DIALOGUE WITH THE OSC 2007

ONTARIO SECURITIES COMMISSION

Tuesday, November 27, 2007

Metro Toronto Convention Centre, North Building

KEYNOTE SPEAKER

David Wilson, Chair, Ontario Securities Commission

GUEST SPEAKERS

Arthur Levitt, Former Chairman, U.S. Securities and Exchange Commission

Linda Chatman Thomsen, Director of Enforcement, U.S. Securities and Exchange Commission

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The Ontario Securities Commission

OSC Bulletin

October 12, 2007

Volume 30, Issue 41

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

The Ontario Securities Commission
Cadillac Fairview Tower
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

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416-609-3800 or 1-800-387-5164

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Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

OCTOBER 12, 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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Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

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: HPH/ST
October 15, 17-19, 2007 10:00 a.m.	**John Daubney and Cheryl Littler** s. 127 and 127.1 A. Clark in attendance for Staff Panel: RLS/CSP/MCH
October 16, 2007 2:30 p.m.	***AiT Advanced Information Technologies Corporation, *Bernard Jude Ashe and Deborah Weinstein** s. 127 J. Waechter in attendance for Staff Panel: WSW/HPH/CSP * Settlement Agreements approved February 26, 2007
October 22-26, 2007 10:00 a.m.	**Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin** s. 127 S. Horgan in attendance for Staff Panel: WSW/KJK

October 24, 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
October 26, 2007 10:00 a.m.	**Jose Castaneda** s. 127 and 127.1 H. Craig in attendance for Staff Panel: WSW/DLK
October 26, 2007 10:00 a.m.	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 M. Mackewn in attendance for Staff Panel: RLS/ST
October 29, 2007 10:00 a.m.	**Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited** s. 127 E. Cole in attendance for Staff Panel: LER/ST/DLK
October 31, 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 J. S. Angus in attendance for Staff Panel: JEAT/ST
November 20, 2007 8:30 a.m.	**Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: JEAT/ST
November 29, 2007 2:30 p.m.	**David Watson, Nathan Rogers, Amy Giles, John Sparrow, 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
November 29, 2007 2:30 p.m.	**Stanton De Freitas** s. 127 and 127.1 P. Foy in attendance for Staff Panel: JEAT/ST
December 5, 2007 10:00 a.m.	**Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony** s. 127 and 127.1 H. Craig in attendance for Staff Panel: JEAT
December 10-14, 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: WSW/KJK
December 11, 2007 2:30 p.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 14, 2007 10:00 a.m.	**Saxon Financial Services, Saxon Consultants, Ltd., International Monetary Services, FXBridge Technology, Meisner Corporation, Merchant Capital Markets, S.A., Merchant Capital Markets, MerchantMarx et al** s. 127(1) & (5) S. Horgan in attendance for Staff Panel: JEAT
December 18, 2007 10:00 a.m.	**Al-Tar Energy Corp., Alberta Energy Corp., Eric O'Brien, Bill Daniels, Bill Jakes, John Andrews, Julian Sylvester, Michael N. Whale, James S. Lushington, Ian W. Small, Tim Burton and Jim Hennesy** s. 127(1) & (5) Sean Horgan in attendance for Staff Panel: RLS/ST
January 7, 2008 10:00 a.m.	***Philip Services Corp. and Robert Waxman** s. 127 K. Manarin/M. Adams in attendance for Staff Panel: JEAT/MCH 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
April 2, 2008 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: TBA
April 7, 2008 2:30 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
May 5, 2008 10:00 a.m.	**John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir** S. 127 & 127.1 I. Smith in attendance for Staff Panel: TBA
May 5, 2008 10:00 a.m.	**Norshield Asset Management (Canada) Ltd., Olympus United Group Inc., John Xanthoudakis, Dale Smith and Peter Kefalas** s.127 P. Foy in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina 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	**Frank Dunn, Douglas Beatty, Michael Gollogly** s.127 K. Daniels in attendance for Staff Panel: TBA

TBA **Shane Suman and Monie Rahman**

s. 127 & 127(1)

K. Daniels in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

Andrew Keith Lech

S. B. McLaughlin

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

Andrew Stuart Netherwood Rankin

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

Euston Capital Corporation and George Schwartz

1.1.2 Notice of Commission Approval - Rescission of NP 48 *Future-Oriented Financial Information* and Amendments to NI 51-102 *Continuous Disclosure Obligations* and Related Consequential Amendments

RESCISSION OF NATIONAL POLICY 48
FUTURE-ORIENTED FINANCIAL INFORMATION

AND

AMENDMENTS TO NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS

AND

RELATED CONSEQUENTIAL AMENDMENTS

NOTICE OF COMMISSION APPROVAL

On September 4, 2007, the Commission approved amendments to National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) and other consequential amendments relating to the reformulation and rescission of National Policy 48 *Future-Oriented Financial Information* (the NP 48 Reformulation Amendments).

The NP 48 Reformulation Amendments consist of

1. amendments to:
   - NI 51-102, Form 51-102F1 *Management's Discussion and Analysis* and Companion Policy 51-102CP *Continuous Disclosure Obligations* (CP 51-102),
   - Form 44-101F1 *Short Form Prospectus*,
   - Form 45-101F *Information Required in a Rights Offering Circular*,
   - Companion Policy 44-101CP *Short Form Prospectus Distributions*,
   - National Policy 41-201 *Income Trusts and Other Indirect Offerings*,
   - National Policy 51-201 *Disclosure Standards*,
   - Form 41-501F1 *Information Required in a Prospectus* and Companion Policy 41-501CP to Commission Rule 41-501 *General Prospectus Requirements* and
2. the rescission of NP 48.

The Commission has also approved the revocation of s. 60 of Ontario Regulation 1015 made under the Act (R.R.O. 1990, Reg. 1015, as am.).

The amendments to rules (the Rule Amendments) were sent to the Minister responsible for securities regulation on

October 12, 2007. The Minister may approve or reject the Rule Amendments or return them for further consideration. If the Minister approves the Rule Amendments or does not take any further action by **December 10, 2007**, the NP 48 Reformulation Amendments will come into force on **December 31, 2007**.

October 12, 2007

1.1.3 Notice of Commission Approval and Request for Comment - Amendments to NI 51-102 Continuous Disclosure Obligations, Related Forms and Companion Policy, and Consequential and Other Amendments

AMENDMENTS TO
NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS,
FORM 51-102F2 *ANNUAL INFORMATION FORM*,
FORM 51-102F5 *INFORMATION CIRCULAR* AND
COMPANION POLICY 51-102CP
CONTINUOUS DISCLOSURE OBLIGATIONS

AND

CONSEQUENTIAL AND OTHER AMENDMENTS TO
NATIONAL INSTRUMENT 52-107 *ACCEPTABLE ACCOUNTING PRINCIPLES, AUDITING STANDARDS AND REPORTING CURRENCY,* MULTILATERAL INSTRUMENT 52-109 *CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS*, MULTILATERAL INSTRUMENT 52-110 *AUDIT COMMITTEES*, NATIONAL INSTRUMENT 58-101 *DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES* AND NATIONAL INSTRUMENT 71-102 *CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS*

AND

AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 51-801 *IMPLEMENTING NATIONAL INSTRUMENT 51-102 CONTINUOUS DISCLOSURE OBLIGATIONS* AND FORM 41-501F1 *INFORMATION REQUIRED IN A PROSPECTUS* UNDER ONTARIO SECURITIES COMMISSION RULE 41-501 *GENERAL PROSPECTUS REQUIREMENTS*

AND

REQUEST FOR COMMENT
PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 51-102
***CONTINUOUS DISCLOSURE OBLIGATIONS*,**
COMPANION POLICY 51-102CP *CONTINUOUS DISCLOSURE OBLIGATIONS* AND
NATIONAL INSTRUMENT 52-108
AUDITOR OVERSIGHT

NOTICE OF COMMISSION APPROVAL
AND REQUEST FOR COMMENT

On September 4, 2007, the Commission approved amendments to the following rules, forms and companion policy:

- National Instrument 51-102 *Continuous Disclosure Obligations*;

- Companion Policy 51-102CP *Continuous Disclosure Obligations*;
- Forms 51-102F2 *Annual Information Form* and 51-102F5 *Information Circular*;
- National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;
- Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;
- Multilateral Instrument 52-110 *Audit Committees*;
- National Instrument 58-101 *Disclosure of Corporate Governance Practices*;
- National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;
- Ontario Securities Commission Rule 51-801 *Implementing National Instrument 51-102 Continuous Disclosure Obligations*; and
- Form 41-501F1 *Information Required in a Prospectus* under Ontario Securities Commission Rule 41-501 *General Prospectus Requirements*.

The amendments to rules (the Rule Amendments) were sent to the Minister responsible for securities regulation on October 12, 2007. If the Minister does not approve or reject the Rule Amendments or return them for further consideration, they will come into force on **December 31, 2007**.

We are also requesting comment on proposed amendments (the Proposed Amendments) to the following rules and policy:

- National Instrument 51-102 *Continuous Disclosure Obligations*;
- Companion Policy 51-102CP *Continuous Disclosure Obligations*; and
- National Instrument 52-108 *Auditor Oversight*.

Details related to the Proposed Amendments can be found in the Notice of Amendments and Notice and Request for Comment published in Chapter 5. The comment period for the Proposed Amendments is open until January 11, 2008.

October 12, 2007

1.4 Notices from the Office of the Secretary

1.4.1 John Daubney and Cheryl Littler

FOR IMMEDIATE RELEASE
October 4, 2007

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

AND

IN THE MATTER OF
JOHN DAUBNEY AND CHERYL LITTLER

TORONTO – Following a hearing held today, the Commission issued an Order approving the Settlement Agreement reached between Staff of the Commission and Cheryl Littler in the above named matter..

A copy of the Order and Settlement Agreement are 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 Imagin Diagnostic Centres Inc. et al.

FOR IMMEDIATE RELEASE
October 5, 2007

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

AND

IN THE MATTER OF
IMAGIN DIAGNOSTIC CENTRES INC.,
PATRICK J. ROONEY, CYNTHIA JORDAN,
ALLAN McCAFFREY, MICHAEL SHUMACHER,
CHRISTOPHER SMITH, MELVYN HARRIS
AND MICHAEL ZELYONY

TORONTO – Following a hearing held today, the Commission issued an Order adjourning the above matter to December 5, 2007 for the purpose of setting a hearing date.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Director, Communications
& Public Affairs
416-593-8120

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Chapter 2

Decisions, Orders and Rulings

2.1 Decision

2.1.1 First Asset Energy & Resource Fund et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemption granted from the conflict of interest restrictions contained in the legislation to permit a one-time trade of securities to implement a fund merger – in the absence of the relief the portfolio manager would be prohibited from purchasing and selling the securities in connection with the merger – relief was granted because unitholders of the funds voted in favour of the merger and the merger will be in the best interests of the Funds.

Applicable Legislative Provisions

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

October 1, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, 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
FIRST ASSET ENERGY & RESOURCE FUND AND FIRST ASSET ENERGY & RESOURCE INCOME & GROWTH FUND
(COLLECTIVELY, THE "FUNDS") AND
FIRST ASSET INVESTMENT MANAGEMENT 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, on behalf of the Funds for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") granting relief from the restriction in the Legislation which prohibits a portfolio manager, or in British Columbia, a mutual fund or a responsible person, from purchasing or selling the securities of any issuer from or to the account of a responsible person or any associate of a responsible person in connection with a proposed merger (the "**Proposed Merger**") between First Asset Energy & Resource Fund (the "**First Fund**") and First Asset Energy & Resource Income & Growth Fund (the "**Second Fund**") (the "**Requested Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations:

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

Funds

1. Each Fund is a closed-end limited partnership established pursuant to a limited partnership agreement under the laws of the Province of Ontario and the Filer is the portfolio manager of the Funds.

2. The First Fund offered its units in all of the Provinces of Canada pursuant to a final prospectus dated September 30, 1996 and closed its initial public offering on October 29, 1996.

3. The Second Fund offered its units in all of the Provinces of Canada pursuant to a final prospectus dated December 11, 1997 and closed its initial public offering on December 22, 1997.

4. The Funds have substantially similar investment objectives, fee structures and valuation procedures.

Proposed Merger

5. The Filer intends to merge the First Fund and the Second Fund (the "**Proposed Merger**"), which will

involve the transfer of the assets and liabilities of the Second Fund in exchange for units of the First Fund (the "**First Fund Units**").

6. At the time the Proposed Merger is effected, the Filer will be the "portfolio manager", or in British Columbia, a "responsible person", for both Funds for purposes of the Legislation.

7. The transfer of the investment portfolio of the Second Fund to the First Fund in exchange for First Fund Units by operation of the Proposed Merger may be considered a sale of securities caused by the Filer from the First Fund to the account of the Second Fund for which the Filer is also portfolio manager, contrary to the Legislation.

8. The Proposed Merger will be completed in accordance with the special resolutions passed by the unitholders of the First Fund and unitholders of the Second Fund (the "**Merger Criteria**") at a meeting of the unitholders of each of the Funds held on July 20, 2007 (the "**Meeting**"). At the Meeting, the unitholders of the First Fund passed a special resolution authorizing First Asset (I) General Partner Inc. ("**GPI**"), the general partner of the First Fund and an affiliate of the Filer, to amend the limited partnership agreement of the First Fund and implement the Proposed Merger and reorganization of the First Fund without seeking further unitholder approval. At the Meeting, the unitholders of the Second Fund passed a special resolution authorizing First Asset (II) General Partner Inc. ("**GPII**"), the general partner of the Second Fund and an affiliate of the Filer, to amend the limited partnership agreement of the Second Fund and implement the Proposed Merger and dissolve and wind up the Second Fund without seeking further unitholder approval. The Proposed Merger is expected to occur forthwith following receipt of all regulatory approvals (the "**Effective Date**").

9. GPI intends to implement the special resolutions approved by unitholders of the First Fund to make all such amendments to the Limited Partnership Agreement of the First Fund as are in the opinion of GPI necessary or desirable to:

   (a) approve the acquisition of all or substantially all of the assets and liabilities of the Second Fund in exchange for First Fund Units issued from treasury;

   (b) reinstate a redemption feature to permit limited partners to redeem First Fund Units on an annual basis at the net asset value per First Fund Unit less a 2% redemption fee, commencing in January, 2008;

   (c) permit First Fund Units to be consolidated or divided, from time to time, in the discretion of GPI; and

   (d) to reset the Performance Bonus in the manner described in the information circular for the Meeting,

   all in connection with the reorganization of the First Fund pursuant to which the portfolio management fee payable to FAIMI would be permanently reduced to an annual fee of 0.85% of the net asset value of the First Fund.

10. GPII intends to implement the special resolutions approved by unitholders of the Second Fund to make all such amendments to the Limited Partnership Agreement of the Second Fund as are in the opinion of GPII necessary or desirable to:

   (a) implement the sale of all or substantially all of the assets and liabilities of the Second Fund in exchange for First Fund Units issued from treasury;

   (b) distribute to the limited partners of the Second Fund all of the assets of the Second Fund, including the First Fund Units received upon the sale of all or substantially all of the assets of the Second Fund; and

   (c) dissolve and wind up the Second Fund after the implementation of the transactions described immediately above.

11. The exchange ratio pursuant to which all or substantially all of the assets of the Second Fund will be exchanged for First Fund Units (the "**Exchange Ratio**") will be calculated based on the relative net asset value of the units of the Funds as at the close of trading on the TSX on the day prior to the Effective Date. GPI and GPII will publicly announce the Exchange Ratio in a press release following the close of trading that day.

12. Once the Proposed Merger has been implemented, GPI and GPII will file a press release and material change report to announce the completion of the Proposed Merger.

13. The Proposed Merger cannot be effected on a tax-deferred "rollover basis". Unitholders of each of the Funds were provided with tax disclosure about the ramifications of the Proposed Merger in the information circular delivered to them in connection with the Meeting, which ramifications are not anticipated by GPI or GPII to be material given the history of each of the Funds.

14. The Proposed Merger will increase the market capitalization of the First Fund and result in

greater liquidity for the First Fund Units on the TSX. The liquidity available to all unitholders will also be improved through the implementation of the redemption feature described above, which is being offered in connection with the Proposed Merger.

15. The Proposed Merger will result in a reduction of the operating costs of the First Fund on a per unit basis for all unitholders of the Funds.

16. In the opinion of the Filer, the Proposed Merger is in the best interest of the First Fund, the Second Fund and their respective unitholders.

17. In the absence of this order, the Filer would be prohibited from purchasing and selling the securities of the First Fund in connection with the Proposed Merger.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that (a) the Proposed Merger is completed in accordance with the Merger Criteria and (b) the Filer and the Funds comply with paragraphs 8, 9, 10, 11 and 12 above.

"Robert L. Shirriff"
Commissioner
Ontario Securities Commission

"Suresh Thakrar"
Commissioner
Ontario Securities Commission

2.1.2 Newport Investment Counsel Inc. - MRRS Decision

Headnote

Section 1(10) of the Securities Act (Ontario) – funds designed primarily to service secondary managed accounts of wealthy clients deemed to have ceased to be reporting issuers – funds will only distribute under prospectus exemptions as of September 30, 2007 - funds not eligible to rely on simplified process set out in OSC Staff Notice 12-703.

Applicable Legislative Provisions

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

September 30, 2007

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

AND

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

AND

IN THE MATTER OF
NEWPORT INVESTMENT COUNSEL INC.
("Newport")
AND
THE NEWPORT FIXED INCOME FUND
THE NEWPORT CANADIAN EQUITY FUND
THE NEWPORT GLOBAL EQUITY FUND
THE NEWPORT YIELD FUND
(together, the "Funds")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application (the "**Application**") from Newport (also, the "**Filer**") for a decision (the "**Decision**") under the securities legislation of each of the Jurisdictions (the "**Legislation**") revoking the reporting issuer status of the Funds or deeming the Funds to have ceased to be reporting issuers, as applicable (the "**Requested Relief**").

Under the MRRS:

(a) the Ontario Securities Commission (the "**OSC**") is the principal regulator for the Application; and

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

Interpretation

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

Representations

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

1. Newport is a corporation incorporated under the laws of the Province of Ontario with its head office located in Toronto, Ontario.

2. Newport is registered as an adviser in the categories of investment counsel and portfolio manager or their equivalent in Ontario, British Columbia, Alberta, Saskatchewan, New Brunswick, Nova Scotia, Newfoundland and Labrador and Prince Edward Island and is also registered in Ontario as a dealer in the category of limited market dealer. Newport has applied to the Manitoba Securities Commission to become registered in the categories of Adviser and Portfolio Manager.

3. Newport, as manager of the Funds, engages in a number of advisory activities, including as an investment counsel and/or portfolio manager for its clients.

4. Newport offers personal and corporate wealth management services to individuals and families under the terms of discretionary managed account agreements ("**Managed Account Agreements**") which provide Newport with full discretionary authority over such clients' accounts. Newport also advises certain clients on a non-discretionary basis.

5. Newport acts as manager, trustee and principal distributor for the Funds. The Funds are only offered to clients of Newport and are therefore not widely distributed.

6. Each Fund is an open-ended mutual fund trust established under the laws of the Province of Ontario.

7. The Funds are "reporting issuers" in the Jurisdictions and are therefore subject to the provisions of National Instrument 81-102 – *Mutual Funds*. Units of the Funds are qualified for distribution under an amended and restated simplified prospectus and annual information form dated March 12, 2007, filed in each of the Jurisdictions.

8. From September 30, 2007 onward, unitholders in the Funds may be comprised of persons from the following categories:

   (a) Investors who qualify as "accredited investors", as defined in National Instrument 45-106 - *Prospectus and Registration Exemptions* ("**NI 45-106**");

   (b) Investors who have entered into a Managed Account Agreement with Newport, making Newport the accredited investor pursuant to paragraph (q) of the "accredited investor" definition in NI 45-106;

   (c) Investors who qualify under the "minimum amount investment" exemption under section 2.10 of NI 45-106; and

   (d) Employees of Newport.

9. In addition, Newport filed an application to the OSC for exemptive relief to allow it to have certain clients, from September 30, 2007 onward, who do not or will not qualify as accredited investors under the Legislation or whose investments do not meet the minimum investment amount threshold set out in NI 45-106 or who are not employees of Newport invest in the Funds. Such clients would consist of family members of persons from category 8(a) above, and other persons who have a relationship with persons in category 8(a), where there are exceptional factors that have persuaded Newport for business reasons to accept such persons as clients.

10. From September 30, 2007 onward, Newport will ensure that all trades of units of the Funds are made pursuant to an exemption from the prospectus requirements, which is either available under the Legislation or pursuant to a decision granting exemptive relief.

11. Each of the Funds has less than 15 unitholders in each of the Jurisdictions other than British Columbia, Alberta and Ontario.

12. The Funds are not eligible for relief pursuant to CSA Staff Notice 12-307 – *Ceasing to be a Reporting Issuer under the Mutual Reliance Review System for Exemptive Relief Applications* ("**CSAN 12-307**") solely because of the number of unitholders of the Funds and because this Decision was not granted prior to May 1, 2007, the date by which the first members of the Funds' independent review committee were to be appointed in accordance with National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("**NI 81-107**").

13. Newport filed a separate application on April 30, 2007 for a decision exempting it from the

requirements contained in sections 3.2 and 8.2(2) of NI 81-107.

14. Newport notified its investors as at July 16, 2007, and has continued to notify any new investors from that date to September 30, 2007, regarding its intention to cease to be a reporting issuer and redeem the units of investors who do not fit within one of the categories set out in paragraphs 8 and 9, above, prior to September 30, 2007. There are no redemption fees payable by investors whose units Newport redeems. Newport has also disclosed its intention to have the Funds deemed to have ceased to be a reporting issuer in the Funds' prospectus.

15. If the Decision is granted, the financial statements of the Funds will be prepared and delivered to unitholders in accordance with the requirements of the applicable securities legislation that apply to mutual funds that are not reporting issuers. The Funds intend to rely on a filing exemption set forth therein.

Decision

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

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

"Robert L. Shirriff"

"Suresh Thakrar"

2.1.3 Roi Sceptre Retirement Growth Fund (formerly, Sceptre Income & High Growth Trust) - MRRS Decision

Headnote

MRRS – Exemption to allow a non-redeemable investment fund converting into a mutual fund continue to show past performance; the relief also provided exemption for the fund from certain new mutual fund requirements – The non-redeemable investment fund has always been complying with investment restrictions of NI 81-102 and the fund has already met the minimum subscription for new mutual fund – Section 3.1, 3.3, 15.6(a), 15.6(d) and Part 19 of National Instrument 81-102.

Applicable Legislative Provisions

Sections 3.1, 3.3, 15.6(a), 15.6(d) and 19.1 of National Instrument 81-102.

October 2, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND 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
ROI SCEPTRE RETIREMENT GROWTH FUND (FORMERLY, SCEPTRE INCOME & HIGH GROWTH TRUST)
(the Fund)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Makers) in each of the Jurisdictions has received an application from Return on Innovation Management Ltd. (the Manager) for decisions under section 19.1 of National Instrument 81-102 *Mutual Funds* (the Legislation or NI 81-102) granting exemptions from:

i) section 3.1 of NI 81-102 so that the Fund is not considered to be a newly established mutual fund within the meaning of such term in Section 3.1 of NI 81-102;

ii) the prohibitions contained in Section 3.3 of NI 81-102 to permit the costs of the preparation and

filing of a preliminary simplified prospectus and annual information form to be borne by the Fund; and

iii) the prohibitions in Subsections 15.6(a) and (d) to permit the Fund to use its historic performance data in sales communications notwithstanding that it has not distributed its securities under a simplified prospectus for 12 consecutive months and to permit sales communications relating to the Fund to contain performance data for the period prior to the Fund offering its securities under a simplified prospectus ((i), (ii), and (iii) together, 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 Fund:

(a) The Fund is a closed-end mutual fund trust governed by the laws of the Province of Ontario.

(b) The Fund distributed its units pursuant to a long form prospectus dated December 16, 2004. The units of the Fund were listed and traded on the Toronto Stock Exchange under the symbol "SZH.UN". Units of the Fund were initially listed for trading on December 29, 2004.

(c) The Fund is a reporting issuer under the securities legislation of each of the provinces of Canada. The Fund is not in default of any of the requirements of the securities legislation in any of the provinces of Canada.

(d) As at September 7, 2007 there were 5,848,154.824 units of the Fund outstanding representing aggregate net assets of $58,481,548.24.

(e) The Fund's manager and trustee were changed to the Manager from Sceptre Fund Management Inc.

(f) In connection with the change of manager and trustee, unitholders of the Fund voted on June 8, 2007 to approve a series of changes:

(i) The merger of the Fund with Sceptre Income and Growth Trust (SIGT), a closed-end investment fund, where the Fund was the continuing fund. In reporting its performance information, the Fund will comply with Section 15.9 of NI 81-102 presenting past performance of SIGT when applicable.

(ii) Delisting the Fund from the Toronto Stock Exchange and making the changes necessary for the Fund to qualify its units for continuous distribution pursuant to a simplified prospectus in accordance with NI 81-101 (the Conversion).

(g) On September 17, 2007, the Fund filed a preliminary simplified prospectus dated September 14, 2007, SEDAR Project # 1158893.

(h) Sceptre Investment Counsel Limited is the portfolio manager of the Fund. Following the change of manager and trustee, Sceptre Investment Counsel Limited will remain the portfolio manager of the Fund.

(i) Since its inception in December 2004, the Fund has complied with the investment restrictions contained in NI 81-102 and has not used leverage in the management of its portfolio.

(j) Without the Requested Relief:

(i) The fund could not file a simplified prospectus unless the Manager or other persons specified in Section 3.1 of NI 81-102 invest not less than $150,000 in securities of the Fund; or

(ii) the simplified prospectus of the Fund would be required to state that the Fund will not issue securities other than those referred to in (i) unless subscriptions aggregating not less than $500,000 have been received by the Fund from investors other than the persons

referred to in (i) and accepted by the Fund, in which circumstances the Fund would be prohibited from distributing any securities unless such subscriptions together with payment therefor have been received; and

(iii) none of the costs of the preparation and filing of the preliminary simplified prospectus may be borne by the Fund.

(k) Without the Requested Relief sales communications pertaining to the Fund would not be permitted to include performance data until the Fund has distributed securities under a simplified prospectus in a jurisdiction for 12 consecutive months and sales communications pertaining to the Fund would only be permitted to include performance information for the period commencing after the date on which the Fund commences distributing securities under a simplified prospectus.

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.

"Vera Nunes"
Assistant Manager, Investment Funds Branch
Ontario Securities Commission

2.1.4 Eurasia Gold Inc. - 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).

October 2, 2007

Blake, Cassels & Graydon LLP
199 Bay Street
Suite 2800, Commerce Court West
Toronto, ON M5L 1A9

Attention: Cynthia Sargeant

Dear Sirs/Mesdames:

Re: Eurasia Gold Inc. (the "Applicant") - application for an order not to be a reporting issuer under the securities legislation of Ontario and Alberta (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 not to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that,

- 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;
- no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;
- the Applicant is applying for relief not to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
- 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 not a reporting issuer.

"Erez Blumberger"
Manager, Corporate Finance
Ontario Securities Commission

2.1.5 LionOre Mining International Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer is not a reporting issuer.

Applicable Ontario Statutory Provisions

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

October 9, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, MANITOBA, ONTARIO AND QUEBEC
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
LIONORE MINING INTERNATIONAL LTD.
(the "Filer")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Filer for a decision pursuant to the securities legislation of the Jurisdictions (the "**Legislation**") that the Filer is not a reporting issuer in the Jurisdictions (the "**Requested Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications,

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation governed by the *Canada Business Corporations Act* (the "**CBCA**") with its head office located in Toronto, Ontario.

2. The authorized capital of the Filer consists of an unlimited number of common shares (the "**Common Shares**") and an unlimited number of preferred shares issuable in series. As at the date hereof, 247,077,484 Common Shares and no preferred shares of the Filer are issued and outstanding.

3. The Filer is a reporting issuer in each of the Jurisdictions.

4. On May 7, 2007, 0789970 B.C. Ltd. (the "**Offeror**"), a wholly-owned subsidiary of OJSC MMC Norilsk Nickel, made an offer, as varied, amended and supplemented by a notice of variation dated May 23, 2007 and as extended by four notices of extension dated June 15, 2007, June 29, 2007, July 10, 2007 and July 23, 2007, respectively, to purchase all of the outstanding Common Shares for $27.50 in cash per Common Share (the "**Offer**").

5. The Offer expired on August 13, 2007. In connection with the completion of the Offer, approximately 97.75% of the outstanding Common Shares were taken up and paid for by the Offeror.

6. On August 14, 2007, the Offeror commenced a compulsory acquisition under section 206 of the CBCA to acquire the remaining Common Shares not deposited under the Offer by mailing a notice of compulsory acquisition to the holders of such Common Shares. The Offeror acquired all of such remaining Common Shares with effect as of August 16, 2007.

7. On August 17, 2007, the Common Shares were de-listed from the Toronto Stock Exchange. The Common Shares were subsequently de-listed from the Botswana Stock Exchange and the London Stock Exchange on August 28, 2007 and September 12, 2007, respectively.

