The Ontario Securities Commission

OSC Bulletin

February 1, 2008

Volume 31, Issue 5

(2008), 31 OSCB

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

Published under the authority of the Commission by:
Carswell
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

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

Contact Centre - Inquiries, Complaints:	Fax: 416-593-8122
Market Regulation Branch:	Fax: 416-595-8940
Compliance and Registrant Regulation Branch	
- Compliance:	Fax: 416-593-8240
- Registrant Regulation:	Fax: 416-593-8283
Corporate Finance Branch	
- Team 1:	Fax: 416-593-8244
- Team 2:	Fax: 416-593-3683
- Team 3:	Fax: 416-593-8252
- Insider Reporting:	Fax: 416-593-3666
- Mergers and Acquisitions:	Fax: 416-593-8177
Enforcement Branch:	Fax: 416-593-8321
Executive Offices:	Fax: 416-593-8241
General Counsel's Office:	Fax: 416-593-3681
Office of the Secretary:	Fax: 416-593-2318

The OSC Bulletin is published weekly by Carswell, under the authority of the Ontario Securities Commission.

Subscriptions are available from Carswell at the price of $549 per year.

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	$175
Outside North America	$400

Single issues of the printed Bulletin are available at $20 per copy as long as supplies are available.

Carswell also offers every issue of the Bulletin, from 1994 onwards, fully searchable on *SecuritiesSource*™, Canada's pre-eminent web-based securities resource. *SecuritiesSource*™ also features comprehensive securities legislation, expert analysis, precedents and a weekly Newsletter. For more information on *SecuritiesSource*™, as well as ordering information, please go to:

http://www.westlawecarswell.com/SecuritiesSource/News/default.htm

or call Carswell Customer Relations at 1-800-387-5164 (416-609-3800 Toronto & Outside of Canada).

Claims from *bona fide* subscribers for missing issues will be honoured by Carswell up to one month from publication date.

Space is available in the Ontario Securities Commission Bulletin for advertisements. The publisher will accept advertising aimed at the securities industry or financial community in Canada. Advertisements are limited to tombstone announcements and professional business card announcements by members of, and suppliers to, the financial services industry.

ISSN 0226-9325
Except Chapter 7 ©CDS INC.

One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
World wide Web: http://www.carswell.com
Email: carswell.orders@thomson.com

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

FEBRUARY 01, 2008

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

Telephone: 416-597-0681 Telecopier: 416-593-8348

CDS **TDX 76**

Late Mail depository on the 19th Floor until 6:00 p.m.

- -

THE COMMISSIONERS

W. David Wilson, Chair	—	WDW
James E. A. Turner, Vice Chair	—	JEAT
Lawrence E. Ritchie, Vice Chair	—	LER
Paul K. Bates	—	PKB
Harold P. Hands	—	HPH
Margot C. Howard	—	MCH
Kevin J. Kelly	—	KJK
David L. Knight, FCA	—	DLK
Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP
Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

February 13, 2008	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun**
10:00 a.m.	s. 127
	M. Mackewn in attendance for Staff
	Panel: RLS/ST
February 15, 2008	**Land Banc of Canada Inc., LBC Midland I Corporation, Fresno Securities Inc., Richard Jason**
10:00 a.m.	**Dolan, Marco Lorenti and Stephen Zeff Freedman**
	s. 127
	H. Craig in attendance for Staff
	Panel: PJL/ST
February 19, 2008	**Jose Castaneda**
	s. 127 and 127.1
2:30 p.m.	H. Craig in attendance for Staff
	Panel: WSW/ST
February 22, 2008	**Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael**
10:00 a.m.	**Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony**
	s. 127 and 127.1
	H. Craig in attendance for Staff
	Panel: JEAT
February 26, 2008	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward**
10:00 a.m.	**Emmons and Ivan Cavric**
	s. 127 & 127(1)
	D. Ferris in attendance for Staff
	Panel: TBA

February 27, 2008 10:00 a.m.	**John Alexander Cornwall, Kathryn A. Cook, David Simpson, Jerome Stanislaus Xavier, CGC Financial Services Inc. and First Financial Services** s. 127 and 127.1 S. Horgan in attendance for Staff Panel: RLS/DLK/MCH
March 4, 2008 2:30 p.m.	**Sunwide Finance Inc., Sun Wide Group, Sun Wide Group Financial Insurers & Underwriters, Wi-Fi Framework Corporation, Bryan Bowles, Steven Johnson, Frank R. Kaplan and George Sutton** s. 127 C. Price in attendance for Staff Panel: JEAT/MCH
March 5, 2008 10:00 a.m.	**Swift Trade Inc. and Peter Beck** s. 127 S. Horgan in attendance for Staff Panel: JEAT
March 25, 2008 10:00 a.m.	**Xi Biofuels Inc., Biomaxx Systems Inc., Ronald David Crowe and Vernon P. Smith** s. 127 M. Vaillancourt in attendance for Staff Panel: JEAT
March 25, 2008 10:00 a.m.	**Xiiva Holdings Inc. carrying on Business as Xiiva Holdings Inc., Xi Energy Company, Xi Energy and Xi Biofuels** s. 127(1) & 127(5) M. Vaillancourt in attendance for Staff Panel: JEAT
March 28, 2008 10:00 a.m.	**Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson** s.127 J. Superina in attendance for Staff Panel: LER/MCH
March 28, 2008 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
March 28, 2008 11:00 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/CSP
March 31, 2008 10:00 a.m.	**Rex Diamond Mining Corporation, Serge Muller and Benoit Holemans** s. 127 & 127(1) J. Corelli in attendance for Staff Panel: WSW/DLK/KJK
March 31, 2008 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: TBA

March 31, 2008
2:00 p.m.
Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman

s. 127(7) and 127(8)

M. Boswell in attendance for Staff

Panel: JEAT

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: WSW/DLK

May 27, 2008
2:30 p.m.
Borealis International Inc., Synergy Group (2000) Inc., Integrated Business Concepts Inc., Canavista Corporate Services Inc., Canavista Financial Center Inc., Shane Smith, Andrew Lloyd, Paul Lloyd, Vince Villanti, Larry Haliday, Jean Breau, Joy Statham, David Prentice, Len Zielke, John Stephan, Ray Murphy, Alexander Poole, Derek Grigor and Earl Switenky

s. 127 and 127.1

Y. Chisholm in attendance for Staff

Panel: WSW/DLK

June 24, 2008
2:30 p.m.
David Watson, Nathan Rogers, Amy Giles, John Sparrow, Leasesmart, Inc., Advanced Growing Systems, Inc., The Bighub.com, Inc., Pharm Control Ltd., 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: TBA

July 14, 2008
10:00 a.m.
Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin

s. 127

H. Craig in attendance for Staff

Panel: TBA

November 3, 2008
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: 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
TBA	**Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels**
	s. 127 and 127.1
	D. Ferris in attendance for Staff
	Panel: JEAT/ST
TBA	**Stanton De Freitas**
	s. 127 and 127.1
	P. Foy in attendance for Staff
	Panel: JEAT/ST

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

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

Global Partners Capital, WS Net Solution, Inc., Hau Wai Cheung, Christine Pan, Gurdip Singh Gahunia

1.1.2 Notice of Ministerial Approval of OSC Rule 62-504 Take-Over Bids and Issuer Bids and Related Forms and Consequential Amendments

NOTICE OF MINISTERIAL APPROVAL OF

ONTARIO SECURITIES COMMISSION RULE 62-504
***TAKE-OVER BIDS AND ISSUER BIDS* AND RELATED FORMS**

AND

CONSEQUENTIAL AMENDMENTS

On December 21, 2007, the Minister of Finance approved the following (the "Rule"):

- Rule 62-504 *Take-Over Bids and Issuer Bids*, Form 62-504F1 *Take-Over Bid Circular*, Form 62-504F2 *Issuer Bid Circular*, Form 62-504F3 *Directors' Circular*, Form 62-504F4 *Director's or Officer's Circular* and Form 62-504F5 *Notice of Change or Notice of Variation*,
- revocation of Rule 62-501 *Prohibited Stock Market Purchases of the Offeree's Securities by the Offeror During a Take-Over Bid*,
- revocation of Rule 62-503 *Financing of Take-Over Bids and Issuer Bids*,
- revocation of Recognition Order 62-904 *In the Matter of the Recognition of Certain Jurisdictions*,
- amendments to Rule 13-502 *Fees*,
- amendments to National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*, and
- amendments to Rule 71-801 *Implementing the Multijurisdictional Disclosure System*.

The Rule was previously made by the Commission on October 30, 2007. On October 30, the Commission also adopted the following (the "Policy"):

- National Policy 62-203 *Take-Over Bids and Issuer Bids*,
- revocation of National Policy 62-201 *Bids Made Only in Certain Jurisdictions*, and
- withdrawal of CSA Staff Notice 62-303 *Identifying the Offeror in a Take-over Bid*.

The Rule and the Policy came into force on February 1, 2008. The Rule and the Policy were previously published in a Supplement to the Bulletin on December 14, 2007, and are published in Chapter 5 of this Bulletin.

On December 18, 2007, the Minister of Finance also approved a regulation (the "Regulation") amending or revoking certain provisions of Regulation 1015 of the Revised Regulations of Ontario, 1990 made under the *Securities Act* in connection with the Rule. This Regulation was filed as O. Reg. 589/07 on December 21, 2007 and published in *The Ontario Gazette* on January 5, 2008. The Regulation is also published in Chapter 9 of this Bulletin. The Regulation came into force on February 1, 2008, when the Rule came into force.

February 1, 2008

1.1.3 Notice of Ministerial Approval of MI 61-101 Protection of Minority Security Holders in Special Transactions and Rule 61-801 Implementing Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions and Consequential Amendments

NOTICE OF MINISTERIAL APPROVAL OF

MULTILATERAL INSTRUMENT 61-101 *PROTECTION OF MINORITY SECURITY HOLDERS IN SPECIAL TRANSACTIONS*

AND

RULE 61-801 *IMPLEMENTING MULTILATERAL INSTRUMENT 61-101 PROTECTION OF MINORITY SECURITY HOLDERS IN SPECIAL TRANSACTIONS*

AND

CONSEQUENTIAL AMENDMENTS

On January 17, 2008, the Minister of Finance approved the following (the "Rules"):

- Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*,
- Rule 61-801 *Implementing Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions*,
- revocation of Rule 61-501 *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions*, and
- amendments to Rule 71-802 *Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.

The Rules were previously made by the Commission on October 30, 2007. On October 30, the Commission also adopted the following (the "Policy"):

- Companion Policy 61-101CP to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*,
- revocation of Companion Policy 61-501CP to Rule 61-501 *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions*, and
- withdrawal of Staff Notice 61-701 *Applications for Exemptive Relief under Rule 61-501*.

The Rules and the Policy came into force on February 1, 2008. The Rules and the Policy were previously published in a Supplement to the Bulletin on December 14, 2007, and are published in Chapter 5 of this Bulletin.

February 1, 2008

1.1.4 CSA Staff Notice 24-306 – NI 24-101 Institutional Trade Matching and Settlement – Exception Reporting

CANADIAN SECURITIES ADMINISTRATORS (CSA)
STAFF NOTICE 24-306

NATIONAL INSTRUMENT 24-101 – *INSTITUTIONAL TRADE MATCHING AND SETTLEMENT* – EXCEPTION REPORTING

Part 4 of National Instrument 24-101 – *Institutional Trade Matching and Settlement* (Instrument) requires registrants in certain circumstances to complete and deliver Form 24-101F1 *Registrant Exception Report of DAP/RAP Trade Reporting and Matching* (Form) to the applicable securities regulatory authority. The Form must be delivered if less than a percentage target of the DAP/RAP trades (measured by volume or value) executed by the registrant (if a dealer) or for the registrant (if an adviser) in any given calendar quarter have *matched* within the time required by the Instrument. Please see Part 10 of the Instrument or Part 7 of the related Companion Policy for transition dates, relevant timelines and percentages.

How to deliver the Form

On-line Electronic Delivery

A registrant can complete an electronic version of the Form and submit it to the applicable securities regulatory authority through the CSA website at **www.csa-acvm.ca.**

Manual Delivery

Alternatively, a registrant can print the Form from the link provided on the CSA website and deliver the completed Form to the applicable securities regulatory authority via mail, fax or email. Fax numbers and email addresses for the applicable securities regulatory authority are provided below.

Information on the Instrument, Companion Policy and CSA Staff Notice 24-305 Frequently Asked Questions about the Instrument is posted on the following websites:

- CSA Website: **www.csa-acvm.ca**
- AMF Website: http://www.lautorite.qc.ca/reglementation/valeurs-mobilieres/autres-reglements-textes-vigueur.fr.html
- ASC Website: http://albertasecurities.com/securitiesLaw/Pages/ViewDocument.aspx?ProjectId=b9440adf-71d1-4e2b-9d7a-87aae368f84b
- BCSC Website: http://www.bcsc.bc.ca/policy.aspx?id=5508&cat=2%20-%20Certain%20Capital%20Market%20Participants
- MSC Website: http://www.msc.gov.mb.ca/legal_docs/legislation/rules/24_101_msc_rule_2007_1.pdf
- OSC Website: http://www.osc.gov.on.ca/HotTopics/STP/stp_index.jsp

If you have any questions regarding the Instrument or the completion and submission of the Form, please contact the applicable securities regulatory authority below:

Maxime Paré
Senior Legal Counsel
Market Regulation
Ontario Securities Commission
Telephone: (416) 593-3650
Fax: (416) 595-8940
mpare@osc.gov.on.ca

Emily Sutlic
Legal Counsel
Market Regulation
Ontario Securities Commission
Telephone: (416) 593-2362
Fax: (416) 595-8940
esutlic@osc.gov.on.ca

Alina Bazavan
Data Analyst
Market Regulation
Ontario Securities Commission
Telephone: (416) 593-8082
Fax: (416) 595-8940
abazavan@osc.gov.on.ca

Karen Andreychuk
Legal Counsel, Market Regulation
Alberta Securities Commission
Telephone: (403) 297-5946
Fax: (403) 297-4113
karen.andreychuk@seccom.ab.ca

Serge Boisvert
Direction de la supervision des OAR
Autorité des marchés financiers
Telephone: (514) 395-0337 poste 4358
Fax: (514) 873-7455
serge.boisvert@lautorite.qc.ca

Nathalie Gallant
Analyste en produits dérivés
Direction de la supervision des OAR
Autorité des marchés financiers
Telephone: (514) 395-0337 poste 4363
Fax: (514) 873-7455
nathalie.gallant@lautorite.qc.ca

Janice Leung
Senior Securities Examiner, Capital Markets Regulation
British Columbia Securities Commission
Telephone: (604) 899-6752
Fax: (604) 899-6506
jleung@bcsc.bc.ca

Michael Sorbo
Manager Examinations, Capital Markets Regulation
British Columbia Securities Commission
Telephone: (604) 899-6689
Fax: (604) 899-6506
msorbo@bcsc.bc.ca

Bob Bouchard
Director and Chief Administration Officer
Manitoba Securities Commission
Telephone: (204) 945-2555
Fax: (204) 945-0330
bob.bouchard@gov.mb.ca

Neil Sandler
Legal Counsel, Market Regulation
New Brunswick Securities Commission
Telephone: (506) 643-7857
Fax: (506) 658-3059
neil.sandler@nbsc-cvmnb.ca

Shirley P. Lee
Secretary to the Commission and Securities Analyst
Nova Scotia Securities Commission
Telephone: (902) 424-5441
Fax: (902) 424-3624
leesp@gov.ns.ca

February 1, 2008

1.3 News Releases

1.3.1 Securities Passport System Implemented - Regulators Introduce Streamlined Review Policies for Passport Jurisdictions and Ontario

FOR IMMEDIATE RELEASE
January 25, 2008

SECURITIES PASSPORT SYSTEM IMPLEMENTED

REGULATORS INTRODUCE
STREAMLINED REVIEW POLICIES FOR
PASSPORT JURISDICTIONS AND ONTARIO

Vancouver – Today, the Canadian Securities Administrators (CSA) published a notice to implement the next phase of the passport system – a regulatory framework designed to provide market participants with streamlined access to Canada's capital markets. The notice introduces a new rule and review policies that outline how the system will work in participating passport jurisdictions and how market participants will interface with Ontario.

"The passport rule together with the national policies will simplify the regulatory approval process and benefit businesses and investors in all provinces and territories," said Jean St-Gelais, Chair of the CSA and President & Chief Executive Officer of the Autorité des marchés financiers (Québec). "This phase of passport will give issuers access to Canada's capital markets by allowing them to deal with only one regulator and one set of harmonized requirements."

The new rule, Multilateral Instrument 11-102 *Passport System*, is scheduled to take effect in the passport jurisdictions on March 17, 2008. The rule will allow someone to clear a prospectus or obtain a discretionary exemption from their home regulator, and have that clearance or exemption apply automatically in all other passport provinces and territories. It represents a major step toward meeting the commitments set out in the September 30, 2004 memorandum of understanding regarding securities regulation among the governments of all provinces and territories, except Ontario.

The new policies, National Policy 11-202 *Process for Prospectus Review in Multiple Jurisdictions* and National Policy 11-203 *Process for Exemptive Relief Application Reviews in Multiple Jurisdictions*, set out the processes for the filing and review of prospectuses and exemptive relief applications. These policies will replace and streamline the current mutual reliance review systems for prospectuses and exemptive relief applications. The policies also outline how market participants in passport jurisdictions will gain access to the Ontario market. They are scheduled to take effect in all provinces and territories on March 17, 2008.

The foundation for the passport system is a set of harmonized regulatory requirements consistently interpreted and applied throughout Canada. For that reason, the passport for prospectuses is coming into force at the same time as the CSA's National Instrument 41-101 *General Prospectus Requirements*. The CSA now plans to proceed with passport for registration as it finalizes the proposed new national rule for registration requirements (National Instrument 31-103).

The instrument, policies and other related documents are available on various CSA members' websites.

The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

Passport System for Prospectuses and Exemption Applications
Backgrounder

What is passport?

- A system that gives a market participant access to markets in all passport jurisdictions – every province and territory in Canada, except Ontario – by dealing only with its principal regulator and complying with one set of harmonized laws

How does it work?

- Each market participant has a principal regulator
- A market participant can clear a prospectus or obtain an exemption in all passport jurisdictions through its principal regulator
- Market participants are subject to harmonized prospectus and continuous disclosure requirements in all jurisdictions

What are the benefits of passport?

- Simpler - need only one passport decision – comply with one set of harmonized laws
- Faster - deal with one passport regulator
- Cheaper - eliminate professional costs for dealing with multiple regulators and different laws

What does it mean for Ontario market participants?

- Ontario has not adopted the passport rule
- Ontario market participants have direct access to the markets in other jurisdictions by dealing only with the Ontario Securities Commission (OSC)
- Other market participants gain access to the Ontario market through a streamlined interface

Prospectuses

An issuer **filing a prospectus** in multiple jurisdictions will

- need to comply with harmonized prospectus requirements
- have its prospectus reviewed by only its principal regulator
- need a receipt for the prospectus from only its principal regulator
- get a deemed receipt in passport jurisdictions

Issuers outside Ontario will also need to have their prospectuses reviewed and receipted by the OSC

Discretionary exemptions

A market participant that needs a **discretionary exemption** in multiple jurisdictions will

- file an application with its principal regulator
- have its application reviewed by only its principal regulator
- need a decision from only its principal regulator
- have an automatic exemption in passport jurisdictions

Market participants outside Ontario will also need to file an application with, and have it reviewed and approved by, the OSC

Continuous disclosure

An issuer that is a **reporting issuer** in multiple jurisdictions will

- need to comply with harmonized continuous disclosure requirements
- have any continuous disclosure exemption granted to it under the principal regulator system (MI 11-101) grandfathered

Registration

Passport for registration is expected to proceed once the national rule on registration requirements (NI 31-103) is finalized

To arrange interviews with CSA Chair Jean St-Gelais, please contact directly:

Frédéric Alberro
Autorité des marchés financiers
514-940-2176

For more information:

Alberta Securities Commission
Mark Dickey
mark.dickey@seccom.ab.ca
403-297-4481
1-877-355-0585 (toll free)
www.albertasecurities.com

British Columbia Securities Commission
Andrew Poon
APoon@bcsc.bc.ca
604-899-6880
1-800-373-6393 (BC & Alberta only)
www.bcsc.bc.ca

Saskatchewan Financial Services Commission
Barbara Shourounis
bshourounis@sfsc.gov.sk.ca
306-787-5842
www.sfsc.gov.sk.ca

Manitoba Securities Commission
Ainsley Cunningham
aicunningh@gov.mb.ca
204-945-4733
1-800-655-5244 (Manitoba only)
www.msc.gov.mb.ca

Ontario Securities Commission
Laurie Gillett
lgillett@osc.gov.on.ca
416-593-8913
www.osc.gov.on.ca

Autorité des marchés financiers
Frédéric Alberro
frederic.alberro@lautorite.qc.ca
514-940-2176
1 877 395-0558, # 2176 (Québec only)
www.lautorite.qc.ca

New Brunswick Securities Commission
Jane Gillies
Jane.Gillies@nbsc-cvmnb.ca
506-643-7745
1-866-933-2222 (New Brunswick only)
www.nbsc-cvmnb.ca

Nova Scotia Securities Commission
Nick Pittas
pittasna@gov.ns.ca
902-424-6859
www.gov.ns.ca/nssc

Financial Services Regulation Division
Newfoundland and Labrador
Doug Connolly
Connolly@gov.nl.ca
709-729-2594
www.gov.nl.ca

Department of Attorney General
Prince Edward Island
Mark Gallant
mlgallant@gov.pe.ca
902-368-4552
www.gov.pe.ca/securities

Nunavut Securities Registry
Louis Arki
larki@gov.nu.ca
867-975-6587

Securities Registry
Northwest Territories
Donald MacDougall
donald_macdougall@gov.nt.ca
867-920-8984
www.justice.gov.nt.ca/SecuritiesRegistry/SecuritiesRegistry.htm

Yukon Securities Registry
Fred Pretorius
fred.pretorius@gov.yk.ca
867-667-5225

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 RBC Asset Management Inc. and the Mutual Funds Listed in Schedule A - MRRS Decision

Headnote

MRRS- exemption granted from sub-section 6.1(4) of NI 81-107 to permit inter-fund trades to be executed at last sale price as defined in UMIR – applicant will comply with all other conditions of sub-section 6.1(2) of NI 81-107 including independent review committee approval – should not be used as a drafting precedent - future applicants for similar relief should structure application as direct exemption from s. 118(2)(b) of the Act.

Applicable Legislative Provisions

National Instrument 81-107 – Independent Review Committee for Investment Funds, ss. 6.1(2), 6.1(4), 7.1

January 18, 2008

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

AND

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

AND

IN THE MATTER OF
RBC ASSET MANAGEMENT INC.
(the Applicant)

AND

IN THE MATTER OF
THE MUTUAL FUNDS
LISTED IN SCHEDULE A (the Existing Funds)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (**Decision Maker**) in each of the Jurisdictions received an application (the **Application**) from the Applicant and any mutual funds subject to National Instrument 81-102 – Mutual Funds (**NI 81-102**) that may be established in the future for which the Applicant or an affiliate of the Applicant acts as portfolio advisor and/or manager (the **Future Funds** and together with the **Existing Funds**, the **Funds**) for a decision exempting the Applicant or an affiliate of the Applicant and the Funds from sub-section 6.1(4) of National Instrument 81-107 – Independent Review Committee for Investment Funds (**NI 81-107**) to the extent that it requires a purchase or sale of an exchange traded security between the Funds (an **Inter-fund Trade**) to comply with paragraph 6.1(2)(e) of NI 81-107 (the **Requested Relief**).

Under the MRRS

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

(ii) this Decision Document represents the decision of each of the Decision Makers.

Interpretation

Defined terms contained in National Instrument 14-101 – Definitions (**NI 14-101**), NI 81-102 and NI 81-107 have the same meaning in this Decision Document unless they are otherwise defined in this Decision Document.

Representations

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

1. The Applicant is a corporation governed by the *Canada Business Corporations Act*. The Applicant is registered as an investment counsel and portfolio manager, or the equivalent, in each of the Jurisdictions and as a limited market dealer in Ontario and Newfoundland and Labrador. The head office of the Applicant is in Ontario.

2. Each of the Funds is, or will be, a reporting issuer in each of the Jurisdictions.

3. Each Existing Fund has and each Future Fund will have, an independent review committee (the **Board of Governors**) as required by NI 81-107.

4. The Applicant will, in accordance with section 6.1 of NI 81-107, establish policies and procedures

(the **Policies and Procedures**) to enable the Funds to engage in Inter-fund Trades.

5. The Board of Governors will approve the Policies and Procedures.

6. Sub-section 6.1(4) of NI 81-107 provides an exemption from the inter-fund self-dealing investment prohibitions so long as the trades comply with the conditions in sub-section 6.1(2). These conditions include paragraph 6.1(2)(e) that the transaction must occur at the "current market price of the security". The Inter-fund Trades will comply with all of the conditions in sub-section 6.1(2) except paragraph 6.1(2)(e).

7. The Applicant considers that it would be in the best interests of a Fund if an Inter-fund Trade could be made at the last sale price, as defined in the Universal Market Integrity Rules (UMIR) created by Market Regulation Services Inc. (the **Last Sale Price**), prior to the execution of the trade since this will result in the trade being done at the price which is closest to the price at the time the decision to make the trade is made.

8. CSA Staff Notice 81-317 – Frequently Asked Questions on National Instrument 81-107 Independent Review Committee for Investment Funds (**Notice 81-317**) was published on March 30, 2007. Section B-7 of Notice 81-317 provides that the CSA would consider applications for exemptive relief to permit inter-fund trades of exchange traded securities at last sale price upon appropriate terms and conditions.

