or any act of infringement or passing off which comes to its attention involving the CDS Trade-Marks or Other Marks or any variation or imitation thereof by unauthorized persons. Each Participant shall cooperate with CDS to take any steps CDS considers necessary to prevent further unauthorized use, including but not limited to, cooperating with CDS in any proceedings involving the CDS Trade-marks of Other Marks.

3.8.2 Ownership

The Participant acknowledges and agrees: that all right, title and interest in and to the Services, ~~Security Information~~ and CDS Works, including all patents, copyright, trade secrets and other intellectual property rights in any part of the world, are owned by CDS or its suppliers and are protected by Canadian and international copyright and other intellectual property laws; and that copyright subsists in the Services and CDS Works, ~~and in including the selection, arrangement and assembly of Security Information and other information the content in Services and CDS Works, Security Information, and other information;~~ and that such copyright is owned by CDS or its

Text of CDS Participant Rules reflecting the adoption of proposed amendments

3.8. RIGHTS AND USES

3.8.1 CDS Trade-marks

The “CDS Trade-marks” are those words and logos identified as such in the Procedures. In addition, certain words, phrases, names, designs, numbers or logos may constitute trade-marks, service marks, trade names, domain names or intellectual property of CDS or other third parties (collectively the “Other Marks”). CDS will use its best efforts to identify Other Marks in the Procedures. Nothing in the Rules gives the Participant any right to use the CDS Trade-marks or Other Marks, including without limitation, as part of the name of any of its products or services, except a limited, non-exclusive, revocable and non-transferable right to refer to the fact that the Participant is a participant of CDS or uses or facilitates the use of Services, in which cases the Participant shall display any CDS Trade-mark in special typographical treatment as set out in the Procedures, and shall indicate clearly that it is a trade-mark of and property of CDS. All uses of CDS Trade-marks and Other Marks and all goodwill attached thereto shall enure solely to the benefit of CDS or its respective third party owner. To the extent that any rights or goodwill inadvertently accrue or attach to the Participant in respect of the CDS Trade-marks and Other Marks, the Participant shall hold such rights and goodwill in trust and shall assign such rights and goodwill to CDS or its respective third party owner, if requested.

Each Participant acknowledges and agrees that it acquires absolutely no rights or licenses in or to the CDS Trade-marks or Other Marks, other than the limited, non-exclusive, revocable and non-transferable right to use that is outlined in this Rule 3.8.1. Any unauthorized use by the Participant of the CDS Trade-marks or Other Marks or any other intellectual property right or proprietary right of CDS is strictly prohibited. Each Participant shall promptly notify CDS of any conflicting use or any act of infringement or passing off which comes to its attention involving the CDS Trade-Marks or Other Marks or any variation or imitation thereof by unauthorized persons. Each Participant shall cooperate with CDS to take any steps CDS considers necessary to prevent further unauthorized use, including but not limited to, cooperating with CDS in any proceedings involving the CDS Trade-marks of Other Marks.

3.8.2 Ownership

The Participant acknowledges and agrees: that all right, title and interest in and to the Services and CDS Works, including all patents, copyright, trade secrets and other intellectual property rights in any part of the world, are owned by CDS or its suppliers and are protected by Canadian and international copyright and other intellectual property laws; and that copyright subsists in the Services and CDS Works, including the selection, arrangement and assembly of Security Information and other information in Services and CDS Works; and that such copyright is owned by CDS or its suppliers. All rights not expressly granted in the Rules are reserved. Each

Text of CDS Participant Rules marked to reflect (1) proposed Rule published for comment on May 26, 2006 and (2) revisions thereto in response to comments

suppliers. All rights not expressly granted in the Rules are reserved. Each Participant shall promptly notify CDS of any unauthorized use of the Services, CDS Works, ~~Security Information~~ and other information owned by CDS or its suppliers, and agrees to cooperate with CDS and its suppliers to take any steps CDS considers necessary to prevent further unauthorized use, including but not limited to, cooperating with CDS and its suppliers in any proceedings involving the Services, CDS Works, ~~Security Information~~ and other information owned by CDS or its suppliers.

Each Participant will preserve or reproduce on all records, data and reports (including all copies made by Participant), and will not alter any proprietary, confidential or other notices and legends contained on the originals supplied to Participant by CDS, or as may otherwise be required by CDS.