8. At the time the Offer was made, the Filer had US$144,000,000 aggregate principal amount of 3.80% convertible notes outstanding and listed on the Luxembourg Stock Exchange. All such notes were converted into Common Shares prior to the commencement by the Offeror of its compulsory acquisition of the Common Shares not deposited under the Offer, and the notes were de-listed from the Luxembourg Stock Exchange on September 3, 2007.

9. As a result of these transactions, all of the outstanding securities of the Filer are held by the Offeror, and no securities of the Filer are traded

on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

10. The Filer has no current intention to seek public financing by way of an offering of securities.

11. The Filer applied to voluntarily surrender its status as a reporting issuer in British Columbia under B.C. Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status*, and ceased to be a reporting issuer in British Columbia effective September 24, 2007.

12. Upon the grant of the Requested Relief, the Filer will not be a reporting issuer or the equivalent in any jurisdiction of Canada.

13. The Filer is not in default of any of its obligations as a reporting issuer under the Legislation other than its obligation to file interim financial statements, related management's discussion and analysis and certificates under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings for its second quarter ended June 30, 2007. On August 14, 2007, the last date by which the Filer was required to make such filings, the Offeror owned in excess of 90% of the Common Shares and had delivered a notice of compulsory acquisition to shareholders of the Filer who had not deposited their Common Shares under the Offer. Consequently, the Filer has not filed such documents in respect of its second quarter ended June 30, 2007.

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.

"Harold P. Hands"
Commissioner

"Paul K. Bates"
Commissioner

2.1.6 Foothills Resources, Inc. - MRRS Decision

Headnote

MRRS - Relief from prospectus requirements in connection with the first trade of common shares outside Canada - Exemption from prospectus requirements for trades outside Canada not available as at the time of the distribution the conditions of the exemption were not met - Subsequent private placements to non-Canadian residents has resulted in percentage of shareholders resident in Canada and shares held by Canadian residents to be de minimis. Relief granted subject to conditions.

Applicable Legislative Provisions

Securities Act (Ontario), ss. 74(1), 53(1).
National Instrument 45-102 Resale of Securities, s. 2.14.

Citation: Foothills Resources, Inc., 2007 ABASC 727

October 3, 2007

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

AND

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

AND

IN THE MATTER OF
FOOTHILLS RESOURCES, INC.
(THE FILER)

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption (the **Requested Relief**) from prospectus requirements for the first trade of common shares of the Filer issuable on conversion of convertible debt securities and units distributed to purchasers resident in the Jurisdictions under available "accredited investor" exemptions in connection with a private placement completed in April, 2006 (the **Private Placement**).

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

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

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

Interpretation

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

Representations

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

(a) The Filer is a Nevada corporation whose shares are listed on the NASD Over-the-Counter Bulletin Board (the OTC BB). The Company is based in California.

(b) The Filer is not a reporting issuer in any jurisdiction in Canada and currently has no intention of becoming a reporting issuer.

(c) In the Private Placement, $2,175,000 principal amount of convertible debt securities convertible into 3,107,138 common shares and an additional 964,407 units convertible into 964,407 common shares (the **Common Shares**) were sold to Canadian residents (the **Canadian Private Placement Shares**) out of a total offering of $3,987,500 principal amount of convertible debt securities convertible into 5,696,429 Common Shares and an additional 10,504,552 units convertible into 10,504,552 Common Shares.

(d) In the absence of an order granting relief, the first trade of the Canadian Private Placement Shares by a resident of the Jurisdictions will be deemed to be a distribution pursuant to section 2.6 of National Instrument 45-102 *Resale of Securities* (NI 45-102) unless, among other things, the Filer has been a reporting issuer for 4 months immediately preceding the trade in one of the jurisdictions set forth in Appendix B to NI 45-102.

(e) Section 2.14 of NI 45-102 provides an exemption from section 2.6 of NI 45-102 in respect of a distribution of securities if, at the date of a distribution, residents of Canada did not own more than 10% of the outstanding securities of the class distributed and did not represent more than 10% of the number of holders of securities of that class.

(f) Immediately following the Private Placement, after giving effect to the issue of securities and the conversion (the **Conversion**) of the convertible debt securities into Common Shares, Canadian residents held in the aggregate approximately 5.9% of the then-outstanding Common Shares. The Filer is unable to determine the number of beneficial holders of Common Shares at that time, but 48 of the 189 registered holders of Common Shares (approximately 25.4%) were Canadian residents. Accordingly, the exemption under section 2.14 is unavailable in respect of the Canadian Private Placement Shares.

(g) Using reasonable efforts the Filer determined that as at July 18, 2007, 295 residents of Canada (representing 9.15% of the total) were beneficial holders of Common Shares. Accordingly, if the Private Placement had occurred on July 18, 2007, the exemption provided in section 2.14 of NI 45-102 would have been available.

(h) If the Filer had chosen to effect the Private Placement as of July 18, 2007, rather than April, 2006, the exemption provided in section 2.14 of NI 45-102 would have been available to residents of the Jurisdictions with respect to the first trade of Canadian Private Placement Shares.

(i) The Filer is subject in the United States to the reporting obligations of the 1934 Act. Documents filed with the SEC will be available electronically through EDGAR.

(j) The Filer has filed a registration statement with the U.S. Securities and Exchange Commission with respect to the Common Shares issued pursuant to the Private Placement and the Filer anticipates such registration statement will be declared effective and the Common Shares issued pursuant to the Private Placement will be listed on the OTC BB. No market currently exists in Canada for the Common Shares and none is expected to develop.

Decision

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

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

   (a) the trade is made through an exchange, or a market, outside of Canada; and

   (b) at the date of the trade the Filer is not a reporting issuer in any jurisdiction of Canada.

"Glenda A. Campbell", QC
Alberta Securities Commission

"Karen A. Prentice", QC
Alberta Securities Commission

2.1.7 DataMirror Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Subsection 1(10) of the Securities Act - Application by reporting issuer for an order that it is not a reporting issuer - Requested relief granted.

Applicable Ontario Statutory Provisions

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

October 9, 2007

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

AND

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

AND

IN THE MATTER OF
DATAMIRROR CORPORATION
(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 for the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer is not a reporting issuer (the **Requested Relief**).

Under the Mutual Reliance Review System (**MRRS**) 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 meanings in this decision unless they are defined in this decision.

In this decision,

"**Arrangement**" means the acquisition by Subsidiary of all issued and outstanding common shares in the capital of the Filer for cash consideration of CDN $27.00 per share pursuant to a court-approved plan of arrangement under Section 182 of the *Business Corporations Act* (Ontario);

"**IBM**" means International Business Machines Corporation;

"**Subsidiary**" means 2141734 Ontario Inc.

Representations

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

1. the Filer is a corporation governed by the laws of Ontario with its head office in Markham, Ontario;

2. pursuant to an arrangement agreement dated July 13, 2007 among IBM, Subsidiary, an indirect subsidiary of IBM, and the Filer, Subsidiary acquired all of the issued and outstanding common shares in the capital of the Filer;

3. the Arrangement was approved by 99.68% of the votes cast at the Filer's special meeting of shareholders held on August 24, 2007;

4. the Arrangement was also approved by the Ontario Superior Court of Justice at the final order hearing held on August 27, 2007;

5. the Arrangement was completed on August 31, 2007. Following the closing of the Arrangement which was effective as at August 31, 2007, Subsidiary became the sole owner of all of the outstanding common shares of the Filer. Upon completion of the Arrangement, the Filer's outstanding securities consisted solely of common shares;

6. the common shares of the Filer were de-listed from the Toronto Stock Exchange effective September 5, 2007;

7. the Filer is a reporting issuer in each of the Jurisdictions and is not in default of any of the reporting obligations under the Legislation, other than its obligation to file by September 14, 2007 interim financial statements, related management's discussion and analysis and certificates in respect of the interim period ended July 31, 2007;

8. as Subsidiary became the sole beneficial holder of all of the issued and outstanding common shares of the Filer prior to the date upon which the Filer was required to file its interim financial statements and related management's discussion and analysis, the Filer has not prepared or filed its interim financial statements, related management's discussion and analysis or certificates;

9. the outstanding securities of the Filer , 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;

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

11. the Filer has no current intention to seek public financing by way of an offering of securities in Canada or to list in securities on any stock exchange or market in Canada;

12. no other securities of the Filer are publicly held;

13. upon the grant of the Requested Relief, the Filer will not be a reporting issuer or the equivalent in any jurisdiction of Canada.

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.

"Kevin J. Kelly"
Commissioner
Ontario Securities Commission

"Suresh Thakrar"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Cunico Resources N.V. - NI 43-101 Standards of Disclosure for Mineral Projects

Headnote

National Instrument 43-101 - Applicant granted relief from the requirements of NI 43-101 in respect of disclosure made in and in connection with an offering memorandum for a private placement - Relief subject to conditions that offering memorandum contains specified opinions of experts, offering is de minimis,and all Canadian investors are "accredited investors".

Rules Cited

National Instrument 43-101 Standards of Disclosure for Mineral Projects.

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

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

AND

IN THE MATTER OF
CUNICO RESOURCES N.V.

ORDER

WHEREAS the Ontario Securities Commission (the "**Commission**") has received an application from Cunico Resources N.V. (the "**Applicant**") for an order pursuant to section 9.1 of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") exempting the Applicant from the requirements of NI 43-101 in respect of the disclosure made in and in connection with an offering memorandum (the "**Ontario Offering Memorandum**") prepared by the Applicant in connection with the offering (the "**Ontario Offering**") by the Applicant of ordinary shares (the "**Ordinary Shares**") on a private placement basis to accredited investors in Ontario (the "**Requested Relief**");

AND WHEREAS, the Applicant has represented to the Commission that:

1. The Applicant is a public limited liability company incorporated pursuant to the laws of The Netherlands with its head office in Amsterdam, The Netherlands.

2. The Applicant is the holding company of an international mining group currently engaged in the development of mining deposits in the Former Yugoslav Republic of Macedonia, the Republic of Albania, Kosovo and the Republic of Zambia. The Applicant, together with its subsidiaries, focuses on the exploration for, and the mining, processing, marketing and sale of nickel, copper and cobalt.

3. The Applicant is not a reporting issuer in Ontario or any other Canadian jurisdiction, nor are any of its securities listed or posted for trading on any stock exchange in Canada. The Applicant has no present intention of becoming a reporting issuer in Ontario or any other Canadian jurisdiction or of becoming listed in Canada.

4. The authorized share capital of the Applicant consists of 200,000,000,000 Ordinary Shares. No securities of the Applicant are currently listed on any stock exchange, although admission to listing of the Ordinary Shares on the official list of the Financial Services Authority (the "**FSA**") of the United Kingdom (the "**UK**") and unconditional dealings in the Ordinary Shares are currently expected to commence on the London Stock Exchange in August 2007 concurrently with the closing of the Offering (as defined below).

5. The Applicant intends to offer new Ordinary Shares and outstanding Ordinary Shares held by certain current shareholders of the Applicant in an underwritten offering to institutional investors in the UK and certain other members states of the European Economic Area pursuant to a prospectus (the "**Prospectus**"), and on a private placement basis to purchasers in certain other jurisdictions including the United States, Australia, South Africa and Ontario (together, the "**Offering**").

6. The Prospectus (i) will be prepared in accordance with Commission Regulation no. 809/2004 of the European Community (the "**Prospectus Regulation**"), the Dutch Act on Financial Supervision and related regulations which implement European Community Directive 2003/71/EC (the "**Prospectus Directive**") in Dutch law and is required to be approved by the Dutch Authority for the Financial Markets, and (ii) will also comply with the listings requirements of the FSA and the London Stock Exchange plc.

7. The Ontario Offering will be made to accredited investors in Ontario only.

8. A competent persons' report (the "**CPR**") regarding the mineral assets (including mineral resources and ore reserves) of the Applicant in Macedonia, Albania, Kosovo and Zambia has been prepared and will be included in its entirety in the Prospectus.

9. The CPR was prepared jointly under the supervision of Roger Dixon of SRK Consulting Engineers and Scientists (Pty) Ltd. ("**SRK**") and

Mike Lawlor of Snowden Mining Industry Consultants Pty Ltd. ("**Snowden**"), each of whom is a "qualified person" and is independent of the Applicant for the purposes NI 43-101.

10. The CPR was prepared in accordance with the requirements set out in paragraphs 131-133 of the Recommendations of the Committee of European Securities Regulators for the consistent implementation of the Prospectus Regulation, the Prospectus Directive as implemented in The Netherlands and the Prospectus Rules published by the FSA. Snowden and SRK have prepared the CPR (including the estimates of mineral resources and ore reserves set out therein) in accordance with, among other things, the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 Edition) published by the Joint Ore Reserves Committee ("**JORC**") of the Australasian Institute of Mining & Metallurgy, Australian Institute of Geoscientists, and Minerals Council of Australia.

11. In connection with the Ontario Offering, the Applicant intends to distribute to accredited investors in Ontario the Ontario Offering Memorandum containing the Prospectus and any additional disclosure required pursuant to the laws of Ontario, including disclosure relating to resale restrictions, statutory rights of action and exchange rate information.

12. Immediately after the Offering, less than 10% of the Ordinary Shares will be held by residents of Canada.

IT IS ORDERED pursuant to section 9.1 of NI 43-101 that the Requested Relief be and is hereby granted, provided that:

(i) Snowden and SRK will each provide opinions, to be set out in the Ontario Offering Memorandum, that (i) the definitions and standards of JORC are substantively similar to the definitions and standards of the Canadian Institute of Mining, Metallurgy and Petroleum (the CIM Standards) which are recognized by NI 43-101; and (ii) a reconciliation of the Applicant's mineral Resources and ore reserves as stated in compliance with JORC would not result in materially different mineral resources and mineral reserves as prepared in compliance with the CIM Standards;

(ii) less than 10% of the Ordinary Shares will be held by residents of Canada after the Offering; and

(iii) all purchasers under the Ontario Offering will be "accredited investors" as defined in National Instrument 45-106 Prospectus and Registration Exemptions.

DATED July 27, 2007.

"Erez Blumberger"
Manager, Corporate Finance
Ontario Securities Commission

2.2.2 Abria Alternative Investments Inc. and Abria Diversified Arbitrage Trust - NI 81-106 Investment Fund Continuous Disclosure, ss. 2.2, 5.1(2)

Headnote

Mutual fund in Ontario (non-reporting issuer) granted extension of the annual financial statement filing deadline as wholly invested in offshore investment fund subject to different reporting requirements.

Rules Cited

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 2.2, 5.1(2).

IN THE MATTER OF
NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE

AND

IN THE MATTER OF
ABRIA ALTERNATIVE INVESTMENTS INC.
(the Applicant)

AND

IN THE MATTER OF
ABRIA DIVERSIFIED ARBITRAGE TRUST
(the Fund)

ORDER

Background

The Ontario Securities Commission received an application from the Applicant, on behalf of the Fund, for a decision pursuant to section 17.1 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106) exempting the Fund from:

(a) the requirement in sections 2.2 and 18.3 of NI 81-106 that the Fund file its audited annual financial statements on or before the 90th day after its most recently completed financial year (the Annual Filing Deadline); and

(b) the requirement in subsection 5.1(2) of NI 81-106 that the Fund deliver its audited annual financial statements to securityholders by the Filing Deadline (the Annual Delivery Requirement) (the Requested Relief).

Representations

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

1. The Applicant is a corporation incorporated under the laws of Ontario.

2. The Applicant is registered as an investment counsel and portfolio manager and as a limited market dealer under the *Securities Act* (Ontario) (the Act).

3. The Applicant is the trustee and manager of the Fund. The Fund is an open-ended mutual fund trust established under the laws of Ontario and is offered to investors pursuant to exemptions from the prospectus requirement under the *Securities Act (*Ontario). The Fund has a year-end of June 30.

4. The Fund's investment objectives are to preserve capital, and to provide investors with stable, tax efficient, low risk returns. The Fund seeks to achieve its investment objectives by investing in Canadian common shares and obtaining indirect exposure to the returns of Abria Diversified Arbitrage Fund Ltd. (ADAF). ADAF is organized as an exempted company under the laws of the Cayman Islands.

5. ADAF primarily invests its assets in the Arbitrage Master Segregated Portfolio (the Master Fund) of Abria International SPC Limited, an exempted segregated portfolio company under the laws of the Cayman Islands. The Master Fund primarily invests its assets in a portfolio of underlying independently managed hedge funds (the Underlying Funds).

6. The financial year-end of each of ADAF and the Master Fund is June 30. The filing deadline for the financial statements of ADAF and the Master Fund under the laws of the Cayman Islands will be December 31 of each year. The Applicant expects that the audited financial statements of ADAF and the Master Fund may not be available until mid-December of each year.

7. The Underlying Funds have varying financial year-ends and are subject to a variety of financial reporting deadlines. The audits of ADAF and the Master Fund are not complete because the financial statements of certain of the Underlying Funds are not available and the auditors of the Fund has advised that those audited financial statements are required in order to sign off on the audits of the Fund.

8. The Applicant can never be guaranteed that it will receive the audited financial statements of ADAF and the Master Fund in order that it can meet the Annual Filing Deadline and Annual Delivery Requirement for the Fund's audited financial statements in any year. Based on discussions with the auditors and others, the Applicant believes this will be a recurring problem each financial year.

9. Sections 2.2 and 18.3 together with subsection 5.1(2) of NI 81-106 require the Fund to file and

deliver its 2007 audited annual financial statements by September 28, 2007.

10. The Fund will not be able to meet the Annual Filing Deadline and will not be able to comply with the Annual Delivery Requirement.

11. The Fund is in the process of a windup. The Fund has suspended redemptions and is not accepting new investors or making any new investments.

12. The Fund will notify its securityholders that it has received and intends to rely on relief from the Annual Filing Deadline and the Annual Delivery Requirement.

Order

The Director is satisfied that it would not be prejudicial to the public interest to grant the Requested Relief and orders that the Fund is exempt from the requirement to file its annual audited financial statements by the Annual Filing Deadline and from the Annual Delivery Requirement, provided that the audited annual financial statements are filed and delivered by December 31 of the year following the financial year for which audited annual financial statements are prepared.

Nothing in this Order precludes the Fund from relying on the exemption contained in section 2.11 of NI 81-106 provided the Fund's audited annual financial statements are delivered to unitholders within the time period specified above.

September 27, 2007

"Vera Nunes"
Assistant Manager, Investment Funds Branch
Ontario Securities Commission

2.2.3 John Daubney and Cheryl Littler

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

AND

IN THE MATTER OF
JOHN DAUBNEY AND CHERYL LITTLER

ORDER

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and related Statement of Allegations on July 14, 2006 in respect of John Daubney and Cheryl Littler;

AND WHEREAS Cheryl Littler ("Littler") has entered into a settlement agreement with Staff of the Commission dated October 3, 2007 in relation to the matters set out in the Statement of Allegations (the "Settlement Agreement");

AND WHEREAS Littler's registration as a salesperson in the categories of Mutual Fund Dealer and Limited Market Dealer has been suspended since July of 2003;

AND WHEREAS, in addition to the terms of the order below, Littler has undertaken as follows:

1. to successfully complete the Canadian Investment Funds course or its equivalent and the Labour Sponsored Investment Funds course before making any application to have her registration reinstated; and

2. to cooperate fully with Staff in relation to the outstanding proceeding in this matter, including providing complete and truthful answers to any Staff inquiries and testifying as a witness for Staff if requested;

UPON reviewing the Notice of Hearing, Statement of Allegations and Settlement Agreement, and upon hearing submissions from counsel for Littler and counsel for Staff of the Commission;

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

IT IS HEREBY ORDERED that:

1. the Settlement Agreement, a copy of which is attached to this Order, is approved;

2. Littler is reprimanded;

3. Littler's registration under Ontario securities law is suspended for a further period of 6 months beginning from the date of this Order; and

4. Littler shall pay the sum of $500.00 towards the costs of Staff of the Commission's investigation into the matters set out in the Statement of Allegations.

Dated at Toronto this 4th day of October, 2007

"James E. A. Turner"

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, as amended

AND

IN THE MATTER OF
JOHN DAUBNEY AND CHERYL LITTLER

SETTLEMENT AGREEMENT OF CHERYL LITTLER

I. INTRODUCTION

1. By notice of hearing dated July 14, 2006 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to section 127 of the *Securities Act* (the "Act"), it is in the public interest for the Commission to make an order that:

   (a) the registration of John Daubney and Cheryl Littler (together, the "Respondents") be suspended permanently;

   (b) trading in any securities by the Respondents cease permanently;

   (c) the exemptions contained in Ontario securities law do not apply to the Respondents permanently;

   (d) the Respondents be reprimanded;

   (e) the Respondents resign any positions that they hold as director or officer of a reporting issuer;

   (f) the Respondents be prohibited from becoming or acting as an officer or director of a reporting issuer; and

   (g) the Respondents pay the costs of the Commission investigation and the hearing; and

   (h) the Commission make such other order as it may deem appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding initiated in respect of Cheryl Littler by the Notice of Hearing in accordance with the terms and conditions set out below. Littler consents to the making of an order against her in the form attached as Schedule "A" on the basis of the facts set out below.

III. STATEMENT OF FACTS

Acknowledgment

3. For the purposes of this settlement agreement only, Littler agrees with the facts set out in this Part III. Littler expressly denies that the terms of this settlement agreement are intended to be an admission of civil liability by Littler to any person or company.

Factual Background

4. Between 1997 and 2003, Littler was registered as a salesperson under the Act with the following dealers:

   (i) March 13, 1997 – July 22, 1999: Hewmac Investment Services Inc. ("Hewmac"), a dealer in the categories of mutual fund dealer and limited market dealer; and

   (ii) July 30, 1999 – July 17, 2003: Wealth Map Financial Limited ("Wealth Map"), a dealer in the categories of mutual fund dealer and limited market dealer.

5. Littler's registration was suspended when Wealth Map closed in July of 2003, and has not been reinstated to date.

6. Between 1997 and 2002, Littler worked in the Orangeville, Ontario branch offices of Hewmac (1997 – 1999) and Wealth Map (1999-2002). Daubney, an experienced salesperson, was a mentor to Littler and worked closely with her. Daubney shared with Littler his high-leverage investment strategy, described below, and referred clients to her.

7. Between 1997 and 2000, Littler recommended a leveraged investment strategy to some of her clients. Specifically, she recommended this strategy to one client for whom she was the sole representative, and four clients for whom she was the joint representative with Daubney.

8. Littler presented these clients with investment projections indicating high and positive potential long-terms returns (generally, 12% per annum). By making inaccurate undertakings to her clients regarding the future value of their investments, she contravened s. 38(2) of the Act.

9. Littler did not adequately inform these clients about the underlying risk associated with the recommended investments, which included some speculative mutual funds and exempt-status investments sold pursuant to offering memoranda.

10. Littler encouraged these clients to engage in leveraged investing through mortgages and margin loans. Specifically, she advised these clients to increase their investment by borrowing funds secured by a mortgage on their homes. These borrowed funds were invested, and were used on occasion to obtain 1-to-1 or 2-to-1 margin loans from major financial institutions. The borrowed funds were in turn used to purchase additional securities.

11. Littler recommended this leveraged strategy to these clients without taking full account of their individual risk tolerance, investment objectives, investment knowledge, age, income or net worth. Littler therefore provided investment advice that was unsuitable for these clients, contrary to her obligations under OSC Rule 31-505, Section 1.5(1)(b).

12. The market downturn in 2000/2001 revealed the problems with Littler's investment advice. The combined effect of diminished investment values, margin calls and continuing debt obligations caused financial and personal hardships to these clients.

13. In July of 2003, Wealth Map closed down and its principals moved to another sponsoring dealer. Littler's registration was suspended when Wealth Map was closed and has not been reinstated to date.

14. Littler acknowledges that her conduct, as described above, was contrary to Ontario securities law and the public interest.

IV. POSITION OF THE RESPONDENT

15. Littler states that the transactions described above were carried out while she was employed by registered mutual fund and limited market dealers and her clients' transactions in mutual funds and limited market products were reviewed and approved by those dealers.

16. Littler is remorseful. Littler states that she entirely discontinued recommending leveraging strategies in 2000, when the potential issues relating to such strategies became clear to her.

17. Littler states that she employed the investment strategy described above with her own personal investments, as well as those of several family members. She suffered significant investment losses as a result and was required to declare personal bankruptcy in June of 2004. She was discharged from bankruptcy in September of 2004.

18. Civil proceedings have been commenced against Littler, Daubney, Hewmac, Wealth Map and the financial institutions which loaned the monies under the investment strategy. The plaintiffs include some of Littler and Daubney's former clients. Littler states that she is fully and completely defending the actions and will continue to do so.

19. Littler has undertaken further education and training in the securities field. In September of 2001, she completed the first level of courses required for her to become a Certified Financial Planner. In March of 2002 she completed the Branch Managers Course.

V. TERMS OF SETTLEMENT

20. Littler agrees that it is in the public interest for the Commission to make an order:

    (a) suspending her registration under Ontario securities law for a further 6 month period;

    (b) reprimanding her; and

    (c) requiring her to pay the sum of $500.00 towards the costs of the Commission's investigation in this matter.

21. Littler undertakes to successfully complete the Canadian Investment Funds Course or its equivalent and the Labour Sponsored Investment Funds Course before making any application to have her registration reinstated.

22. Littler undertakes to cooperate fully with Staff in relation to the outstanding proceeding in this matter, including providing complete and truthful answers to any Staff inquiries and testifying as a witness for Staff if requested.

VI. STAFF COMMITMENT

23. If this settlement agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of Littler in relation to any of the facts set out in Part III of this settlement agreement, subject to the provisions of paragraph 27 below.

VII. PROCEDURE FOR APPROVAL OF SETTLEMENT

24. Approval of this settlement agreement shall be sought at a public hearing of the Commission on a date to be agreed between Staff and Littler, in accordance with the procedures described in this settlement agreement.

25. Staff and Littler agree that if this settlement agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting Littler in this matter, and Littler agrees to waive her rights to a full hearing, judicial review or appeal of this matter under the Act.

26. Staff and Littler agree that if this settlement agreement is approved by the Commission, neither Staff nor Littler will make any public statement inconsistent with this settlement agreement.

27. If Littler fails to honour the agreements and/or undertakings contained in paragraphs 21, 22 or 26 of this settlement agreement, Staff reserve the right to bring proceedings under Ontario securities law against Littler based on the facts set out in Part III of this settlement agreement, as well as the breach of the agreements and/or undertakings.

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

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

VIII. DISCLOSURE OF AGREEMENT

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

31. Any obligations of confidentiality shall terminate upon approval of this settlement agreement by the Commission.

IX. EXECUTION OF AGREEMENT

32. This settlement agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

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

Dated this 3rd day of October, 2007.

"illegible signature"
Witness

"Cheryl Littler"
Cheryl Littler

Dated this 3rd day of October, 2007.

STAFF OF THE ONTARIO SECURITIES COMMISSION
Per:
"Kelley McKinnon"
per: Michael Watson
Director, Enforcement Branch

Schedule "A"

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

AND

IN THE MATTER OF
JOHN DAUBNEY AND CHERYL LITTLER

ORDER

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and related Statement of Allegations on July 14, 2006 in respect of John Daubney and Cheryl Littler;

AND WHEREAS Cheryl Littler ("Littler") has entered into a settlement agreement with Staff of the Commission dated October 3, 2007 in relation to the matters set out in the Statement of Allegations (the "Settlement Agreement");

AND WHEREAS Littler's registration as a salesperson in the categories of Mutual Fund Dealer and Limited Market Dealer has been suspended since July of 2003;

AND WHEREAS, in addition to the terms of the order below, Littler has undertaken as follows:

1. to successfully complete the Canadian Investment Funds course or its equivalent and the Labour Sponsored Investment Funds course before making any application to have her registration reinstated; and

2. to cooperate fully with Staff in relation to the outstanding proceeding in this matter, including providing complete and truthful answers to any Staff inquiries and testifying as a witness for Staff if requested;

UPON reviewing the Notice of Hearing, Statement of Allegations and Settlement Agreement, and upon hearing submissions from counsel for Littler and counsel for Staff of the Commission;

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

IT IS HEREBY ORDERED that:

1. the Settlement Agreement, a copy of which is attached to this Order, is approved;

2. Littler is reprimanded;

3. Littler's registration under Ontario securities law is suspended for a further period of 6 months beginning from the date of this Order; and

4. Littler shall pay the sum of $500.00 towards the costs of Staff of the Commission's investigation into the matters set out in the Statement of Allegations.

Dated at Toronto this of October, 2007

_____ _____

2.2.4 Imagin Diagnostic Centres Inc. et al.

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

AND

**IN THE MATTER OF
IMAGIN DIAGNOSTIC CENTRES INC.,
PATRICK J. ROONEY, CYNTHIA JORDAN,
ALLAN McCAFFREY, MICHAEL SHUMACHER,
CHRISTOPHER SMITH, MELVYN HARRIS
AND MICHAEL ZELYONY**

ORDER

WHEREAS on September 28, 2007 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to s.127 of the *Securities Act*, R.S.O. 1990, c. S.5, to consider whether it is in the public interest to make certain orders against Imagin Diagnostic Centres Inc. ("Imagin"), Patrick J. Rooney ("Rooney"), Cynthia Jordan ("Jordan"), Allan McCaffrey ("McCaffrey"), Michael Shumacher ("Shumacher"), Christopher Smith ("Smith"), Melvyn Harris ("Harris") and Michael Zelyony ("Zelyony"), collectively, the "Respondents";

AND WHEREAS on October 5, 2007, counsel for the Commission and counsel for Imagin, Rooney, Jordan, McCaffrey, Shumacher, Smith and Zelyony attended and requested that the matter be adjourned to December 5, 2007 in order to review disclosure and have a pre-hearing conference on or before that date;

AND WHEREAS on October 5, 2007, Tom Anderson, Senior Investigator on this matter spoke with Harris and Harris stated that he was content that this matter be adjourned to December 5, 2007;

IT IS HEREBY ORDERED on consent that this matter be adjourned to December 5, 2007 for the purpose of setting a hearing date.