9. An Inter-Fund Trade will be implemented by the Applicant on behalf of the Funds as follows:

   (i) the portfolio manager will deliver the trade instruction in respect of a purchase or a sale of a security by a Fund (**Fund A**) to a trader on the Applicant's trading desk;

   (ii) the portfolio manager will deliver the trade instruction in respect of a sale or purchase of a security by a Fund (**Fund B**) to a trader on the Applicant's trading desk;

   (iii) the trader on the Applicant's trading desk will have the discretion to execute the trade as an inter-fund trade between Fund A and Fund B at the Last Sale Price of the security, prior to the execution of the trade;

   (iv) the policies applicable to the Applicant's trading desk will require that all orders are to be executed on a timely basis and will remain open only for 30 days unless the portfolio manager cancels the order sooner; and

   (v) the trader on the Applicant's trading desk will advise the portfolio manager of Fund A and Fund B of the Last Sale Price.

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 is that the Requested Relief is granted so long as the Applicant or an affiliate of the Applicant:

1. complies with all of the conditions of sub-section 6.1(2) of NI 81-107 in connection with the Inter-fund Trades except paragraph 6.1(2)(e); and

2. the Inter-fund Trades are executed at the Last Sale Price of the security.

"Vera Nunes"
Assistant Manager, Investment Funds

SCHEDULE A

APPLICANT FUNDS

RBC Canadian T Bill Fund
RBC Canadian Money Market Fund
RBC Premium Money Market Fund
RBC $U.S. Money Market Fund
RBC Canadian Short-Term Income Fund
RBC Bond Fund
RBC Canadian Bond Index Fund
RBC Monthly Income Fund
RBC $U.S. Income Fund
RBC Global Bond Fund
RBC Global Corporate Bond Fund
RBC Advisor Canadian Bond Fund
RBC Global High Yield Fund
RBC Cash Flow Portfolio
RBC Enhanced Cash Flow Portfolio
RBC Balanced Fund
RBC Tax Managed Return Fund
RBC Balanced Growth Fund
RBC Select Conservative Portfolio
RBC Select Balanced Portfolio
RBC Select Growth Portfolio
RBC Select Aggressive Growth Portfolio
RBC Select Choices Conservative Portfolio
RBC Select Choices Balanced Portfolio
RBC Select Choices Growth Portfolio
RBC Select Choices Aggressive Growth Portfolio
RBC Target 2010 Education Fund
RBC Target 2015 Education Fund
RBC Target 2020 Education Fund
RBC Canadian Dividend Fund
RBC Canadian Equity Fund
RBC Canadian Index Fund
RBC O'Shaughnessy Canadian Equity Fund
RBC O'Shaughnessy All-Canadian Equity Fund
RBC Canadian Diversified Income Trust Fund
RBC North American Dividend Fund
RBC North American Value Fund
RBC North American Growth Fund
RBC U.S. Equity Fund
RBC U.S. Equity Currency Neutral Fund
RBC U.S. Index Fund
RBC U.S. Index Currency Neutral Fund
RBC O'Shaughnessy U.S. Value Fund
RBC U.S. Mid-Cap Equity Fund
RBC U.S. Mid-Cap Equity Currency Neutral Fund
RBC O'Shaughnessy U.S. Growth Fund
RBC Life Science and Technology Fund
RBC International Equity Fund
RBC International Index Currency Neutral Fund
RBC O'Shaughnessy International Equity Fund
RBC European Equity Fund
RBC Asian Equity Fund
RBC Global Titans Fund
RBC O'Shaughnessy Global Equity Fund
RBC Global Energy Fund
RBC Global Precious Metals Fund
RBC Global Consumer and Financials Fund
RBC Global Health Sciences Fund
RBC Global Resources Fund
RBC Global Technology Fund
RBC DS North American Focus Fund
RBC DS Canadian Focus Fund
RBC DS International Focus Fund
RBC DS Balanced Global Portfolio
RBC DS Growth Global Portfolio
RBC DS All Equity Global Portfolio
RBC Private Short-Term Income Pool
RBC Private Canadian Bond Pool
RBC Private Corporate Bond Pool
RBC Private Income Pool
RBC Private Global Bond Pool
RBC Private Canadian Dividend Pool
RBC Private Canadian Growth and Income Equity Pool
RBC Private Canadian Equity Pool
RBC Private Canadian Value Equity Pool
RBC Private O'Shaughnessy Canadian Equity Pool
RBC Private Core Canadian Equity Pool
RBC Private Canadian Mid Cap Equity Pool
RBC Private U.S. Equity Pool
RBC Private U.S. Value Equity Pool
RBC Private O'Shaughnessy U.S. Value Equity Pool
RBC Private U.S. Growth Equity Pool
RBC Private O'Shaughnessy U.S. Growth Equity Pool
RBC Private U.S. Mid Cap Equity Pool
RBC Private U.S. Small Cap Equity Pool
RBC Private International Equity Pool
RBC Private EAFE Equity Pool
RBC Private European Equity Pool
RBC Private Asian Equity Pool
RBC Private Global Titans Equity Pool
RBC Private World Equity Pool

2.1.2 Cumberland Investment Management Inc. and Cumberland Capital Appreciation Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemption from unitholder approval requirement in clause 5.1(c) of NI 81-102 – mutual fund permitted to change its investment objective without seeking unitholder approval – all unitholders of the fund have entered into discretionary investment management agreements giving full discretionary authority to portfolio manager – convening of unitholder meeting represents unnecessary expense.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.1(c), 19.1.

January 22, 2008

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

AND

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

AND

IN THE MATTER OF
CUMBERLAND INVESTMENT MANAGEMENT INC.
(the Filer)

AND

IN THE MATTER OF
CUMBERLAND CAPITAL APPRECIATION FUND
(the Fund)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer, on behalf of the Fund, for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Fund from the requirement contained in clause 5.1(c) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) requiring a mutual fund to obtain the prior approval of its securityholders before the fundamental investment objective of the mutual fund is changed (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 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 established under the laws of Ontario and is the manager and trustee of the Fund.

2. The Fund is an open-end mutual fund trust established under the laws of the Province of Ontario. The Fund is a reporting issuer in each Jurisdiction.

3. Cumberland Private Wealth Management Inc. (CPWM) is registered as an investment dealer in each Jurisdiction and is a member of the Investment Dealers Association of Canada authorized to provide portfolio investment management services. It is the investment manager and distributor of the Fund.

4. Units of the Fund are offered for sale on a continuous basis in each Jurisdiction pursuant to a simplified prospectus and annual information form and the Fund is otherwise subject to NI 81-102. Units of the Fund are exclusively offered through discretionary investment management services provided by CPWM.

5. The Fund was established as an efficient and cost effective means of providing discretionary investment management services to clients of CPWM, including all of the investors in the Fund, as an alternative to segregated account management.

6. The Filer has determined that it is appropriate to change the fundamental investment objective of the Fund from:

> "to seek to achieve long-term capital appreciation while managing risk, by investing in equity securities and high-quality government and corporate fixed-income securities."

to:

"to seek to achieve long-term capital appreciation while managing risk, by investing in equity securities."

7. This change in the Fund's fundamental investment objective is being proposed as CPWM believes a dedicated capital appreciation account is appropriate for its clients seeking long term capital growth. As a result the Fund will target a 100% equity mandate which is primarily, but not limited to, North American equity securities. The fundamental approach to selecting investments will continue to be oriented to individual stock selection and a value driven strategy and will seek to achieve long term capital appreciation while managing risk.

8. CPWM is authorized under its discretionary investment management agreements with each client who is an investor in the Fund to make any investment decisions on behalf of the client (provided such investment is consistent with the mandate established for that client). This would include buying and selling securities of the Fund in favour of another fund or other securities without obtaining the client's approval. The unitholders of the Fund are relying entirely on CPWM to make investment decisions for them and, in these circumstances, the change of a fundamental investment objective is analogous to the unitholder changing to another fund managed by the Filer.

9. The Filer and CPWM believe that the change in the Fund's fundamental investment objective is in the best interests of the Fund's unitholders.

10. Paragraph 5.1(c) of NI 81-102 requires that unitholder approval be obtained for any change to the fundamental investment objective of the Fund. The Filer believes that, in the circumstances, a unitholder meeting convened for the purpose of obtaining unitholder approval to change the fundamental investment objective of the Fund is not desirable and represents an unnecessary cost and inconvenience to the Filer, the Fund and the unitholders of the Fund.

11. The declaration of trust governing the Fund does not require unitholder approval in order for the Filer to change the fundamental investment objective of the Fund.

12. If the Requested Relief is granted, the Filer proposes to amend the Fund's simplified prospectus and annual information form, issue a press release and file a material change report announcing the change.

13. The proposed change of the fundamental investment objective is neutral to the unitholders of the Fund from a fee and expense perspective.

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

2.1.3 Tech Titans Trust - MRRS Decision

Headnote

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

Applicable Legislative Provisions

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

January 17, 2008

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NOVA SCOTIA, NEW BRUNSWICK, 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
TECH TITANS TRUST
(the Filer)

MRRS DECISION DOCUMENT

BACKGROUND

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for an exemption from the requirement contained in section 14.2(3)(b) of National Instrument 81-106 – Investment Fund Continuous Disclosure ("**NI 81-106**") to calculate net asset value at least once every business day (the "**Requested Relief**").

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

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

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

INTERPRETATION

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

REPRESENTATIONS

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

The Filer

1. The Filer is an investment fund established under the laws of the Province of Ontario. Quadravest Inc. will be the manager of the Filer (the "**Manager**") and Quadravest Capital Management Inc. (the "**Investment Manager**") will provide investment advisory and portfolio management services to the Filer. The head office of the Manager is located in the province of Ontario.

The Offering

2. The Filer will make an offering (the "**Offering**") to the public, on a best efforts basis, of units ("**Units**") consisting of one trust unit (a "**Trust Unit**") and one warrant to purchase a trust unit (a "**Warrant**") in each of the provinces of Canada, at a price of $12.00 per Unit. Each Warrant entitles the holder thereof to purchase one Trust Unit at a price of $12.25 on the last business day of March, June, September and December in each year commencing March 28, 2008 and ending June 30, 2009 inclusive. Warrants not exercised on or before June 30, 2009 will be void and of no value.

3. A preliminary prospectus for the Filer dated December 6, 2007 (the "**Preliminary Prospectus**") has been filed with the securities regulatory authority in each of the Provinces of Canada under SEDAR Project No. 1196105.

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

5. The Offering is a one-time offering and Trust Units will not be sold on a continuous basis under a prospectus.

6. The Filer's investment objective is to seek capital appreciation by investing the net proceeds of the Offering in common shares of Apple, Inc., Google Inc., Microsoft Corporation and Research in Motion Ltd. (collectively, the "**Portfolio Companies**"). The Filer's investment strategy will involve the use of specified derivatives.

The Trust Units

7. The Trust Units may be surrendered for redemption at any time and will be redeemed on a monthly basis on the last business day of each month (a "**Redemption Date**"), provided such Trust Units are surrendered for redemption not less than 20 business days prior to the Redemption Date. The Filer will make payment for any Trust Units redeemed within 15 business days of the Redemption Date.

8. The redemption price for a Trust Unit surrendered for redemption on a monthly basis will be equal to the lesser of

   (i) 95% of the "market price" of the Trust Units on the principal market on which the Trust Units are quoted for trading during the 20 trading day period ending immediately before the Redemption Date; and

   (ii) 100% of the "closing market price" on the principal market on which the Trust Units are quoted for trading on the applicable Redemption Date.

9. Unitholders also have an annual redemption right under which they may redeem Trust Units on the June Redemption Date in each year, commencing on June 30, 2009. The price paid by the Filer for such a redemption will be equal to the net asset value per Trust Unit calculated as of such date, less $0.10 per Trust Unit redeemed to cover the costs of liquidating a portion of the Portfolio to fund the redemption.

Calculation of Net Asset Value

10. Under clause 14.2(3)(b) of NI 81-106, an investment fund that is a reporting issuer is generally required to calculate the net asset value per security of the fund on at least a weekly basis. Furthermore, an investment fund that uses or holds specified derivatives, such as the Filer intends to do, must calculate its net asset value per security on a daily basis.

11. The Filer will calculate its net asset value per Trust Unit, on each Redemption Date and the fifteenth day of each month, or if the fifteenth is not a business day, the preceding business day (each a "**Valuation Date**"). Net asset value will be calculated as at the close of business on each Valuation Date by subtracting the aggregate amount of the Filer's liabilities from the aggregate value of the Filer's assets.

12. The Filer will calculate a "basic" net asset value per Trust Unit on each Valuation Date, which shall be calculated by dividing the net asset value on such Valuation Date by the total number of Trust Units issued and outstanding on such Valuation Date. Where as a result of such calculation the basic net asset value per Trust Unit is greater than $12.25 (the exercise price of the Warrants), then a diluted net asset value per Trust Unit shall also be calculated. The diluted net asset value per Trust Unit shall be calculated by adding to the denominator the total number of Trust Units issuable pursuant to the Warrants then outstanding and by adding to the numerator the product of such number of Trust Units issuable on the exercise of the Warrants and the exercise price of the Warrants. The diluted net asset value per Trust Unit shall be deemed to be the resulting quotient.

13. The Preliminary Prospectus discloses, and the final prospectus of the Filer will disclose, that the basic net asset value per Trust Unit and, if applicable, the diluted net asset value per Trust Unit, will be made available to the public by the Investment Manager on the Filer's website at www.TechTitansTrust.com and will be available to the public upon request. The Filer's website will also contain an explanation of the difference between the basic net asset value per Trust Unit and the diluted net asset value per Trust Unit.

14. Unitholders will have the opportunity to trade their shares on the TSX and as such do not have to rely on the redemption features to provide liquidity for their shares.

DECISION

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted for so long as:

(a) the Trust Units are listed on the TSX; and

(b) the Filer calculates its net asset value per Trust Unit at least twice a month.

"Vera Nunes"
Assistant Manager, Investment Funds
ontario securities commission

2.1.4 Clarke Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – underlying entity of income trust issuer has outstanding exchangeable units, which exchange into units of income fund – offeror to treat exchangeable securities issued by underlying entity as securities of income fund for purposes of take-over bid requirements – exemption from take-over bid requirements, subject to conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 94, 95, 96, 97, 98, 99, 100, 104.

January 8, 2008

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

AND

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

AND

IN THE MATTER OF
CLARKE 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 (the "Application") from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the take-over bid requirements contained in the Legislation, including the provisions relating to restrictions on purchases before, during and after a take-over bid, delivery of an offer and take-over bid circular and any notices of change or variation thereto, delivery of a directors' circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up of and payment for securities tendered to a take-over bid, disclosure, financing, restrictions upon purchases of securities, identical consideration, and collateral benefits (collectively, the "Take-over Bid Requirements") not apply to an offer to acquire trust units ("Units") of Clearwater Seafoods Income Fund (the "Fund") by the Filer (the "Requested Relief").

Under the MRRS:

(a) the Nova Scotia Securities Commission 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. The Filer is a corporation governed by the *Canada Business Corporations Act* whose registered and head office is located at 6009 Quinpool Road, 8th Floor, Halifax, Nova Scotia B3K 5J7.

2. The Filer is a reporting issuer in each of the Jurisdictions that recognizes the concept of reporting issuer status. The Filer's common shares are listed on the Toronto Stock Exchange.

3. The Filer is an investment company with interests in freight transportation services, international shipping, warehouse operations, real property and marketable securities.

4. The Fund is an unincorporated open-ended trust established under the laws of the Province of Ontario whose principal and head office is located at 757 Bedford Highway, Bedford, Nova Scotia B4A 3Z7.

5. The Fund indirectly holds a 55.32% interest in Clearwater Seafoods Limited Partnership ("CSLP"), which carries on the seafood business (the "Clearwater Business") that was carried on by Clearwater Fine Foods Incorporated ("CFFI") and its subsidiaries and joint ventures immediately prior to July 2002, the date of completion of the Fund's initial public offering (the "IPO"). The remaining 44.68% interest in CSLP is held by CFFI through its ownership of Class B general partnership units ("CSLP Exchangeable Units") of CSLP.

6. CSLP is a limited partnership established under the laws of the Province of Nova Scotia to carry on, directly or indirectly, the business of, and the ownership, operation and lease of assets and property in connection with, the harvesting, processing, distribution and marketing of seafood, including the Clearwater Business, and such other businesses as its managing general partner may determine, and all activities ancillary and incidental thereto.

7. The Fund is a reporting issuer in each of the Jurisdictions that recognizes the concept of reporting issuer status.

8. The authorized capital of the Fund consists of an unlimited number of trust units ("Units") and special trust units ("Special Trust Units").

9. Each Unit entitles the holder thereof to one vote at all meetings of unitholders of the Fund ("Unitholders"). Each Unit represents an equal undivided beneficial interest in any distribution from the Fund and in any net assets of the Fund in the event of termination or winding-up of the Fund. All outstanding Units are entitled to equal shares in any distributions by the Fund and, in the event of termination or winding-up of the Fund, in the net assets of the Fund. All Units rank among themselves equally and rateably without discrimination, preference or priority. The Units are listed on the Toronto Stock Exchange.

10. The Special Trust Units are used solely for providing voting rights to persons holding CSLP Exchangeable Units or other securities that are, directly or indirectly, exchangeable for Units and that, by their terms, have voting rights in the Fund. Special Trust Units were issued in conjunction with, and are not transferable separately from, the CSLP Exchangeable Units to which they relate. Each Special Trust Unit will entitle the holder thereof to a number of votes at any meeting of Unitholders equal to the number of Units which may be obtained upon the exchange of the CSLP Exchangeable Units to which the Special Trust Units relate, but do not otherwise entitle the holder to any rights with respect to the Fund's property or income. The Special Trust Units and the CSLP Exchangeable Units are not publicly traded.

11. Pursuant to the IPO, the Fund distributed Units to the public. Concurrently with the IPO, and as partial consideration for the acquisition of the Clearwater Business, the Fund issued Special Trust Units to CFFI and CSLP issued CSLP Exchangeable Units to CFFI. Once CSLP has achieved a certain level of earnings and distributions, the CSLP Exchangeable Units become exchangeable for Units on a one-for-one basis (subject to certain adjustments pursuant to the exchange agreement entered into by CFFI, the Trust and CSLP, among others, concurrently with the IPO) (the "Exchange Ratio") and the holders thereof become entitled to receive distributions from CSLP, where practicable, pro rata with distributions made to holders of CSLP ordinary units. Prior to CSLP reaching the required distribution levels, the distribution payments on the CSLP Exchangeable Units are subject to certain subordination provisions in favour the CSLP ordinary units. Once the required earnings and distribution levels are achieved by CSLP, the CSLP Exchangeable Units, together with the Special Trust Units, have economic and voting rights equivalent in all material respects to the Units.

12. According to the annual reports of the Fund for its fiscal years ended December 31, 2003 and December 31, 2005, the Fund has achieved the required level of distributions to the public Unitholders and, accordingly,

    (a) the CSLP Exchangeable Units are no longer subordinated in respect of distributions to the Units;

    (b) monthly distributions could be made to the holders of Units and CSLP Exchangeable Units; and

    (c) the CSLP Exchangeable Units became exchangeable into Units.

13. As at September 30, 2007:

    (a) 28,949,895 Units were issued and outstanding representing a 55.32% voting and economic interest in the Fund;

    (b) 23,381,217 Special Trust Units were issued and outstanding, all of which were held by CFFI, representing a 44.68% voting interest in the Fund;

    (c) 28,949,895 Class A units of CSLP were issued and outstanding, all of which were held indirectly by the Fund, representing a 55.32% interest in CSLP; and

    (d) 23,381,217 CSLP Exchangeable Units were issued and outstanding, all of which were held by CFFI, representing a 44.68% interest in CSLP.

14. The declaration of trust of the Fund provides that if:

    (a) a person acting at arm's length to holders of the CSLP Exchangeable Units makes a non-exempt take-over bid, and

    (b) not less than 25% of the Units are taken up under the bid,

    the CSLP Exchangeable Units will become immediately exchangeable at an Exchange Ratio equal to 110% of the exchange ratio then in effect.

15. The Filer has made both CFFI and the Fund aware of the Application.

16. As of December 12, 2007, the Filer held, directly and indirectly, an aggregate of 4,602,375 Units and no Special Trust Units or CSLP Exchangeable Units. The Filer also owned

$2,125,000 principal amount of Series A Debentures of the Fund, which are immediately convertible into Units. In the aggregate, the debentures held by the Filer are convertible into 360,169 Units, which, combined with the 4,602,375 Units held by the Filer, total 4,962,544 Units. Such aggregate holdings (assuming the debentures held by the Filer are converted into 360,169 Units) represent approximately 17.05% of the currently outstanding Units and 9.45% of the outstanding Units if all of the outstanding CSLP Exchangeable Units were exchanged for Units at the Exchange Ratio.

17. The Filer is considering the acquisition, directly or indirectly, of up to 5,534,851 additional Units (or convertible debentures convertible into that number of Units) through the facilities of the Toronto Stock Exchange, which, together with the 4,602,375 Units already held by the Filer and the 360,169 Units issuable upon conversion of the debentures held by the Filer, would represent just under 20% of the outstanding Units if all of the outstanding CSLP Exchangeable Units were exchanged for Units at the Exchange Ratio.

18. The Filer is not aware of any undisclosed material fact regarding the Fund or CFFI, including any undisclosed material fact regarding the Fund's on-going strategic review process.

Decision

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

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

(a) unless otherwise exempt, the Filer complies with the Take-over Bid Requirements, as if the Units and the CSLP Exchangeable Units are securities of the same class, upon the Filer making an offer to acquire outstanding Units or CSLP Exchangeable Units to any person or company who is in a Jurisdiction or to any security holder of the Fund or CSLP whose last address as shown on the books of the Fund or CSLP is in a Jurisdiction, where the securities subject to the offer to acquire, together with the offeror's securities, constitute in the aggregate 20 per cent or more of the outstanding Units (calculated as if all of the CSLP Exchangeable Units were exchanged for Units at the Exchange Ratio) at the date of the offer; for the purpose of this subparagraph (a), "offeror's securities" means securities of the Fund or CSLP beneficially owned, or over which control or direction is exercised, on the date of the offer to acquire, by the Filer or any person or company acting jointly or in concert with the Filer;

(b) the Filer complies with the early warning requirements under the Legislation;

(c) the Filer further provides disclosure in accordance with the early warning requirements as if the Units and the CSLP Exchangeable Units are securities of the same class and that the number of outstanding securities of such class is the number of outstanding Units if all of the outstanding CSLP Exchangeable Units were exchanged for Units at the Exchange Ratio;

(d) the Filer has issued and filed forthwith a news release describing the nature and effect of this decision; and

(e) this decision does not come into effect until 48 hours after the news release described in condition (d) has been issued and filed.

"H. Leslie O'Brien"
Chair
Nova Scotia Securities Commission

"R. Daren Baxter"
Vice Chair
Nova Scotia Securities Commission

2.1.5 Webb Asset Management Canada, Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – applicant exempted, subject to terms and conditions, from the dealer registration requirements in the Legislation in respect of trades consisting of Marketing or Wholesaling Activities or acts in furtherance of trades related to the registrant's operations as a mutual funds manager and/or "principal distributor" for the purposes of National Instrument 81-102 Mutual Funds.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 74(1).
National Instrument 81-102 Mutual Funds.

January 24, 2008

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

AND

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

AND

IN THE MATTER OF
WEBB ASSET MANAGEMENT CANADA, INC.
(the Filer)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the requirement (the **Dealer Registration Requirement**) in the Legislation that prohibits a person or company from trading in a security unless registered as a dealer in the appropriate category shall not apply to the Filer or to any officers or employees (each a **Webb Representative**) of the Filer acting on its behalf, in respect of Marketing or Wholesaling Activities (defined below) in respect of shares or units of mutual funds (the **Mutual Funds**) of which the Filer is or becomes the manager (the **Requested Relief**).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. The Filer was incorporated under the *Business Corporations Act* (Ontario) on April 24, 2006. The head office of the Filer is located at 26 Wellington Street East, Suite 920, Toronto, Ontario.

2. The Filer is registered under the Legislation of Ontario as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the category of limited market dealer. The Filer is not registered as an adviser or dealer under the securities legislation of any of the Jurisdictions except Ontario.

3. The Filer carries on business primarily as an investment counsel and portfolio manager. It is the trustee and manager of Webb Enhanced Growth Fund and Webb Enhanced Income Fund (the **Webb Funds**). A preliminary simplified prospectus and annual information form each dated November 9, 2007 in respect of the Webb Funds were filed in the Jurisdictions and a preliminary MRRS decision document dated November 9, 2007 has been issued in respect thereof.

4. The Filer may in the future be the manager of additional Mutual Funds.

5. The Filer manages the investment portfolios of the Mutual Funds with full discretionary authority pursuant to management agreements entered into by the Filer with each of the Mutual Funds.

6. Incidental to its principal business of portfolio management, the Filer wishes to conduct marketing and wholesaling activities in respect of the Mutual Funds. "Marketing and Wholesaling Activities" means, for the Filer, a trade by the Filer that consists of any act, advertisement, or solicitation, directly or indirectly, in furtherance of another trade in shares or units of a Mutual Fund, where the other trade consists of:

   (a) a purchase or sale of securities of a Mutual Fund; or

(b) a purchase or sale of securities of a Mutual Fund of which the Filer acts as the "principal distributor" for the purposes of National Instrument 81-102 *Mutual Funds*,

and where the purchase or sale is, in each case, made by or through another dealer that is registered under the Legislation of the Jurisdiction where the trade is made in a category that permits it to act as a dealer for such trade.

7. Without the Requested Relief, the Filer would have to be registered under the Legislation as a dealer in the category of mutual fund dealer (or equivalent category) in order to conduct Marketing and Wholesaling Activities in respect of the Mutual Funds.