Each Participant shall not take any action that purports to create a claim, lien or encumbrance on, or assignment of, any of the Services, or CDS Works or ~~Security Information~~. Any act by the Participant, voluntary or involuntary, purporting to create a claim, lien or encumbrance on, or assignment of, any of the Services or, CDS Works or ~~Security Information~~ shall be void.

3.8.3 Use of CDS Works and Security Information

CDS grants each Participant a limited, non-exclusive, revocable, and non-transferable license to use CDS Works ~~and Security Information~~ only for uses directly related to Participant's use of the Services. The Participant shall not use CDS Works or ~~Security Information~~, or any information obtained or derived from CDS Works or ~~Security Information~~ any of them, except in accordance with this license.

If the Participant provides access to or discloses CDS Works or ~~Security Information~~ to a Person authorized by the Participant to act on its behalf in its use of the Services, such as an affiliate, service bureau or third party service provider, then the Participant shall require each such Person to comply in writing with Rules 3.6 and 3.8 in their use of CDS Works ~~and Security Information~~ on behalf of the Participant. If the Participant provides access to or discloses CDS Works, ~~Security Information~~ or any information obtained or derived from any of them CDS Works or Security Information to a client or customer receiving services from a Participant, then CDS may require the Participant to enter into a written agreement with each such client or customer requiring each such client or customer to comply with Rules 3.6 and 3.8 in their use of CDS Works, ~~Security Information~~ or any information obtained or derived from CDS Works or ~~Security Information~~ any of them.

Except as provided above, the Participant will not:

- (a) use, disclose or communicate CDS Works or ~~Security Information~~ or any information obtained or derived from

Text of CDS Participant Rules reflecting the adoption of proposed amendments

Participant shall promptly notify CDS of any unauthorized use of the Services, CDS Works, and other information owned by CDS or its suppliers, and agrees to cooperate with CDS and its suppliers to take any steps CDS considers necessary to prevent further unauthorized use, including but not limited to, cooperating with CDS and its suppliers in any proceedings involving the Services, CDS Works, and other information owned by CDS or its suppliers.

Each Participant will preserve or reproduce on all records, data and reports (including all copies made by Participant), and will not alter any proprietary, confidential or other notices and legends contained on the originals supplied to Participant by CDS, or as may otherwise be required by CDS.

Each Participant shall not take any action that purports to create a claim, lien or encumbrance on, or assignment of, any of the Services or CDS Works. Any act by the Participant, voluntary or involuntary, purporting to create a claim, lien or encumbrance on, or assignment of, any of the Services or CDS Works shall be void.

3.8.3 Use of CDS Works and Security Information

CDS grants each Participant a limited, non-exclusive, revocable, and non-transferable license to use CDS Works only for uses directly related to Participant's use of the Services. The Participant shall not use CDS Works, or any information obtained or derived from CDS Works of Security Information, except in accordance with this license.

If the Participant provides access to or discloses CDS Works to a Person authorized by the Participant to act on its behalf in its use of the Services, such as an affiliate, service bureau or third party service provider, then the Participant shall require each such Person to comply in writing with Rules 3.6 and 3.8 in their use of CDS Works on behalf of the Participant. If the Participant provides access to or discloses CDS Works or any information obtained or derived from CDS Works or Security Information to a client or customer receiving services from a Participant, then CDS may require the Participant to enter into a written agreement with each such client or customer requiring each such client or customer to comply with Rules 3.6 and 3.8 in their use of CDS Works or any information obtained or derived from CDS Works or Security Information.

Except as provided above, the Participant will not:

- (a) use, disclose or communicate CDS Works or any information obtained or derived from CDS Works or Security Information to or for the benefit of any third party or any affiliate of the Participant by any means whatsoever, whether as back-office service provider, outsourcer or wholesaler to any third party or affiliate of the Participant or for the benefit of any joint venture,

Text of CDS Participant Rules marked to reflect (1) proposed Rule published for comment on May 26, 2006 and (2) revisions thereto in response to comments

Text of CDS Participant Rules reflecting the adoption of proposed amendments

~~CDS Works or Security Information any of them to or for the benefit of any third party or any affiliate of the Participant by any means whatsoever, whether as back-office service provider, outsourcer or wholesaler to any third party or affiliate of the Participant or for the benefit of any joint venture, partnership or sales agency relationship to which the Participant is a party or by which it is bound;~~