DATED at Toronto this 5th day of October, 2007

"James E. A. Turner"

2.2.5 reWORKS Environmental Corp. - s. 1(11)(b)

Headnote

Subection 1(11)(b) – order that issuer is a reporting issuer for purposes of Ontario securities law – issuer already a reporting issuer in British Columbia and Alberta – issuer's securities listed for trading on the TSX Venture Exchange – continuous disclosure requirements in British Columbia and Alberta are substantially the same as those in Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(11)(b).

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

AND

**IN THE MATTER OF
reWORKS ENVIRONMENTAL CORP.**

**ORDER
(Subsection 1(11)(b))**

UPON the application of reWORKS Environmental Corp. (formerly International Bioanalogics Systems Inc.), (the **Applicant**) for an order pursuant to subsection 1(11)(b) of the Act that, for the purposes of Ontario securities law, the Applicant is a reporting issuer;

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

AND UPON the Applicant representing to the Commission as follows:

1. The Applicant was incorporated under the laws of British Columbia on August 5, 1987. It was continued into the State of Wyoming on March 13, 1992 as "Bioanalogics Systems, Inc.". Articles of Merger of Bioanalogics Systems, Inc. with and into BioA Merging Corp., an Oregon corporation (including an Amendment to the Articles of Incorporation of BioA Merging Corp. changing its name to Bioanalogics Systems, Inc.) were filed with the Office of the Secretary of State (Corporation Division) of the State of Oregon on November 5, 1992. On August 16, 1993, the Applicant filed Articles of Amendment changing its name to "International Bioanalogics Systems, Inc.". The Applicant was continued out of the States of Oregon and under the Canada Business Corporations Act on September 29, 2006 upon the filing that date of Articles of Conversion with the Office of the Secretary of State (Corporate Division) of the State of Oregon and the concomitant filing of Articles of Continuance with Corporations Canada on September 29, 2006. On May 14, 2007, articles of amendment were

filed to change the Applicant's name to "reWORKS Environmental Corp." and then articles of Amalgamation were filed to merge with reWORKS Inc. and to then carry on business as reWORKS Environmental Corp. (the "**Amalgamation**").

2. The Applicant's head office is located at 28 Voyager Court South, Etobicoke, Ontario M9W 5M7.

3. The Applicant is authorized to issue an unlimited number of common shares of which 61,508,598 common shares are issued and outstanding.

4. The Applicant's common shares were listed and commenced trading on the TSX Venture Exchange on May 28, 2007, following completion of the Amalgamation. The Applicant is not in default of any of the rules, regulations and policies of the TSX Venture Exchange.

5. The Applicant is a reporting issuer in British Columbia and Alberta. The Applicant is not on the list of defaulting reporting issuers maintained pursuant to the *Securities Act* (Alberta) or the *Securities Act* (British Columbia), and, to the best of its knowledge, is not in default of any of its obligations in Alberta or British Columbia.

6. The Applicant is not a reporting issuer or the equivalent in Ontario or any jurisdiction in Canada other than British Columbia and Alberta.

7. The Applicant is up to date with its continuous disclosure obligations and has paid all outstanding filing fees.

8. The TSX Venture Exchange requires all of its listed issuers, which are not otherwise reporting issuers in Ontario, to assess whether they have a significant connection with Ontario as defined in Policy 1.1 of the TSX Venture Exchange Corporate Finance Manual, and, upon first becoming aware that is has a significant connection to Ontario, to promptly make a bona fide application to the Commission to be deemed a reporting issuer in Ontario.

9. The Applicant, on completion of the Amalgamation, established a significant connection to Ontario by the fact that it continued with reWORKS Inc.'s business and now has its principal office and management, along with significant shareholders, in Ontario.

10. The continuous disclosure requirements of the securities legislation in British Columbia and Alberta are substantially the same as the requirements in Ontario.

11. The materials filed by the Applicant as a reporting issuer in the Provinces of British Columbia and Alberta are available on SEDAR.

12. The Applicant was the subject of cease trade orders issued by the British Columbia Securities Commission dated October 23, 2002 and by the Alberta Securities Commission dated November 8, 2002 (collectively, the Cease Trade Orders). The Cease Trade Orders were revoked on March 27, 2007.

13. With the exception of the Cease Trade Orders, neither the Applicant nor any of its directors, officers nor to the knowledge of the Applicant and its directors and officers, any of its controlling shareholders, has:

    (a) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority,

    (b) entered into a settlement agreement with a Canadian securities regulatory authority, or

    (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

14. Neither the Applicant nor any of its directors, officers nor, to the best knowledge of the Applicant and its directors and officers, any of its controlling shareholders, is or has been subject to:

    (a) any known ongoing or concluded investigations by:

        (i) a Canadian securities regulatory authority, or

        (ii) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or

    (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

15. Except as noted below, none of the officers or directors of the Applicant or any controlling shareholder is or has been at the time of such

event an officer or director of any other issuer which is or has been subject to:

(a) any cease trade or similar order, or order that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or

(b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

Donald Green, Chairman, Chief Executive Officer and a director of the Issuer, was previously a director of Home Ticket Network Corporation ("Home Ticket") but had resigned prior to it being suspended by the TSX Venture Exchange on February 8, 2002 for failure to maintain the Tier Maintenance Requirements. Home Ticket was subsequently delisted from the Exchange on June 20, 2003 for failure to pay its annual sustaining fee. Mr. Green was not a director of Home Ticket at this time either. Mr. Green also was a director of Laidlaw Inc., which was suspended from trading by the TSX on June 13, 2002 for failure to meet the Continued Listing Requirements.

David Woolford, an Assistant Secretary of the Issuer, serves as Chairman and a director of HEGCO Canada Inc. ("HEGCO"). On February 21, 2002, the Court of Queen's Bench of Alberta appointed a receiver and manager for HEGCO, pursuant to a petition filed by the company. The Ontario, British Columbia and Alberta Securities Commissions issued cease trade orders in 2002 with respect to the securities of HEGCO for failure to file financial statements. Such cease trade orders continue as of the date hereof. Trading in the common shares of HEGCO was suspended on the former CDNX in April 2002. HEGCO's restructuring efforts continue as of the date hereof.

16. The Applicant will remit all participation fees due and payable by it pursuant to Commission Rule 13-502 – Fees by no later than two business days from the date of this Order.

AND UPON the Commission considering that it would be in the public interest;

IT IS HEREBY ORDERED pursuant to subsection 1(11)(b) of the Act that the Applicant is a reporting issuer for the purposes of Ontario securities law.

DATED October 9, 2007

"Erez Blumberger"
Manager, Corporate Finance
Ontario Securities Commission

2.3 Rulings

2.3.1 Newport Investment Counsel Inc. et al. - s. 74(1)

Headnote

Relief from the registration and prospectus requirements of the Act to permit the distribution of pooled fund units to certain fully managed accounts on an exempt basis – Relief from self-dealing prohibition of the Act to allow in specie transfers between pooled funds and managed accounts.

Applicable Legislative Provisions

Securities Act, R.S.O., c. S.5, as am., ss. 25, 53, 74(1).

Rules Cited

National Instrument 81-102 Mutual Funds.
National Instrument 45-106 Prospectus and Registration Exemptions.

October 2, 2007

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

AND

IN THE MATTER OF
NEWPORT INVESTMENT COUNSEL INC.
(the "Filer")
AND
THE NEWPORT FIXED INCOME FUND,
THE NEWPORT CANADIAN EQUITY FUND,
THE NEWPORT GLOBAL EQUITY FUND
AND THE NEWPORT YIELD FUND
(together, the "Existing Funds")

RULING
(Subsection 74(1) of the Act)

Background

The Ontario Securities Commission (the "**Commission**") has received an application from the Filer, on behalf of itself, the Existing Funds, and any other funds established in the future from time to time (the "**Future Funds**", and collectively with the Existing Funds the "**Funds**") for a ruling pursuant to subsection 74(1) of the Act that distributions of units of the Funds to Secondary Managed Accounts (as defined below) will not be subject to the dealer registration and prospectus requirements under sections 25 and 53 of the Act (the "**Dealer Registration and Prospectus Requirements**").

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the laws of the Province of Ontario with its head office located in Toronto, Ontario.

2. The Filer is registered as an adviser in the categories of investment counsel and portfolio manager or their equivalent in Ontario, British Columbia, Alberta, Saskatchewan, New Brunswick, Nova Scotia, Newfoundland and Labrador and Prince Edward Island and is also registered in Ontario as a dealer in the category of limited market dealer. The Filer has applied to the Manitoba Securities Commission to become registered in the categories of Adviser and Portfolio Manager in Manitoba.

3. The Filer engages in a number of advisory activities, including as an investment counsel and/or portfolio manager for its clients and as manager of the Existing Funds.

4. The Filer is, or will be, the manager, trustee and principal distributor for each of the Funds.

5. Each of the Funds is or will be an open-ended mutual fund trust established under the laws of the Province of Ontario. Each of the Funds is or will be a "mutual fund" under the Act.

6. The Existing Funds are currently "reporting issuers" in the Jurisdictions and therefore subject to the provisions of National Instrument 81-102 – *Mutual Funds*. Units of the Funds are qualified for distribution under a simplified prospectus and annual information form dated June 21, 2007, filed in each of the Jurisdictions. The Existing Funds have sought to be deemed to cease to be reporting issuers as of September 30, 2007 pursuant to an MRRS application filed in certain provinces and the Future Funds will not be reporting issuers in any Province or Territory in Canada. The Funds are or will be sold under applicable exemptions from the Dealer Registration and Prospectus Requirements.

7. The Filer offers personal and corporate wealth management services ("**Managed Services**") to individuals and families under the terms of discretionary managed account agreements ("**Managed Account Agreements**") which provide the Filer with full discretionary authority over such clients' accounts. The Filer also advises certain clients on a non-discretionary basis.

8. The Managed Services are provided by employees of the Filer who meet the proficiency requirements of a portfolio manager under Ontario securities law.

9. The Managed Services consist of the following:

   (a) each client who accepts Managed Services executes a Managed Account Agreement whereby the client authorizes the Filer to supervise, manage and direct purchases and sales, at the Filer's full discretion, on a continuing basis;

   (b) the Filer's qualified employees perform investment research, securities selection and management functions with respect to all securities, investments, cash equivalents or other assets in the managed account;

   (c) each managed account holds securities as selected by the Filer; and

   (d) the Filer retains overall responsibility for the Managed Services provided to its clients and has designated a senior officer to oversee and supervise the Managed Services.

10. From September 30, 2007 onward, unitholders in the Funds may be comprised of persons from the following categories:

    (a) Investors who qualify as "accredited investors", as defined in National Instrument 45-106 - *Prospectus and Registration Exemptions* ("**NI 45-106**");

    (b) Investors who have entered into a Managed Account Agreement with the Filer, making the Filer the accredited investor pursuant to paragraph (q) of the "accredited investor" definition in NI 45-106;

    (c) Investors who qualify under the "minimum amount investment" exemption under section 2.10 of NI 45-106; and

    (d) Employees of the Filer.

    (Clients referred to in subparagraphs 10(a) are hereinafter referred to as "Primary Managed Accounts".)

11. In addition, from September 30, 2007 onward, the Filer would like to have certain clients who do not or will not qualify as accredited investors under NI 45-106 or whose investments do not meet the

minimum investment amount threshold set out in NI 45-106 or who are not employees of the Filer invest in the Funds. Such clients would consist of family members of Primary Managed Accounts and other persons who have a relationship with a Primary Managed Account, where there are exceptional factors that have persuaded the Filer for business reasons to accept such persons as clients.

(Clients referred to in this paragraph that have entered into a Managed Account Agreement with the Filer are referred to as "**Secondary Managed Accounts**" and, together with the Primary Managed Accounts, are referred to as the "**Managed Accounts**".)

12. The Filer's minimum aggregate balance for all the accounts of a client is $1,000,000. This minimum may be waived at the Filer's discretion, and the Filer may accept at any time clients for Managed Accounts with less than $1,000,000 under management.

13. The Filer would service the Secondary Managed Account clients as a courtesy to its Primary Managed Account clients. Primary Managed Accounts constitute the main source of business for the Filer and the Secondary Managed Accounts are incidental to the Primary Managed Accounts.

14. Investments in individual securities may not be appropriate in certain circumstances for the Filer's clients. The Filer is proposing to continue the Existing Funds and create Future Funds to give its clients the benefit of asset diversification, access to investment products with very high minimum investment levels, and economies of scale regarding minimum commission charges on portfolio trades (in contrast to individual trades in each Managed Account).

15. To improve the diversification and cost benefits to its clients in Managed Accounts, the Filer wishes to distribute units of the Funds without a minimum investment. These Managed Account clients would thereby be able to receive the benefit of the Filer's investment management expertise, regarding both asset allocation and individual stock selection, as well as receive the benefits of lower costs and broader asset diversification associated with pooled investments relative to direct holdings of individual securities.

16. The Filer does not, and will not, and the Funds do not, and will not, charge a management fee to Managed Accounts in respect of investments on behalf of Managed Accounts in Funds, as the Filer is paid a management fee from the Funds. Accordingly, there will be no duplication of fees between a Managed Account and the Funds.

17. There will be no commission payable by a client on the purchase or redemption of units of the Funds to a Managed Account, nor will referral fees be paid by the Filer to a person or company in connection with the referral to the Filer of Secondary Managed Account clients that invest in units of a Fund.

18. NI 45-106 excludes from the definition of "accredited investor" a managed account if it is acquiring a security of a mutual fund or a non-redeemable investment fund in Ontario.

Decision

The Commission being satisfied that the relevant test contained in subsection 74(1) of the Act has been met, the Commission rules pursuant to subsection 74(1) of the Act that relief from the Dealer Registration and Prospectus Requirements is granted in connection with the distributions of units of the Funds to Secondary Managed Accounts provided that,

(a) this decision will terminate upon the coming into force of any legislation or rule exempting a trade in a security of a mutual fund to a fully managed account from the Dealer Registration and Prospectus Requirements in the Act;

(b) this decision shall only apply with respect to a Secondary Managed Account referred to in paragraph 11 where the holder of the Secondary Managed Account is:

(i) an individual (of the opposite sex or same sex) who is or has been married to the holder of a Primary Managed Account, or is living or has lived with the holder of a Primary Managed Account in a conjugal relationship outside of marriage;

(ii) a parent, grandparent, child or sibling of either the holder of a Primary Managed Account or the individual referred to in clause (i);

(iii) a personal holding company controlled by an individual referred to in clause (i) or (ii) above;

(iv) a trust, other than a commercial trust, of which an individual referred to in clause (i) or (ii) above is a beneficiary;

(v) a private foundation controlled by an individual referred to in clause (i) or (ii) above; or

(vi) a close business associate, employee or professional adviser to a holder of a Primary Managed Account, provided that:

(1) there are factors that have persuaded the Filer for business reasons to accept such close business associate, employee or professional adviser as a Secondary Managed Account Client, and a record is kept and maintained of the factors considered; and

(2) the Secondary Managed Account clients acquired through such relationships to a holder of a Primary Managed Account shall not at any time represent more than five percent of the Filer's total Managed Account assets under management;

(c) the Filer does not receive any compensation in respect of a sale or redemption of units of the Funds (other than redemption fees disclosed in the offering documents of the Funds) and the Filer does not pay a referral fee to any person or company who refers Secondary Managed Account clients who invest in units of the Funds.

"Harold H. Hands"

"Paul K. Bates"

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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
Spinlogic Technologies Inc.	05 Oct 07	17 Oct 07		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Tudor Corporation Ltd.	03 Oct 07	15 Oct 07			
San Anton Resource Corporation	04 Oct 07	17 Oct 07			

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
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		
Fareport Capital Inc.	13 Jul 07	26 Jul 07	26 Jul 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		
iPerceptions inc.	06 Sept 07	19 Sept 07	19 Sept 07		
TVI Pacific Inc.	17 Aug 07	30 Aug 07	30 Aug 07		
VVC Exploration Corporation	04 Jun 07	15 Jun 07	15 Jun 07		

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Tudor Corporation Ltd.	03 Oct 07	15 Oct 07			
San Anton Resource Corporation	04 Oct 07	17 Oct 07			

Chapter 5

Rules and Policies

5.1.1 Rescission of NP 48 *Future-Oriented Financial Information* and Amendments to NI 51-102 *Continuous Disclosure Obligations* and Related Consequential Amendments

NOTICE

RESCISSION OF NATIONAL POLICY 48
FUTURE-ORIENTED FINANCIAL INFORMATION

AND

AMENDMENTS TO NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS

AND

RELATED CONSEQUENTIAL AMENDMENTS

This Notice accompanies the following:

1. amendments to National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102**)** and Form 51-102F1 *Management's Discussion and Analysis* (Form 51-102F1) in respect of forward-looking information, including future-oriented financial information (FOFI) and financial outlooks such as earnings guidance (the NI 51-102 Rule Amendments);

2. related consequential amendments to the following instruments (the Consequential Rule Amendments):

   - Form 44-101F1 *Short Form Prospectus* (Form 44-101F1)
   - Form 45-101F *Information Required in a Rights Offering Circular* (Form 45-101F)
   - Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* (Form 45-106F2)
   - Form 45-106F3 *Offering Memorandum for Qualifying Issuers* (Form 45-106F3);

3. related amendments to the following national policies (the Policy Amendments):

   - Companion Policy 51-102CP *Continuous Disclosure Obligations* (CP 51-102)
   - Companion Policy 44-101CP *Short Form Prospectus Distributions* (CP 44-101)
   - National Policy 41-201 *Income Trusts and Other Indirect Offerings* (NP 41-201)
   - National Policy 51-201 *Disclosure Standards* (NP 51-201); and

4. the rescission of National Policy 48 *Future-Oriented Financial Information* (NP 48**)**.

The NI 51-102 Amendments, the Consequential Rule Amendments and the Policy Amendments (collectively the Amendments) are an initiative of the securities regulatory authorities in each of the provinces and territories.

The NI 52-102 Amendments and the Consequential Rule Amendments (collectively the Rule Amendments) have been made, or are expected to be made, as:

- rules in each of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador, Ontario and Prince Edward Island;

- Commission regulations in Saskatchewan and a regulation in Québec, Nunavut and Northwest Territories; and

- policies in the Yukon.

If the required government approval is obtained in British Columbia, the British Columbia Securities Commission intends to make the Rule Amendments and adopt the Policy Amendments.

In Ontario, the Rule Amendments were delivered to the Minister responsible for securities regulation on October 12, 2007, along with amendments to Form 41-501F1 *Information Required in a Prospectus* of OSC Rule 41-501 *General Prospectus Requirements*, and OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* (the Ontario Rule Amendments). The Minister may approve or reject the Rule Amendments and the Ontario Rule Amendments or return them for further consideration. If the Minister approves the Rule Amendments or does not take any further action by December 10, 2007, the Rule Amendments will come into force on December 31, 2007.

In Québec, the Instrument is a regulation made under section 331.1 of *The Securities Act* (Québec) and will have to be approved, with or without amendment, by the Minister of Finance. The Instrument will come into force on the date of its publication in the *Gazette officielle du Québec* or any later date specified in the regulation.

We expect to implement the Amendments on December 31, 2007.

Substance and Purpose

Currently, our expectations for forward-looking information are found in a number of places:

- NP 48 specifies how FOFI should be prepared, updated and compared to actual, and specifies when an auditor should be involved. Since NP 48 was issued in 1993, there has been confusion in the market as to the applicability of NP 48 to other types of forward-looking information, such as earnings guidance.

- NP 51-201 includes best disclosure practices for earnings guidance and for updating forward-looking information. However, since the introduction of NP 51-201 in 2002, issuers have continued to question the applicability of NP 48 to earnings guidance and other financial outlooks.

- Form 51-102F1 includes instructions to issuers who prepare forward-looking information in management's discussion and analysis (MD&A).

The Amendments:

- streamline and clarify the requirements for preparation and disclosure of all forward-looking information in one location, placing them in NI 51-102, with cross-references in the relevant offering document forms to these requirements; and

- apply the same provisions for comparison to actual, updating and withdrawal to both FOFI and financial outlooks such as earnings guidance.

Background

We published the Amendments for comment (the Proposed Amendments) on December 1, 2006 (the December Notice). The comment period ended on March 1, 2007.

Summary of Changes to the Proposed Amendments

We have summarized the principal changes to the Proposed Amendments in Appendix A to this Notice.

Summary of Written Comments Received by the CSA

We received submissions from five commenters. We have considered all the comments received and thank all commenters. Our responses to the comments and the names of the commenters are contained in Appendix B to this Notice.

Questions

Please refer your questions to any of:

Carla-Marie Hait
Chief Accountant, Corporate Finance
British Columbia Securities Commission
(604) 899-6726 or (800) 373-6393 (if calling from B.C. or Alberta)
chait@bcsc.bc.ca

Fred Snell
Chief Accountant
Alberta Securities Commission
(403) 297-6553
fred.snell@seccom.ab.ca

Blaine Young
Associate Director, Corporate Finance
Alberta Securities Commission
(403) 297-4220
blaine.young@seccom.ab.ca

Ian McIntosh
Deputy Director, Corporate Finance
Saskatchewan Financial Services Commission – Securities Division
(306) 787-5867
imcintosh@sfsc.gov.sk.ca

Bob Bouchard
Director, Corporate Finance
Manitoba Securities Commission
(204) 945-2555
Bob.Bouchard@gov.mb.ca

Cameron McInnis
Manager, Corporate Finance
Ontario Securities Commission
(416) 593-3675
cmcinnis@osc.gov.on.ca

Winnie Sanjoto
Senior Legal Counsel
Corporate Finance
Ontario Securities Commission
(416) 593-8119
wsanjoto@osc.gov.on.ca

Neeti Varma
Accountant
Corporate Finance
Ontario Securities Commission
(416) 593-8067
nvarma@osc.gov.on.ca

Louis Auger
Analyste
Autorité des marchés financiers
(514) 395-0558 ext. 4383
Louis.Auger@lautorite.qc.ca

Rosetta Gagliardi
Conseillère en réglementation
Autorité des marchés financiers
(514) 395-0558 ext. 4462
rosetta.gagliardi@lautorite.qc.ca

Pierre Thibodeau
Senior Securities Analyst
New Brunswick Securities Commission
(506) 643-7751
Pierre.Thibodeau@nbsc-cvmnb.ca

Bill Slattery
Deputy Director, Corporate Finance and Administration
Nova Scotia Securities Commission
(902) 424-7355
slattejw@gov.ns.ca

The text of the Amendments can be found as follows:

Appendix C:	Revocation of National Policy 48 *Future-Oriented Financial Information*
Appendix D:	Amendments to National Instrument 51-102 *Continuous Disclosure Obligations*
Appendix E:	Amendments to Form 51-102F1 *Management's Discussion and Analysis*
Appendix F:	Amendments to Companion Policy 51-102CP *Continuous Disclosure Obligations*
Appendix G:	Amendments to Form 44-101F1 *Short Form Prospectus Distributions* and Companion Policy 44-101 CP to National Instrument 44-101 *Short Form Prospectus Distributions*
Appendix H:	Amendments to Form 45-101F *Information Required in a Rights Offering Circular*
Appendix I:	Amendments to Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* and Form 45-106F3 *Offering Memorandum for Qualifying Issuers*
Appendix J:	Amendments to National Policy 41-201 *Income Trusts and Other Indirect Offerings*
Appendix K:	Amendments to National Policy 51-201 *Disclosure Standards*
Appendix L:	Related Amendments to Local Securities Regulation and Additional Information Required in Certain Jurisdictions

October 12, 2007

APPENDIX A

SUMMARY OF PRINCIPAL CHANGES TO THE PROPOSED AMENDMENTS

The following is a summary of principal changes to the Proposed Amendments. None of the changes is a material change to the Proposed Amendments.

Amendments to NI 51-102

- The definitions of "financial outlook" and "FOFI" have been moved to subsection 1.1(1) of NI 51-102. The examples of types of financial outlooks have been moved from the definition of "financial outlook" to section 4A.3 of CP 51-102.

- Subsection 4B.3(a) has been changed to require identification of the date management approved the FOFI or financial outlook only if the document containing the FOFI or financial outlook is undated.

- A new paragraph 5.8(3)(b) has been added to require that a reporting issuer who issues a news release referred to in paragraph 5.8(3)(a) in lieu of the MD&A disclosure required by subsection 5.8(2) also include a cross-reference to the news release in the MD&A or MD&A supplement.

- A new paragraph 5.8(6)(b) has been added to require that a reporting issuer who issues a news release referred to in paragraph 5.8(6)(a) in lieu of the MD&A disclosure required by subsection 5.8(5) also include a cross-reference to the news release in the MD&A or MD&A supplement.

Amendments to CP 51-102

- Section 4A.3 has been changed to provide more guidance on when forward-looking information is material. It now sets out our view that FOFI and most financial outlooks are material forward-looking information, and provides an example of material forward-looking information that is not a financial outlook or FOFI.

Consequential Rule Amendments and Related Policy Amendments

- CP 44-101: The previous proposed section 4.14 has been removed. This section previously gave guidance regarding dissemination of forward-looking information during the course of a distribution. If information disseminated during a distribution constitutes an act in furtherance of a trade, the guidance in Part 6 of the proposed companion policy to proposed National Instrument 41-101 *General Prospectus Requirements* will apply. A new section 4.14 has been added that states that (if not already discussed in previously-filed MD&A) an issuer should discuss in the short form prospectus events and circumstances that are reasonably likely to cause actual results to differ materially from previously disclosed material forward-looking information for a period that is not complete, as well as the expected differences.

- Form 44-101F1: paragraph (13) has been changed to clarify that section 4A.2, section 4A.3 and Part 4B of NI 51-102 apply to any issuer or other entity that the forward-looking information in the short form prospectus relates to, regardless of whether the issuer or other entity is a reporting issuer.

- Form 45-101F: item 17.1 has been changed to clarify that section 4A.2, section 4A.3 and Part 4B of NI 51-102 apply to any issuer or other entity that the forward-looking information in the rights offering circular relates to, regardless of whether the issuer or other entity is a reporting issuer.

- Form 45-106F2: item B.12 of the instructions has been changed to clarify that section 4A.2, section 4A.3 and Part 4B of NI 51-102 apply as if references to "reporting issuer" were references to "issuer".

Amendments to NP 41-201

A sentence has been added to the first paragraph of section 2.8 to clarify that although securities legislation does not prohibit the use of projections in preparing estimated distributable cash information, we believe that a forecast prepared in accordance with CICA Handbook section 4250 *Future-oriented Financial Information* is more appropriate. This amendment was not included in the December Notice. However, no notice of this amendment is required as the amendment does not make a material substantive change to an existing policy.

Amendments to NP 51-201

Section 6.4(1), which recommends board and audit committee review of certain financial disclosures, has been amended to replace “earnings guidance” with “financial outlooks and FOFI, as defined in National Instrument 51-102 – Continuous Disclosure Obligations.” This amendment was not included in the December Notice. However, no notice of this amendment is required as the amendment does not make a material substantive change to an existing policy.

