The Ontario Securities Commission

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June 8, 2007

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

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

JUNE 8, 2007

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

SCHEDULED OSC HEARINGS

June 14, 2007 10:00 a.m.	**Peter Sabourin, W. Jeffrey Haver, Greg Irwin, Patrick Keaveney, Shane Smith, Andrew Lloyd, Sandra Delahaye, Sabourin and Sun Inc., Sabourin and Sun (BVI) Inc., Sabourin and Sun Group of Companies Inc., Camdeton Trading Ltd. and Camdeton Trading S.A.** s. 127 and 127.1 Y. Chisholm in attendance for Staff Panel: WSW/DLK/ST
June 18, 2007 10:00 a.m.	**Eugene N. Melnyk, Roger D. Rowan, Watt Carmichael Inc., Harry J. Carmichael and G. Michael McKenney** s. 127 and 127.1 J. Superina in attendance for Staff Panel: RLS/DLK/ST
June 21, 2007 10:00 a.m.	**Momentas Corporation, Howard Rash, Alexander Funt, Suzanne Morrison* and Malcolm Rogers*** s. 127 and 127.1 P. Foy in attendance for Staff Panel: WSW/CSP * Settled April 4, 2006

June 25, 2007 2:15 p.m.	**Jason Wong, David Watson, Nathan Rogers, Amy Giles, John sparrow, Kervin Findlay, Leasesmart, Inc., Advanced Growing Systems, Inc., Pharm Control Ltd., The Bighub.com, Inc., Universal Seismic Associates Inc., Pocketop Corporation, Asia Telecom Ltd., International Energy Ltd., Cambridge Resources Corporation, Nutrione Corporation and Select American Transfer Co.** s. 127 and 127.1 P. Foy in attendance for Staff Panel: JEAT/ST
June 29, 2007 10:00 a.m.	**Land Banc of Canada Inc., LBC Midland I Corporation, Fresno Securities Inc., Richard Jason Dolan, Marco Lorenti and Stephen Zeff Freedman** s. 127 H. Craig in attendance for Staff Panel: PJL/ST
July 5, 2007 10:00 a.m.	**Sulja Bros. Building Supplies, Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich and Andrew DeVries** s. 127 & 127.1 P. Foy in attendance for Staff Panel: WSW/MCH
July 5, 2007 11:30 a.m.	**Norshield Asset Management (Canada) Ltd., Olympus United Group Inc., John Xanthoudakis, Dale Smith and Peter Kefalas** s.127 M. MacKewn in attendance for Staff Panel: WSW/DLK
July 9, 2007 10:00 a.m.	***AiT Advanced Information Technologies Corporation, *Bernard Jude Ashe and Deborah Weinstein** s. 127 K. Manarin in attendance for Staff Panel: TBA * Settlement Agreements approved February 26, 2007
July 17, 2007 2:00 p.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s.127 and 127.1 D. Ferris in attendance for Staff Panel: TBA
September 6, 2007 10:00 a.m.	**Jose Castaneda** s. 127 and 127.1 H. Craig in attendance for Staff Panel: WSW/DLK
October 9, 2007 10:00 a.m.	**John Daubney and Cheryl Littler** s. 127 and 127.1 A.Clark in attendance for Staff Panel: TBA
October 12, 2007 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: TBA

October 22, 2007 10:00 a.m.	**Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin** s. 127 H. Craig in attendance for Staff Panel: TBA
October 29, 2007 10:00 a.m.	**Mega-C Power Corporation, Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited** S. 127 A. Sonnen in attendance for Staff Panel: TBA
November 12, 2007 10:00 a.m.	**Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson** s.127 J. Superina in attendance for Staff Panel: TBA
December 10, 2007 10:00 a.m.	**Rex Diamond Mining Corporation, Serge Muller and Benoit Holemans** s. 127 & 127(1) H. Craig in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir** S. 127 & 127.1 K. Manarin in attendance for Staff Panel: TBA
TBA	**Euston Capital Corporation and George Schwartz** s. 127 Y. Chisholm in attendance for Staff Panel: TBA
TBA	**Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell** s. 127 J. Waechter in attendance for Staff Panel: TBA
TBA	***Philip Services Corp. and Robert Waxman** s. 127 K. Manarin/M. Adams in attendance for Staff Panel: TBA Colin Soule settled November 25, 2005 Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey and John Woodcroft settled March 3, 2006 * Notice of Withdrawal issued April 26, 2007
TBA	**First Global Ventures, S.A., Allen Grossman and Alan Marsh Shuman** s. 127 D. Ferris in attendance for Staff Panel: WSW/ST/MCH
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly** s.127 K. Daniels in attendance for Staff Panel: TBA

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

s. 127 and 127.1

D. Ferris in attendance for Staff

Panel: TBA

TBA **John Alexander Cornwall, Kathryn A. Cook, David Simpson, Jerome Stanislaus Xavier, CGC Financial Services Inc. and First Financial Services**

s. 127 and 127.1

S. Horgan in attendance for Staff

Panel: RLS/DLK/MCH

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

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

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 Notice of Commission Approval – Amendments to the Rules of the Toronto Stock Exchange – Implementation of a Pre-Trade Matching Facility – Alternative Trade eXecution (ATX)

TSX INC.

AMENDMENTS TO THE RULES OF THE TORONTO STOCK EXCHANGE REGARDING THE IMPLEMENTATION OF A PRE-TRADE MATCHING FACILITY ALTERNATIVE TRADE EXECUTION (ATX)

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved amendments to the rules of the Toronto Stock Exchange regarding the implementation of the pre-trade matching facility ATX, which will match subscriber order flow against in-house interests as well as against the interests of other subscribers in a blind electronic book. The purpose of the amendments is to implement a set of rules regarding the entry of orders and the pre-trade matching that will be facilitated by ATX. The proposed amendments were published for comment on October 6, 2006 at (2006) 29 OSCB 8023. Some non-material changes have been made to the amendments that were originally published, and a black-lined version highlighting the changes is being published in Chapter 13 of this Bulletin. A summary of the comments received and TSX Inc.'s response are also published in Chapter 13.

1.1.3 Notice of Commission Approval – Material Amendments to CDS Procedures Relating to CCP Collateral Requirements for Withdrawing Participants

CDS CLEARING AND DEPOSITORY SERVICES INC.

MATERIAL AMENDMENTS TO CDS PROCEDURES

CCP COLLATERAL REQUIREMENTS FOR WITHDRAWING PARTICIPANTS

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and CDS Clearing and Depository Services Inc. (CDS), the Commission approved on May 29, 2007, amendments filed by CDS to its procedures relating to the collateral requirements for participants seeking to withdraw from Continuous Net Settlement (CNS). A CDS participant is allowed to withdraw from CNS in the event of a default by providing an additional seven hundred percent (700%) of their current collateral requirement to the CNS participant fund. A copy and description of these amendments were published for comment on March 30, 2007 at (2007) 30 OSCB 3123. No comment letters were received.

1.1.4 Notice of Commission Approval – MFDA Policy No. 6, Amendments to MFDA Rule 1.2.5 and Consequential Amendments

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

MFDA POLICY NO. 6 REGARDING INFORMATION REPORTING REQUIREMENTS, AMENDMENTS TO MFDA RULE 1.2.5 REGARDING NOTIFICATION OF CHANGE IN REGISTRATION INFORMATION AND CONSEQUENTIAL AMENDMENTS

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission has approved the MFDA's proposal to implement MFDA Policy No. 6, repeal and replace MFDA Rule 1.2.5, amend MFDA Policy No. 3 and repeal MFDA Rule 1.2.6 regarding information reporting requirements, notification of changes in registration information and consequential amendments. In addition, the Alberta Securities Commission, Nova Scotia Securities Commission and Saskatchewan Financial Services Commission approved, and the British Columbia Securities Commission did not object to the amendments. The amendments consolidate many of the MFDA's reporting requirements into a single instrument, expand the scope of matters that members and approved persons must report, and require electronic reporting of enforcement and compliance information.

The proposed amendments were published for comment on October 27, 2006 at (2006) 29 OSCB 8527. Some immaterial changes have been made to MFDA Policy No. 6 since the time the amendments were originally published and a copy of MFDA Policy No. 6, blacklined to highlight the changes from the previously published version, is being republished in Chapter 13 of this Bulletin. A summary of the comments received and the MFDA's response are also published in Chapter 13.

1.1.5 Mega-C Power Corporation et al.

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

AND

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

NOTICE OF WITHDRAWAL

WHEREAS on November 16, 2005, the Ontario Securities Commission issued a Notice of Hearing with attached Statement of Allegations of Staff pursuant to section 127 of the Securities Act in respect of Mega-C Power Corporation, Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited;

AND WHEREAS an Amended Notice of Hearing was issued on February 6, 2007;

TAKE NOTICE that Staff of the Commission withdraw the allegations against the respondent, Mega-C Power Corporation, as of June 4, 2007.

June 4, 2007

Staff of the Ontario Securities Commission
20 Queen Street West
PO Box 55, 19th Floor
Toronto, ON M5H 3S8

Anne C. Sonnen
LSUC # 348980
Tel: 416-593-8290
Fax: 416-593-2319

1.1.6 Watt Carmichael Inc. et al.

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

AND

WATT CARMICHAEL INC., ROGER D. ROWAN,
HARRY J. CARMICHAEL AND
G. MICHAEL McKENNEY[1]

AMENDED STATEMENT OF ALLEGATIONS
OF STAFF OF THE
ONTARIO SECURITIES COMMISSION

Further to a Notice of Hearing issued on July 28, 2006, Staff of the Ontario Securities Commission ("Staff") make the following allegations:

The Respondents

1. Watt Carmichael Inc. ("Watt Carmichael") is registered as a broker and investment dealer under the Act, and is a participating organization of the Toronto Stock Exchange (the "TSX") and a member of the Investment Dealers Association of Canada (the "IDA").

2. Roger D. Rowan ("Rowan") is, and was at all material times, the President and Chief Operating Officer of Watt Carmichael. Rowan was a director of Biovail from 1997 until his resignation in 2005 and was therefore, during that time, an insider of Biovail. Rowan also served as a member of the Biovail audit committee during his appointment as a director of Biovail.

3. Rowan is, and was at all material times, the registered representative at Watt Carmichael with responsibility for trading in certain accounts, referred to below as the Conset, Congor and Southridge Accounts. As at December 31, 2005, Rowan owned approximately 29% of Watt Carmichael.

4. Harry J. Carmichael ("Carmichael") is, and was at all material times, the Chairman and CEO of Watt Carmichael, as well as its Ultimate Designated Person. As at December 31, 2005, Carmichael owned approximately 44% of Watt Carmichael.

5. G. Michael McKenney ("McKenney") is, and was at all material times, registered as the Chief Compliance Officer and Chief Financial Officer of Watt Carmichael.

Eugene Melnyk

6. Eugene N. Melnyk ("Melnyk") is the Chairman of the Board of Directors of Biovail Corporation ("Biovail"). From December 2001 to October 2004, Melnyk was Chairman and Chief Executive Officer of Biovail. Melnyk

[1] On May 18, 2007, the Commission approved a settlement agreement reached with Eugene N. Melnyk who had originally been named as a Respondent in this proceeding.

resigned as CEO of Biovail on October 8, 2004. Melnyk became Executive Chairman of the Board in November 2004 and relinquished this title on June 27, 2006. He has been a director of Biovail since March 1994. Melnyk is, and was at all material times, an insider of Biovail.

Biovail Corporation

7. Biovail is a reporting issuer in the province of Ontario within the meaning of subsection 1(1) of the *Securities Act* (the "Act"). The common shares of Biovail are listed and posted for trading on the TSX and the New York Stock Exchange.

The Cayman Trusts

8. In 1996, Eugene Melnyk established the following trusts: the Conset Trust, the Congor Trust, the Southridge Trust, and the Archer Trust (collectively referred to as the "Trusts"). Melnyk was the settlor of the Trusts, and he was also listed as a beneficiary in the Deeds of Settlement for the Trusts. Other beneficiaries included family members (including his wife and children) and certain friends of Melnyk. The trustees for each of the Trusts are professional corporations located in the Cayman Islands (the "Trustees").

9. The assets of the Trusts are held by investment companies and primarily consist of Biovail shares. The investment companies are: Conset Investments Limited ("Conset"), Congor Investments Limited ("Congor"), Southridge Management Limited ("Southridge") and Archer Investments Limited ("Archer") (collectively, the "Investment Companies"). The Investment Companies were incorporated under the laws of the Cayman Islands.

10. In 1996, Melnyk caused the transfer of over 1,100,000 Biovail shares to each of the Investment Companies from holdings of Biovail shares over which he exercised control or direction. In September of 1996, over 4 million additional shares were transferred to the Trusts, representing approximately 19% of the outstanding shares of Biovail at that time.

The Trusts' Trading Accounts

11. In 1996, trading accounts were opened at Watt Carmichael for Congor (the "Congor Account"), Conset (the "Conset Account"), Southridge (the "Southridge Account") and Archer (the "Archer Account"). The Archer Account was later transferred to BMO Nesbit Burns. The Congor, Conset and Southridge Accounts at Watt Carmichael are referred to collectively as the "Watt Carmichael Accounts".

12. Rowan is the registered representative for the Congor, Conset and Southridge Accounts. At all material times, while he was an insider of Biovail, Rowan exercised discretionary trading authority over the Congor, Conset and Southridge Accounts. The Southridge Account, however, was never documented as a discretionary trading account.

13. In addition, Biovail repurchased its own shares during its 2002 Normal Course Issuer Bid through a brokerage account held at Watt Carmichael. Rowan was the registered representative for Biovail's account at Watt Carmichael. Rowan was also the registered representative for personal trading accounts held at Watt Carmichael by Melnyk and his wife.

Rowan's Control or Direction over Biovail Securities

14. During 2002, 2003, and 2004 Rowan exercised or shared control or direction in relation to trading in the common shares of Biovail and Biovail call options in the Congor and Conset Accounts. As noted above, at all material times, while Rowan was a director of Biovail, he exercised discretionary trading authority over the Congor and Conset Accounts.

15. During 2002, while he was an insider of Biovail, Rowan engaged in the following discretionary trading in Biovail securities for the Conset and Congor Accounts:

(a) Rowan purchased in excess of 4,800,000 Biovail common shares at a cost of approximately U.S. $170,000,000, and sold in excess of 4,800,000 Biovail common shares for proceeds of approximately U.S. $160,000,000 in the Conset Account;

(b) Rowan purchased in excess of 9,000 Biovail call options at a cost of approximately U.S. $4,000,000 in the Conset Account; and

(c) Rowan purchased in excess of 1,700,000 Biovail common shares at a cost of approximately U.S. $70,000,000, and sold in excess of 1,500,000 Biovail common shares for proceeds of approximately U.S. $60,000,000 in the Congor Account.

16. Similarly, during 2003, while Rowan was an insider of Biovail, he engaged in the following discretionary trading in Biovail securities for the Conset and Congor Accounts:

(a) Rowan purchased in excess of 7,800,000 Biovail common shares at a cost of approximately U.S. $265,000,000, and sold in excess of 8,800,000 Biovail common shares for proceeds of approximately U.S. $290,000,000 in the Conset Account;

(b) Rowan purchased in excess of 12,000 Biovail call options at a cost of approximately U.S. $4,000,000 in the Conset Account;

(c) Rowan exercised Biovail call options to purchase in excess of 900,000 Biovail common shares at a cost of

approximately U.S. $25,000,000 in the Conset account; and

(d) Rowan purchased in excess of 25,000 Biovail common shares at a cost of approximately U.S. $1,000,000, and sold in excess of 650,000 Biovail common shares for proceeds of approximately $25,000,000 in the Congor Account.

17. During 2004, while Rowan was an insider of Biovail, he engaged in the following discretionary trading in Biovail securities for the Conset and Congor Accounts:

(a) Rowan purchased in excess of 150,000 Biovail shares at a cost of approximately U.S. $2,000,000, and sold in excess of 350,000 Biovail shares for proceeds of approximately $6,000,000 in the Conset Account; and

(b) Rowan sold 1,700 Biovail shares for proceeds in excess of U.S. $30,000 in the Congor Account.

Rowan's Trading in Southridge Account

18. During 2002, 2003, and 2004, while Rowan was an insider of Biovail, he engaged in the following trading in Biovail securities for the Southridge Account:

(a) Rowan purchased in excess of 600,000 Biovail common shares at a cost of approximately U.S. $25,000,000, and sold in excess of 700,000 Biovail common shares for proceeds of approximately U.S. $30,000,000 during 2002;

(b) Rowan purchased in excess of 3,500 Biovail call options (in respect of common shares of Biovail) at a cost of approximately U.S. $2,000,000 during 2002;

(c) Rowan purchased in excess of 800,000 Biovail common shares at a cost of approximately U.S. $25,000,000 and sold in excess of 800,000 Biovail common shares for proceeds of approximately U.S. $25,000,000 during 2003; and

(d) Rowan sold in excess of 375,000 Biovail common shares at a cost of approximately U.S. $8,000,000 during 2004.

19. Rowan purported to exercise discretionary trading authority in relation to trading in Biovail securities held in the Southridge Account. In fact, Rowan was not authorized to engage in discretionary trading, and the account was not documented as a discretionary trading account.

Commissions from Trading in Watt Carmichael Accounts

20. During 2002, commissions in excess of $900,000 were generated in the Watt Carmichael Accounts as a result of Rowan's trading activity. In 2003, this figure was over $1,400,000 and in 2004 this figure was over $50,000. Watt Carmichael received the commissions generated by these accounts. As a 29% shareholder of Watt Carmichael, Rowan benefited substantially from these commissions.

Reporting Requirements under Ontario Securities Law

21. Section 107 of the Act requires insiders to file insider reports in respect of securities of reporting issuers over which the insiders have "beneficial ownership" or "control or direction".

22. Specifically, section 107 of the Act provides as follows:

> (1) A person or company who becomes an insider of a reporting issuer other than a mutual fund, shall, within ten days from the day that he, she or it becomes an insider, or such shorter period as may be prescribed by the regulations, file a report as of the day on which he, she or it became an insider disclosing any direct or indirect beneficial ownership of or control or direction over securities of the reporting issuer as may be required by the regulations.
>
> (2) An insider who has filed or is required to file a report under this section or any predecessor section and whose direct or indirect beneficial ownership of or control or direction over securities of the reporting issuer changes from that shown or required to be shown in the report or in the latest report filed by the person or company under this section or any predecessor section shall, within 10 days from the day on which the change takes place, or such shorter period as may be prescribed by the regulations, file a report of direct or indirect beneficial ownership of or control or direction over securities of the reporting issuer as of the day on which the change took place and the change or changes that occurred, giving any details of each transaction as may be required by the regulations.

23. The term "insider" is defined in subsection 1(1) of the Act to include a director and senior officer of the reporting issuer, as well as any person who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the voting securities of the reporting issuer.

Rowan's Failure to File Insider Reports under Section 107 of the Act

24. As noted above, Rowan was an insider of Biovail. Rowan exercised or shared control or direction in relation

to the trading of the securities in Biovail in the Watt Carmichael Accounts. Subsection 107(2) of the Act required Rowan to file a report of each change in the holdings of Biovail securities held in each of the Congor, Conset and Southridge Accounts within ten days of the day the change took place.

25. While an insider of Biovail, Rowan executed numerous trades in the Congor, Conset and Southridge Accounts, as particularized above. Rowan repeatedly breached the requirements contained in Ontario securities law by failing to file any insider reports in respect of the numerous trades executed in 2002, 2003 and 2004 contrary to subsection 107(2) of the Act. Rowan has not filed any insider reports in relation to these trades to date.

Rowan's Unauthorized Trading in the Southridge Account

26. Rowan purported to exercise discretionary trading authority in the Southridge Account as described above. In fact, Rowan did not have discretionary trading authority over the Southridge Account. Rowan therefore engaged in improper trading contrary to the Know Your Client requirements set out in subsection 1.5(1) of OSC Rule 31-505 and contrary to the public interest.

Biovail Management Proxy Circulars

27. In May of 2002, 2003 and 2004, Biovail issued management information circulars. The purpose of these circulars was to solicit proxies for its annual meetings of shareholders held on June 25, 2002, June 20, 2003, and June 25, 2004 respectively.

28. Biovail was required to send these circulars by clause 86(1)(a) of the Act. At the time, section 176 of Ontario Regulation 1015 to the Act required an information circular to contain the information prescribed by Form 30 (now Form 51-102F5 under National Instrument 51-102 *Continuous Disclosure Obligations*).

29. Item 5 (para. vii) of Form 30 required disclosure of the following information:

> State the number of securities of each class of voting securities of the reporting issuer or of any subsidiary of the reporting issuer beneficially owned, directly or indirectly or over which control or direction is exercised by each proposed director.

Rowan's Failure to make Disclosures in Biovail Management Proxy Circulars

30. As a director, Rowan was required to provide complete and accurate information to Biovail to be disclosed in its 2002 Circular. The 2002 Circular stated that Rowan beneficially owned directly or indirectly or exercised control or direction over 1,217,953 Biovail common shares as at April 30, 2002. However, as at April 30, 2002, Rowan exercised or shared control or direction over, at least, an additional 3,982,102 Biovail common shares held in the Watt Carmichael Accounts.

31. Rowan was required to provide complete and accurate information to Biovail to be disclosed in its 2003 Circular. The 2003 Circular stated that Rowan beneficially owned directly or indirectly or exercised control or direction over 1,190,403 Biovail common shares as at April 30, 2003. However, as at April 30, 2003, Rowan exercised or shared control or direction over, at least, an additional 3,000,966 Biovail common shares in the Watt Carmichael Accounts.

32. Rowan was required to provide complete and accurate information to Biovail to be disclosed in its 2004 Circular. The 2004 Circular stated that Rowan beneficially owned directly or indirectly or exercised control or direction over 692,366 Biovail common shares as at April 30, 2004. However, as at April 30, 2004, Rowan exercised or shared control or direction over, at least, an additional 4,040,166 Biovail common shares in the Watt Carmichael Accounts.

33. Rowan engaged in conduct that was contrary to the public interest and contrary to Ontario securities law when he failed to provide complete and accurate information to Biovail concerning the number of Biovail common shares over which he exercised control or direction. As a result of Rowan's failure to disclose this information, the disclosure contained in Biovail's management proxy circulars between 2002 and 2004 was misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements in the circulars not misleading.

Rowan's Trading During Biovail Blackout Periods

34. Biovail adopted a policy effective December 5, 2001 entitled "Insider Trading, Reporting and Blackout Policy". The Biovail Insider Trading, Reporting and Blackout Policy stated, among other things, that:

> It is illegal for any director, officer or employee of the Company or any subsidiary of the Company to trade in the securities of the Company while in the possession of material non-public information concerning the Company. It is also illegal for any director, officer or employee of the Company to give material non-public information to others who may trade on the basis of that information. In order to comply with applicable securities laws governing (i) trading in Company securities while in the possession of material non-public information concerning the Company and (ii) tipping or disclosing material non-public information to outsiders, and in order to prevent the appearance of improper trading or tipping, the Company has adopted this Insider Trading Policy for all of its directors, officers and employees, members of their families and others living in their households, and investment partnerships and other entities (such as trusts and corporations) over which such directors, officers or employees have or share voting or investment control.

Directors, officers and employees are responsible for ensuring compliance by their families and other members of their households and entities over which they exercise voting or investment control.

This Insider Trading Policy applies to any and all transactions in the Company's securities, including its common shares and options to purchase common shares, warrants and any other type of securities that the Company may issue in the future.

….

Black-Out Periods

There is a mandatory seven (7) days blackout period for all employees of the Company prior to the release of quarterly and annual financial statements which shall continue until two (2) trading days after the time such information has been released to the public.

…

… Accordingly, effectively immediately, if any Member of the Board, Corporate Officer or Divisional Officer, intends to trade in the Company's shares, such person must inform either the Chairman of the Board or the Chief Legal Officer in advance so that a determination may be made as to whether there is any corporate reason to prevent such trading.

35. During 2002, there were three periods in which members of the Biovail Board of Directors were prohibited by this policy from trading in Biovail securities ("Biovail Blackout Periods"). The Biovail Blackout Periods in 2002 were as follows: February 7 to April 29, 2002; July 16, 2002 to July 29, 2002; and October 18, 2002 to October 31, 2002.

36. During 2003, there were four Biovail Blackout Periods. These were: February 21, 2003 to March 6, 2003; April 18, 2003 to May 1, 2003; July 14, 2003 to July 31, 2003; and September 30, 2003 to November 3, 2003.

37. In 2002, Rowan engaged in discretionary trading of Biovail common shares in the Conset, Congor and Southridge Accounts at Watt Carmichael during each of the Biovail Blackout Periods. Specifically, there were acquisitions in excess of 2,000,000 Biovail common shares at a cost of approximately U.S. $100,000,000, and dispositions in excess of 2,000,000 Biovail common shares for proceeds of approximately U.S. $90,000,000 during the 2002 Blackout Periods.

38. In 2003, Rowan engaged in discretionary trading of Biovail common shares in the Conset, Congor, and Southridge Accounts at Watt Carmichael during each of the Biovail Blackout Periods. Specifically, there were acquisitions in the Watt Carmichael Accounts in excess of 2,200,000 Biovail common shares at a cost of approximately U.S. $75,000,000, and acquisitions of 10,000 Biovail call options for proceeds of approximately U.S. $4,000,000. Further, 300,000 Biovail call options were exercised at a cost of approximately U.S. $10,000,000, and in excess of 2,700,000 Biovail common shares were sold from the Watt Carmichael Accounts for proceeds of approximately U.S. $90,000,000.

Rowan's Insider Trading

39. Section 76(1) of the Act prohibits trading by insiders with knowledge of material facts with respect to the reporting issuer that have not been generally disclosed. National Policy 51-201 *Disclosure Standards* provides guidance on best disclosure practices to ensure that everyone investing in securities has equal access to information which may affect their investment decisions. OSC Policy 33-601 provides registrants with *Guidelines for Policies and Procedures Concerning Inside Information* and Multilateral Policy 34-202 also provides guidance to *Registrants Acting as Corporate Directors*.

40. Rowan attended a number of board and audit committee meetings and received material undisclosed information concerning Biovail prior to and/or at the time of certain of these meetings. In particular, during 2002 and 2003, Rowan received the Biovail management reports in relation to the upcoming release of Biovail's quarterly earnings results.

41. Rowan breached the requirements contained in subsection 76(1) of the Act in that he traded Biovail shares held in the Congor, Conset and Southridge Accounts at times when he had knowledge of material undisclosed information contained in the management reports.

42. Specifically, Rowan engaged in the following trading of Biovail securities at times when he had knowledge of material undisclosed information contained in the management reports:

(a) between February 19 and February 21, 2002, 20,000 shares were purchased in and sold from the Conset Account and 45,000 shares were purchased in the Southridge Account;

(b) between April 23 and April 25, 2002, 681,500 shares were purchased in the Congor, Conset and Southridge Accounts. 45,000 shares were sold from the Congor Account, 35,000 shares were sold from the Conset Account and 33,000 shares were sold from the Southridge Account;

(c) on July 24, 2002, 59,000 shares were sold from the Conset Account;

(d) on March 3, 2003, 172,600 shares were purchased in the Conset Account; and

(e) between April 25 and April 29, 2003, 56,300 shares were purchased in the Conset Account.

Watt Carmichael and Rowan Materially Misled the IDA

43. On January 21, 2000, the IDA notified Watt Carmichael that it had completed a sales compliance review. In the course of this review, the IDA had requested various documents and information concerning the Conset and Congor Accounts. Specifically, the IDA had requested that Watt Carmichael provide copies of the trust agreements for both the Conset and Congor Accounts and that it state the identity of the beneficial owners of these accounts.

44. On May 24, 2000, the IDA requested further information from Watt Carmichael in relation to these items. In its request, the IDA wrote:

> "… As mentioned in our 1999 SCR [Sales Compliance Review of Watt Carmichael] the activities surrounding Mr. Eugene Melnyk's involvement in the Conset and Congor accounts do raise concerns regarding the beneficial ownership of these accounts since it appears that the Biovail holdings in these accounts may form part of Mr. Melynk's control position.
>
> … In addition, please forward any further documents that would identify the beneficial owners of the Conset and Congor accounts and documents to ascertain whether the Biovail holdings in these accounts form part of Mr. Melnyk's control position in Biovail."

45. On June 7, 2000, Rowan sent a memo to Melnyk enclosing a copy of the IDA's May 24, 2000 request. In the memo, Rowan wrote:

> "…Eugene, can we provide the IDA with some suitable response to get them to go away….If you do not wish to disclose the beneficiaries to the IDA (I don't see any harm in doing so), is there some declaration we can provide the IDA which states that Eugene Melnyk is not a beneficiary of the trust and therefore has no beneficial ownership in them. If we can provide the above, I am confident that we can get the IDA to go away. Please call me regarding this."

46. At the time of the Rowan's memo, Melnyk was listed as a beneficiary in the deeds of settlement for each of the Congor and Conset Trusts. Subsequent to Rowan's memo, Melnyk attempted to secure written confirmation from the Congor and Conset Trustees that he was not a beneficiary of either of the Congor or Conset Trusts.

47. In response to these requests, Melnyk received a letter from the Congor Trustees dated July 17, 2000 listing Melnyk as a beneficiary of the Congor Trust, as well as members of Melnyk's family and several of his friends.

48. The Conset Trustees also responded on July 17, 2000 with a letter listing the beneficiaries of that trust, which included members of Melnyk's family and several of his friends, but did not include Melnyk. At that time, however, the Conset deed of settlement specifically listed Melnyk as a beneficiary of the Conset trust.

49. On July 17, 2000, Melnyk forwarded the letters from the Congor and Conset Trustees to Rowan.

50. In letters dated July 24, 2000 from Melnyk to each of the Conset and Congor Trustees, Melnyk purported to revocably disclaim his interest in the Conset and Congor Trusts. In particular, Melnyk's letter stated:

> "Please note that this disclaimer of interest is revocable and may be revoked by me by letter in writing to you."

51. On August 1, 2000, Melnyk's U.S. counsel provided Watt Carmichael with a letter addressed to the IDA (the "August Letter"), which stated that:

> "Under the law of Cayman Islands, which governs those trusts, the identity of the beneficiaries of the Trusts is a matter of strictest confidence. Nonetheless, we have recently received written confirmation from each of the respective trustees of the Congor Trust and the Conset Trust regarding the current beneficiaries to the Trusts, and we have been authorized to confirm that Eugene Melnyk is not a beneficiary of either Trust. Nor, of course, is he a trustee of the Trusts."

52. On August 10, 2000, rather than providing the IDA with the lists of the beneficiaries of the Conset and Congor Trusts, as described in paragraphs 47 and 48 above, Watt Carmichael produced only the August Letter.

53. Rowan, as President of Watt Carmichael and the registered representative for the Congor and Conset Accounts, engaged in conduct contrary to the public interest. Specifically, having regard to information requested by the IDA, and the information available to Rowan concerning the identity of the beneficiaries as set out in letters from the Congor and Conset trustees dated July 17, 2000, Rowan knew or should have known that the August Letter provided responses that were misleading or untrue or did not state facts that were required to be stated to make the statements not misleading.

Rowan Materially Misled OSC Staff

54. During Rowan's examination under oath by OSC Staff on February 9, 2005, he was asked to identify the beneficial owner of Conset Investments. Rowan responded: "My understanding is there are a number of beneficiaries of the Trust. I don't have the list of

beneficiaries". In fact, Rowan had in his possession or control the letter dated July 17, 2000 from the Conset Trustees to Melnyk listing the beneficiaries of the Conset Trust, as described in paragraph 47 above. This information was not provided to OSC Staff at the time of Rowan's examination.

Failure to Supervise Rowan

55. Rule 31-505 of Ontario securities law, IDA Regulation 1300.2 and IDA Policy No. 2 require IDA members to supervise trading in client accounts and to implement procedures and policies to ensure that client accounts are supervised. Section 3.1 of Rule 31-505 provides as follows:

> "A registered dealer shall supervise each of its registered salesperson, officer and partner and a registered adviser shall supervise each of its registered officers and partners in accordance with Ontario securities law and terms or conditions imposed by the Director of the Commission on the registration of the salesperson, officer or partner of the dealer or the officer or partner of the advisor requiring that the actions of the registered salesperson, officer or partner of the registered dealer or the registered officer or partner of the registered adviser be supervised in a particular manner."

56. Further, IDA Regulation 1300.2 provides as follows:

> "Each member shall designate a director, partner or officer of, in the case of a branch office, a branch manager reporting directly to the designated director, partner or officer who shall be responsible for the opening of new accounts and the supervision of account activity. Each such designated person shall be approved by the applicable District Council and, where necessary to ensure continuous supervision, the Member may appoint one or more alternates to such designated person who shall be so approved. The director, partner or officer as the case may be, shall be responsible for establishing and maintaining procedures for account supervision and such persons, or in the case of a branch office, the branch manager shall ensure that the handling of client business is within the bounds of ethical conduct consistent with just and equitable principles of trade and not detrimental to the interests of the securities industry."

57. Watt Carmichael did not adequately supervise Rowan's trading in Biovail securities in the Congor, Conset and Southridge Accounts. Carmichael, in his capacity as Chairman and CEO, and McKenney, in his capacity as Chief Compliance Officer, failed to adequately supervise trading by Rowan and to address conflicts of interest despite indications that supervision was required.

58. Specifically, Carmichael and McKenney knew or should have known that:

(a) Rowan had multiple roles as a director of Biovail and member of Biovail's audit committee, and as the President of Watt Carmichael and the registered representative for the Congor, Conset and Southridge Accounts;

(b) Rowan engaged in discretionary trading in Biovail securities in 2002 and 2003 in the Congor, Conset and Southridge Accounts and therefore, Rowan, as an insider of Biovail, had reporting obligations under subsection 107(2) of the Act; and

(c) Rowan was required to cease trading in Biovail securities during the Biovail Blackout Periods. Rowan continued to engage in trading of Biovail securities in the periods prior to release of Biovail's quarterly earnings in 2002 and 2003 in circumstances where Rowan had knowledge, or potentially had knowledge, of material undisclosed information when he traded in Biovail securities.

59. As described above, Watt Carmichael's letter to the IDA dated August 10, 2000 (enclosing the August Letter) provided responses to the IDA that were misleading or untrue or did not state facts that were required to be stated to make the statements not misleading.

Conduct Contrary to the Public Interest

60. Staff allege that the conduct set out above of Rowan, Watt Carmichael, Carmichael and McKenney violated Ontario securities law as specified and constituted conduct contrary to the public interest.

61. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 5th day of June, 2007.

1.2 Notices of Hearing

1.2.1 Stanton De Freitas - ss. 127(1), 127(5)

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

AND

IN THE MATTER OF
STANTON DE FREITAS

NOTICE OF HEARING
(Subsections 127(1) and (5))

TAKE NOTICE THAT the Ontario Securities Commission will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, in the Large Hearing Room on the 17th Floor, 20 Queen Street West, Toronto, Ontario on June 14, 2007 commencing at 10:00 a.m., or as soon thereafter as the hearing can be held;

TO CONSIDER whether, pursuant to section 127 of the Act, it is in the public interest for the Commission:

(a) pursuant to s. 127(7), to extend the temporary order made by the Commission on May 30, 2007 (the "Temporary Order") until the final disposition of this matter or until the Commission considers appropriate; and

(b) to make such other order as the Commission considers appropriate.

BY REASON OF the particulars as set out in the Temporary Order, and such additional reasons as Staff may advise and the Commission may permit;

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

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

DATED at Toronto this 1st day of June, 2007.

"Daisy Aranha"
per: John Stevenson
Secretary to the Commission

1.4 Notices from the Office of the Secretary

1.4.1 Stanton De Freitas

FOR IMMEDIATE RELEASE
June 1, 2007

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

AND

IN THE MATTER OF
STANTON DE FREITAS

TORONTO – The Office of the Secretary issued a Notice of Hearing today scheduling a hearing pursuant to s. 127 of the *Securities Act* on June 14, 2007 commencing at 10:00 a.m. in the above noted matter to consider whether it is in the public interest to extend the Temporary Order made by the Commission on May 30, 2007 until the final disposition of this matter or until the Commission considers appropriate.

A copy of the Notice of Hearing and 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 & 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 Jason Wong et al.

FOR IMMEDIATE RELEASE
June 1, 2007

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

AND

IN THE MATTER OF
JASON WONG, DAVID WATSON, NATHAN ROGERS, AMY GILES, JOHN SPARROW, KERVIN FINDLAY, LEASESMART, INC., ADVANCED GROWING SYSTEMS, INC., PHARM CONTROL LTD., THE BIGHUB.COM, INC., UNIVERSAL SEISMIC ASSOCIATES INC., POCKETOP CORPORATION, ASIA TELECOM LTD., INTERNATIONAL ENERGY LTD., CAMBRIDGE RESOURCES CORPORATION, NUTRIONE CORPORATION AND SELECT AMERICAN TRANSFER CO

TORONTO – Following the hearing held today in the above matter, the Commission ordered that:

1. the hearing to extend the Temporary Orders is adjourned until June 25, 2007 at 2:15 p.m.; and

2. pursuant to subsection 127 (8) of the Act, the Temporary Orders are extended until June 25, 2007 or until further order of the Commission, with the exception that the part of the Temporary Orders which order that any exemptions contained in Ontario securities law do not apply to the Respondents shall not be extended.

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

OFFICE OF THE SECRETARY
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1.4.3 Sterling Centrecorp Inc. et al.

FOR IMMEDIATE RELEASE
June 4, 2007

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

AND

IN THE MATTER OF
STERLING CENTRECORP INC., AND SCI ACQUISITION INC.

AND

IN THE MATTER OF
FIRST CAPITAL REALTY INC. AND GAZIT CANADA INC.

TORONTO – Following a hearing held on May 17, 2007 to consider the Application of First Capital Realty Inc. and Gazit Canada Inc. (together the Applicants) for orders pursuant to subsections 104(1) and 127(1) of the Securities Act, the Commission issued an Order today with reasons to be released shortly.

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

OFFICE OF THE SECRETARY
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1.4.4 Mega-C Power Corporation et al.

FOR IMMEDIATE RELEASE
June 6, 2007

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

AND

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

TORONTO – Staff of the Ontario Securities Commission filed today a Notice of Withdrawal against the respondent Mega-C Power Corporation as of June 4, 2007.

A copy of the Notice of Withdrawal is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.5 Roger D. Rowan et al.

FOR IMMEDIATE RELEASE
June 6, 2007

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

AND

IN THE MATTER OF
ROGER D. ROWAN, WATT CARMICHAEL INC.,
HARRY J. CARMICHAEL AND
G. MICHAEL McKENNEY

TORONTO – Staff of the Commission filed today an Amended Statement of Allegations in the above matter.

A copy of the Amended Statement of Allegations dated June 5, 2007 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.6 Eugene N. Melnyk et al.