- (b) ~~reproduce, copy or modify CDS Works or Security Information except as permitted in the Rules or the Procedures;~~
- (c) ~~reverse engineer, decompile, disassemble or create derivative works based on the whole or any part of CDS Works or Security Information or any information obtained or derived from CDS Works or Security Information any of them ; or~~
- (d) ~~directly or indirectly sell, rent, lease, license, sublicense, assign, provide access to or transmit or publish, repackage, retransmit, resell or otherwise disseminate or make available CDS Works or Security Information in any medium or manner whatsoever to any third party or any affiliate of the Participant, except to provide information derived from CDS Works or Security Information to a client or customer of a Participant receiving services from the Participant directly related to the Services and the provision of such derived information from CDS Works or Security Information is solely incidental to the services provided to the client or customer by the Participant.~~

~~The Participant will maintain appropriate internal controls, measures and security precautions to prevent unauthorized access to and use of CDS Works and Security Information, exercising the same degree of care as it uses for its own similar restricted or confidential information.~~

~~CDS may offer new or enhanced functionality or grant additional rights to use CDS Works and Security Information as set out in the Procedures and User Guides.~~

3.8.4 Disclaimer

~~Certain Services and CDS Works provided by CDS to the Participants are dependent upon the provision to and use by CDS of information, including Security Information, from third parties. CDS represents that it has the right to grant Participants the right to use the Services, CDS Works and Security Information, but otherwise does not guarantee or make any representations or warranties whatsoever, and there are no conditions, express or implied, in fact or in law, with respect to the accuracy, adequacy, timeliness, completeness, sequence, merchantable quality or fitness for any particular purpose of any such information, which is provided on an "as is", "as available" basis. Upon the written request of a Participant, CDS will appoint such Participant as its agent to assert, while such Participant is a Participant, any right CDS may have to enforce a third party supplier's representations or~~

partnership or sales agency relationship to which the Participant is a party or by which it is bound;

- (b) reproduce, copy or modify CDS Works except as permitted in the Rules or the Procedures;
- (c) reverse engineer, decompile, disassemble or create derivative works based on the whole or any part of CDS Works or any information obtained or derived from CDS Works or Security Information; or
- (d) directly or indirectly sell, rent, lease, license, sublicense, assign, provide access to or transmit or publish, repackage, retransmit, resell or otherwise disseminate or make available CDS Works in any medium or manner whatsoever to any third party or any affiliate of the Participant, except to provide information derived from CDS Works or Security Information to a client or customer of a Participant receiving services from the Participant directly related to the Services and the provision of such derived information from CDS Works or Security Information is solely incidental to the services provided to the client or customer by the Participant.

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Text of CDS Participant Rules marked to reflect (1) proposed Rule published for comment on May 26, 2006 and (2) revisions thereto in response to comments

warranties received by CDS, if any, provided that the Participant shall indemnify and hold harmless CDS, Nominees, Custodians and their respective partners, directors, officers, employees and agents, from and against any loss, damage, cost, expense, liability or claim (including the cost of legal counsel to advise on or defend against such claims) suffered by or made against it, them or any of them arising from, or which they may incur as a result of, the taking of steps at the request of the Participant or the bringing by the Participant of an action in the name of CDS, a Nominee or a Custodian, pursuant to this Rule 3.8.

3.8.5 Verification of Compliance

Upon reasonable notice, at the request of CDS, a Participant shall within a reasonable time provide to CDS a statement in the form provided by CDS, signed by a Signing Officer on behalf of the Participant, confirming that the Participant's use of Services and CDS Works and Security Information is in compliance with Rules 3.6 and 3.8.

Text of CDS Participant Rules reflecting the adoption of proposed amendments

warranties received by CDS, if any, provided that the Participant shall indemnify and hold harmless CDS, Nominees, Custodians and their respective partners, directors, officers, employees and agents, from and against any loss, damage, cost, expense, liability or claim (including the cost of legal counsel to advise on or defend against such claims) suffered by or made against it, them or any of them arising from, or which they may incur as a result of, the taking of steps at the request of the Participant or the bringing by the Participant of an action in the name of CDS, a Nominee or a Custodian, pursuant to this Rule 3.8.