APPENDIX B

LIST OF COMMENTERS
AND
SUMMARY OF COMMENTS AND CSA RESPONSES

List of Commenters

Canadian Performance Reporting Board (Viki Lazaris)
Davies Ward Phillips & Vineberg LLP (Carol Hansell)
Osler, Hoskin & Harcourt LLP
KPMG LLP (Alan G. Van Weelden)
TSX Venture Exchange (Matt Bootle)

Summary of Comments and Responses

A. Removal of Audit Requirement for FOFI (the Audit Requirement)

	Comment	Response
1.	(a) Two commenters do not support removal of the Audit Requirement. One commenter believes that the Audit Requirement should be retained for FOFI included in a prospectus or a takeover bid circular; but supports the removal of the requirement for an audit of FOFI in certain offering memoranda. Reasons cited are:	We have considered the comments, and continue to believe that the Audit Requirement should be eliminated. Our responses to specific concerns raised are as follows:
	• Concern that there are insufficient controls and procedures existing for FOFI (in comparison to enhanced disclosure controls and procedures, internal controls over financial reporting processes, and audit committee responsibilities for financial releases applicable to historical financial information).	Reporting issuers who prepare FOFI are required to have a reasonable basis for the FOFI. One factor an issuer should consider in assessing whether there is a reasonable basis is the process followed in preparing and reviewing forward-looking information – see s. 4A.2 of CP 51-102. We also have amended s. 6.4 of NP 51-201 to recommend that the audit committee review financial outlooks and FOFI before they are released. Finally, issuers who include FOFI and FOFI-related disclosure in MD&A and press releases filed with securities regulators will also need to consider their obligations under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.
	• Preparation of FOFI in the same format as historical financial statements (as required by CICA Handbook s. 4250) suggests a degree of accuracy that may be unwarranted and may lead to inappropriate reliance. Example: assumptions about future revenues and future financing arrangements involving complex financial instruments and multi-element contracts for which contracts/agreements do not exist will gloss over complexities when actual transactions occur.	This concern can be addressed through additional disclosure as required by s. 4A.3 and 4B.3 of NI 51-102.
	• Transition to International Financial Reporting Standards (IFRS) will make preparation of FOFI in accordance with accounting standards that will apply to forecast periods challenging in many cases.	We acknowledge that the transition to IFRS will be an additional challenge for issuers who prepare FOFI, given that s. 4B.2(2)(b) of NI 51-102 requires FOFI or a financial outlook to be prepared using the accounting

	Comment	Response
		policies a reporting issuer expects to use to prepare its historical financial statements. However, we do not believe that auditor involvement in FOFI is an appropriate response to address the challenges of preparing FOFI in accordance with a new set of accounting standards (IFRS). Reporting issuers who prepare FOFI or a financial outlook will need to satisfy themselves that they have appropriately applied the new accounting standards, once adopted, in considering whether they have met the reasonable basis requirement of s. 4A.2 and the reasonable assumptions requirement of s. 4B.2.
	• Prospectus liability provisions will not adequately protect investors – see overly optimistic prospectus financial forecasts in late 1980s and early 1990s that were identified by the OSC in a published comparison of forecast and actual results.	OSC staff did express concern about overly optimistic prospectus financial forecasts in the late 1980s and early 1990s. However, these forecasts were audited, and as such, there is no indication that audits increased the reliability of FOFI during that time. See also our first response to the second commenter.
	• An auditor's report on a profit forecast or profit estimate is required under the EU Prospectus Regulation.	Item 13.2 of Annex I to the EU Commission Regulation (EC) No. 809/2004 implementing Directive 2003/71/EC, *Minimum Disclosure Requirements for the Share Registration Document,* provides that a profit forecast or estimate in a share registration document must be accompanied by: "A report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors the forecast or estimate has been properly compiled on the basis stated, and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the issuer." Appendix 6 to the SIR 3000 (Standards for Investment Reporting 3000 - dated January 2006) states: "The report must also state whether anything has come to their attention that indicates that any of the material assumptions have not been disclosed or whether any material assumption is unrealistic." This report is not equivalent to the audit report contemplated by CICA Assurance and Related Services Guideline 6.
	• The topic of FOFI most often arises in circumstances where the issuer's track record of historical earnings is insufficient. The Audit Requirement has, over the years, resulted in the exclusion of much FOFI supported by little more than "hopes and good intentions."	See our response below to the comment regarding TSXV issuers.
	One commenter believes that the Audit Requirement should be retained for any FOFI in a prospectus, information circular or offering	

	Comment	Response
	memorandum. Reasons cited are: • The absence of problems with FOFI in recent years has been the result of the existence of the audit requirement.	The Audit Requirement was introduced in 1989 in OSC Policy 5.8. Soon after, the OSC published a study showing that forecasted results were rarely achieved (13 OSCB 707). This study was one of the bases of NP 48. A follow-up study was conducted in 1994 that indicated the addition of an audit report did not have a significant impact on the accuracy of forecasts (17 OSCB 6). Our greater concern is that an audit report may cause less sophisticated investors to misunderstand the inherent limitations of FOFI, and believe it is as reliable as audited historical financial statements.
	• TSXV issuers are at an early stage of development and do not have a sufficient history of operations upon which to prepare credible FOFI. Without an audit requirement, issuers may not base their FOFI on supportable assumptions. The Proposal's requirement for a reasonable basis for assumptions will not impose sufficient discipline on FOFI.	Each reporting issuer who wishes to prepare FOFI must determine whether it has adequate resources and information to prepare FOFI that has a reasonable basis. See our response to the first comment above. Section 4B.2 requires a reporting issuer preparing FOFI to use assumptions that are reasonable in the circumstances. Such assumptions may include supportable assumptions or hypotheses, as those terms are used in CICA Handbook s. 4250. Reporting issuers may be civilly liable if they do not prepare FOFI appropriately.
	(b) Two commenters support removal of the Audit Requirement for FOFI. Reasons cited include: • There is sufficient protection in the requirements imposed on senior financial officers and (in respect of reporting issuers in Ontario), the provisions imposing civil liability for secondary market disclosure.	
2.	One commenter stated that if the Audit Requirement does not apply to FOFI in a prospectus or takeover bid circular, proposed s. 4A3 of NI 51-102 should require inclusion of a statement by the issuer that the FOFI has not been audited and that the issuer's auditors have not expressed any assurance, positive or negative, on it. It noted that cautionary language of this nature is acceptable in SEC registration statements containing unaudited FOFI.	We do not believe that it is necessary to require this type of cautionary language. In our view, it will be apparent to readers that FOFI not accompanied by an auditor's report is unaudited. Other types of unaudited financial information such as distributable cash estimates are not required to be labelled unaudited.

B. Proposed subsections 5.8(3) and 5.8(6) of NI 51-102 - updates and withdrawals not required to be incorporated into the next MD&A filing if the reporting issuer has included the information in a news release issued and filed prior to the filing of the MD&A or MD&A supplement for the relevant period

	Comment	Response
1.	One commenter would prefer to eliminate the exemptions provided under proposed s. 5.8(3) and 5.8(6) from discussing in MD&A events and circumstances: (i) that are reasonably like to cause actual results to differ materially from forward-looking information previously released (proposed s. 5.8(2)), or (ii) that led the reporting issuer to withdraw previously released forward-looking information (proposed s. 5.8(5)), where the issuer has issued and filed a news release that includes that information. While the need for timely disclosure may require use of a news release (or material change report), this type of information should be incorporated into the next MD&A filing. MD&A is the most appropriate continuous disclosure document for discussing forward-looking information.	We do not think it is necessary to require issuers to repeat the discussion contained in a previously issued and filed news release in the MD&A. Investors have already been provided with this information and have had the opportunity to absorb it. However, we believe it is appropriate to require a cross-reference in the MD&A to the relevant news release, and have provided so in subsections 5.8(3) and 5.8(6). We note that a reporting issuer can choose to include the information from the news release in the MD&A if it chooses.

C. Role of audit committee

	Comment	Response
1.	One commenter suggested that we should consider: (i) a requirement in Multilateral Instrument 52-110 *Audit Committees* (MI 52-110) that an audit committee review FOFI before it is released, or at a minimum, a "best disclosure practice" under NP 51-201; and (ii) a requirement that an audit committee be satisfied that adequate procedures are in place for the preparation of FOFI. Reasons cited are: • Re. proposal (i): FOFI is required to be prepared in the format of historical financial statements, and MD&A will contain (where applicable) disclosure of material differences between actual results and previously released FOFI. Therefore, FOFI and the discussion thereof should be treated the same as financial statements, MD&A and annual and interim earnings press releases which s. 2.3(5) of MI 52-110 require an audit committee review before the information is publicly disclosed. • Re. proposal (ii): An audit committee should expect management to prepare for it a plan for the development of FOFI that provides the same information that a public accountant would expect to see pursuant to Appendix A to CICA Assurance and Related Services Guideline 6.	We have amended s. 6.4 of NP 51-201 to recommend that the audit committee review financial outlooks and FOFI before they are released. The issue of whether MI 52-110 should require an audit committee to review FOFI before it is released will be considered at such time as other amendments to the audit committee's responsibilities set out in MI 52-110 are being considered. We also note that MD&A disclosure relating to FOFI or a financial outlook will be subject to board (or audit committee, in the case of interim MD&A) approval under s. 5.5 of NI 51-102.

D. Issues relating to financial outlooks and FOFI in a prospectus

	Comment	Response
1.	One commenter asked us to consider requiring that where an issuer files a short form prospectus and has previously disseminated FOFI that (i) covers a period for which historical results have not yet been released at the date of a short form prospectus, and (ii) is not discussed in the most recent MD&A incorporated by reference, the short form prospectus be required to contain at least an updated "financial outlook" for the remaining portion of the forecast period, if not the FOFI itself.	We do not believe it is necessary to require an updated "financial outlook" for the remaining forecast period in the absence of an event that is reasonably likely to cause the actual results to differ materially from previously-disclosed FOFI. We have amended, however, CP 44-101 to state our view that if an issuer, at the time it files a short form prospectus, 1. has previously disclosed to the public material forward-looking information for a period that is not yet complete; 2. is aware of events and circumstances that are reasonably likely to cause actual results to differ materially from the material forward-looking information; and 3. has not filed an MD&A or MD&A supplement with the securities regulatory authorities that discusses those events and circumstances and expected differences from the material forward-looking information, as provided by s. 5.8 of NI 51-102, the issuer should discuss those events and circumstances, and the expected difference from the material forward-looking information, in the short form prospectus.
2.	One commenter asked us to consider clarifying that para. 4 of s. 11.1(1) of Form 44-101F1 (which requires incorporation by reference of financial information about the issuer for a financial period more recent than the period for which financial statements are otherwise required, and that is publicly disseminated through news release or otherwise) is not intended to cover FOFI that relates to a period that is more recent than the period for which financial statements are required under paras. 2 and 3.	We agree that this provision is not intended to cover FOFI. However, we are not amending NI 44-101 at this time and will address this comment as part of the larger CSA initiative to adopt a national prospectus rule (proposed National Instrument 41-101 *General Prospectus Requirements*) and make related amendments to the various prospectus instruments.
3.	One commenter asked us to consider clarifying that s. 4.3 of NI 44-101, which mandates that any unaudited financial statements of the issuer or an acquired business included in or incorporated by reference into a short form prospectus be reviewed by an auditor, does not apply to FOFI.	We believe that it is sufficiently clear that s. 4.3 of NI 44-101 does not apply to FOFI, given that FOFI is not considered "financial statements" under GAAP.

E. Specific requirements or guidelines on the preparation and disclosure of forward-looking information or FOFI

	Comment	Response
1.	One commenter asked that we consider changing the proposed guidance on hypotheses in proposed s. 4.A 9 of CP 51-102 to the cautionary language expressed in NP 48, i.e. that when many hypotheses are used, a projection becomes less reliable and therefore is more likely to be challenged by securities regulatory authorities. Furthermore, the language should be moved from companion policy to the actual instrument.	We are not adopting this proposal. While some CSA jurisdictions disclose the general criteria that we use to select filings for review, we do not believe it is appropriate to provide this level of specificity about our file selection criteria.

	Comment	Response
2.	One commenter stated that s. 4A.8 of CP 51-102 is unduly restrictive in stating that in most cases FOFI or financial outlooks should not extend beyond the next fiscal year. The policy should discuss factors which issuers should consider in determining the period of time over which quantitative forward-looking information may be reasonably estimated. Factors include both the nature of the business and the type of information (for example, issuers with longer business cycles, research and development costs, and capital expenditures). Furthermore, it may be confusing to include this guidance in the policy when this issue is already discussed in CICA Handbook s. 4250.	We believe the proposed guidance does discuss factors which issuers should consider in determining the period of time covered by FOFI or financial outlooks, namely the ability to make appropriate assumptions, the nature of the industry, and the operating cycle. We have provided this proposed guidance in the companion policy in part to cover financial outlooks, which are not addressed by CICA Handbook s. 4250.
3.	One commenter noted that requiring disclosure of: (i) the purpose of FOFI and financial outlooks, and (ii) the date that FOFI or a financial outlook was approved by management, has questionable value. Reasons cited were: • The cumulative effect of these requirements will be to act as a disincentive to forward-looking disclosure that will outweigh any benefits. • MD&A must already take into account information available up to the disclosed date of the MD&A; CICA Handbook s. 4250 requires disclosure of the date of management's FOFI assumptions. Another commenter also noted that it does not understand the requirement to disclose when management approved the FOFI or financial outlook. It is the date of the disclosure that is relevant and management must approve of the disclosure on the date of the disclosure, as required by general disclosure obligations.	We believe that disclosure of the purpose of a financial outlook or FOFI is not onerous. We agree that where FOFI or a financial outlook is disclosed in a document issued and dated as of a specific date such as a press release, prospectus or other offering document, the date of the disclosure is the relevant date. Therefore, we have amended s. 4B.3(a) to state that FOFI or a financial outlook need only be dated if it is contained in an undated document (such as an undated website).

F. Classification of forward-looking information

	Comment	Response
1.	One commenter stated that classifying forward-looking information into three types including FOFI and financial outlooks is inappropriate. It proposed that a distinction be made between quantitative and qualitative forward-looking information. Material quantitative forward-looking information (such as customer subscriptions, sales order backlog) that is disclosed in MD&A should be based on the best information available, supportable, and accompanied by appropriate disclosures. Material quantitative forward-looking information may be precisely the information most material to investor decision-making and should be subject to the same requirements as financial outlooks or FOFI, including comparison to actual results.	Our response addresses the two aspects of this comment: 1. *Classification of forward-looking information into forward-looking information, financial outlooks and FOFI:* We believe that it is appropriate to draw a distinction between financial forward-looking information (FOFI or financial outlooks), and other types of forward-looking information. The specific preparation and disclosure requirements for FOFI and financial outlooks are intended to help investors understand the nature of the information, and compare it to actual results. 2. *Bases of material forward-looking information:* We believe that the preparation and disclosure requirements for material forward-looking information provide an appropriate level of regulation. Material forward-looking information must have a reasonable basis, and must include disclosure

	Comment	Response
		about the material factors or assumptions used to develop the forward-looking information. These requirements are intended to cause issuers to obtain appropriate information and develop appropriate assumptions for material-forward looking information they disseminate. In the case of projections, s. 4250 of the CICA Handbook permits projections to include hypotheses (which are plausible, but not supportable assumptions). Therefore, we do not require that all assumptions for forward-looking information be supportable assumptions. Finally, we note that in certain jurisdictions, the safe harbour provisions for forward-looking information will encourage issuers to take appropriate steps in preparing forward-looking information to avoid liability.
2.	One commenter requested clarification in CP 51-102 about what might constitute forward-looking information that is neither FOFI nor a financial outlook.	We agree with this comment, and have redrafted CP 51-102 to give an example of forward-looking information that is neither FOFI nor a financial outlook – see the amended s. 4A.3.

G. Oral Statements

	Comment	Response
1.	One commenter asked why forward-looking information in oral statements should not be covered by the proposals.	We have retained the proposed exclusion for oral statements. Material forward-looking information in oral statements is usually subsequently included in a document such as a press release. Furthermore, oral statements are a distinct type of disclosure; we note, for example, that the safe harbours for forward-looking information in the secondary market civil liability provisions of local securities legislation prescribe specific methods by which oral statements can comply with the safe harbour.

H. The Supreme Court of Canada decision in Danier

	Comment	Response
1.	One commenter suggested waiting until the Supreme Court of Canada releases its decision in the Danier Leather case before finalizing changes to rules for forward-looking information in continuous disclosure requirements. The ruling could deal with matters such as requirements for updating, the standard to be applied in determining whether an assumption is "reasonable", and what implied representations may be imbedded in forecasts.	The Ontario Court of Appeal addressed three issues in the Danier decision (*Kerr v. Danier Leather* [2005] O.J. No. 5388 (C.A.)): 1. Whether s. 130(1) of the *Securities Act* (Ontario) (the "Securities Act") creates a duty to disclose material facts that arise after a prospectus has been receipted but before an offering has closed, in order to avoid liability for misrepresentation (a pre-closing duty to update); 2. Whether a forecast contains an implied representation that the forecast is objectively

	Comment	Response
		reasonable; and 3. Assuming that a forecast does have to be objectively reasonable, whether the business judgment rule applies when a court is trying to determine whether management's assessment of a forecast's achievability is objectively reasonable. The business judgment rule requires courts to defer to management's judgment in making business decisions, and not to substitute their own opinions as long as the decision is within a range of reasonableness. We do not think that we need to wait for the Supreme Court of Canada's decision on these matters for the following reasons: 1. *Pre-closing duty to update*: This issue involves the larger issue of interpreting s. 130(1) of the Securities Act, and is distinct from the substance of our amendments. The Ontario Court of Appeal did refer to NP 48 as an example of regulatory policy statements with obligations going beyond those in securities legislation, and concluded that as a policy statement it did not have the force of law. However, as we are rescinding NP 48, any position taken by the Supreme Court of Canada on the status of NP 48 will not be an issue going forward. The new update requirements in s. 5.8(2) of NI 51-102 are requirements in securities legislation, as NI 51-102 is a rule in Ontario. 2. *Whether a forecast contains an implied representation that the forecast is objectively reasonable*: Our amendments will clarify that it is a requirement under NI 51-102 (and associated prospectus, rights offering and prospectus exemption rules) that all forward-looking information (including forecasts) must have a reasonable basis. 3. *Application of the business judgment rule:* The standard of review applicable in an action for civil liability for misrepresentation in a prospectus forecast is not within the scope of our amendments.

I. Whether requirements regarding FOFI and financial outlooks are qualified by materiality

	Comment	Response
1.	One commenter raised a concern that the requirements regarding FOFI and financial outlooks are not qualified as applying only if the FOFI or financial outlooks are material. Therefore, issuers are imposed with requirements regarding assumptions and disclosure regarding information that is potentially not material.	We consider FOFI and most financial outlooks to be material. Therefore, we do not believe it is necessary to qualify the requirements regarding FOFI and financial outlooks in NI 51-102. We have amended s. 4A.3 of CP 51-102 to set out our view.

J. Whether proposed s. 5.8(2) applies only to "material forward-looking information"

	Comment	Response
1.	One commenter requested that s. 5.8(2) be amended to clarify that it applies only to "material forward-looking information" to avoid requiring issuers to make disclosure about immaterial disclosure that may nevertheless be considered to be forward-looking information.	We have made the requested change; and have also made similar changes to s. 5.8(5) of NI 51-102 and s. 5.5 of CP 51-102.

K. Civil liability for secondary market disclosure

	Comment	Response
1.	One commenter suggested that it would be helpful for the CP 51-102 to note that reporting issuers in ON continue to be subject to the secondary market disclosure civil liability provisions.	We do not think it is necessary to provide this guidance. There is no ambiguity that reporting issuers in Ontario are subject to the secondary market civil liability provisions.
2.	One commenter requested we consider modifying the language in s. 4A.3 of NI 51-102 to track more closely the FLI disclaimer language in the civil liability rules. Alternatively, we should consider providing an exception to proposed section 4A.3 which allows compliance with that section if the reporting issuer has complied with the forward looking disclaimer language requirements in applicable civil liability rules.	We are not adopting this proposal. In our view, the key elements of s. 4A.3 track the existing civil liability safe harbours. We provide guidance in s. 4A.4, 4A.5 and 4A.6 of CP 51-102 in interpreting s. 4A.3. The safe harbours are defences against civil liability, whereas s. 4A.3 contains regulatory requirements intended to enhance a user's understanding of the nature and purpose of material forward-looking information. Therefore, we believe it is appropriate for s. 4A.3 to contain additional requirements, i.e. cautionary language that actual results may vary, and identification of any policy for updating forward-looking information.

L. Treatment of performance goals or targets

	Comment	Response
1.	One commenter asked for clarification that performance goals or targets do not constitute "financial outlooks". Some reporting issuers, in the context of describing their strategy and objectives in CD documents, may set out specific financial targets for the upcoming year such as earnings per share growth, sales growth, financial ratios, etc. This information is intended to provide investors with information about how management measures success in achieving its strategic objectives, not to disclose an issuer's expectations for future financial results. Issuers who provide financial target information typically discuss in subsequent continuous disclosure documents whether the financial targets were achieved.	We believe that depending on the particular circumstances, a "target" or "goal" could be in substance a financial outlook. Therefore, whether this type of information is a financial outlook should be determined on a case-by-case basis.

M. MD&A

	Comment	Response
1.	One commenter noted that the proposed amendments may result in a reduction of forward-looking information provided to capital markets in continuous disclosures. It asked us to expressly communicate our expectation that reporting issuers adopt a forward-looking orientation in their MD&A disclosure and provide appropriate forward-looking information. It noted the SEC's December 2003 *Interpretation: Commission Guidance Regarding Management's Discussion and Analysis of Financial Condition and Results of Operations*, which (i) notes that forward-looking information is required to be disclosed particularly when addressing known material trends and uncertainties; and (ii) encourages companies to voluntarily discuss prospective matters and include forward-looking information where it will provide useful material information for investors that promotes understanding.	We believe that item (a) of Part 1 of Form 51-102F1 *Management's Discussion and Analysis* already sets out our expectation that MD&A adopt a forward-looking orientation. The following are specific statements to this effect: "MD&A is a narrative explanation, through the eyes of management, of how your company performed during the period covered by the financial statements, and of your company's financial condition and future prospects. … Your MD&A should… • discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future; and • provide information about the quality, and potential variability, of your company's earnings and cash flow, to assist investors in determining if past performance is indicative of future performance." These provisions do not require reporting issuers to prepare FOFI or financial outlooks as part of their MD&A.

N. General Comments

	Comment	Response
1.	One commenter queried whether (a) the existing requirements to disclose material changes (and for TSX-listed issuers, to disclose material information); (b) the discipline imposed by financial markets (which will react negatively if material forward looking information is not updated or withdrawn appropriately); and (c) civil liability for secondary market disclosure, are sufficient to motivate reporting issuers to update, compare and withdraw forward-looking information where it is believed necessary.	We believe that establishing clear requirements in securities legislation regarding the preparation and disclosure of material forward-looking information will enhance investor understanding of the nature and purpose of such information, and facilitate consistency in issuer practices.

APPENDIX C

REVOCATION OF NATIONAL POLICY 48
FUTURE-ORIENTED FINANCIAL INFORMATION

National Policy 48 *Future-Oriented Financial Information* is revoked, effective December 31, 2007.

APPENDIX D

AMENDMENTS TO
NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.

2. National Instrument 51-102 Continuous Disclosure Obligations is amended by adding the following definition to subsection 1.1(1) after the definition of "executive officer",

"financial outlook" means forward-looking information about prospective results of operations, financial position or cash flows that is based on assumptions about future economic conditions and courses of action and that is not presented in the format of a historical balance sheet, income statement or cash flow statement;

"FOFI", or "future-oriented financial information", means forward-looking information about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action, and presented in the format of a historical balance sheet, income statement or cash flow statement.

3. The following new Part 4A is added after section 4.11,

PART 4A – FORWARD-LOOKING INFORMATION

4A.1 **Application**

This Part applies to forward-looking information that is disclosed by a reporting issuer other than forward-looking information contained in oral statements.

4A.2 **Reasonable Basis**

A reporting issuer must not disclose forward-looking information unless the issuer has a reasonable basis for the forward-looking information.

4A.3 **Disclosure**

A reporting issuer that discloses material forward-looking information must include disclosure that

(a) identifies forward-looking information as such;

(b) cautions users of forward-looking information that actual results may vary from the forward-looking information and identifies material risk factors that could cause actual results to differ materially from the forward-looking information;

(c) states the material factors or assumptions used to develop forward-looking information; and

(d) describes the reporting issuer's policy for updating forward-looking information if it includes procedures in addition to those described in subsection 5.8(2).

PART 4B – FOFI AND FINANCIAL OUTLOOKS

4B.1 **Application**

(1) Subject to subsection (2), this Part applies to FOFI or a financial outlook that is disclosed by a reporting issuer.

(2) This Part does not apply to disclosure that is

(a) subject to requirements in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* or National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;

(b) made to comply with the conditions of any exemption from the requirements referred to in paragraph (a) that a reporting issuer received from a regulator or securities regulatory authority unless the regulator or securities regulatory authority orders that this Part applies to disclosure made under the exemption; or

(c) contained in an oral statement.

4B.2 **Assumptions**

(1) A reporting issuer must not disclose FOFI or a financial outlook unless the FOFI or financial outlook is based on assumptions that are reasonable in the circumstances.

(2) FOFI or a financial outlook that is based on assumptions that are reasonable in the circumstances must, without limitation,

(a) be limited to a period for which the information in the FOFI or financial outlook can be reasonably estimated; and

(b) use the accounting policies the reporting issuer expects to use to prepare its historical financial statements for the period covered by the FOFI or the financial outlook.

4B.3 **Disclosure**

In addition to the disclosure required by section 4A.3, if a reporting issuer discloses FOFI or a financial outlook, the issuer must include disclosure that

(a) states the date management approved the FOFI or financial outlook, if the document containing the FOFI or financial outlook is undated; and

(b) explains the purpose of the FOFI or financial outlook and cautions readers that the information may not be appropriate for other purposes.

4. Part 5 is amended by adding the following after section 5.7,

5.8 **Disclosure Relating to Previously Disclosed Material Forward-Looking Information**

(1) Application – This section applies to material forward-looking information that is disclosed by a reporting issuer other than

(a) forward-looking information contained in an oral statement; or

(b) disclosure that is

(i) subject to the requirements in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* or National Instrument 43-101 *Standards of Disclosure for Mineral Projects*; or

(ii) made to comply with the conditions of any exemption from the requirements referred to in subparagraph (i) that a reporting issuer received from a regulator or securities regulatory authority unless the regulator or securities regulatory authority orders that this Part applies to disclosure made under the exemption.

(2) **Update** – A reporting issuer must discuss in its MD&A, or MD&A supplement if one is required under section 5.2,

(a) events and circumstances that occurred during the period to which the MD&A relates that are reasonably likely to cause actual results to differ materially from material forward-looking information for a period that is not yet complete that the reporting issuer previously disclosed to the public; and

(b) the expected differences referred to in paragraph (a).

(3) **Exemption** – Subsection (2) does not apply if the reporting issuer

(a) includes the information required by subsection (2) in a news release issued and filed by the reporting issuer before the filing of the MD&A or MD&A supplement referred to in subsection (2); and

(b) includes disclosure in the MD&A or MD&A supplement referred to in subsection (2) that

(i) identifies the news release referred to in paragraph (a);

(ii) states the date of the news release; and

(iii) states that the news release is available on www.sedar.com.

(4) **Comparison to Actual –** A reporting issuer must disclose and discuss in its MD&A, or MD&A supplement if one is required under section 5.2, material differences between

(a) actual results for the annual or interim period to which the MD&A relates; and

(b) any FOFI or financial outlook for the period referred to in paragraph (a) that the reporting issuer previously disclosed.

(5) **Withdrawal** – If during the period to which its MD&A relates, a reporting issuer decides to withdraw previously disclosed material forward-looking information,

(a) the reporting issuer must, in its MD&A or MD&A supplement if one is required under section 5.2, disclose the decision and discuss the events and circumstances that led the reporting issuer to that decision, including a discussion of the assumptions underlying the forward-looking information that are no longer valid; and

(b) subsection (4) does not apply to the reporting issuer with respect to the MD&A or MD&A supplement

(i) if the reporting issuer complies with paragraph (a); and

(ii) the MD&A or MD&A supplement is filed before the end of the period covered by the forward-looking information.

(6) **Exemption –** Paragraph 5(a) does not apply if the reporting issuer

(a) includes the information required by paragraph (5)(a) in a news release issued and filed by the reporting issuer before the filing of the MD&A or MD&A supplement referred to in subsection (5); and

(b) includes disclosure in the MD&A or MD&A supplement referred to in subsection (5) that

(i) identifies the news release referred to in paragraph (a);

(ii) states the date of the news release; and

(iii) states that the news release is available on www.sedar.com.

4. These amendments come into force on December 31, 2007.

APPENDIX E

AMENDMENTS TO
FORM 51-102F1 *MANAGEMENT'S DISCUSSION AND ANALYSIS*

1. ***Form 51-102F1*** **Management's Discussion and Analysis** ***is amended by this Instrument.***

2. ***Part 1 – General Provisions is amended by,***

(a) ***repealing paragraph (g); and***

(b) ***renaming paragraphs (h) to (p) as paragraphs (g) to (o).***

3. ***These amendments come into force on December 31, 2007.***

APPENDIX F

AMENDMENTS TO
COMPANION POLICY 51-102CP *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. Companion Policy 51-102CP* Continuous Disclosure Obligations *is amended by this Instrument.

2. Companion Policy 51-102CP* Continuous Disclosure Obligations *is amended by adding the following after section 4.2,

PART 4A – FORWARD-LOOKING INFORMATION

4A.1 **Application**

Section 4A.1 of the Instrument indicates that Part 4A applies to forward-looking information that is disclosed by a reporting issuer other than forward-looking information contained in oral statements. Reporting issuers should consider broadly the various instances of forward-looking information made available to the public in considering the scope of forward-looking information that is disclosed. This includes, but is not limited to:

- Information that a reporting issuer files with securities regulators
- Information contained in news releases issued by a reporting issuer
- Information published on a reporting issuer's website
- Information published in marketing materials or other similar materials prepared by a reporting issuer or distributed to the public by a reporting issuer.

4A.2 **Reasonable Basis**

Section 4A.2 of the Instrument requires a reporting issuer to have a reasonable basis for any forward-looking information it discloses. When interpreting "reasonable basis", reporting issuers should consider:

(a) the reasonableness of the assumptions underlying the forward-looking information; and

(b) the process followed in preparing and reviewing forward-looking information.

4A.3 **Material Forward-Looking Information**

Section 4A.3 and section 5.8 of the Instrument require a reporting issuer to include specified disclosure in material forward-looking information it discloses. Reporting issuers should exercise judgement when determining whether information is material. If a reasonable investor's decision whether or not to buy, sell or hold securities of the reporting issuer would be influenced or changed if the information were omitted or misstated, then the information is likely material. This concept of materiality is consistent with the one contained in the Handbook.