8. In order to obtain registration under the Legislation as a mutual fund dealer, the Filer would be required to be a member of the Mutual Fund Dealers Association of Canada (the **MFDA**).

9. The MFDA has rules that govern its membership which would have the effect of precluding the Filer from being a member of the MFDA if the Filer continued to conduct its principal business of acting as an investment counsel and as a portfolio manager with discretionary authority to manage the investment portfolios of the Mutual Funds.

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 in the case of each such trade that is made in the Jurisdiction of Ontario, the Filer is, at the time of the trade, registered under the Legislation of Ontario as a dealer in the category of "limited market dealer" and the Webb Representative that makes the trade on behalf of the Filer is, at the time of the trade, registered under the Legislation of Ontario to trade on behalf of the Filer pursuant to its limited market dealer registration.

"Lawrence Ritchie"
Commissioner
Ontario Securities Commission

"Wendell Wigle"
Commissioner
Ontario Securities Commission

2.1.6 Digital Dispatch Systems Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency– An issuer wants relief from the requirement to audit acquisition statements in accordance with Canadian or U.S. GAAS - The issuer acquired a business whose historical financial statements have been audited in accordance with International Standards on Auditing - for various reasons, it would not be reasonably practical to re-audit the business's financial statements in accordance with Canadian GAAS - Relief granted subject to conditions including that the audit report is accompanied by a statement by the auditor that: (i) describes any material differences in the form and content of the report as compared to a Canadian GAAS audit report, and (ii) indicates that its report would not contain a reservation if it were prepared in accordance with Canadian GAAS.

Applicable Ontario Statutory Provisions

National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency, ss. 6.2, 9.1.
National Instrument 51-102 Continuous Disclosure Obligations, Part 8.

January 14, 2008

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

AND

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

AND

IN THE MATTER OF
DIGITAL DISPATCH SYSTEMS INC.
(the Filer)

MRRS DECISION DOCUMENT

Background

1 The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer be exempted from complying with section 6.2 of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Foreign Currency* (NI 52-107) with respect to financial statements in business acquisition

reports required to be filed under section 8.2 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) (the Requested Relief).

Under Multilateral Instrument 11-101 *Principal Regulator System* (MI 11-101) and the Mutual Reliance Review System for Exemptive Relief Applications

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

(b) the Filer is relying on an exemption in Part 3 of MI 11-101 in Alberta, Saskatchewan, Manitoba, Quebec and Nova Scotia, and

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

Interpretation

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

Representations

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

1. the Filer is incorporated under the laws of British Columbia and its head office is located in Richmond, British Columbia; it is a worldwide provider of mobile data solutions for fleet and mobile workforce management;

2. the Filer is authorized to issue 200,000,000 common shares without par value and 50,000,000 preferred shares without par value; as of the date hereof, the Filer has 13,143,201 common shares and no preferred shares issued and outstanding;

3. the Filer is a reporting issuer in each Jurisdiction, and Alberta, Saskatchewan, Manitoba, Québec and Nova Scotia, and, to its knowledge, is not in default of its obligations under the legislation of any jurisdiction in which it is a reporting issuer or its equivalent, except for not filing the business acquisition report referred to in paragraph (7) within the required time period;

4. the common shares of the Filer are listed and posted for trading on the Toronto Stock Exchange;

5. the Filer's fiscal year end is December 31;

6. on October 8, 2007, the Filer completed the acquisition (the Acquisition) of all of the shares of Mobisoft Oy (Mobisoft); Mobisoft is incorporated under the laws of Finland;

7. as the Acquisition constituted a "significant acquisition" for the purposes of NI 51-102, the Filer was required to file a business acquisition report (BAR) by December 24, 2007, (which is 75 days after October 8, 2007, the date of the Acquisition) under section 8.2 of NI 51-102;

8. under section 8 of NI 51-102, the BAR must be accompanied by certain financial statements of Mobisoft;

9. the financial statements of Mobisoft required to be included in the BAR (the Financial Statements) are prepared in accordance with Finland GAAP and audited in accordance with International Standards of Auditing (ISA) and generally accepted auditing standards (GAAS) of Finland; the Financial Statements will include a note reconciling the Financial Statements to Canadian GAAP in accordance with the requirements of section 6.1 of NI 52-107;

10. under NI 52-107, acquisition statements that are required by securities legislation to be audited must be audited in accordance with Canadian GAAS or US GAAS unless the reporting issuer making the acquisition is a foreign issuer; as the Filer is not a foreign issuer, NI 52-107 does not permit the Filer to file the Financial Statements audited in accordance with Finland GAAS or ISA;

11. the differences between ISA and Canadian GAAS are documented in the CICA Handbook; Deloitte & Touche LLP (Deloitte), the Filer's auditor, and Mobisoft will submit a GAAS equivalency letter, which will outline the procedures undertaken by Mobisoft's auditor and identify any differences between ISA and Canadian GAAS;

12. it is not reasonably practical to have Deloitte & Touche OY, Mobisoft's auditor, audit the Financial Statements in accordance with Canadian GAAS; Mobisoft's auditor is not familiar with Canadian GAAS, but is familiar with ISA, and the international firm of which

Mobisoft's auditor is a member, has an audit methodology and interoffice audit clearance procedures based on adherence to ISA; Deloitte has also advised that, as the source records of Mobisoft are in Finnish, it is not practical for a Canadian auditor, familiar with Canadian GAAS, to complete the audit;

13. within the next three months the Filer will consolidate Mobisoft and produce its annual consolidated financial statements which will be audited in accordance with Canadian GAAS; and

14. in the BAR, the Filer will: (i) include clear disclosure as to the basis of presentation of the Financial Statements and that they have been audited in accordance with ISA and Finland GAAS; and (ii) disclose pertinent extracts from the GAAS equivalency letter submitted by Deloitte and Mobisoft to provide the reader with appropriate disclosure of the differences under ISA and Canadian GAAS.

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that the Financial Statements are audited in accordance with ISA and will be accompanied by an auditor's report from the auditor of Mobisoft, which will include a statement by the auditor that:

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

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

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

2.1.7 Fédération des Caisses Desjardins du Québec - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – s. 19.1 of National Instrument 81-102 Mutual Funds – exemption from section 2.7 (1)(a) of NI 81-102 to permit interest rate and credit derivative swaps and, for hedging purposes, currency swaps and forwards with a remaining term to maturity of greater than 3 years; exemption from section 2.8(1) of NI 81-102 to the extent that cash cover is required in respect of specified derivatives to permit the Funds to cover specified derivative positions with: certain bonds, debentures, notes or other evidences of indebtedness and securities of money market funds; and exemption from sections 2.8(1)(d) and (f)(i) NI 81-102 to permit the Funds when they open or maintain a long position in a standardized future or forward contract or when they enter into or maintain an interest rate swap position and during the periods when the Funds are entitled to receive payments under the swap, to use as cover, an option to sell an equivalent quantity of the underlying interest of the standardized future, forward or swap.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.7(1)(a), 2.8(1), 2.8(1)(d), 2.8(1)(f)(i), 19.1.

January 25, 2008

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

AND

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

AND

IN THE MATTER OF
THE FÉDÉRATION DES CAISSES DESJARDINS DU QUÉBEC
(the "Filer")

MRRS DECISION DOCUMENT

BACKGROUND

The local securities regulatory authority or regulator ("**Decision Maker**") in each of the Jurisdictions has received an application (the "**Application**") from the Filer on behalf of the mutual funds managed by the Filer

together with all future mutual funds managed by the Filer, other than money market funds (each a "**Fund**" and together the "**Funds**") under section 19.1 of National Instrument 81-102 – *Mutual Funds* ("**NI 81-102**") for relief:

(a) from the requirement in section 2.7(1)(a) of NI 81-102 insofar as it requires a swap or forward contract to have a remaining term to maturity of 3 years or less (or 5 years or less in certain circumstances), to permit each of the Funds to enter into interest rate swaps, credit default swaps or, if the transaction is for hedging purposes, currency swaps or forwards that, in each case, have a remaining term to maturity of greater than 3 years,

(b) from the requirement in section 2.8(1) of NI 81-102 to the extent that cash cover is required in respect of specified derivatives, to permit each of the Funds to cover specified derivative positions with:

(i) any bonds, debentures, notes or other evidences of indebtedness that are liquid (collectively, "**Fixed Income Securities**") provided they have a remaining term to maturity of 365 days or less and have an approved credit rating;

(ii) floating rate evidences of indebtedness; or

(iii) securities of one or more money market funds managed by the Filer to which NI 81-102 applies (collectively, "**Money Market Funds**"); and

(c) from the requirements in sections 2.8(1)(d) and (f)(i) of NI 81-102 to permit each of the Funds when it:

(i) opens or maintains a long position in a debt-like security that has a component that is a long position in a forward contract or in a standardized future or forward contract; or

(ii) enters into or maintains a swap position and during the periods when the Fund is entitled to receive payments under the swap,

to use as cover a right or obligation to sell an equivalent quantity of the underlying interest of the standardized future, forward or swap;

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

Under the MRRS :

(i) the principal regulator for the Application is the Autorité des marchés financiers; and

(ii) this MRRS decision document represents the decision of each of the Decision Makers.

INTERPRETATION

Defined terms contained in National Instrument 14-101 – *Definitions* and in NI 81-102 have the same meaning in this MRRS decision document unless they are otherwise defined in this decision.

REPRESENTATIONS

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

Background

1. The Funds are or will be mutual funds established under the laws of Québec. The Filer is a corporation incorporated under the laws of Québec and has its registered head office in Montréal, Québec. The Filer is or will be the manager of each of the Funds.

2. The Funds are or will be reporting issuers under the securities laws of all of the provinces and territories of Canada and are or will be subject to the requirements of NI 81-102.

3. The existing Funds are not in default of any requirement of securities legislation in any Jurisdiction.

4. Many of the Funds may use specified derivatives under their investment strategies to replicate market indices in order to lower trading costs, to gain exposure to securities and financial markets instead of investing in the securities directly and to generate income. The Funds may also use derivative instruments to:

(a) reduce risk by protecting the Funds against potential losses from changes in interest rates;

(b) reduce the impact of currency fluctuations on the Funds' portfolio holdings; and

(c) provide protection for the Funds' portfolios and reduce the overall volatility of returns.

When specified derivatives are used for non-hedging purposes, the Funds are subject to the cash cover requirements of NI 81-102. Any Fund that is not currently permitted to commence the use of derivatives will only do so in accordance with section 2.11 of NI 81-102.

5. The use of derivatives by investors and portfolio managers has increased significantly in the last 20 to 30 years. The Filer is seeking an exemption

from certain of the terms of NI 81-102 to permit the Funds to engage in derivative strategies that are consistent with industry practice.

6. The Filer believes that the Requested Relief is in the best interest of the Funds as it will save costs and potentially enhance the performance of the Funds. Further, the Requested Relief would not leave the Funds exposed to any material incremental risk beyond the risk that the Filer, a Fund's portfolio advisor or portfolio sub-advisor is targeting and is consistent with the investment objectives and strategies of the applicable Funds. Without the Requested Relief, the Funds will not have the flexibility to enhance yield and to manage more effectively the exposures under specified derivatives.

Cash Cover

7. The purpose of the cash cover requirement in NI 81-102 is to prohibit a mutual fund from leveraging its assets when using certain specified derivatives and to ensure that the mutual fund is in a position to meet its obligations on the settlement date. This is evident from the definition of "cash cover", which is defined as certain specific portfolio assets of the mutual fund that have not been allocated for specific purposes and that are available to satisfy all or part of the obligations arising from a position in specified derivatives held by the mutual fund. Currently, the definition of "cash cover" includes six different categories of securities, including certain evidences of indebtedness (cash equivalents and commercial paper) that generally have a remaining term to maturity of 365 days or less and that have an approved credit rating or are issued or guaranteed by an entity with an approved credit rating (collectively, "**short-term debt**").

8. In addition to the securities currently included in the definition of cash cover, the Funds would also like to invest in Fixed Income Securities, floating rate evidences of indebtedness and/or securities of Money Market Funds for purposes of satisfying their cash cover requirements.

9. It is submitted that the proposed use of Fixed Income Securities, floating rate evidences of indebtedness and securities of Money Market Funds as cash cover for the Funds should be granted by the securities authorities for the reasons set out below.

Fixed Income Securities

10. While the money market instruments that are currently permitted as cash cover are highly liquid, these instruments typically generate very low yields relative to longer dated instruments and similar risk alternatives.

11. Other fixed income securities with remaining terms to maturity of less than 365 days and approved credit ratings are also highly liquid but provide the potential for higher yields. The definition of cash cover addresses regulatory concerns of interest rate risk and credit risk by limiting the terms of the instruments and requiring the instruments to have an approved credit rating. It is submitted that by permitting the Funds to use for cash cover purposes Fixed Income Securities with a remaining term to maturity of 365 days or less and an approved credit rating, the regulatory concerns are met, since the term and credit rating will be the same as other short-term debt instruments currently permitted to be used as cash cover.

Floating Rate Evidences of Indebtedness

12. Floating rate evidences of indebtedness, also known as floating rate notes ("**FRNs**"), are debt securities issued by the federal or provincial governments, the Crown or other corporations and other entities with floating interest rates that reset periodically, usually every 30 to 90 days.

13. Although the term to maturity of FRNs can be more than 365 days, the Funds propose to limit their investment in FRNs used for cash cover purposes to those that have interest rates that reset at least every 185 days.

14. Allowing the Funds to use FRNs for cash cover purposes could increase the rate of return earned by each of the Fund's investors without reducing the credit quality of the instruments held as cash cover. It is submitted that the frequent interest rate resets mitigate the risk of investing in FRNs as cash cover. For the purposes of money market funds under NI 81-102 meeting the 90 days dollar-weighted average term to maturity, the term of a floating rate evidence of indebtedness is the period remaining to the date of the next rate setting. If a FRN resets every 365 days, then the interest rate risk of the FRN is about the same as a fixed rate instrument with a term to maturity of 365 days.

15. Financial instruments that meet the current cash cover requirements have low credit risk. The current cash cover requirements provide that evidences of indebtedness of issuers, other than government agencies, must have approved credit ratings. As a result, if the issuer of FRNs is an entity other than a government agency, the FRNs used by the Funds for cash cover purposes will have an approved credit rating as required by NI 81-102.

16. Given the frequent interest rate resets, the nature of the issuer and the adequate liquidity of FRNs, the risk profile and the other characteristics of FRNs are similar to those of short-term debt, which constitute cash cover under NI 81-102.

Money Market Funds

17. Under NI 81-102, in order to qualify as money market funds, the Money Market Funds are restricted to investments that are, essentially, considered to be cash cover. These investments include floating rate evidences of indebtedness if their principal amounts continue to have a market value of approximately par at the time of each change in the rate to be paid to their holders.

18. If the direct investments of Money Market Funds would constitute cash cover under NI 81-102 (assuming that the relief allowing FRNs as cash cover is granted), then it is submitted that indirectly holding these investments through an investment in the securities of one or more Money Market Fund should also satisfy the cash cover requirements of NI 81-102.

19. It is therefore submitted that the securities of Money Market Funds should constitute cash cover for the Funds for purposes of NI 81-102.

Using Put Options or Short Positions as Cover for Long Positions in Futures, Forwards and Swaps

20. Sections 2.8(1)(d) and 2.8(1)(f)(i) of NI 81-102 do not permit covering a long position in a standardized future or forward contract or a position in a swap for a period when a Fund is entitled to receive payments under the swap, in whole or in part, with a right or obligation to sell an equivalent quantity of the underlying interest of the future, forward or swap. In other words, these sections of NI 81-102 do not permit the use of put options or short future, forward or swap positions to cover long future, forward or swap positions.

21. Regulatory regimes in other countries recognize the hedging properties of options for all categories of derivatives, including long positions evidenced by standardized futures or forwards or in respect of swaps where a fund is entitled to receive payments from the counterparty, provided they are covered by an amount equal to the difference between the market price of a holding and the strike price of the option that was bought or sold to hedge it. NI 81-102 effectively imposes the requirement to overcollateralize, since the maximum liability to the fund under the scenario described is equal to the difference between the market value of the long and the exercise price of the option. Overcollateralization imposes a cost on the Funds.

22. Section 2.8(1)(c) of NI 81-102 permits a mutual fund to write a put option and cover it with buying a put option on an equivalent quantity of the underlying interest of the written put option. This position has risks that are similar to a long position in a future, forward or swap. Accordingly, it is submitted that the Funds should be permitted to cover a long position in a future, forward or swap with a put option or a short future, forward or swap position.

Extended Term to Maturity for Interest Rate Swaps, Credit Default Swaps and Currency Swaps or Forwards for Hedging Purposes

23. Section 2.7(1)(a) of NI 81-102 prohibits mutual funds from entering into a swap or forward contract with a term to maturity of greater than 3 years or greater than 5 years if the swap or contract provides the fund with a right to eliminate its exposure within 3 years. The Funds seek the ability to enter into interest rate swaps, credit default swaps or, if the transaction is for hedging purposes, currency swaps or forwards without a restriction as to the term of the swap or forward.

24. Fixed income investments have certain risks, including (but not limited to) interest rate risk, credit risk and currency risk. These risks can be controlled or mitigated through the use of over-the-counter (OTC) derivatives. Interest rate risk may be managed by interest rate swaps, credit risk can be managed by credit default swaps and currency risk can be managed by using currency swaps or forwards.

25. The term of a swap equals the maturity of its exposure, in contrast to other over-the-counter transactions, such as options and certain other types of forwards, where the contract term and maturity of the underlying security are not related. There is no restriction under NI 81-102, for example, on a forward with an underlying interest having a term of 10 years, whereas there is a restriction if the derivative is in the form of a swap.

26. Credit default swaps (CDS) have a similar risk profile to their reference entity (corporate or sovereign bonds) or, in the case of an index of credit default swaps (such as CDX) or a basket of reference entities, to an average of all the reference entities in the index or basket. The term of a credit default swap imparts credit risk similar to that of a bond of the reference entity with the same term. The Funds may not be able to achieve the same sensitivity to credit risk as their respective benchmarks by using credit default swaps with a maximum term of 3 years (or 5 years in certain circumstances) because the relevant benchmark may have an average term that is longer. There is no term restriction in NI 81-102 when investing directly in the reference entities.

27. A currency swap or forward used for hedging purposes may or may not have a contract term and maturity that equals the maturity of the underlying interest. For example, if a Fund wants to hedge a 10-year bond that is denominated in U.S. dollars, under the current provisions of NI 81-102, the term of the currency swap or forward can

be, at most, 5 years, even though the term of the underlying interest is 10 years. Ideally, to manage the currency risk, a fund has to enter into two consecutive 5-year currency swaps or forwards. However, the pricing for the currency swap or forward in respect of the second 5 year period is not known at the time the U.S. dollar bond is purchased. Consequently, the inability to enter into a 10-year currency swap or forward transaction indirectly introduces currency and pricing risk when a hedged 10-year position is the desired outcome. Accordingly, whenever the term of a bond is longer than 5 years, a fund may be exposed to additional risk. This constraint has become more relevant since there are no longer foreign investment restrictions under the Income Tax Act (Canada). It should also be noted that it is not market convention to have a transaction with a 5-year term (subject to a right to eliminate the exposure within 3 years) and, as a result, this off-market feature may subject a Fund to less efficient pricing.

28. The interest rate swap market, credit default swap market and currency swap and forward markets are very large and liquid.

29. The interest rate swap market is generally as liquid as government bonds and more liquid than corporate bonds. The Bank for International Settlements reported that the notional amount of interest rate swaps outstanding was U.S. $272 trillion as of June 30, 2007. In Canada, there were over U.S. $2.5 trillion of interest rate swaps outstanding as of June 30, 2007 greater than the sum of all outstanding federal and provincial debt.

30. Credit default swaps, on average, are highly liquid instruments. Single name CDS are slightly less liquid than the bonds of their reference entities, while CDS on CDX are generally more liquid than corporate or emerging market bonds. The Bank for International Settlements reported that the notional amount of credit default swaps outstanding was U.S. $42 trillion as of June 30, 2007. The International Swap and Derivatives Association's 2006 year-end market survey estimated the notional amount outstanding to be U.S. $34.4 trillion. Using either source, the credit default swap market has surpassed the size of the equity derivatives markets and is one of the fastest growing financial markets.

31. With respect to foreign exchange, the Bank for International Settlements reported that the notional amount of outright forwards and foreign exchange swaps outstanding was U.S. $24 trillion as at June 30, 2007. For comparative purposes, the S&P 500 had an estimated market capitalization of U.S. $13.4 trillion on September 30, 2007. The Bank for International Settlements also reported that the average daily turnover of OTC foreign exchange was U.S. $1,292 billion during April, 2004. The average daily turnover of outright forwards and foreign exchange swaps totalled U.S. $1,152 billion during such period. For comparative purposes, the daily trading during November 2007 on the New York Stock Exchange was approximately U.S. $101 billion and on the Toronto Stock Exchange was approximately CAD $7.1 billion. Daily trading is many times larger for currencies and currency swaps and forwards than for well-known equity exchanges.

32. Because swaps and forward contracts are private agreements between two counterparties, a secondary market for these agreements would be a cumbersome process whereby one counterparty would have to find a new counterparty willing to take over its contract at a fair market price, get the original counterparty to approve the new counterparty and exchange a whole new set of documents. To avoid that process, market participants can unwind their positions in interest rate swaps and currency swaps or forwards by simply entering into an opposing swap or forward with an acceptable counterparty at market value. In this way, the original economic position of the initial swap or forward is offset. Parties may also agree to terminate the agreement at a fair market price prior to the maturity date of the agreement. Similarly, in the case of CDS, the counterparty can either enter into an off-setting hedge transaction or it can trade with another counterparty by assigning the swap to the other counterparty.

33. Credit risk exposure to a counterparty on an interest rate swap transaction or currency forward transaction is generally a small fraction of the underlying notional exposure equal to the cumulative price change since the inception of the swap or forward. Even this small risk is mitigated because the counterparty is required to have an approved credit rating as prescribed by NI 81-102.

34. Potential credit exposure to a counterparty in the case of a CDS on a CDX is equal to the notional exposure to any issuer in the index who has defaulted and, in the case of a single name CDS, is equal to the full notional exposure. As is the case with interest rate swaps, this exposure is mitigated because the counterparty is required to have an approved credit rating as prescribed by NI 81-102. Further, NI 81-102 also limits the credit exposure that is permitted in respect of any individual counterparty. Credit exposure may be further mitigated if a counterparty is required to provide collateral equal to the cumulative price in excess of a specified mark-to-market threshold.

35. Permitting the Funds to enter into swaps and forwards that have terms beyond 3 years increases the possibility for the Funds to (i) increase returns, due to the fact that the opportunity set is expanded, and (ii) target exposures that might not otherwise be available in

the cash bond markets or could not be achieved as efficiently in the cash bond markets. Further, the use of swaps and forwards with terms beyond 3 years enables the Funds to effect hedging transactions that help mitigate underlying investment risks associated with investing in fixed income investments.

The Filer's Derivative Policies and Practices

36. To the extent that the Funds use derivatives, the portfolio advisor and portfolio sub-advisors retained on behalf of the Funds are responsible for ensuring that derivatives are used in a manner that is consistent with the applicable investment objectives and restrictions of the Funds and that the derivatives comply with the requirements set out in NI 81-102. The Filer, the portfolio advisor and each portfolio sub-advisor have their own policies and procedures relating to the use of derivatives. All derivative transactions for a Fund must be recorded on a real time basis and immediately reflected in the Fund's portfolio management records. Derivative positions are monitored daily to ensure that they comply with all regulatory requirements, including any cash cover requirement.

37. The prospectus and annual information form of the Funds discloses the policies and practices of the Filer regarding the use of derivatives and, upon renewal, will include disclosure of the nature of the exemptions granted in respect of the Funds.

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 :

(i) the Fixed Income Securities have a remaining term to maturity of 365 days or less and have an "approved credit rating" as defined in NI 81-102;

(ii) the FRNs meet the following requirements:

(a) the floating interest rates of the FRNs reset no later than every 185 days;

(b) the FRNs are floating rate evidences of indebtedness with the principal amounts of the obligations that will continue to have a market value of approximately par at the time of each change in the rate to be paid to the holders of the evidences of indebtedness;

(c) if the FRNs are issued by a person or company other than a government or "permitted supranational agency" as defined in NI 81-102, the FRNs must have an "approved credit rating" as defined in NI 81-102;

(d) if the FRNs are issued by a government or permitted supranational agency, the FRNs have their principal and interest fully and unconditionally guaranteed by:

A) the government of Canada or the government of a jurisdiction in Canada; or

B) the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state or a "permitted supranational agency" as defined in NI 81-102, if, in each case, the FRN has an "approved credit rating" as defined in NI 81-102; and

(e) the FRNs meet the definition of "conventional floating rate debt instrument" in section 1.1 of NI 81-102;

(iii) a Fund shall not open or maintain a long position in a debt-like security that has a component that is a long position in a forward contract, or in a standardized future or forward contract unless the Fund holds

(a) cash cover in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative;

(b) a right or obligation to sell an equivalent quantity of the underlying interest of the future or forward contract, and cash cover that together with margin on account for the position, is not less than the amount, if any, by which the strike price of the future or forward contract exceeds the strike price of the right or obligation to sell the underlying interest; or

(c) a combination of the positions referred to in clauses (iii)(a) and (iii)(b) that is sufficient, without recourse to other assets of the Fund, to enable the Fund to acquire the underlying interest of the future or forward contract.