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13.1.2 Material Amendments to CDS Rules Relating to Intellectual Property Rights - Summary of Comments

CDS'S SUMMARY OF COMMENTS RECEIVED AND RESPONSES

MATERIAL AMENDMENTS TO CDS RULES

INTELLECTUAL PROPERTY RIGHTS

On May 26th, 2006 a proposed amendment CDS Participant Rules relating to Intellectual Property rights was published for comment.

CDS received three comment letters: one collectively from CIBC Mellon Global Securities Services Company, RBC Dexia Investor Services Trust, and State Street Trust Company of Canada; a second from Credit Union Central of British Columbia; and a third, from the Royal Bank of Canada.

SUMMARY OF WRITTEN COMMENTS RECEIVED ON THE PROPOSED AMENDMENT AND CDS RESPONSE

All commentators were supportive of CDS's effort to protect its legitimate intellectual property rights and the intellectual property rights in material entrusted to CDS by third parties. The commentators, however, noted several concerns with respect to the scope, applicability, and specificity included in the proposed amendments.

Comment 1 - Credit Union Central of British Columbia

The lack of specificity in the phrase "Other Marks" may inadvertently place Participants in violation of CDS Participant Rules since such Other Marks are not enumerated in the proposed amendment.

CDS Response

CDS is concerned that, as a practical matter, it may not be able to identify all Other Marks *a priori*. CDS proposes to add the following sentence in Rule 3.8.1 after the second sentence, which defines "Other Marks":

"CDS will use its best efforts to identify Other Marks in the Procedures."

Comment 2 - Royal Bank of Canada

The Draft IP Rule Amendments are too restrictive in respect of Security Information as they prevent Participants from disclosing information regarding securities to the beneficial owners or issuers of those securities.

CDS Response

The intent of Rule 3.8.3 is not to prohibit transmission of proprietary information, but rather to authorize Participants to provide relevant information, whether or not proprietary to CDS, to their clients for use relating to the securities which they have issued by, or have in custody with

Participants.

Comment 3 - Royal Bank of Canada

"Security" and "Security Information" are very broadly defined in the Draft IP Rule Amendments, and includes all data and information regarding a Security, including the deposit or withdrawal of a Security, an event relating to the Security, and the Security Identifier. Beneficial owners and issuers of Securities need to know this information and other information that could be defined as "Security Information" regarding those securities and they may need to pass that information on further.

The commentator recommended that "Security Information" not be regulated or, in the alternative, that Participants be permitted to disclose such to their clients who are either beneficial owners of, or issuers of, the Securities or, in the alternative, that the definition of "Security Information" be narrowed so that it does not include information that must be passed on to beneficial owners or issuers.

CDS Response

CDS is of the view that it would be unfair to permit Participants to earn revenue on the resale of CDS intellectual property products at the cost of CDS and its other Participants. Furthermore, the prohibition on the free passing-on of CDS Works and Security Information for use by *non*-beneficial holders is intended to insulate CDS from additional risks and claims by third parties - *without* any connection to CDS - relying on that information.

CDS agrees with the comment and believes that the Rules as drafted permit Participants to transmit Security Information to their clients, provided that the information relates to their holdings and use of CDS services, not the whole file of records that CDS may transmit to each Participant.

Comment 4 - CIBC Mellon Global Securities Services Company, RBC Dexia Investor Services Trust, and State Street Trust Company of Canada

Concern was raised in that the downstream restrictions on distribution of Security Information might hamper communication with intermediaries, who may have been engaged on behalf of the underlying security holder, but who are not specified as benefiting from the permitted disclosure of such information by the Rule.

CDS Response

CDS believes that Participants, their clients and beneficial holders must be able to receive all the information that they would receive if they were the registered holders of the securities directly, i.e. depositing securities with CDS should not create a barrier to receiving shareholder information. On the other hand, CDS invests time and resources to develop value-added information that is specific to the services that CDS provides to Participants and for which CDS should be compensated, just like any other provider of information. While this value-added

information is provided to Participants for free or on a cost recovery basis, it also has a market value for secondary uses beyond only CDS's Services. Revenues earned when CDS licenses secondary uses is a means by which CDS reduces Participant fees.

CDS does not see these two goals as being in conflict; the Rules attempt to articulate these rights and balance the interests of the parties involved.