FOR IMMEDIATE RELEASE
June 6, 2007

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

AND

IN THE MATTER OF
EUGENE N. MELNYK, ROGER D. ROWAN,
WATT CARMICHAEL INC.,
HARRY J. CARMICHAEL AND
G. MICHAEL McKENNEY

TORONTO – Following the settlement hearing with respect to Eugene N. Melnyk held on May 18, 2007, the Commission issued its Reasons For Decision today.

A copy of the Reasons For Decision is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 S Split Corp. - MRRS Decision

Headnote

Mutual Reliance System for Exemptive Relief Applications – Exemptive relief granted to an exchange traded fund from certain mutual fund requirements and restrictions on:, investments, , calculation and payment of redemptions, preparation of compliance reports, and date of record for payment of distributions – Since investors will generally buy and sell units through 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), 10.3, 10.4, 12.1(1), 14.1, 19.1.

April 27, 2007

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

AND

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

AND

IN THE MATTER OF
S 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 from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that exempts the Filer from the following requirements of National Instrument 81-102 – *Mutual Funds* ("**NI 81-102**") in connection with the Class A Shares and the Preferred Shares (as defined below) to be issued by the Filer and described in the preliminary prospectus dated March 30, 2007 (the "**Preliminary Prospectus**"):

(a) section 2.1(1), which prohibits a mutual fund from purchasing a security of an issuer if, immediately after the transaction, more than 10 percent of the net assets of the mutual fund, taken at market value at the time of the transaction, would be invested in securities of the issuer;

(b) section 10.3, which requires that the redemption price of a security of a mutual fund to which a redemption order pertains shall be the net asset value of a security of that class, or series of class, next determined after the receipt by the mutual fund of the order;

(c) subsection 10.4(1), which requires that a mutual fund shall pay the redemption price for securities that are the subject of a redemption order within three business days after the date of calculation of the net asset value per security used in establishing the redemption price;

(d) subsection 12.1(1), which requires a mutual fund that does not have a principal distributor to complete and file a compliance report, and accompanying letter of the auditor, in the form and within the time period mandated by subsection 12.1(1); and

(e) section 14.1, which requires that the record date for determining the right of security holders of a mutual fund to receive a dividend or distribution by the mutual fund shall be calculated in accordance with section 14.1.

Under the Mutual Reliance Review System for Exemptive Relief Applications

(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. The Filer's promoter and investment manager is Mulvihill Capital Management Inc. ("**MCM**"), and its manager is Mulvihill Fund Services Inc. (the "**Manager**"), a wholly-owned subsidiary of MCM. The head office of the Manager is located in the province of Ontario.

The Offering

2. The Filer will make an offering (the "**Offering**") to the public, on a best efforts basis, of class A shares (the "**Class A Shares**") and preferred shares (the "**Preferred Shares**") (collectively, the "**Shares**") in each of the provinces of Canada. A unit will consist of one Class A Share and one Preferred Share (a "**Unit**").

3. The Shares are expected to be listed and posted for trading on the Toronto Stock Exchange (the "**TSX**"). An application requesting conditional listing approval has been made by the Filer to the TSX.

The Shares

4. The Filer's objectives in respect of the Class A Shares are: (i) to provide holders of Class A Shares with monthly cash distributions in an amount targeted to be 6.00% per annum on the net asset value of the Class A Shares; and (ii) to provide holders of Class A Shares with the opportunity for leveraged growth in net asset value and distributions per Class A Share.

5. The Filer's objectives in respect of the Preferred Shares are: (i) to provide holders of Preferred Shares with fixed cumulative preferential monthly cash distributions in the amount of $0.04375 per Preferred Share ($0.525 per year) representing a yield on the issue price of the Preferred Shares of 5.25% per annum; and (ii) to return the issue price of $10.00 per Preferred Share to holders of Preferred Shares at the time of redemption of such shares on December 1, 2014 (the "**Termination Date**").

6. The net proceeds from the offering will be invested in a portfolio of common shares of The Bank of Nova Scotia ("**BNS Shares**").

7. To generate additional distributable income for the Filer, the Filer may from time to time write covered call options in respect of all or part of its BNS Shares.

8. The Shares may be surrendered for retraction at any time and will be retracted on a monthly basis on the last business day of each month (a "**Valuation Date**"), provided such shares are surrendered for retraction not less than 10 business days prior to the Valuation Date. The Filer will make payment for any shares retracted on or before the fifteenth business day of the following month.

9. Shareholders also have an annual retraction right under which they may concurrently retract an equal number of Class A Shares and Preferred Shares on the June Valuation Date in each year. The price paid by the Fund for such a concurrent retraction will be equal to the net asset value per Unit calculated as of such date, less any costs associated with the retraction.

10. The retraction payments for the Shares surrendered for retraction on the Valuation Date will be calculated at a discount to the net asset value per Unit of the Filer on the applicable Valuation Date in the manner described in the Preliminary Prospectus.

11. Any Shares outstanding on the Termination Date will be redeemed by the Filer on such date.

12. The Offering of the Shares by the Filer is a one-time offering and the Filer will not continuously distribute the Shares.

13. It will be the policy of the Filer to invest exclusively in BNS Shares and, from time to time, to write covered call options and cash-covered put options in respect of BNS Shares.

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

(a) section 2.1(1) - to enable the Filer to invest all of its net assets in the BNS Shares, provided that the Filer does not become an insider of The Bank of Nova Scotia as a result of such investment;

(b) section 10.3 - to permit the Filer to calculate the retraction price for the Class A Shares and the Preferred Shares in the manner described in the Preliminary Prospectus and on the applicable Valuation Date as defined in the Preliminary Prospectus, following the surrender of Class A Shares and Preferred Shares for retraction;

(c) subsection 10.4(1) - 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;

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

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

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

2.1.2 Churchill Debenture Corp. - s. 1(10)

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).

May 30, 2007

McCullough O'Connor Irwin LLP
1100 - 888 Dunsmuir Street
Vancouver, BC V6C 3K4

Attention: Lesley Hobden

Dear Madam:

Re: Churchill Debenture Corp. (the Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba and Ontario (the Jurisdictions)

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

Relief requested granted on the 30th day of May, 2007.

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.3 Northwest Money Market Fund et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Exemption from subsection 5.3.1(a) of National Instrument 81-102 Mutual Funds requiring it to obtain the approval of an independent review committee under NI 81-107 Independent Review Committee for Investment Funds prior to changing the funds' auditor.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.3.1(a),19.1.

May 24, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND, NEWFOUNDLAND AND LABRADOR, 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
NORTHWEST MONEY MARKET FUND, NORTHWEST CANADIAN EQUITY FUND, NORTHWEST CANADIAN BOND FUND, NORTHWEST CANADIAN DIVIDEND FUND, NORTHWEST GROWTH AND INCOME FUND, NORTHWEST GLOBAL EQUITY FUND (FORMERLY NORTHWEST FOREIGN EQUITY FUND), NORTHWEST U.S. EQUITY FUND, NORTHWEST EAFE FUND, NORTHWEST SPECIALTY HIGH YIELD BOND FUND, NORTHWEST SPECIALTY GLOBAL HIGH YIELD BOND FUND, NORTHWEST SPECIALTY EQUITY FUND, NORTHWEST SPECIALTY INNOVATIONS FUND, NORTHWEST SPECIALTY GROWTH FUND INC., NORTHWEST QUADRANT CONSERVATIVE PORTFOLIO, NORTHWEST QUADRANT GROWTH AND INCOME PORTFOLIO, NORTHWEST QUADRANT ALL EQUITY PORTFOLIO, NORTHWEST QUADRANT MONTHLY INCOME PORTFOLIO
(the "Northwest Funds")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Northwest Funds and Northwest Mutual Funds Inc. (the "Manager") for a decision under section 19.1 of National Instrument 81-102 *Mutual Funds* (the "Legislation" or "NI 81-102") for an exemption from the requirement contained in subsection 5.3.1 of NI 81-102 requiring the approval of an independent review committee under National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107) prior to changing the Northwest Funds' auditor (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 Applicant:

1. The Manager acts as the manager and trustee of the Northwest Funds.

2. The Northwest Funds, other than Northwest Specialty Growth Fund Inc., are open-ended mutual fund trusts governed by the laws of the Province of Ontario. Northwest Specialty Growth Fund Inc. is a mutual fund corporation governed by the *Companies Act* (Quebec).

3. The Northwest Funds are currently qualified for distribution in all of the provinces and territories of Canada under the simplified prospectus and annual information form dated June 14, 2006, amended March 1st, 2007 (the Simplified Prospectus).

4. The Northwest Funds are reporting issuers under the securities legislation of each of the provinces and territories of Canada. To the knowledge of the Applicant, none of the Northwest Funds is in material default of any of the requirements of the securities legislation in any of the provinces or territories of Canada.

5. For business considerations the Manager has determined that it is in the interests of the Northwest Funds that their current auditor Raymond Chabot Grant Thornton LLP be replaced by PricewaterhouseCoopers LLP.

6. To the knowledge of the Applicant, there have been no "reportable events" within the meaning of such term under National Instrument 51-102 in relation to the Northwest Funds' two most recently completed financial years.

7. None of the Northwest Funds has yet established an independent review committee under NI 81-107.

8. Each of the Northwest Funds shall establish an independent review committee within the timelines set out in NI 81-107.

9. Without the Requested Relief, the Northwest Funds are unable to comply with the requirement of NI 81-102, implemented coincidentally with the introduction of NI 81-107, that an independent review committee approve a change in auditor of a mutual fund.

10. For the purpose of considering the approval of the proposed change in auditor, the Manager will appoint an *ad hoc* committee which will consist of at least 3 persons each of whom will be "independent", as such term is defined in NI 81-107 (the "Independent Group").

11. The Independent Group will not approve the change in auditors unless it has determined, after reasonable inquiry, that the change:

    (a) is proposed by the Manager free from any influence by an entity related to the Manager and without taking into account any consideration relevant to an entity related to the Manager;

    (b) represents the business judgment of the Manager uninfluenced by considerations other than the best interests of the Northwest Funds; and

    (c) achieves a fair and reasonable result for the Northwest Funds.

12. Each member of the Independent Group in considering the proposed change in auditor will:

    (a) act honestly and in good faith, with a view to the best interests of the Northwest Funds; and

    (b) exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

13. The Northwest Funds will not relieve the members of the Independent Group from liabilities for losses

that arise from a failure to satisfy the standard of care set out in paragraph 12 above.

14. The cost of any indemnification or insurance coverage paid for by the Manager or any associate or affiliate of the Manager to indemnify or insure the members of the Independent Group in respect of a loss that arises out of a failure to satisfy the standard of care set out in paragraph 12 above will not be paid either directly or indirectly by the Northwest Funds.

15. The Simplified Prospectus discloses that securityholders of the Northwest Funds will be sent a written notice at least 60 days before the effective date of the change of auditor.

16. The Applicant will comply with the reporting requirements related to a change in auditor under Part 13 of National Instrument 81-106 Investment Fund Continuous Disclosure.

Decision

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

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

(a) prior to the Change of Auditor being completed, the Independent Group has reviewed and approved the Change of Auditor and that each member, after reasonable inquiry, is of the opinion that the Change of Auditor:

  (i) is proposed by the Manager free from any influence by an entity related to the Manager and without taking into account any consideration relevant to an entity related to the Manager;

  (ii) represents the business judgment of the Manager uninfluenced by considerations other than the best interests of the Northwest Funds; and

  (iii) achieves a fair and reasonable result for the Northwest Funds;

(b) securityholders of the Northwest Funds will be sent a written notice at least 60 days before the effective date of the change of auditor; and

(c) there are no “reportable events” as defined in NI 81-106.

"Leslie Byberg"
Manager, Investment Funds
Ontario Securities Commission

2.1.4 Goodman & Company, Investment Counsel Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Exemption from subsection 4.1(1) of National Instrument 81-102 Mutual Funds to allow a dealer managed mutual fund to invest in securities of an issuer during the prohibition period – affiliate of the Dealer Manager acted as an underwriter in connection with the distribution of securities of the issuer.

Applicable Legislative Provisions

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

May 22, 2007

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

AND

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

AND

GOODMAN & COMPANY, INVESTMENT COUNSEL LTD.
(the Applicant or Dealer Manager)

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, on behalf of the fund for which it acts as portfolio adviser, listed in Appendix "A" (the **Fund** or **Dealer Managed Fund**) for a decision under section 19.1 of National Instrument 81-102 *Mutual Funds* (**NI 81-102** or the **Legislation**) for:

- an exemption from subsection 4.1(1) of NI 81-102 to enable the Dealer Managed Fund to invest in units (the **Units**) of Salazar Resources Limited (the **Issuer**), each Unit consisting of one common share (each a **Common Share**) of the Issuer and one Common Share purchase warrant (each a **Warrant**, and collectively with the Units and Common Shares, the **Securities**) during the period of distribution for the Units (the **Distribution**) and to invest in Securities during the 60-day period (the **60-Day Period**) following completion of the Distribution (the Distribution and the 60-Day Period together, the **Prohibition Period**), notwithstanding that an associate or an affiliate of the Dealer Manager acts or has acted as an underwriter in connection with the offering (the **Offering**) of Units of the Issuer pursuant to a private placement, on a bought deal basis, in the Jurisdictions, in the United States and in other jurisdictions as determined by the Issuer prior to the Closing Date (as defined below) (the **Requested Relief**).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

It is the responsibility of each of the Decision Makers to make a global assessment of the risks involved in granting exemptive relief from the Investment Restriction in relation to the specific facts of each application.

Interpretation

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

Representations

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

1. The Dealer Manager is a "dealer manager" with respect to the Dealer Managed Fund, and the Dealer Managed Fund is a "dealer managed mutual fund", as such terms are defined in section 1.1 of NI 81-102.

2. The head office of the Dealer Manager is in Toronto, Ontario.

3. The securities of the Dealer Managed Fund are qualified for distribution in all of the provinces and territories of Canada pursuant to a simplified prospectus that has been prepared and filed in accordance with the applicable securities legislation.

4. The Offering is being underwritten, subject to certain terms, by a syndicate which will include Dundee Securities Corporation (the **Related Underwriter**), an affiliate of the Dealer Manager, among others (the Related Underwriters and any other underwriters, which are now or may become part of the syndicate prior to closing, the **Underwriters**).

5. As described in the retail term sheet dated May 10, 2007 (the **Term Sheet**), the Issuer is a British Columbia corporation conducting mineral exploration in Ecuador, led by a senior Ecuadorian management team. The Issuer has two principal properties in Ecuador which will both be the focus of exploration efforts in 2007.

6. According to the Term Sheet, the Offering is expected to be comprised of 2,000,000 Units at a price of $3.00 per Unit and a drawdown price of $2.88 per Unit, with the gross proceeds of the Offering expected to be approximately $6,000,000. In addition, the Underwriters will be granted an option (the **Over-Allotment Option**) to purchase up to an additional 1,500,000 Units exercisable until 48 hours prior to the closing date for additional gross proceeds of approximately $4,500,000.

7. According to the Term Sheet, each Warrant will entitle the holder to subscribe for one additional Common Share (each a **Warrant Share**) at a price of $4.00 per Warrant Share and will expire 24 months from the closing of the Offering (the **Closing**), which is expected to occur on or about May 31, 2007 (the Closing Date).

8. According to the Term Sheet, the net proceeds of the Offering will be used to continue exploration on the Issuer's mineral properties and for general working capital.

9. According to the Term Sheet, the Issuer will cause the Common Shares issued as part of the Units and the Warrant Shares to be listed on the TSX Venture Exchange (the **TSXV**) and other exchanges, as appropriate. In addition, the Issuer will use its best efforts to list the Warrants on the TSXV after the expiry of the four month hold period on the Units, subject to adequate distribution.

10. As described in the Term Sheet, the Issuer will not issue or sell any Common Shares or financial instruments convertible or exchangeable into Common Shares of the Issuer, other than for purposes of employee stock options or to satisfy warrants, agreements, instruments or other arrangements issued or existing as of the date of the Term Sheet, without the prior written consent of Canaccord Capital Corporation (an Underwriter), such consent not to be unreasonably withheld.

11. The Term Sheet does not disclose that the Issuer is a "related issuer" or "connected issuer" as defined in National Instrument 33-105 – *Underwriting Conflicts* (**NI 33-105**), of the Related Underwriter.

12. Despite the affiliation between the Dealer Manager and the Related Underwriter, they operate independently of each other. In particular, the investment banking and related dealer activities of the Related Underwriter and the investment portfolio management activities of the Dealer Manager are separated by "ethical" walls. Accordingly, no information flows from one to the other concerning their respective business operations or activities generally, except in the following or similar circumstances:

    (a) in respect of compliance matters (for example, the Dealer Manager and the Related Underwriter may communicate to enable the Dealer Manager to maintain an up to date restricted-issuer list to ensure that the Dealer Manager complies with applicable securities laws); and

    (b) the Dealer Manager and the Related Underwriter may share general market information such as discussion on general economic conditions, bank rates, etc.

13. The Dealer Managed Fund is not required or obligated to purchase any Securities during the Prohibition Period.

14. The Dealer Manager may cause the Dealer Managed Fund to invest in Securities during the Prohibition Period. Any purchase of the Securities will be consistent with the investment objectives of the Dealer Managed Fund and represent the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund or in fact be in the best interests of the Dealer Managed Fund.

15. To the extent that the same portfolio manager or team of portfolio managers of the Dealer Manager manages the Dealer Managed Fund and other client accounts that are managed on a discretionary basis (the **Managed Accounts**), the Securities purchased for them will be allocated:

    (a) in accordance with the allocation factors or criteria stated in the written policies or procedures put in place by the Dealer Manager for the Dealer Managed Fund and Managed Accounts, and

    (b) taking into account the amount of cash available to each Dealer Managed Fund for investment.

16. There will be an independent committee (the **Independent Committee**) appointed in respect of the Dealer Managed Fund to review the Dealer Managed Fund's investments in Securities during the Prohibition Period.

17. The Independent Committee will have at least three members and every member must be

independent. A member of the Independent Committee is not independent if the member has a direct or indirect material relationship with its Dealer Manager, the Dealer Managed Fund, or any affiliate or associate thereof. For the purpose of this Decision, a material relationship means a relationship which could, in the view of a reasonable person, reasonably interfere with the exercise of the member's independent judgment regarding conflicts of interest facing the Dealer Manager.

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

19. The Dealer Manager, in respect of the Dealer Managed Fund, will notify a member of staff in the Investment Funds Branch of the Ontario Securities Commission, of the filing of the SEDAR Report (as defined below) on SEDAR, as soon as practicable after the filing of such report, and the notice shall include the SEDAR project number of the SEDAR Report and the date on which it was filed.

20. Except as described above, the Dealer Manager has not been involved in the work of the Related Underwriter and the Related Underwriter has not been and will not be involved in the decisions of the Dealer Manager as to whether the Dealer Managed Fund will purchase Securities during the Prohibition Period.

Decision

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

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

The Decision of the Decision Makers under the Legislation is that the Requested Relief is granted, notwithstanding that the Related Underwriter acts or has acted as underwriter in the Offering provided that the following conditions are satisfied:

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

(a) the Purchase

(i) represents the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or

(ii) is, in fact, in the best interests of the Dealer Managed Fund;

(b) the Purchase is consistent with, or is necessary to meet, the investment objective of the Dealer Managed Fund as disclosed in its simplified prospectus; and

(c) the Dealer Managed Fund does not place the order to purchase, on a principal or agency basis, with its Related Underwriter;

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

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

(b) in connection with any Purchase,

(i) there are stated factors or criteria for allocating the Securities purchased for the Dealer Managed Fund and other Managed Accounts, and

(ii) there is full documentation of the reasons for any allocation to a Dealer Managed Fund or Managed Account that departs from the stated allocation factors or criteria;

III. The Dealer Manager does not accept solicitation by its Related Underwriter for the Purchase of Securities for the Dealer Managed Fund;

IV. The Related Underwriter does not purchase Units in the Offering for its own account except Units that are sold by the Related Underwriter on Closing;

V. The Dealer Managed Fund has an Independent Committee to review the Dealer Managed Fund's investments in Securities during the Prohibition Period;

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

VII. The members of the Independent Committee exercise their powers and discharge their duties honestly, in good faith, and in the best interests of

investors in the Dealer Managed Fund and, in so doing, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances;

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

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

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

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

(a) the following particulars of each Purchase:

(i) the number of Securities purchased by the Dealer Managed Fund;

(ii) the date of the Purchase and purchase price;

(iii) whether it is known whether any Underwriter or syndicate member has engaged in market stabilization activities in respect of the Securities;

(iv) if Securities were purchased for the Dealer Managed Fund and other Managed Accounts of the Dealer Manager, the aggregate amount so purchased and the percentage of such aggregate amount that was allocated to the Dealer Managed Fund; and

(v) the dealer from whom the Dealer Managed Fund purchased the Securities and the fees or commissions, if any, paid by the Dealer Managed Fund in respect of such Purchase;

(b) a certification by the Dealer Manager that the Purchase:

(i) was made free from any influence by the Related Underwriter or any affiliate or associate thereof and without taking into account any consideration relevant to the Related Underwriter or any associate or affiliate thereof; and

(ii) represented the business judgment of the Dealer Manager uninfluenced by considerations other than the best interest of the Dealer Managed Fund, or

(iii) was, in fact, in the best interests of the Dealer Managed Fund;

(c) confirmation of the existence of the Independent Committee to review the Purchase of the Securities by the Dealer Managed Fund, the names of the members of the Independent Committee, the fact that they meet the independence requirements set forth in this Decision, and whether and how they were compensated for their review;

(d) a certification by each member of the Independent Committee that after reasonable inquiry the member formed the opinion that the policies and procedures referred to in Condition II(a) above are adequate and effective to ensure compliance with this Decision and that the decision made on behalf of the Dealer Managed Fund by the Dealer Manager to purchase Securities for the Dealer Managed Fund and each Purchase by the Dealer Managed Fund:

(i) was made in compliance with the conditions of this Decision;

(ii) was made by the Dealer Manager free from any influence by the Related Underwriter or any affiliate or associate thereof and without taking into account any consideration relevant to the Related Underwriter or any associate or affiliate thereof; and

(iii) represented the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or

(iv) was, in fact, in the best interests of the Dealer Managed Fund.

XII. The Independent Committee advises the Decision Makers in writing of:

(a) any determination by it that the condition set out in paragraph XI(d) has not been satisfied with respect to any Purchase of the Securities by the Dealer Managed Fund;

(b) any determination by it that any other condition of this Decision has not been satisfied;

(c) any action it has taken or proposes to take following the determinations referred to above; and

(d) any action taken, or proposed to be taken, by the Dealer Manager or a portfolio manager of the Dealer Managed Fund, in response to the determinations referred to above.

XIII. For Purchases of Units during the Distribution only, the Dealer Manager:

(a) expresses an interest to purchase on behalf of the Dealer Managed Fund and Managed Accounts a fixed number of Units (the **Fixed Number**) to an Underwriter other than its Related Underwriter;

(b) agrees to purchase the Fixed Number or such lesser amount as has been allocated to the Dealer Manager no more than five (5) business days after the closing of the Offering;

(c) does not place an order with an underwriter of the Offering to purchase an additional number of Units under the Offering prior to the completion of the Distribution, provided that if the Dealer Manager was allocated less than the Fixed Number at the time of the closing of the Offering for the purposes of the Closing, the Dealer Manager may place an additional order for such number of additional Units equal to the difference between the Fixed Number and the number of Units allotted to the Dealer Manager, in the event that the Over-Allotment Option is exercised at the time of the closing of the Offering; and

(d) does not sell Units purchased by the Dealer Manager under the Offering, prior to the listing of the Common Shares on the TSXV;

XIV. Each Purchase of Common Shares during the 60-Day Period is made on the TSXV or on another recognized stock exchange; and

XV. For Purchases of Common Shares during the 60-Day Period only, an underwriter provides to the Dealer Manager written confirmation that the dealer restricted period in respect of the Offering, as defined in OSC Rule 48-501, *Trading During Distributions, Formal Bids and Share Exchange Transactions*, has ended.

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

Appendix "A"

THE MUTUAL FUNDS

Dynamic Funds

Dynamic Precious Metals Fund

2.1.5 Genesys Conferencing Ltd. - s. 1(10)b

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)b.

May 30, 2007

Stikeman Elliott LLP
1155 René-Lévesque Blvd. W.
40th Floor
Montreal, Quebec
H3B 3V2

Dear Mr. Brassard:

Re: Genesys Conferencing Ltd. (the "Applicant") - Application for an order under clause 1(10)(b) of the Securities Act (Ontario) that the Applicant is not a reporting issuer

The Applicant has applied to the Ontario Securities Commission for an order under clause 1(10)(b) of the Act that the Applicant is not a reporting issuer.

As the Applicant has represented to the Commission that:

(a) The outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in Ontario and less than 51 security holders in Canada;

(b) No securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

(c) The Applicant is not in default of any of its obligations under the Act as a reporting issuer; and

(d) The Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director granting the relief requested.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is not a reporting issuer.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.6 Yellow Pages Income Fund and YPG Holdings Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – reporting issuer an indirect subsidiary of a publicly held income fund – reporting issuer principle borrowing entity for fund – reporting issuer exempt from requirements contained in National Instrument 51-102 Continuous Disclosure Obligations provided that, among other things, the business of the reporting issuer remains the same as the business of the fund and that the fund does not hold a material interest in a business other than the reporting issuer and its subsidiaries – insiders of reporting issuer exempt from insider reporting requirements, subject to conditions – issuer exempt from requirements to file annual certificates and interim certificates under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, subject to conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 121(2)(a)(ii).
National Instrument 51-102 Continuous Disclosure Obligations, ss. 13.1, 13.4.
National Instrument 55-102 System for Electronic Disclosure by Insiders, s. 6.1.
Multilateral Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings, s. 4.5.

May 10, 2007

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

AND

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

AND

IN THE MATTER OF
YELLOW PAGES INCOME FUND (the "Fund")
AND
YPG HOLDINGS INC. ("YPG Holdings")
(collectively, the "Filers")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Filers for a decision under the securities legislation of each of the Jurisdictions (the "Legislation") granting to YPG Holdings, subject to certain terms and conditions, an exemption from the following requirements:

(A) the continuous disclosure requirements contained in the Legislation, including requirements under National Instrument 51-102 - *Continuous Disclosure Obligations* (the "Continuous Disclosure Requirements")

(B) the certification requirements contained in Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* (the "Certification Requirements"); and

to the insiders of YPG Holdings, subject to certain terms and conditions, an exemption from:

(C) the insider reporting requirements and the requirement to file an insider profile under National Instrument 55-102 – *System for Electronic Disclosure by Insiders* (SEDI) in respect of its securities (collectively, the "Insider Reporting Requirements").

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. References in this decision to "fully diluted basis" mean assuming the exercise of any outstanding exchange rights, conversion rights, options or other similar rights in respect of the securities of the Fund, YPG Trust, YPG LP, YPG General Partner Inc. ("YPG GP") or YPG Holdings or any of its subsidiaries.

Representations

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

1. The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated June 25, 2003 (as amended on July 24, 2003, July 30, 2003 and May 10, 2005) (the "Fund Declaration of Trust").

2. The Fund Declaration of Trust provides that the operations and activities of the Fund are restricted to:

a) investing in securities issued by YPG Trust;

b) temporarily holding cash in interest-bearing accounts, short-term government debt or short-term investment grade corporate debt for the purposes of paying the expenses and liabilities of the Fund, paying amounts payable by the Fund in connection with the redemption of units or other securities of the Fund and making distributions to unitholders;

c) issuing units or securities convertible into units (i) for cash, (ii) in satisfaction of any non-cash distribution, (iii) in order to acquire securities, (iv) pursuant to any distribution reinvestment plans, incentive option plans or other compensation plans, if any, established by the Fund; or (v) under the Liquidity Agreements (as such term is defined in the Fund's prospectus dated July 24, 2003);

d) issuing debt securities;

e) guaranteeing the payment of any indebtedness, liability or obligation of YPG LP, YPG Holdings or Yellow Pages Group Co. ("YPG Co.") or the performance of any obligation of any of them, and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of its assets as security for such guarantee, and subordinating its rights under the notes of YPG Trust (the "Trust Notes") to other indebtedness;

f) disposing of any part of the assets of the Fund;

g) issuing rights and units pursuant to any unitholder rights plan adopted by the Fund;

h) purchasing securities pursuant to any issuer bid made by the Fund;

i) satisfying the obligations, liabilities or indebtedness of the Fund; and

j) undertaking all other usual and customary actions for the conduct of the activities of the Fund in the ordinary course as are approved by the trustees of the Fund from time to time, or as are contemplated by the Fund Declaration of Trust.

3. The Fund holds all of the issued and outstanding units of YPG Trust (the "Trust Units") and the Trust Notes.

4. YPG Trust is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated July 24, 2003 (as amended on July 30, 2003 and on May 10, 2005) (the "YPG Trust Declaration of Trust").

5. The YPG Trust Declaration of Trust, provides that the operations and activities of YPG Trust are restricted to:

a) investing in securities, including those issued by YPG LP and YPG GP;

b) issuing Trust Units;

c) issuing debt securities, including the Trust Notes;

d) redeeming Trust Units;

e) purchasing securities issued by YPG Trust;

f) guaranteeing the obligations of YPG LP, or any affiliate of the YPG Trust or YPG LP pursuant to any good faith debt for borrowed money incurred by YPG LP or the affiliate, as the case may be, and pledging securities held by YPG Trust, YPG LP or any such affiliate, as security for such guarantee; and

g) satisfying the obligations, liabilities or indebtedness of YPG Trust.

6. On a fully diluted basis, YPG Trust and, indirectly, the Fund hold 100% of the outstanding limited partnership units of YPG LP and 100% of the outstanding shares of YPG GP.

7. The Fund, YPG Trust and YPG LP have no other independent business operations, interests in other businesses or material assets other than their direct or indirect investment in YPG Holdings and its subsidiaries.

8. YPG Co. is Canada's largest telephone directories publisher and the exclusive owner of the Yellow PagesTM, Pages JaunesTM and Walking Fingers & DesignTM trademarks in Canada. YPG Co. also operates the leading online directories in Canada, YellowPages.ca™ (and its French equivalent, PagesJaunes.ca™), Canada411.ca, CanadaTollFree.ca, SuperPages.ca and the CanadaPlus.ca group of city sites. YPG Co. is the official publisher of Bell Canada's directories in Canada. YPG Co. is also the official publisher of TELUS Communications Inc. and MTS Allstream Inc. directories, as well as a number of other incumbent telephone company directories. In addition, Trader Corporation, a subsidiary of YPG Holdings, is a leading publisher of vertical

publications and web sites in Canada. Trader Corporation resulted from the amalgamation of Trader Media Corp. (which was acquired in February 2006) and Classified Media (Canada) Holdings Inc. (which was acquired in June 2006).

9. On February 19, 2007, YPG Co. entered into a binding memorandum of understanding with Bell Aliant Regional Communications Inc. which provides for, among other things, the acquisition of the remaining 87.14% interest in the directories business owned by Aliant Directory Services and of the assets, properties and undertakings related thereto for consideration payable in cash. YPG Co. is currently the managing partner, with a 12.86% partnership interest, of Aliant Directory Services. Closing of this acquisition is anticipated to occur in late April 2007. Aliant Directory Services is the incumbent telephone directories publisher in the four Atlantic provinces of Canada.

10. YPG LP is a limited partnership existing under the laws of the Province of Manitoba pursuant to an amended and restated limited partnership agreement dated February 14, 2006.

11. On a fully diluted basis, YPG LP holds 100% of YPG Holdings which in turn holds 100% of YPG Co. and Trader Corporation.

12. In February 2006, YPG Holdings acquired a 100% interest in Trader Media Corp. from Fraser Francis Limited for total purchase price consideration payable in cash and limited partnership units of YPG LP representing approximately 4% of the then issued and outstanding limited partnership units of YPG LP. The limited partnership units of YPG LP issued as consideration for the acquisition of Trader Media Corp. are exchangeable into units of the Fund at the option of the holder thereof or at the option of the Fund, subject to certain terms and conditions. 1285464 Alberta Inc. currently holds approximately 3% of the issued and outstanding limited partnership units of YPG LP.

13. As a result, on a fully diluted basis, following the closing of the acquisition of Trader Media Corp. in February 2006, YPG Holdings held, and continues to hold, 100% of Trader Corporation (the successor corporation of Trader Media Corp.).

14. YPG Holdings is a corporation organized and subsisting under the laws of Canada, having its principal office in Montreal, Québec.

15. YPG Holdings operates as a holding company and its principal asset is its interest in YPG Co. and Trader Corporation. Immediately following the issuance of the Series 1 Preferred Shares (as defined below), YPG Holdings' authorized share capital will consist of an unlimited number of Class A Common Shares, an unlimited number of Class B Common Shares and an unlimited number of First Preferred Shares, issuable in series.

16. YPG Holdings is the principal borrowing entity within the Fund structure and has approximately $1.3 billion of credit facilities in place involving major Canadian chartered banks. In November 2005, YPG Holdings updated and increased the size of its commercial paper program (the "YPG Holdings Commercial Paper Program") based on an authorized limit of $500 million. Debt securities issued under the YPG Holdings Commercial Paper Program are in all cases issued pursuant to the prospectus and registration exemptions for short-term debt set forth in section 2.35 of National Instrument 45-106 – *Prospectus and Registration Exemptions*.

17. The Fund is a reporting issuer, or the equivalent thereof, in each of the Jurisdictions which has such a concept, since July 25, 2003.

18. The Fund is eligible to file short form prospectuses since September 29, 2003. Currently, the global market value of the units of the Fund listed on the Toronto Stock Exchange ("TSX")is approximately $7.0 billion.

19. On April 8, 2004, YPG Holdings became a reporting issuer, or the equivalent thereof, in each of the Jurisdictions which has such a concept upon the filing of a final short form base shelf prospectus (the "First Shelf Prospectus") qualifying the distribution of up to $1 billion of medium term notes (the "First Notes") of YPG Holdings. On March 11, 2005, YPG Holdings filed a short form base shelf prospectus jointly with the Fund (the "Second Shelf Prospectus") qualifying the distribution of up to $3 billion of securities of the Fund and YPG Holdings, including medium term notes of YPG Holdings (the "Second Notes"). On May 8, 2006, YPG Holdings filed a short form base shelf prospectus jointly with the Fund (the "Third Shelf Prospectus", and together with the First Shelf Prospectus and the Second Shelf Prospectus, the "Shelf Prospectus") qualifying the distribution of up to $1.5 billion of securities of the Fund and YPG Holdings, including medium term notes of YPG Holdings (the "Third Notes", and together with the First Notes and Second Notes, the "Notes"). The Notes are issued under a trust indenture entered into between YPG Holdings, CIBC Mellon Trust Company, as trustee, and the Fund, YPG Trust, YPG LP, YPG Co. and other subsidiaries, as guarantors.

20. The Notes are non-convertible and constitute direct unsecured obligations of YPG Holdings and rank pari passu with all other unsecured indebtedness and obligations of YPG Holdings. The Notes are fully and unconditionally guaranteed by the Fund, YPG Trust, YPG LP and YPG Co. as to payment of principal, premium and

interest, the whole in compliance with the terms of the Notes or an agreement governing the rights of the holders of Notes.

21. The Shelf Prospectus provide disclosure with respect to the guarantees granted by each of the Fund, YPG Trust, YPG LP and YPG Co., as the case may be, in connection with the Notes and each of the Fund, the Trust, YPG LP and YPG Co., as the case may be, executed a certificate to the Shelf Prospectus in their capacity as guarantors. In accordance with National Instrument 44-101 - *Short Form Prospectus Distributions* ("NI 44-101") and National Instrument 44-102 - *Shelf Distributions*, the Shelf Prospectus provide disclosure with respect to the consolidated business and operations of the Fund and incorporate by reference the required disclosure documents of the Fund.

22. The Notes have been assigned ratings of BBB (high) (with a stable trend) by Dominion Bond Rating Service Limited and BBB- (with a stable outlook) by Standard & Poor's Ratings Services. The rating of BBB (high) by Dominion Bond Rating Service Limited is an approved rating under NI 44-101.

23. The Notes are not listed on any securities exchange.

24. On April 21, 2004, YPG Holdings completed the issuance of two series of Notes under the First Shelf Prospectus for an aggregate principal amount of $750 million. On November 18, 2004, YPG Holdings completed the issuance of a series of Notes under the First Shelf Prospectus for a principal amount of $250 million. On November 23, 2005, YPG Holdings completed the issuance of two series of Notes under the Second Shelf Prospectus for an aggregate principal amount of $800 million. On February 27, 2006, YPG Holdings completed the issuance of two series of Notes under the Second Shelf Prospectus for an aggregate principal amount of $250 million.

25. On July 6, 2006, YPG Holdings completed the issuance of exchangeable unsecured subordinated debentures (the "Exchangeable Debentures") under the Third Shelf Prospectus for an aggregate principal amount of $300 million. The Exchangeable Debentures are fully and unconditionally guaranteed by the Fund, YPG Trust, YPG LP and YPG Co. as to payment of principal, premium and interest, the whole in compliance with the terms of the Exchangeable Debentures or an agreement governing the rights of the holders of Exchangeable Debentures. The Exchangeable Debentures are exchangeable at any time, at the option of the holder, for units of the Fund at an exchange price of $20.00 per Fund unit (being an exchange ratio of 50 Fund units per $1,000 principal amount of Exchangeable Debentures), subject to adjustment in accordance with the terms of the trust indenture governing the terms of the Exchangeable Debentures. The Exchangeable Debentures are redeemable at par at the option of YPG Holdings after August 1, 2009, subject to certain restrictions. The Exchangeable Debentures also provide YPG Holdings with the option to repay the principal and interest with units of the Fund. The Exchangeable Debentures are listed on the TSX under the symbol "YPG.DB".

26. The Exchangeable Debentures have been assigned ratings of BBB (with a stable trend) by Dominion Bond Rating Service Limited and BB+ by Standard & Poor's Ratings Services. The rating of BBB by Dominion Bond Rating Service Limited is an approved rating under NI 44-101.

27. On February 21, 2007, YPG Holdings filed a preliminary short form prospectus for the offering (the "Preferred Share Offering") on a bought deal basis of 12 million 4.25% cumulative redeemable first preferred shares, series 1 (the "Series 1 Preferred Shares") for aggregate gross proceeds of $300 million. The completion of the Preferred Share Offering took place on March 6, 2007. In accordance with NI 44-101 the prospectus for the Preferred Share Offering provides disclosure with respect to the consolidated business and operations of the Fund and incorporate by reference the required disclosure documents of the Fund.

28. The Series 1 Preferred Shares are fully and unconditionally guaranteed by the Fund as to payment of dividends, as and when declared, and payment of amounts due on redemption or retraction of the Series 1 Preferred Shares and liquidation, dissolution or winding up of YPG Holdings.

29. YPG Holdings has applied for the listing of the Series 1 Preferred Shares on the TSX. Listing will be subject to YPG Holdings fulfilling all the listing requirements of the TSX.

30. After announcement of the Preferred Share Offering, Standard & Poor's Ratings Services assigned a rating of P-3 for the Series 1 Preferred Shares and Dominion Bond Rating Service Limited assigned a rating of Pfd-3 (high) for the Series 1 Preferred Shares. The ratings of P-3 by Standard & Poor's Ratings Services and Pfd-3 (high) by Dominion Bond Rating Service Limited are approved ratings under NI 44-101.