(iv) a Fund shall not enter into or maintain a swap position unless for periods when the Fund would be entitled to receive fixed payments under the swap, the Fund holds

(a) cash cover in an amount that, together with margin on account for the swap and the market value of the swap, is not less than, on a daily mark-to-market basis, the underlying market exposure of the swap;

(b) a right or obligation to enter into an offsetting swap on an equivalent quantity and with an equivalent term and cash cover that together with margin on account for the position is not less than the aggregate amount, if any, of the obligations of the Fund under the swap less the obligations of the Fund under such offsetting swap; or

(c) a combination of the positions referred to in clauses (iv)(a) and (iv)(b) that is sufficient, without recourse to other assets of the Fund, to enable the Fund to satisfy its obligations under the swap.

(v) at the time of the next renewal and all subsequent renewals of the prospectus and annual information form each of the Funds relying upon this relief shall:

(a) disclose the nature of this relief in the annual information form of such Funds with a cross reference thereto in the prospectus of the Funds; and

(b) include a summary of the nature and terms of this relief in the prospectus of the Funds under the Investment Strategies section, or in the introduction to Part B of the prospectus with a cross reference thereto under the Investments Strategies section for the Funds.

Josée Deslauriers
Director of capital markets

2.1.8 IPC US Real Estate Investment Trust - s. 1(10)(b)

Headnote

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

Ontario Statutes

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

January 25, 2008

Davies Ward Phillips & Vineberg LLP
44th Floor
1 First Canadian Place
Toronto, ON M5X 1B1

Attn: Paul Budovitch

Dear Mr. Budovitch:

Re: IPC US Real Estate Investment Trust (the "Applicant") - application for an order not to be a reporting issuer under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia and Newfoundland & Labrador (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:

(a) 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;

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

(c) 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

(d) 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.

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

2.1.9 Oncothyreon Canada 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).

January 24, 2008

Fraser Milner Casgrain LLP
2900 Manulife Place
10180 - 101 Street
Edmonton, AB T5J 3V5

Attention: Colleen Cebuliak

Dear Madam:

Re: Oncothyreon Canada Inc. (the Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick and Newfoundland and Labrador (the Jurisdictions)

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

Relief requested granted on the 24th day of January, 2008.

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

2.1.10 Fairborne Energy Trust - 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).

January 28, 2008

Burnet, Duckworth & Palmer LLP
1400, 350 - 7 Avenue SW
Calgary, AB T2P 3N9

Attention: Edward Brown

Dear Sir:

Re: Fairborne Energy Trust (the Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick and Newfoundland and Labrador (the Jurisdictions)

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

Relief requested granted on the 28th day of January, 2008.

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

2.1.11 TransAlta Power, L.P. - 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).

January 23, 2008

Stikeman Elliott
4300 Bankers Hall West
888 - 3rd Street SW
Calgary, AB T2P 5C5

Attention: Veronica Tang

Dear Madam:

Re: TransAlta Power, L.P. (the Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick and Newfoundland and Labrador (the Jurisdictions)

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

Relief requested granted on the 23rd day of January, 2008.

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

2.1.12 WIN Energy Corporation - 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).

January 23, 2008

Stikeman Elliott LLP
4300 Bankers Hall West
888 - 3rd Street SW
Calgary, AB T2P 5C5

Attention: Ben Hudy

Dear Sir:

Re: WIN Energy Corporation(the Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick and Newfoundland and Labrador (the Jurisdictions)

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

met and orders that the Applicant is deemed to have ceased to be a reporting issuer in the Jurisdictions.

Relief requested granted on the 23rd day of January, 2008.

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

2.1.13 Scotia Capital Inc. and the Bank of Nova Scotia - MRRS Decision

Mutual Reliance Review System for Exemptive Relief Applications – Registered investment dealer exempted from section 228 of the Regulation for recommendations in respect of securities of its parent bank, subject to conditions – Decision permits the registrant to make recommendations in the circumstances contemplated by subsection 228(2) of the Regulation, but without having to comply with the requirement for (comparative) information, similar to that set forth in respect of the bank, for a substantial number of other persons or companies that are in the industry or business of the bank, to the extent that such comparative information is not known, or ascertainable, by the registrant – By incorporating other requirements from subsection 228(2), the decision also provides that the space and prominence restrictions in clause 228(2)(d) only relate to the information for which there is such comparative information.

Applicable Ontario Statutory Provisions

Ontario Regulation 1015, R.R.O. 1990, as am., ss. 228, 233.

January 28, 2008

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

AND

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

AND

IN THE MATTER OF
SCOTIA CAPITAL INC. (the Filer) AND
THE BANK OF NOVA SCOTIA (the Bank)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker)** in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation (the **Legislation**) of the Jurisdictions, that the provisions (the **Recommendation Prohibition**) in the Legislation which provide that no registrant shall, in any medium of communication, recommend, or cooperate with any person [or company] in the making of any recommendation, that the securities of the registrant, or a related issuer of the registrant, or, in the course of a distribution, the securities of a connected issuer of the registrant, be purchased, sold or held, shall not, in certain

circumstances, apply to the Filer, in respect of securities of its parent, the Bank;

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

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

Interpretation

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

Representations

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

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

2. The Bank is a Canadian chartered bank named in Schedule I of the *Bank Act* (Canada) (the **Bank Act**).

3. The Filer is a wholly-owned subsidiary of the Bank and, as such, the Bank is a "related issuer" of the Filer for the purposes of the Recommendation Prohibition.

4. The Filer is registered in Ontario as a dealer in the categories of broker and investment dealer, and is registered under the Legislation of each of the Jurisdictions in an equivalent category.

5. The Filer acts as a full-service investment dealer and provides equity research report coverage on over 300 issuers, including the Bank and all of the other banks currently named in Schedule I of the Bank Act.

6. As a member of the Investment Dealers Association of Canada (the IDA) the Filer is obliged to comply with IDA Policy 11 – *Research Restrictions and Disclosure Requirements* (**IDA Policy 11**).

7. Guideline No. 3 of IDA Policy 11 states:

   "Members should adopt standards of research coverage that include, at a minimum, the obligation to maintain and publish current financial estimates and recommendations on securities followed, and to revisit such estimates and recommendations within a reasonable time following the release of material information by an issuer or the occurrence of other relevant events."

8. In each of the Jurisdictions, the Legislation provides an exemption (the **Statutory Exemption**) from the Recommendation Prohibition for a recommendation (a **Recommendation**) to purchase, sell or hold securities of an issuer, that is contained in a circular, pamphlet or similar publication (a **Report**) that is published, issued or sent by a registrant and is of a type distributed with reasonable regularity in the ordinary course of its business, provided that the Report:

   (a) includes in a conspicuous position, in type not less legible than that used in the body of the Report:

      (i) a full and complete statement (a **Relationship Statement**) of the relationship or connection between the registrant and the issuer of the securities; and

      (ii) a full and complete statement of the obligations of the registrant under the Recommendation Prohibition and the Statutory Exemption;

   (b) includes information (**Comparative Information**) similar to that set forth in respect of the issuer for a substantial number of other persons or companies (**Competitors**) that are in the industry or business of the issuer; and

   (c) does not give materially greater space or prominence to the information set forth in respect of the issuer than to the information set forth in respect of any other person or company described therein.

9. So long as the Filer remains a related issuer of the Bank, the Filer cannot rely on the Statutory Exemption from the Recommendation Prohibition, to publish in a Report any Recommendation with respect to securities of the Bank, including a revision to a previous Recommendation, in response to:

   (a) the release of interim financial statements of the Bank or information concerning such financial statements, or

   (b) the release of information, or the occurrence of an event, that might reasonably be interpreted to have, or possibly have, a significant effect on the value of any securities issued by the Bank, or the continued validity of previously published financial estimates or recommendation issued by the Filer in respect of any securities issued by the Bank,

unless, at the relevant time, the Filer has been able to ascertain, and is able to include in the Report, Comparative Information for a substantial number of Competitors of the Bank, and also satisfy the requirements of the Statutory Exemption relating to space and prominence of information, referred to in paragraph 8(c), above.

10. The Filer will be precluded from including in any Report Comparative Information for a substantial number of Competitors of the Bank if, at the relevant time:

    (a) there is no Comparative Information for any Competitors that is known, or ascertainable, by the Filer, or

    (b) there is no Comparative Information for a substantial number of Competitors of the Bank that is known, or ascertainable, by the Filer.

Decision

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

The decision of the Decision Makers under the Legislation is that the:

Recommendation Prohibition shall not apply to Recommendations of the Filer in respect of securities of the Bank that are made by the Filer in a Report, in response to:

    (i) the release of interim financial statements of the Bank or information concerning such financial statements, or

    (ii) the release of information, or the occurrence of an event, that might reasonably be interpreted to have, or possibly have, a significant effect on the value of any securities issued by the Bank, or the continued validity of previously published financial estimates or recommendation issued by the Filer in respect of any securities issued by the Bank,

if, at the relevant time, Comparative Information for a substantial number of Competitors of the Bank is not known, or ascertainable, by the Filer, provided that:

    (A) the Report includes in a conspicuous position in a type not less legible than that used in the body of the Report:

        (I) a Relationship Statement concerning the relationship or connection between the Filer and the Bank; and

        (II) a full and complete statement of the obligations of the Filer under the Recommendation Prohibition and this Decision;

    (B) for any information in respect of the Bank that is included in the Report, for which there is Comparative Information for any Competitors that is known, or ascertainable, by the Filer, the Report includes such Comparative Information;

    (C) for the information referred to in paragraph (B) above, the Report does not give greater prominence to the information in respect of the Bank than to the Comparative Information for any of the Competitors of the Bank that is included in the Report; and

    (D) the decision shall terminate on the day that is two years after the date of this decision.

"Kevin J. Kelly"
Commissioner
Ontario Securities Commission

"David L. Knight"
Commissioner
Ontario Securities Commission

2.1.14 Webb Asset Management Canada, Inc. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – certain mutual funds granted exemptions from National Instrument 81-102 Mutual Funds to engage in short selling of securities up to 20% of net assets, subject to certain conditions and requirements – future oriented relief granted as well.

Rules Cited

National Instrument 81-102 Mutual Funds, ss. 2.6(a) and (c), 6.1(1), 19.1.

January 22, 2008

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

AND

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

AND

IN THE MATTER OF
WEBB ASSET MANAGEMENT CANADA, INC.
(the Filer)

AND

IN THE MATTER OF
THE WEBB ENHANCED GROWTH FUND AND THE WEBB ENHANCED INCOME FUND
(the Existing Funds)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer, on behalf of the Existing Funds and each mutual fund hereafter created and managed by the Filer or any of the affiliates of the Filer (the **Future Funds**, and together with the Existing Funds, the **Funds**), for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Funds from the following requirements of the Legislation, subject to certain terms and conditions:

(a) the requirement contained in subsection 2.6(a) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) prohibiting a mutual fund from providing a security interest over a mutual fund's assets;

(b) the requirement contained in subsection 2.6(c) of NI 81-102 prohibiting a mutual fund from selling securities short; and

(c) the requirement contained in subsection 6.1(1) of NI 81-102 prohibiting a mutual fund from depositing any part of a mutual fund's assets with an entity other than the mutual fund's custodian.

Paragraphs (a), (b) and (c) together shall be referred to as 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 meaning in this decision unless they are defined in this decision.

Representations

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

General

1. The Filer is a corporation existing under the laws of Ontario. The Filer will be the trustee, manager, portfolio adviser and promoter of the Funds.

2. Each of the Funds will be established as an open-end trust pursuant to a Master Declaration of Trust dated January 11, 2008.

3. Upon the issuance of a receipt for the (final) simplified prospectus and (final) annual information form, each of the Funds will be a reporting issuer in all of the provinces and territories of Canada, except Quebec.

4. The investment practices of each of the Funds will comply in all respects with the requirements of Part 2 of NI 81-102, except to the extent that the Funds have received permission from the Decision Makers to deviate therefrom.

5. The Filer proposes that the Funds be permitted to engage in a limited, prudent and disciplined amount of short selling. The Filer is of the view that the Funds will benefit from the implementation

and execution of a controlled and limited short selling strategy which would complement the Funds' primary discipline of buying and holding securities with the expectation that they will appreciate in market value.

6. Short sales will be made consistent with each Fund's investment objectives.

7. In order to effect a short sale, a Fund will borrow securities from either its custodian or a dealer (in either case, the **Borrowing Agent**), which Borrowing Agent may be acting either as principal for its own account or as agent for other lenders of securities.

8. Each Fund will implement the following controls when conducting a short sale:

   (a) securities will be sold short for cash, with the Fund assuming the obligation to return to the Borrowing Agent the securities borrowed to effect the short sale;

   (b) the aggregate market value of all securities sold short by the Fund will not exceed 20% of the net assets of the Fund on a daily marked-to-market basis;

   (c) the short sale will be effected through market facilities through which the securities sold short are normally bought and sold;

   (d) the Fund will receive cash for the securities sold short within normal trading settlement periods for the market in which the short sale is effected;

   (e) the Fund will hold "cash cover" (as defined in NI 81-102) in an amount, including the Fund assets deposited with Borrowing Agents as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked-to-market basis;

   (f) no proceeds from short sales by the Fund will be used by the Fund to purchase long positions in securities other than cash cover;

   (g) the securities sold short will be liquid securities, "liquid" securities being securities that:

      (i) are listed and posted for trading on a stock exchange; and

         (1) the issuer of the security has a market capitalization of not less than CDN $300 million, or the equivalent thereof, at the time the short sale is effected; or

         (2) the Fund has pre-arranged to borrow for the purpose of such sale; or

      (ii) are bonds, debentures or other evidences of indebtedness of or guaranteed by the Government of Canada or any province or territory of Canada or the Government of the United States of America;

   (h) at the time securities of a particular issuer are sold short:

      (i) the aggregate market value of all securities of that issuer sold short by the Fund will not exceed 5% of the net assets of the Fund; and

      (ii) the Fund will place a "stop-loss" order with a dealer to immediately purchase for the Fund an equal number of the same securities if the trading price of the securities exceeds 120% (or such lesser percentage as the Filer may determine) of the price at which the securities were sold short;

   (i) the Fund will deposit Fund assets with the Borrowing Agent as security in connection with the short sale transaction;

   (j) for short sale transactions in Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund will be a registered dealer in Canada and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund;

   (k) for short sale transactions outside of Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund will;

      (i) be a member of a stock exchange and, as a result, be

subject to a regulatory audit; and

(ii) have a net worth in excess of the equivalent of CDN $50 million determined from its most recent audited financial statements that have been made public;

(l) except where the Borrowing Agent is the Fund's custodian, when the Fund deposits Fund assets with a Borrowing Agent as security in connection with a short sale transaction, the amount of Fund assets deposited with the Borrowing Agent will not, when aggregated with the amount of Fund assets already held by the Borrowing Agent as security for outstanding short sale transactions of the Fund, exceed 10% of the total assets of the Fund, taken at market value as at the time of the deposit;

(m) the security interest provided by the Fund over any of its assets that is required to enable the Fund to effect short sale transactions will be made in accordance with industry practice for that type of transaction and relate only to obligations arising under such short sale transactions;

(n) the Fund will keep proper books and records of all short sales and Fund assets deposited with Borrowing Agents as security; and

(o) the Fund will develop written policies and procedures for the conduct of short sales prior to conducting any short sales;

9. the Fund will provide disclosure in its simplified prospectus and annual information form of the short selling strategies and the details of this exemptive relief prior to implementing the short selling strategy;

Webb Enhanced Income Fund

10. in order to achieve its objectives, the Webb Enhanced Income Fund (the "Enhanced Income Fund") intends to invest primarily in equity securities of Canadian issuers (the "Canadian Equity Portfolio");

11. to produce tax-efficient distributions, the Enhanced Income Fund will also enter into one or more forward agreements (the "Forwards") to obtain exposure to an underlying portfolio (the "Underlying Portfolio"), which includes dividend-paying common and preferred shares, bonds, debentures, income trusts, equity-related securities and convertible securities issued by issuers anywhere in the world;

12. the Forwards will comply with sections 2.7, 2.8 and 2.11 of NI 81-102;

13. the objective of the Enhanced Income Fund is to provide investors with returns based on performance of the Underlying Portfolio and not the Canadian Equity Portfolio;

14. the Underlying Portfolio will be held in a separately managed account established with an investment dealer;

15. since the Underlying Portfolio will not be an "issuer" of securities, it is not a "mutual fund" or an "investment fund" and is not subject to NI 81-101 or NI 81-102;

16. the Underlying Portfolio will be managed by the Filer and the Filer intends to engage in limited short selling activity in the Underlying Portfolio and to apply all of the terms and conditions contemplated in paragraphs 6 through 9, above, *mutatis mutandis*, to the Underlying Portfolio's short selling activities;

17. except as described in paragraph 16, the Filer intends to manage the Underlying Portfolio in accordance with Part 2 of NI 81-102.

Decision

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

I. the aggregate market value of all securities sold short by the Fund will not exceed 20% of the net assets of the Fund on a daily marked-to-market basis;

II. the Fund will hold "cash cover" (as defined in NI 81-102) in an amount, including the Fund assets deposited with Borrowing Agents as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked-to-market basis;

III. no proceeds from short sales by the Fund will be used by the Fund to purchase long positions in securities other than cash cover;

IV. the Fund will maintain appropriate internal controls regarding its short sales including written policies and procedures, risk management controls and proper books and records;

V. any short sales made by the Fund will be subject to compliance with the investment objectives of the Fund;

VI. the Requested Relief will not apply to a Fund that is classified as a money market fund or a short-term income fund;

VII. the Requested Relief will not apply to any Future Fund having the characteristics described in representations of the Webb Enhanced Income Fund described in representations contained in paragraphs 10 through 17;

VIII. for short sale transactions in Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund shall be a registered dealer in Canada and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund;

IX. for short sale transactions outside of Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund shall:

(a) be a member of a stock exchange and, as a result, be subject to a regulatory audit; and

(b) have a net worth in excess of the equivalent of CDN $50 million determined from its most recent audited financial statements that have been made public;

X. except where the Borrowing Agent is the Fund's custodian, when the Fund deposits Fund assets with a Borrowing Agent as security in connection with a short sale transaction, the amount of Fund assets deposited with the Borrowing Agent does not, when aggregated with the amount of Fund assets already held by the Borrowing Agent as security for outstanding short sale transactions of the Fund, exceed 10% of the total assets of the Fund, taken at market value as at the time of the deposit;

XI. the security interest provided by the Fund over any of its assets that is required to enable the Fund to effect short sale transactions is made in accordance with industry practice for that type of transaction and relates only to obligations arising under such short sale transactions;

XII. prior to conducting any short sales, the Fund discloses in its simplified prospectus a description of: (i) short selling, (ii) how the Fund intends to engage in short selling, (iii) the risks associated with short selling, and (iv) in the Investment Strategy section of the simplified prospectus, the Fund's strategy and this exemptive relief;

XIII. prior to conducting any short sales, the Fund discloses in its annual information form the following information:

(a) that there are written policies and procedures in place that set out the objectives and goals for short selling and the risk management procedures applicable to short selling;

(b) who is responsible for setting and reviewing the policies and procedures referred to in the preceding paragraph, how often the policies and procedures are reviewed, and the extent and nature of the involvement of the board of directors or trustee of the Funds in the risk management process;

(c) trading limits or other controls on short selling in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;

(d) whether there are individuals or groups that monitor the risks independent of those who trade; and

(e) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions;

XIV. prior to conducting any short sales, the Fund has provided to its securityholders not less than 60 days' written notice that discloses the Fund's intent to begin short selling transactions and the disclosure required in the Fund's simplified prospectus and annual information form as outlined in paragraphs XI and XII of this decision, or the Fund's initial simplified prospectus and annual information form and each renewal thereof has included such disclosure;

XV. with respect to the Webb Enhanced Income Fund:

(a) notwithstanding paragraph I of this decision, the combined aggregate market value of all securities sold short by the Webb Enhanced Income Fund, directly, and by the Underlying Portfolio will not exceed 20% of the net assets of the Webb Enhanced Income Fund on a daily marked-to-market basis;

(b) the Filer shall apply paragraphs II through V and VIII through XIV of this decision, mutatis mutandis, with respect to any short selling activity conducted by the Underlying Portfolio; and

(c) the assets of the Underlying Portfolio shall otherwise be managed in compliance with Part 2 of NI 81-102;

XVI. the Requested Relief shall terminate upon the coming into force of any legislation or rule of the Decision Makers dealing with matters referred to in subsections 2.6(a), 2.6(c) and 6.1(1) of NI 81-102.

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

2.2 Orders

2.2.1 Burgundy Asset Management Ltd. et al.

Headnote

Relief granted from mutual fund investment restrictions in clause 111(2)(b), subclause 111(2)(c)(i) and subsection 111(3) of the Act, and from the management company reporting requirements in clauses 117(1)(a) and (d) of the Act, in connection with proposed actively managed investments by pooled funds in underlying pooled funds and mutual funds under common management - Fund manager may have significant interest in underlying fund as a result of investing seed capital in underlying fund - To the extent a top pooled fund would be a "related person or company" of an underlying mutual fund, the fund manager would have to report every sale of securities made from the underlying mutual fund to the top pooled fund - Relief granted subject to compliance with certain conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(2)(c)(i), 111(3), 113, 117(1)(a) and (d), 117(2).

January 22, 2008

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

AND

**IN THE MATTER OF
BURGUNDY ASSET MANAGEMENT LTD.
(the "Filer")**

AND

**BURGUNDY BALANCED PENSION FUND AND
BURGUNDY BALANCED FOUNDATION FUND
(the "Existing Top Funds")**

ORDER

Background

The Ontario Securities Commission ("**Commission**") has received an application from the Filer on its behalf, and on behalf of the Existing Top Funds and such other mutual funds that are established and managed by the Filer after the date of this Order which are sold pursuant to exemptions from the prospectus requirement (the "**Future Top Funds**" and together with the Existing Top Funds the "**Top Funds**"), for an order permitting the Top Funds to invest in other mutual funds that are established and managed by the Filer from time to time (collectively, the "**Underlying Funds**"):

(a) pursuant to section 113 of the Act, exempting the Top Funds from the restrictions in clause

111(2)(b), subclause 111(2)(c)(i) and subsection 111(3) of the Act, prohibiting a mutual fund from knowingly making or holding an investment,

(i) in any person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder; or

(ii) in an issuer in which any officer or director of the mutual fund, its management company or distribution company or an associate of any of them, has a significant interest; and

(b) pursuant to subsection 117(2) of the Act, exempting the Filer from the requirements under clauses 117(1)(a) and 117(1)(d) of the Act to file a report relating to a purchase or sale of securities between a mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, a mutual fund is a joint participant with one or more of its related persons or companies, in respect of each mutual fund to which it provides services or advice, within 30 days after the end of a month in which it occurs

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

Interpretation

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

NI 81-102 means National Instrument 81-102 *Mutual Funds*;

Pooled Funds means mutual funds managed by the Filer from time to time that are sold in Ontario pursuant to exemptions from the prospectus requirement; and

Public Funds means mutual funds managed by the Filer from time to time that are qualified and distributed under a simplified prospectus.

Representations

This Order is based on the following facts as represented by the Filer on behalf of the Top Funds:

1. The Filer is a corporation incorporated under the laws of Ontario. The Filer is the trustee, advisor and manager of the Existing Top Funds and is or will be the manager of the Future Top Funds and the Underlying Funds.

2. Each Existing Top Fund is, and each Future Top Fund will be, an open-ended mutual fund. The Existing Top Funds are not, and the Future Top Funds will not be, reporting issuers in Ontario. The Top Funds are or will be Pooled Funds.

3. Each Underlying Fund is or will be an open-ended mutual fund. The Underlying Funds are or will be either Pooled Funds or Public Funds.

4. Currently, the Filer has an exemption under the Act and NI 81-102 (the "**July 2004 Exemption**") permitting its Public Funds to invest in underlying Pooled Funds using an active fund-of-fund structure.

5. The Filer also has an exemption under the Act permitting its Pooled Funds to invest in other mutual funds managed by the Filer in fixed percentages using a passive fund-of-fund structure.

6. It is proposed that the Top Funds obtain the Requested Relief for the purpose of investing in the Underlying Funds using an active fund-of-fund structure.

7. The Filer wishes to actively manage each Top Fund's investments in any Underlying Fund with discretion to buy and sell securities of the Underlying Fund, selected in accordance with the Top Fund's investment objectives, as well as alter its holdings in any Underlying Fund in which it invests.

8. Each Top Fund's investment in securities of an Underlying Fund will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Top Fund.

9. The Filer does not charge and will not charge any management fee or incentive fee to the Top Funds or the Underlying Funds. However, each client of the Filer that invests in any mutual fund managed by the Filer enters into an agreement, under which the Filer has full authority to manage the client's assets, and the client pays a fee to the Filer directly in respect of all assets of the client under such management ("**Investment Counsel Agreement**"). As a result, no duplication of management fees can occur where a Top Fund invests in an Underlying Fund. Any incentive fees are charged by the Filer to the client and are not charged to any Top Fund that invests in an Underlying Fund.

10. In accordance with each Investment Counsel Agreement, the Filer exercises its discretion to allocate a client's portfolio between different models that represent particular sectors of various Canadian and global securities markets. This is achieved by allocating assets in client accounts among individual securities, the Top Funds, other mutual funds managed by the Filer and the Underlying Funds.

11. The Filer does not charge or receive any sales fees or redemption fees in relation to the purchase of securities of the Underlying Funds by the Top Funds. As a result, no duplication of any sales fees or redemption fees can occur where a Top Fund invests in an Underlying Fund.

12. Because of the proposed size of the investment by the Top Funds in the Underlying Funds, each Top Fund could, either alone or together with the other Top Funds, become a substantial security holder of each Underlying Fund. Accordingly, each Top Fund is prohibited by clause 111(2)(b) from making an investment in the Underlying Funds unless the requested exemption is granted.