Section 1.1 contains definitions of the terms "financial outlook" and "FOFI." We consider FOFI and most financial outlooks to be material forward-looking information. Examples of financial outlooks include expected revenues, net income, earnings per share and R&D spending. A financial outlook relating to earnings is commonly referred to as "earnings guidance."

An example of forward-looking information that is not a financial outlook or FOFI would be an estimate of future store openings by an issuer in the retail industry. This type of information may or may not be material, depending on whether a reasonable investor's decision whether or not to buy, sell or hold securities of that issuer would be influenced or changed if the information were omitted or misstated.

4A.4 **Location of Disclosure**

Section 4A.3 of the Instrument requires that any material forward-looking information include specified disclosure. This disclosure should be presented in a manner that allows an investor who reads the document or other material containing the forward-looking information to be able to readily:

(a) understand that the forward-looking information is being provided in the document or other material;

(b) identify the forward-looking information; and

(c) inform himself or herself of the material assumptions underlying the forward-looking information and the material risk factors associated with the forward-looking information.

4A.5 **Disclosure of Cautionary Language and Material Risk Factors**

(1) Paragraph 4A.3(b) of the Instrument requires a reporting issuer to accompany any material forward-looking information with disclosure that cautions users that actual results may vary from the forward-looking information and identifies material risk factors that could cause material variation. The material risk factors identified in the cautionary language should be relevant to the forward-looking information and the disclosure should not be boilerplate in nature.

(2) The cautionary statements required by paragraph 4A.3(b) of the Instrument should identify significant and reasonably foreseeable factors that could reasonably be expected to cause results to differ materially from those projected in the material forward-looking statement. Reporting issuers should not interpret this as requiring a reporting issuer to anticipate and discuss everything that could conceivably cause results to differ.

4A.6 **Disclosure of Material Factors or Assumptions**

Paragraph 4A.3(c) of the Instrument requires a reporting issuer to disclose the material factors or assumptions used to develop material forward-looking information. The factors or assumptions should be relevant to the forward-looking information. Disclosure of material factors or assumptions does not require an exhaustive statement of every factor or assumption applied – a materiality standard applies.

4A.7 **Date of Assumptions**

Management of a reporting issuer that discloses material forward-looking information should satisfy itself that the assumptions are appropriate as of the date management discloses the material forward-looking information even though the material forward-looking information may have been prepared at an earlier time, and may be based on information accumulated over a period of time.

4A.8 **Time Period**

Paragraph 4B.2(2)(a) of the Instrument requires a reporting issuer to limit the period covered by FOFI or a financial outlook to a period for which the information can be reasonably estimated. In many cases that time period will not go beyond the end of the reporting issuer's next fiscal year. Some of the factors a reporting issuer should consider include the reporting issuer's ability to make appropriate assumptions, the nature of the reporting issuer's industry, and the reporting issuer's operating cycle.

4A.9 **FOFI**

Section 4250 *Future-Oriented Financial Information* (Section 4250) of the CICA Handbook is relevant to reporting issuers who disclose FOFI. If a reporting issuer determines that it has a reasonable basis for FOFI prepared using one or more hypotheses, as that term is defined in CICA Handbook Section 4250, the hypotheses should be consistent with the courses of action that the reporting issuer intends to adopt.

3. Part 5 is amended by adding the following after section 5.4:

5.5 **Previously disclosed material forward-looking information**

(1) Subsection 5.8(2) of the Instrument requires a reporting issuer to discuss certain events and circumstances that occurred during the period to which its MD&A relates. The events to be discussed are those that are reasonably likely to cause actual results to differ materially from material forward-looking information for a period that is not yet complete. This discussion is only required if the reporting issuer previously disclosed the forward-looking information to the public. Subsection 5.8(2) also requires a reporting issuer to discuss the expected differences.

For example, assume that a reporting issuer published FOFI for the current year assuming no change in the prime interest rate, but by the end of the second quarter the prime interest rate went up by 2%. In its MD&A for the second quarter, the reporting issuer should discuss the interest rate increase and its expected effect on results compared to those indicated in the FOFI.

A reporting issuer should consider whether the events and circumstances that trigger MD&A or MD&A supplement disclosure under subsection 5.8(2) of the Instrument might also trigger material change reporting requirements under Part 7 of the Instrument.

(2) Subsection 5.8(4) of the Instrument requires a reporting issuer to disclose and discuss material differences between actual results for the annual or interim period to which its MD&A or MD&A supplement relates and any FOFI or financial outlook for that period that the reporting issuer previously disclosed to the public. A reporting issuer should disclose and discuss material differences for material individual items included in the FOFI or financial outlook, including assumptions.

For example, if the actual dollar amount of revenue approximates forecasted revenue but the sales mix or sales volume differs materially from what the reporting issuer expected, the reporting issuer should explain the differences.

(3) Subsection 5.8(5) of the Instrument addresses a reporting issuer's decision to withdraw previously disclosed material forward-looking information. The subsection requires the reporting issuer to disclose that decision and discuss the events and circumstances that led the reporting issuer to the decision to withdraw the material forward-looking information, including a discussion of the assumptions included in the material forward-looking information that are no longer valid. A reporting issuer should consider whether the events and circumstances that trigger MD&A or MD&A supplement disclosure under subsection 5.8(5) of the Instrument might also trigger material change reporting requirements under Part 7 of the Instrument. We encourage all reporting issuers to promptly communicate to the market a decision to withdraw material forward-looking information, even if the material change reporting requirements are not triggered.

4. ***These amendments come into force on December 31, 2007.***

APPENDIX G

AMENDMENTS TO
FORM 44-101F1 *SHORT FORM PROSPECTUS DISTRIBUTIONS*

AND

COMPANION POLICY 44-101CP TO
NATIONAL INSTRUMENT 44-101 *SHORT FORM PROSPECTUS DISTRIBUTIONS*

Amendments to Form 44-101F1 *Short Form Prospectus* of National Instrument 44-101 *Short Form Prospectus Distributions*

***1. This Instrument amends Form 44-101F1* Short Form Prospectus.**

2. Form 44-101F1* Short Form Prospectus *is amended by adding the following after paragraph (12) under the heading "Instructions":

(13) Forward-looking information included in a short form prospectus must comply with section 4A.2 of NI 51-102 and must include the disclosure described in section 4A.3 of NI 51-102. In addition to the foregoing, FOFI or a financial outlook, each as defined in NI 51-102, included in a short form prospectus must comply with Part 4B of NI 51-102. If the forward-looking information relates to an issuer or other entity that is not a reporting issuer, section 4A.2, section 4A.3 and Part 4B of NI 51-102 apply as if the issuer or other entity were a reporting issuer.

3. This amendment comes into force on December 31, 2007.

Amendments to Companion Policy 44-101CP to National Instrument 44-101 *Short Form Prospectus Distributions*

***1. This Instrument amends Companion Policy 44-101CP to National Instrument 44-101* Short Form Prospectus Distributions.**

2. Companion Policy 44-101CP to National Instrument 44-101* Short Form Prospectus Distributions *is amended by adding the following after section 4.13:

4.14 **Previously Disclosed Material Forward-Looking Information** – If an issuer, at the time it files a short form prospectus,

1. has previously disclosed to the public material forward-looking information for a period that is not yet complete;

2. is aware of events and circumstances that are reasonably likely to cause actual results to differ materially from the material forward-looking information; and

3. has not filed an MD&A or MD&A supplement with the securities regulatory authorities that discusses those events and circumstances and expected differences from the material forward-looking information, as required by section 5.8 of NI 51-102,

the issuer should discuss those events and circumstances, and the expected differences from the material forward-looking information, in the short form prospectus.

3. These amendments come into force on December 31, 2007.

APPENDIX H

AMENDMENTS TO
FORM 45-101F *INFORMATION REQUIRED IN A RIGHTS OFFERING CIRCULAR*

1. ***This Instrument amends Form 45-101F*** **Information Required in a Rights Offering Circular*.***

2. ***Form 45-101F*** **Information Required in a Rights Offering Circular** ***is amended by adding the following after item 16.1:***

Item 17 – Forward-Looking Information

17.1 – Forward-Looking Information

Forward-looking information included in a rights offering circular must comply with section 4A.2 of NI 51-102 and must include the disclosure described in section 4A.3 of NI 51-102. In addition to the foregoing, FOFI or a financial outlook, each as defined in NI 51-102, included in a rights offering circular must comply with Part 4B of NI 51-102. If the forward-looking information relates to an issuer or other entity that is not a reporting issuer, section 4A.2, section 4A.3 and Part 4B of NI 51-102 apply as if the issuer or other entity were a reporting issuer.

3. ***This amendment comes into force on December 31, 2007.***

APPENDIX I

AMENDMENTS TO
FORM 45-106F2 *OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS*

AND

FORM 45-106F3 *OFFERING MEMORANDUM FOR QUALIFYING ISSUERS*

Amendments to Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* of National Instrument 45-106 *Prospectus and Registration Exemptions*

1 This Instrument amends Form 45-106F2* Offering Memorandum for Non-Qualifying Issuers*.

2. Form 45-106F2* Offering Memorandum for Non-Qualifying Issuers *is amended by,

(a) adding the following after item A.10 under the heading "Instructions for Completing Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers":

During the course of a distribution of securities, any material forward-looking information disseminated must only be that which is set out in the offering memorandum. If an extract of FOFI, as defined in National Instrument 51-102 Continuous Disclosure Obligations, is disseminated, the extract or summary must be reasonable and balanced and have a cautionary note in boldface stating that the information presented is not complete and that complete FOFI is included in the offering memorandum.***, and***

(b) striking out "Refer to National Policy 48 Future Oriented Financial Information if future oriented financial information is included in the offering memorandum.***" in item B.12 under the heading "Instructions for Completing Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers" and substituting "***Forward-looking information included in an offering memorandum must comply with section 4A.2 of NI 51-102 and must include the disclosure described in section 4A.3 of NI 51-102. In addition to the foregoing, FOFI or a financial outlook, each as defined in NI 51-102, included in an offering memorandum must comply with Part 4B of NI 51-102. For an issuer that is not a reporting issuer, references to a "reporting issuer" in section 4A.2, section 4A.3 and Part 4B of NI 51-102 should be read as references to an "issuer." Additional guidance may be found in the companion policy to NI 51-102.***"***

3. These amendments come into force on December 31, 2007.

Amendments to Form 45-106F3 *Offering Memorandum for Qualifying Issuers* of National Instrument 45-106 *Prospectus and Registration Exemptions*

1. This Instrument amends Form 45-106F3 Offering Memorandum for Qualifying Issuers.

2. Form 45-106F3 Offering Memorandum for Qualifying Issuers is amended by,

(a) adding the following after item A.11 under the heading "Instructions for Completing Form 45-106F3 Offering Memorandum for Qualifying Issuers"

During the course of a distribution of securities, any material forward-looking information disseminated must only be that which is set out in the offering memorandum. If an extract of FOFI, as defined in National Instrument 51-102 Continuous Disclosure Obligations, is disseminated, the extract or summary must be reasonable and balanced and must have a cautionary note in boldface stating that the information presented is not complete and that complete FOFI is included in the offering memorandum.***, and***

(b) striking out "Refer to National Policy 48 Future Oriented Financial Information if future oriented financial information is included in the offering memorandum.***" in item B.2 under the heading "Instructions for Completing Form 45-106F3 Offering Memorandum for Qualifying Issuers" and substituting "***Forward-looking information included in an offering memorandum must comply with section 4A.2 of NI 51-102 and must include the disclosure described in section 4A.3 of NI 51-102. In addition to the foregoing, FOFI or a financial outlook, each as defined in NI 51-102, included in an offering memorandum must comply with Part 4B of NI 51-102. Additional guidance may be found in the companion policy to NI 51-102.**"**

3. These amendments come into force on December 31, 2007.

APPENDIX J
AMENDMENTS TO
NATIONAL POLICY 41-201 *INCOME TRUSTS AND OTHER INDIRECT OFFERINGS*

***1. This Instrument amends National Policy 41-201* Income Trusts and Other Indirect Offerings.**

2. National Policy 41-201* Income Trusts and Other Indirect Offerings *is amended by adding the following as the last sentence of the first paragraph of section 2.8:

Although securities legislation does not prohibit the use of projections, as defined in CICA Handbook section 4250, we believe that a S. 4250 forecast is more appropriate in these circumstances.

3. This amendment comes into force on December 31, 2007.

APPENDIX K

AMENDMENTS TO
NATIONAL POLICY 51-201 *DISCLOSURE STANDARDS*

1. This Instrument amends National Policy 51-201* Disclosure Standards*.

2. National Policy 51-201* Disclosure Standards *is amended by

(a) repealing sections 5.5 and 5.6;

(b) renumbering section 5.7 as section 5.5;

(c) striking out "*earnings guidance****" in subsection 6.4(1) and replacing it with "****financial outlooks and FOFI, as defined in National Instrument 51-102 – Continuous Disclosure Obligations****";***

(d) repealing section 6.9; and

(e) renumbering sections 6.10 to 6.14 as sections 6.9 to 6.13.

3. These amendments come into force on December 31, 2007.

APPENDIX L

RELATED AMENDMENTS TO LOCAL SECURITIES REGULATION

AND

ADDITIONAL INFORMATION REQUIRED IN CERTAIN JURISDICTIONS

This Appendix contains:

- amendments to Companion Policy 41-501CP to Ontario Securities Commission Rule 41-501 *General Prospectus Requirements* and Form 41-501F1 *Information Required in a Prospectus*
- amendments to Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions*; and
- changes to Ontario Regulation 1015 (the Regulation).

The following is a summary of the principal changes from the versions published on December 1, 2006.

- CP 41-501: The previous proposed section 2.10 has been removed. This section previously gave guidance regarding forward-looking information disseminated during a distribution. If information disseminated during a distribution constitutes an act in furtherance of a trade, the guidance in Part 6 of the proposed companion policy to proposed National Instrument 41-101 *General Prospectus Requirements* will apply. A new section 2.10 has been added that notes that an issuer should discuss events and circumstances that are reasonably likely to cause actual results to differ materially from previously disclosed material forward-looking information for a period that is not complete, as well as the expected differences. This amendment was not included in the December Notice. However, no notice of this amendment is required pursuant to subsection 143.8(6) of the *Securities Act* as the amendment does not make a material substantive change to an existing policy.
- Form 41-501F1: paragraph 12 under the heading "Instructions" has been changed to clarify that section 4A.2, section 4A.3 and Part 4B of NI 51-102 apply to any issuer or entity in relation to which forward-looking information has been included in the short form prospectus, regardless of reporting issuer status.
- OSC Rule 45-501: section 6.5 as been changed to clarify that section 4A.2, section 4A.3 and Part 4B of NI 51-102 apply to any issuer or entity in relation to which forward-looking information has been included in the prospectus, regardless of reporting issuer status.

Amendment to Companion Policy 41-501CP to Ontario Securities Commission Rule 41-501 *General Prospectus Requirements*

***1. This Instrument amends Companion Policy 41-501CP to Ontario Securities Commission Rule 41-501* General Prospectus Requirements.**

2. Companion Policy 41-501CP to Ontario Securities Commission Rule 41-501* General Prospectus Requirements *is amended by adding the following after section 2.9:

2.10 **Previously Disclosed Material Forward-Looking Information** – If an issuer, at the time it files a prospectus,

1. has previously disclosed to the public material forward-looking information for a period that is not yet complete; and

2. is aware of events and circumstances that are reasonably likely to cause actual results to differ materially from the material forward-looking information,

the issuer should discuss those events and circumstances, and the expected differences from the material forward-looking information, in the prospectus.

3. This amendment comes into force on December 31, 2007.

Amendment to Form 41-501F1 *Information Required in a Prospectus*

***1. This Instrument amends Ontario Securities Commission Form 41-501F1* Information Required in a Prospectus.**

2. Ontario Securities Commission Form 41-501F1* Information Required in a Prospectus *is amended by adding the following after paragraph (11) under the heading "Instructions":

(12) Forward-looking information included in a prospectus must comply with section 4A.2 of NI 51-102 and must include the disclosure described in section 4A.3 of NI 51-102. In addition to the foregoing, FOFI or a financial outlook, each as defined in NI 51-102, included in a prospectus must comply with Part 4B of NI 51-102. If the forward-looking information relates to an issuer or other entity that is not a reporting issuer, section 4A.2, section 4A.3 and Part 4B of NI 51-102 apply as if the issuer or other entity were a reporting issuer.

3. This amendment comes into force on December 31, 2007.

Amendment to Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions*

***1. This Instrument amends Ontario Securities Commission Rule 45-501* Ontario Prospectus and Registration Exemptions.**

2. Ontario Securities Commission Rule 45-501* Ontario Prospectus and Registration Exemptions *is amended by adding the following after section 6.4:

6.5 **Forward-looking information in offering memorandum** – If an offering memorandum is provided to a prospective purchaser, any forward-looking information included in the offering memorandum must comply with section 4A.2 of NI 51-102 and must include the disclosure described in section 4A.3 of NI 51-102. In addition to the foregoing, FOFI or a financial outlook, each as defined in NI 51-102, included in a rights offering circular must comply with Part 4B of NI 51-102. If the forward-looking information relates to an issuer or other entity that is not a reporting issuer, section 4A.2, section 4A.3 and Part 4B of NI 51-102 apply as if the issuer or other entity were a reporting issuer.

3. This amendment comes into force on December 31, 2007.

Provisions of Regulation to be Amended

The Commission has approved a regulation that amends a provision of the Regulation made under the Act (R.R.O. 1990, Reg. 1015, as am.). This regulation is necessary or advisable to effectively implement the amendments to NI 51-102. The regulation is subject to the approval of the Minister of Government Services.

The Commission has approved the revocation of section 60 of the Regulation.

If approved by the Minister, the regulation will come into force on the day that the proposed amendments to NI 51-102 come into force.

5.1.2 Notice of Amendments and Notice and Request for Comment - Amendments to NI 51-102 Continuous Disclosure Obligations, Related Forms and Companion Policy, and Consequential and Other Amendments

NOTICE OF AMENDMENTS TO
NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*,
FORM 51-102F2 *ANNUAL INFORMATION FORM*,
FORM 51-102F5 *INFORMATION CIRCULAR* AND
COMPANION POLICY 51-102CP *CONTINUOUS DISCLOSURE OBLIGATIONS*

AND

NOTICE OF CONSEQUENTIAL AND OTHER AMENDMENTS TO
NATIONAL INSTRUMENT 52-107 *ACCEPTABLE ACCOUNTING PRINCIPLES, AUDITING STANDARDS AND REPORTING CURRENCY*,
MULTILATERAL INSTRUMENT 52-109 *CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS*,
MULTILATERAL INSTRUMENT 52-110 *AUDIT COMMITTEES*,
NATIONAL INSTRUMENT 58-101 *DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES* AND
NATIONAL INSTRUMENT 71-102 *CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS*

AND

NOTICE OF AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 51-801 *IMPLEMENTING NATIONAL INSTRUMENT 51-102 CONTINUOUS DISCLOSURE OBLIGATIONS* AND
FORM 41-501F1 *INFORMATION REQUIRED IN A PROSPECTUS* UNDER
ONTARIO SECURITIES COMMISSION RULE 41-501 *GENERAL PROSPECTUS REQUIREMENTS*

AND

NOTICE AND REQUEST FOR COMMENT
PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 51-102
***CONTINUOUS DISCLOSURE OBLIGATIONS*,**
COMPANION POLICY 51-102CP *CONTINUOUS DISCLOSURE OBLIGATIONS* AND
NATIONAL INSTRUMENT 52-108 *AUDITOR OVERSIGHT*

This notice is in two parts. Part A of this notice sets out amendments that we have made to National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) and other instruments.

Part B of this notice sets out additional proposed amendments to NI 51-102 and other instruments.

5.1.2A Part A: Notice of Adoption

PART A: NOTICE OF ADOPTION

Introduction

We, the Canadian Securities Administrators (CSA), are implementing amendments to:

- NI 51-102,
- its related Form 51-102F2 *Annual Information Form* and Form 51-102F5 *Information Circular* (the Forms), and
- its companion policy (CP 51-102).

The text of these amendments is set out in Appendices C to F.

We are also implementing consequential and other amendments to:

- National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107),
- Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109),
- Multilateral Instrument 52-110 *Audit Committees* (MI 52-110),
- National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101) and
- National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102).

The text of these amendments is set out in Appendices G to K.

The amendments have been made or are expected to be made by each member of the CSA.

In Ontario, the amendments to NI 51-102 and the Forms (together, the Rules), the consequential and other amendments set out in Appendices G to K and the local amendments (described below) have been made. Also, in Ontario, the amendments to CP 51-102 have been adopted. The amendments to the Rules, the consequential and other amendments, the local amendments and other required materials were delivered to the Minister of Government Services on October 12, 2007. If the Minister does not approve or reject the amendments to the Rules, the consequential and other amendments and the local amendments or return them for further consideration, they will come into force on December 31, 2007.

In Québec, the national and multilateral instruments described above are regulations made under section 331.1 of the Quebec Securities Act and the amendments to the instruments must be approved, with or without amendment, by the Minister of Finance. The amendments to the instruments will come into force on the date of their publication in the Gazette officielle du Québec or on any later date specified in the regulation. They must also be published in the Bulletin.

In Alberta, the consequential amendments set out in Appendices H, I and J require Ministerial approval. Subject to receipt of Ministerial approval, those consequential amendments will come into force on December 31, 2007. The Alberta Securities Commission will issue a separate notice advising of whether the Minister has approved or rejected the consequential amendments.

Provided all necessary ministerial approvals are obtained, the amendments will come into force on December 31, 2007. The amendments to CP 51-102 will come into effect at the same time as the amendments to NI 51-102.

Substance and Purpose

The amendments to the instruments that we are adopting will:

- reduce the requirement for issuers to disclose cease trade orders and similar orders issued against companies that the directors, executive officers and significant shareholders of the issuer were involved with.
- update some provisions in the instruments, including

- revising the definition of *venture issuer* to reflect the change of name of OFEX to the PLUS markets.
- revising the definition of *approved rating organization* to reflect the change of name of Dominion Bond Rating Service Limited to DBRS Limited.
- repealing the definition of *investment fund* and *non-redeemable investment fund* since each jurisdiction has adopted or is expected to adopt harmonized definitions of investment fund and non-redeemable investment fund in their local securities legislation.

- clarify some provisions in the instruments, including:
  - clarifying the prospectus-level disclosure required in certain continuous disclosure documents for reverse take-overs, significant acquisitions and restructuring transactions.
  - clarifying what information an issuer needs to include in an annual information form if that issuer is not required to send an information circular to any of its shareholders.
  - making other drafting and "housekeeping" changes.

To the extent that these amendments were made to NI 51-102 and the Forms, consequential amendments were also made to other CSA instruments having similar provisions.

The amendments to CP 51-102 will give guidance on the interpretation of:

- the terms chief executive officer and chief financial officer.
- section 14.2 of Form 51-102F5 regarding the prospectus-level disclosure required in certain continuous disclosure documents for significant acquisitions and restructuring transactions.

Background

We published the amendments for comment on March 29, 2007 together with the proposed amendments relating to executive compensation. The comment period expired on June 30, 2007.

The CSA will be publishing a notice on the proposed executive compensation amendments at a later date.

Summary of Written Comments Received by the CSA

We received submissions from 15 commenters on the proposed amendments. We have considered the comments received and thank all the commenters. The names of the 15 commenters and a summary of the comments on the proposed amendments, together with our responses, are in Appendix B to this notice.

After considering the comments, we have decided not to proceed with certain proposed amendments.

We also made changes to other proposed amendments and decided to make additional amendments. However, as these changes are not material, we are not republishing the amendments for a further comment period.

Summary of Changes to the Proposed Amendments

See Appendix A for a summary of the changes made to the amendments as originally published.

Local amendments

In Ontario, we have also made amendments to Ontario Securities Commission Rule 51-801 *Implementing National Instrument 51-102 Continuous Disclosure Obligations* and Form 41-501F1 *Information Required in a Prospectus* under Ontario Securities Commission Rule 41-501 *General Prospectus Requirements.* Those amendments are set out in Appendix O and P.

5.1.2B Part B: Notice and Request for Comment

PART B: NOTICE AND REQUEST FOR COMMENT

Introduction

The CSA is also publishing for comment proposed amendments to the proxy solicitation and information circular provisions of NI 51-102 and CP 51-102.

Background

In 2001, amendments to the *Canada Business Corporations Act* (CBCA) relaxed the rules relating to proxy solicitation. Similar amendments to the *Business Corporations Act* (Ontario)(OBCA) came into force in 2007. Among these corporate law reforms, a dissident shareholder may solicit proxies without preparing and sending an information circular to shareholders if the solicitation is, in the prescribed circumstances, conveyed by public broadcast, speech or publication.

However, even though this corporate legislation provides exemptions for these types of solicitations, dissident shareholders of reporting issuers governed by that legislation are unable to take advantage of the exemptions because there is no corresponding exemption from the proxy solicitation and information circular provisions of NI 51-102.

Substance and Purpose and Summary of the Proposed Amendments

The amendments we are publishing for comment would:

- add a new exemption from the information circular requirements in NI 51-102 for certain proxy solicitations conveyed by public broadcast, speech or publication.
- provide guidance in CP 51-102 on what constitutes a public solicitation.
- revise the existing exemption in section 9.5 of NI 51-102 so that it applies to a person or company that solicits proxies, not just reporting issuers.

The text of these amendments is set out in Appendix L and M.

The policy rationale for these amendments is that if corporate law has evolved to increase shareholder rights, then securities legislation should not prevent shareholders from exercising these rights.

Solicitations by public broadcast, speech or publication

The proposed exemption from the information circular requirements for certain proxy solicitations conveyed by public broadcast, speech or publication generally corresponds to the exemption in subsection 150(1.2) of the CBCA, subsection 112(1.2) of the OBCA and the regulations under those statutes. In order to have the benefit of the exemption, a dissident shareholder must:

- include certain information in the solicitation, and
- file the information with securities regulators before soliciting proxies.

Since the proposed exemption will only apply if the solicitation is public, the proposed amendment to CP 51-102 gives guidance on how a solicitation will be considered to be public if it is disseminated in a manner calculated to effectively reach the marketplace.

Furthermore, the proposed exemption will not apply to a person or company that is proposing a significant acquisition or restructuring transaction under which securities of the person or company are to be changed, exchanged, issued or distributed unless the person or company has filed certain information with securities regulators for posting on www.sedar.com.

Similarly, the proposed exemption will not apply to a person or company that is proposing a nominee for election as a director of the reporting issuer unless the person or company has filed certain information about the proposed nominee with securities regulators for posting on www.sedar.com.

Compliance with substantially similar requirements

Section 9.5 of NI 51-102 currently exempts any reporting issuer from the proxy solicitation and information circular provisions of NI 51-102 where it is complying with substantially similar requirements under the laws of the jurisdiction under which it is incorporated, organized or continued. The proposed revised version of section 9.5 would extend the exemption to a person or company that solicits proxies and complies with substantially similar requirements of the laws under which the relevant reporting issuer is incorporated, organized or continued.

Alternatives considered

Instead of proposing the amendments, we considered issuing a notice indicating that we would be willing to grant relief to dissident shareholders of CBCA and OBCA corporations that wanted to solicit proxies by public broadcast, speech or publication. However, we believe that dissident shareholders should not have to incur the costs and time delays of filing an application for exemptive relief in order to have the benefit of an exemption that is available to them under corporate law.

Anticipated costs and benefits

The proposed amendments will permit securityholders to solicit proxies by public means, including a speech or broadcast, through a newspaper advertisement, or over the Internet. This will allow securityholders and their representatives a greater level of participation in decision-making at annual and special meetings of securityholders. The proposed amendments will allow securityholders to engage in these activities without incurring substantial financial costs by having to mail formal proxy requests and information circulars to all securityholders.

The proposed amendments will not impose any additional obligations or costs on reporting issuers.

Unpublished materials

In proposing these amendments to NI 51-102 and CP 51-102, we have not relied on any significant unpublished study, report or other written materials.

Authority for Amendments – Ontario

Paragraph 143(1)26 of the *Securities Act* (Ontario) provides the Ontario Securities Commission with authority to make the amendments to NI 51-102 described in Part B of this Notice. In particular, that provision authorizes the OSC to prescribe requirements for the validity and solicitation of proxies and prescribe circumstances for the purposes of clause 86(2)(a.1) of the Act. That clause permits any solicitation, otherwise by or on behalf of management of a reporting issuer, in such circumstances as may be prescribed.

Local amendments

We also propose to:

- amend subsection 4.11(8) of NI 51-102 so that it will apply in Alberta and Manitoba.
- amend National Instrument 52-108 *Auditor Oversight* (NI 52-108) so that section 2.1 and Part 3 of that instrument will apply in Alberta, British Columbia and Manitoba.

The text of these amendments appears in section 2 of Appendix L and in Appendix N.

The amendments to subsection 4.11(8) of NI 51-102 are required to be published for comment in Alberta and Manitoba, but not in the other jurisdictions. Similarly, the amendments to NI 52-108 are required to be published for comment in Alberta, British Columbia and Manitoba, but not in the other jurisdictions. However, the other members of the CSA intend to make the same amendments so that the text of NI 51-102 and NI 52-108 will be the same in each jurisdiction.

Comments on Part B of the Notice

We request your comments on the proposed amendments outlined above. Please provide your comments by January 11, 2008. Please address your submissions to all of the CSA member commissions.