31. Immediately following the issuance of the Series 1 Preferred Shares, the issued and outstanding capital of YPG Holdings consists of the Series 1 Preferred Shares, Class A Common Shares and Class B Common Shares.

32. The Series 1 Preferred Shares rank senior to the Class A Common Shares and Class B Common Shares of YPG Holdings and rank *pari passu* with each other and all other series of cumulative redeemable first preferred shares of YPG Holdings ("First Preferred Shares") with respect to the payment of dividends and the distribution of the assets of YPG Holdings on the liquidation, dissolution or winding up of YPG Holdings.

33. The holders of First Preferred Shares do not have the right to receive notice of, attend, or vote at any meeting of shareholders except (i) for a meeting called for the purpose of authorizing the dissolution of YPG Holdings or the sale, lease or exchange of all or substantially all of its property, other than in the ordinary course of business of YPG Holdings, (ii) as required by law or as may be required by an order of a court of competent jurisdiction, or (iii) as required to modify the rights, privileges, restrictions and conditions attached to the First Preferred Shares as a class or as a series as provided in the *Canada Business Corporations Act*.

34. The holders of the Series 1 Preferred Shares will not be entitled (except as otherwise provided by law or in the conditions attaching to the First Preferred Shares as a class) to receive notice of, attend, or vote at, any meeting of shareholders of YPG Holdings, for greater certainty, including at any meeting relating to a proposal to effect an exchange of the Series 1 Preferred Shares by way of an amalgamation or plan of arrangement involving YPG Holdings provided that the rights, privileges, restrictions and conditions of the Series 1 Preferred Shares are not removed or changed and provided that no class of shares of YPG Holdings superior to the Series 1 Preferred Shares is created or are otherwise negatively impacted, unless and until YPG Holdings shall have failed to pay eight quarterly dividends on the Series 1 Preferred Shares, whether or not consecutive and whether or not such dividends have been declared. In that event, and for only so long as any such dividends remain in arrears, the holders of the Series 1 Preferred Shares will be entitled to receive notice of and to attend each meeting of YPG Holdings' shareholders other than any meetings at which only holders of another specified class or series are entitled to vote, and, except when the vote of the holders of shares of any other class or series is to be taken separately and as a class or series, to vote together with all of the voting shares of YPG Holdings on the basis of one vote for each Series 1 Preferred Share held.

35. On and after March 31, 2012, YPG Holdings might, at its option, redeem for cash the Series 1 Preferred Shares, in whole or in part, upon payment of the specified redemption price. In addition, the Series 1 Preferred Shares will be redeemable at the option of YPG Holdings on or after March 31, 2007 upon payment of the specified redemption price, provided that any redemption prior to March 31, 2012 shall be made for all of the then outstanding Series 1 Preferred Shares and shall be limited to circumstances in which Series 1 Preferred Shares are entitled to vote separately as a class or series by law or court order.

36. On and after March 31, 2012 and prior to December 31, 2012, YPG Holdings might, at its option, subject, if required, to regulatory approvals, exchange (at the specified exchange ratio) the outstanding Series 1 Preferred Shares, in whole or in part, into freely-tradable units of the Fund or into freely tradable securities (the "New Tradable Securities") of a publicly-listed entity successor to the Fund pursuant to a corporate reorganization. In addition, the Series 1 Preferred Shares will be exchangeable (at the specified exchange ratio) at the option of YPG Holdings, in whole or in part, into units of the Fund or New Tradable Securities on or after March 31, 2007, provided that any exchange prior to March 31, 2012 shall be limited to circumstances in which the Series 1 Preferred Shares are entitled to vote separately as a class or series by law or court order.

37. On and after December 31, 2012, a holder of Series 1 Preferred Shares might require YPG Holdings to redeem such Series 1 Preferred Shares for a cash price of $25.00 per Series 1 Preferred Share, together with any accrued and unpaid dividends.

38. As a reporting issuer or the equivalent thereof, in each of the Jurisdictions which has such a concept, the Fund must, pursuant to the Continuous Disclosure Requirements, file and, where applicable, send to its securityholders, audited comparative annual financial statements, unaudited interim financial statements and MD&A relating to its annual and interim financial statements. YPG Holdings' financial results are included in the consolidated financial statements of the Fund.

39. The business of YPG Holdings is the same as the business of the Fund, in that the Fund does not hold a material interest, whether directly or indirectly, in a business other than YPG Holdings and its subsidiaries, and the financial results of YPG Holdings and its subsidiaries are included in the consolidated financial statements of the Fund. As a result, information regarding the affairs and financial condition of the Fund is meaningful to holders of YPG Holdings' securities and it is appropriate that the Fund's financial statements and certification filings under MI 52-109 be available to such security holders of YPG

Holdings in lieu of the financial statements and certification filings of YPG Holdings.

40. The Fund and YPG Holdings are not in default of any requirement under the Legislation.

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 (except in respect of the Northwest Territories) is to exempt YPG Holdings from the Continuous Disclosure Requirements, provided that:

a) the business of YPG Holdings continues to be the same as the business of the Fund, in that the Fund does not hold a material interest, whether directly or indirectly, in a business other than YPG Holdings and its subsidiaries;

b) the Fund remains (i) a reporting issuer or the equivalent thereof in each of the Jurisdictions which has such a concept and (ii) an electronic filer pursuant to National Instrument 13-101 - *System for Electronic Document Analysis and Retrieval (SEDAR)*;

c) the Fund continues to comply with the Continuous Disclosure Requirements and to file with the Decision Makers all documents required to be filed under the Legislation;

d) the Fund continues to comply with the rules of the TSX or any other organized market or exchange on which the units of the Fund are listed;

e) all audited annual comparative financial statements and interim comparative financial statements filed by the Fund under the Legislation are prepared on a consolidated basis in accordance with Canadian generally accepted accounting principles or such other standards as may be permitted under the Legislation from time to time;

f) on a fully diluted basis, the Fund remains the direct or indirect beneficial owner of 100% of the issued and outstanding voting securities of YPG Holdings;

g) the Fund continues to fully and unconditionally guarantee the Notes, Exchangeable Debentures and First Preferred Shares as to the payments required to be made by YPG Holdings to the holders of the Notes, Exchangeable Debentures and First Preferred Shares, respectively;

h) YPG Holdings does not distribute additional securities other than: (i) the Notes, Exchangeable Debentures or other debt securities contemplated by paragraph i) below; (ii) the First Preferred Shares or other preferred shares contemplated by paragraph i) below; (iii) to the Fund or to entities that, on a fully diluted basis, are wholly-owned, directly or indirectly, by the Fund, (iv) debt securities under the YPG Holdings Commercial Paper Program; (v) options issued to participants of YPG Holdings' stock purchase and option plan for employees of YPG Holdings and its subsidiaries and the issuance of shares of YPG Holdings upon the exercise of such options (such shares which are in turn automatically exchangeable for units of the Fund pursuant to contractual arrangements with the Fund) or (vi) for greater certainty, any inter-company or bank indebtedness;

i) if YPG Holdings hereafter distributes additional debt securities or preferred shares (other than (i) debt securities or preferred shares that are issued to the Fund or to entities that, on a fully diluted basis, are wholly-owned, directly or indirectly, by the Fund, (ii) debt securities under YPG Holdings Commercial Paper Program or (iii) for greater certainty, any inter-company or bank indebtedness), the Fund shall fully and unconditionally guarantee such debt securities or preferred shares, as the case may be, as to the payments required to be made by YPG Holdings to the holders of such debt securities or preferred shares;

j) if YPG Holdings issues non-convertible debt securities, YPG Holdings concurrently sends to all holders of such securities, in the manner and at the time required by the Legislation and any marketplace on which securities of the Fund are listed or quoted, all disclosure materials that are sent by the Fund to holders of any non-convertible debt securities of the Fund;

k) if YPG Holdings issues convertible debt securities, YPG Holdings concurrently sends to all holders of such securities, in the manner and at the time required by the Legislation and any marketplace on which securities of the Fund are listed or quoted, all disclosure materials that are sent by the Fund to holders of any convertible debt securities of the Fund;

l) if YPG Holdings issues preferred shares, YPG Holdings concurrently sends to all holders of such preferred shares, in the manner and at the time required by the Legislation and any marketplace on which securities of the Fund are listed or quoted, all disclosure materials that are sent by the Fund to holders of any preferred units of the Fund;

m) if there is a material change in the affairs of YPG Holdings that is not a material change in respect of the Fund, YPG Holdings will comply with the

requirements of the Legislation to issue a press release and file a material change report with the Decision Makers notwithstanding that the change may not be a material change in respect of the Fund;

n) the documents required to be filed by the Fund with the Decision Makers under the Legislation will be filed under each of the Fund's and YPG Holdings' SEDAR profiles within the time limits and in accordance with applicable fees required by the Legislation for the filing of such documents; and

o) YPG Holdings files a notice in its SEDAR profile stating that (i) it has been granted relief from continuous disclosure obligations under the Legislation pursuant to a decision of the Decision Makers, subject to the conditions set forth in such decision; (ii) that investors should refer to the continuous disclosure documents filed by the Fund; and (iii) that such continuous disclosure documents of the Fund are also available in the SEDAR profile of YPG Holdings;

The further decision of the Decision Makers under the Legislation is that the Certification Requirements shall not apply to YPG Holdings for so long as:

a) YPG Holdings is not required to, and does not, file its own Interim Filings and Annual Filings (as those terms are defined in MI 52-109);

b) the Fund files with the Decision Makers, in electronic format under YPG Holdings' SEDAR profile, the Fund's Annual Certificates and Interim Certificates (as those terms are defined in MI 52-109) at the same time as such documents are required under the Legislation to be filed by the Fund, and

c) YPG Holdings qualifies for the relief from the Continuous Disclosure Requirements set forth above, and is in compliance with the requirements and conditions set out in such relief;

The further decision of the Decision Makers under the Legislation (except in respect of the Northwest Territories) is to exempt the insiders of YPG Holdings from the Insider Reporting Requirements, provided that:

a) such relief shall only relieve the insiders of YPG Holdings from their obligations to declare their holdings of securities of YPG Holdings;

b) the insiders of YPG Holdings do not receive, in the ordinary course, information as to material facts or material changes concerning the Fund before such material facts or material changes are generally disclosed;

c) in the event an insider of YPG Holdings is also an insider of the Fund other than by virtue of such insider being an insider of YPG Holdings, such insider will provide all necessary information with respect to its holdings of securities of the Fund and of YPG Holdings in its insider reports to be filed in SEDI format under the insider reporting profile of the Fund and of YPG Holdings, if necessary;

d) on a fully diluted basis, the Fund remains the direct or indirect beneficial owner of 100% of the issued and outstanding voting securities of YPG Holdings;

e) the Fund remains (i) a reporting issuer or the equivalent thereof in each of the Jurisdictions which has such a concept and (ii) an electronic filer pursuant to National Instrument 13-101 - *System for Electronic Document Analysis and Retrieval (SEDAR)*; and

f) the Fund continues to comply with the Continuous Disclosure Requirements and is in compliance with the requirements and conditions set out in the relief above and to file with the Decision Makers all documents required to be filed under the Legislation;

and, provided that if a material adverse change occurs with respect to the representations made by the Filers and stated in this decision, this one shall expire 30 days after the date of such change.

The previous decision granted by the Decision Makers in favour of the Filers dated March 8, 2006 in respect of the Continuous Disclosure Requirements, the Insider Reporting Requirements and the Certification Requirements, is revoked effective as of the date of the present decision.

“Louis Morisset”
Surintendant aux marchés des valeurs

2.1.7 Queensbury Strategies Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted from the requirements of section 11.1(1)(b) and section 11.2(1)(b) of NI 81-102 to permit commingling of cash received for the purchase or redemption of mutual fund securities with cash received for the purchase and sale of other securities or instruments the participating dealer of third party funds and potential principal distributor of mutual funds is permitted to sell, subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 11.1(1)(b), 11.2(1)(b), 19.1.

May 28, 2007

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
QUEENSBURY STRATEGIES INC.
(the "Filer")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Filer for a decision (the "**Requested Relief**") under the securities legislation of the Jurisdictions (the "**Legislation**") for an exemption from the provisions of section 11.1(1)(b) and section 11.2(1)(b) of National Instrument 81-102 Mutual Funds ("**NI 81-102**") that prohibit a principal distributor, a participating dealer or certain service providers from commingling cash received for the purchase or redemption of mutual fund securities ("**MF Cash**") with cash received for the purchase or sale of guaranteed investment certificates and other securities or instruments the principal distributor or participating dealer is permitted to sell ("**Other Cash**") (the "**Commingling Prohibitions**").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representation

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

1. The Filer is a corporation established under the laws of the Province of Ontario on January 28, 1993. The Filer's principal business is acting as a mutual fund dealer and it deals almost exclusively in mutual fund products.

2. The Filer is registered as a dealer in the category of mutual fund dealer (or the equivalent) in each of the Jurisdictions. The Filer is also registered as a limited market dealer in Ontario, and is accordingly permitted to process prospectus exempt products. Sales of prospectus exempt products represent a small percentage of transactions handled by the Filer.

3. The Filer is a member of the Mutual Fund Dealers' Association ("**MFDA**").

4. The Filer is a "participating dealer" as defined in NI 81-102 in respect of certain third party mutual funds. The Filer may, in the future, act as a principal distributor of certain mutual funds.

5. As a member of MFDA, the Filer is subject to the rules and requirements of the MFDA ("**MFDA Rules**") on an ongoing basis, particularly those which set out requirements with respect to the handling and segregation of client cash. As a member of the MFDA, the Filer is expected to comply with all MFDA Rules.

6. The Filer maintains client trust accounts ("**Client Trust Accounts**") into which monies invested by the Filer clients is paid from and from which redemption proceeds or assets to be distributed are paid. The Client Trust Accounts are interest bearing and all of the interest earned on the cash in the trust accounts is paid out to the applicable mutual funds on a pro rata basis in compliance with subsection 11.2(4) of NI 81-102 (and that would be required by subsection 11.1(4) were the Filer acting as a principal distributor). The Filer also ensures compliance with section 11.3 of NI 81-102 in the way in which the Client Trust Accounts are maintained.

7. The Filer proposes to pool Other Cash with MF Cash in a trust settlement account established under Section 11.3. of NI 81-102 (the "**Trust**

Account"). The commingling of Other Cash with MF Cash would facilitate significant administrative and systems economies that would enable the Filer to enhance its level of service to its clients at less cost to the Filer. The Trust Account is designated as a "trust account" by the financial institution at which it is held.

8. The Commingling Prohibitions prevent the Filer from commingling MF Cash with Other Cash.

9. Prior to June 23, 2006, section 3.3.2(e) of the Rules of the MFDA (the "**MFDA Commingling Prohibition**") also prohibited the commingling of Other Cash with MF Cash. On June 23, 2006, the MFDA granted relief from the MFDA Commingling Prohibition to the Filer subject to the Filer obtaining similar relief from the Commingling Prohibitions from the Jurisdictions. Should the Requested Relief be granted by the Jurisdictions, the Filer will provide the MFDA with notice that the Requested Relief has been granted.

10. The Filer does not believe that the interest of its clients will be prejudiced in any way by the commingling of Other Cash and MF Cash in the Trust Account.

11. MF Cash or Other Cash related to a transaction initiated by one of the Filer's clients will not be used to settle a transaction initiated by any other client of the Filer. The Filer settles payments of MF Cash payable from the Trust Account on a manual basis in accordance with section 11.2 of NI 81-102 and, could if volumes warranted, use electronic settlement procedures.

12. The Filer currently has systems in place to be able to account for all of the monies it receives into and all of the monies that are to be paid out of the Trust Account in order to meet the policy objectives of sections 11.1 and 11.2 of NI 81-102.

13. The Filer will maintain proper records with respect to client cash in a commingled account, and will ensure that the Trust Account is reconciled in accordance with MFDA Rules, and that MF Cash and Other Cash are properly accounted for daily.

14. Except for the Commingling Prohibitions, the Filer will comply with all other requirements prescribed in Part 11 of NI 81-102 with respect to the handling and segregation of client cash.

15. Effective July 1, 2005, the MFDA Investor Protection Corporation ("**MFDA IPC**") commenced offering coverage, within defined limits, to customers of MFDA members against losses suffered due to the insolvency of MFDA members. The Filer does not believe that the Requested Relief will affect coverage provided by the MFDA IPC.

16. In the absence of the Requested Relief, the commingling of MF Cash with Other Cash would contravene the Commingling Prohibitions.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provided 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 this Decision, as it relates to the jurisdiction of a Decision Maker, will terminate upon coming into force of any change in the MFDA IPC Rules with would reduce the coverage provided by the MFDA IPC relating to MF Cash and Other Cash.

"Leslie Byberg"
Manager, Investment Funds
Ontario Securities Commission

2.1.8 Gryphon Investment Counsel Inc. and Gryphon International Investment Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from self-dealing prohibition of the Act to allow in specie transfers between pooled funds or mutual funds and separately managed accounts – ss. 118(2)(b) and 121(2)(a)(ii) of Securities Act, R.S.O. 1990, c. S.5, as am.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 118(2)(b), 121(2)(a)(ii).

May 28, 2007

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

AND

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

AND

IN THE MATTER OF
GRYPHON INVESTMENT COUNSEL INC. (Gryphon)
AND
GRYPHON INTERNATIONAL INVESTMENT
CORPORATION
(Gryphon International)
(collectively, the Filers)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker)** in each of the Jurisdictions has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the prohibition contained in the Legislation that prohibits a portfolio manager from knowingly causing any investment portfolio managed by it to purchase or sell the securities of any issuer from or to the account of a responsible person, any associate of a responsible person or the portfolio manager (the **Self-Dealing Prohibition**) shall not apply to the Filers in connection with In Specie Transfers (defined below) between the Separately Managed Accounts (defined below) and the Funds (defined below) (the **Requested Relief**).

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

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

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

Interpretation

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

Representations

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

1. Gryphon is a corporation which was incorporated under the laws of Canada. Gryphon has its head office in Toronto, Ontario.

2. Gryphon International is a corporation which was incorporated under the laws of Canada. Gryphon International has its head office in Toronto, Ontario.

3. Gryphon is registered as an adviser in the appropriate categories to provide discretionary advisory services in each of Ontario, British Columbia, Alberta, Québec, New Brunswick, Nova Scotia, Manitoba, Saskatchewan, Prince Edward Island and Newfoundland and Labrador.

4. Gryphon International is registered as an adviser in the appropriate categories to provide discretionary advisory services in each of Ontario, British Columbia, Alberta, Québec, New Brunswick and Nova Scotia.

5. Gryphon currently acts as manager and portfolio manager of Gryphon Balanced Fund and Gryphon EAFE Fund (collectively, the **Gryphon Funds**). Gryphon International currently acts as manager and portfolio manager of Gryphon EuroPac Fund and GIIC Global Fund (collectively, the **Gryphon International Funds**) and as sub-adviser to Gryphon in respect of the Gryphon EAFE Fund (the Gryphon Funds and the Gryphon International Funds being, collectively, the **Existing Funds**). The Existing Funds, together with any other mutual or pooled funds established by a Filer in the future which are associates of such Filer and for which such Filer is a portfolio manager from time to time, are collectively referred to hereafter as the **Funds**.

6. Each of the Funds is or will be an open-end mutual fund trust established under the laws of the Province of Ontario. The Funds are not and will not be reporting issuers in any province or territory

of Canada. Each of the Funds is or will be associates of a Filer under the Legislation as such Filer serves or will serve in a capacity similar to a trustee of the Funds. The Funds are and will be specifically designed by the Filers to meet the needs of clients of the Filers and are and will be used exclusively for such clients.

7. The Filers provide discretionary portfolio management services to clients pursuant to investment management agreements between the clients and the Filers (the **Managed Account Agreements**). Based on the size of the assets of a client and depending on the allocation of such client's assets to a particular asset class, the Filers either manage such client's assets on a segregated account basis (**Separately Managed Accounts**) or on a pooled basis.

8. Pursuant to the Managed Account Agreements, the Filers have full discretion and authority to provide portfolio management services to clients, including investing clients in mutual or pooled funds for which the Filers are the portfolio managers and for changing those funds as the Filers determine in accordance with the mandate of the clients. To the extent a Filer either currently does not have such discretion or authority or enters into an agreement with a new client, such Filer will obtain the prior specific written consent of the relevant Separately Managed Account client before such Filer engages in any In Specie Transfer (defined below), in connection with the purchase or redemption of units of the Funds for its Separately Managed Accounts.

9. A Filer may determine that in lieu of holding securities in a Separately Managed Account, a client would be better served to be invested in one or more of the Funds. To the extent a client holds directly an existing portfolio of securities, such Filer desires to have such client subscribe in specie for units of the relevant Fund(s). Further, future clients of a Filer may have an existing portfolio of securities when they retain such Filer such that the Filer may similarly desire to have such clients subscribe in specie for units of the Fund(s), provided these securities are appropriate for the relevant Fund.

10. In addition, due to portfolio changes for a client, a Filer may determine, in connection with a redemption, to redeem in specie, certain portfolio securities held by a Fund, and to reinvest the client by subscribing in specie for another Fund or Funds or simply hold the portfolio securities on behalf of such client in a Separately Managed Account. Alternatively, the client may determine to change the client's mandate which may require a redemption in specie of units in a Fund in connection therewith.

11. To ensure that neither a Separately Managed Account nor a Fund incurs significant expenses related to the disposition and acquisition of portfolio securities in connection with the purchase or redemption of units of a Fund, each Filer proposes to facilitate such purchases and redemptions of such Fund's units by transfers in specie of portfolio securities between such Separately Managed Account and such Fund (collectively, **In Specie Transfers**). These transactions will either involve the payment of the purchase price for units of a Fund or the payment of the redemption price for units of a Fund by In Specie Transfers between the Separately Managed Accounts and the Funds.

12. Effecting such In Specie Transfers will allow the Filers to manage each asset class more effectively and reduce transaction costs for clients and the Funds. For example, such trading reduces market impact costs, which can be detrimental to clients and the Funds.

13. Each Filer issues a statement of policies to clients setting out the relationship of the Funds to such Filer. In addition, clients specifically consent to invest in the Funds pursuant to the terms of their Managed Account Agreements.

14. The only cost which will be incurred by a Separately Managed Account or by a Fund for an In Specie Transfer is a nominal administrative charge levied by the custodian of such Separately Managed Account or Fund in recording the trades (the Custodial Charge).

15. Each Filer will value the securities under an In Specie Transfer using the same values to be used on that day to calculate the net asset value for the purpose of the purchase or sale of the portfolio securities and for the purpose of the issue price or redemption price of a unit of a Fund.

16. None of the securities which are the subject of In Specie Transfers are or will be securities of related issuers of a Filer.

17. Prior to a Filer executing an In Specie Transfer, it will be reviewed by such Filer's Board of Directors (whose members include the Chief Compliance Officer) to ensure that the conditions of this MRRS decision document are or will be met at the time of the transaction and to determine that the transaction represents the business judgment of the Filer acting in its discretionary capacity with respect to the Separately Managed Account and the Fund or the Funds, uninfluenced by considerations other than the best interests of the Separately Managed Account and the Funds.

18. Since the Filers are the portfolio managers of the Separately Managed Accounts, the Filers would be considered responsible persons of such

Separately Managed Accounts for the purposes of the Self-Dealing Prohibition with respect to In Specie Transfers.

19. Since the Filers are the managers and portfolio managers of the Funds and serve in a similar capacity to trustees in respect of the Funds, the Funds are associates of the Filers for the purposes of the Self-Dealing Prohibition with respect to In Specie Transfers.

20. Unless the Requested Relief is granted, a Filer would be prohibited by the Self-Dealing Prohibition from (i) causing a Separately Managed Account to make In Specie Transfers of securities of any issuer to a Fund in payment of the purchase price for units of such Fund subscribed for by the Separately Managed Account and (ii) causing a Fund to make In Specie Transfers of securities of any issuer to a Separately Managed Account in payment of the redemption price for units of such Fund redeemed by a Separately Managed Account.

Decision

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

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

(a) in connection with the purchase of units of a Fund by a Separately Managed Account:

(i) the Filer obtains the prior written consent of the client of the relevant Separately Managed Account before it engages in any In Specie Transfers in connection with the purchase of units;

(ii) the Fund would at the time of payment be permitted to purchase those securities;

(iii) the securities are acceptable to the Filer as portfolio manager of the Fund and consistent with the Fund's investment objectives;

(iv) the value of the securities is at least equal to the issue price of the units of the Fund for which they are used as payment, valued as if the securities were portfolio assets of the Fund;

(v) the statement of portfolio transactions next prepared for the Separately Managed Account shall include a note describing the securities delivered to the Fund and the value assigned to such securities;

(b) in connection with the redemption of units of a Fund by a Separately Managed Account:

(i) the Filer obtains the prior written consent of the client of the relevant Separately Managed Account to the payment of redemption proceeds in the form of an In Specie Transfer;

(ii) the securities are acceptable to the Filer as portfolio manager of the Separately Managed Account and consistent with the Separately Managed Account's investment objectives;

(iii) the value of the securities is equal to the amount at which those securities were valued in calculating the net asset value per unit used to establish the redemption price;

(iv) the holder of the Separately Managed Account has not provided notice to terminate its Managed Account Agreement with the Filer;

(v) the statement of portfolio transactions next prepared for the Separately Managed Account shall include a note describing the securities delivered to the Separately Managed Account and the value assigned to such securities; and

(c) the Filer does not receive any compensation in respect of any sale or redemption of units of a Fund and, in respect of any delivery of securities further to an In Specie Transfer, the only charge paid by the Separately Managed Account or the Fund is the Custodial Charge.

"Harold P. Hands"
Commissioner
Ontario Securities Commission

"Suresh Thakrar"
Commissioner
Ontario Securities Commission

2.1.9 GAM USA Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Applicant is registered as an international adviser and is seeking to be exempted from the electronic funds transfer requirement pursuant to subsection 6.1(1) of Multilateral Instrument 31-102 National Registration Database and activity fee contemplated under section 4.1 of Ontario Securities Commission Rule 13-502 Fees is waived in respect of this discretionary relief, subject to certain conditions.

Rules Cited

Multilateral Instrument 31-102 National Registration Database (2003) 26 OSCB 926, s. 6.1.
Ontario Securities Commission Rule 13-502 Fees (2003) 26 OSCB 867, ss. 4.1, 6.1.

June 1, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND ONTARIO

AND

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

AND

IN THE MATTER OF
GAM USA INC.

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

Background

The local securities regulatory authority or regulator (the Decision Maker) in Alberta and Ontario (the Jurisdictions) has received an application from GAM USA Inc. (the Applicant) for a decision under the securities legislation of the Jurisdictions (the Legislation) granting the Applicant relief from,

a) the requirement contained in the Legislation to pay required fees through the National Registration Database (NRD) using electronic funds transfer (EFT); and;

b) the application fee requirement contemplated under section 4.1 of Ontario Securities Commission Rule 13-502 *Fees* in respect of this discretionary relief (the Application Fee).

Under the Mutual Reliance Relief System for Exemptive Relief of 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 Multilateral Instrument 31-102 *Definitions* have the same meaning unless they are defined in this decision.

Representations

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

1. The Applicant is a Delaware corporation. The head office of the Applicant is located in New York.

2. The Applicant is registered as a foreign adviser in the category of investment counsel and portfolio manager in the Province of Alberta and an adviser in the category of international adviser (investment counsel and portfolio manager) in the Province of Ontario.

3. The Applicant is not registered as a dealer or adviser in any other category of dealer or adviser that requires payment of fees through EFT.

4. Each of the Jurisdictions has adopted Multilateral Instrument 31-102 - National Registration Database (MI 31-102) relating to the NRD.

5. Part 4 of MI 31-102 imposes a requirement that all payments made pursuant to use of the NRD, including submission fees, annual registration fees and NRD user fees, must be made by means of a pre-authorized EFT debit (the EFT Requirement).

6. In order to be able to make pre-authorized EFT payments, a registrant must have a bank account based in Canada. The Applicant, as an international registrant, has encountered difficulties and significant costs in setting up and maintaining a Canadian based bank account for purposes of fulfilling the EFT Requirement since it is not incorporated in Canada and does not have place of business in Canada.

7. In order to pay fees outside of NRD, the Applicant proposes to pay fees using certified cheques or bank drafts in Canadian dollars delivered when due to the relevant regulators.

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:

1. the Applicant is exempt from the EFT Requirement pursuant to subsection 6.1(1) of MI 31-102, for so long as the Applicant:

   A. makes acceptable alternative arrangements with CDS for the payment of NRD fees and makes such payment within ten (10) business days of the date of the NRD filing or payment due date;

   B. pays its participation fee under the Act to the Commission by cheque, draft, money order or other acceptable means at the time of filing its application for annual renewal, which shall be no later than the first day of December in each year;

   C. pays any applicable activity fees, or other fees that the Act requires it to pay to the Commission, by cheque, draft, money order or other acceptable means at the appropriate time; and

   D. is not registered in any Jurisdiction in another category to which the EFT Requirement applies;

   provided that the Applicant submits a similar application in any other Canadian jurisdiction where it becomes registered as an international dealer, international adviser or in an equivalent registration category; and

2. except in Alberta, the Applicant is exempt from the Application Fee associated with making this application for relief.

"David M. Gilkes"

2.1.10 Assante Financial Management Ltd./Gestion Financiere Assante Ltee. and IQON Financial Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Multilateral Instrument 33-109 Registration Information (MI 33-109) – relief from certain filing requirements of MI 33-109 in connection with a bulk transfer of business locations and registered and non-registered individuals under an amalgamation.

Applicable Ontario Statutory Provisions

Multilateral Instrument 33-109 Registration Information.

June 4, 2007

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

AND

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

AND

IN THE MATTER OF
ASSANTE FINANCIAL MANAGEMENT LTD./GESTION FINANCIERE ASSANTE LTEE. (AFM)
AND IQON FINANCIAL INC. (IQON)
(AFM, together with IQON, 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 the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filers from requirements of National Instrument 33-109 *Registration Information* (**33-109**) so as to permit the Filers to bulk transfer (the **Bulk Transfer**) to a new entity created for the Filers under the National Registration Database (**NRD**), the office locations and certain registered and non-registered individuals that are associated on NRD with the Filers (the **Representatives**) following the short form horizontal amalgamation of the Filers under the provisions of Section 177(2) of the *Business Corporations Act (Ontario)* (the **OBCA**) into a new entity on or about June 1, 2007 (the **Amalgamation**) to pursue each corporation's business activities under the corporate name "Assante Financial Management Ltd./Gestion Financiere Assante Ltee." (**AFM Amalc**o) (the **Requested Relief**).

Under the MRRS:

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

b) the 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 statements presented by the Filers:

1. AFM is registered as a mutual fund dealer or equivalent in all provinces and territories of Canada, except for Nunavut (registration pending) and is registered as a limited market dealer in Ontario and Newfoundland and Labrador. AFM is a member of the Mutual Fund Dealers Association of Canada (the **MFDA**).

2. IQON is registered as a mutual funds dealer or equivalent in all provinces and territories of Canada, except for Quebec and is registered as a limited market dealer in Ontario. IQON is a member of the MFDA.

3. IQON's holding company, IQON Financial Management Inc. (**IFMI**), will also be a party to the Amalgamation. IFMI is not a securities regulated entity and is simply a holding company with no business interests of its own.

4. AFM, IQON and IFMI are subject to the OBCA and are wholly owned direct or indirect subsidiaries of Assante Wealth Management (Canada) Ltd. (**AWM**) and, as such, are affiliates of each other. The products and services offered by AFM are essentially the same products and services offered by IQON.

5. AFM and IQON, to the best of their knowledge, are not in default of any of the requirements of the Legislation in the Jurisdictions.

6. There is substantial overlap in the business carried on by AFM and IQON and, for a number of reasons, it is deemed expedient for AFM and IQON to amalgamate their business and to carry on business as an amalgamated company under the name "Assante Financial Management Ltd./Gestion Financiere Assante Ltee." AFM Amalco will remain a wholly owned subsidiary of AWM.

7. Certain aspects of AFM and IQON's operations are already functionally integrated and their respective policies and procedures are largely harmonized. To the extent necessary, the policies and procedures currently in place for AFM will formally be extended to the operations of AFM Amalco once the Amalgamation takes effect, subject to any required modifications.

8. The Amalgamation is proposed to take effect on or about June 1, 2007.

9. As a result of the Amalgamation, all business locations and the Representatives of AFM and IQON will be transferred to AFM Amalco.

10. The Amalgamation is an internal restructuring transaction and does not involve any third parties. AFM Amalco will carry on all mutual fund dealer business of AFM and IQON in substantially the similar manner with substantially similar directors and the same mutual fund salespersons as AFM and IQON.

11. For the purposes of NRD, the successor registrant to AFM and IQON will be AFM Amalco.

12. The Filers have informed their Representatives that following the amalgamation the representatives will be employed in the same capacity by AFM Amalco.

13. The Filers and AFM Amalco are organizing the Bulk Transfer on NRD of all affected business locations and Representatives to AFM Amalco.

14. The amalgamation will not be contrary to public interest and will have no negative consequences on the ability of AFM Amalco to comply with all applicable regulatory requirements or the ability to satisfy any obligations of the clients of AMF Amalco.

15. Given the number of business locations and the number of Representatives of AFM and IQON, it would be exceedingly difficult and onerous to transfer each business location and each Representative to AFM Amalco from the Filers in accordance with the requirements set out in the Legislation.

16. As a result of NRD system constraints, and the significant number of Representatives to be transferred from the Filers to AFM Amalco, it would be difficult, costly, and time consuming to effect the transfer as a separate and distinct transfer of branch and sub-branch office locations and each Representative while ensuring that all such transfers occur at the same time in order to preclude any disruption of individual registrations or AFM Amalco's business activities.

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 pursuant to the Legislation is that the Requested Relief is granted, and the following requirements of the Legislation shall not apply to the Filers or AFM Amalco in respect of the Representatives and business locations that will be bulk transferred from the Filers to AFM Amalco:

(a) the requirement to submit a notice regarding the termination of each employment, partner, or agency relationship under Section 4.3 of 33-109;

(b) the requirement to submit a notice regarding each individual who ceases to be a non-registered individual under Section 5.2 of 33-109;

(c) the requirement to submit a registration application for each individual applying to become a registered individual under Section 2.2 of 33-109;

(d) the requirement to submit a Form 33-109F4 for each non-registered individual under Section 3.3 of 33-109; and

(e) the requirement under Section 3.2 of 33-109 to notify the regulator of a change to the business location information in Form 33-109F3

provided that the Filers make acceptable arrangements with CDS Inc. for the payment of the costs associated with the Bulk Transfer, and make such payment in advance of the Bulk Transfer.

"David M. Gilkes"
Manager, Registrant Regulation
Ontario Securities Commission

2.1.11 Mackenzie Financial Corporation et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Approval of mutual fund mergers – Terminating and Continuing Funds not having substantially similar fundamental investment objectives – Tailored simplified prospectus rather than full simplified prospectus of Continuing Fund sent to unitholders of Terminating Funds – Financial statements of Continuing Funds not sent to unitholders of Terminating Funds.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(b), 5.6.

June 5, 2007

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

AND

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

AND

IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION
(the "Filer" or "Mackenzie")

AND

GWLIM US MID CAP FUND, LLIM US EQUITY FUND AND LLIM US GROWTH SECTORS FUND
(collectively, the "Terminating Funds")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Filer on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") approving the Mergers (defined below) pursuant to subsection 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* ("**NI 81-102**") (the "Requested Relief").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. Mackenzie is a corporation governed by the laws of Ontario and is the manager and trustee of the Funds (defined below).

2. The Funds are sold by Quadrus Investment Services Ltd. ("**Quadrus**") in its capacity as principal distributor of the Funds.

3. Each Fund is an open-end mutual fund trust created under the laws of Ontario. The Funds are members of the "Quadrus Group of Funds" and offer the Quadrus Series of units and the H Series of units in all provinces and territories of Canada under a simplified prospectus and annual information form dated June 26, 2006, as amended (the "**Funds' Prospectus**"). Under certain circumstances, the Funds also offer Series S units on a privately-placed basis in accordance with National Instrument 45-106 Prospectus and Registration Exemptions.

4. In its capacity as manager and trustee of the Funds, Mackenzie proposes to merge (each a "**Merger**" and collectively, the "**Mergers**"):

   a) GWLIM US Mid Cap Fund ("**GWLIM US**") into GWLIM Canadian Mid Cap Fund ("**GWLIM Canadian**");

   b) LLIM US Equity Fund into LLIM Canadian Diversified Equity Fund ("**LLIM Canadian Diversified**"); and

   c) LLIM US Growth Sectors Fund into LLIM Canadian Diversified,

   (GWLIM Canadian and LLIM Canadian Diversified are collectively referred to as the "**Continuing Funds**" and, together with the Terminating Funds, the "**Funds**").

5. Unitholders of the Terminating Funds will be asked to approve the Mergers at respective

special meetings of unitholders scheduled to be held on or about June 13, 2007.

6. Implicit in the expected approval by unitholders of the Mergers is the adoption by the Terminating Funds of the fundamental investment objectives of its corresponding Continuing Fund. In this regard, one of the Continuing Funds (GWLIM Canadian) is seeking approval for a change in its fundamental investment objective at a special meeting of unitholders of GWLIM Canadian to be held on the same day that unitholders of GWLIM US are voting on the proposed Merger with GWLIM Canadian. Investors in GWLIM US are being asked to review those parts of the information circular which describe the proposed change in fundamental investment objective for GWLIM Canadian when considering the merits of the proposed Merger of GWLIM US into GWLIM Canadian.

7. Quadrus will pay all costs and expenses relating to the solicitation of proxies and the holding of unitholder meetings in connection with the Mergers.

8. The Funds are reporting issuers under the applicable securities legislation of each province of Canada and are not on the list of defaulting reporting issuers maintained under the applicable securities legislation of the Decision Makers.

9. Unless an exemption has been obtained, each of the Funds follows the standard investment restrictions and practices established by the Decision Makers.

10. The net asset value for each series of units of each of the Funds is calculated on a daily basis on each day that The Toronto Stock Exchange is open for trading.

11. Unitholders of the Terminating Funds will continue to have the right to redeem units of the Terminating Funds for cash at any time up to the close of business on the business day immediately preceding the effective date of the applicable Merger.

12. Each of the Mergers will be structured as a "qualifying exchange" within the meaning of section 132.2 of the Income Tax Act (Canada).

13. Subject to the required approval of the Decision Maker and unitholders, the Mergers will be implemented on or about June 15, 2007.

14. Following the Mergers, the Continuing Funds will continue as publicly offered open-end mutual funds and the Terminating Funds will be wound up as soon as reasonably practicable.

15. A press release, material change report and an amendment to the Funds' Prospectus were filed on SEDAR in March 2007 in connection with the Mergers in accordance with the Funds' continuous disclosure obligations set forth in Part 11 of National Instrument 81-106 Investment Fund Continuous.