13. It is expected that the Filer may have a significant interest in any Underlying Fund that it establishes and manages in the future, at the time of the establishment of the Underlying Fund as a result of investing seed capital in such Underlying Fund. Accordingly, each Top Fund is or will be prohibited by clause 111(2)(c)(i) of the Act from investing in such Underlying Fund, unless the requested exemption is granted.

14. Further to the July 2004 Exemption permitting the Public Funds to invest in underlying Pooled Funds, a Public Fund may individually hold in excess of 10 per cent of the voting securities of a Pooled Fund, or may together with related mutual funds hold in excess of 20 per cent of the voting securities of a Pooled Fund. In those circumstances, the Pooled Fund would be deemed a "related person or company" (as that term is defined in the Act) of the Public Fund.

15. Subsection 117(1) of the Act requires the Filer to report every transaction of purchase and sale of securities between its Public Funds and any related person or company. To the extent a top Pooled Fund would be a "related person or company" of an underlying Public Fund, the Filer would have report to the Commission every sale of securities made from that underlying Public Fund to the top Pooled Fund, unless the requested exemption is granted.

16. The Filer will, upon request, provide unitholders of a Top Fund with a copy of the simplified prospectus or, if available, offering memorandum (or other similar document), and the audited annual financial statements and semi-annual financial statements, of each Underlying Fund in which the Top Fund invests.

Decision

The Commission is satisfied that the proposed investments by the Top Funds represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of a mutual fund and that it would not be prejudicial to the public interest to grant the Requested Relief.

The Commission orders that the Requested Relief is granted to the Top Funds and the Filer for the purpose of allowing the Top Funds to make or hold investments in securities of the Underlying Funds provided that:

(a) securities of the Top Funds are distributed in Ontario solely to investors pursuant to an exemption from the prospectus requirements;

(b) the Top Funds do not vote on any of the securities they hold of the Underlying Funds, but the Filer may, if it chooses, arrange for all of the securities of the Underlying Funds held by a Top Fund to be voted by the beneficial owners of securities of the Top Funds;

(c) the Filer will not charge a management fee or an incentive fee to a Top Fund that invests in an Underlying Fund;

(d) the Filer will not charge a sales fee or a redemption fee to a Top Fund that invests in an Underlying Fund; and

(e) if available, the offering memorandum (or other similar document) of a Top Fund will disclose:

(i) that the Top Fund may purchase units of the Underlying Funds;

(ii) the fact that both the Top Fund and the Underlying Funds are managed by the Filer; and

(iii) the approximate or maximum percentage of net assets of the Top Fund that is dedicated to investment in units of the Underlying Funds.

"David L. Knight"
Commissioner
Ontario Securities Commission

"Kevin J. Kelly"
Commissioner
Ontario Securities Commission

2.2.2 Casimir Capital L.P. - s. 218 of the Regulation

Headnote

Application for an order, pursuant to section 218 of the Regulation, exempting the Applicant from the requirement in section 213 of the Regulation that the Applicant be incorporated, or otherwise formed or created, under the laws of Canada or a province or territory of Canada, for the Applicant to be registered under the Act as a dealer in the category of limited market dealer.

Regulation Cited

R.R.O. 1990, Regulation 1015, am. to O. Reg. 500/06, ss. 213, 218.

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

AND

IN THE MATTER OF
R.R.O. 1990, REGULATION 1015,
AS AMENDED (the Regulation)

AND

IN THE MATTER OF
CASIMIR CAPITAL L.P.

ORDER
(Section 218 of the Regulation)

UPON the application (the **Application**) of Casimir Capital L.P. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 218 of the Regulation, exempting the Applicant from the requirement in section 213 of the Regulation that the Applicant be incorporated, or otherwise formed or created, under the laws of Canada or a province or territory of Canada, in order for the Applicant to be registered under the Act as a dealer in the category of limited market dealer (**LMD**);

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited partnership formed under the laws of the State of Delaware on August 18, 2000. The Applicant's head office is located at 489 Fifth Avenue, New York, NY 10017, USA.

2. The Applicant is registered as a broker-dealer with the United States Securities and Exchange Commission. The Applicant is also registered with the Municipal Securities Rule Making Board and is a member of the Financial Industry Regulatory Authority (**FINRA**) and the Securities Investor Protection Corporation.

3. The Applicant intends to offer to accredited investors in Ontario privately placed securities pursuant to the registration and prospectus exemptions contained in the Act and in National Instrument 45-106 – *Prospectus and Registration Exemptions*.

4. Section 213 of the Regulation provides that a registered dealer that is not an individual must be a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.

5. The Applicant is not resident in Canada and will not maintain an office in Canada. The Applicant does not require a separate Canadian company in order to carry out its proposed LMD activities in Ontario. It is more efficient and cost-effective to carry out those activities through the existing company.

6. Without the relief requested, the Applicant would not meet the requirements of the Regulation for registration as a dealer in the category of LMD as it is not a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.

AND UPON being satisfied that to make this order would not be prejudicial to the public interest:

IT IS ORDERED THAT, pursuant to section 218 of the Regulation, and in connection with the registration of the Applicant as a dealer under the Act in the category of LMD, section 213 of the Regulation shall not apply to the Applicant, provided that:

1. The Applicant appoints an agent for service of process in Ontario.

2. The Applicant shall provide to each client resident in Ontario a statement in writing disclosing the non-resident status of the Applicant, the Applicant's jurisdiction of residence, the name and address of the agent for service of process of the Applicant in Ontario, and the nature of risks to clients that legal rights may not be enforceable.

3. The Applicant will not change its agent for service of process in Ontario without giving the Commission 30 days' prior notice of such change by filing a new Submission to Jurisdiction and Appointment of Agent for Service of Process.

4. The Applicant and each of its registered salespersons, directors, officers or partners irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial, and administrative tribunals of Ontario and any administrative proceedings in Ontario, in

any proceedings arising out of or related to or concerning its registration under the Act or its activities in Ontario as a registrant.

5. The Applicant will not have custody of, or maintain customer accounts in relation to, securities, funds, and other assets of clients resident in Ontario.

6. The Applicant will inform the Director immediately upon the Applicant becoming aware:

   (a) that it has ceased to be registered in the United States as a broker-dealer or has ceased to be a member of FINRA;

   (b) of its registration in any other jurisdiction not being renewed or being suspended or revoked;

   (c) that it is the subject of a regulatory proceeding, investigation or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority;

   (d) that the registration of its salespersons, officers, directors, or partners who are registered in Ontario have not been renewed or have been suspended or revoked in any Canadian or foreign jurisdiction; or

   (e) that any of its salespersons, officers, directors, or partners who are registered in Ontario are the subject of a regulatory proceeding, investigation or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority in any Canadian or foreign jurisdiction.

7. The Applicant will pay the increased compliance and case assessment costs of the Commission due to the Applicant's location outside Ontario, including the cost of hiring a third party to perform a compliance review on behalf of the Commission.

8. The Applicant will make its books and records outside Ontario, including electronic records, readily accessible in Ontario, and will produce physical records for the Commission within a reasonable time if requested.

9. If the laws of the jurisdiction in which the Applicant's books and records are located prohibit production of the books and records in Ontario without the consent of the relevant client the Applicant shall, upon a request by the Commission;

   (a) so advise the Commission; and

   (b) use its best efforts to obtain the client's consent to the production of the books and records.

10. The Applicant will, upon the Commission's request, provide a representative to assist the Commission in compliance and enforcement matters.

11. The Applicant and each of its registered directors, officers or partners will comply, at the Applicant's expense, with requests under the Commission's investigation powers and orders under the Act in relation to the Applicant's dealings with Ontario clients, including producing documents and witnesses in Ontario, submitting to audit or search and seizure process or consenting to an asset freeze, to the extent such powers would be enforceable against the Applicant if the Applicant were resident in Ontario.

12. If the laws of the Applicant's jurisdiction of residence that are otherwise applicable to the giving of evidence or production of documents prohibit the Applicant or the witnesses from giving the evidence without the consent or leave of the relevant client or any third party, including a court of competent jurisdiction, the Applicant shall:

   (a) so advise the Commission; and

   (b) use its best efforts to obtain the client's consent to the giving of the evidence.

13. The Applicant will maintain appropriate registration and regulatory organization membership, in the jurisdiction of its principal operations and if required, in its jurisdiction of residence.

January 25, 2008

"David Knight"
Commissioner
Ontario Securities Commission

"Paul Bates"
Commissioner
Ontario Securities Commission

2.2.3 Gold World Resources Inc. - s. 1(11)(b)

Headnote

Subsection 1(11)(b) - Issuer is a reporting issuer in Ontario - Issuer already a reporting issuer in Alberta and British Columbia - Issuer's securities listed for trading on the TSX Venture Exchange - Continuous disclosure requirements in Alberta and British Columbia 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, c. S. 5, AS AMENDED (the Act)

AND

IN THE MATTER OF
GOLD WORLD RESOURCES INC.

ORDER
(Subsection 1(11)(b))

UPON the application of Gold World Resources Inc. (the Issuer) to the Ontario Securities Commission (the Commission) for an order pursuant to subsection 1(11)(b) of the Act deeming the Issuer to be a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Issuer representing to the Commission as follows:

1. The Issuer was incorporated in British Columbia on September 28, 1987 as "Strikezone Minerals (Canada) Ltd." The Issuer changed its name to "Gold World Resources Inc." effective January 31, 2006. On April 18, 2007 the Issuer was continued under the *Business Corporations Act* (Ontario).

2. The Issuer's head office is located at 111 Richmond Street West, Suite 2500, Toronto, Ontario M5H 2G4.

3. The Issuer's authorized share capital consists of an unlimited number of common shares without par value and without special rights or restrictions attached. As at January 11, 2008, the Issuer had 28,016,737 common shares issued and outstanding.

4. The Issuer became a reporting issuer under the *Securities Act* (British Columbia) (the "BC Act") on July 5, 1999 by the issuance by the British Columbia Securities Commission of a receipt for a final prospectus dated June 28, 1999. The Issuer became a reporting issuer under the *Securities Act* (Alberta) (the "Alberta Act") on November 26, 1999 upon the merger of the Vancouver Stock Exchange and the Alberta Stock Exchange.

5. The Issuer is not on the list of defaulting issuers maintained pursuant to the BC Act or pursuant to the Alberta Act and, to the best of the Issuer's knowledge, is not in default of any requirements of the BC Act or the Alberta Act or any of the respective rules and regulations promulgated thereunder.

6. The continuous disclosure materials filed by the Issuer under the BC Act and the Alberta Act are available on the System for Electronic Document Analysis and Retrieval (SEDAR).

7. The continuous disclosure requirements of the BC Act and the Alberta Act are substantially the same as the requirements under the Act.

8. The Issuer's common shares are listed on the TSX Venture Exchange (the TSX-V) under the symbol "GDW".

9. The Issuer is not in default of any of the rules, regulations or policies of the TSX-V.

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

11. The TSX-Venture 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-V 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.

12. The Issuer has a significant connection to Ontario in that the Issuer's head office is located in Ontario; four of the six directors and executive officers of the Issuer reside in Ontario; and as at the date hereof, shareholders of the Issuer that are resident in Ontario hold at least 10% of the issued and outstanding common shares of the Issuer on both a registered and beneficial basis.

13. There have been no penalties or sanctions imposed against the Issuer by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority and the Issuer has not entered into a settlement agreement with a Canadian securities regulatory authority.

14. No current director or officer of the Issuer, nor, to the knowledge of the Issuer and its current directors and officers, any shareholder of the Issuer holding sufficient securities of the Issuer to materially affect the control of the Issuer has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) 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.

15. None of the Issuer, any current director or officer of the Issuer, nor, to the knowledge of the Issuer and its current directors and officers, any shareholder of the Issuer holding sufficient securities of the Issuer to materially affect the control of the Issuer has:

(a) been the subject of any known ongoing or concluded investigation 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) been the subject of 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.

16. None of the Issuer's current directors or officers, nor, to the knowledge of the Issuer and its current directors and officers, any shareholder of the Issuer holding sufficient securities of the Issuer to materially affect the control of the Issuer, has been at the time of such event, a director or officer of any other issuer which is or has:

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

(b) been subject to 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.

17. The Issuer will remit all participation fees due and payable by it pursuant to Ontario Securities Commission Rule 13-502 **Fees** no later than two business days from the date hereof.

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

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

DATED January 18, 2008

"Erez Blumberger"
Manager, Corporate Finance
Ontario Securities Commission

2.2.4 Edda Resources Inc. - s. 144

Headnote

Application by an issuer for revocation of a cease trade order issued by the Commission -- cease trade order issued in 1990 because the issuer had failed to file certain interim and annual financial statements and mangement's discussion and analysis of financial condition and results of operations as required by Ontario securities law -- issuer subsequently filed annual and interim financial statements, mangement's discussion and analysis and officer certification for the years ended April 30, 2005, 2006 and 2007 and the interim periods ended January 31, 2007, July 31, 2007 and October 31, 2007 and the issuer is otherwise not in default of Ontario Securities law -- cease trade order revoked.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127, 144.

Policies Cited

National Policy 12-202 Revocation of a Compliance-Related Cease Trade Order.

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

AND

IN THE MATTER OF
EDDA RESOURCES INC. (the "Issuer")

ORDER
(Section 144)

WHEREAS the securities of the Issuer are subject to a temporary cease trade order issued by the Ontario Securities Commission (the "Commission") on July 31, 1990 and extended on August 14, 1990 (collectively, the "Cease Trade Order") made under the predecessor to section 127 of the Act ordering that trading in the securities of the Issuer cease;

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

AND WHEREAS the Issuer has represented to the Commission as follows:

1. The Issuer was incorporated pursuant to the *Business Corporations Act* (Ontario) on April 12, 1983. The Issuer was dissolved on March 29, 1993 for failure to file corporate annual returns. Articles of Revival pursuant to the *Business Corporations Ac*t (Ontario) were filed on July 16, 1994.

2. The Issuer's registered and head office is located at Suite 3100, 40 King Street West, Toronto, Ontario M5H 3Y2.

3. The authorized capital of the issuer consists of 20,000,000 common shares in the capital of the Issuer without par value (collectively, the "Common Shares") and 2,000,000 special shares of which 2,921,769 Common Shares and no special shares are currently issued and outstanding.

4. The Issuer is a reporting issuer under the Act. The Issuer is not a reporting issuer or equivalent in any other jurisdiction in Canada.

5. Prior to the issuance of the Cease Trade Order, the Common Shares were quoted over-the-counter on the Canadian Dealing Network Inc. ("CDN"). The Common Shares have since been delisted from the CDN. The Issuer has no securities, including debt securities, that are currently listed or quoted on any exchange or market in Canada or elsewhere.

6. The Cease Trade Order was issued as a result of the failure of the Issuer to file on time with the Commission and mail to its shareholders (the "Shareholders"), interim financial statements for the nine month period ended January 31, 1990 which were due on April 1, 1990. Subject to paragraph 10 below, no further financial statements have been filed or mailed to the Shareholders since that time and no further continuous disclosure documents required by the Legislation have been filed by the Issuer since that time.

7. Since April 1, 1990 the Issuer has not carried on any business other than selling the Gastar shares as described in paragraph 9, investing the proceeds of the sale of such shares and acquiring the Property (as hereinafter defined), until the filings listed in paragraph 10 below were made on July 12, 2007.

8. The Issuer's failure to file financial statements was a result of financial distress. The Issuer had expended all of its cash resources on the resource properties it held at the time and there were no funds available to retain and pay auditors to prepare the required interim and audited financial statements. All previous property interests held by the Issuer have since lapsed.

9. The Issuer had been issued shares in another public company, Copperquest Inc., now named Gastar Explorations Ltd. ("Gastar") as a result of a property transaction. Gastar is currently listed on the Toronto Stock Exchange. The Issuer originally owned 164,004 shares of Gastar indirectly through its 81% interest in a private company named Arctic Gold & Platinum Inc.

("AG&PI"). AG&PI commenced selling its shares in Gastar in 2001. The net proceeds from the sale of the Gastar shares were used to repay an outstanding debt to an arm's-length party in the amount of $163,700, to pay other outstanding payables and to pay all of the Issuer's ongoing expenses including in respect of the preparation of the financial statements referred to in paragraph 10. The Issuer currently has approximately $40,000 in cash and marketable securities.

10. The Issuer has filed the following disclosure documents with the Commission via SEDAR:

    (a) Audited Annual Financial Statements for the years ended April 30, 2007, April 30, 2006 and April 30, 2005;

    (b) Management's Discussion and Analysis for the annual periods referred to in subparagraph (a) above;

    (c) Unaudited Interim Financial Statements for the nine months ended January 31, 2007, the three months ended July 31, 2007 (revised) and the six months ended October 31, 2007;

    (d) Management's Discussion and Analysis for the interim periods referred to in subparagraph (c) above; and

    (e) Certificates required by Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings signed by both the Chief Executive Officer and the Chief Financial Officer certifying the annual filings for each of the years ended April 30, 2007, April 30, 2006 and April 30, 2005 and the interim filings for the nine months ended January 31, 2007, the three months ended July 31, 2007 (revised) and the six months ended October 31, 2007.

11. The Issuer has paid outstanding participating fees, filing fees and late fees which are owing to the Commission in connection with the disclosure documents referred to in paragraph 10 above and has filed all of the forms associated with such payments.

12. The Issuer has proposed a reactivation plan consisting of the following:

    (a) completing the acquisition of a gold exploration property in Northern Manitoba comprised of four claim units covering 1010 hectares (the "Property") from A.L. Parres Ltd., a company controlled by the sister of a director of the Issuer, in consideration for 100,000 Common Shares and a 3% Net Smelter Returns Royalty pursuant to an acquisition agreement (the "Acquisition Agreement");

    (b) completing a private placement of $100,000, $95,000 of which will be subscribed for by existing insiders and $5,000 of which will be subscribed for by a nomimee for director of the Issuer, by issuing units priced at $0.05 per unit with each unit consisting of one (1) Common Share and one (1) warrant exercisable at $0.10 per share for a period of two years;

    (c) calling an annual and special meeting of Shareholders to elect directors, change the name of the Issuer, appoint auditors, approve a stock option plan, amend the Issuer's capital structure and approve a new by-law as well as providing Shareholders with the documents set out in paragraph 10 (a) to (d). The Issuer has undertaken to hold such annual and special meeting within three months of the date hereof and will prepare a management information circular in accordance with relevant securities laws, including National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"), that will contain prospectus level disclosure with respect to the Issuer. The Issuer will concurrently file such management information circular on SEDAR;

    (d) seeking further financing and additional properties; and

    (e) seeking a listing of the Common Shares on the CNQ or the TSX Venture Exchange.

13. The Issuer is not, to its knowledge, in default of any requirements of the Cease Trade Order, the Act or the rules and regulations made pursuant thereto, including NI 43-101, other than the following:

    (a) the deficiencies referred to in paragraph 6 above;

    (b) the Issuer has not filed the press release and material change report referred to in paragraph 16 below; and

    (c) the Issuer entered into the Acquisition Agreement described in paragraph 12 which, among other things, provides for the issuance of 100,000 Common Shares.

14. To the extent that the actions described in paragraph 13(c) constitute a contravention of the

Cease Trade Order, such contravention was inadvertent.

15. The Issuer will take all necessary actions to obtain relief for its failure to timely hold all annual general meetings required pursuant to the *Business Corporation Act* (Ontario).

16. Forthwith upon the issuance of this Order, the Issuer will issue a press release and file a material change report announcing the reactivation plans of the Issuer referred to in paragraph 12 above. The Issuer will concurrently file the press release, the material change report and the Acquisition Agreement on SEDAR.

17. The Issuer is not considering, nor is it involved in any discussion relating to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

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

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

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order is revoked.

DATED at Toronto, Ontario on this 29th day of January, 2008.

"Erez Blumberger"
Manager, Corporate Finance
Ontario Securities Commission

2.2.5 Loyalist Insurance Group Limited - s. 144

Headnote

Application by an issuer for a revocation of a cease trade order issued by the Commission -- cease trade order issued because the issuer had failed to file certain continuous disclosure materials in the form and with the content required by Ontario securities law -- defaults subsequently remedied -- cease trade order revoked.

Statutes Cited

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

IN THE MATTER OF
THE SECURITIES ACT
R.S.0. 1990, c. S.5, AS AMENDED
(the "Act")

AND

IN THE MATTER OF
THE LOYALIST INSURANCE GROUP LIMITED

ORDER
(Section 144)

WHEREAS the securities of The Loyalist Insurance Group Limited (the "**Applicant**") are subject to an issuer cease trade order issued by the Ontario Securities Commission (the "**Commission**") on May 16, 2005 under paragraph 127(1)2 of the Act (the "**Cease Trade Order**") which replaced a temporary cease trade order of the Commission dated May 4, 2005;

AND WHEREAS the Applicant has applied to the Commission for an Order pursuant to section 144 of the Act to revoke the Cease Trade Order;

AND WHEREAS it was represented by the Applicant to the Commission that:

1. The Applicant is a corporation incorporated under the laws of the Province of Alberta pursuant to Articles of Incorporation dated September 20, 1996.

2. The Applicant is a financial services holding company. The Applicant's sole subsidiary is a wholly-owned retail property, casualty, life and group benefits insurance brokerage company. The Applicant carries on business primarily in Ontario and its head office is located in Ancaster, Ontario.

3. The authorized share capital of the Applicant consists of (a) an unlimited number of common shares, (b) an unlimited number of First Preferred shares, issuable in series, and (c) an unlimited number of Second Preferred shares, issuable in series, of which (d) 19,063,763 common shares, (e) 1,115,747 Series "A" non-voting, 4.5%

cumulative dividend, Second Preferred shares, and (f) 350,000 Series "B" non-voting, 5% cumulative dividend, Second Preferred shares are issued and outstanding as of the date hereof. The Applicant has no other securities, including debt securities, outstanding.

4. The Applicant is a reporting issuer in the Provinces of Ontario, Alberta and British Columbia. The Applicant is not a reporting issuer in any other jurisdiction in Canada.

5. The common shares of the Applicant are listed on the TSX Venture Exchange but have been suspended from trading since May 5, 2005.

6. The Cease Trade Order was issued due to the failure by the Applicant to file with the Commission audited financial statements for the year ended December 31, 2004 as required by the Act.

7. The Applicant is also subject to cease trade orders issued by the British Columbia Securities Commission and the Alberta Securities Commission and has concurrently applied for revocation of these cease trade orders.

8. Subsequent to the issuance of the Cease Trade Order, the Applicant defaulted in filing subsequent financial statements and related management discussions and analyses and chief executive officer's and chief financial officer's certificates on a timely basis.

9. The Applicant failed to file its financial statements on a timely basis due to insufficient human resources, a matter which has since been rectified, and due to a difficult 2004 - 2005 restructuring which gave rise to issues which had to be resolved prior to completion of the preparation and audit of its financial statements, compounded by a period of downsizing and financial losses.

10. In accordance with the provisions of section 132(2) of the *Business Corporations Act* (Alberta), the Applicant obtained an order of the Court of Queen's Bench of Alberta permitting it to hold an annual meeting of shareholders on June 23, 2006 or any other date prior to July 31, 2006.

11. The Applicant held an annual and special meeting of its shareholders on June 23, 2006, and filed with the Commission and on SEDAR and disseminated to its shareholders, directors and auditors, the proxy meeting materials (the "**Meeting Materials**") in this regard and all matters proposed by management in the Meeting Materials were approved at the Meeting.

12. Immediately prior to August 31, 2004, there were 3,000,000 Series "A" Second Preferred shares in the capital of the Applicant outstanding held by a single shareholder. The holder thereof had the right to require the Applicant to exchange Series "A" Second Preferred shares for common shares of a subsidiary of the Applicant, The Loyalist Group Limited. Accordingly, effective August 31, 2004, the holder of the Series "A" Second Preferred shares exercised such right and the Applicant transferred a number of common shares held by the Applicant in the capital of The Loyalist Group Limited in exchange for 1,000,000 Series "A" Second Preferred shares which were cancelled by the Applicant. One year later, effective August 31, 2005, the holder of the Series "A" Second Preferred shares again exercised his exchange right and the Applicant transferred the balance of the common shares held by the Applicant in The Loyalist Group Limited in exchange for 884,253 Series "A" Second Preferred shares. The Series "A" Second Preferred shares were cancelled and the holdings of the Applicant in The Loyalist Group Limited were reduced to nil. It appears that neither party to the August 31, 2005 share exchange recognized that it may have been a breach of the Cease Trade Order and the cease trade orders of the other jurisdictions.

13. The Applicant has filed with the Commission and on SEDAR and disseminated to its shareholders, directors and auditors, the interim unaudited financial statements for the periods ended March 30, 2005, June 30, 2005 and September 30, 2005 and for the periods ended March 30, 2006, June 30, 2006 and September 30, 2006 and the audited annual financial statements for the years ended December 31, 2004, 2005 and 2006, together, in each case, with the related management and discussion and analyses, all as required under the Act.

14. On April 5, 2007, at the request of the Commission, the Applicant refiled with the Commission and on SEDAR revised management discussion and analyses for the year ended December 31, 2005 and for the interim periods ended March 31, 2006 and June 30, 2006. The Applicant also refiled unaudited interim financial statements for the periods ended March 31, 2006, June 30, 2006 and September 30, 2006, which were the same in all respects as the ones originally filed except for two additional notes thereto. A press release announcing the refilings and the reasons therefor was issued and filed on SEDAR the same day.

15. The Applicant does not have a history of cease trade orders issued against it.

16. The Applicant has applied to the TSXV for reinstatement and all conditions thereto have been satisfied with the exception of the submission of orders revoking the Cease Trade Order and the cease trade orders issued by the

British Columbia Securities Commission and the Alberta Securities Commission.