Please deliver your comments to the addresses below. Your comments will be distributed to the other participating CSA members.

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
Fax: (416) 593-2318
E-mail: jstevenson@osc.gov.on.ca

Anne-Marie Beaudoin, Secrétaire
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: (514) 864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

If you do not submit your comments by e-mail, a diskette or CD-ROM containing the submissions in Word should also be provided.

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

Questions

Please refer your questions to any of:

Michael Moretto
Manager, Corporate Finance
British Columbia Securities Commission
(604) 899-6767 or (800) 373-6393 (if calling from B.C. or Alberta)
mmoretto@bcsc.bc.ca

Ami Iaria
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
(604) 899-6867 or (800) 373-6393 (if calling from B.C. or Alberta)
aiaria@bcsc.bc.ca

Blaine Young
Associate Director, Corporate Finance
Alberta Securities Commission
(403) 297-4220
blaine.young@seccom.ab.ca

Charlotte Howdle
Senior Securities Analyst, Corporate Finance
Alberta Securities Commission
(403) 297-2990
charlotte.howdle@seccom.ab.ca

Ian McIntosh
Deputy Director, Corporate Finance
Saskatchewan Financial Services Commission - Securities Division
(306) 787-5867
imcintosh@sfsc.gov.sk.ca

Bob Bouchard
Director, Corporate Finance
Manitoba Securities Commission
(204) 945-2555
bob.bouchard@gov.mb.ca

Lisa Enright
Assistant Manager, Corporate Finance
Ontario Securities Commission
(416) 593-3686
lenright@osc.gov.on.ca

Michael Bennett
Senior Legal Counsel, Corporate Finance
Ontario Securities Commission
(416) 593-8079
mbennett@osc.gov.on.ca

Allison McManus
Accountant, Corporate Finance
Ontario Securities Commission
(416) 593-2328
amcmanus@osc.gov.on.ca

Rosetta Gagliardi
Conseillère en réglementation
Autorité des marchés financiers
(514) 395-0337 ext. 4462
rosetta.gagliardi@lautorite.qc.ca

Bill Slattery
Deputy Director, Corporate Finance and Administration
Nova Scotia Securities Commission
(902) 424-7355
slattejw@gov.ns.ca

Pierre Thibodeau
Securities Analyst, Corporate Finance
New Brunswick Securities Commission
(506) 643-7751
pierre.thibodeau@nbsc-cvmnb.ca

October 12, 2007

5.1.2C Appendices

APPENDIX A

SUMMARY OF CHANGES TO PUBLISHED AMENDMENTS

NI 51-102

Part 1 Definitions

- We decided not to amend the definition of *venture issuer* to remove large debt-only issuers from the definition. However, we revised the definition of venture issuer to reflect the change of name of OFEX to the PLUS markets.

- We revised the definition of *approved rating organization* to reflect the change of name of Dominion Bond Rating Service Limited to DBRS Limited.

- We repealed the definition of *investment fund* and *non-redeemable investment fund* since each jurisdiction has adopted or is expected to adopt harmonized definitions of investment fund and non-redeemable investment fund in their local securities legislation.

Part 4 Financial Statements

- We amended subclause 4.10(2)(a)(ii) to clarify the reference to the financial statements required by the applicable form of prospectus that a reverse takeover acquirer was eligible to use prior to the reverse takeover for a distribution of securities in the jurisdiction.

Form 51-102F2 *Annual Information Form*

- We decided not to reduce the disclosure period for cease trade and similar orders from 10 years to 5 years. However, we proceeded with the change published for comment to eliminate the disclosure requirements for significant shareholders. Similarly, we also revised the requirements to require the disclosure only for directors and executive officers who were directors, chief executive officers or chief financial officers of any company when a cease trade order or similar order was actually issued, or when the event occurred that led to the order being issued, in respect of any company. We also clarified some of the wording from that published for comment.

- We revised item 18.1 to clarify what information from Form 51-102F5 *Information Circular* an issuer needs to include in an annual information form if that issuer is not required to send an information circular to any of its securityholders.

Form 51-102F5 *Information Circular*

- We revised the requirements to disclose cease trade and similar orders in a manner that corresponds to the changes made to Form 51-102F2.

- We revised section 14.2 to clarify the reference to the disclosure required by the applicable form of prospectus that an entity would be eligible to use immediately prior to the sending and filing of an information circular in respect of a significant acquisition or a restructuring transaction, for a distribution of securities in the jurisdiction.

CP 51-102

- We revised the policy to give guidance on the interpretation of the terms chief executive officer and chief financial officer, as well as section 14.2 of Form 51-102F5.

CONSEQUENTIAL AND OTHER AMENDMENTS

NI 52-107, MI 52-109, MI 52-110 and NI 71-102

- We repealed the definition of investment fund.

MI 52-110 and NI 58-101

- We revised the definition of venture issuer in a manner that corresponds to the changes made to the definition of venture issuer in NI 51-102.

- We have made certain drafting changes to various definitions.

LOCAL AMENDMENTS

Form 41-501F1

- In Ontario, we revised the requirements to disclose cease trade and similar orders in a manner that corresponds to the changes made to Form 51-102F2.

OSC Rule 51-801

- In Ontario, we amended OSC Rule 51-801 to correct a cross-reference to NI 51-102.

APPENDIX B

SUMMARY OF COMMENTS

List of Commenters

407 International

Blake, Cassels & Graydon LLP

British Columbia Investment Management Corporation

Canada Pension Plan Investment Board

Canadian Coalition for Good Governance

Credit Union Central of British Columbia

Desjardins Group

Enbridge Inc.

Enersource Corporation

Institutional Shareholder Services Canada Corp.

Ontario Teachers' Pension Plan

Pension Investment Association of Canada

Shareholders Association for Research and Education (SHARE)

Stikeman Elliott LLP

TransCanada Pipelines Limited

SUMMARY OF COMMENTS

Issue	Summary of Comments	CSA Response
Report of voting results	We received responses from 10 commenters on this issue. Eight commenters support disclosure of the results of proxies received for each matter voted upon, even if the vote is not conducted by ballot. These commenters indicated that disclosing the results of proxies will provide investors with a significant amount of information about the items voted on and will improve the transparency of voting results. Two commenters stated that the results of proxies voted on non-ballot initiatives have no legal force, and this disclosure would be inappropriate. The commenters also stated that it would be misleading as it would not cover shares voted in person, for example. One commenter believes that a ballot should be held on all matters where 5% or more of the shares voted are "withheld" or voted "against" on the matter.	We acknowledge that the majority of commenters support enhanced disclosure for the report of voting results. We will be studying the issue further.
Definition of Venture Issuer	We received responses from 6 commenters on this proposal. None of the commenters supported the proposed change. Five commenters stated that investors in debt securities have different information needs and primarily rely on the issuers credit ratings, capacity to repay and compliance with the deed of trust or similar agreement. One commenter recommended that debt-only venture issuers be required to file bond rating reports prepared by independent third-party bond rating agencies on SEDAR. Another recommended that we continue to treat debt-only issuers as at present. One commenter indicated that the proposed change to exclude all debt-only issuers with assets over $25 million from the definition of venture issuer would result in unfairly categorizing some small financial institutions and co-operatives as non-venture issuers.	As a result of the comments, we decided not to proceed with the proposed amendment to exclude all debt-only issuers with assets over $25 million from the definition of venture issuer.
Disclosure of Cease Trade Orders	We received responses from two commenters on this proposal. Both of these commenters were opposed to the amendment that would reduce from 10 years to 5 years the look-back period under which directors and executive officers of a company must disclose whether they were subject to a cease trade order. Both commenters stated that this information never becomes unimportant to shareholders. One commenter stated that they support a lifetime requirement for this disclosure.	We agree that the disclosure of cease trade orders provides important information to investors and decided to maintain the look-back period at 10 years. We think that a 10 year look-back provides a sufficient period and do not agree that a lifetime disclosure obligation is necessary.

APPENDIX C

AMENDMENTS TO NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. National Instrument 51-102 *Continuous Disclosure Obligations* is amended by this Instrument.

2. Subsection 1.1(1) is amended by,

a. in the definition of "approved rating organization", striking out "Dominion Bond Rating Service Limited**" and substituting "**DBRS Limited**".**

b. repealing the definition of "investment fund",

c. repealing the definition of "non-redeemable investment fund",

d. in the the definition of "venture issuer", striking out "the market known as OFEX" **and substituting "**the PLUS markets operated by PLUS Markets Group plc**"**.

3. Subparagraph 4.10(2)(a)(ii) is repealed and the following substituted:

(ii) if the reporting issuer did not file a document referred to in subparagraph (i), or the document does not include the financial statements for the reverse takeover acquirer that would be required to be included in a prospectus, the financial statements prescribed under securities legislation and described in the form of prospectus that the reverse takeover acquirer was eligible to use prior to the reverse takeover for a distribution of securities in the jurisdiction;

4. This amendment comes into force December 31, 2007.

APPENDIX D

AMENDMENTS TO FORM 51-102F2 *ANNUAL INFORMATION FORM*

1. Form 51-102F2 *Annual Information Form* is amended by this Instrument.

2. Form 51-102F2 is amended by,

a. repealing subsection 10.2(1) and substituting the following:

(1) If a director or executive officer of your company is, as at the date of the AIF, or was within 10 years before the date of the AIF, a director, chief executive officer or chief financial officer of any company (including your company), that:

(a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

(1.1) For the purposes of subsection (1), "order" means

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

(1.2) If a director or executive officer of your company, or a shareholder holding a sufficient number of securities of your company to affect materially the control of your company

(a) is, as at the date of the AIF, or has been within the 10 years before the date of the AIF, a director or executive officer of any company (including your company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(b) has, within the 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder, state the fact.

b. in Instruction (i) after subsection 10.2(3), adding ", (1.2)**" after "**subsections (1)**", wherever it appears,**

c. repealing Instruction (ii) after subsection 10.2(3) and substituting the following:

(ii) A management cease trade order which applies to directors or executive officers of a company is an "order" for the purposes of paragraph 10.2(1)(a) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.

d. adding the following as Instruction (iv) after subsection 10.2(3):

(iv) The disclosure in paragraph 10.2(1)(a) only applies if the director or executive officer was a director, chief executive officer or chief financial officer when the order was issued against the company. You do not have to provide disclosure if the director or executive officer became a director, chief executive officer or chief financial officer after the order was issued.

e. repealing section 18.1 and substituting the following:

18.1 Additional Disclosure

For companies that are not required to send a Form 51-102F5 to any of their securityholders, disclose the information required under Items 6 to 10, 12 and 13 of Form 51-102F5, as modified below, if applicable:

Form 51-102F5 Reference	Modification
Item 6 - Voting Securities and Principal Holders of Voting Securities	Include the disclosure specified in section 6.1 without regard to the phrase "entitled to be voted at the meeting". Do not include the disclosure specified in sections 6.2, 6.3 and 6.4. Include the disclosure specified in section 6.5.
Item 7 – Election of Directors	Disregard the preamble of section 7.1. Include the disclosure specified in section 7.1 without regard to the word "proposed" throughout. Do not include the disclosure specified in section 7.3.
Item 8 – Executive Compensation	Disregard the preamble and paragraphs (a), (b) and (c) of Item 8. A company that does not send a management information circular to its securityholders must provide the disclosure required by Form 51-102F6.
Item 9 – Securities Authorized for Issuance under Equity Compensation Plans	Disregard subsection 9.1(1).
Item 10 – Indebtedness of Directors and Executive Officers	Include the disclosure specified throughout; however, replace the phrase "date of the information circular" with "date of the AIF" throughout. Disregard paragraph 10.3(a).
Item 12 – Appointment of Auditor	Name the auditor. If the auditor was first appointed within the last five years, state the date when the auditor was first appointed."

2. This amendment comes into force on December 31, 2007.

APPENDIX E

AMENDMENTS TO FORM 51-102F5 *INFORMATION CIRCULAR*

1 Form 51-102F5 Information Circular is amended by this Instrument.

2. Form 51-102F5 is amended by,

a. repealing section 7.2 and substituting the following:

7.2 If a proposed director

(a) is, as at the date of the information circular, or has been, within 10 years before the date of the information circular, a director, chief executive officer or chief financial officer of any company (including the company in respect of which the information circular is being prepared) that,

(i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect; or

(b) is, as at the date of the information circular, or has been within 10 years before the date of the information circular, a director or executive officer of any company (including the company in respect of which the information circular is being prepared) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(c) has, within the 10 years before the date of the information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director, state the fact.

b. repealing Instruction (ii) after section 7.2.2 and substituting the following:

(ii) A management cease trade order which applies to directors or executive officers of a company is an "order" for the purposes of paragraph 7.2(a)(i) and must be disclosed, whether or not the proposed director was named in the order.

c. adding the following as Instruction (iv) after section 7.2.2:

(iv) The disclosure in paragraph 7.2(a)(i) only applies if the proposed director was a director, chief executive officer or chief financial officer when the order was issued against the company. You do not have to provide disclosure if the proposed director became a director, chief executive officer or chief financial officer after the order was issued.

d. adding the following as section 7.2.3:

7.2.3 For the purposes of subsection 7.2(a), "order" means

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

e. repealing the last paragraph of section 14.2 and substituting the following:

The disclosure must be the disclosure (including financial statements) prescribed under securities legislation and described in the form of prospectus that the entity would be eligible to use immediately prior to the sending and filing of the information circular in respect of the significant acquisition or restructuring transaction, for a distribution of securities in the jurisdiction.

3. This amendment comes into force December 31, 2007.

APPENDIX F

AMENDMENTS TO
COMPANION POLICY 51-102CP *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. Companion Policy 51-102CP *Continuous Disclosure Obligations* is amended by,

a. adding the following after subsection 1.4(3):

Similarly, the terms chief executive officer and chief financial officer should be read to include the individuals who have the responsibilities normally associated with these positions or act in a similar capacity. This determination should be made irrespective of an individual's corporate title or whether that individual is employed directly or acts pursuant to an agreement or understanding.

b. adding the following after section 9.1:

9.2 Prospectus-level Disclosure in Certain Information Circulars

Section 14.2 of Form 51-102F5 *Information Circular* requires an issuer to provide prospectus-level disclosure about certain entities if securityholder approval is required in respect of a significant acquisition under which securities of the acquired business are being exchanged for the issuer's securities or in respect of a restructuring transaction under which securities are to be changed, exchanged, issued or distributed.

Section 14.2 provides that the disclosure must be the disclosure (including financial statements) prescribed by the form of prospectus that the entity would be eligible to use immediately prior to the sending and filing of the information circular in respect of the significant acquisition or restructuring transaction, for a distribution of securities in the jurisdiction.

For example, if disclosure was required in an information circular of Company A for both Company A (an issuer that was only eligible to file a long form prospectus) and Company B (an issuer that was eligible to file a short form prospectus), the disclosure for Company A would be that required by the long form prospectus rules and the disclosure for Company B would be that required by the short form prospectus rules. Any information incorporated by reference in the information circular of Company A would have to comply with paragraph (c) of Part 1 of Form 51-102F5 and be filed under Company A's profile on SEDAR.

2. This amendment comes into force December 31, 2007.

APPENDIX G

CONSEQUENTIAL AMENDMENTS TO NATIONAL INSTRUMENT 52-107 *ACCEPTABLE ACCOUNTING PRINCIPLES, AUDITING STANDARDS AND REPORTING CURRENCY*

1. **National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* is amended by this Instrument.**

2. **National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* is amended in section 1.1 by repealing the definition of "investment fund".**

3. **This amendment comes into force December 31, 2007.**

APPENDIX H

CONSEQUENTIAL AMENDMENTS TO MULTILATERAL INSTRUMENT 52-109 *CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS*

1. Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* is amended by this Instrument.

2. Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* is amended in section 1.1 by repealing the definition of "investment fund".

3. This amendment comes into force December 31, 2007.

APPENDIX I

CONSEQUENTIAL AND OTHER AMENDMENTS TO MULTILATERAL INSTRUMENT 52-110 *AUDIT COMMITTEES*

1. Multilateral Instrument 52-110 *Audit Committee* is amended by this Instrument.

2. Multilateral Instrument 52-110 *Audit Committees* is amended:

(a) in section 1.1 by,

(i) repealing the definition of "AIF" and substituting the following:

"AIF" has the meaning ascribed to it in NI 51-102;

(ii) repealing the definition of "asset-backed security" and substituting the following:

"asset-backed security" has the meaning ascribed to it in NI 51-102;

(iii) repealing the definition of "credit support issuer" and substituting the following:

"credit support issuer" has the meaning ascribed to it in section 13.4 of NI 51-102;

(iv) repealing the definition of "exchangeable security issuer" and substituting the following:

"exchangeable security issuer" has the meaning ascribed to it in section 13.3 of NI 51-102;

(v) repealing the definition of "investment fund",

(vi) repealing the definition of "National Instrument 51-102",

(vii) adding the following definition of "NI 51-102":

"NI 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

(viii) repealing the definition of "venture issuer" and substituting the following:

"venture issuer" means an issuer that, at the end of its most recently completed financial year, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

(b) in section 1.2 by striking out "National Instrument 51-102" **and substituting** "NI 51-102" **wherever it appears.**

3. This amendment comes into force December 31, 2007.

APPENDIX J

CONSEQUENTIAL AND OTHER AMENDMENTS TO
NATIONAL INSTRUMENT 58-101 *DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES*

1. National Instrument 58-101 *Disclosure of Corporate Governance Practices* is amended by this Instrument.

2. National Instrument 58-101 *Disclosure of Corporate Governance Practices* is amended:

(a) in section 1.1 by,

(i) repealing the definition of "AIF" and substituting the following:

"AIF" has the same meaning as in NI 51-102;

(ii) adding the following definition of "asset-backed security":

"asset-backed security" has the same meaning as in NI 51-102;

(iii) repealing the definition of "executive officer" and substituting the following:

"executive officer" has the same meaning as in NI 51-102;

(iv) repealing the definition of "MD&A" and substituting the following:

"MD&A" has the same meaning as in NI 51-102;

(v) adding the following definition of "NI 51-102":

"NI 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

(vi) repealing the definition of "venture issuer" and substituting the following:

"venture issuer" means a reporting issuer that, at the end of its most recently completed financial year, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

(b) in section 1.3 by striking out "National Instrument 51-102" **and substituting** "NI 51-102" **wherever it appears.**

3. This amendment comes into force December 31, 2007.

APPENDIX K

CONSEQUENTIAL AMENDMENTS TO
NATIONAL INSTRUMENT 71-102 *CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS*

1. National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* is amended by this Instrument.

2. National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* is amended in section 1.1 by repealing the definition of "investment fund".

3. This amendment comes into force December 31, 2007.

APPENDIX L

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. National Instrument 51-102 *Continuous Disclosure Obligations* is amended by this Instrument.

2. Subsection 4.11(8) is amended by striking out "Except in Alberta and Manitoba, if**" and substituting "**If**".**

3. Section 9.2 is amended by adding the following after subsection (3):

(4) Despite paragraph 9.1(2)(b), a person or company may solicit proxies, other than by or on behalf of management of the reporting issuer, without sending an information circular, if the solicitation

(a) is conveyed by public broadcast, speech or publication;

(b) is permitted by the laws under which the reporting issuer is incorporated, organized or continued and the person or company making the solicitation complies with the requirements, if any, of those laws relating to the solicitation; and

(c) contains the following information:

(i) the name and address of the reporting issuer to which the solicitation relates;

(ii) the information required under item 2, sections 3.2, 3.3 and 3.4 and paragraphs (b) and (d) of item 5 of Form 51-102F5 *Information Circular*; and

(iii) any information required in respect of the solicitation by the laws under which the reporting issuer is incorporated, organized or continued.

(5) A person or company making a solicitation referred to in subsection (4) must file the information required by paragraph 4(c) and a copy of any related written communication before soliciting proxies.

(6) Subsection (4) does not apply to a person or company that is proposing, at the time of the solicitation, a significant acquisition or restructuring transaction involving the reporting issuer and the person or company, under which securities of the person or company, or securities of an affiliate of the person or company, are to be changed, exchanged, issued or distributed unless

(a) the person or company has filed an information circular or other document containing the information required by section 14.4 of Form 51-102F5 *Information Circular*; and

(b) the solicitation refers to that information circular or other document and discloses that it is on SEDAR.

(7) Subsection (4) does not apply to a person or company that is proposing, at the time of the solicitation, a nominee, including himself or herself, for election as a director of the reporting issuer unless

(a) the person or company has filed an information circular or other document containing the information required by Form 51-102F5 *Information Circular* in respect of the proposed nominee; and

(b) the solicitation refers to that information circular or other document and discloses that it is on SEDAR.

3. Section 9.5 is repealed and the following substituted:

9.5 Exemption

Sections 9.1 to 9.4 do not apply to a reporting issuer, or a person or company that solicits proxies from registered holders of voting securities of a reporting issuer, if

(a) the reporting issuer, person or company complies with the requirements of the laws under which the reporting issuer is incorporated, organized or continued;

(b) the requirements referred to in subsection (a) are substantially similar to the requirements of this Part; and

(c) the reporting issuer, person or company promptly files a copy of any information circular and form of proxy, or other documents that contain substantially similar information, sent by the reporting issuer, person or company in connection with the meeting.

4. This amendment comes into force •, 2008.

APPENDIX M

PROPOSED AMENDMENTS TO COMPANION POLICY 51-102CP *CONTINUOUS DISCLOSURE OBLIGATIONS*

1. Part 9 of Companion Policy 51-102CP *Continuous Disclosure Obligations* is amended by adding the following after section 9.2:

9.3 Solicitations Conveyed by Public Broadcast, Speech or Publication

Subsection 9.2(4) of the Instrument provides an exemption from the proxy solicitation and information circular requirements for certain proxy solicitations conveyed by public broadcast, speech or publication. The exemption permits securityholders to solicit proxies by public means, including a speech or broadcast, through a newspaper advertisement or over the Internet (provided that the solicitation contains certain information and that information is filed on SEDAR). The exemption will only apply if the solicitation is a public one. Securities regulatory authorities generally consider a solicitation to be public if it is disseminated in a manner calculated to effectively reach the marketplace. A public solicitation would generally include a solicitation that is made by:

(a) a speech in a public forum; or

(b) a press release, a statement or an advertisement provided through a broadcast medium or by a telephone conference call or electronic or other communication facility generally available to the public, or appearing in a newspaper, a magazine, a website or other publication generally available to the public.

A public solicitation would not include a solicitation made by phone, mail or email to only a select group of securityholders of a reporting issuer.

2. This amendment comes into force ●, 2008.

APPENDIX N

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 52-108 *AUDITOR OVERSIGHT*

1. National Instrument 52-108 *Auditor Oversight* is amended by this Instrument.

2. Subsection 1.2(2) is repealed.

3. This amendment comes into force •, 2008.

APPENDIX O

AMENDMENTS TO ONTARIO SECURITIES COMMISSION RULE 51-801
IMPLEMENTING NATIONAL INSTRUMENT 51-102 CONTINUOUS DISCLOSURE OBLIGATIONS

1. **Ontario Securities Commission Rule 51-801 *Implementing National Instrument 51-102 Continuous Disclosure Obligations* is amended by this Instrument.**

2. **Section 3.13 is amended by striking "**subsection 9.1(3)**" and substituting "**subsection 9.1(2)**".**

3. **This amendment comes into force December 31, 2007.**

APPENDIX P

AMENDMENTS TO FORM 41-501F1 *INFORMATION REQUIRED IN A PROSPECTUS*
UNDER ONTARIO SECURITIES COMMISSION RULE 41-501 *GENERAL PROSPECTUS REQUIREMENTS*

1. Form 41-501F1 *Information Required in a Prospectus* of Ontario Securities Commission Rule 41-501 *General Prospectus Requirements* is amended by this Instrument.

2. Form 41-501F1 is amended by repealing Item 16.2 and substituting the following:

16.2 Corporate Cease Trade Orders or Bankruptcies

(1) If a director or officer of the issuer

(a) is, or within 10 years before the date of the prospectus or *pro forma* prospectus, as applicable, has been, a director, chief executive officer or chief financial officer of any other issuer that,

(i) was subject to an order that was issued while the director or officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an order that was issued after the director or officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect; or

(b) is, or has been within 10 years before the date of the prospectus or *pro forma* prospectus, as applicable, a director or executive officer of any issuer that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

(2) For the purposes of paragraph 16.2(1)(a), "order" means

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

INSTRUCTION

(1) The disclosure in subparagraph 16.2(1)(a)(i) only applies if the director or officer was a director, chief executive officer or chief financial officer when the order was issued against the issuer. You do not have to provide disclosure if the director or officer became a director, chief executive officer or chief financial officer after the order was issued.

(2) A management cease trade order which applies to directors or officers of an issuer is an "order" for the purposes of subparagraph 16.2(1)(a)(i) and must be disclosed, whether or not the director, chief executive officer or chief financial officer was named in the order.

3. This amendment comes into force December 31, 2007.

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Chapter 6

Request for Comments

6.1.1 Notice and Request for Comment - Proposed Amendments to National Instrument 51-102 Continuous Disclosure Obligations, Companion Policy 51-102CP Continuous Disclosure Obligations and National Instrument 52-108 Auditor Oversight

REQUEST FOR COMMENT
PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 51-102
***CONTINUOUS DISCLOSURE OBLIGATIONS*,**
COMPANION POLICY 51-102CP *CONTINUOUS DISCLOSURE OBLIGATIONS* AND
NATIONAL INSTRUMENT 52-108 *AUDITOR OVERSIGHT*

NOTICE AND REQUEST FOR COMMENT

We are requesting comment on proposed amendments (the Proposed Amendments) to the following rules and policy:

- National Instrument 51-102 *Continuous Disclosure Obligations*;
- Companion Policy 51-102CP *Continuous Disclosure Obligations*; and
- National Instrument 52-108 *Auditor Oversight*.

Details related to the Proposed Amendments can be found in the Notice of Amendments and Notice and Request for Comment published in Chapter 5. The comment period for the Proposed Amendments is open until January 11, 2008.