16. Management information circulars in connection with the Mergers will be timely filed on SEDAR and otherwise mailed to unitholders of the Terminating Funds on or about May 15, 2007.

17. Approval of the Mergers is required because the Mergers do not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102 because the fundamental investment objectives of the Terminating Funds are not substantially similar to the fundamental investment objectives of the Continuing Funds, as would be required under clause 5.6(1)(a)(ii). Pre-approval under section 5.6 of NI 81-102 is also not available because a custom-made document, consisting of Part A and the relevant Part B of the Funds' Prospectus will, in connection with the Mergers, be delivered to security holders of the Terminating Funds instead of the full Funds' Prospectus as would be required under clause 5.6(1)(f)(ii) of NI 81-102. In addition, the financial statements of the Continuing Funds will not be delivered to securityholders of the Terminating Funds, as would be required under clause 5.6(1)(f)(ii) of NI 81-102.

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 hereby approved.

"Rhonda Goldberg"
Manager, Investment Funds Branch

2.2 Orders

2.2.1 Dynamic Fuel Systems Inc. et al. - s. 144

Headnote

Respondents to a management and other insider cease trade order were included in the order requested by the issuer by mistake. Neither respondent fell within the definition of "Defaulting Management and Other Insiders" in OSC Policy 57-603 Defaults by Reporting Issuers in Complying with Financial Statement Filing Requirements since they had each resigned as an officer or director of the issuer prior to end of the period covered by the last financial statements filed by the issuer. Order varied to remove the applicants as respondents.

Statute Cited

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

Policy Cited

OSC Policy 57-603 Defaults by Reporting Issuers in Complying with Financial Statement Filing Requirements.

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

AND

IN THE MATTER OF
DYNAMIC FUEL SYSTEMS INC.

AND

IN THE MATTER OF
THOMAS FAIRFULL, GERALD FELDMAN,
DOUG PATTISON, DAVID WHITNALL,
ALLEN KOFFMAN, RON PERRY,
GERALD L. SOLENSKY JR. AND HENRY HARRIS

ORDER
(Section 144)

WHEREAS a director of the Commission made an order under paragraph 2 and paragraph 2.1 of subsection 127(1) and subsection 127(5) of the Act on the 2nd day of May, 2007 (the "Temporary Order"), that all trading in and all acquisitions of securities of Dynamic Fuel Systems Inc. (the "Reporting Issuer"), whether direct or indirect, by any of Thomas Fairfull, Gerald Feldman, Doug Pattison, David Whitnall, Allen Koffman, Ron Perry, Gerald L. Solensky Jr. and Henry Harris (the "Respondents") cease for a period of fifteen days from the date of the Temporary Order;

AND WHEREAS Henry Harris and Allen Koffman (the "Applicants") have made an application pursuant to section 144 of the Act to vary the MCTO to remove them as Respondents and parties to the Temporary Order;

AND UPON the Applicants having represented to the Commission that:

1. Henry Harris resigned as an officer of the Reporting Issuer on August 30, 2006.

2. Allen Koffman resigned as a director of the Reporting Issuer on July 21, 2006.

3. Neither of the Applicants is, or was, at any time since the end of the period covered by the last financial statements filed by the Reporting Issuer, namely, September 30, 2006, a director, officer or other insider of the Reporting Issuer.

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

AND WHEREAS the Commission is of the opinion that it would not be prejudicial to the public interest to make this Order;

IT IS ORDERED, pursuant to section 144 of the Act, that the Temporary Order be and is hereby varied solely to remove the Applicants as Respondents and parties to the Temporary Order.

DATED at Toronto, this 7th day of May, 2007.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance Branch
Ontario Securities Commission

2.2.2 Stanton De Freitas - ss. 127(1), 127(5)

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

AND

**IN THE MATTER OF
STANTON DE FREITAS**

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

WHEREAS, in *Re Jason Wong et al.*, the Commission made an order on May 18, 2007 pursuant to subsections 127(1) and (5) of the Act that:

- trading in the securities of the following companies shall cease and that any exemptions contained in Ontario securities law do not apply to them: The Bighub.Com, Inc. ("Bighub.Com"); Advanced Growing Systems, Inc. ("Advanced Growing Systems"); LeaseSmart, Inc. ("LeaseSmart"); Cambridge Resources Corporation ("Cambridge Resources"); NutriOne Corporation ("NutriOne"); International Energy Ltd. ("International Energy"); Universal Seismic Associates Inc. ("Universal Seismic"); Pocketop Corporation ("Pocketop"); Asia Telecom Ltd. ("Asia Telecom"); and Pharm Control Ltd. ("Pharm Control");

- all trading in any securities by Jason Wong, David Watson, Nathan Rogers, Amy Giles, John Sparrow and Kervin Findlay shall cease

AND WHEREAS by further order of the Commission on May 23, 2007 in *Re Jason Wong et al.*, the Commission ordered pursuant to subsections 127(1) and (5) of the Act that trading in any securities by Select American Transfer Co. ("Select American") shall cease and that any exemptions contained in Ontario securities law do not apply to them;

AND WHEREAS it appears to the Ontario Securities Commission that:

1. Select American is a Delaware corporation that operates out of Toronto as a transfer agent;

2. In addition to the individuals named in *Re Jason Wong et al.*, it appears that Stanton De Freitas was a principal of Select American and may have been acting in the capacity of an officer and director of Select American;

3. With the assistance of Select American, its principals, former principals and others, the following companies may have assumed the corporate identities of dormant or inactive companies, the securities of which were previously quoted for trading on the Pink Sheets LLC in the over-the-counter securities market in the United States:

   - Bighub.Com;
   - Advanced Growing Systems;
   - LeaseSmart;
   - Cambridge Resources;
   - NutriOne;
   - International Energy;
   - Universal Seismic;
   - Pocketop;
   - Asia Telecom; and
   - Pharm Control;

4. Select American, acting as the transfer agent to these companies, may have issued false share certificates for trading in securities of these issuers in the over-the-counter securities market via the Pink Sheets;

5. Staff of the Commission ("Staff") are conducting an investigation into the conduct described herein and it appears that Select American, its principals, its former principals and others, including Stanton De Freitas, may have breached sections 25 and 53 of Ontario Securities law and further, may have engaged in acts, practices or courses of conduct relating to the securities of the above listed companies that they knew or reasonably ought to have known:

   - resulted in or contributed to a misleading appearance of trading activity in, or an artificial price for, the securities contrary to subsection 126.1(a) of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act"); and/or
   - perpetrated a fraud on any person or company contrary to subsection 126.1(b) of the Act.

6. The Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest; and

7. The Commission is of the opinion that it is in the public interest to make this order.

AND WHEREAS by Commission Order made April 4, 2007, pursuant to section 3.5(3) of the Act, any one of W. David Wilson, James E. A. Turner, Lawrence E. Ritchie, Robert L. Shirriff, Harold P. Hands, Paul K. Bates and David L. Knight, acting alone, is authorized to make Orders under section 127 of the Act;

IT IS ORDERED, pursuant to subsections 127(1) and 127(5) of the Act, that trading in any securities by Stanton De Freitas shall cease and that any exemptions contained in Ontario securities law do not apply to him;

IT IS FURTHER ORDERED, that pursuant to section 127(6) of the Act this order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission.

DATED at Toronto this 30th day of May, 2007.

"David Wilson"

2.2.3 Jason Wong et al. - ss. 127(1), 127(5), 127(8)

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

AND

IN THE MATTER OF
JASON WONG, DAVID WATSON, NATHAN ROGERS, AMY GILES, JOHN SPARROW, KERVIN FINDLAY, LEASESMART, INC., ADVANCED GROWING SYSTEMS, INC., PHARM CONTROL LTD., THE BIGHUB.COM, INC., UNIVERSAL SEISMIC ASSOCIATES INC., POCKETOP CORPORATION, ASIA TELECOM LTD., INTERNATIONAL ENERGY LTD., CAMBRIDGE RESOURCES CORPORATION, NUTRIONE CORPORATION AND SELECT AMERICAN TRANSFER CO.

TEMPORARY ORDER
(Sections 127(1), (5) and (8))

WHEREAS, on May 18, 2007, the Ontario Securities Commission (the "Commission") made an order, pursuant to subsections 127(1) and (5) of the Act, that:

- trading in the securities of the following companies shall cease and that any exemptions contained in Ontario securities law do not apply to them: The Bighub.Com, Inc. ("Bighub.Com"); Advanced Growing Systems, Inc. ("Advanced Growing Systems"); LeaseSmart, Inc. ("LeaseSmart"); Cambridge Resources Corporation ("Cambridge Resources"); NutriOne Corporation ("NutriOne"); International Energy Ltd. ("International Energy"); Universal Seismic Associates Inc. ("Universal Seismic"); Pocketop Corporation ("Pocketop"); Asia Telecom Ltd. ("Asia Telecom"); and Pharm Control Ltd. ("Pharm Control"); and

- all trading in any securities by Jason Wong, David Watson, Nathan Rogers, Amy Giles, John Sparrow and Kervin Findlay shall cease;

AND WHEREAS on May 22, 2007, by further order of the Commission made pursuant to subsections 127(1) and (5) of the Act, it was ordered that trading in any securities by Select American Transfer Co. ("Select American") shall cease and that any exemptions contained in Ontario securities law do not apply to them;

AND WHEREAS the Respondents Jason Wong, Pharm Control, NutriOne and Select American have consented to an extension of the temporary orders dated

May 18 and May 22, 2007 (the "Temporary Orders") until June 25, 2007;

AND UPON HEARING submissions from counsel for Staff of the Commission, counsel for Pharm Control, and on behalf of Jason Wong, NutriOne and Select American as to their consent to the extension of the Temporary Orders until June 25, 2007, with no one appearing for Bighub.Com, Advanced Growing Systems, LeaseSmart, Cambridge Resources, NutriOne, International Energy, Universal Seismic, Pocketop, and Asia Telecom;

AND WHEREAS Staff has advised that it is not seeking an extension of that part of the Temporary Orders which order that any exemptions contained in Ontario securities law do not apply to the Respondents;

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

IT IS ORDERED THAT:

1. the hearing to extend the Temporary Orders is adjourned until June 25, 2007 at 2:15 p.m.; and

2. pursuant to subsection 127 (8) of the Act, the Temporary Orders are extended until June 25, 2007 or until further order of the Commission, with the exception that the part of the Temporary Orders which order that any exemptions contained in Ontario securities law do not apply to the Respondents shall not be extended.

DATED at Toronto this 1st day of June, 2007.

"James E. A. Turner"

"Suresh Thakrar"

2.2.4 Sterling Centrecorp Inc. et al. - ss. 104, 127

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

AND

IN THE MATTER OF
STERLING CENTRECORP INC., AND
SCI ACQUISITION INC.

AND

IN THE MATTER OF
FIRST CAPITAL REALTY INC. AND
GAZIT CANADA INC.

ORDER
(Sections 104 and 127 of the
Securities Act, R.S.O. 1990, c. S.5 (the "Act"))

WHEREAS a group of directors and officers (the "Insiders") of Sterling Centrecorp Inc. ("Sterling") have initiated a transaction to acquire all outstanding issued common shares of Sterling (the "Going Private Transaction"), through the acquisition vehicle SCI Acquisition Inc. ("SCI Acquisition");

AND WHEREAS the Insiders, collectively, own or control 35.3% of the voting rights attached to all outstanding common shares of Sterling and also purport to exercise control, through a series of Support Agreements with supporting shareholders, over more than half of the voting rights attached to the outstanding common shares not owned or controlled by the Insiders;

AND WHEREAS the Going Private Transaction was approved at Sterling's Annual and Special Meeting of Shareholders on April 30, 2007 (the "Meeting") taking into account all of the votes pursuant to the Support Agreements, within the "majority of the minority" calculation required by Ontario Securities Commission Rule 61-501 – *Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions* (the "Rule 61-501 Calculation");

AND WHEREAS on April 25, 2007, First Capital Realty Inc. ("First Capital") and Gazit Canada Inc. ("Gazit") made an application (the "Application") requesting that the Commission convene a hearing to consider matters in connection with the Going Private Transaction and to seek relief under sections 104 and 127 of the Act;

AND WHEREAS a hearing was held on May 17, 2007, to consider the issues raised in the Application;

AND WHEREAS the parties to the Application have requested a decision from the Commission in advance of a court hearing scheduled for June 8, 2007;

AND UPON HAVING CONSIDERED the written and oral submissions made by counsel for First Capital and

Gazit, SCI Acquisition, Sterling, the Special Committee of Sterling Centrecorp Inc., and Staff of the Commission;

AND FOR THE REASONS to be released shortly, including a finding that the parties to the Support Agreements, other than David Kosoy and First National Investments Inc., are not "joint actors" with the Insiders and/or SCI Acquisition within the meaning of Rule 61-501;

IT IS ORDERED THAT,

1. Pursuant to subsections 104(1) and 127(1) of the Act, Sterling shall correct the record of the votes cast at the Meeting held on April 30, 2007 in respect of the Going Private Transaction, to exclude from the Rule 61-501 Calculation, the votes attached to all common shares and other securities of Sterling held by David Kosoy and First National Investments Inc.

2. The Application is otherwise dismissed.

DATED at Toronto this 4th day of June, 2007.

"Lawrence E. Ritchie"

"Harold P. Hands"

"Carol S. Perry"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Eugene N. Melnyk et al.

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

AND

IN THE MATTER OF
EUGENE N. MELNYK, ROGER D. ROWAN,
WATT CARMICHAEL INC., HARRY J. CARMICHAEL
AND G. MICHAEL McKENNEY

REASONS REGARDING THE SETTLEMENT AGREEMENT
ENTERED INTO BY OSC STAFF AND EUGENE N. MELNYK
SIGNED MAY 16-17, 2007

Hearing and Decision:	May 18, 2007		
Reasons:	June 6, 2007		
Panel:	James E. A. Turner	-	Vice-Chair and Chair of the Panel
	Margot C. Howard	-	Commissioner
	Carol S. Perry	-	Commissioner
Counsel:	Kent Thomson James Doris Sean Campbell	-	for Eugene N. Melnyk
	Johanna Superina Alexandra Clark	-	for Staff of the Ontario Securities Commission

REASONS FOR DECISION

Background

[1] On May 18, 2007, we convened a hearing to consider the terms of a settlement agreement (the "Settlement Agreement") entered into between Staff of the Commission ("Staff") and Eugene N. Melnyk ("Melnyk") relating to matters arising from a Notice of Hearing and Statement of Allegations dated July 28, 2006. The Settlement Agreement was signed by Staff on May 16, 2007 and by Melnyk on May 17, 2007. The hearing on the settlement was held in camera and we received submissions from Staff and counsel for Melnyk. After considering all of the materials submitted and the submissions made, we concluded that it was in the public interest to approve the Settlement Agreement. At that time, the hearing was made public and the Chair of the Panel provided an oral summary of our reasons for decision and indicated that written reasons would be prepared. These are the written reasons for our decision.

[2] We mention for the record that this Panel considered an earlier proposed settlement between Staff and Melnyk on May 8, 2007, which we did not approve as being in the public interest.

[3] Except as otherwise indicated, the capitalized terms used in these reasons are used as those terms are defined in the Settlement Agreement.

Relevant Facts Set Out in the Settlement Agreement

[4] The facts and circumstances agreed to by Staff and Melnyk in connection with this settlement are set out in the Settlement Agreement. We will not summarize all of the relevant facts and circumstances in these reasons. We will note, however, some of the background facts that were important to us in considering the Settlement Agreement. It is important to recognise that the facts set out in the Settlement Agreement are not findings of fact by this Panel. Rather, they are facts agreed to by Staff and Melnyk for the sole purpose of the Settlement Agreement. We relied upon the facts set out in the Settlement Agreement in approving that agreement.

[5] The Settlement Agreement states that in 1991 and thereafter, Melnyk created certain trusts in the Cayman Islands, primarily for the benefit of his family. Except as noted below, during 2002, 2003 and 2004, the period during which the trading involved in this matter occurred, Melnyk was also a beneficiary of the Trusts. Melnyk revocably disclaimed his interest as a beneficiary in two of the Trusts by letter dated July 24, 2000. During 2004 and 2005, Melnyk settled four new trusts, known as the STAR trusts, for the benefit of his wife and children and requested the trustees of the earlier Trusts to transfer the shares of the relevant companies holding Biovail shares to the New Trusts. The Trustees complied with that request. According to the Settlement Agreement, Melnyk is not a beneficiary of the New Trusts and holds no interest, contingent or otherwise in the assets of the New Trusts.

[6] Melnyk did, however, have certain relationships with the Trusts. In this respect, the Settlement Agreement provides as follows:

> "From the time that the Trusts were established in 1996, Melnyk maintained certain relationships with the Trusts and engaged in certain activities involving the Trusts, including the following:
>
> (a) Melnyk was the settler of each of the Trusts;
>
> (b) Prior to August of 2000, Melnyk and members of Melnyk's family were beneficiaries of each of the Trusts. Thereafter, as explained more fully below, Melnyk revocably disclaimed his interest in the Congor and Conset Trusts, but had the power to re-acquire his interest in those Trusts at any time;
>
> (c) Melnyk was asked for and provided recommendations to the Trustees in relation to the opening of the Accounts and, on occasion, concerning the transfer of Biovail securities between the Accounts;
>
> (d) On a few occasions in 2002 and 2003, Melnyk was asked for and provided his recommendations to the Trustees in relation to certain acquisitions or dispositions of Biovail securities held in the Accounts;
>
> (e) As set out above, at the time of the creation of the Trusts in 1996 and the New Trusts in 2004 and 2005, Melnyk recommended that assets be transferred into and out of the Trusts, and the Trustees complied with these requests;
>
> (f) Between April 1998 and December 2003, Melnyk requested and received from the Trusts unsecured loans in the amounts of US $88,375,778 and CDN $4,050,830. Melnyk provided the Investment Companies with promissory notes requiring him to repay the loans together with interest calculated at a rate of 6% per annum. The repayment dates of the loans have been extended several times. Melnyk represents that his requests for loans were declined by the Trustees from time to time, and that from time to time he has repaid amounts outstanding on these loans;
>
> (g) As at December 22, 2003, the outstanding amounts owed by Melnyk on these loans were US $100,184,324.39 and CDN $5,150,864.85. Melnyk knew or should have known that his requests for loans in certain circumstances could reasonably be expected to trigger sales by the Trusts of Biovail securities" (paragraph 26 of the Settlement Agreement).

[7] Melnyk transferred a very substantial number of shares of Biovail (or its predecessor) to the Evergreen Trust between 1991 and 1995. The number of shares of Biovail held by the Trusts varied over the relevant period. In 1996, Melnyk requested that the trustees of the Evergreen Trust transfer approximately 4.9 million shares of Biovail to the Investment Companies owned by the Trusts, representing approximately 19% of the outstanding shares of Biovail at that time. The Settlement Agreement also states that the 2002 Biovail management proxy circular failed to disclose the existence and material terms of the Trusts including the fact that the Trusts held approximately 12.7 million Biovail shares in addition to the approximately 25.1 million shares beneficially owned or controlled by Melnyk and disclosed by him. The 2003 Biovail management proxy circular failed to disclose the existence and material terms of the Trusts including that the Trusts held approximately 12.7 million Biovail shares in addition to the approximately 26.1 million Biovail shares beneficially owned or controlled by Melnyk and disclosed by him. The point is that the Trusts held a very substantial number of Biovail shares at the time of the relevant management proxy circulars

and at the time the trading which is the subject matter of this hearing occurred in 2002, 2003 and 2004. As at February 2006, the New Trusts held approximately 9.4 million Biovail shares.

[8] Roger D. Rowan ("Rowan") was a fellow director of Biovail with Melnyk. Rowan was the registered representative for certain of the Accounts established by the Trusts. The Settlement Agreement states that "at all material times, Rowan exercised discretionary trading authority" over certain of the Accounts (paragraph 14 of the Settlement Agreement). A very substantial portion of the trading identified in the Settlement Agreement occurred in those Accounts over which Rowan had trading authority.

[9] During 2002, 2003 and 2004, the Trusts traded, on an aggregate basis, in excess of 37 million shares of Biovail with a value in excess of one billion dollars and also purchased call options to acquire additional shares of Biovail. Staff's position was that whether or not the Trusts profited from this trading was not relevant to the issues before us; it is unclear based on the Settlement Agreement and the submissions made to us whether the Trusts did profit from the trading.

[10] Melnyk was generally aware of the trading by the Trusts in shares of Biovail. The Settlement Agreement states that:

> "During the material time and from time to time, Melnyk or his assistant received copies of the monthly account statements sent to the Trustees for all of the Accounts including the Watt Carmichael Accounts. Melnyk represents that on occasion, copies of these statements were sent to him or his assistant several months after they were generated. Melnyk further represents that he typically reviewed summaries of the statements rather than the statements themselves. In circumstances when Melnyk had reviewed detailed trading information contained in the brokerage statements, he either knew or should have known that Rowan was engaged in trading in Biovail securities in the Watt Carmichael Accounts during the Biovail Blackout Periods in 2002 and 2003" (paragraph 49 of the Settlement Agreement).

[11] We note, based on the terms of the Settlement Agreement, that Melnyk did not exercise control or direction over the shares of Biovail held by the Trusts. The Settlement Agreement states that:

> "Melnyk engaged in conduct that was contrary to the public interest when he failed to provide complete and accurate information to Biovail regarding the Trusts' and the New Trusts' holdings of Biovail securities. As a consequence, while Biovail's management circulars between 1996 and 2006 (the "Management Circulars") did disclose the number of Biovail securities which Melnyk beneficially owned directly or indirectly or over which he exercised control or direction, the Management Circulars did not disclose:
>
> (a) Melnyk's relationship with the Trusts and New Trusts; and
>
> (b) The number of Biovail securities held by the Trusts and the New Trusts.
>
> The disclosure contained in the Management Circulars was therefore incomplete and misleading" (paragraphs 42 and 43 of the Settlement Agreement).

[12] With respect to his dealings with the Investment Dealers Association of Canada ("IDA"), Melnyk knew in the period from January to August 2000 that the IDA was requesting information with respect to the Congor and Conset Accounts, including Melnyk's involvement in those Accounts and the names of the beneficial owners of those Accounts.

[13] The Settlement Agreement indicates that, in letters dated July 24, 2000 from Melnyk to each of the Congor and Conset Trustees, Melnyk revocably disclaimed his interest as a beneficiary in the Congor and Conset Trusts. By making that disclaimer revocable, Melnyk meant that he could at any time revoke the disclaimer by letter in writing to the Trustees and thereby again become a beneficiary of those trusts. On August 1, 2000, Melnyk's U.S. legal counsel provided Watt Carmichael (the broker and member of the IDA of which Rowan was the President and Chief Operating Officer) with a letter addressed to the IDA which stated, in part, that "… we have been authorized to confirm that Eugene Melnyk is not a beneficiary of either Trust. Nor, of course, is he a trustee of the Trusts" (paragraph 62 of the Settlement Agreement). As stated in the Settlement Agreement, "Melnyk knew or should have known that the August letter would be provided to the IDA … and that it contained statements that were incomplete and misleading in responding to the IDA's inquiry" (paragraph 65 of the Settlement Agreement).

Applicable Law

[14] We do not believe that there is any disagreement as to the legal principles that should be applied by us in considering the Settlement Agreement. We will summarize them briefly.

[15] The role of a Commission panel reviewing a settlement agreement is not to require the sanctions it would impose after a contested hearing for what is proposed in the settlement agreement, but rather to ensure that the agreed sanctions are within acceptable parameters and that the settlement agreement, as a whole, is in the public interest. Significant weight should be

given to the agreement reached between adversarial parties, as a balancing of factors and interests will have already taken place in reaching the settlement agreement (*Re Sohan Singh Koonar et al.* (2002), 25 O.S.C.B. 2691 at 2692; and *Re Pollitt* (2004), 27 O.S.C.B. 9643 at para. 33). We note that our role is not to renegotiate the terms of the Settlement Agreement or to suggest changes to the facts, statements or sanctions set forth in the Settlement Agreement. Our role is to decide whether to approve the Settlement Agreement, as a whole, on the terms presented to us.

[16] On the question of the sanctions to be imposed on a respondent in a particular matter, the Commission has emphasized that the guiding principle in imposing sanctions is as follows:

> […] the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing, we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be […]
>
> (*Re Mithras Management* (1990), 13 O.S.C.B. 1600 at 1610 and 1611).

[17] In *Re Belteco Holdings* (1998), 21 O.S.C.B. 7743, the Commission set out a series of factors it would consider when imposing sanctions on a respondent, including:

- the seriousness of the allegations proved;
- the respondent's experience in the marketplace;
- whether or not there has been a recognition of the seriousness of the improprieties; and
- whether or not sanctions may deter not only those involved in the case being considered, but any like-minded people from engaging in similar conduct in the capital markets.

(*Re Belteco Holdings*, *supra* at 7746.)

[18] The Commission's decision in *Re M.C.J.C. Holdings* (2002), 25 O.S.C.B. 1133 elaborated on these factors, listing additional considerations which relate to the circumstances of individual respondents:

- the size of any profit (or loss avoided) from the illegal conduct;
- the size of any financial sanction or voluntary payment when considered with other factors;
- the effect any sanction might have on the livelihood of the respondent;
- the restraint any sanction might have on the ability of the respondent to participate without check in the capital markets;
- the respondent's experience in the marketplace;
- the reputation and prestige of the respondent;
- the shame, or financial pain, that any sanction would reasonably cause to the respondent; and
- the remorse of the respondent.

(*Re M.C.J.C. Holdings*, *supra* at 1136.)

[19] That decision did stress, however, that these were only some of the factors to consider, observing that, "[t]here may be others, and perhaps all of the factors we have mentioned would not be relevant in this or another particular case" (*Re M.C.J.C. Holdings*, *supra* at 1136).

[20] Based on the Settlement Agreement, we accept the submissions of Staff and counsel for Melnyk that this is not an insider trading case. Moreover, the Settlement Agreement does not conclude that Melnyk had any obligation to file insider trading reports in respect of the trading by the Trusts, other than the reports required to be filed by Melnyk under Multilateral Instrument 55-103 ("MI 55-103"). Nonetheless, one of the principal regulatory concerns that arises from the circumstances of

this case is whether given the knowledge or involvement of Melnyk and Rowan in the trading by the Trusts, insider reports should have been filed. Based on the facts and statements set forth in the Settlement Agreement, Melnyk had no legal obligation to file insider trading reports, other than pursuant to MI 55-103, and it is not for us to speculate as to Rowan's legal position; that will be determined separately in a hearing currently scheduled to begin before the Commission on June 18, 2007. As a matter of principle, however, our securities laws recognize the importance of timely public reporting of trading by insiders, and the disclosure of share ownership or control by them, and we cannot ignore those fundamental principles in considering the circumstances of this matter and the terms of the Settlement Agreement.

[21] Disclosure is a cornerstone principle of securities regulation. Everyone investing in securities should have equal access to information that may affect their investment decisions. The Commission has recognized the importance of timely and accurate insider reporting:

> "[…] the filing of insider reports serves a very important purpose in our regulatory regime. They are designed to foster fair and efficient capital markets and to protect public confidence in our markets. The filing of insider reports is underscored by principles of disclosure and transparency with respect to trading by insiders."
>
> *Re Hinke* (2006), 29 O.S.C.B. 4171

Discussion and Analysis

[22] We have based our decision in this matter, as we are required to do, on the facts as set forth in the Settlement Agreement and the submissions made to us during the hearing. We believe that we are entitled to express our views on the facts and circumstances, and the sanctions, set out in the Settlement Agreement. We have assumed that all of the facts relevant to our decision are contained in the Settlement Agreement, to the extent that Staff and Melnyk have been able to agree to them. We have resisted the temptation to speculate on matters outside the terms of the Settlement Agreement. We have given due weight to the fact that Staff and Melnyk have negotiated the Settlement Agreement in good faith and that there would have been give and take and active negotiation in settling the terms of, and entering into, the Settlement Agreement. We have relied upon the judgement of Staff in not advancing any of the other matters originally raised in the Notice of Hearing and the Statement of Allegations.

[23] With respect to the trading by the Trusts, we note that, while Melnyk may not have directed that trading or have exercised control or direction over it, he was aware of the trading and we have no doubt that he could, as a practical matter, have exercised control over it and could have stopped it if he wished. We believe that to be the case regardless of the legal status of the Trusts, who the trustees of the Trusts are or were and whoever may have had the legal right to direct trading on behalf of the Trusts through the Accounts.

[24] The trading by the Trusts involved trading in millions of shares of Biovail, with a value in excess of one billion dollars, as well as the purchase of call options to acquire shares of Biovail. That trading occurred over an extended period of three years. The Settlement Agreement states that a substantial portion of the trading was conducted by Rowan who, as noted above, was a fellow member of the board of directors of Biovail with Melnyk. Both Melnyk and Rowan were insiders of Biovail during all of the relevant time.

[25] Based on the Settlement Agreement, at a minimum, Melnyk knew that an insider of Biovail, Rowan, was trading on behalf of family trusts established by Melnyk millions of shares of Biovail over an extended period, without any public disclosure of that trading, without the filing of insider trading reports and without disclosure of the Trusts' ownership of shares of Biovail. We believe that Melnyk should have questioned how that was possible and consistent with applicable securities laws. Based on the facts before us, Melnyk did not take sufficient steps either to ask that question or to determine the answer.

[26] We consider it manifestly contrary to the public interest for the chairman, a director and a major shareholder of a public company to have had knowledge of such extensive trading, in all of the circumstances of this case, and not to have taken greater steps to ensure that there was full compliance with applicable securities laws. We cannot countenance a decision of the Commission that suggests that trading such as this can occur, with the knowledge and involvement of an insider, through offshore family trusts established by that insider, without appropriate public disclosure and the making of necessary filings. Our insider reporting rules, and other requirements related to disclosure by insiders of their share ownership, are important elements of our securities law regime and disclosure of insider trading information is considered by many market participants to influence their own investment decisions. We do not discount the impact that public knowledge of the trading by the Trusts might have had on investment decisions made by investors and other shareholders of Biovail.

[27] We are also very concerned by the fact that Melnyk misled the IDA in its investigation related to two of the Trusts and the Accounts. The Settlement Agreement indicates that Melnyk knew that the IDA was investigating his relationship to two of the Trusts and the trading in the Accounts by such Trusts. He knew, or was reckless in not knowing that, as of July 23, 2000, he was a beneficiary of the Congor and Conset Trusts. He took the questionable step on July 24, 2000 of revocably disclaiming his interest as a beneficiary in those Trusts.

[28] We do not give credence to the revocable disclaimer as anything other than an intentional or reckless attempt by Melnyk to mislead the IDA through his legal counsel's letter of August 1, 2000. Melnyk knew that the IDA was attempting to determine his relationship to the Congor and Conset Trusts. In the circumstances, he misled the IDA and failed to disclose to the IDA relevant information. As stated in the Settlement Agreement:

> "In particular, the IDA was not informed of the following facts: that Melnyk had previously been listed as a beneficiary in the deeds of settlement for the Congor and Conset Trusts, the identity of the other beneficiaries of the Trusts (which included members of Melnyk's immediate family); and the fact that Melnyk had revocably (rather than irrevocably) disclaimed his interest in the Congor and Conset Trusts on July 24, 2000 and could therefore reacquire his interest in those Trusts at any time" (paragraph 66 of the Settlement Agreement).

[29] Melnyk should have taken steps not only to disclose the matters referred to above but also the other facts of which he was aware linking him to the relevant Trusts. The onus was on him to make full disclosure to the IDA and not to mislead the IDA in its role as a securities regulator. We note that the IDA enquiries with respect to the Accounts occurred in 2000, well before the trading by the Trusts that is the subject matter of the Settlement Agreement. Those enquiries should have alerted Melnyk and Rowan to the securities law issues surrounding the Trusts and trading by them in the shares of Biovail.

[30] We also note that if Melnyk had reviewed the Biovail corporate trading policy, that it clearly applied to trading by "all of its directors, officers and employees, members of their families […] and investment partnerships and other entities (such as trusts and corporations) over which such directors, officers or employees <u>have or share voting or investment control</u>" [emphasis added] (paragraph 44 of the Settlement Agreement).

[31] Corporate black-out policies form an important element of securities law compliance by public companies and their insiders. There should be a heavy onus on any insider who trades, or recommends trading, during a black-out period to demonstrate that he or she did so without knowledge of any material fact or material change. We note that there is no suggestion in the Settlement Agreement that any insider traded with knowledge of undisclosed material information.

[32] As stated in the Settlement Agreement, Melnyk violated Ontario securities law by failing to file insider trading reports as required by MI 55-103. In addition, Melnyk acted contrary to the public interest:

(a) when he failed to provide complete and accurate information to Biovail regarding the Trusts' and the New Trusts' holdings of Biovail securities; as a consequence, Biovail's management proxy circulars between 1996 and 2006 failed to disclose:

1. Melnyk's relationship with the Trusts and New Trusts; and

2. the number of Biovail securities held by the Trusts and the New Trusts;

(b) by permitting very substantial trading in shares of Biovail by offshore trusts established by him for the benefit of his family without taking greater steps to ensure whether there was full compliance with applicable securities laws and by failing to direct Rowan to refrain from trading in Biovail shares during the Biovail Blackout Periods; and

(c) by authorizing his U.S. legal counsel to send the August 1, 2000 letter to the IDA, which letter, in the circumstances in which it was sent, was incomplete and misleading.

<u>Sanctions</u>

[33] The sanctions imposed by the Settlement Agreement are fully described in that agreement and include (i) payment by Melnyk to the Commission of an administrative monetary penalty in the amount of $750,000 and of $250,000 representing a portion of the costs of the Commission's investigation in relation to this matter, (ii) an order that Melnyk cease to be a director of Biovail for a period of one year, (iii) a reprimand, (iv) various undertakings with respect to the making of appropriate filings and public disclosure now and going forward, (v) the sending by Melnyk of a letter of apology to the IDA, and (vi) agreement by Melnyk to cooperate with Staff in the hearing of this matter which will proceed against Rowan.

[34] In considering the sanctions imposed under the Settlement Agreement, we note that it was submitted to us that the sanctions imposed under that agreement far exceed the sanctions previously imposed by the Commission in similar cases. While we agree with that statement, in our view, there were no other reasonably comparable circumstances that provided any useful guidance to us.

[35] It was important to us in considering the sanctions imposed under the Settlement Agreement that there be full and adequate disclosure now and going forward of Melnyk's interests in and involvement with the New Trusts and of any future trading by the New Trusts in securities of Biovail. We consider the order that Melnyk cease to be a director of Biovail for a period

of one year to be important as a matter of principle to emphasize that we consider that the conduct of Melnyk in all the circumstances fell below the standard that we would expect of a director of a public company and a person of his standing in the business community. We are, however, satisfied that Melnyk understands the seriousness with which we view his conduct in this matter, regrets that conduct and wishes to put these matters behind him.

[36] We were significantly influenced in considering the Settlement Agreement by whether in our view the sanctions imposed would deter other insiders from engaging in similar conduct. At the end of the day, we concluded that the sanctions provided for were sufficient to achieve the Commission's objective of specific and general deterrence.

[37] There are a number of benefits that arise as a result of our approval of the Settlement Agreement. First, as noted above, we are satisfied that the terms of the Settlement Agreement will have an appropriate deterrent effect. Settling this matter now also avoids the substantial costs and expenses of a contested hearing on the merits with respect to Melnyk's conduct in the circumstances. The settlement also removes any uncertainty as to what the outcome of any such proceeding would have been. In addition, by means of the Settlement Agreement, some terms are imposed that go beyond what could have been imposed by the Commission at the conclusion of a contested hearing. For instance, Melnyk has agreed to co-operate with Staff, including by being a witness, in connection with the hearing scheduled to commence on June 18, 2007 with respect to Rowan's conduct in this matter. That agreement may be of significant value to Staff. Melnyk has also agreed to obtain an undertaking of the New Trusts that the New Trusts will treat themselves as insiders of Biovail going forward and that they will file insider trading reports with respect to all future trading in securities of Biovail (as long as Melnyk is an insider of Biovail or Melnyk and the New Trusts are, on a combined basis, insiders of Biovail).

[38] In conclusion, after considering the terms of the Settlement Agreement and the submissions made to us by Staff and counsel for Melnyk, we concluded that the terms of the Settlement Agreement are reasonable and that the sanctions imposed by that agreement are within acceptable parameters given the conduct of Melnyk. Accordingly, we approved the Settlement Agreement as being in the public interest.

Dated at Toronto, this 6th day of June, 2007.

"James E. A. Turner"

"Carol S. Perry"

"Margot C. Howard"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Wedge Energy International	31 May 07	12 June 07		

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
Dragon Capital Corporation	18 May 07	31 May 07		01 Jun 07	
Fort Chimo Minerals Inc.	05 Jun 07	18 Jun 07			
Menu Foods Income Fund	18 May 07	31 May 07		01 Jun 07	
Pearl River Holdings Limited	08 May 07	18 May 07	18 May 07	04 Jun 07	
True North Corporation	22 May 07	4 Jun 07		05 Jun 07	

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
AireSurf Networks Holdings Inc.	02 May 07	15 May 07	15 May 07		
AldeaVision Solutions Inc.	03 May 07	16 May 07	16 May 07		
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
CoolBrands International Inc.	30 Nov 06	13 Dec 06	13 Dec 06		
Dragon Capital Corporation	18 May 07	31 May 07		01 Jun 07	
Fort Chimo Minerals Inc.	05 Jun 07	18 Jun 07			
Hip Interactive Corp.	04 Jul 05	15 Jul 05	15 Jul 05		
HMZ Metals Inc.	03 Apr 06	14 Apr 06	17 Apr 06		
IMAX Corporation	03 Apr 07	16 Apr 07	16 Apr 07		
Interquest Incorporated	02 May 07	15 May 07	15 May 07		
Luxell Technologies Inc.	27 Apr 07	10 May 07	11 May 07		
Menu Foods Income Fund	18 May 07	31 May 07		01 Jun 07	

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Pearl River Holdings Limited	08 May 07	18 May 07	18 May 07	04 Jun 07	
Sierra Minerals Inc.	04 Apr 07	17 Apr 07	17 Apr 07		
Simplex Solutions Inc.	07 May 07	18 May 07	18 May 07		
SR Telecom Inc.	05 Apr 07	18 Apr 07	19 Apr 07		
True North Corporation	22 May 07	4 Jun 07		05 Jun 07	
Urbanfund Corp.	07 May 07	18 May 07	18 May 07		
Western Forest Products Inc.	24 May 07	6 Jun 07			

Chapter 5

Rules and Policies

5.1.1 CSA Notice of Amendments to National Instrument 55-101 – *Insider Reporting Exemptions* and Companion Policy 55-101CP

NOTICE OF AMENDMENTS TO
NATIONAL INSTRUMENT 55-101 – INSIDER REPORTING EXEMPTIONS
AND COMPANION POLICY 55-101CP

Introduction

We, the Canadian Securities Administrators (CSA), are implementing amendments to National Instrument 55-101 *Insider Reporting Exemptions* (NI 55-101) and its companion policy (55-101CP).