17. The Applicant is up to date in its continuous disclosure obligations, has paid all outstanding filing fees associated therewith, including late filing fees, and, to the best of its knowledge, is no longer in default of the requirements of the Act or any of the rules and regulations made thereunder.

AND WHEREAS the undersigned is satisfied that the Applicant has remedied its defaults in respect of its continuous disclosure obligations and that there is sufficient information in the marketplace on which investors can make informed decisions as to the purchase or sale of the securities of the Applicant;

AND WHEREAS the undersigned is of the opinion that to grant this Order would not be prejudicial to the public interest and is satisfied in the circumstances of this particular case that there is adequate justification for so doing;

THEREFORE IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order is hereby fully revoked;

DATED this 25th day of May, 2007

"Cameron McInnis"
Manager, Corporate Finance

This page intentionally left blank

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Rhonda Asbreuk

IN THE MATTER OF AN APPLICATION
FOR REGISTRATION OF RHONDA ASBREUK

OPPORTUNITY TO BE HEARD BY THE DIRECTOR
UNDER SUBSECTION 26(3) OF THE *SECURITIES ACT*

Date: January 28, 2008

Director: David M. Gilkes
Manager, Registrant Regulation

Appearances:

	Charles Piroli	For Ontario Securities Commission staff
	Rhonda Asbreuk	In person

Overview

1. This decision relates to the application of Ms. Asbreuk (also referred to as the **Applicant**) for transfer of registration as a salesperson in the category of mutual fund dealer and limited market dealer sponsored by Family Investment Planning Inc. (**FIP**). Ontario Securities Commission (**OSC**) staff has recommended that the Director refuse to grant registration. OSC staff made the recommendation based on information that revealed the applicant lacks the competency and integrity required of a professional in the securities industry.

Background

2. Ms. Asbreuk was registered as a mutual fund dealer salesperson under the *Securities Act* (the Act) sponsored by Optifund Investments Inc. (**Optifund**) from August 23, 2005 until May 4, 2006. Ms. Asbreuk also holds a level 1 insurance licence which was granted in May 2005. Optifund terminated Ms. Asbreuk's employment on May 4, 2006 for what it described as inappropriate sales practices.

3. On May 29, 2006 an application for the transfer of the registration of Ms. Asbreuk was received. OSC staff investigated the details relating to her termination and on December 29, 2006 advised Ms. Asbreuk that staff had recommended the Director refuse her application for registration.

4. Over this same time period the Mutual Fund Dealers Association of Canada (**MFDA**) had commenced an investigation into the sales practices of Ms. Asbreuk while she was sponsored by Optifund. On February 2, 2007, Ms. Asbreuk advised the OSC that rather than request an opportunity to be heard she was withdrawing her transfer application until such time as the MFDA investigation was completed.

5. The MFDA completed its investigation on September 7, 2007 and issued a warning letter to Ms. Asbreuk.

6. On October 3, 2007, Ms. Asbreuk applied to have her registration reinstated as a salesperson in the categories of mutual fund dealer and limited market dealer sponsored by FIP.

7. On November 15, 2007, OSC staff notified Ms. Asbreuk that it had recommended the Director refuse her application for registration. Ms. Asbreuk exercised her right for an Opportunity to be Heard (**OTBH**) by the Director. Subsection 26(3) of the Act states:

> (3) Refusal – The Director shall not refuse to grant, renew, reinstate or amend registration or impose terms and conditions thereon without giving the applicant an opportunity to be heard.

8. The OTBH was conducted in person on November 30, 2007.

Staff Submissions

9. OSC staff recommended that the Director refuse to grant registration to Ms. Asbreuk in December 2006 and October 2007. In both cases OSC staff expressed concerns with the sales practices of Ms. Asbreuk. Specifically, OSC staff raised concerns that the Applicant had recommended unsuitable leveraging, recorded inconsistent information on loan applications, did not maintain necessary documentation in client files, over-concentrated clients' portfolios in labour sponsored mutual funds (**LSFs**), appeared to be fronting for an unregistered individual, and appeared involved in a strategy to double charge commissions. The Applicant's sales practices have also been the subject of an investigation by the MFDA and an internal compliance review by Optifund.

MFDA Investigation

10. The MFDA conducted an investigation into Ms. Asbreuk's activities at Optifund. The investigation looked into whether Ms. Asbreuk had violated MFDA rules relating to the distribution of sales materials that had not been approved by Optifund, and whether she had failed to maintain adequate meeting notes regarding discussions with clients relating to the Return on Innovation LSF.

11. The MFDA concluded its investigation in September 2007 and issued a warning letter.

Fronting for Chad Martin

12. Optifund began its compliance review into the Applicant's activities after it received two telephone calls from clients. The first person was a mutual fund client of Ms. Asbreuk who claimed his representative was Mr. Martin. Optifund learned that the client's portfolio consisted solely of LSFs. Optifund received a second phone call from another client of Ms. Asbreuk. This client revealed that Mr. Martin made the sales presentation regarding LSFs and Ms. Asbreuk merely completed the paperwork. This client was also heavily concentrated in LSFs.

13. As a result, on March 24, 2006 Optifund placed Ms. Asbreuk under strict supervision and began a compliance review of her sales practices.

14. Chad Martin is Ms. Asbreuk's common law spouse and is not currently registered under the Act to sell mutual funds or any other securities. While at Optifund, Ms. Asbreuk and Mr. Martin worked together with a number of clients where Mr. Martin was supposed to be responsible for insurance products and Ms. Asbreuk for mutual funds. Currently, Ms. Asbreuk and Mr. Martin both work for FIP out of the same office and work together with some clients.

15. Mr. Martin had been registered as a mutual fund salesperson. On March 21, 2002, Mr. Martin was granted registration as a salesperson in the category of mutual fund dealer, sponsored by Quadrus Investment Services Ltd. At the time of his application for registration, Mr. Martin already held a Level 2 insurance licence. On June 27, 2002, while under contract with London Life Insurance Company, Mr. Martin was subject of an internal investigation where it was determined that he had forged a client's signature on certain documentation. As a result, he was terminated for cause. OSC staff at the time determined that issues regarding Mr. Martin's suitability for registration would be addressed when an application for transfer or reactivation of his registration was submitted.

16. An application was filed by Mr. Martin to be registered as a mutual fund dealer with Optifund on August 10, 2005. At the time of this transfer application, OSC staff learned that Mr. Martin had been convicted in July 2000 for practising as an insurance agent without a licence. In addition, he was under investigation by the Financial Services Commission of Ontario for alleged mortgage fraud perpetrated in Kingston, Ontario. On March 26, 2006, he was charged with four counts of making false statements to obtain credit and one count of fraud over $5,000. He was granted an absolute discharge on one charge and the four other charges were dismissed. It should be noted that being granted an "absolute discharge" means there was a finding of guilt but no conviction is registered.

17. The application for registration was withdrawn by Optifund on August 29, 2005 due to the fact that Mr. Martin's investment funds course had expired and he was unwilling or unable to rewrite it. Mr. Martin continued to work at Optifund as a salesperson on the insurance side of Optifund's business.

Double Commissions

18. Optifund found a pattern of an investment strategy whereby clients took out RSP loans to buy segregated funds with Mr. Martin. Shortly after the purchase, part of these funds, sometimes as much as half, were redeemed and invested in LSFs sold by Ms. Asbreuk. Optifund discovered 22 cases of this investment strategy.

19. This investment strategy led to excessive commissions. A commission was paid to Mr. Martin on the sale of the segregated funds that were purchased with the borrowed money. Another commission was paid to Ms. Asbreuk on the sale of the LSFs that were bought with the money from the redemption of the segregated funds.

20. In many cases, the redemption of the segregated funds led to the client paying a deferred sales charge. This led to excessive charges to the client resulting in less borrowed money being invested.

Loan Applications

21. There was only one case out of 27 RSP loan applications reviewed where the financial data disclosed in the loan application was consistent with the client's financial needs data analysis documentation. This information was apparently misstated in the 26 other applications to ensure the loans were approved.

22. In the 26 other cases, the information on the loan application was not consistent with that in the financial needs analysis documentation. Optifund found the following issues relating to the RSP loans arranged by the Applicant for clients:

- in at least one case, the money borrowed for the purpose of buying segregated funds within the RSP was found to have been used for another purpose, to pay down debt,
- there were 12 instances where the leverage disclosure documentation could not be located in any of Ms. Asbreuk's files, Mr. Martin's files, or Optifund's files, and
- none of the client files contained detailed written recommendations for leveraging.

Concentration in LSFs

23. Optifund investigated the concentration in LSFs held by Ms. Asbreuk's clients. In addition to a concentration in LSFs, it was also discovered, that the Applicant only sold a single type of mutual funds to her clients, the Return on Innovation Labour Sponsored Fund.

24. This pattern raises a concern relating to the suitability of these investments. Due to the generally higher risk and lower returns, it is commonly known that LSFs are not appropriate for every client, even when the taxation advantage is taken into account. However, salespersons usually receive a higher commission from the sale of LSFs than from other mutual funds.

Applicant Submissions

25. The Applicant contested the claim that she had been terminated, saying she resigned from Optifund on May 3, 2006. She did not have any documents to prove this point. However, Ms. Asbreuk did send a letter to the MFDA to advise of her change of employment status; it was received by the MFDA on May 17, 2006. Optifund submitted a notice of termination to the OSC indicating it had terminated Ms. Asbreuk for cause on May 4, 2006 based on the results of an internal compliance review.

26. Ms. Asbreuk felt a lot of the problems identified by staff were the result of poor training provided by Optifund and she admitted that she is not "a super-knowledgeable mutual fund representative". She noted that she was on probation at Optifund and worked with the branch manager. All her trades were approved before they were made and there were no concerns raised about her trades.

27. Ms. Asbreuk believed that Optifund failed in its duties as a member of the MFDA. According to Ms. Asbreuk, product orientation consisted of being provided a book, and she was asked to write the ninety-day training examination after being on the job for seven and a half months without any instruction during that time. She felt that if Optifund was dissatisfied with anything she was doing, they had a responsibility to identify the issues and teach her the proper way of doing things.

28. The Applicant also felt it was unfair that she was being judged on Mr. Martin's past and not on her own merits.

MFDA Investigation

29. In relation to the findings from the MFDA Investigation, Ms. Asbreuk noted that she had not submitted sales disclosure materials for approval. However, the disclosure materials had come from the manager of the London branch of Optifund. Since it had come from the London office, Ms. Asbreuk believed it to be an approved form.

30. In regard to note taking, the Applicant said she did not know how many notes were enough notes. It was not until her last week at Optifund that the branch manager showed her how to prepare an ideal client file. If Optifund was dissatisfied with her note taking, it was not brought to her attention.

Fronting for Chad Martin

31. The Applicant explained that she had handled mutual funds with clients where Mr. Martin was the insurance representative. However, because of a longer term relationship and larger sums of money invested with Mr. Martin, many clients would say that he was their advisor. Ms. Asbreuk did not think the clients were confused and knew Ms. Asbreuk was their advisor in relation to mutual funds.

Double Commissions

32. Ms. Asbreuk noted that there were loans made to her clients under Mr. Martin's name. These loans were later moved under her name. This was apparently due to a mistake where the mutual fund company loaning the money only had a segregated fund code for Ms. Asbreuk and did not have a mutual fund code. As a workaround, she used Mr. Martin's code to get the loans for her clients. She said this only happened for about one week until she got her own code and created the loans for clients. The workaround was approved by the London office of Optifund.

33. Ms. Asbreuk said that she moved clients out of segregated funds and into LSFs because it was never intended for the clients to be in segregated funds but they could only get the loan under the segregated fund code. She said that for other clients, only deferred sales charge (DSC) free or the 10 per cent free from DSC, were moved to LSFs. As a result, clients did not pay any extra fees.

Loan Applications

34. In relation to the loan applications, Ms. Asbreuk explained that any discrepancies with financial needs analysis data was due to timing. Other insurance advisors who did not sell mutual funds worked with the Applicant when their clients needed mutual funds. These advisors had prepared the original financial needs analysis and this was in the client files. This analysis may have been out of date by one or two years. Ms. Asbreuk updated the information for the new loan and it did not match the financial needs analysis.

35. The Applicant apparently did not know an updated financial needs analysis needed to be done. However, she used the most updated information on the loan application and this was inconsistent with the financial needs analysis.

Concentration in LSFs

36. Ms. Asbreuk made a number of comments relating to insufficient or a lack training undertaken by Optifund. She said that the company had held more training seminars on the Return on Innovation funds than for any other company. Ms. Asbreuk concluded that Optifund was pushing those funds and because she had been to a number of seminars, she knew this fund better than others. As a result, this was the only fund that she sold out of the thousands of mutual funds available.

37. The Applicant sold more segregated funds than LSFs, but all the mutual funds she sold were one type of LSF.

38. Ms. Asbreuk said that at Optifund, clients with tolerance for medium risk or high risk were considered suitable for LSFs. She said that her know-your-client (KYC) forms were always checked medium risk or high risk and approved by the branch manager.

Suitability for Registration

39. A registrant is in a position to perform valuable services to the public, both in the form of direct services to individual investors and as part of the larger system that provides the public benefits of fair and efficient capital markets. A registrant also has a corresponding capacity to do material harm to individual investors and the public at large.

40. Determining whether an applicant should be registered is an important component of the work undertaken by OSC staff to protect investors and foster confidence in the capital markets. This point was made in the *Mithras* decision that reads in part:

> … the role of the Commission is to protect the public interest by removing from the capital markets -- wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the

> courts, particularly under section 118 of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In doing so we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.
>
> *Re Mithras Management Ltd.*, (1990) 13 OSCB 1600

41. The standard for suitability is based on three well established criteria that have been identified by the OSC:

> The [Registrant Regulation] section administers a registration system which is intended to ensure that all Applicants under the Securities Act and the Commodity Futures Act meet appropriate standards of integrity, competence and financial soundness …
>
> *Ontario Securities Commission*, Annual Report 1991, Page 16

42. The meanings of the criteria for the purposes of determining suitability for registration are not defined in Ontario securities legislation but OSC staff consider:

- integrity includes honesty and good faith, particularly in dealings with clients, and compliance with Ontario securities law,
- competence includes prescribed proficiency and knowledge of the requirements of Ontario securities law, and
- financial soundness is an indicator of a firm's capacity to fulfill its obligations and can be an indicator of the risk that an individual will engage in self-interested activities at the expense of clients.

43. In this matter the question of the Applicant's suitability for registration surrounds the criteria of competence and integrity. There is no issue relating to the Applicant's financial solvency.

44. The Applicant admits that she is not a highly knowledgeable mutual fund salesperson. The Applicant's lack of competence is highlighted in the following:

- she only sold LSFs and from only one company,
- her clients were highly concentrated in LSFs,
- she only sold one segregated fund,
- she failed to have sales disclosure approved,
- she did not maintain adequate records of meetings with clients,
- she arranged loans for clients that were inconsistent with their financial needs analysis,
- she did not provide leverage disclosure to clients borrowing money to invest,
- she arranged loans for clients under the wrong fund code, and
- she arranged loans for clients under the code of another representative.

45. Optifund bears some of the responsibility as it has an obligation to ensure that its salespersons are trained and understand the products they are selling. Optifund's supervision should have found these shortfalls and corrected them. It was only as the result of a telephone inquiry from a client that the Applicant's sales practices came to light.

46. Ms. Asbreuk's dealings with clients together with Mr. Martin raise concerns of integrity. Her explanation of why some clients believed Mr. Martin was their advisor was possible. However, given her lack of experience, and that at least in one instance the client said Mr. Martin was involved in selling mutual funds, it is likely Mr. Martin was involved in the sales of mutual funds.

47. There were 26 cases where the financial needs analysis documentation was inconsistent with the loan application, there was only one case where it was consistent. OSC staff submits that this was done to ensure the loan was

approved. This is supported by Mr. Martin's past behaviour. The mortgage fraud charges against Mr. Martin alleged that he falsified financial documents to ensure that mortgages were approved.

48. The Applicant claimed that the inconsistent loan records were due to timing. If that was the case it is not clear how she determined the amount of the loan. Was the amount of the loan based on an old financial needs analysis or on undocumented discussion with the client.

49. There were 12 instances where leverage disclosure information was not found in any file relating to the client. Borrowing money for investing can increase the risks for an investor as the money borrowed must be repaid. This risk is exacerbated when the money is borrowed for a high risk investment such as a LSF. This is a situation where a clear conflict of interest can be found. This lack of disclosure was not in the best interest of her clients.

50. Ms. Asbreuk said the alleged double commissions resulted from loans arranged for the purchase of segregated funds but intended to buy mutual funds. As soon as the loan code error was fixed she put the money where it was intended. It is not clear, why the loans were made out under Mr. Martin's name and code. Ms. Asbreuk said she had a code to make the loans under her own name for segregated funds. Mr. Martin could not arrange loans for mutual funds.

51. Ms. Asbreuk said the loan workaround was only in place for a short period of time, perhaps one week. This does not appear to explain the 22 cases where Optifund found that a client bought segregated funds with borrowed money from Mr. Martin, and then bought LSFs from Ms. Asbreuk with money from redeeming the same segregated funds purchased from Mr. Martin. Again this practice was not in the best interest of her clients.

Decision and Reasons

52. The Director has the discretion to grant registration, refuse registration or impose terms and conditions on the registration. Terms and conditions are most useful in cases where remediation is possible but not where there is a question of integrity. This point was discussed in the Jaynes decision that reads in part:

> While terms and conditions restricting registration may be appropriate in a wide variety of circumstances, they should not be used to "shore up" a fundamentally objectionable registration. To do so would be to create the very real risk that a client's interests cannot be effectively served due to the severity and extent of the restrictions imposed.
>
> *Re Jaynes* (2000), 23 O.S.C.B. 1543

53. The submissions made by OSC staff clearly demonstrate that the Applicant lacks the competence required of a mutual fund salesperson. The Applicant admitted as much in her submission.

54. Registrants have a duty to deal fairly, honestly and in good faith with their clients. This is a cornerstone of the regulatory regime. The Applicant, particularly in situations where she was meeting clients with Mr. Martin, appeared to be involved in self-dealing to the detriment of her clients. In my view, the Applicant has demonstrated a lack of integrity.

55. The Applicant has not demonstrated the high standard of competency and integrity required of a professional in the securities industry and I find that this would not be an appropriate situation to impose terms and conditions. Therefore, I refuse to grant the registration of Rhonda Asbreuk.

January 28, 2008

"David M. Gilkes"

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
Edda Resources Inc.	July 31 1990	Aug 14 1990	Aug 14 1990	Jan 29 2008

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

** **NOTHING TO REPORT THIS WEEK.**

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		
Peace Arch Entertainment Group Inc.	13 Dec 07	24 Dec 07	24 Dec 07		
TS Telecom Ltd.	06 Dec 07	19 Dec 07	19 Dec 07		
Mint Technology Corp.	03 Jan 08	16 Jan 08	16 Jan 08		
Knightscove Media Corp.	04 Jan 08	17 Jan 08	17 Jan 08		

This page intentionally left blank

Chapter 5

Rules and Policies

5.1.1 OSC Rule 62-504 Take-Over Bids and Issuer Bids, Form 62-504F1 Take-Over Bid Circular, Form 62-504F2 Issuer Bid Circular, Form 62-504F3 Directors' Circular, Form 62-504F4 Director's or Officer's Circular and Form 62-504F5 Notice of Change or Notice of Variation

ONTARIO SECURITIES COMMISSION RULE 62-504
TAKE-OVER BIDS AND ISSUER BIDS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definition of "consultant" – (1) In this Rule and for the purposes of Part XX of the Act, "consultant" means, for an issuer, a person or company, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that,

(a) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution,

(b) provides the services under a written contract with the issuer or a related entity of the issuer, and

(c) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer,

(2) In this Rule and for the purposes of Part XX of the Act, "consultant" includes in the case of an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner.

1.2 Definition of "standard trading unit" – In this Rule, "standard trading unit" means,

(a) 1,000 units of a security with a market price of less than $0.10 per unit,

(b) 500 units of a security with a market price of $0.10 or more per unit and less than $1.00 per unit, and

(c) 100 units of a security with a market price of $1.00 or more per unit.

1.3 Interpretation, market price – (1) In this Rule and for the purposes of Part XX of the Act

(a) the market price of a class of securities for which there is a published market, at any date, is an amount equal to the simple average of the closing price of securities of that class for each of the business days on which there was a closing price in the 20 business days preceding that date,

(b) if a published market does not provide a closing price, but provides only the highest and lowest prices of securities traded on a particular day, the market price of the securities, at any date, is an amount equal to the average of the simple averages of the highest and lowest prices for each of the business days on which there were highest and lowest prices in the 20 business days preceding that date, and

(c) if there has been trading of securities in a published market for fewer than 10 of the 20 business days preceding the date as of which the market price of the securities is being determined, the market price is the average of the following prices established for each day of the 20 business days preceding that date:

(i) the average of the closing bid and ask prices for each day on which there was no trading, and

(ii) either the closing price of securities of the class for each day that there has been trading, if the published market provides a closing price, or the average of the highest and lowest prices of securities of that class for each day that there has been trading, if the published market provides only the highest and lowest prices of securities traded on a particular day.

(2) If there is more than one published market for a security, the market price in paragraphs (1)(a), (b) and (c) must be determined as follows:

(a) if only one of the published markets is in Canada, the market price must be determined solely by reference to that market;

(b) if there is more than one published market in Canada, the market price must be determined solely by reference to the published market in Canada on which the greatest volume of trading in the particular class of securities occurred during the 20 business days preceding the date as of which the market price is being determined;

(c) if there is no published market in Canada, the market price must be determined solely by reference to the published market on which the greatest volume of trading in the particular class of securities occurred during the 20 business days preceding the date as of which the market price is being determined.

(3) Despite subsections (1) and (2), for the purposes of section 100 of the Act, if an offeror acquires securities on a published market, the market price for those securities is the price of the last standard trading unit of securities of that class purchased, before the acquisition by the offeror, by a person or company who was not acting jointly or in concert with the offeror.

PART 2 EXCEPTIONS TO BID INTEGRATION RULES

2.1 Acquisitions during formal take-over bid – (1) Subsection 93.1(1) of the Act does not apply to acquisitions of securities of the class that are subject to a formal take-over bid and securities convertible into securities of that class beginning on the third business day following the date of the bid until the expiry of the bid if, in addition to satisfying any requirement under subsection 93.1(2) of the Act, all of the following conditions are satisfied:

(a) the intention of the offeror,

(i) on the date of the bid, is to make purchases and that intention is stated in the bid circular, or

(ii) to make purchases changes after the date of the bid and that intention is stated in a news release issued and filed at least one business day prior to making such purchases;

(b) the purchases are made in the normal course on a published market;

(c) the offeror issues and files a news release immediately after the close of business of the published market on each day on which securities have been purchased under this subsection disclosing the following information:

(i) the name of the purchaser;

(ii) if the purchaser is a person or company referred to in clause (b), (c) or (d) of the definition of “offeror” set out in section 93 of the Act, the relationship of the purchaser and the offeror;

(iii) the number of securities purchased on the day for which the news release is required;

(iv) the highest price paid for the securities on the day for which the news release is required;

(v) the aggregate number of securities purchased on the published market during the currency of the bid;

(vi) the average price paid for the securities that were purchased on the published market during the currency of the bid; and

(vii) the total number of securities owned by the purchaser after giving effect to the purchases that are the subject of the news release;

(d) no broker acting for the offeror performs services beyond the customary broker’s functions in regard to the purchases;

(e) no broker acting for the offeror receives more than the usual fees or commissions in regard to the purchases than are charged for comparable services performed by the broker in the normal course;

(f) the offeror or any person or company acting for the offeror does not solicit or arrange for the solicitation of offers to sell securities of the class subject to the bid, except for the solicitation by the offeror or members of the soliciting dealer group under the bid; and

(g) the seller or any person or company acting for the seller does not, to the knowledge of the offeror, solicit or arrange for the solicitation of offers to buy securities of the class subject to the bid.

(2) Subsection 93.1(1) of the Act does not apply to an agreement between a security holder and the offeror to the effect that the security holder will, in accordance with the terms and conditions of a formal take-over bid, deposit the security holder's securities under the bid.

2.2 Acquisitions during formal issuer bid – Subsection 93.1(4) of the Act does not apply so as to prevent the offeror from purchasing, redeeming or otherwise acquiring any securities of the class subject to the formal issuer bid in reliance on an exemption in section 101 of the Act.

2.3 Acquisitions before formal take-over bid – (1) Subsection 93.2(1) of the Act does not apply to purchases made by an offeror if, in addition to satisfying any requirement under subsection 93.2(2) of the Act, all of the following conditions are satisfied:

(a) no broker acting for the offeror performs services beyond the customary broker's functions in regard to the purchases;

(b) no broker acting for the offeror receives more than the usual fees or commissions in regard to the purchases than are charged for comparable services performed by the broker in the normal course;

(c) the offeror or any person or company acting for the offeror does not solicit or arrange for the solicitation of offers to sell securities of the class subject to the bid, except for the solicitation by the offeror or members of the soliciting dealer group under the take-over bid; and

(d) the seller or any person or company acting for the seller does not, to the knowledge of the offeror, solicit or arrange for the solicitation of offers to buy securities of the class subject to the bid.

(2) Subsection 93.2(1) of the Act does not apply to a transaction that occurred within 90 days preceding the formal take-over bid if either of the following conditions are satisfied:

(a) the transaction is a trade in a security of the issuer that had not been previously issued;

(b) the transaction is a trade by or on behalf of the issuer in a previously issued security of that issuer that had been redeemed or purchased by, or donated to, that issuer.