Participants can provide their clients with information relating to the specific securities which have been deposited as part of the Participants' custodial services (proposed Rule 3.8.3(d)); on the other hand, Participants and their clients should not be able to take the information and services that CDS provides to the Participant, and pass them off as their own or sell or otherwise provide them to others who have not deposited securities in CDS. CDS is of the view that it would be unfair to permit Participants to earn revenues on the resale of CDS IP at the cost of CDS and its other Participants, and in competition to CDS, resulting in lower CDS revenues earned from secondary uses available to be shared among all CDS Participants to reduce fees. Furthermore, if Participants were able to freely pass on CDS Works and Security Information for non-beneficial holder use, CDS could be exposed to additional risks and claims by third parties that rely on this information through no connection to CDS.

In view of the comments in respect of Confidentiality provisions, CDS proposes the following amendment to Section 3.6.3 (marked to the published Rule amendments):

“...Such confidentiality obligation shall not apply to any information that is or becomes generally available to the public, otherwise than as a result of the breach of this Rule 3.6. Such confidentiality obligation shall not preclude the disclosure of such confidential information to any of Participant's officers, directors, employees, clients or customers in the manner authorized in Rule 3.8.3, or agents that is reasonably necessary: for the use or proposed use of the Services or any new service by the Participant; or for the development or operation of Services or any new service by CDS; or to achieve the purposes for which CDS disclosed the confidential information.”

Comment 5 - CIBC Mellon Global Securities Services Company, RBC Dexia Investor Services Trust, and State Street Trust Company of Canada

Concern was expressed in regards to the broad definition of “Security Information” – both in theory and in practice, the consequential impact of this definition on operations and systems, and the application of repackaging restrictions in respect of client communications.

CDS Response

Although CDS is of the view that the definition of Security Information is appropriate, CDS agrees that it should not be claiming ownership in Security Information. CDS does not believe, however, that CDS does have copyright “in the selection, arrangement and assembly” of its content, i.e., the value added by CDS efforts.

Accordingly, to respond to the concerns, CDS proposes to delete the term “Security Information” from various parts of the proposed amendments.

Comment 6 - CIBC Mellon Global Securities Services Company, RBC Dexia Investor Services Trust, and State Street Trust Company of Canada

The three commentators expressed concern with respect to Rule 3.8.3 as it related to agreements with clients or customers. The commentators felt that the proposed Rule imposes a significant administrative burden on Participants – a burden which could hamper the transmission of information to beneficial holders of securities. The commentators also felt that the proposed amendments could constitute a barrier to entry and/or communication with CDS. The commentators felt, finally, that Rule 3.8.3 does not account for certain clients' desire for anonymity and suggested that, where such anonymity is otherwise legally permitted, it may be inappropriate for CDS's Rules not to account for such.

CDS Response

The intent of the Rule is that Participants not pass on CDS Works or Security Information to any third party exactly as CDS provides them to the Participants; if a Participant extracts (or derives) information received from CDS and provides it to a client together with other information that the Participant has obtained independently, then CDS has no objection to that; CDS believes that proposed Rule 3.8.3(d) permits this.

With respect to the concern regarding barriers to entry, it is not CDS's intention to mandate such agreements, except where continuing non-compliance with the IP Rules is discovered by CDS. While CDS recognizes that the language would theoretically permit the management of CDS to mandate such agreements for all Participants at any time, CDS would respond that Rule 3.2.3 gives every Participant a right of appeal of any management decision to the full Board; if not satisfied with the Board's response, a further right of review to the securities commissions is provided by Rule 3.2.4.

Comment 7 - CIBC Mellon Global Securities Services Company, RBC Dexia Investor Services Trust, and State Street Trust Company of Canada

The three commentators expressed concern with respect to the scope of the disclaimer contained in proposed Rule 3.8.4. The commentators requested: that Participants receive some representation that CDS has sufficient rights in the Services to grant Participants the right to use such

for their intended purpose; that, to the extent that CDS receives representations and warranties from third parties, Participants receive the benefit of such; and that, notwithstanding the 'as available' limitation on the Services, Participants should not be responsible for fees or expenses relating to Services not provided by CDS and that CDS should use reasonable endeavours to procure replacement Services.