NI 55-101 and 55-101CP provide exemptions from the obligation to file insider reports under Canadian securities legislation where the policy reasons for insider reporting do not apply. The CSA adopted NI 55-101 in 2001 to make certain routine exemptions from the insider reporting requirement available automatically. We amended NI 55-101 in 2005 to add some additional routine exemptions. We proposed additional amendments in October 2006.

The amendments have been made, or are expected to be made, by each member of the CSA other than Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut.

Provided all necessary ministerial approvals are obtained, the amendments to NI 55-101 will come into force on **September 10, 2007**. The amendments to CP 55-101 will come into effect at the same time as the amendments to NI 55-101.

In Ontario, NI 55-101 and other required materials were delivered to the Minister of Government Services on June 7, 2007. The Minister may approve or reject the amendments to NI 55-101 or return them for further consideration. If the Minister approves the amendments to NI 55-101 or does not take any further action by August 6, 2007, the amendments to NI 55-101 will come into force on September 10, 2007.

In Québec, the proposed instrument is a regulation made under section 331.1 of The Securities Act (Québec) and must be approved, with or without amendment, by the Minister of Finance. The proposed instrument will come into force on the date of its publication in the Gazette officielle du Québec or on any later date specified in the regulation. It must also be published in the Bulletin.

Substance and Purpose

The amendments to NI 55-101 and CP 55-101 that we are adopting fall into the following two broad categories:

1. Amendments to clarify some provisions of NI 55-101.

2. Amendments to streamline requirements in NI 55-101.

Background

We published the proposed amendments for comment on October 27, 2006. The comment period expired on January 25, 2007.

Summary of Written Comments Received by the CSA

During the comment period, we received submissions from eight commenters. We have considered the comments received and thank all the commenters. The names of all the commenters and a summary of their comments, together with the CSA responses, are contained in Appendix B to this notice. The original comment letters are available on the Ontario Securities Commission website at www.osc.gov.on.ca.

After considering the comments, we have made changes to the proposed amendments to NI 55-101 that we published for comment. However, as these changes are not material, we are not republishing NI 55-101 for a further comment period.

Summary of Changes to the Proposed Amendments to the Instrument and Policy

The following summarizes noteworthy changes made to the amendments as originally published.

NI 55-101

1. Definition of "normal course issuer bid" – we have revised this definition so that a normal course issuer bid will include a bid conducted in accordance with the rules or policies of the Toronto Stock Exchange (TSX), the TSX Venture Exchange, or an exchange that is a recognized exchange, as defined in National Instrument 21-101 *Marketplace Operation*.

2. Definition of "senior officer" – we have added a definition of senior officer, which will apply in jurisdictions that do not have a definition of senior officer. For more information on this change, please refer to CSA Staff Notice 55-314 Use of the terms "senior officer", "officer", and "insider" in National Instrument 55-101 *Reporting Exemptions*, published February 23, 2007.

3. Section 5.2(3) – we have amended the proposed limitation in section 5.2(3) to require that the reporting issuer file a notice on SEDAR, rather than a news release.

55-101 CP

1. Part 4 – we have revised the guidance relating to recommended record-keeping practices.

2. Section 5.1(4) – we have revised this to be consistent with the change to section 5.2(3) of NI 55-101.

Questions

Please refer your questions to any of:

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Amendments

The text of the amendments to NI 55-101 is contained in Appendix A to this notice. Some CSA jurisdictions are publishing blackline documents showing the changes to the currently in force NI 55-101 and 55-101CP. Where applicable, these blackline documents are in Appendices C and D to this notice or found elsewhere on a CSA member website.

June 8, 2007

APPENDIX A

AMENDMENTS TO
NATIONAL INSTRUMENT 55-101 *INSIDER REPORTING EXEMPTIONS*

1. National Instrument 55- 101 Insider Reporting Exemptions is amended by this Instrument.

2. Section 1.1 is amended

a. in paragraphs (a) and (b) of the definition of* "major subsidiary" *by deleting "*10*" and substituting "*20*";

b. in the definition of* "normal course issuer bid" *by deleting paragraph (b) and substituting the following:

(b) a normal course issuer bid as defined in the rules or policies of the Toronto Stock Exchange (TSX), the TSX Venture Exchange or an exchange that is a recognized exchange, as defined in National Instrument 21-101 – *Marketplace Operation*, that is conducted in accordance with the rules or policies of that exchange;

c. by adding the following after the definition of "*normal course issuer bid*":

"senior officer", in a jurisdiction whose legislation does not define that term, means an officer as defined in the legislation of that jurisdiction;

3. Sections 2.1, 2.2 and 2.3, are amended by striking out "Subject to section 4.1, the*" at the beginning of each section and substituting "***The*".***

4. Section 3.2 is amended by striking out "and 4.1*".***

5. Part 4 is repealed.

6. Section 5.2 is amended by adding the following after subsection 5.2(2):

(3) An insider who is an executive officer, as defined in National Instrument 51-102 *Continuous Disclosure Obligations*, or a director of the reporting issuer or of a major subsidiary may not rely on the exemption in section 5.1 for the acquisition of stock options or similar securities granted to the insider unless the reporting issuer has previously disclosed in a notice filed on SEDAR the existence and material terms of the grant, including without limitation

(a) the date the options or other securities were issued or granted,

(b) the number of options or other securities issued or granted to each insider who is an executive officer or director referred to above,

(c) the price at which the options or other securities were issued or granted and the exercise price, and

(d) the number and type of securities issuable on the exercise of the options or other securities.

7. This Instrument comes into force September 10, 2007.

APPENDIX B

LIST OF COMMENTERS, SUMMARY OF PUBLIC COMMENTS AND CSA RESPONSES

Canadian Bankers Association

Legal Advisory Committee – Autorité des marchés financiers

Market Regulation Services Inc.

McCarthy Tétrault

Ogilvy Renault

RBC Financial Group

Securities Law Subcommittee of the Business Law Section of the Ontario Bar Association

TD Bank Financial Group

Summary of comments

	Summary of comment	CSA response
A. General comments		
1. Amendments in general	Five commenters supported the amendments in general, subject to their specific comments. *(McCarthy, RBC Financial, Ontario Bar, Canadian Bankers, LAC)*	We thank the commenters for their support. We have considered all comments received and have amended the materials where we believe it is appropriate.
2. Removing requirements relating to list of insiders	Six commenters agreed with removing the requirement to maintain lists of insiders. *(RBC Financial, Ontario Bar, TD Bank Financial, Canadian Bankers, Ogilvy, LAC)*	We thank the commenters for their support.
	One commenter suggested that we should remove from the Companion Policy the suggestion that maintaining a list of insiders relying on exemptions is a best practice as it could cause confusion as to which policies and procedures are necessary to comply with applicable insider trading laws. (*McCarthy*)	We have not amended the Companion Policy in response to this comment. The suggestion to maintain a list of persons with access to undisclosed material information is not a requirement in order for insiders to rely on the exemptions in the Instrument. The suggestion is intended to be an example of a best practice that issuers may wish to consider in developing their policies and procedures relating to information containment and insider trading.
	One commenter suggested that the new guidance in Part 4 of the CP be amended to delete the words “and help them [reporting issuers] to ensure that insiders are not violating insider trading prohibitions”, noting that the obligation to comply with the insider trading prohibitions rests on the insider itself, not the issuer. *(Ogilvy)*	We have amended the CP in response to this comment.

	One commenter supported including record-keeping in relation to those insiders who have the reporting obligation as an example of a best practice in 55-101CP, without reference to notices of intention or other lists. *(Canadian Bankers)*	The CP does not refer to notices of intention; however, CSA staff think that lists of insiders or persons with access to undisclosed information can be useful.
	One commenter indicated that they were not sure how the recommendation of a best practice approach of maintaining lists of knowledgeable insiders will result in the regulatory relief that many reporting issuers were looking for. *(LAC)*	The recommendation is not a requirement. Issuers can take other approaches to managing information. We will consider additional relief from the reporting requirements as part of phase 2.
3. Changing percentage thresholds in definition of "major subsidiary"	Five commenters supported the proposed amendments to increase the relevant percentages from 10 to 20% in this definition. (*RBC Financial, TD Bank Financial, Canadian Bankers, LAC, OntarioBar)* One of those commenters thought that the changes would alleviate considerably the reporting requirements of a number of officers and directors. (*LAC*). Although supporting the change, another of those commenters indicated that they did not think this change would have much practical effect. *(Ontario Bar)*	We thank the commenters for their support.
	One commenter stated that, in their view, a test based on assets and revenues is not appropriate in determining which directors or senior officers of a subsidiary have access to information regarding material facts or changes with respect to the reporting issuer. Instead, they suggested that the definition of "ineligible insider" or "insider" should be refined further. *(Ogilvy)*	The suggested changes to the definition of ineligible insider or insider are beyond the scope of phase 1 of this project. We will consider changing those definitions as part of phase 2.
4. Definition of "normal course issuer bid"	One commenter suggested adopting a more generic definition of normal course issuer bid so that it would be available for a normal course issuer bid on a recognized exchange for the purposes of National Instrument 21-101 *Marketplace Operation. (RS)*	We agree with this comment and plan to amend the definition as suggested.
5. Definition of "ineligible insider"	One commenter suggested that, until the CSA combines the insider reporting requirements and exemptions in one harmonized national instrument, the definition of "ineligible insider" should be narrowed. (Ogilvy)	The suggested change to the definition of ineligible insider is beyond the scope of phase 1 of this project. We will consider changing the definition as part of phase 2.

6. Summary Reporting of Insider trades by marketplaces	One commenter requested that the CSA bear in mind the order designation requirements under UMIR when drafting the phase 2 amendments. *(RS)*	We will consider these requirements as part of phase 2 of this project.
7. Proposed future amendments	Five commenters suggested that we should require fewer insiders to file insider reports. *(RBC Financial, Ontario Bar, TD Bank Financial, Ogilvy, McCarthy)*	We thank the commenters for their suggestions. We will take these comments into consideration when preparing the phase 2 amendments. We invite commenters to provide additional comments when we publish the phase 2 amendments for comment.
	Five commenters suggested that the CSA could consider accelerating the time for filing reports only if the number of insiders required to file reports was reduced. *(RBC Financial, Ontario Bar, McCarthy, TD Bank Financial, Canadian Bankers)*	We thank the commenters for this suggestion. We will take this suggestion into consideration when preparing the phase 2 amendments.
	One commenter suggested that the phase 2 amendments should adopt a definition of ineligible insider based on the definition of senior officer in s. 485.1 of the *Bank Act. (RBC Financial)*	We will take this comment into consideration when preparing the phase 2 amendments.
	One commenter suggested that we adopt a narrower definition of insider for the purposes of insider reporting requirements along the lines of 10% holders, directors and "executive officers" (as defined in NI 51-102). *(Canadian Bankers)*	We will take this comment into consideration when preparing the phase 2 amendments.
	One commenter suggested that we should harmonize penalties for missed or erroneous filings and the administrative practices applied in determining when to impose penalties. *(RBC Financial)*	The issue of harmonizing penalties and administrative practices in imposing them is beyond the scope of this project. However, the CSA will consider this comment in the context of other projects dealing with administrative penalties and practices.
B. Answers in response to questions in CSA Notice:		
1. The exemption in Part 5 of NI 55-101 that allows insiders to defer reporting acquisitions under an automatic securities purchase plan is currently available only to directors and senior officers of the reporting issuer or a subsidiary of the reporting issuer. Should we make this exemption available to persons who own or control more than 10% of the voting securities of a reporting issuer? For example, this would allow these persons to participate in a dividend reinvestment plan and report on the additional	Three commenters agreed that persons who own or control more than 10% of the voting securities of a reporting issuer should be able to defer reporting acquisitions under ASPPs. *(McCarthy, Canadian Bankers, Ogilvy)*	We thank the commenters for their suggestions. We have decided not to include 10% holders in the phase 1 amendments but will consider as part of phase 2 whether this exemption, if it continues to be necessary, should be expanded.
	One commenter felt that any extension of this exemption to 10% holders should not be limited as to the number or percentage of securities that the insider can acquire before being required to file an insider report. *(McCarthy)*	

shares they acquire in this way within 90 days of the end of the calendar year. If so, should there be limits on the number or percentage of securities that the insider can acquire before being required to file a report?	One commenter was of the view that the ASPP exemption should not be available to persons who own or control more than 10% of the voting securities of a reporting issuer, because the market is interested in any further acquisitions by these persons. In the case of a dividend reinvestment plan, the 10% shareholder may acquire a not insignificant number of securities and the reporting is not unduly burdensome. *(Ontario Bar)*	
	One commenter asked the CSA to consider the impact of such an exemption on the insider obligations under National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* (NI 62-103) and suggested that the CSA might consider limiting the exemption according to the same thresholds as those found under the early warning system. *(LAC)*	
2. We are proposing to let insiders who are executive officers or directors of a reporting issuer rely on the ASPP exemption in section 5.1 of NI 55-101 for the acquisition of stock options or similar securities granted to the insider if the reporting issuer has previously disclosed in a press release filed on SEDAR the existence and material terms of the grant.	One commenter suggested that this proposal introduces some confusion as to the proper way to report stock option grants. In their view, a preferable approach may well be to include guidance in the companion policy as to the circumstances (if any) in which it would be appropriate for insiders to rely on the ASPP exemption. *(Ontario Bar)*	We thank the commenter for this suggestion. However, we think that the proposed approach is clear and ensures that information about stock option grants is made public on a timely basis. We will consider further questions relating to insider reporting of grants of stock options and similar securities as part of the phase 2 amendments.
	One commenter had some concerns with the proposed limitation on the use of the exemption in section 5.1 by executive officers and directors, indicating that the phrase “or similar securities” is vague and causes significant lack of clarity as to whether the existing exemption in section 5.1 would be available in any circumstances. They are concerned that this provision should not be used to expand the types of securities that are required to be reported. *(Canadian Bankers)*	The exemption does not (and is not intended to) expand the type of securities that are required to be reported.

	One commenter indicated that where the notice is filed is not as important as that the information reach the public marketplace rapidly. It is their belief that disclosure of the information in the financial press is the best method to ensure prompt and timely public disclosure, which does not prevent however the requirement of the filing of a notice on either SEDAR or SEDI or both. *(LAC)*	A grant of stock options is generally not a newsworthy event. As a result, even if we require issuers to issue a press release, it is not necessarily going to be picked up by the financial press. Therefore, based on the comments received, we have amended NI 55-101 to require a notice on SEDAR, rather than a press release.
(a) Could the same result be achieved by requiring the reporting issuer to file a notice on SEDAR, rather than issuing a press release?	Four commenters were of the view that a notice on SEDAR would be sufficient. *(RBC Financial, Ontario Bar, McCarthy, Ogilvy)*	Based on the comments received, we have amended NI 55-101 to require a notice on SEDAR, rather than a press release.
	One commenter did not favour either a press release or a notice on SEDAR, but would prefer to allow reporting issuers to disclose grants of stock options and to the extent required to be reported, issuer derivatives like deferred share units, restricted share awards and long term incentive plan units, in a general report of the issuer on SEDI. *(Canadian Bankers)* That commenter also would seek clarification that any press release or notice filing on SEDAR should provide information in more general terms, not detailed with respect to "each insider".	We will consider this as part of the phase 2 amendments (and/or as part of the SEDI project). The notice on SEDAR will include detailed information about the grants to the insiders who are subject to the limitation in section 5.2(3) of NI 55-101, but not for other insiders.
(b) In the future, rather than require issuers to file a press release on SEDAR, should we enhance the System for Electronic Disclosure by Insiders (SEDI) to allow reporting issuers to disclose grants of stock options and issuer derivatives like deferred share units, restricted share awards and long term incentive plan units in a report of the issuer? This report could be analogous to the "issuer event" report required under section 2.4 of National Instrument 55-102 SEDI.	Four commenters supported enhancements to SEDI that would allow a report on stock option grants to be made in a manner similar to an issuer event report. *(RBC Financial, Ontario Bar, McCarthy, Ogilvy)*	We thank the commenters for their views on this. We will consider this as part of the SEDI project.
	One commenter suggested that it would be useful to have this report be consistent with the ASPP exemption so that there are not multiple reports available for reporting stock option grants. *(Ontario Bar)*	If SEDI is enhanced to allow this type of report, we would amend NI 55-101 so that the reporting issuer would not need to file the notice on SEDAR that is contemplated in these amendments.

3. The current concern in the United States about options backdating illustrates that the market is keenly interested in the timing of stock option grants. We understand that some investors time their own market purchases of securities of an issuer based on option grants to insiders that have been publicly disclosed. We believe that stock options or similar securities granted to executive officers or directors need to be disclosed on a timely basis – either in an insider report filed on SEDI within 10 days or a press release filed by the issuer on SEDAR. We are willing to allow other insiders to rely on the ASPP exemption for grants of stock options and similar securities, provided the plan under which they are granted meets the definition of an ASPP, the conditions of the exemption are otherwise satisfied, and the insider is not making a discrete investment decision in respect of the grant. Does disclosure of grants of options and issuer derivatives to executive officers and directors provide a greater "signalling" function or "deterrence" value than disclosure of similar grants made to other insiders?	In the opinion of one commenter, grants represent compensation decisions by the company rather than investment decisions by insiders. Therefore, the reports do not enhance the signaling function. In addition, the commenter did not think the deterrence function is relevant to compensation decisions. *(RBC Financial)*	We thank the commenters for their views on this. We will consider this as part of phase 2 of this project.
	One commenter was of the view that stock option grants and issuer derivatives grants to executive officers and directors of a reporting issuer provide a greater signaling function than disclosure of similar grants to other insiders. *(McCarthy)*	
	One commenter questions the differential treatment of executive officers and directors as compared to other insiders. It is the activities of only a very small circle of senior insiders that would likely be relevant to the market. Casting a wider reporting net places an unjustified burden on reporting issuers and their insiders that is out of all proportion to the utility of the information that such reports would provide. *(Ontario Bar)*	
	One commenter considers it to be unlikely that option grants provide a signaling function. Most companies grant options at the same time each year such that the signaling value (and consequently deterrence value) would be more likely from not granting options than granting them. The message in such circumstances could be that there is potentially material undisclosed information. However, disclosure of securities transactions of executive officers and directors have more significance in general than disclosure of similar grants and trades of a wide category of other insiders. *(Canadian Bankers)*	
	One commenter was of the view that if an ASPP is truly an automatic plan with no discrete investment decision being made upon granting, then such disclosure if properly understood should not provide a signal in the market. *(Ogilvy)*	

	One commenter was of the view that it is extremely important for information about these grants to reach the marketplace promptly and that in addition to its signaling function, the disclosure should have a deterrence value in the context of ensuring true dating of grants. *(LAC)*	

APPENDIX C

BLACKLINE SHOWING CHANGES TO THE CURRENTLY IN FORCE NI 55-101

NATIONAL INSTRUMENT 55-101
INSIDER REPORTING EXEMPTIONS

PART 1 DEFINITIONS

1.1 Definitions – In this Instrument

"acceptable summary form", in relation to the alternative form of insider report described in section 5.3, means an insider report that discloses as a single transaction, using December 31 of the relevant year as the date of the transaction, and providing an average unit price,

(a) the total number of securities of the same type acquired under an automatic securities purchase plan, or under all such plans, for the calendar year, and

(b) the total number of securities of the same type disposed of under all specified dispositions of securities under an automatic securities purchase plan, or under all such plans, for the calendar year;

"automatic securities purchase plan" means a dividend or interest reinvestment plan, a stock dividend plan or any other plan of a reporting issuer or of a subsidiary of a reporting issuer to facilitate the acquisition of securities of the reporting issuer if the timing of acquisitions of securities, the number of securities which may be acquired under the plan by a director or senior officer of the reporting issuer or of the subsidiary of the reporting issuer and the price payable for the securities are established by written formula or criteria set out in a plan document;

"cash payment option" means a provision in a dividend or interest reinvestment plan under which a participant is permitted to make cash payments to purchase from the issuer, or from an administrator of the issuer, securities of the issuer's own issue, in addition to the securities

(a) purchased using the amount of the dividend, interest or distribution payable to or for the account of the participant; or

(b) acquired as a stock dividend or other distribution out of earnings or surplus;

"dividend or interest reinvestment plan" means an arrangement under which a holder of securities of an issuer is permitted to direct that the dividends, interest or distributions paid on the securities be applied to the purchase, from the issuer or an administrator of the issuer, of securities of the issuer's own issue;

"ineligible insider" in relation to a reporting issuer means

(a) an individual performing the functions of the chief executive officer, the chief operating officer or the chief financial officer for the reporting issuer;

(b) a director of the reporting issuer;

(c) a director of a major subsidiary of the reporting issuer;

(d) a senior officer in charge of a principal business unit, division or function of ~~i) the reporting issuer or ii) a major subsidiary of the reporting issuer;~~

i) the reporting issuer or

ii) a major subsidiary of the reporting issuer;

(e) other than in Québec, a person that has direct or indirect beneficial ownership of, control or direction over, or a combination of direct or indirect beneficial ownership of, and control or direction over, securities of the reporting issuer carrying more than 10 percent of the voting rights attached to all the reporting issuer's outstanding voting securities; or

(f) in Québec, a person who exercises control over more than 10 percent of a class of shares of the reporting issuer to which are attached voting rights or an unlimited right to a share of the profits of the reporting issuer and in its assets in case of winding-up;

"insider issuer" in relation to a reporting issuer means an issuer that is an insider of the reporting issuer;

"investment issuer" in relation to an issuer means a reporting issuer in respect of which the issuer is an insider;

"issuer event" means a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event that affects all holdings of a class of securities of an issuer in the same manner, on a per share basis;

"lump-sum provision" means a provision of an automatic securities purchase plan that allows a director or senior officer to acquire securities in consideration of an additional lump-sum payment, including, in the case of a dividend or interest reinvestment plan that is an automatic securities purchase plan, a cash payment option;

"major subsidiary" means a subsidiary of a reporting issuer if

(a) the assets of the subsidiary, on a consolidated basis with its subsidiaries, as included in the most recent annual audited balance sheet of the reporting issuer, are ~~10~~20 percent or more of the consolidated assets of the reporting issuer reported on that balance sheet, or

(b) the revenues of the subsidiary, on a consolidated basis with its subsidiaries, as included in the most recent annual audited income statement of the reporting issuer, are ~~10~~20 percent or more of the consolidated revenues of the reporting issuer reported on that statement;

"normal course issuer bid" means

(a) an issuer bid that is made in reliance on the exemption contained in securities legislation from certain requirements relating to issuer bids that is available if the number of securities acquired by the issuer within a period of twelve months does not exceed 5 percent of the securities of that class issued and outstanding at the commencement of the period, or

(b) a normal course issuer bid as defined in the rules or policies of ~~The Montreal~~the Toronto Stock Exchange (TSX), ~~The~~the TSX Venture Exchange or ~~The Toronto Stock Exchange,~~an exchange that is a recognized exchange, as defined in *National Instrument 21-101 – Marketplace Operation*, that is conducted in accordance with the rules or policies of that exchange;

"senior officer", in a jurisdiction whose legislation does not define that term, means an officer as defined in the legislation of that jurisdiction;

"specified disposition of securities" means a disposition or transfer of securities under an automatic securities purchase plan that satisfies the conditions set forth in section 5.4; and

"stock dividend plan" means an arrangement under which securities of an issuer are issued by the issuer to holders of securities of the issuer as a stock dividend or other distribution out of earnings or surplus.

PART 2 EXEMPTIONS FOR CERTAIN DIRECTORS AND SENIOR OFFICERS

2.1 Reporting Exemption (Certain Directors) – ~~Subject to section 4.1, the~~The insider reporting requirement does not apply to a director of a subsidiary of a reporting issuer in respect of securities of the reporting issuer if the director

(a) does not in the ordinary course receive or have access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed; and

(b) is not an ineligible insider in relation to the reporting issuer.

2.2 Reporting Exemption (Certain Senior Officers) – ~~Subject to section 4.1, the~~The insider reporting requirement does not apply to a senior officer of a reporting issuer or a subsidiary of the reporting issuer in respect of securities of the reporting issuer if the senior officer

(a) does not in the ordinary course receive or have access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed; and

(b) is not an ineligible insider in relation to the reporting issuer.

2.3 Reporting Exemption (Certain Insiders of Investment Issuers) – ~~Subject to section 4.1, the~~The insider reporting requirement does not apply to a director or senior officer of an insider issuer, or a director or senior officer of a subsidiary of the insider issuer, in respect of securities of an investment issuer if the director or senior officer

(a) does not in the ordinary course receive or have access to information as to material facts or material changes concerning the investment issuer before the material facts or material changes are generally disclosed; and

(b) is not an ineligible insider in relation to the investment issuer.

PART 3 EXEMPTION FOR DIRECTORS AND SENIOR OFFICERS OF AFFILIATES OF INSIDERS OF A REPORTING ISSUER

3.1 Québec – This Part does not apply in Québec.

3.2 Reporting Exemption – Subject to section ~~3.3 and 4.1,~~3.3, the insider reporting requirement does not apply to a director or senior officer of an affiliate of an insider of a reporting issuer in respect of securities of the reporting issuer.

3.3 Limitation – The exemption in section 3.2 is not available if the director or senior officer

(a) in the ordinary course receives or has access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed;

(b) is an ineligible insider in relation to the reporting issuer; or

(c) is a director or senior officer of an issuer that supplies goods or services to the reporting issuer or to a subsidiary of the reporting issuer or has contractual arrangements with the reporting issuer or a subsidiary of the reporting issuer, and the nature and scale of the supply or the contractual arrangements could reasonably be expected to have a significant effect on the market price or value of the securities of the reporting issuer.

~~**PART 4 INSIDER LISTS AND POLICIES**~~**PART 4 [Repealed ●, 2007]**

~~**4.1 Insider Lists and Policies** – An insider of a reporting issuer may rely on an exemption contained in Part 2 or Part 3 if~~

~~(a) the insider has advised the reporting issuer that the insider intends to rely on the exemption, and~~

~~(b) the reporting issuer has advised the insider that the reporting issuer has established policies and procedures relating to restricting the trading activities of its insiders and other persons with access to material undisclosed information relating to the reporting issuer or to an investment issuer of the reporting issuer, and will, as part of such policies and procedures, maintain:~~

~~(i) a list of all insiders of the reporting issuer exempted from the insider reporting requirement by sections 2.1, 2.2, 2.3 and 3.2; and~~

~~(ii) a list of all insiders of the reporting issuer not exempted from the insider reporting requirement by sections 2.1, 2.2, 2.3 and 3.2.~~

~~**4.2 Alternative to Lists** – Despite section 4.1, an insider of a reporting issuer may rely on an exemption contained in Part 2 or Part 3 if~~

~~(a) the insider has advised the reporting issuer that the insider intends to rely on the exemption, and~~

~~(b) the reporting issuer has advised the insider that the reporting issuer has established policies and procedures relating to restricting the trading activities of its insiders and other persons with access to material undisclosed information relating to the reporting issuer or to an investment issuer of the reporting issuer, and the reporting issuer has filed an undertaking with the regulator or securities regulatory authority that the reporting issuer will, promptly upon request, make available to the regulator or securities regulatory authority~~

~~(i) a list of all insiders of the reporting issuer exempted from the insider reporting requirement by sections 2.1, 2.2, 2.3 and 3.2; and~~

~~(ii) a list of all insiders of the reporting issuer not exempted from the insider reporting requirement by sections 2.1, 2.2, 2.3 and 3.2.~~

PART 5 REPORTING OF ACQUISITIONS UNDER AUTOMATIC SECURITIES PURCHASE PLAN

5.1 Reporting Exemption – Subject to sections 5.2 and 5.3, the insider reporting requirement does not apply to a director or senior officer of a reporting issuer or of a subsidiary of the reporting issuer for

(a) the acquisition of securities of the reporting issuer under an automatic securities purchase plan, other than the acquisition of securities under a lump-sum provision of the plan; or

(b) a specified disposition of securities of the reporting issuer under an automatic securities purchase plan.

5.2 Limitation

(1) Other than in Québec, the exemption in section 5.1 is not available to an insider described in clause (e) of the definition of "ineligible insider".

(2) In Québec, the exemption in section 5.1 is not available to an insider described in clause (f) of the definition of "ineligible insider".

(3) An insider who is an executive officer (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*) or a director of the reporting issuer or of a major subsidiary may not rely on the exemption in section 5.1 for the acquisition of stock options or similar securities granted to the insider unless the reporting issuer has previously disclosed in a notice filed on SEDAR the existence and material terms of the grant, including without limitation

(a) the date the options or other securities were issued or granted,

(b) the number of options or other securities issued or granted to each insider who is an executive officer or director referred to above,

(c) the price at which the options or other securities were issued or granted and the exercise price, and

(d) the number and type of securities issuable on the exercise of the options or other securities.

5.3 Alternative Reporting Requirement

(1) An insider who relies on the exemption from the insider reporting requirement contained in section 5.1 must file a report, in the form prescribed for insider trading reports under securities legislation, disclosing, on a transaction-by-transaction basis or in acceptable summary form, each acquisition of securities under the automatic securities purchase plan that has not previously been disclosed by or on behalf of the insider, and each specified disposition of securities under the automatic securities purchase plan that has not previously been disclosed by or on behalf of the insider,

(a) for any securities acquired under the automatic securities purchase plan that have been disposed of or transferred, other than securities that have been disposed of or transferred as part of a specified disposition of securities, within the time required by securities legislation for filing a report disclosing the disposition or transfer; and

(b) for any securities acquired under the automatic securities purchase plan during a calendar year that have not been disposed of or transferred, and any securities that have been disposed of or transferred as part of a specified disposition of securities, within 90 days of the end of the calendar year.

(2) An insider is exempt from the requirement under subsection (1) if, at the time the report is due,

(a) the insider has ceased to be an insider; or

(b) the insider is entitled to an exemption from the insider reporting requirements under an exemptive relief order or under an exemption contained in Canadian securities legislation.

5.4 Specified Disposition of Securities – A disposition or transfer of securities acquired under an automatic securities purchase plan is a "specified disposition of securities" if

(a) the disposition or transfer is incidental to the operation of the automatic securities purchase plan and does not involve a discrete investment decision by the director or senior officer; or

(b) the disposition or transfer is made to satisfy a tax withholding obligation arising from the distribution of securities under the automatic securities purchase plan and either

(i) the director or senior officer has elected that the tax withholding obligation will be satisfied through a disposition of securities, has communicated this election to the reporting issuer or the plan administrator not less than 30 days prior to the disposition and this election is irrevocable as of the 30th day before the disposition; or

(ii) the director or senior officer has not communicated an election to the reporting issuer or the plan administrator and, in accordance with the terms of the plan, the reporting issuer or the plan administrator is required to sell securities automatically to satisfy the tax withholding obligation.

PART 6 REPORTING FOR NORMAL COURSE ISSUER BIDS

6.1 Reporting Exemption – The insider reporting requirement does not apply to an issuer for acquisitions of securities of its own issue by the issuer under a normal course issuer bid.

6.2 Reporting Requirement – An issuer who relies on the exemption from the insider reporting requirement contained in section 6.1 shall file a report, in the form prescribed for insider trading reports under securities legislation, disclosing each acquisition of securities by it under a normal course issuer bid within 10 days of the end of the month in which the acquisition occurred.

PART 7 REPORTING FOR CERTAIN ISSUER EVENTS

7.1 Reporting Exemption – The insider reporting requirement does not apply to an insider of a reporting issuer whose direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer changes as a result of an issuer event of the issuer.

7.2 Reporting Requirement – An insider who relies on the exemption from the insider reporting requirement contained in section 7.1 must file a report, in the form prescribed for insider trading reports under securities legislation, disclosing all changes in direct or indirect beneficial ownership of, or control or direction over, securities by the insider for securities of the reporting issuer pursuant to an issuer event that have not previously been reported by or on behalf of the insider, within the time required by securities legislation for the insider to report any other subsequent change in direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer.

PART 8 EFFECTIVE DATE

8.1 Effective Date – This National Instrument comes into force on April 30, 2005.

APPENDIX D

BLACKLINE SHOWING CHANGES TO THE CURRENTLY IN FORCE 55-101CP

COMPANION POLICY 55-101CP
TO NATIONAL INSTRUMENT 55-101
INSIDER REPORTING EXEMPTIONS

PART 1 PURPOSE

1.1 **Purpose** – The purpose of this Companion Policy is to set out the views of the Canadian Securities Administrators (the CSA or we) on various matters relating to National Instrument 55-101 *Insider Reporting Exemptions* (the Instrument).

PART 2 SCOPE OF EXEMPTIONS

2.1 **Scope of Exemptions –** The exemptions under the Instrument are only exemptions from the insider reporting requirement and are not exemptions from the provisions in Canadian securities legislation imposing liability for improper insider trading.

PART 3 EXEMPTION FOR CERTAIN DIRECTORS AND SENIOR OFFICERS

3.1 Exemption for Certain Directors

Section 2.1 of the Instrument contains an exemption from the insider reporting requirement for a director of a subsidiary of a reporting issuer in respect of securities of the reporting issuer if the director

(a) does not in the ordinary course receive or have access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed; and

(b) is not an ineligible insider.

The exemption in section 2.1 is available for a director of a subsidiary of a reporting issuer but is not available for a director of a reporting issuer or for an insider who otherwise comes within the definition of "ineligible insider". This is because such insiders, by virtue of their positions, are presumed to routinely have access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed.

The definition of "ineligible insider" includes an insider who is a director of a "major subsidiary" of the reporting issuer. In view of the significance of a major subsidiary of a reporting issuer to the reporting issuer, we believe that it is appropriate to treat directors of such subsidiaries in an analogous manner to directors of the reporting issuer. Accordingly, directors of major subsidiaries are included in the definition of "ineligible insider".

In the case of directors of subsidiaries of a reporting issuer that are not major subsidiaries of the reporting issuer, although such individuals, by virtue of being directors of the subsidiary, routinely have access to material undisclosed information about the subsidiary, such information generally will not constitute material undisclosed information about the reporting issuer since the subsidiary is not a major subsidiary of the reporting issuer.

3.2 Exemption for Certain Senior Officers

(1) Section 2.2 of the Instrument contains an exemption from the insider reporting requirements for a senior officer of a reporting issuer or a subsidiary of a reporting issuer if the senior officer

(a) does not in the ordinary course receive or have access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed; and

(b) is not an ineligible insider.

(2) The exemption contained in section 2.2 of the Instrument is available to senior officers of a reporting issuer as well as to senior officers of any subsidiary of the reporting issuer, regardless of size, so long as such individuals meet the criteria contained in the exemption. Accordingly the scope of the exemption is somewhat

broader than the scope of the exemption contained in section 2.1 for directors of subsidiaries that are not major subsidiaries.

In the case of individuals who are "senior officers", we accept that many such individuals do not routinely have access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed. For example, the term "senior officer" generally includes an individual who holds the title of "vice-president". We recognize that, in recent years, it has become industry practice, particularly in the financial services sector, for issuers to grant the title of "vice-president" to certain employees primarily for marketing purposes. In many cases, the title of "vice-president" does not denote a senior officer function, and such individuals do not routinely have access to material undisclosed information prior to general disclosure. Accordingly, we accept that it is not necessary to require all persons who hold the title of "vice-presidents" to file insider reports.

3.3 Exemption for Certain Insiders of Investment Issuers

Section 2.3 of the Instrument contains an exemption for a director or senior officer of an "insider issuer" who meets certain criteria in relation to trades in securities of an "investment issuer". The criteria are as follows:

- the director or senior officer of the insider issuer does not in the ordinary course receive or have access to information as to material facts or material changes concerning the investment issuer before the material facts or material changes are generally disclosed; and

- the director or senior officer is not otherwise an "ineligible insider" of the investment issuer.

The reference to "material facts or material changes concerning the investment issuer" in the exemption is intended to include information that originates at the insider issuer level but which concerns or is otherwise relevant to the investment issuer. For example, in the case of an issuer that has a subsidiary investment issuer, a decision at the parent issuer level that the subsidiary investment issuer will commence or discontinue a line of business would generally represent a "material fact or material change concerning the investment issuer". Similarly, a decision at the parent issuer level that the parent issuer will seek to sell its holding in the subsidiary investment issuer would also generally represent a "material fact or material change concerning the investment issuer." Accordingly, a director or senior officer of the parent issuer who routinely had access to such information concerning the investment issuer would not be entitled to rely on the exemption for trades in securities of the investment issuer.

PART 4 INSIDER LISTS AND POLICIES

~~(1) Section 4.1 of the Instrument describes certain steps that must be taken before an insider of a reporting issuer may rely on an exemption in Part 2 or Part 3 of the Instrument. Section 4.1 requires~~

~~(a) the insider to have advised the reporting issuer that the insider intends to rely on the exemption, and~~

~~(b) the reporting issuer to have advised the insider that the reporting issuer has established policies and procedures relating to restricting the trading activities of its insiders and other persons with access to material undisclosed information relating to the reporting issuer or to an investment issuer of the reporting issuer, and the reporting issuer will, as part of such policies and procedures, maintain:~~

~~(i) a list of insiders of the reporting issuer exempted from the insider reporting requirement by a provision of the Instrument, and~~

~~(ii) a list of insiders of the reporting issuer not exempted by a provision of the Instrument.~~

~~An insider is not required to advise the reporting issuer each time the insider intends to rely on an exemption from the insider reporting requirement. An insider may advise the reporting issuer that the insider intends to rely on a specified exemption from the insider reporting requirement for present and future transactions for so long as the insider otherwise remains entitled to rely on the exemption.~~

~~If an insider has previously advised the reporting issuer that the insider intends to rely on an exemption that is substantially similar to an exemption contained in the Instrument, such as an exemption contained in the previous version of the Instrument or an exemption contained in an exemptive relief order, we would consider that this previous notification constitutes notification for the purposes of the condition in section 4.1 of the Instrument. Accordingly, it would not be necessary for an insider in these circumstances to again notify the reporting issuer after the Instrument comes into force.~~

~~If a reporting issuer advises an insider that the reporting issuer will maintain the lists described in section 4.1, but the reporting issuer subsequently fails to do so, we would accept that continued reliance by the insider on the exemptions would be reasonable so long as the insider did not know and could not reasonably be expected to know that the reporting issuer had failed to maintain the necessary lists.~~

~~(2) As an alternative to maintaining the lists described in subparagraphs 4.1(b) (i) and (ii) of the Instrument, a reporting issuer may file an undertaking with the regulator or securities regulatory authority instead. The undertaking requires the reporting issuer to make available to the regulator or securities regulatory authority, promptly upon request, a list containing the information described in subparagraphs 4.1(b) (i) and (ii) as at the time of the request.~~

~~The principal rationale behind the requirement to maintain a list of exempt insiders and a list of non exempt insiders is to allow for an independent means to verify whether individuals who are relying on an exemption are in fact entitled to rely on the exemption. If a reporting issuer determines that it is not necessary to maintain such lists as part of its own policies and procedures relating to insider trading, and is able to prepare and make available such lists promptly upon request, the rationale behind the list requirement would be satisfied.~~

~~(3) Sections 4.1 and 4.2 of the Instrument require (as a condition to the availability of the exemptions in Parts 2 and 3) that a reporting issuer establish and maintain certain policies and procedures relating to insider trading. The Instrument does not prescribe the content of such policies and procedures. It merely requires that such policies and procedures exist and that the issuer maintain the lists described in subparagraphs 4.1(b)(i) and (ii) or file an undertaking in relation to such lists.~~

The CSA have articulated in National Policy 51-201 *Disclosure Standards* detailed best practices for issuers for disclosure and information containment and have provided a thorough interpretation of insider trading laws. The CSA recommend that issuers adopt written disclosure policies to assist directors, officers and employees and other representatives in discharging timely disclosure obligations. Written disclosure policies also should provide guidance on how to maintain the confidentiality of corporate information and to prevent improper trading on inside information. The CSA best practices offer guidance on broad issues including disclosure of material changes, timely disclosure, selective disclosure, materiality, maintenance of confidentiality, rumours and the role of analysts' reports. In addition, guidance is offered on such specifics as responsibility for electronic communications, forward-looking information, news releases, use of the Internet and conference calls. We believe that adopting the CSA best practices as a standard for issuers would assist issuers to ensure that they take all reasonable steps to contain inside information.