October 12, 2007

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
09/18/2007	3	AMADOR GOLD CORP. - Common Shares	27,500.00	300,000.00
09/13/2007	4	Aurigen Re Capital Limited - Common Shares	102,000,000.00	NA
09/17/2007	3	Avaning Inc. - Preferred Shares	1,500,000.00	1,500,000.00
08/29/2007	1	BDCM Offshore Fund II Ltd. - Common Shares	0.00	75,000,000.00
09/15/2007	4	Bison Income Trust II - Trust Units	2,934,094.15	293,409,415.00
09/13/2007	16	CareVest First Mortgage Investment Corporation - Preferred Shares	988,048.00	988,048.00
09/10/2007	3	Chrysler Lease Trust - Notes	69,160,648.77	NA
09/21/2007	3	Chrysler Lease Trust - Notes	74,091,679.19	NA
09/03/2007 to 09/12/2007	19	CMC Markets Canada Inc. - Contracts for Differences	95,787.14	19.00
09/13/2007 to 09/22/2007	17	CMC Markets Canada Inc. - Contracts for Differences	57,200.00	24.00
07/24/2007 to 08/01/2007	203	Commerce Resources Corp. - Units	28,232,177.00	NA
07/10/2007 to 07/11/2007	44	Credit Suisse International - Notes	2,667,000.00	NA
09/12/2007	5	Credit Suisse International - Notes	1,445,000.00	1,445,000.00
09/07/2007	2	Earth Class Mail Corporation - Preferred Shares	47,439.67	40,644.00
09/27/2007	12	Environmental Power Corporation - Common Shares	10,005,922.50	1,900,000.00
08/31/2007	34	E.S.I. Environemental Sensors Inc. - Common Shares	2,865,550.00	7,168,125.00
09/04/2007	16	Falcon Ridge RMH Limited Partnership - Limited Partnership Units	494,000.00	38.00
09/25/2007	1	First Leaside Expansion Limited Partnership - Units	25,000.00	25,000.00
09/07/2007	1	First Leaside Fund - Trust Units	2,171.00	2,171.00
09/21/2007	1	First Leaside Properties Fund - Units	17,500.00	17,500.00
09/21/2007	1	First Leaside Properties Fund - Units	97,850.00	97,850.00
09/06/2007	1	First Leaside Properties Limited Partnership - Notes	3,597.02	3,415.00
09/11/2007	1	First Leaside Properties Limited Partnership - Notes	150,000.00	150,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
09/25/2007	2	First Leaside Properties Limited Partnership - Notes	80,000.00	80,000.00
09/06/2007	1	First Leaside Select Limited Partnership - Units	176,856.44	167,907.00
09/27/2007	1	First Leaside Select Limited Partnership - Units	74,192.52	74,074.00
09/07/2007	1	First Leaside Visions Limited Partnership - Units	100,000.00	100,000.00
09/20/2007 to 09/21/2007	2	First Leaside Visions Limited Partnership - Units	101,280.00	2.00
09/06/2007 to 09/11/2007	2	First Leaside Wealth Management Inc. - Preferred Shares	90,000.00	90,000.00
09/21/2007	2	First Leaside Wealth Management Inc. - Preferred Shares	150,000.00	150,000.00
09/07/2007	20	Garnet Point Resources Corp. - Flow-Through Shares	1,488,400.10	2,769,167.00
09/18/2007	7	Golden Chalice Resources Inc. - Common Shares	238,875.00	1,050,000.00
09/19/2007	26	Hana Mining Ltd. - Units	2,880,700.00	8,230,571.00
08/30/2007	5	IGW Investments 2 Ltd. - Common Shares	827.00	827.00
06/21/2007	1	Independent Nickel Corp. - Common Shares	2,025,000.00	2,500,000.00
09/18/2007	1	Klondike Gold Corp. - Common Shares	45,750.00	150,000.00
09/13/2007	1	Legacy Hotels Real Estate Investment Trust - Trust Units	61,299,000.00	4,900,000.00
09/14/2007	7	Leprechaun Resources Ltd. - Units	382,855.50	NA
08/09/2007	1	Liberty Star Uranium & Metals Corp. - Stock Option	120,000.00	250,000.00
09/04/2007	2	Magenta Mortgage Investment Corporation - Common Shares	105,000.00	NA
09/05/2007	9	MT Investments Inc. - Notes	105,000,000.00	NA
09/14/2007	2	National Australia Bank Limited - Notes	125,000,000.00	125,000,000.00
09/12/2007	6	Natural Convergence Inc. - Debentures	786,893.42	NA
09/07/2007	1	New Solutions Financial (II) Corporation - Debenture	25,000.00	1.00
09/28/2007	25	Newport Strategic Yield Fund Limited Partnership - Units	2,406,985.05	232,256.00
09/14/2007	25	Nordic Oil and Gas Ltd. - Units	150,500.00	752,500.00
09/09/2007	10	Plazacorp Partners III Fund\ - Trust Units	1,558,000.00	15,580.00
09/12/2007	3	Prize Mining Corporation - Common Shares	700,110.00	2,593,000.00
09/12/2007	45	Raytec Development Corp. - Units	767,050.00	1,394,636.00
09/18/2007	12	Riverview Heights Limited Partnership - Limited Partnership Units	3,657,500.00	NA

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
09/17/2007	9	Sheldon-Larder Mines Limited - Flow-Through Units	100,000.00	1,000,000.00
09/14/2007	56	Skyline Apartment Real Estate Investment Trust - Units	10,122,510.60	992,403.00
09/12/2007	37	Sniper Resources Ltd. - Units	633,300.00	1,266,600.00
09/05/2007	38	Sunshine Oilsands Ltd. - Units	8,562,500.00	3,425,000.00
09/13/2007	28	Synodon Inc. - Units	265,250.25	492,271.00
08/28/2007	1	The Rosseau Resort Developments Inc. - Unit	304,900.00	1.00
09/13/2007	6	Tom Exploration Inc. - Units	355,000.00	3,550,000.00
09/21/2007	2	Tres-or Resources Ltd. - Flow-Through Shares	500,000.00	2,000,000.00
09/13/2007	3	TrueContext Corporation - Units	252,987.00	NA
08/31/2007	26	TTi Turner Technology Instruments Inc. - Debentures	2,016,200.00	NA
09/04/2007	1	Van Lee Limited Partnership - Loans	25,000.00	NA
09/11/2007	64	Walton AZ Picacho View Limited Partnership 2 - Limited Partnership Units	4,102,238.99	387,772.00
09/21/2007 to 09/25/2007	2	Wimberly Apartments Limited Partnership - Units	173,673.26	247,878.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Aeroplan Income Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated October 5, 2007
Mutual Reliance Review System Receipt dated October 5, 2007
Offering Price and Description:
$481,800,000.00 - 22,000,000 Units Price: $21.90 per Offered Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Blackmont Capital Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
Research Capital Corporation
Promoter(s):
Aeroplan Limited Partnership
Project #1166232

Issuer Name:
Amazon Mining Holding Plc
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated September 28, 2007
Mutual Reliance Review System Receipt dated October 3, 2007
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Dundee Securities Corporation
GMP Securities L.P.
Promoter(s):
Cristiano Veloso
Simon Lawrence
Kevin van Niekerk
Howard Shapland
Alan Frame
Michael Preston
Philip Aaronberg
Lee Cory
Project #1165171

Issuer Name:
Bioscrypt Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 5, 2007
Mutual Reliance Review System Receipt dated October 5, 2007
Offering Price and Description:
$6,000,000.00 - 12,000,000 Units Price: $0.50 per Unit
Underwriter(s) or Distributor(s):
Evergreen Capital Partners Inc.
Promoter(s):
-
Project #1166053

Issuer Name:
Claymore 1-5 Yr Laddered Government Bond ETF
Claymore Global Agriculture ETF
Claymore Natural Gas Commodity ETF
Claymore Premium Money Market ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated October 5, 2007
Mutual Reliance Review System Receipt dated October 9, 2007
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Claymore Investments, Inc.
Promoter(s):
-
Project #1166334

Issuer Name:
CPVC Bromont Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated October 2, 2007
Mutual Reliance Review System Receipt dated October 4, 2007
Offering Price and Description:
$250,000.00 - 1,000,000 common shares Price: $0.25 per common share
Underwriter(s) or Distributor(s):
Integral Wealth Securities Limited
Promoter(s):
CPVC Financial Corporation
Project #1165724

Issuer Name:
Global Agribusiness Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated October 3, 2007
Mutual Reliance Review System Receipt dated October 3, 2007
Offering Price and Description:
$ * (* Units) Maximum $10.00 per Unit (Each Unit consisting of a Trust Unit and a Warrant for one Trust Unit)
Underwriter(s) or Distributor(s):
CIBC World Markets 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.
Berkshire Securities Inc.
Blackmont Capital Inc.
Desjardins Securities Inc.
GMP Securities L.P.
MGI Securities Inc.
Rothenberg Capital Management Inc.
Richardson Partners Financial Limited
Wellington West Capital Inc.
Promoter(s):
Navina Capital Corp.
Project #1165270

Issuer Name:
GrowthWorks Commercialization Fund Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated October 2, 2007
Mutual Reliance Review System Receipt dated October 3, 2007
Offering Price and Description:
Class A Shares, 09 Series (FundSERV No. WVN 509)
Maximum Offering: $60 million Offering Price: $10 per share from initial offering date (on or about September 1, 2008) until March 1, 2009 and
thereafter Net Asset Value per 09 Series Share
Underwriter(s) or Distributor(s):
GrowthWorks Capital Ltd.
Promoter(s):
-
Project #1165088

Issuer Name:
High Desert Gold Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary and Amended and Restated Preliminary Prospectus dated October 3, 2007
Mutual Reliance Review System Receipt dated October 4, 2007
Offering Price and Description:
Cdn $ * - * Units Price: $0.50 per Unit
Underwriter(s) or Distributor(s):
MGI Securities Inc.
Canaccord Capital Corporation
Promoter(s):
Sprott Resource Corp.
Project #1146602

Issuer Name:
Jazz Air Income Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated October 5, 2007
Mutual Reliance Review System Receipt dated October 5, 2007
Offering Price and Description:
$275,125,000.00 - 35,500,000 Units Price: $7.75 per Offered Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Blackmont Capital Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
Research Capital Corporation
Promoter(s):
JAZZ AIR LP
Project #1166191

Issuer Name:
North American Palladium Ltd.
Type and Date:
Preliminary Short Form Shelf Prospectus dated October 3, 2007
Receipted on October 4, 2007
Offering Price and Description:
229,828 COMMON SHARES
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1165686

Issuer Name:
Quest Uranium Corporation
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated October 4, 2007
Mutual Reliance Review System Receipt dated
Offering Price and Description:
Rights to Subscribe for a Maximum of 6,000,000 Common Shares of Quest Uranium Corporation Maximum - $900,000.00 - Price: $0.15 per Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
Freewest Resources Canada Inc.
Project #1166063

Issuer Name:
RBC Premium $U.S. Money Market Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated October 3, 2007
Mutual Reliance Review System Receipt dated October 3, 2007
Offering Price and Description:
Series A and Series F Units
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
Promoter(s):
RBC Asset Management Inc.
Project #1165240

Issuer Name:
Rio Cristal Zinc Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated October 4, 2007
Mutual Reliance Review System Receipt dated October 4, 2007
Offering Price and Description:
$6,000,000.00 - 10,000,000 Units Price: $0.60 per Unit
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
CHARLES W. USHELA
MARIA PILAR DEL SARMIENTO USHELA
Project #1165972

Issuer Name:
Sterling Mining Company
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated October 9, 2007
Mutual Reliance Review System Receipt dated October 9, 2007
Offering Price and Description:
$18,153,824.00 - 5,585,792 Common Shares and 2,792,896 Warrants Issuable on Exercise or Deemed Exercise of 5,585,792 Previously Issued Special Warrants 391,005 Broker Warrants Issuable on Exercise or Deemed Exercise of 391,005 Previously Issued Compensation Options
Underwriter(s) or Distributor(s):
TD Securities Inc.
Blackmont Capital Inc.
Promoter(s):
-
Project #1166562

Issuer Name:
Uranium Participation Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 3, 2007
Mutual Reliance Review System Receipt dated October 3, 2007
Offering Price and Description:
$50,008,000.00 - 4,465,000 COMMON SHARES Price: $11.20 per Common Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1165406

Issuer Name:
Yukon Zinc Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 4, 2007
Mutual Reliance Review System Receipt dated October 4, 2007
Offering Price and Description:
UP TO $ * :
Up to * D Units;
Up to * CN Units; and
Up to* E Units - Price: $ * per D Unit; $1,000 per CN Unit; $ * per E Unit
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Paradigm Capital Inc.
Blackmont Capital Inc.
Promoter(s):
-
Project #1165749

Issuer Name:
ARISE Technologies Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 5, 2007
Mutual Reliance Review System Receipt dated October 5, 2007
Offering Price and Description:
$30,000,040.00 - 21,428,600 Common Shares Price: $1.40 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Clarus Securities Inc.
CIBC World Markets Inc.
D&D Securities Company
Dundee Securities Corporation
Loewen, Ondaatje McCutcheon Limited
Promoter(s):
-
Project #1163220

Issuer Name:
Bank of Nova Scotia, The
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 4, 2007
Mutual Reliance Review System Receipt dated October 4, 2007
Offering Price and Description:
$300,000,000.00 - 12,000,000 shares Non-cumulative Preferred Shares Series 16 Price: $25.00 per share to yield 5.25%
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Dundee Securities Corporation
Laurentian Bank Securities Inc.
Trilon Securities Corporation
Promoter(s):
-
Project #1162245

Issuer Name:
Canadian Scholarship Trust Family Savings Plan
Canadian Scholarship Trust Individual Savings Plan
Canadian Scholarship Trust Group Savings Plan
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated October 2, 2007
Mutual Reliance Review System Receipt dated October 4, 2007
Offering Price and Description:
Education Savings Plan Units
Underwriter(s) or Distributor(s):
C.S.T. Consultants Inc.
Promoter(s):
C.S.T. Consultants Inc.
Project #1095120/1095136/1095157

Issuer Name:
Centiva Capital Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated October 5, 2007
Mutual Reliance Review System Receipt dated October 5, 2007
Offering Price and Description:
18,726,317 Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1157298

Issuer Name:
Decourcy Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated October 2, 2007
Mutual Reliance Review System Receipt dated October 5, 2007
Offering Price and Description:
$400,000.00 - 2,666,667 Common Shares Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
Promoter(s):
Michael Evans
Project #1145611

Issuer Name:
Class A Units and Class S Units (unless otherwise indicated) of:
MD Growth Investments Limited (Series A Shares and Series S Shares)
MD American Growth Fund (formerly MD US Large Cap Growth Fund)
MD American Value Fund (formerly MD US Large Cap Value Fund)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 28, 2007 to the Simplified Prospectuses and Annual Information Forms dated June 27, 2007
Mutual Reliance Review System Receipt dated October 4, 2007
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
MD Management Limited
Promoter(s):
MD Private Trust Company
Project #1108798

Issuer Name:
Pinnacle Canadian Mid Cap Value Equity Fund
Pinnacle International Small to Mid Cap Value Equity Fund
Pinnacle American Core-Plus Bond Fund

Principal Regulator - Ontario
Type and Date:
Amendment #2 dated October 2, 2007 to the Simplified Prospectuses and Annual Information Forms dated December 20, 2006
Mutual Reliance Review System Receipt dated October 9, 2007
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Promoter(s):
Scotia Capital Inc.
Project #1018323

Issuer Name:
Uranium Star Corp.
Type and Date:
Final Prospectus dated August 28, 2007
Receipted on October 3, 2007
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1133195

Issuer Name:
VentureLink Financial Services Innovation Fund Inc .
(Class A Shares, Series III, Class A Shares, Series IV and Class A Shares , Series VI)
Type and Date:
Amendment #1 dated September 26, 2007 to the Prospectus dated August 24, 2007
Receipted on October 4, 2007
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
CFPA Sponsor Inc.
VentureLink LP
Project #1131525

Issuer Name:
Western Goldfields Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 2, 2007
Mutual Reliance Review System Receipt dated October 3, 2007
Offering Price and Description:
C$30,012,000.00 - 9,840,000 Common Shares Price: C$3.05 per Common Share
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #1161725

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Consent to Suspension (Rule 33-501 - Surrender of Registration)	Quellos Fund Services, LLC	Limited Market Dealer	October 3, 2007
Consent to Suspension (Rule 33-501 - Surrender of Registration)	Quellos Capital Management, L.P.	International Adviser (Investment Counsel and Portfolio Manager)	October 3, 2007
Consent to Suspension (Rule 33-501 - Surrender of Registration)	ING Wealth Management Inc.	Mutual Fund Dealer And Limited Market Dealer.	October 3, 2007
Consent to Suspension (Rule 33-501 - Surrender of Registration)	Opus 2 Securities Inc.	Mutual Fund Dealer	October 3, 2007
Change of Category	Excel Financial Growth Inc.	From: Mutual Fund Dealer To: Limited Market Dealer and Mutual Fund Dealer	October 4, 2007
Change of Category	Vision Capital Corporation	From: Limited Market Dealer To: Investment Counsel & Portfolio Manager & Limited Market Dealer	October 4, 2007
New Registration	Vantage Capital LP	Investment Counsel & Portfolio Manager	October 5, 2007

Type	Company	Category of Registration	Effective Date
Name Change	From: Fidelity Investments Canada Limited To: Fidelity Investments Canada ULC	Mutual Fund Dealer & Investment Counsel & Portfolio Manager & Commodity Trading Manager	September 26, 2007
New Registration	Genstar Investment Group Inc.	Limited Market Dealer	October 9, 2007

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA Issues Notice of Settlement Hearing Regarding Berkshire Investment Group Inc.

NEWS RELEASE
For immediate release

MFDA ISSUES NOTICE OF
SETTLEMENT HEARING REGARDING
BERKSHIRE INVESTMENT GROUP INC.

October 4, 2007 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") today announced that it has issued a Notice of Settlement Hearing regarding the presentation, review and considerations of a proposed settlement agreement by the Pacific Regional Council.

The settlement agreement will be between staff of the MFDA and Berkshire Investment Group Inc. and involves matters for which Berkshire Investment Group Inc. may be disciplined by the Regional Council, pursuant to MFDA By-laws.

The subject matter of the proposed settlement agreement concerns allegations that Berkshire Investment Group Inc. failed to conduct reasonable supervisory investigations of the activities of former Approved Person, Ian Gregory Thow, and to take such reasonable supervisory and disciplinary measures as would be warranted by the results of its investigations, contrary to MFDA Rules 2.5.1, 2.1.1(c) and the public interest.

The hearing is scheduled to commence at 2:00 p.m. (Vancouver) on Monday, October 22, 2007 in the Hearing Room located at the Wosk Centre for Dialogue, 580 West Hastings Street, Vancouver, British Columbia. The hearing is open to the public except as may be required for the protection of confidential matters. A copy of the Notice of Settlement Hearing is available on the MFDA website 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:
Shaun Devlin
Vice-President, Enforcement
(416) 943-4672 or sdevlin@mfda.ca

13.1.2 MFDA Hearing Panel Issues Decision and Reasons Respecting Robert Franklin Leer Settlement Hearing

NEWS RELEASE
For immediate release

MFDA HEARING PANEL ISSUES
DECISION AND REASONS RESPECTING
ROBERT FRANKLIN LEER SETTLEMENT HEARING

October 5, 2007 (Toronto, Ontario) – A Hearing Panel of the Pacific Regional Council of the Mutual Fund Dealers Association of Canada ("MFDA") has issued its Decision and Reasons in connection with the settlement hearing held in Vancouver, British Columbia on July 19, 2007 in respect of Robert Franklin Leer.

A copy of the Decision and Reasons is available on the MFDA website 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:
Shaun Devlin
Vice-President, Enforcement
(416) 943-4672 or sdevlin@mfda.ca

13.1.3 TSX Request for Comments - Security Holder Approval Requirements for Acquisitions

TORONTO STOCK EXCHANGE

REQUEST FOR COMMENTS
SECURITY HOLDER APPROVAL REQUIREMENTS FOR ACQUISITIONS

Toronto Stock Exchange ("TSX") is requesting comments on its security holder approval requirements for acquisitions (the "Request for Comments"). The Request for Comments is being published for a 60 day comment period. Comments should be in writing and delivered by December 12, 2007 to:

Deanna Dobrowsky
Legal Counsel, Market Policy and Structure
Toronto Stock Exchange
The Exchange Tower
130 King Street West
Toronto, Ontario M5X 1J2
Fax: (416) 947-4461
Email: deanna.dobrowsky@tsx.com

A copy should also be provided to:

Cindy Petlock
Manager
Market Regulation
Ontario Securities Commission
20 Queen Street West
Toronto, Ontario M5H 3S8
Fax: (416) 595-8940
Email: cpetlock@osc.gov.on.ca

Comments will be publicly available unless confidentiality is requested.

Following the comment period, TSX will determine whether to propose an amendment to its current security holder approval requirements for acquisitions, based on the comments it receives. Any proposed amendment will be published for comments, together with a summary of the comments received prior to implementation. In the event that TSX does not propose an amendment, TSX will publish a subsequent notice, together with a summary of the comments received.

Background

Prior to January 1, 2005, TSX practice for many years was to waive the requirement for security holder approval for acquisitions of public companies even where the number of securities issued or issuable in payment of the purchase price exceeded 25% of the issued and outstanding securities of the listed issuer. At that time, security holder approval was required where the number of securities issued or issuable exceeded 25% of the issued and outstanding securities of the listed issuer and were issued in exchange for assets, *"particularly if the listed company proposes to issue securities in exchange for assets which are closely held"* (formerly Section 624 prior to January 1, 2005). At that time, there was no explicit statement with respect to the waiver of security holder approval for acquisitions of public companies.

Currently, TSX requires security holder approval for the issue of securities as full or partial consideration for an acquisition where the number of securities issued or issuable in payment of the purchase price exceeds 25% of the issued and outstanding securities of the listed issuer (Subsection 611(c)). However, this requirement does not apply where the listed issuer is acquiring a public company (a reporting issuer or issuer of equivalent status having 50 or more beneficial security holders, excluding insiders and employees) (Subsection 611(d)). This exemption from security holder approval for acquisitions of public companies was formally incorporated in the TSX Company Manual (the "Manual") on January 1, 2005 in conjunction with a substantial number of other amendments to Parts V, VI and VII of the Manual. Comments were not explicitly sought on Subsection 611(d) as TSX believed that it was simply making the well established historical practice more explicit and transparent which was one of the key objectives of the amendments. The full text of Section 611 of the Manual is attached to this Request for Comments as Appendix A.

Some market participants have expressed the view that issuers should not be exempted from the requirement to obtain security holder approval for the issue of securities in an acquisition where the target is a public company and dilution for the acquiror

shares exceeds 25%. TSX is therefore soliciting public comments as to whether security holder approval requirements for the acquisition of public companies through the issue of securities should be revised.

Questions

1. Should security holder approval be required for the issue of securities as full or partial consideration for the acquisition of a public company in a transaction negotiated at arm's length where insiders receive 10% or less of the securities issued? Why?

2. If you responded affirmatively to Question 1, please comment on whether approval should be required only if the issue exceeds a certain dilution level and, if so, what constitutes an appropriate dilution level. Should Subsection 611(d) (which provides for the security holder approval exemption) simply be eliminated? Is a level of dilution other than that set out in Subsection 611(c) (which provides that security holder approval is required where the number of securities issued in payment of the purchase price for an acquisition exceeds 25% of the number of outstanding securities of the issuer) more appropriate e.g. 35% or 50%? If so, why?

3. Should factors other than voting dilution, such as the relative premium to a target company's stock price or enterprise value, be taken into consideration in determining if security holder approval is required? If so, what are the appropriate factors and why?

4. Does imposing security holder approval requirements discourage acquisitions?

5. Does the requirement for security holder approval of the acquiror make transactions more difficult to complete, particularly where a premium is being paid for the securities of the target?

6. Is this an appropriate issue for security holder approval or should the decision to make an arm's length acquisition using securities be left to the business judgement of the board of directors of the acquiror?

7. What are the possible unintended consequences of requiring security holder approval of an acquiror in a share exchange bid? Will this favour cash bids over share exchange bids? Will this result in acquirors increasing their leverage to make cash bids so as to avoid the need for security holder approval or the need to provide disclosure about the acquiror's strategy that could benefit its competitors?

8. If security holder approval is required, is approval by a majority vote of security holders the right threshold?

9. Should issuers with a smaller market capitalization be exempted from the new proposal?

Policy Considerations

Where TSX listed issuers are acquiring public companies, securities are being widely distributed and prospectus level disclosure is publicly available for the target security holders about the acquiror. Accordingly, TSX has traditionally equated the distribution of securities in the context of an acquisition to a public offering by way of prospectus, for which security holder approval is generally not required.

While both public offerings and public acquisitions through the issue of securities widely distribute securities and afford market participants prospectus level disclosure of the offering issuer, a significant difference may arise in the manner in which the distributed securities are priced. Generally, securities issued under a prospectus are priced at a relatively small discount to the market price. Other than in respect of issuers in financial difficulty, TSX experience is that public offerings are generally priced at a 5% to 10% discount to the market price. TSX experience with public acquisitions paying share consideration is that transactions are effected at a 15% to 30% premium over the target's market price. Assuming that the offeror offers stock at a 20% premium to the target's market price and if the offeror and the target's stock trade at $10, the offeror would offer 1.2 of its shares for every target share. This would result in the offeror issuing shares at a 17% discount to its market price.

$$\text{Discount (17\%)} = 1 - \left[\frac{\text{[Value of the target's share (\$10)]}}{\text{[Value of the offeror's shares (\$10) x Exchange Ratio (1.2)]}}\right] \times 100$$

However, the discounts may not be directly comparable to a prospectus offering as valuing the target may present a number of challenges.

Provided that an acquisition is negotiated at arm's length, and TSX is satisfied that there are no special benefits accruing to insiders, TSX does not review the relative price value of the consideration that is offered. Even if the target is an actively traded issuer and a market price is readily available, evaluating the true premium presents a number of challenges. Specifically, if a

target or the issuer is undervalued or overvalued in its market, the true premium and resulting economic dilution may be very difficult to determine and pose significant uncertainty as to whether security holder approval would be required if TSX were to use price premium as a factor.

Certain market participants have expressed the view that a requirement to obtain security holder approval for significant dilution is a fundamental element of good corporate governance. The debate from a governance perspective is whether security holder approval should be required because directors are unable to or cannot be relied upon to reach a decision that is in the best interests of the security holders (or the transaction is motivated by an improper purpose). They draw parallels between security acquisitions and the rules that apply to issuers on private placements, where only limited discounting is permitted on major security issuances without first obtaining security holder approval. Accordingly, they believe security holders should have an expectation that transactions that will significantly dilute their economic and voting interests will first be brought to them for approval in the form of a security holder vote after prospectus level disclosure has been provided outlining the merits and risks of the proposed transaction. This approval may also relate to other deal terms incorporated in the approval of the acquisition, such as changes related to management or the business direction of the listed issuer. As neither securities nor corporate law in Canada requires security holder approval of arm's length dilutive transactions, TSX has required security holder approval for certain dilutive acquisitions (other than acquisitions of public companies), private placements and security based compensation arrangements, such as stock option plans. Many of the changes to the Manual made effective in 2005 relate to providing listed issuers with more flexibility in structuring their deals, provided that security holder approval is obtained in specific transactions.

While it may be argued that security holders that oppose an acquisition may simply sell their securities in the market, there are several potential difficulties with this argument. The announcement of the acquisition may have resulted in a decrease in the offeror's market price resulting in an economic loss for the security holder. In addition, if the security holder holds a significant interest in the offeror, a significant price discount may be necessary in order to liquidate the block. The security holder may have further difficulties selling the securities if the securities are not liquid.

Under corporate laws in Canada, directors have a fiduciary duty to act in the best interests of the corporation. Some may argue that the directors' decision should not be subject to a security holder approval because the directors are in a better position to make a decision, having access to information such as the corporation's strategy, prospects, risks (some of which may not be publicly available information), and access to professional advisors. The significance of a director's fiduciary duty should not be underestimated, particularly in this era of enhanced scrutiny of directors' obligations. Security holders have no such fiduciary duties and may have a variety of interests which may not be consistent with the best interests of the corporation.

Where security holders believe that a board was acting improperly or in breach of its fiduciary duties with respect to an acquisition, the security holder may pursue remedies in court under corporate law by means of a derivative or oppressive action. However, in order to proceed with such an action, the security holders would need to have sufficient economic resources to fund the action and absorb the costs if the action fails. While a class action may be possible, the proceedings may have many procedural challenges.

Some market participants believe that it may be difficult to provide information to security holders to permit them to make an informed decision and that such decisions are best left with the board. They also believe that security holder approval may reduce an issuer's ability to make acquisitions. In a competitive takeover bid situation, the requirement for security holder approval may disadvantage a TSX listed issuer competing with another issuer that is not subject to a security holder approval requirement. A security holder approval requirement may not exist for a competing offeror for a number of reasons, including the following: (i) the competing offeror is not a listed issuer; (ii) some foreign exchanges do not require security holder approval for such transactions (see below "Other Exchange Requirements"); or (iii) the issuer may be more mature in terms of both size and ability to offer cash rather than securities, meaning that even if the competing offeror were listed on an exchange that required security holder approval, it may not trigger such requirement due to the competing offeror's size or ability to offer cash.

Resource issuers represent approximately 30% of TSX listed issuers by number[1]. These issuers tend to be active in mergers and acquisitions ("M&A"), frequently offering securities as consideration because they do not have the available resources to offer cash. These issuers generally complete more dilutive transactions, simply due to their smaller size. In addition, larger producing resource issuers may prefer to preserve cash for exploration and development expenditures by offering securities for an acquisition. Accordingly, a security holder approval requirement may disproportionately affect resource issuers and issuers with smaller market capitalizations. During the first half of 2007, there were 16 acquisitions completed in reliance of Subsection 611(d), of which 75% were completed by resource issuers in the mining or oil & gas sectors. The median market cap size of the offerors was $501.5 million. Attached as Appendix C is a graph of the number of resource issuers listed on comparative exchanges.

Certain market participants have argued that they rely upon the available relief in structuring their transactions. M&A advisors, for example, have argued that the absence of security holder approval may be taken into account during negotiations, factored into deal certainty and ultimately may impact the consideration which is paid. These market participants have argued that a

[1] As at June 30, 2007.

requirement for security holder approval may ultimately result in more expensive acquisitions and may discourage such transactions, particularly where the acquiror is required to offer a premium to the market price of a target's securities. While some TSX listed issuers have voluntarily sought security holder approval for these transactions, these issuers are clearly in the minority with most issuers relying on Subsection 611(d). Readers should take note that advisor's roles include creating deal certainty and that a lack of a requirement for security holder approval aids in that role. Furthermore, some advisors fees are contingent upon consummation of these deals and may therefore be economically incentivized to argue against a requirement for security holder approval, without regard for the security holders best interest.

Other Exchange Requirements

TSX has reviewed other published exchange requirements as well as the applicable corporate law regimes that generally apply to issuers listed on those exchanges, and where possible sought verification of its interpretation of these requirements. This review included the following exchanges: Alternative Investment Market ("AIM"), American Stock Exchange ("AMEX"), Australian Securities Exchange ("ASX"), EuroNex/OMX ("EuroNex"), Johannesburg Stock Exchange ("JSE"), London Stock Exchange ("LSE"), NASDAQ National Market ("NASDAQ"), New York Stock Exchange ("NYSE"), Stock Exchange of Hong Kong ("HKSE") and TSX Venture Exchange. These exchanges were selected either because of geographical proximity, the number of interlisted issuers and/or the similar nature of listed issuers.

The relevant extracts of these rules are attached to this Request for Comments as Appendix B. The following is a summary overview of other exchange requirements and should be considered together with the extracts of the rules attached in Appendix B.