CDS Response

CDS proposes to amend proposed Rule 3.8.4 as follows (marked for changes from the published Rule):

“3.8.4 Disclaimer

Certain Services and CDS Works provided by CDS to the Participants are dependent upon the provision to and use by CDS of information, including Security Information, from third parties. CDS represents that it has the right to grant Participants the right to use the Services, CDS Works and Security Information, but otherwise does not guarantee or make any representations or warranties whatsoever, and there are no conditions, express or implied, in fact or in law, with respect to the accuracy, adequacy, timeliness, completeness, sequence, merchantable quality or fitness for any particular purpose of any such information, which is provided on an “as is”, “as available” basis. Upon the written request of a Participant, CDS will appoint such Participant as its agent to assert, while such Participant is a Participant, any right CDS may have to enforce a third party supplier’s representations or warranties received by CDS, if any, provided that the Participant shall indemnify and hold harmless CDS, Nominees, Custodians and their respective partners, directors, officers, employees and agents, from and against any loss, damage, cost, expense, liability or claim (including the cost of legal counsel to advise on or defend against such claims) suffered by or made against it, them or any of them arising from, or which they may incur as a result of, the taking of steps at the request of the Participant or the bringing by the Participant of an action in the name of CDS, a Nominee or a Custodian, pursuant to this Rule 3.8.

Chapter 25

Other Information

25.1 Consents

25.1.1 Phoscan Chemical Corp. - s. 4(b) of the Regulation

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Canada Business Corporations Act.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181
Canada Business Corporations Act, R.S.C. 1985, c. C-144, as am.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00, as am., s. 4(b).

October 6, 2006

**IN THE MATTER OF
THE REGULATION MADE UNDER
THE BUSINESS CORPORATIONS ACT,
R.S.O. 1990, c. B.16, AS AMENDED (the "OBCA")
ONTARIO REGULATION 289/00 (the "Regulation")**

AND

**IN THE MATTER OF
PHOSCAN CHEMICAL CORP.**

**CONSENT
(Clause 4(b) of the Regulation)**

UPON the application (the "Application") of Phoscan Chemical Corp. (the "Corporation") to the Ontario Securities Commission (the "Commission") requesting the consent of the Commission to continue into another jurisdiction pursuant to clause 4(b) of the Regulation;

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

AND UPON the Corporation having represented to the Commission that:

1. The Corporation is a corporation existing under the provisions of the OBCA. The registered office of the Corporation is located at 360 Bay Street, Suite 500, Toronto, Ontario, M5H 2V6.

2. The authorized share capital of the Corporation consists of an unlimited number of common shares of which 48,185,219 were issued and outstanding as of October 4, 2006.

3. The Corporation is proposing to submit an application to the Director appointed under the OBCA for authorization to continue under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "CBCA"), pursuant to section 181 of the OBCA (the "Application for Continuance").

4. Pursuant to clause 4(b) of the Regulation, where a corporation is an offering corporation under the OBCA, the Application for Continuance must be accompanied by a consent from the Commission.

5. The Corporation is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"). The Corporation is also a reporting issuer in the provinces of British Columbia and Alberta.

6. The Corporation's common shares are listed for trading on The TSX Venture Exchange under the symbol "FOS".

7. The Corporation is not in default of any of the provisions of the Act or the regulations or rules made under the Act and is not in default under the security legislation of any other jurisdiction where it is a reporting issuer.

8. The Corporation is not a party to any proceeding or to the best of its knowledge information and belief, pending proceeding under the Act.

9. The Corporation presently intends to remain a reporting issuer in the Provinces of Ontario, British Columbia and Alberta following the continuance.

10. The continuance under the CBCA was voted on and duly approved by the shareholders of the Corporation at the annual and special meeting of shareholders (the "Meeting") held on September 27, 2006 by more than 66 2/3% of the votes cast.

11. The management information circular of the Corporation dated August 22, 2006, provided to all the shareholders of the Corporation in connection with the Meeting, included a summary of the differences between the CBCA and the OBCA and advised holders of the Corporation's common

Other Information

shares of their dissent rights in connection with the continuance pursuant to Section 185 of the OBCA.

12. The continuance under the CBCA has been proposed because the Corporation believes it to be in its best interest to conduct its affairs in accordance with the CBCA.
13. The material rights, duties and obligations of a corporation under the CBCA are substantially similar to those under the OBCA with the exception that the OBCA requires a majority of a corporation's directors be resident Canadians whereas the CBCA requires only one-quarter of directors need be resident Canadians.

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

THE COMMISSION hereby consents to the continuance of the Corporation under the CBCA.

"Robert W. Davis"

"Suresh Thakrar"

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