2.4 Acquisitions after formal bid – Subsection 93.3(1) of the Act does not apply to purchases made by an offeror in the normal course on a published market if all of the following conditions are satisfied:

(a) no broker acting for the offeror performs services beyond the customary broker's functions in regard to the purchases;

(b) no broker acting for the offeror receives more than the usual fees or commissions in regard to the purchases than are charged for comparable services performed by the broker in the normal course;

(c) the offeror or any person or company acting for the offeror does not solicit or arrange for the solicitation of offers to sell securities of the class subject to the bid, except for the solicitation by the offeror or members of the soliciting dealer group under the bid; and

(d) the seller or any person or company acting for the seller does not, to the knowledge of the offeror, solicit or arrange for the solicitation of offers to buy securities of the class subject to the bid.

2.5 Sales during formal bid – Subsection 93.4(1) of the Act does not apply to an offeror under a formal issuer bid in respect of the issue of securities pursuant to a dividend plan, dividend reinvestment plan, employee purchase plan or another similar plan.

PART 3 REQUIRED FORMS

3.1 Formal bid circular – A bid circular under subsection 94.2(1) of the Act must be in,

(a) Form 62-504F1 Take-Over Bid Circular, for a take-over bid; or

(b) Form 62-504F2 Issuer Bid Circular, for an issuer bid.

3.2 Directors' circular – A directors' circular under subsection 95(4) of the Act must be in Form 62-504F3 Directors' Circular.

3.3 Director's or officer's circular – A director's or officer's circular under subsection 96(3) of the Act must be in Form 62-504F4 Director's or Officer's Circular.

3.4 Notice of change or variation – The following must be in Form 62-504F5 Notice of Change or Notice of Variation:

(a) a notice of change in relation to a bid circular under subsection 94.3(4) of the Act;

(b) a notice of variation in relation to a formal bid under subsection 94.4(2) of the Act;

(c) a notice of change in relation to a directors' circular under subsection 95.1(2) of the Act; and

(d) a notice of change in relation to a director's or officer's circular under subsection 96(7) of the Act.

PART 4 OFFEROR'S OBLIGATIONS – EXCEPTIONS

4.1 Prohibition against collateral agreements – exception – (1) Subsection 97.1(1) of the Act does not apply to an employment compensation arrangement, severance arrangement or other employment benefit arrangement that provides,

(a) an enhancement of employee benefits resulting from participation by the security holder of the offeree issuer in a group plan, other than an incentive plan, for employees of a successor to the business of the offeree issuer, if the benefits provided by the group plan are generally provided to employees of the successor to the business of the offeree issuer who hold positions of a similar nature to the position held by the security holder, or

(b) a benefit not described in paragraph (a) that is received solely in connection with the security holder's services as an employee, director or consultant of the offeree issuer, of an affiliated entity of the offeree issuer, or of a successor to the business of the offeree issuer, if,

(i) at the time the bid is publicly announced, the security holder and its associates beneficially own or exercise control or direction over less than 1% of the outstanding securities of each class of securities of the offeree issuer subject to the bid, or

(ii) an independent committee of directors of the offeree issuer, acting in good faith, has determined that

(A) the value of the benefit, net of any offsetting costs to the security holder, is less than 5% of the amount referred to in paragraph (3)(a), or

(B) the security holder is providing at least equivalent value in exchange for the benefit.

(2) In order to rely on an exception under paragraph (1)(b) the following conditions must be satisfied:

(a) the benefit is not conferred for the purpose, in whole or in part, of increasing the amount of the consideration paid to the security holder for securities deposited under the bid or providing an incentive to deposit under the bid;

(b) the conferring of the benefit is not, by its terms, conditional on the security holder supporting the bid in any manner; and

(c) full particulars of the benefit are disclosed in the issuer bid circular or, in the case of a take-over bid, in the take-over bid circular or directors' circular.

(3) In order to rely on an exception under subparagraph (1)(b)(ii) the following conditions must be satisfied:

(a) the security holder receiving the benefit has disclosed to the independent committee the amount of consideration that the security holder expects it will be beneficially entitled to receive under the terms of the bid in exchange for the securities beneficially owned by the security holder; and

(b) the determination of the independent committee under subparagraph (1)(b)(ii) is disclosed in the issuer bid circular or, in the case of a take-over bid, in the take-over bid circular or directors' circular.

(4) In this section, in determining the beneficial ownership of securities of a holder at a given date, any security or right or obligation permitting or requiring the security holder or any person or company acting jointly or in concert with the security holder, whether or not on conditions, to acquire a security, including an unissued security, of a particular class within 60 days by a single transaction or a series of linked transactions is deemed to be a security of a particular class.

4.2 Proportionate take up and payment – exceptions – (1) Subsection 97.2(1) of the Act does not apply so as to prohibit an offeror from acquiring securities under the terms of a formal issuer bid that, if not acquired, would constitute less than a standard trading unit for the security holder.

(2) Subsection 97.2(1) of the Act does not apply to securities deposited under the terms of a formal issuer bid by security holders who,

(a) are entitled to elect a minimum price per security, within a range of prices, at which they are willing to sell their securities under the bid, and

(b) elect a minimum price which is higher than the price that the offeror pays for securities under the bid.

PART 5 FILING OF DOCUMENTS

5.1 Filing of documents (1) An offeror making a formal take-over bid must file copies of the following documents, and any amendments to those documents:

(a) any agreement between the offeror and a security holder of the offeree issuer relating to the take-over bid, including any agreement to the effect that the security holder will deposit its securities to the take-over bid made by the offeror;

(b) any agreement between the offeror and directors or officers of an offeree issuer relating to the take-over bid;

(c) any agreement between the offeror and an offeree issuer relating to the take-over bid; and

(d) any other agreement of which the offeror is aware that could affect control of the offeree issuer, including any agreement with change of control provisions, any security holder agreement or any voting trust agreement, that the offeror has access to and can reasonably be regarded as material to a security holder in deciding whether to deposit securities under the bid.

(2) An offeree issuer whose securities are the subject of a formal take-over bid must file copies of any agreement of which the offeree issuer is aware that could affect control of the offeree issuer, including an agreement with change of control provisions, a security holder agreement or a voting trust agreement, that the offeree issuer has access to and can reasonably be regarded as material to a security holder in deciding whether to deposit securities under the bid.

(3) Documents required to be filed,

(a) under subsection (1) must be filed on the day the take-over bid circular is filed under section 94.2 of the Act, and

(b) under subsection (2) must be filed on the day that the directors' circular is filed under section 95.2 of the Act.

(4) If an agreement required to be filed under subsection (1) or (2) is entered into after a take-over bid circular referred to in subsection (1) or the directors' circular referred to in subsection (2) is filed, the agreement must be filed promptly but not later than 2 business days from the date that the agreement was entered into.

(5) If a document required to be filed under subsection (1) or (2) has already been filed in electronic format under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (SEDAR), the requirement to file the document may be satisfied by filing a letter describing the document and stating the filing date and project number.

(6) A document dated before March 30, 2004 that is required to be filed under subsection (1) or (2) may be filed in paper format if it does not exist in an acceptable electronic format under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (SEDAR).

(7) A provision in a document required to be filed under subsection (1) or (2) may be omitted or marked so as to be unreadable if,

(a) the filer has reasonable grounds to believe that disclosure of the provision would be seriously prejudicial to the interests of the filer or would violate confidentiality provisions,

(b) the provision does not contain information relating to the filer or its securities that would be necessary to understand the document, and

(c) in the copy of the document filed by the filer, the filer includes a brief description of the information that has been omitted or marked so as to be unreadable immediately after the provision that has been omitted or marked.

PART 6 FORMAL BID EXEMPTIONS

6.1 Non-reporting issuer exemption – A take-over bid described in section 100.2 of the Act, or an issuer bid described in section 101.3 of the Act, is exempt from the formal bid requirements if, in addition to satisfying the applicable requirements in those sections, both of the following conditions are satisfied:

(a) there is no published market for the securities that are the subject of the bid; and

(b) the number of security holders of that class of securities at the commencement of the bid is not more than 50, exclusive of holders who

(i) are in the employment of the offeree issuer or an affiliate of the offeree issuer, or

(ii) were formerly in the employment of the offeree issuer or in the employment of an entity that was an affiliate of the offeree issuer at the time of that employment, and who while in that employment were, and have continued after that employment to be, security holders of the offeree issuer.

6.2 Required disclosure, exempt take-over bid or exempt issuer bid – (1) A take-over bid described in section 100.3 of the Act, or an issuer bid described in section 101.4 of the Act, is exempt from the formal bid requirements if, in addition to satisfying the applicable requirements in those sections, the following conditions are satisfied:

(a) at the same time as material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in Ontario;

(b) if the bid materials referred to in paragraph (a) are not in English, a brief summary of the key terms of the bid prepared in English is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in Ontario at the same time as the bid materials are filed and sent; and

(c) if no material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid but a notice or advertisement of the bid is published by or on behalf of the offeror in the jurisdiction where the offeree issuer is incorporated or organized, an advertisement of the bid specifying where and how security holders may obtain a copy of, or access to, the bid documents is filed and published in English in at least one major daily newspaper of general and regular paid circulation in Ontario.

(2) A take-over bid described in section 100.4 of the Act, or an issuer bid described in section 101.5 of the Act, is exempt from the formal bid requirements if, in addition to satisfying the applicable requirements in those sections, at the same time as material relating to the bid is sent by or on behalf of the offeror to the security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in Ontario.

6.3 Normal course issuer bid exemptions – A news release required under subsection 101.2(4) of the Act must contain the following information:

(a) the class and number of securities or principal amount of debt securities sought;

(b) the dates, if known, on which the issuer bid will commence and expire;

(c) the value, in Canadian dollars, of the consideration offered per security;

(d) the manner in which the securities will be acquired; and

(e) the reasons for the issuer bid.

PART 7 EARLY WARNING SYSTEM

7.1 Early warning – An acquiror under subsections 102.1(1) or (2) of the Act shall,

(a) promptly issue and file a news release containing the information required by section 3.1 of National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*; and

(b) within 2 business days from the day of the acquisition, file a report containing the information required by section 3.1 of National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*.

7.2 Acquisitions during bid – (1) An acquiror who makes an acquisition described in subsections 102.2(1) or (2) of the Act must, before the opening of trading on the next business day, issue and file a news release containing the following information:

(a) the name of the acquiror;

(b) the number of securities of the offeree issuer that were beneficially acquired, or over which the power to exercise control or direction was acquired, in the transaction that gave rise to the requirement to issue the news release;

(c) the beneficial ownership of, and the control and direction over, any of the securities of the offeree issuer, by the acquiror and all persons and companies acting jointly or in concert with the acquiror, immediately after the acquisition described in paragraph (b);

(d) the number of securities of the offeree issuer that were beneficially acquired, or over which the power to exercise control or direction was acquired, by the acquiror and all persons and companies acting jointly or in concert with the acquiror, since the commencement of the bid;

(e) the name of the market in which the acquisition described in paragraph (b) took place; and

(f) the purpose of the acquiror and all persons and companies acting jointly or in concert with the acquiror in making the acquisition described in paragraph (b), including any intention of the acquiror and all persons and companies acting jointly or in concert with the acquiror to increase the beneficial ownership of, or control or direction over, any of the securities of the offeree issuer.

(2) If the facts in respect of which a news release is required to be filed under sections 102.1 and 102.2 of the Act are identical, a news release is required only under the provision requiring the earlier news release.

(3) An acquiror that files a news release or report under sections 102.1 or 102.2 of the Act must promptly send a copy of each filing to the reporting issuer.

PART 8 EXEMPTIONS

8.1 General – The Director may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 9 CONSEQUENTIAL AMENDMENTS AND REVOCATIONS

9.1 Rule 62-501 – Rule 62-501 *Prohibited Stock Market Purchases of the Offeree's Securities by the Offeror During a Take-Over Bid* is revoked.

9.2 Rule 62-503 – Rule 62-503 *Financing of Take-Over Bids and Issuer Bids* is revoked.

9.3 Recognition Order 62-904 – Recognition Order 62-904 *In the Matter of the Recognition of Certain Jurisdictions* is revoked.

9.4 Rule 13-502 – (1) Item 1, Part G of Appendix C to Rule 13-502 *Fees* is amended by replacing "100(3) or (7)" with "94.2(2), (3) or (4)".

(2) Item 2, Part G of Appendix C to Rule 13-502 *Fees* is amended by replacing "subsection 100(4)" with "section 94.5".

9.5 NI 62-103 – National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* is amended as follows:

(a) in section 1.1(1),

(i) add the following after the definition of "applicable provisions":

"associate" has the meaning ascribed to that term in section 1.1 of MI 62-104 and, in Ontario, has the meaning ascribed under paragraphs (a.1) to (f) of the definition of "associate" in subsection 1(1) of the *Securities Act* (Ontario);

(ii) repeal the definition of "early warning requirements" and substitute the following:

"early warning requirements" means the requirements set out in subsections 5.2(1) and 5.2(2) of MI 62-104 and, in Ontario, subsections 102.1(1) and 102.1(2) of the *Securities Act* (Ontario);

(iii) repeal the definition of "formal bid" and substitute the following:

"formal bid"

(a) means a take-over bid or issuer bid made in accordance with Part 2 of MI 62-104, and

(b) in Ontario, has the meaning ascribed to that term in subsection 89(1) of the *Securities Act* (Ontario);

(iv) add the following before the definition of "moratorium provisions":

"MI 62-104" means Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*;

(v) repeal the definition of "moratorium provisions" and substitute the following:

"moratorium provisions" means the provisions set out in subsection 5.2(3) of MI 62-104 and, in Ontario, subsection 102.1(3) of the *Securities Act* (Ontario);

(vi) repeal the definition of "offeror" and substitute the following:

"offeror" has the meaning ascribed to that term in section 1.1 of MI 62-104 and, in Ontario, subsection 89(1) of the *Securities Act* (Ontario);

(vii) repeal the definition of "offeror's securities" and substitute the following:

"offeror's securities" has the meaning ascribed to that term in section 1.1 of MI 62-104 and, in Ontario, subsection 89(1) of the *Securities Act* (Ontario);

(viii) repeal the definition of "private mutual fund" and substitute:

"private mutual fund" means

(a) a private investment club referred to in section 2.20 of National Instrument 45-106 *Prospectus and Registration Exemptions*, or

(b) a private investment fund referred to in section 2.21 of National Instrument 45-106 *Prospectus and Registration Exemptions*;

(b) in subsection 2.1(1), strike "section 2.1 of National Instrument 62-102 *Disclosure of Outstanding Share Data* or";

(c) repeal subsection 5.1(b) and substitute the following:

(b) the business unit is not a joint actor with any other business unit with respect to the securities, determined without regard to the provisions of securities legislation that deem an affiliate, and presume an associate, to be acting jointly or in concert with an offeror;

(d) repeal Appendix B;

(e) repeal Appendix C;

(f) repeal Appendix D and substitute the following:

NATIONAL INSTRUMENT 62-103

APPENDIX D

BENEFICIAL OWNERSHIP

JURISDICTION	**SECURITIES LEGISLATION REFERENCE**
ALBERTA	Sections 5 and 6 of the *Securities Act* (Alberta) and sections 1.8 and 1.9 of MI 62-104
BRITISH COLUMBIA	Subsection 1(4) of the *Securities Act* (British Columbia) and sections 1.8 and 1.9 of MI 62-104
MANITOBA	Subsections 1(6) and 1(7) of the *Securities Act* (Manitoba) and sections 1.8 and 1.9 of MI 62-104
NEW BRUNSWICK	Subsections 1(5) and 1(6) of the *Securities Act* (New Brunswick) and sections 1.8 and 1.9 of MI 62-104
NEWFOUNDLAND AND LABRADOR	Subsections 2(5) and 2(6) of the *Securities Act* (Newfoundland and Labrador) and sections 1.8 and 1.9 of MI 62-104
NORTHWEST TERRITORIES	Sections 1.8 and 1.9 of MI 62-104
NOVA SCOTIA	Subsections 2(5) and 2(6) of the *Securities Act* (Nova Scotia) and sections 1.8 and 1.9 of MI 62-104
NUNAVUT	Sections 1.8 and 1.9 of MI 62-104
ONTARIO	Subsections 1(5) and 1(6) and sections 90 and 91 of the *Securities Act* (Ontario)
PRINCE EDWARD ISLAND	Sections 1.8 and 1.9 of MI 62-104
QUEBEC	Sections 1.8 and 1.9 of MI 62-104
SASKATCHEWAN	Subsections 2(5) and 2(6) of *The Securities Act*, *1988* (Saskatchewan) and sections 1.8 and 1.9 of MI 62-104
YUKON TERRITORY	Sections 1.8 and 1.9 of MI 62-104

(g) in Appendix E,

(i) add the following after paragraph (e):

(e.1) the value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release;

(ii) in paragraph (i), add ", in Canadian dollars" after "value" and strike "and" at the end of the paragraph;

(iii) strike out "." at the end of paragraph (j) and substitute "; and" and add the following after paragraph (j):

(k) if applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting that reliance.

9.6 Rule 71-801 – Part 3 of Rule 71-801 *Implementing the Multijurisdictional Disclosure System* is repealed and the following is substituted:

PART 3 – BIDS FOR SECURITIES OF U.S. ISSUERS

3.1 Application of the Act to formal bids (1) The following do not apply to a formal bid made in compliance with Part 12 of NI 71-101 and otherwise in accordance with the Act:

(a) sections 93, 93.1, 93.3 and 93.4, clause 94(b), subsections 94.2(2), (3) and (4), subsections 94.4(3), (4) and (5), section 94.5 to 94.8, and 97 to 98.6 of the Act; and

(b) section 93.2 of the Act unless security holders of the offeree issuer whose last address as shown on the books of the issuer is in Canada, as determined in accordance with subsections 12.1(2) through (4) of NI 71-101, hold 20% or more of a class of securities that is the subject of the bid;

(2) The following apply to a formal bid made in compliance with Part 12 of NI 71-101 and otherwise in accordance with the Act:

(a) clause 94(a), section 94.1, subsections 94.2(1), 94.3 (2), (3), and (4), and subsection 94.4(2) of the Act;

(b) section 94.3(1) of the Act, except the requirement to send a notice of change to each holder of securities that, before the expiry of the deposit period referred to in the bid, are convertible into securities of the class that is subject to the bid who are in Ontario; and

(c) section 94.4(1) of the Act, except the requirement to send a notice of variation to each holder of securities that, before the expiry of the deposit period referred to in the bid, are convertible into securities of the class that is subject to the bid who are in Ontario.

3.2 Application of the Act to MJDS directors' circulars and MJDS individual director's or officer's circulars (1) Subsections 95(2), and (3), sections 95.1 and 95.2, subsection 96(6) and section 96.1 and 96.2 of the Act do not apply to the directors or the individual directors or officers of an offeree issuer who elect to comply with Part 12 of NI 71-101 instead of provisions of the Act otherwise applicable in preparation of a directors' circular or individual director's or officer's circular for a formal take-over bid made for securities of the offeree issuer under Part 12 of NI 71-101.

(2) The following apply to the directors or the individual directors or officers of an offeree issuer who elect to comply with Part 12 of NI 71-101 instead of provisions of the Act otherwise applicable in preparation of a directors' circular or individual director's or officer's circular for a formal take-over bid made for securities of the offeree issuer under Part 12 of NI 71-101:

(a) subsections 95(1) and 96(1) of the Act, except the requirement to send a directors' circular or an individual director's or officer's circular to each holder of securities that, before the expiry of the deposit period referred to in the bid, are convertible into securities of the class that is subject to the bid who are in Ontario;

(b) subsections 95.1(1) and 96(2) of the Act, except the requirement to send notice of change to holders of securities that, before the expiry of the bid, are convertible into securities of the class that is subject to the bid who are in Ontario;

(c) subsections 96(4) and (5) of the Act, except the requirement to send a copy of an individual director's or officer's circular and a notice of change to holders of securities that, before the expiry of the bid, are convertible into securities of the class that is subject to the bid who are in Ontario; and

(d) subsections 95(4), 95.1(2), 96(3) and (7) of the Act.

PART 10 TRANSITION AND COMING INTO FORCE

10.1 Transition – The take-over bid and issuer bid provisions in securities legislation that were in force immediately before the effective date of this Rule, continue to apply in respect of every take-over bid and issuer bid commenced before the effective date of this Rule.

Effective date – This Rule comes into force on February 1, 2008.

FORM 62-504F1
TAKE-OVER BID CIRCULAR

Part 1 General Provisions

(a) Incorporating information by reference

If you are qualified to file a short form prospectus under sections 2.2 to 2.7 of National Instrument 44-101 *Short Form Prospectus Distributions*, or by reason of an exemption granted by a securities regulatory authority, you may incorporate information required under item 19 to be included in your take-over bid circular by reference to another document. Clearly identify the referenced document or any excerpt of it that you incorporate into your take-over bid circular. Unless you have already filed the referenced document, you must file it with your take-over bid circular. You must also disclose that the document is on SEDAR at www.sedar.com and that, on request, you will promptly provide a copy of the document free of charge to a security holder of the offeree issuer.

(b) Plain language

Write the take-over bid circular so that readers are able to understand it and make informed investment decisions. Offerors should apply plain language principles when they prepare a take-over bid circular including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(c) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

Part 2 Contents of Take-Over Bid Circular

Item 1. Name and description of offeror

State the corporate name of the offeror or, if the offeror is an unincorporated entity, the full name under which it exists and carries on business, and give a brief description of its activities.

Item 2. Name of offeree issuer

State the corporate name of the offeree issuer or, if the offeree issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 3. Securities subject to the bid

State the class and number of securities that are the subject of the take-over bid and a description of the rights of the holders of any other class of securities that have a right to participate in the offer.

Item 4. Time period

State the dates on which the take-over bid will commence and expire.

Item 5. Consideration

State the consideration to be offered. If the consideration includes securities, state the particulars of the designation, rights, privileges, restrictions and conditions attaching to those securities.

Item 6. Ownership of securities of offeree issuer

State the number, designation and percentage of the outstanding securities of any class of securities of the offeree issuer beneficially owned or over which control or direction is exercised

(a) by the offeror,

(b) by each director and officer of the offeror, and

(c) if known after reasonable enquiry, by

(i) each associate or affiliate of an insider of the offeror,

(ii) an insider of the offeror, other than a director or officer of the offeror, and

(iii) any person or company acting jointly or in concert with the offeror.

In each case where no securities are owned, directed or controlled, state this fact.

Item 7. Trading in securities of offeree issuer

State, if known after reasonable enquiry, the following information about any securities of the offeree issuer purchased or sold by the persons or companies referred to in item 6 during the 6-month period preceding the date of the take-over bid:

(a) the description of the security;

(b) the number of securities purchased or sold;

(c) the purchase or sale price of the security;

(d) the date of the transaction.

If no such securities were purchased or sold, state this fact.

Item 8. Commitments to acquire securities of offeree issuer

Disclose all agreements, commitments or understandings made by the offeror, and, if known after reasonable enquiry, by the persons and companies referred to in item 6 to acquire securities of the offeree issuer, and the terms and conditions of those agreements, commitments or understandings.

Item 9. Terms and conditions of the bid

State the terms of the take-over bid. If the obligation of the offeror to take up and pay for securities under the take-over bid is conditional, state the particulars of each condition.

Item 10. Payment for deposited securities

State the particulars of the method and time of payment of the consideration.

Item 11. Right to withdraw deposited securities

Describe the withdrawal rights of the security holders of the offeree issuer under the take-over bid. State that the withdrawal is made by sending a written notice to the designated depository and becomes effective on its receipt by the depository.

Item 12. Source of funds

State the source of any funds to be used for payment of deposited securities. If the funds are to be borrowed, state

(a) the name of the lender,

(b) the terms and financing conditions of the loan,

(c) the circumstances under which the loan must be repaid, and

(d) the proposed method of repayment.

Item 13. Trading in securities to be acquired

Provide a summary showing

(a) the name of each principal market on which the securities sought are traded,

(b) any change in a principal market that is planned following the take-over bid, including but not limited to listing or de-listing on an exchange,

(c) where reasonably ascertainable, in reasonable detail, the volume of trading and price range of the class of the securities in the 6-month period preceding the date of the take-over bid, or, in the case of debt securities, the prices quoted on each principal market, and

(d) the date that the take-over bid to which the circular relates was announced to the public and the market price of the securities immediately before that announcement.

Item 14. Arrangements between the offeror and the directors and officers of offeree issuer

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and any of the directors or officers of the offeree issuer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office if the take-over bid is successful.

Item 15. Arrangements between the offeror and security holders of offeree issuer

(1) Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and a security holder of the offeree issuer relating to the bid, including a description of its purpose, its date, the identity of the parties, and its terms and conditions. Disclosure with respect to each agreement, commitment or understanding, other than an agreement that a security holder will tender securities to a take-over bid made by the offeror, must include

(a) a detailed explanation as to how the offeror determined entering into it was not prohibited by section 97.1 of the Act, or

(b) disclosure of the exception to, or exemption from, the prohibition against collateral agreements relied on by the offeror and the facts supporting that reliance.

(2) If the offeror is relying on an exception to the prohibition against collateral agreements under subparagraph 4.1(1)(b)(ii) of the Rule, and if the information is available to the offeror, disclose the review process undertaken by the independent committee of directors of the issuer and the basis on which the independent committee made its determination under clause 4.1(1)(b)(ii)(A) or (B) of the Rule.

Item 16. Arrangements with or relating to the offeree issuer

Disclose the particulars of any agreement, commitment or understanding made between the offeror and the offeree issuer relating to the take-over bid and any other agreement, commitment or understanding of which the offeror is aware that could affect control of the offeree issuer, including an agreement with change of control provisions, a security holder agreement or a voting trust agreement that the offeror has access to and that can reasonably be regarded as material to a security holder in deciding whether to deposit securities under the bid.