~~The disclosure standards described in National Policy 51-201 *Disclosure Standards* represent best practices recommended by the CSA. An issuer's policies and procedures need not be consistent with National Policy 51-201 in order for the exemptions in Parts 2 and 3 of the Instrument to be available.~~

Reporting issuers may also wish to consider preparing and periodically updating a list of the persons working for them or their affiliates who have access to material facts or material changes concerning the reporting issuer before those facts or changes are generally disclosed. This type of list may allow reporting issuers to control the flow of undisclosed information. Before ●, 2007, it was a condition of the exemptions in Parts 2 and 3 that the reporting issuer maintain lists of insiders relying on exemptions and of those insiders who were not exempt from the insider reporting requirement. Alternatively, the issuer could undertake to provide these lists promptly after receiving a request for them from a securities regulatory authority. This is no longer a condition for an insider to be able to rely on the exemptions. However, some jurisdictions may request additional information, including asking the reporting issuer to prepare and provide a list of insiders, for example in the context of an insider reporting review.

PART 5 AUTOMATIC SECURITIES PURCHASE PLANS

5.1 Automatic Securities Purchase Plans

(1) Section 5.1 of the Instrument provides an exemption from the insider reporting requirement for acquisitions by a director or senior officer of a reporting issuer or of a subsidiary of a reporting issuer of securities of the reporting issuer pursuant to an automatic securities purchase plan (an ASPP).

(2) The exemption does not apply to securities acquired under a cash payment option of a dividend or interest reinvestment plan, a lump-sum provision of a share purchase plan, or a similar provision under a stock option plan.

(3) If a plan participant acquires securities under an ASPP and wishes to report the acquisitions on a deferred basis in reliance on the exemption in section 5.1 of the Instrument, the plan participant is required to file an alternative form of report(s) as follows:

(a) in the case of acquisitions of securities that are not disposed of or transferred during the year (other than as part of a "specified disposition of securities", discussed below) the participant must file a report disclosing all such acquisitions annually no later than 90 days after the end of the calendar year; and

(b) in the case of acquisitions of securities that are disposed of or transferred during the year (other than as part of a "specified disposition of securities", discussed below) the participant must file a report disclosing the acquisition and disposition within the normal time frame for filing insider reports in respect of the disposition, as contemplated by clause 5.3(1)(a) of the Instrument.

(4) The ASPP exemption allows insiders who acquire or dispose of securities of the reporting issuer under an ASPP to file insider reports on a deferred basis when the insider is not making a discrete investment decision (as discussed below in subsection 5.2(3)) for the acquisition or disposition under the ASPP. In the past, issuers and insiders have asked whether the ASPP exemption is available for grants of stock options and similar securities. The CSA are of the view than an insider can rely on this exemption for grants of stock options and similar securities provided the plan under which they are granted meets the definition of an ASPP, the conditions of the exemption are otherwise satisfied, and the insider is not making a discrete investment decision in respect of the grant or acquisition.

To fit within the definition of an ASPP, the plan must set out a written formula or criteria for establishing the timing of the acquisitions, the number of securities that the insider can acquire and the price payable. If an insider is able to exercise discretion in relation to these terms either in the capacity of a recipient of the securities or through participating in the decision-making process of the issuer making the grant, the insider may be able to make a discrete investment decision in respect of the grant or acquisition. In these circumstances, the CSA does not believe that information about the grant should be disclosed to the market on a deferred basis.

If an insider is an executive officer or a director of the reporting issuer or a major subsidiary, the insider may be participating in the decision to grant the options or other securities. Even if the insider does not participate in the decision, we believe information about options or similar securities granted to this group of insiders is important to the market. As a result, subsection 5.2(3) of the Instrument provides that a plan participant who is in one of these categories cannot rely on the ASPP exemption for stock option grants or similar acquisitions of securities **unless** the reporting issuer has disclosed the material terms of the grant in a notice filed on SEDAR before the time the insider would have been required to file an insider report. If the reporting issuer has disclosed this information, the insider still must file the alternative form of report described in (3) above. This helps to ensure that the market has information on a timely basis about the options or other securities granted to insiders who may have participated in the decision to grant the securities, even though the insider may not file an insider report disclosing the grant until a later date.

5.2 Specified Dispositions of Securities

(1) A disposition or transfer of securities acquired under an ASPP is a "specified disposition of securities" if

(a) the disposition or transfer is incidental to the operation of the ASPP and does not involve a discrete investment decision by the director or senior officer; or

(b) the disposition or transfer is made to satisfy a tax withholding obligation arising from the distribution of securities under the ASPP and the requirements contained in clauses 5.4(b)(i) or (ii) are satisfied.

(2) In the case of dispositions or transfers described in subsection 5.4(a) of the Instrument, namely a disposition or transfer that is incidental to the operation of the ASPP and that does not involve a discrete investment decision by the director or senior officer, we believe that such dispositions or transfers do not alter the policy rationale for deferred reporting of the acquisitions of securities acquired under an ASPP since such dispositions necessarily do not involve a discrete investment decision on the part of the participant.

(3) The term "discrete investment decision" generally refers to the exercise of discretion involved in a specific decision to purchase, hold or sell a security. The purchase of a security as a result of the application of a pre-determined, mechanical formula does not represent a discrete investment decision (other than the initial decision to enter into the plan in question).

The reference to "discrete investment decision" in section 5.4 is intended to reflect a principles-based limitation on the exemption for permitted dispositions under an ASPP. Accordingly, in interpreting this term, you should consider the principles underlying the insider reporting requirement – deterring insiders from profiting from material undisclosed information and signalling insider views as to the prospects of an issuer – and the rationale for the exemptions from this requirement.

The term is best illustrated by way of example. In the case of an individual who holds stock options in a reporting issuer, the decision to exercise the stock options will generally represent a discrete investment decision. If the individual is an insider, we believe that this information should be communicated to the market in a timely fashion, since this decision may convey information that other market participants may consider relevant to their own investing decisions. ~~A reasonable investor may conclude, for example, that the decision on the part of the insider to exercise the stock options now reflects a belief on the part of the insider that the price of the underlying securities has peaked~~.

(4) The definition of "specified disposition of securities" contemplates, among other things, a disposition made to satisfy a tax withholding obligation arising from the acquisition of securities under an ASPP in certain circumstances. Under some types of ASPPs, an issuer or plan administrator may sell, on behalf of a plan participant, a portion of the securities that would otherwise be distributed to the plan participant in order to satisfy a tax withholding obligation. In such plans, the participant typically may elect either to provide the issuer or the plan administrator with a cheque to cover this liability, or to direct the issuer or plan administrator to sell a sufficient number of the securities that would otherwise be distributed to cover this liability. In many cases, for reasons of convenience, a plan participant will simply direct the issuer or the plan administrator to sell a portion of the securities.

Although we are of the view that the election as to how a tax withholding obligation will be funded does contain an element of a discrete investment decision, we are satisfied that, where the election occurs sufficiently in advance of the actual distribution of securities, it is acceptable for a report of a disposition made to satisfy a tax withholding obligation to be made on an annual basis. Accordingly, a disposition made to satisfy a tax withholding obligation will be a "specified disposition" if it meets the criteria contained in clause 5.4(b) of the Instrument.

5.3 Reporting Requirements

(1) Subsection 5.3(1) of the Instrument requires an insider who relies on the exemption for securities acquired under an ASPP to file an alternative report for *each* acquisition of securities acquired under the plan. We recognize that, in the case of securities acquired under an ASPP, the time and effort required to report each transaction *as a separate transaction* may outweigh the benefits to the market of having this detailed information. We believe that it is acceptable for insiders to report on a yearly basis aggregate acquisitions (with an average unit price) of the same securities through their automatic share purchase plans. Accordingly, in complying with the alternative reporting requirement contained in section 5.3 of the Instrument, an insider may report the acquisitions on either a transaction-by-transaction basis or in "acceptable summary form". The term "acceptable summary form" is defined to mean a report that indicates the total number of securities of the *same type* (e.g. common shares) acquired under an ASPP, or under all ASPPs, for the calendar year as a single transaction using December 31 of the relevant year as the date of the transaction, and providing an average unit price. Similarly, an insider may report all specified dispositions of securities in a calendar year in acceptable summary form.

(2) If securities acquired under an ASPP are disposed of or transferred, other than pursuant to a specified disposition of securities, and the acquisitions of these securities have not been previously disclosed in a report, the insider report should disclose, for each acquisition of securities which are disposed of or transferred, the particulars relating to the date of acquisition of such securities, the number of securities acquired and the acquisition price of such securities. The report should also disclose, for each disposition or transfer, the related particulars for each such disposition or transfer of securities. It would be prudent practice for the director or senior officer to indicate in such insider report, by way of the "Remarks" section, or otherwise, that he or she participates in an ASPP and that not all purchases under that plan have been included in the report.

(3) The annual report that an insider files for acquisitions and specified dispositions under the ASPP in accordance with clause 5.3(1)(b) of the Instrument will reconcile the acquisitions under the plan with other acquisitions or dispositions by the director or senior officer so that the report provides an accurate listing of the director's or senior officer's total holdings. As required by securities legislation, the report filed by the insider must differentiate between securities held directly and indirectly and must indicate the registered holder if

securities are held indirectly. In the case of securities acquired pursuant to a plan, the registered holder is often a trustee or plan administrator.

5.4 Exemption to the Alternative Reporting Requirement

(1) If a director or senior officer relies on the ASPP exemption contained in section 5.1 of the Instrument, the director or senior officer becomes subject, as a consequence of such reliance, to the alternative reporting requirement under subsection 5.3(1) to file one or more reports within 90 days of the end of the calendar year (the alternative reporting requirement).

(2) The principal rationale underlying the alternative reporting requirement is to ensure that insiders periodically update their publicly disclosed holdings to ensure that their publicly disclosed holdings convey an accurate picture of their holdings. If an individual has ceased to be subject to the insider reporting requirements at the time the alternative reporting requirement becomes due, we are of the view that it is not necessary to ensure that the alternative report is filed. Accordingly, subsection 5.3(2) of the Instrument contains an exemption in this regard.

5.5 Design and Administration of Plans – Part 5 of the Instrument provides a limited exemption from the insider reporting requirement only in circumstances in which an insider, by virtue of participation in an ASPP, is not making discrete investment decisions for acquisitions under such plan. Accordingly, if it is intended that insiders of an issuer rely on this exemption for a particular plan of an issuer, the issuer should design and administer the plan in a manner which is consistent with this limitation.

PART 6 EXISTING EXEMPTIONS

6.1 Existing Exemptions – Insiders can continue to rely on orders of Canadian securities regulatory authorities, subject to their terms and unless the orders provide otherwise, which exempt certain insiders, on conditions, from all or part of the insider reporting requirement, despite implementation of the Instrument.

Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	No of Purchasers	Issuer/Security	Total Pur. Price ($)	No of Securities Distributed
05/11/2007	8	Abitibi Mining Corp. - Common Shares	31,450.00	370,000.00
05/17/2007	93	Action Energy Inc. - Flow-Through Shares	15,010,000.00	3,950,000.00
05/15/2007	36	Amanta Resources Ltd. - Units	2,388,384.00	7,463,700.00
05/18/2007	3	Atlanta Gold Inc. - Common Shares	270,000.00	300,000.00
05/16/2007 to 05/23/2007	1	Belle International Holdings Limited - Common Shares	218,822.83	250,000.00
05/10/2007	89	Blackcomb Minerals Inc. - Common Shares	3,159,750.00	12,639,000.00
05/17/2007	24	Boxxer Gold Corp - Units	1,500,000.00	15,000,000.00
05/15/2007	167	BTB Real Estate Investment Trust - Trust Units	46,040,250.00	18,055,000.00
05/18/2007 to 05/25/2007	88	Buchans River Ltd. - Units	3,900,000.00	537,500.00
05/17/2007	37	Burmis Energy Inc. - Flow-Through Shares	7,360,000.00	2,000,000.00
05/08/2007	3	BurnLounge, Inc. - Common Shares	2,209,600.00	40,820.00
05/16/2006	1	CAI International, Inc. - Common Shares	1,632,600.00	100,000.00
05/24/2007	1	Canadian Auto Retail Lease Trust No. 15 - Notes	501,107,380.76	1.00
05/17/2007	15	Canadian Gold Hunter Corp. - Common Shares	6,750,000.00	3,000,000.00
05/08/2007	1	Canadian Pacific Railway Company - Notes	16,572,000.00	-1.00
05/10/2007	2	Capella Education Company - Common Shares	2,399,976.00	60,000.00
05/11/2007	146	CardioMetabolics Inc. - Common Shares	3,911,689.20	13,738,964.00
05/10/2007	14	CareVest Blended Mortgage Investment Corporation - Preferred Shares	277,359.00	277,359.00
05/10/2007	24	CareVest First Mortgage Investment Corporation - Preferred Shares	1,803,715.00	1,803,715.00
05/18/2007 to 05/25/2007	9	Cenit Corporation - Units	250,000.00	2,500,000.00
05/08/2007	125	Cloudbreak Resources Ltd. - Units	2,095,200.00	14,018,333.00
05/15/2007 to 05/24/2007	25	CMC Markets Canada Inc. - Contracts for Differences	114,341.00	25.00
05/14/2007	1	CNH Capital Canada Receivables Trust - Notes	204,000,000.00	N/A

Transaction Date	No of Purchasers	Issuer/Security	Total Pur. Price ($)	No of Securities Distributed
05/22/2007	13	Columbia Metals Corporation Limited - Units	810,000.00	2,700,000.00
05/14/2007	50	Columbia Yukon Explorations Inc. - Non-Flow Through Units	2,750,000.00	2,200,000.00
05/15/2007	22	Consolidated Global Diamond Corp. - Units	960,000.00	12,000,000.00
05/08/2007	10	Crocotta Energy Inc. - Warrants	5,007,273.84	3,681,819.00
05/09/2007	13	Cross Lake Minerals Ltd. - Flow-Through Shares	6,000,000.00	10,000,000.00
05/09/2007	5	Cross Lake Minerals Ltd. - Non-Flow Through Units	3,750,000.00	7,500,000.00
04/23/2007	1	Crum & Forster Holdings Corp. - Notes	551,200.00	N/A
05/17/2007	4	Cusac Gold Mines Ltd. - Units	158,510.00	0.00
05/23/2007	66	Cygam Energy Inc. - Common Shares	10,000,000.00	10,000,600.00
05/18/2007	9	Cygnal Technologies Corporation - Units	1,485,261.25	2,700,475.00
05/16/2007	1	Destinator Technologies Inc. - Warrants	5,000,000.00	N/A
05/08/2007	123	Digifonica International Inc. - Units	3,972,001.00	1,765,334.00
05/24/2007 to 05/29/2007	40	DIRTT Environmental Solutions Ltd. - Units	975,436.15	N/A
05/11/2007	8	Dynamic Fuel Systems Inc. - Units	316,200.00	2,635,000.00
04/25/2007	1	Endeavour Silver Corp. - Common Shares	1,156,949.40	224,215.00
05/25/2007	8	Endeavour Silver Corp. - Common Shares	7,884,000.00	1,350,000.00
05/15/2007	23	Energold Drilling Corp. - Units	15,026,000.00	6,830,000.00
05/18/2007	35	Epsilon Energy Ltd - Units	4,815,631.00	1,769,800.00
05/11/2007	1	Erin Ventures Inc. - Units	300,000.00	2,000,000.00
05/15/2007	51	Excel-Tech Aerospace Inc - Units	14,400,000.00	48,000,000.00
04/01/2007	1	FactorCorp Inc. - Debentures	50,000.00	N/A
05/17/2007	1	First Leaside Properties Limited Partnership - Notes	7,500.00	7,500.00
05/15/2007 to 05/16/2007	2	First Leaside Select Limited Partnership - Limited Partnership Interest	173,646.00	157,860.00
05/15/2007 to 05/18/2007	2	First Leaside Unity Limited Partnership - Notes	160,000.00	160,000.00
05/14/2007 to 05/18/2007	8	First Leaside Wealth Management Inc. - Preferred Shares	580,883.00	580,883.00
05/10/2007	185	First Majestic Silver Corp. - Warrants	34,415,000.00	6,883,000.00
05/11/2007	60	First Venture Technologies Corp - Units	3,040,000.05	3,200,000.00
05/17/2007	99	Formation Capital Corporation - Units	19,969,999.00	26,626,666.00
05/11/2007	1	Freegold Ventures Limited - Common Shares	15,000.00	50,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Pur. Price ($)	No of Securities Distributed
05/22/2007	111	Gas-Frac Energy Services Inc. - Common Shares	24,000,000.00	12,000,000.00
05/07/2007 to 05/11/2007	24	General Motors Acceptance Corporation of Canada, Limited - Notes	8,373,892.56	8,373,892.56
05/14/2007 to 05/18/2007	32	General Motors Acceptance Corporation of Canada, Limited - Notes	15,397,180.13	15,397,180.13
05/18/2007	104	Geodex Minerals Ltd. - Flow-Through Shares	11,225,000.00	9,500,000.00
05/15/2007	6	Georgia Ventures Inc. - Common Shares	11,105,001.00	15,864,286.00
05/09/2007	157	Georgia Ventures Inc. - Receipts	40,012,000.00	57,160,000.00
05/09/2007 to 05/19/2007	9	Global Trader Europe Limited - Contracts for Differences	10,878.24	5,936.00
05/16/2007	44	Gobimin Inc. - Common Shares	12,937,500.00	3,450,000.00
05/23/2007	2	Gold Canyon Resources Inc. - Units	400,000.00	1,000,000.00
05/09/2007	56	Goldeye Explorations Limited - Units	1,232,660.00	11,206,000.00
08/29/2006	1	Grand Royale Hotel & Casino LLP - Units	49,972.50	1.00
05/23/2007	2	Granite Master Issuer plc - Notes	445,000,000.00	N/A
05/07/2007	5	Gravity West Mining Corp. - Common Shares	510,000.00	1,000,000.00
05/16/2007	2	GridIron Software Inc. - Debentures	268,858.00	N/A
05/15/2007	15	Happy Creek Minerals Ltd. - Units	2,000,000.00	4,000,000.00
05/02/2007	32	Harvest Gold Corporation - Units	300,000.00	2,000,000.00
05/08/2007	78	Healthscreen Solutions Incorporated - Units	1,541,913.00	N/A
05/18/2007	11	Icon Industries Limited - Units	3,045,199.00	3,383,554.00
05/01/2007	1	ILF Ltd. - Common Shares	811,007.78	729.98
05/07/2007	80	Independent Nickel Corp - Flow-Through Shares	13,000,000.10	3,000,000.00
05/14/2007	3	Insulet Corporation - Common Shares	1,550,970.00	95,000.00
05/18/2007	1	International Nickel Ventures Corporation - Units	2,820,702.50	2,032,434.00
05/19/2007	14	JER Envirotech International Corp. - Units	1,413,001.00	2,355,001.00
05/11/2007	46	Jourdan Resources Inc. - Units	650,000.00	4,062,500.00
05/09/2007	1	KBSH Private - Fixed Income Fund - Units	186,703.64	18,286.35
05/11/2007	4	KBSH Private - Global Value Fund - Units	117,921.95	11,097.49
05/15/2007	11	Kingwest Avenue Portfolio - Units	1,085,376.56	30,331.00
05/15/2007	2	Kingwest Canadian Equity Portfolio - Units	252,000.00	18,555.34
05/15/2007	3	Kingwest U.S. Equity Portfolio - Units	148,666.43	8,453.83

Transaction Date	No of Purchasers	Issuer/Security	Total Pur. Price ($)	No of Securities Distributed
05/11/2007	141	Kobex Resources Ltd. - Common Shares	28,186,500.00	9,890,000.00
05/08/2007	64	La Quinta Resources Corporation - Units	2,535,000.00	N/A
10/20/2006 to 04/26/2007	96	Legg Mason Canadian Index Plus Bond Fund - Units	4,076,030.62	36,631.53
10/20/2006 to 04/26/2007	6	Legg Mason Canadian Index Plus Bond Fund - Units	2,862.64	25.70
05/18/2007	1	Mansfield Minerals Inc. - Common Shares	0.00	4,500,000.00
05/11/2007	8	Markland Resource Development Incorporated - Common Shares	1,010,250.00	808,200.00
05/16/2007	17	McLaren Resources Inc. - Common Shares	582,418.00	1,164,836.00
05/08/2007	13	Melkior Resources Inc. - Units	1,499,999.65	3,157,894.00
12/10/2006 to 12/14/2006	14	Menova Energy Inc. - Common Shares	450,500.00	429,049.00
02/06/2007 to 02/09/2007	6	Menova Energy Inc. - Common Shares	173,082.55	N/A
02/21/2007	1	Menova Energy Inc. - Common Shares	84,000.00	50,476.00
04/16/2007	7	Menova Energy Inc. - Common Shares	433,250.00	412,620.00
05/16/2007	56	Metanor Resources Inc. - Units	15,000,000.00	18,750,000.00
04/23/2007	12	Metrobridge Networks Corporation - Common Shares	0.00	59,984.00
03/30/2007	26	Mitec Telecom Inc. - Units	3,472,160.22	19,289,776.00
12/14/2006 to 02/01/2007	24	Molystar Resources Inc. - Common Shares	324,250.00	2,143,250.00
05/18/2007	2	Montreal Trust Company of Canada - Notes	900,000.00	N/A
12/04/2006	25	Morgain Minerals Inc. - Units	697,500.00	2,325,000.00
05/16/2007	3	Mueller Water Products Inc. - Notes	3,374,040.00	3,100.00
05/16/2007	17	Nelson Financial Group Ltd. - Notes	730,000.00	17.00
05/14/2007	2	Nevoro Inc. - Common Shares	78,606.82	290,000.00
05/17/2007	2	New Solutions Financial (II) Corporation - Debentures	75,000.00	2.00
05/23/2007	10	Newport Diversified Hedge Fund - Units	648,524.62	4,770,786.00
03/13/2007 to 03/16/2007	47	NGRAIN (Canada) Corporation - Units	17,738,841.87	10,622,061.00
05/10/2007	1	Noranda Aluminum Acquisition Corporation - Notes	2,176,800.00	N/A
05/02/2007 to 05/11/2007	2	Northern Hunter Energy Inc. - Common Shares	150,000.00	120,000.00
05/15/2007	53	Northern Peru Copper Corp. - Common Shares	16,800,000.00	2,000,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Pur. Price ($)	No of Securities Distributed
05/15/2007	1	Nu Energy Uranium Corporation - Common Shares	40,000.00	34,722.00
05/14/2007	48	Olivut Resources Ltd. - Common Shares	8,050,000.00	4,600,000.00
05/11/2007	1	ON Semiconductor Corporation - Common Shares	7,382,520.00	600,000.00
05/15/2007	11	OneMove Technologies Inc. - Common Shares	114,000.00	285,000.00
05/17/2007	9	Oxford Investments Holdings Inc. - Common Shares	329,675.00	1,098,917.00
04/05/2006	1	Oxford Investments Holdings Inc. - Common Shares	200,000.00	1,000,000.00
03/27/2007	35	Pacific Safety Products Inc. - Receipts	4,500,000.00	4,500,000.00
05/10/2007	38	Palladon Ventures Ltd. - Units	7,856,223.00	26,187,410.00
05/17/2007	1	Paul Capital Partners IX L.P. - Limited Partnership Interest	82,327,500.00	1.00
05/09/2007	41	Pegasus Oil & Gas Inc. - Common Shares	9,000,000.00	3,750,000.00
05/09/2007	61	Petaquilla Minerals Ltd - Units	2,775,758.00	1,387,879.00
05/23/2007	6	PharmEng International Inc. - Units	260,000.00	1,300,000.00
03/30/2007 to 04/02/2007	29	PhotoChannel Networks Inc. - Units	17,367,276.03	4,430,558.00
05/08/2007	94	Platform Resources Inc. - Flow-Through Shares	5,000,000.00	10,000,000.00
05/12/2007	4	Platinex Inc. - Common Shares	35,000.00	87,500.00
05/17/2007	20	Plazacorp Partners III Fund - Trust Units	4,340,400.00	43,404.00
05/16/2007	5	Plazacorp Retail Properties Ltd. - Bonds	1,190,000.00	N/A
05/17/2007	36	Queenston Mining Inc. - Units	10,115,000.00	N/A
04/02/2007	2	Quellos ARS III - Institutional Ltd. - Common Shares	57,820,000.00	50,000.00
05/15/2007	1	Raymor Industries Inc. - Units	2,400,000.00	3,000,000.00
05/10/2007	200	Red Back Mining Inc. - Units	374,997,600.00	69,444,000.00
05/09/2007	96	Rockwell Diamonds Inc. - Common Shares	60,323,720.00	116,007,154.00
04/09/2007	1	Royal Gold, Inc. - Common Shares	404,422.20	13,826.40
05/18/2007	73	Royal Roads Corp. - Flow-Through Shares	3,387,500.00	2,555,000.00
05/18/2007	47	Rubicon Minerals Corporation - Common Shares	20,999,995.10	8,571,429.00
05/10/2007	94	Saxon Oil Company Ltd. - Units	4,185,000.00	10,462,500.00
05/17/2007	1	Sereno Capital Corporation - Common Shares	100,000.00	500,000.00
05/04/2007	1	Sextant Strategic Opportunities Hedge Fund LP - Units	15,000.00	541.50
05/08/2007	7	SiGe Semiconductor Inc. - Common Shares	15,031,653.82	2,055,984.00

Transaction Date	No of Purchasers	Issuer/Security	Total Pur. Price ($)	No of Securities Distributed
05/17/2007 to 05/23/2007	15	SiGe Semiconductor Inc. - Common Shares	6,959,481.84	N/A
05/14/2007	2	Skilled Healthcare Inc. - Common Shares	2,659,807.75	155,000.00
05/16/2007	9	Sofame Technologies Inc. - Debentures	1,500,000.00	30.00
04/24/2007	1	Starling Finance P.L.C. - Notes	2,000,000.00	N/A
05/16/2007	3	Stockgroup Information Systems Inc. - Common Shares	5,000,001.00	3,333,334.00
05/15/2007	28	Sunshine Oilsands Ltd. - Units	2,025,100.00	1,841,000.00
05/23/2007	4	Taiwan Semiconductor Manufacturing Company Limited - Common Shares	58,489,020.00	5,000,000.00
05/22/2007	5	Tarquin Group Inc. - Common Shares	151,360.91	302,722.00
05/11/2007	31	TCHC Issuer Trust - Debentures	250,000,000.00	2,500,000.00
05/25/2007	3	Temex Resource Corp. - Common Shares	44,000.00	200,000.00
05/09/2007	89	Terraco Gold Corp. - Units	4,000,000.00	8,000,000.00
05/03/2007 to 05/07/2007	26	The Cambrian House Inc. - Common Shares	1,170,085.17	2,207,708.00
05/16/2007	2	The Goodyear Tire & Rubber Company - Common Shares	752,251.50	2,100.00
05/09/2007	22	Tiger Resources Limited - Units	14,207,300.00	N/A
05/15/2007	11	Transpower Finance Corporation - Notes	125,000,000.00	N/A
05/15/2007	11	Transpower Finance Limited - Notes	125,000,000.00	N/A
05/23/2007	2	Trimas Corporation - Common Shares	1,807,245.00	150,000.00
05/22/2007	6	Twinstrand Therapeutics Inc. - Notes	920,000.00	6.00
05/17/2007	44	Unbridled Energy Corporation - Units	1,450,000.00	2,735,000.00
05/03/2007	178	VMS Ventures Inc. - Units	2,500,000.00	10,724,004.00
05/04/2007	1	VRX Worldwide Inc. - Debentures	250,000.00	250,000.00
05/22/2007	6	VSS Communications Parallel Partners IV, L.P. - Limited Partnership Interest	36,201,862.00	N/A
05/17/2007	119	Walton Brant County Land Limited Partnership 1 - Limited Partnership Units	3,001,800.00	300,180.00
05/15/2007	63	Walton Brant Land Acquisition Investment Corporation - Common Shares	1,566,260.00	156,656.00
05/15/2007	5	Walton Brant Land Acquisition Limited Partnership - Limited Partnership Units	1,631,560.00	163,156.00
05/09/2007	61	Walton Tutela Heights Ontario Investment Corporation - Units	1,222,520.00	122,252.00

Transaction Date	No of Purchasers	Issuer/Security	Total Pur. Price ($)	No of Securities Distributed
05/10/2007 to 05/15/2007	14	Welton Energy Corporation - Common Shares	2,552,050.00	2,967,500.00
05/09/2007	11	West High Yield (W.H.Y.) Resources Ltd. - Units	2,925,000.00	4,500,000.00
05/07/2007	41	Western Australian Diamonds Inc. - Common Shares	124,843.60	1,248,436.00
04/24/2007	2	Wimberly Apartments Limited Partnership - Limited Partnership Units	197,220.10	256,130.00
05/17/2007	28	Zaio Corporation - Common Shares	12,000,000.00	12,000,000.00
05/08/2007	8	Zinc Entertainment LP - Units	225,000.00	225.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Extendicare Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 5, 2007
Mutual Reliance Review System Receipt dated June 5, 2007
Offering Price and Description:
$100,000,000.00 - 5.70% Convertible Unsecured Subordinated Debentures
Dune June 30, 2014 Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #1115668

Issuer Name:
49 North 2007 Resource Flow-Through Limited Partnership
Principal Regulator - Saskatchewan
Type and Date:
Amended and Restated Preliminary Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated June 4, 2007
Offering Price and Description:
$15,000,000.00 (MAXIMUM OFFERING); $3,000,000.00 (MINIMUM OFFERING) A MAXIMUM OF 1,500,000 AND A MINIMUM OF 300,000 LIMITED PARTNERSHIP UNITS Subscription Price: $10.00 per Unit Minimum Subscription: 200 Units - $2,000
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Desjardins Securities Inc.
Research Capital Corporation
Bureonvest Securities Limited
Industrial Alliance Securities Inc.
Queensbury Securities Inc.
Promoter(s):
49 North 2006 Resource Fund Inc.
Project #1071842

Issuer Name:
American Capital Strategies, Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary MJDS Prospectus dated May 31, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
U.S. $5,000,000,000.00 - Common Stock; Preferred Stock; Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1114467

Issuer Name:
Antamena Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated May 31, 2007
Mutual Reliance Review System Receipt dated May 31, 2007
Offering Price and Description:
$200,000.00 - 2,000,000 COMMON SHARES Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Tim Gallagher
Project #1114064

Issuer Name:
Argenta Oil & Gas Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated May 31, 2007
Offering Price and Description:
$20,000,000.00 - 40,000,000 Common Shares Issuable upon Conversion of 40,000,000 Prospectus Special Warrants
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Paradigm Capital Inc.
Toll Cross Securities Inc.
Promoter(s):
Denis Clement
Project #1111797

Issuer Name:
Ascendant Copper Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 29, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
$15,000,000.00 to $20,000,000 - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Laurentian Bank Securities Inc.
Raymond James Ltd.
Dundee Securities Corporation
Jennings Capital Inc.
Promoter(s):
-
Project #1109410

Issuer Name:
Baytex Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 1, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
$149,450,000.00 - 7,000,000 Subscription Receipts, each representing the right to receive one Trust Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
FirstEnergy Capital Corp.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
Peters & Co. Limited
Raymond James Ltd.
Cormark Securities Inc.
Dundee Securities Corporation
Promoter(s):
-
Project #1114792

Issuer Name:
Bradmer Pharmaceuticals Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 5, 2007
Mutual Reliance Review System Receipt dated June 5, 2007
Offering Price and Description:
$21,600,000.00 - 5,400,000 Units Price: $4.00 per Unit
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Blackmont Capital Inc.
Clarus Securities Inc.
Versant Partners Inc.
Orion Securities Inc.
Promoter(s):
-
Project #1115630

Issuer Name:
Calotto Capital Inc
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated May 31, 2007
Mutual Reliance Review System Receipt dated June 4, 2007
Offering Price and Description:
Minimum Offering: $1,000,000.00 (10,000,000 Common Shares); Maximum Offering: $1,780,000.00 (17,800,000 Common Shares) Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Jennings Capital Inc.
Hayward Securities Inc.
Promoter(s):
Dean Gendron
Project #1114820

Issuer Name:
Chemokine Therapeutics Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 29, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
$ US * - * Units Price: $ US * per Unit
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Promoter(s):
-
Project #1110442

Issuer Name:
D-Box Technologies Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated June 1, 2007
Mutual Reliance Review System Receipt dated June 4, 2007
Offering Price and Description:
$ * - * Common Shares Price: $ * per Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Loewen, Ondaatje, McCutcheon Limited
Laurentian Bank Securities Inc.
Promoter(s):
-
Project #1114744

Issuer Name:
European Goldfields Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 1, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
Cdn.$ * Treasury Offering (□œ Common Shares); Cdn.$ * Secondary Offering (up to 3,000,000 Common Shares)
Price: $ * per Common Shares
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Evolution Securities Ltd.
Dundee Securities Corporation
Orion Securities Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1114486

Issuer Name:
First Capital Realty Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated June 1, 2007
Mutual Reliance Review System Receipt dated June 5, 2007
Offering Price and Description:
$1,300,000,000.00 - Debt Securities (Senior Unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1115649

Issuer Name:
Front Street Resource Performance Fund Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated May 31, 2007
Offering Price and Description:
$ * - * Units Each Unit consisting of one Equity Share and one full Equity Share Purchase Warrant
Price: $10.00 per Unit Minimum Purchase: * Units
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Tuscarora Capital Inc.
Blackmont Capital Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Richardson Partners Financial Limited
Dundee Securities Corp.
GMP Securities Ltd.
HSBC Securities (Canada) Inc.
MGI Securities Inc.
Wellington West Capital Inc.
Promoter(s):
Front Street Capital 2004
Project #1112858

Issuer Name:
General Donlee Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated June 4, 2007
Mutual Reliance Review System Receipt dated June 5, 2007
Offering Price and Description:
$50,000,000.00 - 7.0% Convertible Unsecured Subordinated Debentures, due 2014
Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #1115435

Issuer Name:
GGOF Global Real Estate Fund
GGOF Global Technology Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 4, 2007
Mutual Reliance Review System Receipt dated June 5, 2007
Offering Price and Description:
Mutual Fund Units, F Class Units and T Class Units
Underwriter(s) or Distributor(s):
Guardian Group of Funds Ltd.
Jones Heward Investment Management Inc.
Promoter(s):
Guardian Group of Funds Ltd.
Project #1115194

Issuer Name:
Hilltown Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
$400,000.05 - 2,666,667 Common Shares Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
Rudy de Jonge
David Eaton
Project #1114557

Issuer Name:
Hydro One Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated June 1, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
$2,500,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Casgrain & Company Limited
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
Laurentian Bank Securities Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #1114480

Issuer Name:
Jura Energy Corporation
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
$30,015,000.00 - 26,100,000 Common Shares Price: $1.15 per Common Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Westwind Partners Inc.
Promoter(s):
-
Project #1106703

Issuer Name:
Killam Properties Inc.
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Short Form Prospectus dated June 1, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
$60,003,500.00 - 5,854,000 Common Shares Price: $10.25 per Common Share
Underwriter(s) or Distributor(s):
RBC Capital Markets Inc.
Canaccord Capital Corporation
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Desjardins Securities Inc.
Genuity Capital Markets
Blackmont Capital Inc.
Beacon Securities Limited
M. Partners Inc.
Trilon Securities Corporation
Promoter(s):
-
Project #1114416

Issuer Name:
Lakeview Hotel Real Estate Investment Trust
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated May 29, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
$5,000,000.00 (Minimum Offering); $18,000,000.00 (Maximum Offering) 5 Year *% Series C Convertible Redeemable Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
Westwind Partners Inc.
Blackmont Capital Inc.
Desjardins Securities Inc.
Promoter(s):
-
Project #1110409

Issuer Name:
Mackenzie Universal Global Infrastructure Fund
Mackenzie Universal Global Property Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated May 28, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
Offering Series A, F, I, O, P and T Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #1109729

Issuer Name:
Markland AGF Precious Metals Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated May 31, 2007
Offering Price and Description:
Maximum: $ * - * Units (Each Unit consisting of one Equity Share and one-half of a Warrant for one Equity Share) Price: $10.00 per Unit Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Berkshire Securities Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Blackmont Capital Inc.
Desjardins Securities Inc.
Research Capital Corporation
Wellington West Capital Inc.
Promoter(s):
Markland Street Asset Management Inc.
Project #1113139

Issuer Name:
Nexen Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Shelf Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
U.S.$2,500,000,000.00.00
Common Shares
Class A Preferred Shares
Senior Debt Securities
Subordinated Debt Securities
Subscription Receipts
Warrants to Purchase Equity Securities
Warrants to Purchase Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1111767

Issuer Name:
OilSands Canada Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated June 4, 2007
Mutual Reliance Review System Receipt dated June 5, 2007
Offering Price and Description:
$ * (Maximum) - * Units Price: $10.00 per Unit (Each Unit consisting of one Equity Share and one-half of one Warrant to acquire one Equity Share)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Blackmont Capital Inc.
Wellington West Capital Inc.
Berkshire Securities Inc.
Desjardins Securities Inc.
Middlefield Capital Corporation
Research Capital Corporation
Richardson Partners Financial Ltd.
Promoter(s):
Middlefield Fund Management Limited
Project #1115341

Issuer Name:
Orient Venture Capital Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated May 31, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
$300,000.00 - 3,000,000 COMMON SHARES Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Dwane Brosseau
Project #1114247

Issuer Name:
Paramount Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 4, 2007
Mutual Reliance Review System Receipt dated June 4, 2007
Offering Price and Description:
250,512,500.00 - 20,450,000 Subscription Receipts, each representing the right to receive one trust unit; and $75,000,000.00 - 6.50% Convertible Extendible Unsecured Subordinated Debentures Price: $12.25 per Subscription Receipt and $1,000 per Debenture
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
GMP Securities L.P.
Raymond James Ltd.
Blackmont Capital Inc.
Canaccord Capital Corporation
Cormark Securities Inc.
Dundee Securities Corporation
Peters & Co. Limited
Promoter(s):
-
Project #1115215