Exchange	Requirement
AIM	No requirement for security holder approval for arm's length acquisitions, other than in connection with reverse takeovers. However, corporate laws that apply to the issuer must be followed, many of which in European countries require security holder approval for significant dilution.
AMEX	Security holder approval is required for the issuance or potential issuance of common stock that could result in an increase in outstanding common shares of 20% or more.
ASX	Provides an exemption from security holder approval equivalent to TSX relief. Security holder approval is required for acquisitions resulting in more than 15% dilution, but there is an exemption for schemes of arrangement (similar to Canadian plans of arrangement) and off market bids (similar to Canadian takeover bids) which are completed in accordance with the Australian Corporations Act.
EuroNext / OMX	No exchange requirement for security holder approval for dilutive acquisitions provided there is compliance with corporate requirements. European corporate law generally requires shareholder approval for dilution above a certain level if the shares are not offered to existing shareholders. For example, under French corporate law, shareholder approval is required for dilution of more than 10% where the shares are not issued first to existing shareholders.
JSE	Security holder approval is required for a transaction exceeding 30% dilution (measuring market cap, equity dilution and cash consideration).
LSE	Security holder approval is required for a transaction exceeding 25% dilution.
NASDAQ	Security holder approval is required for the issuance of stock where the issuance will have upon issuance voting power equal to or in excess of 20% of the voting power outstanding before the issuance.
NYSE	Security holder approval is required for the issuance of stock where the issuance will have upon issuance voting power equal to or in excess of 20% of the voting power outstanding before the issuance.
HKSE	Security holder approval is required for a transaction exceeding 50% dilution (measuring assets, profits, revenue, consideration or nominal value).

Exchange	Requirement
TSX	Security holder approval is required for acquisitions resulting in more than 25% dilution, but there is an exemption for the acquisition of public companies.
TSX Venture	No requirement for security holder approval for arm's length acquisitions, other than in connection with a change of control, reverse takeover or change of business.

Exchange Comparative Analysis

The U.S. exchanges require security holder approval for acquisitions through the issue of securities resulting in voting dilution exceeding 20%. Due to Canada's geographical proximity to the U.S., the regulatory framework of TSX is often compared to those of the U.S. exchanges. However, some consideration should be given to the profile of Canadian issuers while making this comparison. For example, the median market capitalisation of an issuer listed on TSX is $144 million compared to $1.4 billion on NYSE[2]. The U.S. exchanges may generally be characterized as listing larger, more mature issuers that have access to abundant cash flow or sources of credit to complete acquisitions on a cash basis. Comparatively, Canadian issuers tend to be more growth oriented issuers, frequently active in M&A to secure their growth.

Canadian capital markets generally cater to small to medium size enterprises ("SMEs"). Generally, TSX views SMEs as issuers with a market capitalization of $500 million or less. This metric is provided as an indication of the importance of these issuers to Canadian capital markets. Canadian issuers tend to access the public equity market at an earlier stage in company growth than is the norm in the U.S. capital markets. Where private equity usually still plays an important role in supporting the growth of smaller companies, public capital is already a viable option for SMEs in Canada.

AIM and ASX are principally SME capital markets. The U.S. capital market, comprised in large part by NYSE and NASDAQ listed issuers, is comparatively more of a large issuer capital market. Attached as Appendix D is a comparison of the size distribution of TSX, TSX Venture, NYSE, NASDAQ, AIM and ASX listed issuers.

Despite the difference in market capitalization size, the geographical proximity to the U.S. and the number of interlisted issuers on TSX and a U.S. exchange should also be a consideration for commentors. There are 212 issuers listed on both TSX and a U.S. exchange representing 13% of all listed issuers on TSX. [3] Given the geographical proximity and the number of interlisted issuers, there are a significant number of U.S. investors in TSX listed issuers who may expect TSX's requirements to be similar or identical to those of the U.S. exchanges. However, it should be noted that in the case of interlisted companies, the U.S. exchanges generally defer to the market requirements of the issuer's jurisdiction of incorporation. In addition, with increasing participation by international investors, there may be an expectation based on home country requirements for security holder approval requirements by TSX for dilutive acquisitions.

TSX has also reviewed the regulatory framework of exchanges such as the ASX, AIM, JSE and HKSE because these exchanges have more SME issuers listed than the U.S. exchanges, and/or more resource issuers listed. Based upon our review of the publicly available requirements and our understanding of the application of these requirements, ASX provides a similar exemption to that of TSX for the acquisition of public companies. AIM does not appear to have specific security holder approval requirements for the acquisition of public companies, other than for reverse take-overs. The JSE and HKSE require security holder approval for transactions exceeding 30% and 50% dilution, respectively. These exchanges notably tend to have more SME issuers than the U.S. exchanges and have a requirement which permits more dilutive transactions before requiring security holder approval.

In summary, our review of other exchanges indicates that the majority of other exchanges (or the corporate law in the jurisdiction in which each exchange is domiciled) require some form of security holder approval for dilutive acquisitions. However, some exchanges catering to SMEs either do not have rules that impose a security holder approval requirement over and above the corporate law requirements applicable to issuers (ASX and AIM) or permit more dilution than the U.S. exchanges before security holder approval is required (JSE and HKSE)

Public Interest

TSX is publishing the Request for Comments for a 60 day period, which expires December 12, 2007. TSX believes that it is important for its key stakeholders to have an opportunity to review any proposed amendments prior to their implementation.

Following the comment period, TSX will determine whether to propose an amendment to its current security holder approval requirements for acquisitions, based on the comments it receives. Any proposed amendment will be published for comments, together with a summary of the comments received prior to implementation. In the event that TSX does not propose an amendment, TSX will publish a subsequent notice, together with a summary of the comments received.

[2] As at June 30, 2007.
[3] As at June 30, 2007.

APPENDIX A
Section 611 of the Toronto Stock Exchange Company Manual

Sec. 611. Acquisitions.

(a) Where a listed issuer proposes to issue securities as full or partial consideration for property (which may include securities or assets) purchased from an insider of the listed issuer, TSX may require that documentation such as an independent valuation or engineer's report be provided.

(b) Security holder approval will be required in those instances where the number of securities issued or issuable to insiders as a group in payment of the purchase price for an acquisition exceeds 10% of the number of securities of the listed issuer which are outstanding on a nondiluted basis, prior to the date of closing of the transaction. Insiders receiving securities pursuant to the transaction are not eligible to vote their securities in respect of such approval.

(c) Subject to Subsection 611(d), security holder approval will be required in those instances where the number of securities issued or issuable in payment of the purchase price for an acquisition exceeds 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis.

(d) Subject to Sections 603 and 604 and to Subsection 611(b), TSX will not require security holder approval where a reporting issuer (or equivalent status) having 50 or more beneficial security holders, excluding insiders and employees, is acquired by the listed issuer.

(e) Where an acquisition by a listed issuer includes the assumption of security based compensation arrangements of a target issuer, securities issuable under such arrangements will be included in the securities issued or issuable for the purposes of the security holder approval requirement in Subsection 611(c). For the purpose of this Section 611, the assumption of security based compensation arrangements includes a direct assumption of a security based compensation arrangement as well as the cancellation of security based compensation arrangements in the target issuer and their replacement with arrangements in the listed issuer.

(f) Where an acquisition by a listed issuer includes the assumption of security based compensation arrangements of a target issuer, securities issuable under such arrangements are not subject to Subsection 613(a) if the number of assumed securities (and their exercise or subscription price, if applicable) is adjusted in accordance with the price per acquired security payable by the listed issuer.

(g) In calculating the number of securities issued or issuable in payment of the purchase price for an acquisition, any securities issued or issuable upon a concurrent private placement upon which the acquisition is contingent or otherwise linked will be included.

APPENDIX B
Other Exchange Requirements

Alternative Investment Market

Disclosure of corporate transactions

Substantial transactions

12. A substantial transaction is one which exceeds 10% in any of the **class tests**. It includes any transaction by a subsidiary of the **AIM company** but excludes any transactions of a revenue nature in the ordinary course of business and transactions to raise finance which do not involve a change in the fixed assets of the **AIM company** or its subsidiaries.

An **AIM company** must issue **notification** without delay as soon as the terms of any substantial transaction are agreed, disclosing the information specified by Schedule Four.

Schedule Four

In respect of transactions which require notifications pursuant to rules 12, 13, 14 and 15 an **AIM company** must **notify** the following information:

(a) particulars of the transaction, including the name of any company or business, where relevant;

(b) a description of the business carried on by, or using, the assets which are the subject of the transaction;

(c) the profits attributable to those assets;

(d) the value of those assets;

(e) the full consideration and how it is being satisfied;

(f) the effect on the **AIM company**;

(g) details of any service contracts of its proposed **directors**;

(h) in the case of a disposal, the application of the sale proceeds;

(i) in the case of a disposal, if shares or other securities are to form part of the consideration received, a statement whether such securities are to be sold or retained; and

(j) any other information necessary to enable investors to evaluate the effect of the transaction upon the **AIM company**.

American Stock Exchange

SHAREHOLDERS' APPROVAL (§§710-713)

Sec. 712. ACQUISITIONS

Approval of shareholders is required in accordance with §705 as a prerequisite to approval of applications to list additional shares to be issued as sole or partial consideration for an acquisition of the stock or assets of another company in the following circumstances:

(a) if any individual director, officer or substantial shareholder of the listed company has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly or indirectly, in the company or assets to be acquired or in the consideration to be paid in the transaction and the present or potential issuance of common stock, or securities convertible into common stock, could result in an increase in outstanding common shares of 5% or more; or

(b) where the present or potential issuance of common stock, or securities convertible into common stock, could result in an increase in outstanding common shares of 20% or more.

NOTE: A series of closely related transactions may be regarded as one transaction for the purpose of this policy. Companies engaged in merger or acquisition discussions must be particularly mindful of the Exchange's timely disclosure policies. In view of

possible market sensitivity and the importance of providing investors with sufficient information relative to an intended merger or acquisition, listed company representatives are strongly urged to consult with the Exchange in advance of such disclosure.

Amended
November 25, 2002 (Amex-2002-87).

Australian Securities Exchange

New issues

Issues exceeding 15% of capital

Without the approval of holders of +ordinary securities, an entity must not issue or agree to issue more +equity securities than the number calculated according to the following formula.

(A x B) – C

A= The number of fully paid +ordinary securities on issue 12 months before the date of issue or agreement,
plus the number of fully paid +ordinary securities issued in the 12 months under an exception in rule 7.2,
plus the number of party paid +ordinary securities that became fully paid in the 12 months,
plus the number of fully paid +ordinary securities issued in the 12 months with approval of holders of +ordinary securities under this rule,
less the number of fully paid +ordinary securities cancelled in the 12 months.

B= 15%

C= The number of +equity securities issued or agreed to be issued in the 12 months before the date of issue or agreement to issue *but not* under an exception in rule 7.2 or with approval under this rule.

…
Exceptions to rule 7.1
…
Rule 7.1 does not apply in any of the following cases.
…
Exception 5 An issue under an off-market bid that is required to comply with the Corporations Act or under a merger by way of scheme of arrangement under Part 5.1 of the Corporations Act.

EuroNext/OMX

The listing rules did not appear to contain specific requirements for security holder approval, however, our understanding is that many European corporate statutes provide for security holder approval of dilutive transactions where pre-emptive rights are not provided.

Johannesburg Stock Exchange

Categorization and explanation of terms

Any issuer considering a transaction must, at an early stage, consider the categorization of the transaction.

9.4 A transaction is categorized by assessing its size relative to that of the issuer proposing to make it and the listed holding company of such issuer, if applicable.

9.5 The comparison of size is made by the use of the percentage ratios set out in paragraph 9.6. The different categories of transactions are:

(a) Category 3 – a transaction where any percentage ratio is 5% or more but each is less than 20%;

(b) Category 2 – a transaction where any percentage ratio is 20% or more but each is less than 30%;

(c) Category 1 – a transaction where any percentage ratio is 30% or more, or if the total consideration is not subject to any maximum; and

(d) Reverse take-over – an acquisition by a listed company of a business, an unlisted company or assets where any percentage ratio is 100% or more, or which would result in a fundamental change in the business, or in a change in board or voting control (refer to definitions of "control" and "controlling shareholder") of the listed company, in which case this will be considered a new listing.

Percentage ratios

The percentage ratios are the figures, expressed as a percentage, resulting from each of the following calculations:

(a) consideration to market capitalization, being:

The consideration divided by the aggregate market value of all the listed equity securities, excluding treasury securities held in terms of the Act and shares held in terms of schedule 14.13,* of the listed company; or

(b) dilution, being:

the number of listed equity securities issued by a listed company as consideration for an acquisition compared to those in issue, excluding treasury securities held in terms of the Act and shares held in terms of schedule 14.13, * prior to the transaction; or

(c) transactions to be settled partly in cash and partly in shares:

the category size for such transaction is to be calculated by first assessing the cash to market capitalization percentage and then adding this percentage to the dilution percentage.

*The calculation showing all categorization workings, including the exclusion of treasury securities and shares held in terms of schedule 14.13, must be supplied to the JSE at the time of submission of the announcement and circular for approval.

…

Category 1 Requirements

9.22 In the case of a Category 1 transaction, the issuer must comply with paragraphs 9.20 and 9.21 (the Category 2 requirements). In addition, the company must obtain the approval of its shareholders in general meeting, and any agreement effecting the transaction must be conditional upon such approval being obtained and the circular should include a statement giving the directors' recommendation as to how shareholders should vote at the general meeting to approve the transaction and an indication as to how the directors intend to vote their shares, if applicable, at the general meeting.

9.23 In addition, if the Category 1 transaction results in an issue of securities that, together with any other securities of the same class issued during the previous 3 months, would increase the securities issued by more than 30%, then the issuer must include in the Category 1 circular the information required to be disclosed for a pre-listing statement.

London Stock Exchange

Classifying transactions

A transaction is classified by assessing its size relative to that of the *listed company* proposing to make it. The comparison of size is made by using the *percentage ratios* resulting from applying the *class test* calculations to a transaction. The *class tests* are set out in LR 10 Annex 1 (and modified or added to for specialist companies under LR 10.7).

LR 10.2.2

Except as otherwise provided in this chapter, transactions are classified as follows:

(1) *Class 3 transaction*: a transaction where all *percentage ratios* are less than 5%;

(2) *Class 2 transaction*: a transaction where any *percentage ratio* is 5% or more but each is less than 25%;

(3) *Class 1 transaction*: a transaction where any *percentage ratio* is 25% or more; and

(4) *Reverse takeover*: a transaction consisting of an acquisition by a *listed company* of a business, an unlisted *company* or assets where any *percentage ratio* is 100% or more or which would result in a fundamental change in the business or in a change in board or voting control of the *listed company*.

LR 10.5 Class 1 requirements

Notification and shareholder approval

A *listed company* must, in relation to a *class 1 transaction*:

(1) comply with the requirements of LR 10.4 (Class 2 requirements) for the transaction;

(2) send an explanatory *circular* to its shareholders and obtain their prior approval in a general meeting for the transaction; and

(3) ensure that any agreement effecting the transaction is conditional on that approval being obtained.

Note: LR 13 sets out requirements for the content and approval of *class 1 circulars*.

NASDAQ National Market

4350. Qualitative Listing Requirements for Nasdaq Issuers Except for Limited Partnerships

…

(i) Shareholder Approval

(1) Each issuer shall require shareholder approval or prior to the issuance of securities under subparagraph (A), (B), (C), or (D) below:

…

(D) in connection with a transaction other than a public offering involving:

(i) the sale, issuance or potential issuance by the issuer of common stock (or securities convertible into or exercisable for common stock) at a price less than the greater of book or market value which together with sales by officers, directors or substantial shareholders of the company equals 20% or more of common stock or 20% or more of the voting power outstanding before the issuance; or

(ii) the sale, issuance or potential issuance by the company of common stock (or securities convertible into or exercisable common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock.

New York Stock Exchange

Last Modified: 05/22/2007

312.00 Shareholder Approval Policy

312.03 Shareholder Approval

Shareholder approval is a prerequisite to issuing securities in the following situations:

(c) Shareholder approval is required prior to the issuance of common stock, or of securities convertible into or exercisable for common stock, in any transaction or series of related transactions if:

(1) the common stock has, or will have upon issuance, voting power equal to or in excess of 20 percent of the voting power outstanding before the issuance of such stock or of securities convertible into or exercisable for common stock; or

(2) the number of shares of common stock to be issued is, or will be upon issuance, equal to or in excess of 20 percent of the number of shares of common stock outstanding before the issuance of the common stock or of securities convertible into or exercisable for common stock. However, shareholder approval will not be required for any such issuance involving:

- any public offering for cash;
- any bona fide private financing, if such financing involves a sale of:

- common stock, for cash, at a price at least as great as each of the book and market value of the issuer's common stock; or

- securities convertible into or exercisable for common stock, for cash, if the conversion or exercise price is at least as great as each of the book and market value of the issuer's common stock.

(d) Shareholder approval is required prior to an issuance that will result in a change of control of the issuer

Stock Exchange of Hong Kong Limited

Major Transactions

14.09 A major transaction is any acquisition or realisation of assets (including securities) by a listed issuer or any of its subsidiaries where:—

(1) the value of the assets being acquired or realised represents 50 per cent. or more of the assets or consolidated assets, as the case may be, of the acquiring or realising group; or

(2) the net profit (after deducting all charges except taxation and excluding extraordinary items) attributable to the assets being acquired or realised as disclosed in the latest published audited accounts represents 50 per cent. or more of such net profit of the acquiring or realising group. In the case of a bank which is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance the net profit shall be taken as the profit (after taxation and after transfers to and from inner reserves) as disclosed in the latest published audited accounts or consolidated accounts (as appropriate) of the bank; or

(3) the aggregate value of the consideration given or received represents 50 per cent. or more of the assets or consolidated assets, as the case may be, of the acquiring or realising group; or

(4) the value of the equity capital issued as consideration by the acquiring issuer represents 50 per cent. or more of the value of the equity capital previously in issue.

Where the relative figures on the bases set out in sub-paragraphs (1), (3) and (4) are below the relevant percentages but the relative figure on the basis set out in sub-paragraph (2) is above the relevant threshold, the Exchange may be prepared to disregard the net profits test set out in sub-paragraph (2) if the issuer can clearly demonstrate that the comparison is affected by exceptional factors without which the comparison would have produced a result below the percentage.

14.10 A major transaction must be made conditional on approval by shareholders. Such approval may be obtained either by convening a general meeting of the issuer or by means of the written approval of the transaction by a shareholder who holds or shareholders who together hold more than 50 per cent. in nominal value of the securities giving the right to attend and vote at such general meeting. The Exchange will normally require that any shareholder shall abstain from voting at that general meeting and will not accept the written approval of any such shareholder if such shareholder has a material interest in the transaction. In that event, a statement that such shareholder will not vote must be included in the circular to shareholders.

Note: Where the Exchange permits a written certificate of shareholders' approval to be given in lieu of a resolution passed at a shareholders' meeting, the certificate must be signed by a single shareholder or a closely allied group of shareholders.

14.11 A major transaction is also a discloseable transaction and the relevant requirements of rules 14.12 to 14.19 inclusive apply. The provisions of rule 14.35 may also be relevant.

	Notification to the Exchange	Announcement	Circular to Shareholders	Shareholders' Approval	Accountants' Report
Share transaction	Yes	Yes	No	No (Note 1)	No
Discloseable transaction	Yes	Yes	Yes	No	No
Major transaction	Yes	Yes	Yes	Yes (Note 2)	Yes(Note 3)
Very substantial disposal	Yes	Yes	Yes	Yes (Note 2)	Yes (Note 5)
Very substantial acquisition	Yes	Yes	Yes	Yes (Note 2)	Yes (Note 4)
Reverse takeover	Yes	Yes	Yes	Yes (Notes 2&6)	Yes (Note 4)

Main Board companies are required to publish the announcement in the news papers. GEM companies are only required to post the announcement on our GEM website.

Note 1: No shareholders' approval is necessary if the consideration shares are issued under a general mandate.

Note 2: Any shareholder and his associates must abstain from voting if such shareholder has a material interest in the transaction.

Note 3: For acquisitions of businesses and/or companies only. The accountants' report is for the three preceding financial years on the business, company or companies being acquired.

Note 4: An accountants' report for the three preceding financial years on any business, company or companies being acquired is required.

Note 5: An accountants' report on the listed issuer's group is required.

Note 6: Approval of the Exchange is necessary.

TSX Venture Exchange

POLICY 5.3 ACQUISITIONS AND DISPOSITIONS OF NON-CASH ASSETS
(as at June 29, 2004)

7.4 Shareholder Approval

(a) The Exchange can require Shareholder approval if it considers it necessary or advisable. The Exchange generally considers Shareholder approval to be necessary for:

(i) any transaction which results in the creation of a new Control Person;

(ii) any acquisition which together with any concurrent or related transactions results in the issuance of more than 10% of the outstanding Listed Shares (calculated before the acquisition and the concurrent transaction) where Non Arms Length Parties have a 20% or greater interest in the asset, property or business to be acquired;

(iii) any acquisition which together with any concurrent or related transactions results in the issuance of more than 20% of the outstanding Listed Shares (calculated before the acquisition and the concurrent transaction) where Non Arms Length Parties have any interest in the asset, property or business to be acquired;

(iv) any Reviewable Disposition which is a sale of more than 50% of the Issuer's assets, business or undertaking; or

(v) if requested by the Exchange, a transaction for which the consideration to be paid exceeds the Exchange's vendor consideration guidelines set out in Policy 5.4—*Escrow, Vendor Consideration and Resale Restrictions*.

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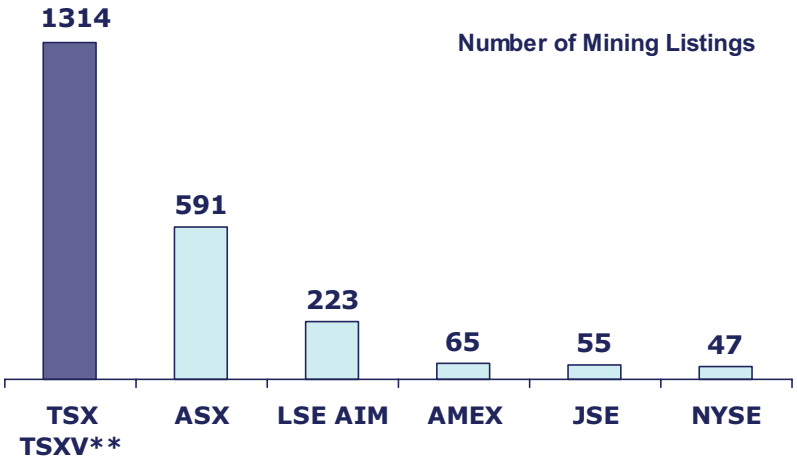
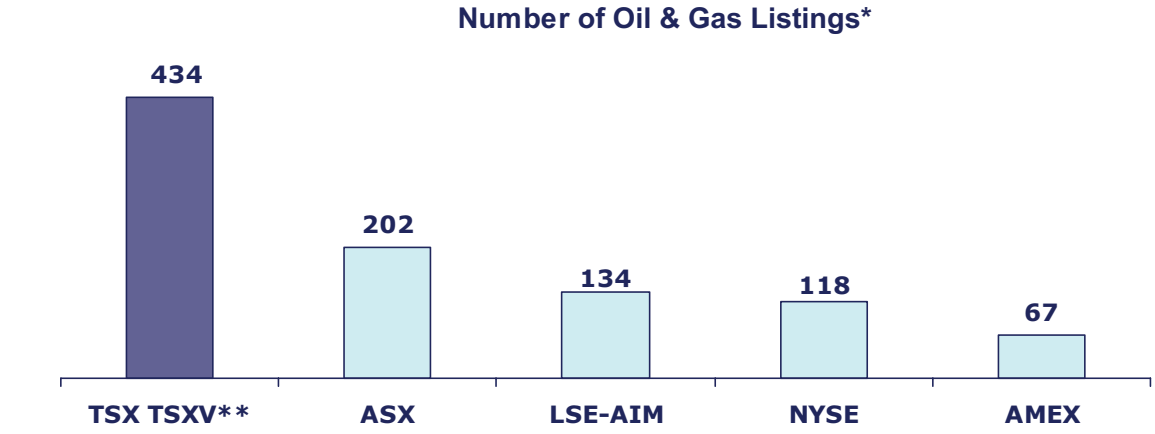
Appendix C
Resource Listed Companies
TSX-TSX Venture, NYSE, LSE-AIM & ASX



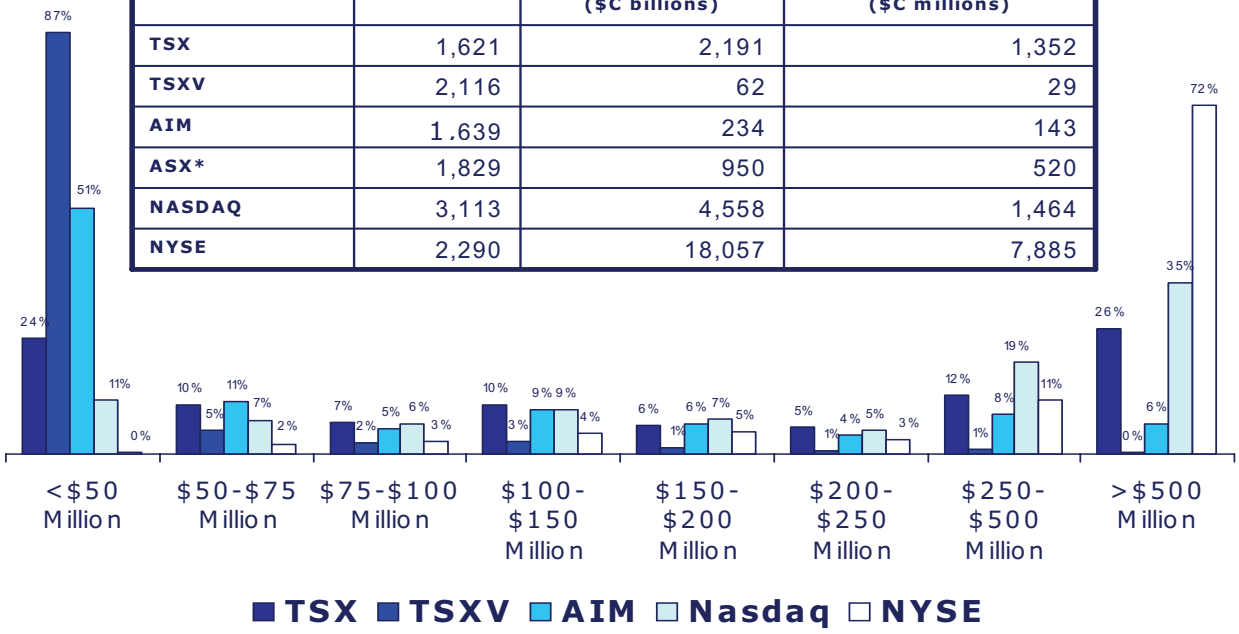


For YTD June 30, 2007
Source: TSX Group analysis of company reporting
*Includes Energy Trusts
**Includes RTOs and QTs on TSXV

Appendix D
Size Distribution of Listed Companies
TSX, TSX Venture, NYSE, NASDAQ AIM and ASX

Size Distribution of Listed Companies by Exchange

Market	Number of Issuers	Aggregate Market Capitalisation ($C billions)	Average Market Capitalisation per issuer ($C millions)
TSX	1,621	2,191	1,352
TSXV	2,116	62	29
AIM	1,639	234	143
ASX*	1,829	950	520
NASDAQ	3,113	4,558	1,464
NYSE	2,290	18,057	7,885



As at May 31, 2007. Includes all issuers, including investment funds and ETFs
*ASX data as at December 31, 2006. Size distribution of listed companies is not available.

Chapter 25

Other Information

25.1 Approvals

25.1.1 Sprott Asset Management Inc. - s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with no prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be established and managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

September 28, 2007

McCarthy Tétrault LP
Box 48, Suite 4700
Toronto Dominion Bank Tower
Toronto, ON
M5K 1E6

Attention: Sean D. Sadler

Dear Sirs/Mesdames:

Re: Sprott Asset Management Inc. (the "Applicant")
Application pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) for approval to act as Trustee
Application No. 2007/0602

Further to your application dated July 20, 2007 (the "Application"), filed on behalf of the Applicant, and based on the facts set out in the Application and the representations by the Applicant that the assets of Sprott Bull/Bear RSP Fund and Sprott Opportunities RSP Fund and such other funds as the Applicant may establish from time to time will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction or a bank listed in Schedule I, II or III of the Bank Act (Canada) or an affiliate of such bank or trust company, the Ontario Securities Commission (the Commission) makes the following order:

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario), the Commission approves the proposal that the Applicant act as trustee of Sprott Bull/Bear RSP Fund and Sprott Opportunities RSP Fund and such other funds as the Applicant may establish from time to time, the securities of which will be offered pursuant to a prospectus exemption.

Yours truly,

"Kevin J. Kelly"

"Suresh Thakrar"

25.1.2 Red Barn Capital Inc. - s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with no prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be established and managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited:

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

September 28, 2007

Baldwin Anka Sennecke Halman LLP
Suite 900, 25 Adelaide Street East
Toronto, Ontario M5C 3A1

Attention: Mati E. Pajo

Dear Sirs/Mesdames:

Re: Red Barn Capital Inc. (the "Applicant")
Application pursuant to clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario) for approval to act as trustee
Our File No. 2007/0630

Further to your application dated August 1, 2007 (the "Application") filed on behalf of the Applicant, and based on the facts set out in the Application, and the representation by the Applicant that the assets of one or more mutual fund trusts (the “Funds”) to be established and managed by the Applicant from time to time will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction or a bank listed in Schedule I, II or III of the *Bank Act* (Canada) or an affiliate of such bank or trust company, the Ontario Securities Commission (the "Commission") makes the following order:

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of the Funds that may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to a prospectus exemption.

Yours truly,

“Kevin J. Kelly”

“Suresh Thakrar”

Index

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