Issuer Name:
Redwood Diversified Equity Fund
Redwood Diversified Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated May 31, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
F Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Redwood Asset Management Inc.
Project #1113875

Issuer Name:
Stealth Energy Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
$506,000.00 - 2,200,000 COMMON SHARES Price: $0.23 PER COMMON SHARE
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
Rudy de Jonge
David Eaton
Project #1114690

Issuer Name:
TDb Split Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 29, 2007
Mutual Reliance Review System Receipt dated May 31, 2007
Offering Price and Description:
$ * - * Priority Equity Share and * Class A Share Prices: $10.00 per Priority Equity Share and $10.00 per Class A Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Bieber Securities Inc.
Blackmont Capital Inc.
Laurentian Bank Securities Inc.
Richardson Partners Financial Limited
Wellington West Capital Inc.
Promoter(s):
Quadravest Capital Management Inc.
Project #1113498

Issuer Name:
Wireless Matrix Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
$12,750,000.00 - 12,500,000 Common Shares Price: $1.02 per Share
Underwriter(s) or Distributor(s):
Orion Securities Inc.
GMP Securities L.P.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #1111368

Issuer Name:
Mutual Fund Units and Class F Units of :
AIC Advantage Fund
AIC Advantage Fund II
AIC American Advantage Fund
AIC Global Advantage Fund
AIC Diversified Canada Fund
AIC Value Fund
AIC World Equity Fund
AIC Global Diversified Fund
AIC Diversified Science & Technology Fund
AIC Canadian Focused Fund
AIC American Focused Fund
AIC Global Focused Fund
AIC Canadian Balanced Fund
AIC Global Balanced Fund
AIC Dividend Income Fund
AIC Global Premium Dividend Income Fund
AIC World Financial Infrastructure Income and Growth Fund
AIC Bond Fund
AIC Global Bond Fund
AIC Money Market Fund
AIC U.S. Money Market Fund
Mutual Fund Units of:
AIC Diversified Income Portfolio Fund
AIC Balanced Income Portfolio Fund
AIC Balanced Growth Portfolio Fund
AIC Core Growth Portfolio Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 28, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1088780

Issuer Name:
AIM Global First Class
Trimark Global Small Companies Class
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 30, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
Series A, Series F and Series I shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
AIM Funds Management Inc.
Project #1059596

Issuer Name:
Anvil Mining Limited
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
C$174,999,988.00 - 10,769,230 Common Shares Price: C$16.25 per Common Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
BMO Nesbitt Burns Inc.
Haywood Securities Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #1105085

Issuer Name:
Boralex Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
$100,000,005.00 - 6,666,667 Class A Shares Price: $15.00 per Class A Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
National Bank Financial Inc.
GMP Securities L.P.
CIBC World Markets Inc.
Desjardins Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #1106716

Issuer Name:
Canadian Pacific Railway Company
Principal Regulator - Alberta
Type and Date:
Final Short Form Shelf Prospectus dated June 1, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
$1,500,000,000.00 - Medium Term Notes (Unsecured)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Morgan Stanley Canada Limited
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #1087493

Issuer Name:
Carlyle Mining Corp.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated May 29, 2007
Mutual Reliance Review System Receipt dated May 31, 2007
Offering Price and Description:
$200,000.00 - 2,000,000 COMMON SHARES Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Bryce Roxburgh
Paul Joyce
Project #1099872

Issuer Name:
CIX Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated May 31, 2007
Offering Price and Description:
Maximum $100,000,000.00 - 4,000,000 Priority Shares @ $10.00/sh and 4,000,000 Class A Shares @ $15.00/sh
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Blackmont Capital Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Richardson Partners Financial Limited
Wellington West Capital Inc.
Promoter(s):
CI Investments Inc.
Project #1094297

Issuer Name:
Co-operators General Insurance Company
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 1, 2007
Mutual Reliance Review System Receipt dated June 5, 2007
Offering Price and Description:
$100,000,000.00 - 4,000,000 Shares Non-Cumulative Redeemable Class E Preference Shares, Series C Price: $25.00 per Series C Preference Share to yield 5.00%

Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #1108655

Issuer Name:
Class A, Class B, Class D, Class F and Class I Units of :
Criterion International Equity Currency Hedged Fund
Criterion Global Dividend Currency Hedged Fund
Class A, Class B, Class C, Class D, Class F and Class I, Class L,
Class M, Class N, Class O, Class P and Class Q Units of :
Criterion Water Infrastructure Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 30, 2007
Mutual Reliance Review System Receipt dated May 31, 2007
Offering Price and Description:
Class A, Class B, Class C, Class D, Class F, Class I, Class L, Class M, Class N, Class O, Class P and Class Q Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Criterion Investments Limited
Project #1086246

Issuer Name:
DATACOM WIRELESS CORPORATION
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated May 29, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
$10,000,000.80 - 11,111,112 Units $0.90 per Unit
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Canaccord Capital Corporation
Blackmont Capital Inc.
Promoter(s):
-
Project #1090790

Issuer Name:
Dividend 15 Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 29, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
Preferred Shares Price: $10.35 per share Maximum Offering: $8,709,276.60 (841, 476 Shares)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
Quadravest Capital Management Inc.
Project #1106330

Issuer Name:
Espial Group Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated June 1, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
$24,997,000.00 - 3,571,000 common shares Price $7.00 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Genuity Capital Markets G.P.
Promoter(s):
-
Project #1099409

Issuer Name:
Essential Energy Services Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated June 4, 2007
Mutual Reliance Review System Receipt dated June 4, 2007
Offering Price and Description:
$30,000,000.00 - 4,477,612 Units Price: $6.70 per Unit
Underwriter(s) or Distributor(s):
Raymond James Ltd.
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
Orion Securities Inc.
Acumen Capital Finance Partners Inc.
Blackmont Capital Inc.
Promoter(s):
-
Project #1108278

Issuer Name:
First Asset Global Infrastructure Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated May 31, 2007
Offering Price and Description:
Maximum Total Offering: $100,000,000.00 (10,000,000 Units); Minimum Total Offering: $20,000,000.00 (2,000,000 Units) Price per Unit: $10.00 Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
Dundee Securities Corporation
Canaccord Capital Corporation
Raymond James Ltd.
Wellington West Capital Inc.
Blackmont Capital Inc.
Berkshire Securities Inc.
Desjardins Securities Inc.
Research Capital Corporation
Richardson Partners Financial Limited
Promoter(s):
First Asset Funds Inc.
Project #1086508

Issuer Name:
GlobalBanc Advantaged 8 Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated May 29, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
$150,000,000.00 (maximum) - 7,500,000 Preferred and Class A Shares @ $10/sh; $20,000,000.00 (minimum) - 2,000,000 Preferred and Class A Shares @ $10/Sh
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Dundee Securities Corporation
Raymond James Ltd.
Blackmont Capital Inc.
Wellington West Capital Inc.
Promoter(s):
National Bank Financial Inc.
Project #1094032

Issuer Name:
Jura Energy Corporation
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 31, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
$30,015,000.00 - 26,100,000 Common Shares Price: $1.15 per Common Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Westwind Partners Inc.
Promoter(s):
-
Project #1106703

Issuer Name:
Series A, I and O Securities of :
Keystone AGF Equity Fund
Keystone AIM Trimark Global Equity Fund
Keystone Beutel Goodman Bond Fund
Keystone Bissett Canadian Equity Fund
Keystone Dreman U.S. Value Fund
Keystone Elliott & Page High Income Fund
Series A, F, I and O Securities of :
Keystone Saxon Smaller Companies Fund
Series A, F, G, I, P and T Securities of :
Keystone Diversified Income Portfolio Fund
Keystone Conservative Portfolio Fund
Keystone Balanced Portfolio Fund
Keystone Balanced Growth Portfolio Fund
Series A, F, G and I Securities of :
Keystone Growth Portfolio Fund
Keystone Maximum Growth Portfolio Fund
Series A, I, O and R Securities of :
Keystone Dynamic Power Small -Cap Class (formerly Keystone Dynamic Power Small -Cap Capital Class)
Keystone Templeton International Stock Class (formerly Keystone Templeton International Stock Capital Class)
of Mackenzie Financial Capital Corporation
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses and Annual Information Forms dated May 30, 2007
Mutual Reliance Review System Receipt dated June 4, 2007
Offering Price and Description:
Series A, F, G, I, O, P, R and T Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1087975

Issuer Name:
Mainstream Minerals Corporation
Principal Regulator - Manitoba
Type and Date:
Final Prospectus dated May 31, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
A Maximum of 1,851,852 Flow-Through Shares at a price of Cdn $0.27 per Flow-Through Share
($500,000.04) and a Minimum of 1,111,112 Flow-Through Shares ($300,000.24) and A Maximum of 1,851,852 Units at a price of Cdn $0.27 per Unit ($500,000.04) and a Minimum of 740,741 Units ($200,000.07)
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
Promoter(s):
-
Project #1092305

Issuer Name:
Nevado Venture Capital Corporation
Principal Regulator - Quebec
Type and Date:
Final CPC Prospectus dated May 28, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
$250,000.00 - 2,500,000 Class A common shares Price: $0.10 per Class A common share
Underwriter(s) or Distributor(s):
Integral Wealth Securities Limited
Promoter(s):
Andre Bergeron
Project #1069087

Issuer Name:
Red Rock Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated May 31, 2007
Mutual Reliance Review System Receipt dated May 31, 2007
Offering Price and Description:
Minimum $2,450,000.00; Maximum $6,300,000.00 - Up to 6,000,000 Units and up to 5,000,000 Flow Through Shares Price: $0.70 per Unit and $0.70 per Flow Through Share
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
Sandy Loutitt
Project #1019923

Issuer Name:
Scandinavian Minerals Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 30, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
$35,000,000.00 - 4,000,000 Common Shares $8.75 per Common Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #1105244

Issuer Name:
Sino-Forest Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 5, 2007
Mutual Reliance Review System Receipt dated June 5, 2007
Offering Price and Description:
$175,835,000.00 - 13,900,000 Common Shares Price: $12.65 per Common Share
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
CIBC World Markets Inc.
Merrill Lynch Canada, Inc.
Credit Suisse Securities (Canada) Inc.
UBS Securities Canada Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #1108525

Issuer Name:
Strategic Energy Fund (formerly NCE Strategic Energy Fund)
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 29, 2007
Mutual Reliance Review System Receipt dated May 30, 2007
Offering Price and Description:
Maximum - $104,281,361.00 (11,305,193)
Underwriter(s) or Distributor(s):
National Bank Financial
Promoter(s):
-
Project #1090044

Issuer Name:
TIS Preservation & Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated May 23, 2007 to the Simplified Prospectus and Annual Information Form dated March 30, 2007
Mutual Reliance Review System Receipt dated June 5, 2007
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Gatehouse Capital Inc.
Project #1056062

Issuer Name:
YPG Holdings Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated June 1, 2007
Mutual Reliance Review System Receipt dated June 1, 2007
Offering Price and Description:
$200,000,000.00 - 8,000,000 shares 5.00% Cumulative Redeemable First Preferred Shares, Series 2 Price: $25.00 per Series 2 Share to yield 5.00%
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Dundee Securities Corporation
Promoter(s):
-
Project #1107783

Issuer Name:
Global Wealth Management Fund
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Prospectus dated March 28th, 2007
Withdrawn on June 4th, 2007
Offering Price and Description:
$ * - * Units Price: $10.00 per Unit Minimun Purchase: 100 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Blackmont Capital Inc.
Richardson Partners Financial Limited
Wellington West Capital Inc.
Berkshire Securities Inc.
Desjardins Securities Inc.
Promoter(s):
Frontieralt Investment Management Corporation
Project #1075733

Issuer Name:
ML Split Corp.
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Prospectus dated April 25th, 2007
Withdrawn on June 1st, 2007
Offering Price and Description:
$* (Maximum) - * Priority Equity Shares and * Class A Shares
Prices: $10.00 per Priority Equity Share and $10.00 per Class A Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Bieber Securities Inc.
Blackmont Capital Inc.
Laurentian Bank Securities Inc.
Richardson Partners Financial Limited
Wellington West Capital Inc.
Promoter(s):
Quadravest Capital Management Inc.
Project #1088749

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	GFI Investment Counsel Ltd.	Limited Market Dealer & Investment Counsel And Portfolio Manager	June 1, 2007
New Registration	Marathon Capital Inc.	Limited Market Dealer	June 1, 2007
New Registration	Kimelman & Baird, LLC	Non-Canadian Adviser (Investment Counsel and Portfolio Manager) & Limited Market Dealer	June 1, 2007
Consent to Suspension (Rule 33-501 - *Surrender of Registration*)	Red Mile Syndication Inc.	Limited Market Dealer.	May 30, 2007

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA Sets Date for Robert Franklin Leer Hearing in Vancouver, British Columbia

NEWS RELEASE
For immediate release

MFDA SETS DATE FOR
ROBERT FRANKLIN LEER HEARING
IN VANCOUVER, BRITISH COLUMBIA

May 31, 2007 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Robert Leer by Notice of Hearing dated April 17, 2007.

As specified in the Notice of Hearing, the first appearance in this proceeding took place on May 30, 2007 at 10:00 a.m. (Vancouver) before a 3-member Hearing Panel of the MFDA Pacific Regional Council.

The commencement of the hearing of this matter on the merits has been scheduled to take place before a Hearing Panel of the Pacific Regional Council on Thursday, July 19, 2007 at 10:00 a.m. (Vancouver) in the Hearing Room located at the Wosk Centre for Dialogue, 580 West Hastings Street, Vancouver, British Columbia, or as soon thereafter as the hearing can be held.

The hearing will be open to the public, except as may be required for the protection of confidential matters.

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

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 162 members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Yvette MacDougall
Hearings Coordinator
(416) 943-4606 or ymacdougall@mfda.ca

13.1.2 MFDA Sets Date for Cory Piggott Hearing in Toronto, Ontario

NEWS RELEASE
For immediate release

MFDA SETS DATE FOR CORY PIGGOTT HEARING
IN TORONTO, ONTARIO

June 1, 2007 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Cory Piggott by Notice of Hearing dated March 21, 2007.

As specified in the Notice of Hearing, the first appearance in this proceeding took place on May 15, 2007 before a three-member Hearing Panel of the MFDA Central Regional Council. Following consideration of submissions from Mr. Piggott, the Hearing Panel adjourned the first appearance in this proceeding until today at 10:00 a.m. (Eastern).

The commencement of the hearing of this matter on the merits has been scheduled to take place before a Hearing Panel of the Central Regional Council on Thursday, June 28, 2007 at 1:00 p.m. (Eastern) in the Hearing Room located at the offices of the MFDA at 121 King Street West, Suite 1000, Toronto, Ontario, or as soon thereafter as the hearing can be held.

The hearing will be open to the public, except as may be required for the protection of confidential matters.

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

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 162 members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Yvette MacDougall
Hearings Coordinator
(416) 943-4606 or ymacdougall@mfda.ca

13.1.3 TSX Inc. – Amendments to the Rules of the Toronto Stock Exchange – Alternative Trade eXecution (ATX)

THE RULES

of

THE TORONTO STOCK EXCHANGE

These rules are black-lined to indicate amendments from the version that was published on October 6, 2006 at (2006) 29 OSCB 8023.

RULES (as at •, ~~2006~~2007)	POLICIES
PART 1 - INTERPRETATION **1-101 Definitions (Amended)**	
(1) In all Exchange Requirements, unless the subject matter or context otherwise requires:	
"Alternative Trade eXecution (ATX)" is a subscription-based facility of the Exchange to match Intents against Exchange destined order flow as well as other Intents. All matches in ATX are sent to the Exchange for trade execution. **Added (•, ~~2006~~2007)**	
"ATX Subscriber" means a Participating Organization that has subscribed to use ATX. **Added (•, ~~2006~~2007)**	
"Canadian Best Bid" means the highest price of ~~committed~~ orders on ~~the Exchange (or another~~any marketplace as ~~determined by the Exchange)~~displayed in a consolidated market display to buy a particular security, where each order is at least one board lot, but does not include the price of any basis order, call market order, closing price order, market-on-close order, opening order, special terms order or volume-weighted average price order. **Added (•, ~~2006~~2007)**	
"Canadian Best Bid Offer (~~BBO~~CBBO)" means the Canadian Best Bid and Canadian Best Offer. **Added (•, ~~2006~~2007)**	
"Canadian Best Offer" or "Canadian Best Ask" means the lowest price of ~~committed~~ orders on ~~the Exchange (or another~~any marketplace as ~~determined by the Exchange)~~displayed in a consolidated market display to sell a particular security, where each order is at least one board lot, but does not include the price of any basis order, call market order, closing price order, market-	

RULES (as at •, ~~2006~~2007)	POLICIES
on-close order, opening order, special terms order or volume-weighted average price order. **Added (•, ~~2006~~2007)**	
"Central Intent Book (or CIB)" means a blind electronic book that holds all Intents entered by ATX Subscribers. **Added (•, ~~2006~~2007)**	
"Intent" means a firm indication by a person, acting as principal or agent, of a willingness ~~of a person~~ to buy or sell a security provided that certain specified conditions are satisfied, such as a quote spread and bid offer quote volume. **Added (•, ~~2006~~2007)**	
"Minimum Quote Spread" is a spread value that is entered on an Intent by an ATX Subscriber that specifies a minimum quote spread that must be satisfied in order for an Intent to be eligible to match in ATX. **Added (•, ~~2006~~2007)**	
"Minimum Quote Volume" is a volume that is entered on an Intent by an ATX Subscriber that specifies a minimum quote volume that must be satisfied in order for an Intent to be eligible to match in ATX. **Added (•, ~~2006~~2007)**	
"Priority Allocation Group (PAG)" is a feature in ATX that allows an ATX Subscriber to define its in-house priority allocation for purposes of matching orders and Intents. **Added (•, ~~2006~~2007)**	
PART 4 – TRADING OF LISTED SECURITIES	
DIVISION 1 - MARKET FOR LISTED SECURITIES **4-108 ATX Facility** (1) Intent Entry Intents may be entered, by an ATX Subscriber, into the CIB at any time on a Trading Day. Intents entered in the CIB will not interact with the Book. (2) Intent Size Increment The ATX facility operates in a minimum size increment of one security for each Intent.	

RULES (as at •, ~~2006~~2007)	POLICIES
(3) Order Entry Orders from an ATX Subscriber may be routed to ATX at any time on a Trading Day. Orders that an ATX Subscriber routes to ATX will not be held in the CIB but will match with Intents held in the CIB in accordance this Rule 4-108. (4) Eligible Orders Orders which are at least one security in volume are eligible for matching in ATX. (5) Matching of Intents and Orders (a) All Intents entered by an ATX Subscriber must have a Minimum Quote Spread and a Minimum Quote Volume specified. Both of these conditions must be satisfied in order for an Intent to be eligible to match in ATX. A Minimum Quote Spread is satisfied, if, at the time of the match, the spread value of the ~~BBO~~CBBO is greater than or equal to the Intent's Minimum Quote Spread. A Minimum Quote Volume is satisfied if, at the time of the match, the aggregate volume of the ~~BBO~~CBBO, on the same side as the Intent, is greater than or equal to the Intent's Minimum Quote Volume. (b) Orders will be immediately matched with Intents in the CIB that are on the contra side of the order, subject to Rule 4-108(5)(a). A buy order will be matched with a sell Intent at the Canadian Best Offer, at such time, plus price improvement as determined ~~by the Exchange,~~ from time to time~~, with such price improvement being provided to the order~~ by the Exchange. A sell order will be matched with a buy Intent at the Canadian Best Bid, at such time, plus price improvement as determined ~~by the Exchange,~~ from time to time~~, with such price improvement being provided to the order~~ by the Exchange. (c) Subject to Rule 4-108(5)(a), active Intents will be immediately matched with other Intents in the CIB that are on the contra side of the active Intent. An active buy Intent will be matched with a sell Intent at the Canadian Best Offer, at such time, plus price improvement as determined ~~by the Exchange,~~ from time to time~~, with such price improvement being provided to the active buy Intent~~ by the Exchange. An active sell Intent will be matched with a buy Intent at the Canadian Best Bid, at such time, plus price improvement~~,~~ as determined ~~by the Exchange~~ from time to time~~, with such price improvement being provided to the active sell Intent~~ by the Exchange. (d) All matching in ATX will occur during the Regular Session but will not occur if the security is halted or delayed by the Exchange or RS. (e) Matches will not execute if at the time the match is reported to the Exchange it is outside the ~~posted BBO~~	

RULES (as at •, ~~2006~~2007)	POLICIES
~~quote.~~ bid price and ask price quoted on the Exchange. Notwithstanding Rules 4-801 and 4-802, matches will execute if at the time the match is reported to the Exchange it is at the bid price or ask price quoted on the Exchange. (6) Priority of Matches Notwithstanding Rules 4-801 and 4-802 and subject to Rule 4-108(5)(a), orders shall match with Intents in the CIB~~,~~ and active Intents shall match with other Intents in the CIB: (a) Orders shall match with Intents in the CIB in the following manner and sequence: (i) orders with Intents from the same ATX Subscriber according to such ATX Subscriber's PAG assignment. Intents with the same PAG assignment are matched with orders in time priority; then (ii) orders with Intents that meet a minimum volume requirement, as determined by the Exchange from time to time. Where multiple Intents meet the minimum volume requirement, these Intents shall be matched in time priority, without regard to the size of the Intents; then (iii) orders with all other Intents in time priority; then (iv) any residual volume of the order is sent immediately to the Book. (b) Active Intents shall match against Intents in the CIB in the following manner and sequence: (i) Intents with other Intents from the same ATX Subscriber according to such ATX Subscriber's PAG assignment. Intents with the same PAG assignment are matched with other Intents in time priority; then (ii) Intents with other Intents that meet a minimum volume requirement, as determined by the Exchange from time to time. Where multiple Intents meet the minimum volume requirement, these Intents shall be matched in time priority, without regard to the size of the Intent; then (iii) Intents with all other Intents in time priority. (7) Unmatched Intents An unmatched Intent will remain in the CIB until such Intent: (a) is matched with an order or an active Intent; (b) is cancelled by the ATX Subscriber; or (c) expires based on the duration of the Intent.	

RULES (as at •, ~~2006~~2007)	POLICIES
(8) Application of Exchange Requirements Except as otherwise provided in this Rule, all Exchange Requirements shall apply to the entry and execution of Intents and orders. For greater certainty, for purposes of Rule 2-501, Rule 2-502, Rule 2-503 and their related policies, reference to the term orders shall include both orders and Intents entered in the ATX facility, and reference to the term Book in Policy 2-502(2)(e) shall include CIB. **Added (•, ~~2006~~2007)**	

13.1.4 TSX Inc. – Summary of Comments Received and TSX Responses on Alternative Trade eXecution (ATX)

Implementation of a Pre-Trade Matching Facility
Alternative Trade eXecution (ATX)

Summary of Comments Received and TSX Responses

Comments Received from:

1. Market Regulation Services Inc. ("RS")[1.]
2. GMP Securities L.P. ("GMP")
3. Perimeter Markets Inc. ("PMI")
4. Commission Direct Inc. ("CDI")

[1.] The comments by RS give further guidance to market participants and for this reason their comments have been provided in full in *italics*, without any summary.

Capitalized terms that have not been specifically defined have the meaning attributed to them in either UMIR or the TSX Request for Comments for ATX.

	Comment By and Category	Summary of Comment	TSX Response
1.	RS and PMI: Status as a "Matching Facility"	RS: *While the Proposal refers to "active intents" and "passive intents", we understand that the "intents" will nonetheless be considered an "order" for the purposes of the Marketplace Operation Instrument and, as such, for UMIR. Nonetheless, ATX, as proposed, will be a "matching facility" rather than a marketplace. Any match of an order or active intent with a passive intent in ATX does not constitute a trade. The match only becomes a trade when executed in the trading engine of the TSX. As such, the critical point in time for the purposes of the application of certain UMIR provisions will be at the execution of the trade in the central limit order book of TSX.* PMI stated that the definition of Intents may give some dealers and clients the impression that these order types are not worthy of the same degree of regulatory protection as other client orders. In particular, there should be no question that UMIR prohibitions on front-running and client priority apply to these types of orders.	We agree with this comment provided by RS. ATX is a pre-trade matching facility. Trade reports for trades that are the result of ATX matches are time stamped at the time they are processed by TSX's trading engine, and not at the time the match is made in the ATX facility. Match messages from ATX are treated as special order types until they are processed by TSX's trading engine, similar to an intentional cross on the Exchange. RS' comments under – *Matching Facility*, provide appropriate guidance with respect to the application of UMIR. Matches on ATX that execute on the Exchange must be in compliance with UMIR, including client priority obligations and restrictions on front-running. For greater clarity, we have revised the definition of Intents to make it more consistent with the definition of "order" as set out in the Market Operation Instrument (NI 21-101).
2.	RS: Exposure of "Client Orders"	RS: *Rule 6.3 of UMIR requires a Participant, subject to certain exceptions, to immediately enter on a marketplace a client order to purchase or sell 50 standard trading units or less or a security. In the view of RS, a client order that is routed to a matching facility such as ATX will meet this requirement if any "unmatched" portion of the client order is immediately entered into the central limit*	We agree with this comment. All orders routed to the ATX facility are ultimately destined for TSX's central limit order book. Orders that are not matched upon arrival to ATX, and any residual portions of orders that are unmatched, will be immediately entered into the TSX's central limit order book.

	Comment By and Category	Summary of Comment	TSX Response
		order book of the TSX. A client order that would otherwise be subject to "exposure" under Rule 6.3 could only be entered into ATS as an "intent" on the specific instruction of the client. A client order that is for an amount in excess of 50 standard trading units could be entered as an intent but the execution of such order would remain subject to the requirements related to "best execution" and "client priority".	
3.	RS and PMI: Multi-Tiered Priority	RS: *UMIR provides that a Participant must provide priority to "client orders" over subsequent principal or non-client orders if the client order is at the same or better price, on the same side of the market and on the same conditions and settlement terms. If the "intent" by the client would be assigned to a "priority allocation group" the same as or lower than an intent by a principal or non-client account, the Participant would be expected to disclose this fact to the client prior to accepting the client's instructions or consent.*	We agree with this comment provided by RS. We expect that Participants will determine their PAG priorities, and such priorities will not typically change between the type of clients and their Intents. Clients should be informed of the functionalities of an Intent and whether client Intents are assigned to a PAG that is the same as or lower than an Intent of a principal or non-client account. Once a client has been informed of the functionalities of an Intent and the applicable PAG, then each time a client enters an Intent or requests that an Intent be entered into ATX, they will be effectively consenting to the application of the tiered priority as it relates to its Intent. On this basis, a specific consent is not required each time an Intent is entered or requested to be entered by a client, provided that there has been no subsequent change in the Intent functionality and the relevant PAG.
		PMI commented that all client orders within a dealers' ATX order book must have a real opportunity to continuously interact directly with all other client and non-client orders within that book. The proposed ATX rules are unclear as to whether dealers can, directly or indirectly, condition their client orders so that they routinely default to matching with the dealers' proprietary orders.	Before accessing liquidity from other dealers, all client and principal orders and active Intents will attempt to find a match with an offsetting passive Intent from the same dealer. This is an extension of the popular 'seeking out the cross' functionality that is currently available on the Exchange. Subject to the defined multi-tiered priority, a client order will have an opportunity to interact with other client and non-client passive Intents in ATX. If no matches are achieved such client order will interact with other client and non-client orders in the Exchange's central limit order book. See RS' comment and our response above - *Multi-Tiered Priority*. The proposed ATX Rule 4-108(6) is clear that the allocation of matches in ATX follow a defined algorithm, which includes internalization. Dealers are not able to change on an order-by-order or Intent-by-Intent basis the priority of matches.
		PMI proposes that ATX dealers should be required to obtain informed consent from their clients before they are permitted to route orders first to the ATX facility. Also, such consent should be renewed annually.	See RS' comment and our response above - *Exposure of "Client Orders"*. The routing of client orders through ATX is consistent with UMIR, and informed consent with respect to orders that are not Intents is not needed.

	Comment By and Category	Summary of Comment	TSX Response
			See RS' comment and our response above on - *Multi-Tiered Priority*. Informed consent is appropriate for entering "client orders" as Intents. Currently POs allocate order flow between their trading desks. ATX simply automates this functionality. We do not agree that by automating this process through ATX, a PO should be forced to disclose to the public its internal allocation strategy.
		PMI proposes that all ATX dealers' PAGs should be made publicly available.	
4.	RS, GMP and PMI: Price Improvement and Client Priority	RS: *Under the Proposal* [i.e. Request for Comment]*, when an order matches against a passive intent, the order will receive price improvement of one trading increment over the best bid in the case of a sale or the best ask in the case of a purchase. When an active intent matches with a passive intent, the match will be price at the midpoint of the best bid and best ask rounded to the next valid trading increment.* *Subject to certain exceptions, under Rule 8.1 of UMIR a Participant that executes a client order for 50 standard trading units of less with a value of $100,000 or less with a principal or non-client order must do so at a "better price" provided the Participant has taken reasonable steps to ensure that the price is the best available price for the client taking into account the condition of the market at that time. Given the mechanism by which the trade price will be calculated for ATX, RS is of the opinion that the trade price will satisfy the requirements to be the "best available price". However, a Participant that enters intents into ATX to trade only with orders of their firm will be in compliance with Rule 8.1 provided the "principal" or "non-client" intents are entered on a proactive basis and without knowledge of an incoming order from a client that will be directed to ATX. RS will look at the timing of the principal or non-client intents in considering whether the Participant has taken reasonable steps to ensure that the client has received the "best available price".* *In certain cases, the match in ATX may result in a "race" to the central limit order book of the TSX. It is possible that between the match on ATX and the execution of the orders in the central limit order book that the prevailing market prices may change. If the price attributed to the match is outside the bid price and ask price at the time the match arrives at the central limit order book of the TSX for execution, the match will be rejected and will not trade. However, if the price attributed to the match is at the then bid*	We agree with this comment. We have revised ATX Rule 4-108(5)(e) to further clarify under what circumstances a match from ATX will be executed on the Exchange. The revised ATX Rule will allow matches from ATX to execute on the Exchange as long as the match is on or within the posted bid price or ask price on the Exchange. We anticipate that later versions of ATX will include functionality with respect to "race to Exchange" conditions.

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		price or the ask price, the trade will be executed without interference by any order in the central limit order book. The resulting execution of the ATX-matched orders will operate as an exception to the general time priority rule of the TSX and will operate as a further exception to the priority given to prior orders from the same firm. RS acknowledges that allocations between orders at the same price is properly within the jurisdiction of the marketplace but, in the opinion of RS, the further exceptions provided for the execution of ATX matches should be clearly outlined in the rules and policies governing the operation of ATX. In accordance with Rule 5.3 of UMIR, a Participant may rely on the allocations between a principal order and a client order that have been made by the trading system of a marketplace provided the client order has been entered immediately upon receipt and was not varied following entry except on the instructions of or with the specific consent of the client.	
		GMP asks the question whether RS and the Ontario Securities Commission ("OSC") approve of the one trick price improvement that ATX will offer when an order matches against a passive Intent.	Please see RS' comment above - *Price Improvement and Client Priority*. Price improvement serves an exception to the exposure of client order obligation under Rule 6.3 of UMIR and the client-principal trading obligations under Rule 8.1 of UMIR. We are not aware of any objections by RS and the OSC regarding (i) the one-tick price improvement on an order that matches with a passive Intent or (ii) the midpoint pricing for matches between Intents. We submit that both types of price improvements comply with UMIR.
		PMI seeks clarification on price improvements on ATX, and states their belief that trades between a dealer and its client should always be price improved to the bid-ask mid-point, subject to exceptional circumstances the dealer can demonstrate entitles it to a greater-than-50% share of the spread. PMI also stated that the price improvement determination to be made by the Exchange from time to time should be made following input from a range of dealer and non-dealer representatives, and the reasons for such decisions publicly disclosed.	The amount of price improvements described in paragraphs 2.17 and 2.18 of the Request for Comments will be the norm. All matches will be subject to such price improvements. We believe it is sufficient that any change to these price improvements will be subject to an advance notice to Subscribers of ATX as set out in paragraph 2.15 of the Request for Comments. Furthermore, we believe it is appropriate to differentiate the amount of price improvement based on the type of match (i.e. Intent/Intent match versus Intent/order match). Intents, which are expected to represent larger blocks of demand will provide greater liquidity to the ATX and therefore, will receive a larger share of the spread. Also, the two types of price improvement provide certainty on the amount of price improvement that a match will receive versus allowing for "exceptional circumstances".

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5.	RS and CDI: Price of Matches	RS: *As drafted, all matches in ATX will occur at a price that improves on the posted best bid or best ask on the TSX. The Request for Comments acknowledges that other visible marketplaces may emerge and that the "TSX intends to incorporate a posted best bid/offer within the ATS facility that reflects the best bid or best offer on the Exchange or any other significant visible equity marketplaces to facilitate regulatory requirements."* *RS has published guidance with respect to the obligations of Participants in obtaining "best price" in a multiple marketplace environment. In the view of RS, the "best ask price" and "best bid price" can only be determined by reference to orders on marketplaces that provide pre-trade transparency. In order for a Participant to demonstrate that it had made "reasonable efforts" to execute a client order at the best price, RS expects the Participant will deal with "better-priced" orders on another marketplace if that marketplace:* • *disseminates order data in real-time and electronically through one or more information vendors;* • *permits dealers to have access to trading in the capacity as agent;* • *provides fully-automated electronic order entry; and* • *provides fully-automated order matching and trade execution* *Reference should be made to Market Integrity Notice 2006-017 – Guidance – Securities Trading on Multiple Marketplaces (September 1, 2006).* *Given the advance notice which Participants are given of the introduction of marketplaces that will meet the criteria established by RS, RS does not anticipate the provision of "exemptions" or "grace periods" in order to comply with the requirements of Rule 5.2. For this reason, RS would urge that the proposed rules of the TSX be modified to take account of order information from any marketplace that a Participant would have to consider in order for the Participant to comply with Rule 5.2.* CDI has similar concerns as those expressed above by RS.	The definition of Best Bid and Best Offer was not intended to give the TSX sole discretion in determining which marketplaces it would include in the determination of Best Bid and Best Offer. The purpose was to create sufficient flexibility in the definition to accommodate current and future changes to regulatory requirements for securities trading on multiple marketplaces. To address your concern and to provide greater clarity, we have revised the definition of "Best Bid" and "Best Offer" to be more consistent with the recently amended UMIR definitions of "best bid price" and "best ask price". The revised definitions are as follows: *(i) "Canadian Best Bid - means the highest price of orders on any marketplace as displayed in a consolidated market display to buy a particular security, where each order is at least one board lot, but does not include the price of any basis order, call market order, closing price order, market-on-close order, opening order, special terms order or volume-weighted average price order."* *(ii) "Canadian Best Offer or Canadian Best Ask – means the lowest price of orders on any marketplace as displayed in a consolidated market display to sell a particular security, where each order is at least one board lot, but does not include the price of any basis order, call market order, closing price order, market-on-close order, opening order, special terms order or volume-weighted average price order."* Meeting best price obligations under UMIR is a Participant obligation and not a marketplace obligation. However, ATX will include market prices from other marketplaces to facilitate dealer compliance with Rule 5.2 of UMIR (Best Price Obligation) and meet expectations of the Canadian Securities Administrators and RS regarding securities trading on a multiple marketplaces. At this point, TSX envisages only the orders on Pure Trading to be included in the determination of Canadian Best Bid and Canadian Best Offer. It is the only other marketplace that is expected to trade TSX listed securities and provide pre-trade transparency for such securities. We intend to include orders from other marketplaces if they trade TSX listed securities and provide pre-trade transparency for such securities.

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6.	GMP: Wash trades	GMP has concerns that ATX allows wash trades to be posted and printed on the Exchange but not included in the actual historical volume calculations. Also, GMP suggests that ATX, and any other dark book ATS should be required to have in place a system by which orders will be rejected if they appear to be an inventory-inventory cross for the same dealer.	We wish to clarify our comment in paragraph 2.21 of the Request for Comment. If the same subscriber to ATX is on both sides of the match and neither side of the match is designated as a "client" (CL) or "non-client" (NC) order or Intent, such match will not print on the Exchange, will not update last sale, and will not be included in historical volumes ("Off-Market Entry"). The "Off-Market Entry" function is intended to automate an existing procedure while continuing to prohibit wash trades from interacting with the market in any way. Principal-principal trading occurs when inventory shares are moved between desks at a dealer. These trades are journaled by the dealer and are not printed on the Exchange. ATX essentially automates this particular journal entry process. It is not possible for such trades to result in misleading or manipulative trades because such trades are not transparent to anyone other than the particular dealer and the regulator. In ATX, all information relating to an Off-Market Entry is suppressed through encryption so that it is only visible to the dealer. In this way, the opportunity to manipulate or misstate results is eliminated. Dealers benefit from the Off-Market Entry because permitting these types of matches significantly increases their chance of successfully internalizing. In many cases, a multi-service dealer will have desks that do not communicate with one another, and have a supply and demand for securities that could be internalized but for the lack of such communication. ATX allows these desks to interact in a safe environment with no information leakage, so that best execution is upheld while internalization opportunities are maximized. At the same time the encryption of the resulting trade ensures that they have no impact on the marketplace.
7.	GMP and CDI: Routing Orders	GMP states that ATX should not hard code where an order will route too; instead an order should route to the marketplace that will give the best execution based on price. Also, CDI suggests that the best price obligations in a multiple marketplace environment should apply to marketplaces as well.	The obligation to route orders to the best market is a dealer obligation. While TSX remains committed to assisting dealers in meeting this obligation through a marketplace solution, there is currently no inter-market routing solution available at TSX. In its absence, dealers should route to TSX or another marketplace pursuant to their trade-through obligation. Orders should only pass through ATX when the TSX's central limit order book is their final destination. The Best Bid Offer price improvement feature in ATX will provide protection against potential

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			trade through concerns and price changes from a "race" to the central limit order book of the Exchange. ATX will price the match to ensure it is within the Best Bid Offer. See our response to RS' comment above – *Price of Matches*. Best price obligation requires reasonable effort from the dealer and not a guarantee of best price. It is our understanding that if a better price appears after an order is sent, but before it is executed on the Exchange, a dealer will be in compliance with its best price obligations because at the time the order was entered the Exchange had the best price. The initial process by the dealer of determining which marketplace an order should be sent too constitutes reasonable effort, notwithstanding any subsequent change in price which causes a technical trade through.
8.	GMP: Call Market	GMP asks the question whether orders on ATX are considered to be Call Market Orders, as is the case for orders in TriAct's dark book. Such Call Market Orders on TriAct are exempt from certain provisions of UMIR.	ATX has not been classified as a call market because it is viewed as a continuous matching facility. Call markets and continuous markets offer different value propositions, and it is fair to expect that both will exist in a multiple marketplace environment.
9.	GMP: Markers	GMP raises a general concern that marketplaces do not comply with disclosure requirements with respect to order markers, and requested that the "Short Exempt" marker be supported by ATX.	TSX is in compliance with its disclosure requirements for order markers. ATX will support similar markers to a basic limit order, which will include the "Short Exempt" marker. Furthermore, ATX trade reports will identify whether the trade resulted from an ATX match.
10.	GMP: Jitney	GMP comments on the benefits of jitney trading and question why jitney orders can not cross on ATX. Jitney transactions are used by the proprietary trading desks of dealers and such transactions provide greater liquidity to the market.	We agree that there are benefits in allowing jitney orders to match on ATX. TSX intends to include this functionality in ATX at a future date after its initial launch.
11.	GMP: Last Sale Price	GMP seeks confirmation that ATX can set the last sale price, except for certain exceptions, and the bases for allowing ATX to do so when TriAct does not set the last sale price.	ATX updates last sale price as defined in UMIR and the Rules of the Exchange because it is a pre-trade matching facility of the TSX. Matches on ATX are not considered trades until they have executed on the Exchange. See RS' comment above – *Status as a "Matching Facility"*. These trades on the Exchange can set the last sale price, unless the trade is less than one board lot in size. Also, an Off-Market Entry will not set the last sale price. The same rules apply to all trades on the Exchange, regardless of whether they come as matches from ATX or as orders.

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			We are not in a position to comment on why TriAct does not set the last sale price. Please direct your inquiry to RS or TriAct.
12.	GMP: Launch	GMP expressed concerns regarding a staged launch of ATX, which would impact street wide access to the ATX	ATX will be launched with full functionality as described in our Request for Comment, including all inter-dealer matching functionalities. Subscribers to ATX will be able to trade between all Subscribers the day it is launched.
13.	Publication of Statistics	PMI suggests that TSX should routinely (whether monthly or quarterly) make publicly available relevant statistics comparing the quality of executions for orders submitted through the ATX against the quality of executions for orders submitted directly to the CLOB. To the extent that material aggregate advantages begin to accrue to ATX orders, corrective action can then be discussed and taken.	Quality of executions in ATX will be publicly available on a real-time basis. Trades resulting from ATX matches will be flagged and visible when printed, and will update last sale price on the Exchange. Given the transparency of such executions to the market, specific statistical reporting is not needed.
14.	GMP: UMIR	GMP raises the concern that the market integrity rules under UMIR and the application of such rules are not as standardized as they should be. The market integrity rules are being spliced and adjusted to meet the different structure of each new marketplace and are no longer universal. The reason for these rules was to create a standard set of rules that all participants must meet, to ensure a greater understanding and level playing field for all dealers.	UMIR creates the framework for the integrity of trading activity on marketplaces and allows for the competitive operation of exchanges, quotation and trade reporting systems and alternative trading systems. UMIR applies to all marketplaces, equally, but still provides sufficient flexibility in the integrity rules to allow for market innovation and competition, while ensuring fairness and maintaining investor confidence. The functionalities in ATX comply with the market integrity rules under UMIR. Any concerns regarding UMIR unrelated to ATX should be addressed to RS.
15.	CDI: Dark Liquid and Transparency	CDI raises the concern that ATX as a “dark pool” of liquidity will reduce transparency for the benefit of institutional investors and proprietary trading desks without benefit to the and to the general investing public or smaller institutional investors. Greater transparency not less is beneficial in encouraging compliance with market integrity rules. CDI proposes that regulators should discourage this dark liquidity pool that allows dealers to “gang up” by passing all of their trade orders through the ATX on the way to the Exchange. Small broker/dealers can easily be priced out of this facility. Notwithstanding other ATS structures that are established to compete with TSX, the TSX should not use its position as a senior marketplace to operate ATX. TSX should remain a completely visible marketplace, and those choosing a dark liquidity pools should face the risk of missing trade opportunities on the public exchange.	While we agree that transparency is necessary to allow price discovery, TSX does not agree that delivering the benefits of ATX to institutional/proprietary users comes at a cost to the general investing public. In fact, by allowing small order flow to interact with large Intents, and by providing price improvement over prices posted in the visible market, ATX provides benefits to investors large and small. Also, it is important to recognize that institutional orders represent the aggregated interests of many small individual investors. ATX is intended to draw liquidity from existing internalization and upstairs trading pools. Rather than taking liquidity from the Central Intent Book, TSX believes that ATX will aggregate the liquidity from these dark pools and make it accessible to all participants who seek it. Also, the current market integrity rules and the marketplace regulation services provided by RS will appropriately regulate ATX.

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			ATX does not allow dealers to "gang up". Although ATX is a blind book facility, it features completely transparent rules that apply to all large and small dealers. It offers benefits to large, multi-service dealers as well as small dealers that may only service a few institutional clients or limited retail flow. TSX is able to and should be allowed to leverage its existing technology, expertise, and know how to deliver a full featured dark pool that will provide value to all Subscribers. We do not believe that our status as senior exchange should impair our ability to compete in a competitive market by providing innovative products. We also believe that those choosing to use dark liquidity pools should not be penalized and face the risk of missing trade opportunities on an exchange. Such penalization will not foster the principles of best execution.
16.	CDI: Access and Advantage to Larger Dealers	CDI raises a concern that small dealers would be at a disadvantage in terms of access to ATX, and that ATX in general caters to the interests of bank owned dealers at the expense of smaller dealers.	ATX is a facility of the Exchange and not a marketplace. There is no regulatory obligation to connect to ATX. ATX, like our other suite of value-added products, it is an additional tool available to our POs to use as needed in order to better meet their business needs. We disagree with CDI that small dealers would be at a disadvantage in terms of access to ATX, and that ATX in general caters to the interests of bank owned dealers at the expense of smaller dealers. The success of ATX will be dependent on the number of Subscribers. In this regard, we intend to price access to ATX at a level that will make it accessible to POs, large and small, to subscribe to ATX. Also, all Subscribers to ATX, irrespective of their size, will have access to the same functionalities in ATX and will be subject to the same restrictions. Furthermore, ATX will enable small dealers to have access to the same sophisticated internalization application that large dealers will use. This will be especially beneficial to the small dealers that do not have the resources to invest in developing or acquiring an advanced internalization product that can manage high velocity order flows. ATX is a tool that will be available to all dealers, large and small. Firms with retail or direct market access flow will be able to internalize more efficiently. Firms with large institutional clients will be able to find liquidity

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			more efficiently. Also, all Subscribers will have the ability to access an aggregated pool of dark liquidity.
17.	CDI and PMI: CLOB Integrity/ Internalization	CDI states that ATX with its lack of transparency will be used by larger dealers to diminish price discovery on the central order limit book ("CLOB") of the Exchange. PMI proposes that the TSX not proceed with the internalization component of the ATX facility, given the very real policy concerns with undermining price discovery on the CLOB. PMI believes that any facility specifically tailored to permit better-priced retail sized orders to match outside of the CLOB will, over time, diminish the efficacy of the CLOB price discovery process. This will result in greater market fragmentation. However, PMI readily acknowledges the benefits and desirability of alternative matching venues for orders that are not well-served by a public CLOB. For example, orders that are very large in relation to displayed trading volume or orders that have other special characteristics that do not lend themselves to ready execution on the CLOB.	In Canada there already exist well established pools of dark liquidity. There is a growth in these dark pools as evidenced by the existence of other marketplaces (e.g. Blockbook) and dealer products that provide for internalization (e.g. CDI's IOI Direct). We do not expect ATX and the other pools of dark liquidity will undermine price discovery on the CLOB because dark and visible liquidity pools offer two distinct and separate value propositions. Dark liquidity pools, offer the benefits of unanimity while the CLOB provided immediacy and certainty of execution that cannot be delivered by a dark liquidity pool. We do not agree with PMI that internalization will harm price discovery on the CLOB. Although it would be to the benefit of TSX to force the posting of all orders, regardless of size, on our visible book, we understand that internalization is an accepted and well entrenched practice with our POs. In today's technological environment, it is relatively easy for a dealer to set up an internalization facility of its own. Many dealers have done so already. These dealer internalization pools are fragmented and inaccessible to small retail-sized and institutional order flow from other dealers. ATX aggregates dealers' internalization interests and provides the small and institutional order flow from other dealers to interact with these interests as well as allowing them to interact with one another. By aggregating formerly fragmented liquidity and making it accessible, we believe that ATX offers an improvement in market structure. Furthermore, TSX disagrees that ATX will be detrimental to the CLOB. As stated above, placing orders on the CLOB compared to ATX will continue to offer a different but important value proposition to POs. We believe that ATX will attract liquidity from internalization and upstairs trading pools, which do not contribute to CLOB price discovery today. Also, limit orders unmatched in ATX will proceed to CLOB and contribute to price discovery.
18.	PMI: Facilitating Non-Compliance	PMI raises concerns that ATX's internalization functions may facilitate non-compliance with UMIR, and will be inherently biased against clients compared to dealers.	We disagree with PMI assertions that ATX facilitates non-compliance with UMIR and is biased against clients compared to dealers.

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		If passive Intents reflect primarily proprietary trading interests, the outcome will be a bias in favour of client orders matching with the passive pro Intents, rather than finding another client order in a more standard price/time priority. This could, if taken to the extreme, replace the current agency dominated market with a dealer market for equity trading, similar to what we find in the fixed income market. Also, PMI believes that the establishment of PAGs by dealers in accordance with UMIR will not result in fair treatment for retail clients. There does not appear to be a requirement to dealers to disclose the details of their PAG, and even if they did, it would be the rare client who would understand the potential implications. Take for example a Dealer X with both a Client A bidding at a price better than the current TSX best bid and a Client B offering at a price better than the current TSX best offer. The potential for these clients to match directly at a mid-point price within Dealer X's internalized market is a trading opportunity that belongs to these clients – not Dealer X. If the Dealer X captures the spread in back-to-back trades, it is arguably in violating of UMIR and its fiduciary obligations to these two clients.	ATX will provide improved disclosure of internalization activity by dealers. Information on internalized trades will be available through trade reports and our data feeds. Also, if needed, regulators will be able to conduct a better audit of internalization allocations because PAG assignments will be submitted to and recorded by the TSX. We do not believe that Intents in the Central Intent Book will represent strictly proprietary trading interests. We believe that a large portion of block Intents will be client Intents representing institutional-sized blocks that have been entered via direct market access. Far from disadvantaging clients, ATX will empower them by providing a new tool to find liquidity. TSX does not agree that ATX will cause the Canadian equity market to shift to a dealer market. ATX aggregates and automates existing practices that represent only a portion of the total flow in the equity market. On this basis, we do not believe that ATX can significantly change the market as a whole. Also, we do not believe ATX will create a bias towards client orders matching against passive pro Intents. Retail-sized orders will benefit by receiving better fills because of automated price improvement and access to previously inaccessible dark liquidity. As suggested by RS in its comment above on – *Multi-Tiered Priority*, we expect that dealers will be required to disclose PAG allocations that advantage the dealer, as principal, to clients before those clients enter Intents. We expect dealers will allocate PAG priority to clients' Intents, and as a result these Intents will have first access to order and Intent flows from dealers. In the example cited by PMI, clients are willing to buy and sell at prices inside the quote. If these interests are entered as Intents, clients will in fact have an opportunity to match directly at the midpoint. Whether they trade against the dealer, another client from the same dealer, or another dealer, is irrelevant. The price at which the match will occur is the same in all cases. ATX applies the same pricing decision regardless of whether a dealer or client is on the other side, and provides predictable price improvement over what can be obtained in the market. Subject to internalization priorities, all orders and Intents will have every opportunity to access the dealer's internalized liquidity.

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			Also, ATX matches are automated and blind. A dealer cannot guarantee what kinds of matches will occur. When a dealer posts liquidity in the form of an Intent, such Intent may be internalized, if possible, but may also be made available to other POs and clients if such internalization does not occur. Proprietary trading desks are in the business of accumulating and unwinding positions. By using ATX, they can do this without exact foreknowledge of their counterparty. In ATX, the dealer will not be able to guarantee who will be on the opposite side of the trade and as long as the dealer is not intentionally orchestrating the trade as described by PMI, such a trade should not violate UMIR.
19.	PMI: Public Interest Obligations	PMI believes that the adoption of ATX's internalization features in the manner currently proposed is contrary to the TSX's public interest mandate: • promote just and equitable principles of trade, • do not permit unreasonable discrimination among clients, issuers and Participating Organizations, or impose any burden on competition that is not reasonably necessary or appropriate; and • are designed to ensure that TSX's business is conducted in a manner so as to afford protection to investors. *Just and Equitable Principles of Trade* Given that the TSX is *itself* hosting the internalization facility, it has a direct responsibility to ensure the facility is defined to promote just and equitable principles of trade. The TSX cannot purport to wash its hands of this obligation and delegate this obligation to the dealers. *Discrimination, Competitive Markets and Investor Protection* TSX is obligated to ensure it operates in a manner that does not discriminate between clients, does not impair competition, and affords protection to investors. For these requirements to have any meaning in the context of the ATX, the TSX must ensure that two classes of investors are not being created by its ATX facility: those who contribute to price discovery on the central limit order book and receive sub-optimal executions when compared to the average of all TSX executions, versus those who	We disagree with PMI's assertion that the proposed ATX Rules with respect to internalization ("Internalization Rules") are not consistent with our public interest mandate. Despite the concerns with market fragmentation from internalization, internalization remains a well-entrenched and valued trading strategy in the Canadian marketplace because it reduces trading costs for dealers and provides anonymity for orders. The adverse effects of market fragmentation can be mitigated by aggregating liquidity and making it more accessible, which benefits the marketplace with greater access to a deeper liquidity pool. To encourage such aggregation, ATX combines for the benefit of all users an automated internalization process that provides greater order exposure and anonymity. The Internalization Rules promote just and equitable principles of trading by providing price improvement in an automated, predictable and transparent manner, which is consistent with the market integrity rules. UMIR obligations for dealers are the same whether they enter orders or Intents into ATX or orders directly into the Exchange. The entry of orders or Intents into a facility of the Exchange versus orders directly into the Exchange should not impose a higher regulatory obligation on TSX. Especially when the functionalities of the facility are consistent with UMIR. Also, the Internalization Rules do not impose any burden on competition that is not reasonably necessary or appropriate. There is no obligation for a dealer to connect to ATX. The success of ATX will be dependent on the number of Subscribers. In this regard, we intend to price access to ATX at a level that will encourage all POs, large and small, to subscribe to ATX. Also, all Subscribers to

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		participate within the ATX and receive superior executions when compared to the average of all TSX executions.	ATX, irrespective of their size, will have access to the same functionalities in ATX and will be subject to the same restrictions. See our response above to CDI – *Access and Advantage to Larger Dealers*. The ATX facility can benefit each of the major potential users of ATX. ATX provides benefits to: (i) Dealers by automating processes and making it easier to find liquidity. (ii) Institutional clients by allowing them to enter Intents through direct-market access and accessing additional liquidity. The aggregation of large interests will increase the likelihood of singe-ticket fills and allow large orders to interact safely with smaller retail-sized or direct-market access order flow without information leakage. (iii) Small dealers and retail clients by allowing them to interact with upstairs liquidity that was previously inaccessible, and by providing a better execution price.
20.	PMI: Other Regulatory Regimes	PMI cites for consideration in structuring ATX facilities disclosure of internalization requirements by the SEC (SEC Rule 11Ac1-6) and the European Union (Market in Financial Instruments Directive 2004/39/EU, commonly known as “MiFID”) and a client consent requirement in the context of a dealers order execution policy in the European Union (MiFID) for consideration in structuring ATX facilities.	ATX is intended to automate existing internalization processes and aggregate existing dark pools of liquidity. We do not believe it would be appropriate to structure ATX so that dealers are forced to comply with more stringent internalization requirements then what is currently required under the applicable regulations.

13.1.5 MFDA Information Reporting Requirements (Policy No. 6)

MUTUAL FUND DEALERS ASSOCIATION OF CANADA
INFORMATION REPORTING REQUIREMENTS (POLICY NO. 6)

1. Introduction

This Policy establishes minimum requirements concerning events that Approved Persons are required to report to Members and events that Members are required to report to the MFDA pursuant to Rule 1.2.5.

Part A of this Policy, entitled "*Approved Person Reporting Requirements*", sets out details regarding the reporting of information under Rule 1.2.5(b) by Approved Persons.

Part B of this Policy, entitled *"Electronic Reporting Requirements for Members*", sets out details regarding reporting of information under Rule 1.2.5(a)(i) and Rule 1.2.5(a)(ii) by Members. All reporting under Part B must be submitted through the electronic reporting system provided by the MFDA. The reporting of events that are required to be submitted electronically by any other means is a failure to report the event and a failure to comply with this Policy.

Part C of this Policy, entitled "*Other Reporting Requirements for Members",* sets out details regarding reporting of information under Rule 1.2.5(a)(iii) by Members. All reporting under Part C must be submitted to the MFDA in writing.

In addition to these reporting requirements, MFDA Members are required to comply with other reporting requirements which may change from time to time, and which include but are not limited to:

(a) MFDA reporting requirements, some of which may also require MFDA approval:

(i) By-law No.1 section 13.7 – Reorganizations, mergers and amalgamations;

(ii) By-law No. 1 section 13.9 – Changes in ownership and control;

(iii) Rule 1.1.6 – Introducing/Carrying dealer arrangements;

(iv) Rule 3.1.1 – Change in dealer level;

(v) Rule 3.1.2 – Risk adjusted capital less than zero;

(vi) Rule 3.2.5 – Accelerated payment of long term debt; and

(vii) Rule 3.5 – Financial filing requirements

(b) reporting requirements under applicable provincial securities laws in connection with a Member's mutual fund dealer registration.

2. Definitions

"any jurisdiction" means any jurisdiction inside or outside of Canada.

"business day" means a day other than Saturday, Sunday or any officially recognized Federal or Provincial Statutory holiday.

"civil claim" includes civil claims pending before a court or tribunal and arbitration.

"client" means ~~a~~an person~~individual~~ who is a client of the Member.

"compensation" means the payment of a sum of money, securities, reversal or inclusion of a securities transaction (whether the transaction has a realized or unrealized loss) or any other equivalent type of entry which is intended to compensate a client or offset an act of a Member or Approved Person. A correction of a client account or position as a result of good faith trading errors and omissions is not considered to be "compensation" for the purposes of this Policy.

"event" means a matter that is reportable under this Policy by a Member or Approved Person.

"law" includes, but is not limited to, all legislation of any jurisdiction and includes any rules, policies, regulations, rulings or directives of any securities regulatory authority of any jurisdiction.

"member business" means all business activities conducted by and through the Member, whether securities related or otherwise.

"misrepresentation" means:

(i) an untrue statement of fact, either in whole or in part; or

(ii) an omission to state a fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

"regulatory body" means, but is not limited to, any regulatory or self-regulatory organization that grants persons or organizations the right to deal with the public in any capacity.

"regulatory requirements" means, but is not limited to, the by-laws, rules, policies, regulations, rulings, orders, terms and conditions of registration, or agreements of any regulatory body in any jurisdiction.

"securities" includes exchange contracts, commodity futures contracts and commodity futures options.

"service complaints" means:

(i) any complaint by a client which is founded on customer service issues and is not the subject of any securities law or regulatory requirements; or

(ii) any complaint by a client as a result of a good faith trading error or omission.

3. General Reporting Requirements

3.1. Events regarding Members that must be reported shall not be limited solely to securities related business, but shall include all member business.

3.2. Events regarding Approved Persons that are reported by Approved Persons to the Member shall not be limited solely to securities related business and member business, but shall include all business conducted by the Approved Person.

3.3. The~~A Member's~~ obligation to report an event ~~relating to an Approved Person~~ under this Policy is limited to events of which a Member or Approved Person~~it~~ has become aware regardless of the means by which the Member or Approved Person~~it~~ became aware of the event. If the reporting timeframes have expired before the Member or Approved Person has become aware of the event, the event shall be reported immediately after the Member or Approved Person has become aware of such event.

3.4. A Member is expected to be aware of events relating to Approved Persons by the receipt of reports from Approved Persons and by carrying out the Member's supervisory, monitoring and review obligations over the conduct of its business.

3.5. All requirements to report events regarding former Approved Persons are limited to events which occurred while the Approved Person was an Approved Person of the Member.

3.6. A Member shall designate a compliance officer at its head office (or another person at head office) to whom reports made by Approved Persons, as required by section 4, shall be submitted.

3.7. Documentation associated with each event required to be reported under this Policy shall be maintained for a minimum of 7 years from the resolution of the matter and made available to the MFDA upon request.

PART A
APPROVED PERSON REPORTING REQUIREMENTS

4. Approved Person Reporting Requirements

4.1. An Approved Person shall report the following events to his or her current Member in such detail as required by the Member, within 2 business days:

(a) the Approved Person is the subject of a client complaint in writing;

(b) the Approved Person is aware of a complaint from any person, whether in writing or any other form, and with respect to him or herself, or any other Approved Person, involving allegations of:

(i) theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation, or unauthorized trading; or

(ii) engaging in securities related business outside of the Member.

(c) whenever the Approved Person has reason to believe that he or she has or may have contravened, or is named as a defendant or respondent in any proceeding, in any jurisdiction, alleging the contravention of:

(i) any securities law; or

(ii) any regulatory requirements.

(d) the Approved Person is charged with, convicted of, pleads guilty or no contest to, any criminal offence, in any jurisdiction;

(e) the Approved Person is named as a defendant in a civil claim, in any jurisdiction, relating to the handling of client accounts or trading or advising in securities;

(f) the Approved Person is denied registration or a license that allows the Approved Person to deal with the public in any capacity by any regulatory body, or has such registration or license cancelled, suspended or terminated, or made subject to terms and conditions;

(g) the Approved Person becomes bankrupt or suspends payment of debts generally or makes an arrangement with creditors or makes an assignment or is declared insolvent; ~~and~~

(h) there are garnishments outstanding or rendered against the Approved Person in any civil court in Canada.

PART B
ELECTRONIC REPORTING REQUIREMENTS FOR MEMBERS

5. General Member Electronic Reporting Requirements

5.1. Members shall report the following events to the MFDA, through an electronic reporting system provided by the MFDA, within 5 business days of the occurrence of the event, except for events reported under section 6.1(a) of this Policy, which must be reported to the MFDA within 20 business days.

6. General Events to be Reported

6.1. Members shall report to the MFDA:

(a) all client complaints in writing, against the Member or a current or former Approved Person, relating to member business, except service complaints;

(b) whenever a Member is aware, through a written or verbal complaint or otherwise, that the Member or any current or former Approved Person has or may have contravened any provision of any law or has contravened any regulatory requirement, relating to:

(i) theft, fraud, misappropriation of funds or securities, forgery, money laundering, market manipulation, insider trading, misrepresentation, or unauthorized trading; or

(ii) engaging in securities related business outside of the Member.

(c) whenever the Member, or a current or former Approved Person, is:

(i) charged with, convicted of, pleads guilty or no contest to, any criminal offence, in any jurisdiction;

(ii) named as a defendant or respondent in, or is subject of, any proceeding or disciplinary action, in any jurisdiction, alleging contravention of any securities law;

(iii) named as a defendant or respondent in, or is the subject of, any proceeding or disciplinary action, in any jurisdiction, alleging contravention of regulatory requirements;

(iv) denied registration or a license that allows a person to deal with the public in any capacity by any regulatory body, or has such registration or license cancelled, suspended or terminated, or made subject to terms and conditions; ~~or~~

(v) named as a defendant in a civil claim, in any jurisdiction, relating to handling of client accounts or trading or advising in securities.

(d) whenever an Approved Person becomes bankrupt or suspends payment of debts generally or makes an arrangement with creditors or makes an assignment or is declared insolvent; ~~and~~

(e) there are garnishments outstanding or rendered against the Member or an Approved Person in any civil court in Canada.

7. Reporting of Resolution of Events

7.1. Members shall update event reports previously reported to reflect the resolution of any event that has been reported pursuant to section 6.1 of this Policy and such resolutions shall include but not be limited to:

(a) any judgments, awards, arbitration awards or orders and settlements in any jurisdiction;

(b) compensation paid to clients directly or indirectly, or any benefit received by clients from a Member or Approved Person directly or indirectly;

(c) any internal disciplinary action or sanction against an Approved Person by a Member;

(d) the termination of an Approved Person; ~~and~~

(e) the results of any internal investigation conducted.

8. Other Events to be Reported

8.1. For matters that are not the subject of an event report in section 6.1 of this Policy, the Member shall report to the MFDA:

(a) whenever the Member has initiated disciplinary action that involves suspension, demotion or the imposition of increased supervision on an Approved Person;

(b) whenever the Member has initiated disciplinary action that involves the withholding of commissions or the imposition of a financial penalty in excess of $1000;

(c) whenever an employment or agency relationship with an Approved Person is terminated and the Notice of Termination filed with the applicable securities commission discloses that the Approved Person was terminated for cause, or discloses information regarding internal discipline matters or restrictions for violations of regulatory requirements; ~~and~~

(d) whenever the Member or Approved Person has paid compensation to a client either directly or indirectly in an amount exceeding $15,000.

PART C
OTHER REPORTING REQUIREMENTS FOR MEMBERS

9. Other Information Reporting Requirements for Member

9.1 Members shall report the events under Part C of this Policy to the MFDA, in writing, within 5 business days of the occurrence of the event, except for events reported under section 10 of this Policy, which must be reported to the MFDA immediately.

10. Bankruptcy, Insolvency and Related Events

10.1. Members must report to the MFDA whenever:

(a) the Member is declared bankrupt;

(b) the Member makes a voluntary assignment in bankruptcy;

(c) the Member makes a proposal under any legislation relating to bankruptcy or insolvency;

(d) the Member is subject to, or instituting any proceedings, arrangement or compromise with creditors; ~~and~~

(e) a receiver and/or manager assumes control of the Member's assets.

11. Change of Name

11.1. Members must report to the MFDA any change with respect to:

(a) the legal name of the Member;

(b) the names under which the Member carries on business (trade or style names); ~~and~~

(c) trade, business or style names, other than that of the Member, used by Approved Persons. The name of the Approved Person, the trade or business name the Approved Person is using, and the Approved Person's branch location must be provided.

12. Change of Contact Information

12.1. Members must notify the MFDA of any change in address for service or main telephone or fax number.

13. Change in Member Registration or Licensing

13.1. Members must report to the MFDA any changes in the following:

(a) type of registration or licensing with the relevant securities commission;

(b) jurisdictions in which any dealer business of the Member is conducted; and

(c) investment products traded or dealt in.

14. Changes in Organizational Structure

14.1. Members must report to the MFDA any changes in a Member's directors, partners (in the case of a partnership), officers and compliance officers.

15. Other Business Activities

15.1. Members must report to the MFDA any business, other than the sale of investment products, which the Member engages in or proposes to engage in.

16. Change of Auditor

16.1. Members must report to the MFDA any change in a Member's auditor and/or audit engagement partner. A new Letter of Acknowledgement (Schedule H.1 of the MFDA Membership Application Package) must be submitted to the MFDA.

13.1.6 Summary of Public Comments Respecting Proposed MFDA Policy No. 6 – Information Reporting Requirements, Notification of Change in Registration Information (Rule 1.2.5) and Consequential Amendments and Response of the MFDA

SUMMARY OF PUBLIC COMMENTS
RESPECTING
PROPOSED MFDA POLICY 6 – INFORMATION REPORTING REQUIREMENTS,
NOTIFICATION OF CHANGE IN REGISTRATION INFORMATION (RULE 1.2.5) AND
CONSEQUENTIAL AMENDMENTS
AND
RESPONSE OF THE MFDA

On October 27, 2006, the British Columbia Securities Commission published for public comment MFDA Proposed Policy 6 – Information Reporting Requirements (the **"Proposed Policy"**) as well as changes to MFDA Rule 1.2.5 (Notification of Changes in Registration Information) and consequential amendments.

The public comment period expired on November 27, 2006.

Five submissions were received during the public comment period:

1. Canadian Bankers Association ("CBA")
2. The Investment Funds Institute of Canada ("IFIC")
3. Independent Financial Brokers of Canada ("IFB")
4. Scotia Securities Inc. ("Scotia Securities")
5. Portfolio Strategies Corporation ("Portfolio Strategies")

Copies of comment submissions may be viewed at the offices of the MFDA, 121 King Street West, Suite 1000, Toronto, Ontario by contacting Ken Woodard, Director, Communications and Membership Services Manager, (416) 943-4602.

The following is a summary of the comments received, together with the MFDA's responses.

1. Need for Increased Reporting

IFB commented that it failed to see the need for increased reporting to, and oversight by, the MFDA.

MFDA Response

The information that will be required under the Proposed Policy will enable MFDA staff to proactively respond to industry trends and enhance investor protection. Many of the reporting requirements under the Proposed Policy consolidate existing MFDA reporting requirements while others are similar to the reporting requirements Members are presently subject to under Multilateral Instrument 33-109 – Registration Information ("MI 33-109").

2. Timeframes for Reporting

Four commentators expressed the view that the timeframes for reporting contained in the Proposed Policy should be extended or eliminated.

IFIC expressed the view that requiring Approved Persons to report information to Members within 2 days and requiring Members to report to the MFDA within 5 days would result in significant additional compliance costs for Member firms. IFIC requested that consideration be given to extending these timeframes.

The CBA submitted that the requirement for the Member to report changes within 5 business days is unrealistically short. The CBA suggested that a more realistic amount of time would be a requirement to report within 5 business days after being notified by an Approved Person. The Approved Person would be required to communicate all reportable matters "promptly".

Scotia Securities commented that under the Proposed Policy, Approved Persons must report complaints within 2 business days of being the subject of a client complaint in writing and recommended that sections 4.1(a) and 6.1(a) be amended to require that an Approved Person report within 2 business days of becoming aware that s/he is a subject of a complaint.

Portfolio Strategies recommended that Approved Persons be given 5 business days to submit reports and inquired as to who at a Member is considered authorized to receive a report.

MFDA Response

The timeframes for reporting under the Proposed Policy are the same as those required by the Investment Dealers Association ("IDA") under IDA Policy 8, as set out in IDA Member Regulation Notice 0162. Furthermore, the reporting timelines are similar in practice to those required by MI 33-109 which requires that any changes in registration information of a Member or Approved Person be reported through the National Registration Database ("NRD") within 5 days.

MFDA staff is of the view that there is no valid reason to adopt a different standard. Wherever possible, MFDA staff attempts to harmonize its approach to regulatory issues with those of other regulators, unless there are compelling grounds to do otherwise. MFDA staff does not believe that there are such grounds in this case.

With respect to the issue of timeliness of reporting, the intent of the Proposed Policy is that the obligation of Approved Persons and Members to report events is triggered only upon becoming aware of the event, as is reflected in Section 3.3. MFDA staff will amend the Proposed Policy to provide greater clarity on this point. The Proposed Policy has also been clarified regarding the requirement to report events immediately where a Member or Approved Person becomes aware of a reportable event after the timeframes for reporting have expired. MFDA staff will consider whether the Member has been appropriately diligent in filing such reports in assessing compliance with the requirement to report "immediately".

Section 3.6 of the Proposed Policy requires the Member to designate a person at head office to receive reports from Approved Persons.

3. Penalties for Late Reporting

Portfolio Strategies and the CBA expressed concern with respect to the imposition of penalties for late filing and failure to file reports. Portfolio Strategies commented that the MFDA should publish a fee or assessment schedule.

MFDA Response

The imposition of fines for deficiencies in filing of reports will not be imposed automatically. MFDA staff's expectation is that Members employ due diligence in order to ensure that all required reports are filed and submitted on time. MFDA staff is aware that there may be situations where a report is filed late despite a Member's diligence and would not impose fines where due diligence is shown.

MFDA staff will publish an assessment schedule for non-compliance with reporting requirements.

4. Double Entry

IFIC and Scotia Securities expressed the view that double entry of information will be required to NRD and the new MFDA electronic reporting system. IFIC noted that the IDA addressed this concern by integrating with NRD for their Members.

MFDA Response

The requirement to file reports with NRD and the new MFDA electronic reporting system is consistent with the requirements of the IDA. The scope of IDA integration between the IDA Comset system and NRD is limited to the transfer of names of advisors and branch addresses from NRD to Comset. There is no further integration between the two programs. IDA Members must file reports to both NRD and Comset.

The issue of integration between the IDA's Comset system and NRD was raised with the Canadian Securities Administrators ("CSA") during the comment period for Multilateral Instrument 31-102 – National Registration Database. The CSA advised that integration between NRD and Comset was not possible for phase one of NRD due to time and budget constraints. The MFDA electronic reporting system will be based on the same software platform as the IDA's Comset system and the MFDA will work with the IDA and the CSA to increase integration between the two systems when it becomes feasible.

5. Extent of Member Reporting Requirements

IFIC requested clarification of MFDA staff's expectations regarding the extent of reporting required with respect to ancillary activities of the Member that do not involve securities related business.

MFDA Response

The Proposed Policy requires Members to not only report events that relate to securities related business but to all Member business. Events relating to Member business that must be reported are those set out in section 6 of the Proposed Policy and therefore are no different than the reporting requirements for events relating to securities related business. For example, if a Member receives a complaint in writing from a client regarding tax planning services that it provides, this complaint must be reported under section 6.1(a) just as a written complaint relating to securities related business would.

6. Extent of Approved Person Reporting Requirements

IFB commented that the requirement that Approved Persons report events related to securities related business and all other business conducted by the Approved Person is too broad and invasive, extending into areas of an Approved Person's business which are not under the mandate of the MFDA. IFB also commented that the categories of reports under Part A are too broad and must be restricted and expressed concern that complaints not in writing must be reported.

Scotia Securities recommended that only business that an Approved Person is required by regulation to disclose to the Member be required to be reported and that it is not clear what is meant by "all business".

Portfolio Strategies commented that the reporting of all outside business could be very onerous and that the best way to maintain high standards of conduct is to set clear standards for individual audit programs at Members.

MFDA Response

MFDA staff requires broad based reporting of Approved Person business in order to monitor compliance with the standard of conduct required of Approved Persons. MFDA staff notes that MFDA Rules require high standards of ethics and conduct in the transaction of business by Approved Persons and that such business is not limited to mutual fund dealer business. Reporting of all Approved Person business is also required in order to monitor compliance with the dual occupation requirements of MFDA Rule 1.2.1(d).

The Proposed Policy does not significantly broaden an Approved Person's regulatory reporting obligations. The categories of reports required under Part A include reporting currently required by MFDA Rules and Policies and MI 33-109. The requirement to report non-written complaints is limited to complaints concerning serious allegations which are now enumerated. Under MFDA Policy 3, Members were required to treat complaints not in writing that were of a serious nature as written complaints. The Proposed Policy now clarifies the types of complaints not in writing that are to be considered serious and which therefore need to be reported.

The reference to all Approved Person business refers to all Approved Person business which must be disclosed and approved by the Member under MFDA Rule 1.2.1(d).

With respect to the quantum of reports relating to outside business activities of Approved Persons being onerous, all complaints regarding outside business activities that relate to the enumerated allegations in section 4.1(b) of the Proposed Policy are required. The allegations under section 4.1(b) are of a serious nature and must be reported in order for the MFDA to conduct proper oversight of the conduct of business of Approved Persons. All other complaints relating to an Approved Person's outside business are reported under section 4.1(a) which only requires that such reports be filed if the complainant is also a client of the Member. Once such reports are submitted by the Approved Person to the Member, a Member is required to review the complaint and will not have to report service issue complaints or complaints that do not relate to Member business so long as the complaint does not relate to one of the enumerated allegations in section 6.1(b)(i) of the Proposed Policy. Any complaint relating to one of the enumerated allegations must be reported by the Member, regardless of the form of business. MFDA staff is of the view that the reporting requirements relating to outside business activities strike a reasonable balance in that they do not require that every complaint regarding an Approved Person's outside business be reported, but do require the reporting of complaints that are of a serious nature.

In order to ensure high standards of conduct by Approved Persons in their outside business activities, MFDA staff expects Members to conduct discussion, testing and reviews of outside business activities. These expectations are set out in MFDA Policy 5. Member Regulation Notice 40 sets out ongoing Member obligations with respect to outside business activities which includes the obligation to monitor Approved Person outside business to ensure compliance with MFDA By-laws, Rules, Policies and applicable legislation. However, an audit program and monitoring by the Member do not replace the need for regulatory reporting which enables MFDA staff to track industry trends and to commence enforcement proceedings when appropriate.

7. Use of Information Reported

The CBA commented that upon receiving reports about criminal charges, MFDA staff should only initiate concurrent investigations and review an individual's client files in cases where the charges raise substantial concerns about risk to the public.

MFDA Response

As is consistent with current practice, MFDA staff will not use information received for purposes other than enforcing our regulatory mandate. MFDA staff reviews all known criminal matters and only investigate those that relate to the MFDA's regulatory mandate such as where information is received that discloses a potential investor protection issue. In such instances, MFDA staff will continue to review the matter until satisfied that no further action on the part of MFDA staff is required.

8. Privacy and Confidentiality Concerns regarding Approved Persons

Scotia Securities commented that Section 3.3 of the Proposed Policy states that a Member's obligation to report is "…regardless of the means by which it became aware of the event". Scotia Securities recommends that the Proposed Policy be revised to clarify that "regardless of the means" is limited to supervisory activity, citing privacy and confidentiality concerns.

Portfolio Strategies commented that the requirement of an Approved Person to report complaints regarding non-Member business may not be consistent with privacy legislation.

MFDA Response

When read together, Sections 3.3 and 3.4 of the Proposed Policy clarify that Members must report matters regarding Approved Persons of which they become aware, and that Members are expected to be aware of matters regarding Approved Persons through Approved Person reports and through the discharge of their supervisory obligations over Approved Persons. However, a Member's obligation to report a matter is not limited to these two instances. If a Member becomes aware of a reportable matter, it must be reported regardless of the means through which the Member became aware of the matter. MFDA staff's view is that this requirement does not raise any significant privacy and confidentiality concerns with respect to Approved Persons as Approved Persons operate in a regulated sphere of activity where reporting matters to various regulatory authorities is required.

With respect to concerns regarding complainants whose complaints relate to non-Member business of an Approved Person, the MFDA does not require reporting that would be contrary to privacy legislation. When such issues arise, one method to remain in compliance with privacy legislation would be to report the existence and substance of the complaint but not any personal information related thereto that is considered private. The MFDA will issue further guidance with respect to compliance with privacy legislation respecting such reports in the future.

9. Transition Period

Portfolio Strategies recommended that a two-year transition period should be implemented to allow for the submission of paper-based reports and to allow all Members to become accustomed to electronic reporting.

MFDA Response

MFDA staff will provide a detailed user manual to all Members to assists Members with the implementation of electronic reporting. There will be a period of time where the reporting system will be functional but where electronic reporting will not be mandatory. Training sessions will be held by MFDA staff so that Members can become familiar and accustomed to the system. Members are already required to submit financial reports through the MFDA Electronic Filing System ("EFS") which is a web-based reporting system. Given that all electronic reporting under the Proposed Policy will be through a web-based interface, Members should already be familiar with web-based electronic reporting, and MFDA staff is of the view that a two year transition period is unnecessary.

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