Item 17. Purpose of the bid

State the purpose of the take-over bid. Disclose the particulars of any plans or proposals for

(a) subsequent transactions involving the offeree issuer such as a going private transaction, or

(b) material changes in the affairs of the offeree issuer, including, for example, any proposal to liquidate the offeree issuer, to sell, lease or exchange all or a substantial part of its assets, to amalgamate it with any other business organization or to make any material changes in its business, corporate structure (debt or equity), management or personnel.

Item 18. Valuation

If the take-over bid is an insider bid, as defined in applicable securities legislation, include the disclosure regarding valuations required by securities legislation.

Item 19. Securities of an offeror or other issuer to be exchanged for securities of offeree issuer

(1) If a take-over bid provides that the consideration for the securities of the offeree issuer is to be, in whole or in part, securities of the offeror or other issuer, include the financial statements and other information required in a prospectus of the issuer whose securities are being offered in exchange for the securities of the offeree issuer.

(2) For the purposes of subsection (1), provide the pro forma financial statements that would be required in a prospectus assuming that

(a) the likelihood of the offeror completing the acquisition of the securities of the offeree issuer is high, and

(b) the acquisition is a significant acquisition for the offeror.

(3) Despite subsection (1), the financial statements of the offeree issuer are not required to be included in the circular.

Item 20. Right of appraisal and acquisition

State any rights of appraisal the security holders of the offeree issuer have under the laws or constating document governing, or contracts binding, the offeree issuer and state whether or not the offeror intends to exercise any right of acquisition the offeror may have.

Item 21. Market purchases of securities

State whether or not the offeror intends to purchase in the market securities that are the subject of the take-over bid.

Item 22. Approval of take-over bid circular

If the take-over bid is made by or on behalf of an offeror that has directors, state that the take-over bid circular has been approved and its sending has been authorized by the directors.

Item 23. Other material facts

Describe

(a) any material facts concerning the securities of the offeree issuer, and

(b) any other matter not disclosed in the take-over bid circular that has not previously been generally disclosed, is known to the offeror, and that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the offer.

Item 24. Solicitations

Disclose any person or company retained by or on behalf of the offeror to make solicitations in respect of the take-over bid and the particulars of the compensation arrangements.

Item 25. Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this circular:

> *Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.*

Item 26. Certificate

A take-over bid circular certificate form must state:

> *The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.*

Item 27. Date of take-over bid circular

Specify the date of the take-over bid circular.

FORM 62-504F2
ISSUER BID CIRCULAR

Part 1 General Provisions

(a) Incorporating information by reference

If you are qualified to file a short form prospectus under sections 2.2 to 2.7 of National Instrument 44-101 *Short Form Prospectus Distributions*, or by reason of an exemption granted by a securities regulatory authority, you may incorporate information required under item 21 to be included in your issuer bid circular by reference to another document. Clearly identify the referenced document or any excerpt of it that you incorporate into your issuer bid circular. Unless you have already filed the referenced document, you must file it with your issuer bid circular. You must also disclose that the document is on SEDAR at www.sedar.com and that, on request, you will promptly provide a copy of the document free of charge to a security holder of the issuer.

(b) Plain language

Write the issuer bid circular so that readers are able to understand it and make informed investment decisions. Issuers should apply plain language principles when they prepare an issuer bid circular including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(c) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

Part 2 Contents of Issuer Bid Circular

Item 1. Name of issuer

State the corporate name of the issuer or, if the issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 2. Securities subject to the bid

State the class and number of securities that are the subject of the issuer bid and a description of the rights of the holders of any other class of securities that have a right to participate in the offer. Where the number of securities sought under the bid is subject to additional purchases by the issuer for the purpose of preventing security holders from being left with less than a standard trading unit, disclose this fact.

Where the issuer intends to rely on the exception from the proportionate take up and payment requirements found in subsection 4.2(2) of the Rule relating to "dutch auctions", the issuer is not required to disclose the number of securities that are the subject of the issuer bid if the issuer discloses a maximum amount the issuer intends to spend making purchases pursuant to the bid.

Item 3. Time period

State the dates on which the issuer bid will commence and expire.

Item 4. Consideration

State the consideration to be offered. If the consideration includes securities, state the particulars of the designation, rights, privileges, restrictions and conditions attaching to those securities.

Item 5. Payment for deposited securities

State the particulars of the method and time of payment of the consideration.

Item 6. Right to withdraw deposited securities

Describe the right to withdraw securities deposited under the issuer bid. State that the withdrawal is made by sending a written notice to the designated depository and becomes effective on its receipt by the depository.

Item 7. Source of funds

State the source of any funds to be used for payment of deposited securities. If the funds are to be borrowed, state

(a) the name of the lender,

(b) the terms and financing conditions of the loan,

(c) the circumstances under which the loan must be repaid, and

(d) the proposed method of repayment.

Item 8. Participation

If the issuer bid is for less than all of the outstanding securities of that class, state that if a greater number or principal amount of the securities are deposited than the issuer is bound or willing to take up and pay for, the issuer will take up as nearly as may be proportionately, disregarding fractions, according to the number or principal amount of the securities deposited. To the extent that this is not the case, as permitted by securities legislation, the response to this item should be modified accordingly.

If an issuer intends to rely on one or both of the exceptions from the proportionate take up and payment requirements found in subsections 4.2(1) and (2) of the Rule relating to standard trading units and "dutch auctions", describe the mechanism under which securities would be deposited and taken up without proration.

Item 9. Purpose of the bid

State the purpose for the issuer bid, and if it is anticipated that the issuer bid will be followed by a going private transaction or other transaction such as a business combination, describe the proposed transaction.

Item 10. Trading in securities to be acquired

Provide a summary showing

(a) the name of each principal market on which the securities sought are traded,

(b) any change in a principal market that is planned following the issuer bid,

(c) where reasonably ascertainable, in reasonable detail, the volume of trading and price range of the class of the securities in the 6-month period preceding the date of the issuer bid, or, in the case of debt securities, the prices quoted on each principal market, and

(d) the date that the issuer bid to which the circular relates was announced to the public and the market price of the securities of the issuer immediately before that announcement.

Item 11. Ownership of securities of issuer

State the number, designation and the percentage of the outstanding securities of any class of securities of the issuer beneficially owned or over which control or direction is exercised

(a) by each director and officer of the issuer and

(b) if known after reasonable enquiry, by

(i) each associate or affiliate of an insider of the issuer,

(ii) each associate or affiliate of the issuer,

(iii) an insider of the offeror, other than a director or officer of the issuer, and

(iv) each person or company acting jointly or in concert with the issuer.

In each case where no securities are owned, directed or controlled, state this fact.

Item 12. Commitments to acquire securities of issuer

Disclose all agreements, commitments or understandings made by the issuer and, if known after reasonable enquiry, by the persons and companies referred to in item 11, to acquire securities of the issuer, and the terms and conditions of those agreements, commitments or understandings.

Item 13. Acceptance of issuer bid

If known after reasonable enquiry, state the name of every person or company named in item 11 who has accepted or intends to accept the issuer bid and the number of securities in respect of which the person or company has accepted or intends to accept the issuer bid.

Item 14. Benefits from the bid

State the direct or indirect benefits to any of the persons or companies named in item 11 of accepting or refusing the issuer bid.

Item 15. Material changes in the affairs of issuer

Disclose the particulars of any plans or proposals for material changes in the affairs of the issuer, including, for example, any contract or agreement under negotiation, any proposal to liquidate the issuer, to sell, lease or exchange all or a substantial part of its assets, to amalgamate it or to make any material changes in its business, corporate structure (debt or equity), management or personnel.

Item 16. Other benefits

If any material changes or subsequent transactions are contemplated, as described in item 9 or 15, state any specific benefit, direct or indirect, as a result of such changes or transactions to any of the persons or companies named in item 11.

Item 17. Arrangements between the issuer and security holders

(1) Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the issuer and a security holder of the issuer relating to the bid, including a description of its purpose, its date, the identity of the parties, and its terms and conditions. Disclosure with respect to each agreement, commitment or understanding, other than an agreement that a security holder will tender securities to an issuer bid, must include

(a) a detailed explanation as to how the issuer determined entering into it was not prohibited by section 97.1 of the Act, or

(b) disclosure of the exception to, or exemption from, the prohibition against collateral agreements relied on by the issuer and the facts supporting that reliance.

(2) If the issuer is relying on an exception to the prohibition against collateral agreements under subparagraph 4.1(1)(b)(ii) of the Rule, and if the information is available to the issuer, disclose the review process undertaken by the independent committee of directors of the issuer and the basis on which the independent committee made its determination under clause 4.1(1)(b)(ii)(A) or (B) of the Rule.

Item 18. Previous purchases and sales

State the following information about any securities of the issuer purchased or sold by the issuer during the twelve months preceding the date of the issuer bid, excluding securities purchased or sold pursuant to the exercise of employee stock options, warrants and conversion rights:

(a) the description of the security,

(b) the number of securities purchased or sold,

(c) the purchase or sale price of the security, and

(d) the date and purpose of each transaction.

If no securities were purchased or sold, state this fact.

Item 19. Financial statements

If the most recently available interim financial statements are not included, include a statement that the most recent interim financial statements will be sent without charge to any security holder requesting them.

Item 20. Valuation

If a valuation is required by applicable securities legislation, include the disclosure regarding valuations required by securities legislation.

Item 21. Securities of issuer to be exchanged for others

If an issuer bid provides that the consideration for the securities of the issuer is to be, in whole or in part, different securities of the issuer, include the financial and other information prescribed for a prospectus of the issuer.

Item 22. Approval of issuer bid circular

State that the issuer bid circular has been approved by the issuer's directors, disclosing the name of any individual director of the issuer who has informed the directors in writing of their opposition to the issuer bid and that the delivery of the issuer bid circular to the security holders of the issuer has been authorized by the issuer's directors.

If the issuer bid is part of a transaction or to be followed by a transaction required to be approved by minority security holders, state the nature of the approval required.

Item 23. Previous distribution

If the securities of the class subject to the issuer bid were distributed during the 5 years preceding the issuer bid, state the distribution price per share and the aggregate proceeds received by the issuer or selling security holder.

Item 24. Dividend policy

State the frequency and amount of dividends with respect to shares of the issuer during the 2 years preceding the date of the issuer bid, any restrictions on the issuer's ability to pay dividends and any plan or intention to declare a dividend or to alter the dividend policy of the issuer.

Item 25. Tax consequences

Provide a general description of the income tax consequences in Canada of the issuer bid to the issuer and to the security holders of any class affected.

Item 26. Expenses of bid

Provide a statement of the expenses incurred or to be incurred in connection with the issuer bid.

Item 27. Right of appraisal and acquisition

State any rights of appraisal the security holders of the issuer have under the laws or constating documents governing, or contracts binding, the issuer and state whether or not the issuer intends to exercise any right of acquisition the issuer may have.

Item 28. Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this circular:

> *Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.*

Item 29. Other material facts

Describe

(a) any material facts concerning the securities of the issuer, and

(b) any other matter not disclosed in the issuer bid circular that has not previously been generally disclosed, is known to the issuer, and that would reasonably be expected to affect the decision of the security holders of the issuer to accept or reject the offer.

Item 30. Solicitations

Disclose any person or company retained by or on behalf of the issuer to make solicitations in respect of the issuer bid and the particulars of the compensation arrangements.

Item 31. Certificate

An issuer bid circular certificate form must state:

> *The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.*

Item 32. Date of issuer bid circular

Specify the date of the issuer bid circular.

FORM 62-504F3
DIRECTORS' CIRCULAR

Part 1 General Provisions

(a) Plain language

Write the directors' circular so that readers are able to understand it and make informed investment decisions. Directors should apply plain language principles when they prepare a directors' circular including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(b) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

Part 2 Contents of Directors' Circular

Item 1. Name of offeror

State the corporate name of the offeror or, if the offeror is an unincorporated entity, the full name under which it exists and carries on business.

Item 2. Name of offeree issuer

State the corporate name of the offeree issuer or, if the offeree issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 3. Names of directors of the offeree issuer

State the name of each director of the offeree issuer.

Item 4. Ownership of securities of offeree issuer

State the number, designation and the percentage of the outstanding securities of any class of securities of the offeree issuer beneficially owned or over which control or direction is exercised

(a) by each director and officer of the offeree issuer, and

(b) if known after reasonable enquiry, by

(i) each associate or affiliate of an insider of the offeree issuer,

(ii) each associate or affiliate of the offeree issuer,

(iii) an insider of the offeree issuer, other than a director or officer of the offeree issuer, and

(iv) each person or company acting jointly or in concert with the offeree issuer.

In each case where no securities are owned, directed or controlled, state this fact.

Item 5. Acceptance of take-over bid

If known after reasonable enquiry, state the name of every person or company named in item 4 who has accepted or intends to accept the offer and the number of securities in respect of which such person or company has accepted or intends to accept the offer.

Item 6. Ownership of securities of offeror

If a take-over bid is made by or on behalf of an offeror that is an issuer, state the number, designation and percentage of the outstanding securities of any class of securities of the offeror beneficially owned or over which control or direction is exercised

(a) by the offeree issuer,

(b) by each director and officer of the offeree issuer, and

(c) if known after reasonable enquiry, by

(i) each associate or affiliate of an insider of the offeree issuer,

(ii) each affiliate or associate of the offeree issuer, and

(iii) an insider of the offeree issuer, other than a director or officer of the offeree issuer, and

(iv) each person or company acting jointly or in concert with the offeree issuer.

In each case where no securities are so owned, directed or controlled, state this fact.

Item 7. Relationship between the offeror and the directors and officers of the offeree issuer

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and any of the directors or officers of the offeree issuer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office if the take-over bid is successful. State also whether any directors or officers of the offeree issuer are also directors or officers of the offeror or any subsidiary of the offeror and identify those persons.

Item 8. Arrangements between offeree issuer and officers and directors

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeree issuer and any of the directors or officers of the offeree issuer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office if the take-over bid is successful.

Item 9. Arrangements between the offeror and security holders of offeree issuer

(1) If not already disclosed in the take-over bid circular, disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and a security holder of the offeree issuer relating to the bid, including a description of its purpose, its date, the identity of the parties, and its terms and conditions. Disclosure with respect to each agreement, commitment or understanding, other than an agreement that a security holder will tender securities to a take-over bid made by the offeror, must include

(a) a detailed explanation as to how the offeror determined entering into it was not prohibited by section 97.1 of the Act, or

(b) disclosure of the exception to, or exemption from, the prohibition against collateral agreements relied on by the offeror and the facts supporting that reliance.

(2) If the offeror is relying on an exception to the prohibition against collateral agreements under subparagraph 4.1(1)(b)(ii) of the Rule and if not already disclosed in the take-over bid circular, disclose the review process undertaken by the independent committee of directors of the issuer and the basis on which the independent committee made its determination under clause 4.1(1)(b)(ii)(A) or (B) of the Rule.

Item 10. Interests of directors and officers of the offeree issuer in material transactions with offeror

State whether any director or officer of the offeree issuer and their associates and, if known to the directors or officers after reasonable enquiry, whether any person or company who owns more than 10 % of any class of equity securities of the offeree issuer for the time being outstanding has any interest in any material transaction to which the offeror is a party, and if so, state particulars of the nature and extent of such interest.

Item 11. Trading by directors, officers and other insiders

(1) State the number of securities of the offeree issuer traded, the purchase or sale price and the date of each transaction during the 6-month period preceding the date of the directors' circular by the offeree issuer and each director, officer or other insider of the offeree issuer, and, if known after reasonable enquiry, by

(a) each associate or affiliate of an insider of the offeree issuer,

(b) each affiliate or associate of the offeree issuer, and

(c) each person or company acting jointly or in concert with the offeree issuer.

(2) Disclose the number and price of securities of the offeree issuer of the class of securities subject to the bid or convertible into securities of that class that have been issued to the directors, officers and other insiders of the offeree issuer during the 2-year period preceding the date of the circular.

Item 12. Additional information

If any information required to be disclosed by the take-over bid circular prepared by the offeror has been presented incorrectly or is misleading, supply any additional information which will make the information in the circular correct or not misleading.

Item 13. Material changes in the affairs of offeree issuer

State the particulars of any information known to any of the directors or officers of the offeree issuer that indicates any material change in the affairs of the offeree issuer since the date of the last published interim or annual financial statement of the offeree issuer.

Item 14. Other material information

State the particulars of any other information known to the directors but not already disclosed in the directors' circular that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the offer.

Item 15. Recommending acceptance or rejection of the bid

Include either a recommendation to accept or reject the take-over bid and the reasons for such recommendation or a statement that the directors are unable to make or are not making a recommendation. If no recommendation is made, state the reasons for not making a recommendation. If the directors of an offeree issuer are considering recommending acceptance or rejection of a take-over bid after the sending of the directors' circular, state that fact.

Item 16. Response of offeree issuer

Describe any transaction, directors' resolution, agreement in principle or signed contract of the offeree issuer in response to the bid. Disclose whether there are any negotiations underway in response to the bid, which relate to or would result in

(a) an extraordinary transaction such as a merger or reorganization involving the offeree issuer or a subsidiary,

(b) the purchase, sale or transfer of a material amount of assets by the offeree issuer or a subsidiary,

(c) a competing take-over bid,

(d) a bid by the offeree issuer for its own securities or for those of another issuer, or

(e) any material change in the present capitalization or dividend policy of the offeree issuer.

If there is an agreement in principle, give full particulars.

Item 17. Approval of directors' circular

State that the directors' circular has been approved and its sending has been authorized by the directors of the offeree issuer.

Item 18. Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this circular:

> *Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.*

Item 19. Certificate

A directors' circular certificate form must state:

> *The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.*

Item 20. Date of directors' circular

Specify the date of the directors' circular.

FORM 62-504F4
DIRECTOR'S OR OFFICER'S CIRCULAR

Part 1 General Provisions

(a) Plain language

Write the director's or officer's circular so that readers are able to understand it and make informed investment decisions. Directors and officers should apply plain language principles when they prepare a director's or officer's circular including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(b) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

Part 2 Contents of Director's or Officer's Circular

Item 1. Name of offeror

State the corporate name of the offeror or, if the offeror is an unincorporated entity, the full name under which it exists and carries on business.

Item 2. Name of offeree issuer

State the corporate name of the offeree issuer or, if the offeree issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 3. Name of director or officer of offeree issuer

State the name of each director or officer delivering the circular.

Item 4. Ownership of securities of offeree issuer

State the number, designation and percentage of the outstanding securities of any class of securities of the offeree issuer beneficially owned or over which control or direction is exercised

(a) by the director or officer, and

(b) if known after reasonable enquiry, by the associates of the director or officer.

In each case where no securities are so owned, directed or controlled, state this fact.

Item 5. Acceptance of bid

State whether the director or officer of the offeree issuer and, if known after reasonable enquiry, whether any associate of such director or officer, has accepted or intends to accept the offer and state the number of securities in respect of which the director or officer, or any associate, has accepted or intends to accept the offer.

Item 6. Ownership of securities of offeror

If a take-over bid is made by or on behalf of an issuer, state the number, designation and percentage of the outstanding securities of any class of securities of the offeror beneficially owned or over which control or direction is exercised

(a) by the director or officer, or

(b) if known after reasonable enquiry, by the associates of the director or officer.

In each case where no securities are so owned, directed or controlled, state this fact.

Item 7. Arrangements between offeror and director or officer

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and the director or officer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or the director or officer remaining in or retiring from office if the take-over bid is successful. State whether the director or officer is also a director or officer of the offeror or any subsidiary of the offeror.

Item 8. Arrangements between offeree issuer and director or officer

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeree issuer and the director or officer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or his or her remaining in or retiring from office if the take-over bid is successful.

Item 9. Interests of director or officer in material transactions with offeror

State whether the director or officer or the associates of the director or officer have any interest in any material transaction to which the offeror is a party, and if so, state the particulars of the nature and extent of such interest.

Item 10. Additional information

If any information required to be disclosed by the take-over bid circular prepared by the offeror or the directors' circular prepared by the directors has been presented incorrectly or is misleading, supply any additional information within the knowledge of the director or officer which would make the information in the take-over bid circular or directors' circular correct or not misleading.

Item 11. Material changes in the affairs of offeree issuer

State the particulars of any information known to the director or officer that indicates any material change in the affairs of the offeree issuer since the date of the last published interim or annual financial statement of the offeree issuer and not generally disclosed or in the opinion of the director or officer not adequately disclosed in the take-over bid circular or directors' circular.

Item 12. Other material information

State the particulars of any other information known to the director or officer but not already disclosed in the director's or officer's circular that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the offer.

Item 13. Recommendation

State the recommendation of the director or officer and the reasons for the recommendation.

Item 14. Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this circular:

> *Securities legislation of the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revison or to damages if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.*

Item 15. Certificate

Include a certificate in the following form signed by or on behalf of each director or officer delivering the circular:

> *The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.*

Item 16. Date of director's or officer's circular

Specify the date of the director's or officer's circular.

FORM 62-504F5
NOTICE OF CHANGE OR NOTICE OF VARIATION

Part 1 General Provisions

(a) Plain language

Write the notice of change or notice of variation so that readers are able to understand it and make informed investment decisions. Plain language principles should be applied when preparing a notice of change or notice of variation including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(b) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

Part 2 Contents of Notice of Change or Notice of Variation

Item 1. Name of offeror

State the corporate name of the offeror or, if the offeror is an unincorporated entity, the full name under which it exists and carries on business.

Item 2. Name of offeree issuer (if applicable)

State the corporate name of the offeree issuer or, if the offeree issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 3. Particulars of notice of change or notice of variation

(1) A notice of change required under section 94.3 of the Act must contain

(a) a description of the change in the information contained in

(i) the take-over bid circular or issuer bid circular, and

(ii) any notice of change previously delivered under section 94.3,

(b) the date of the change,

(c) the date up to which securities may be deposited,

(d) the date by which securities deposited must be taken up by the offeror, and

(e) a description of the rights of withdrawal that are available to security holders.

(2) A notice of variation required under section 94.4 of the Act must contain

(a) a description of the variation in the terms of the take-over bid or issuer bid,

(b) the date of the variation,

(c) the date up to which securities may be deposited,

(d) the date by which securities deposited must be taken up by the offeror,

(e) if the date referred to in paragraph (d) is not known, a description of the legal requirements regarding the timing of take up of securities deposited under the bid,

(f) a description of when payment will be made for deposited securities in relation to the time in which they are taken up by the offeror, and

(g) a description of the rights of withdrawal that are available to security holders.

(3) A notice of change required under section 95.1 or subsection 96(2) of the Act must contain, as applicable, a description of the change in the information contained in

(a) the directors' circular,

(b) any notice of change previously delivered under section 95.1,

(c) the director's or officer's circular, or

(d) any notice of change previously delivered under subsection 96(2).

Item 4. Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this notice:

Securities legislation of the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

Item 5. Certificate

Include the signed certificate required in the bid circular, directors' circular or director's or officer's circular, amended to refer to the initial circular and to all subsequent notices of change or notices of variation.

Item 6. Date of notice of change or notice of variation

Specify the date of the notice of change or notice of variation.

5.1.2 NP 62-203 Take-Over Bids and Issuer Bids

NATIONAL POLICY 62-203
TAKE-OVER BIDS AND ISSUER BIDS

PART 1 INTRODUCTION AND PURPOSE

1.1 Introduction – Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* (the Instrument) governs take-over bids and issuer bids in all jurisdictions of Canada, except Ontario, and has been implemented as a rule or regulation in all jurisdictions, except Ontario. Part XX of the *Securities Act* (Ontario) (the Ontario Act) and Ontario Securities Commission Rule 62-504 *Take-Over Bids and Issuer Bids* (the Ontario Rule) govern take-over bids and issuer bids in Ontario only. This Policy, the Instrument, the Ontario Act and the Ontario Rule are collectively referred to as the "Bid Regime". This Policy outlines how the provincial and territorial securities regulatory authorities interpret or apply certain provisions of the Bid Regime and provides guidance on the conduct of parties involved in a bid.

PART 2 BID REGIME FOR TAKE-OVER BIDS AND ISSUER BIDS IN CANADA

2.1 General – The Bid Regime is designed to establish a clear and predictable framework for the conduct of bids in a manner that achieves three primary objectives

- equal treatment of offeree issuer security holders,
- provision of adequate information to offeree issuer security holders, and
- an open and even-handed bid process.

2.2 Identifying the offeror – More than one person may constitute an offeror under a take-over bid. This can arise if an offer is made indirectly, because the terms "offer to acquire" in section 1.1 of the Instrument and subsection 89(1) of the Ontario Act and "take-over bid" in section 1.1 of the Instrument and subsection 89(1) of the Ontario Act apply to both direct and indirect offers to acquire securities.

For example, a party (the primary party) that uses an acquisition entity, subsidiary or other affiliate (the named offeror) to make a take-over bid, may itself be making an indirect bid. In that case, the named offeror and the primary party may be joint offerors. As joint offerors, both would be subject to the requirements of the Bid Regime, including the requirements to certify and deliver the bid circular.

If a take-over bid is made by a wholly-owned entity, we regard the entity's parent to be a joint offeror. If the named offeror is not a wholly-owned entity, assessment of whether the primary party is a joint offeror would depend on its role, taking into account, among other factors, the answers to the following questions:

- Did the primary party play a significant role in initiating, structuring and negotiating the bid?
- Does the primary party control any of the terms of the offer?
- Is the primary party financing the bid, guaranteeing the financing, or integral to obtaining the financing?
- Does the primary party directly or indirectly control the named offeror?
- Did the primary party form, or cause to be formed, the named offeror?
- Are the primary party's securities being offered as consideration under the bid?
- Will the primary party beneficially own the assets or securities of the target after completion of the bid?

We think a "yes" answer to any of these questions could mean that the primary party is making an indirect offer and is a joint offeror under the bid.

2.3 Bids made only in certain jurisdictions – The failure to make a bid to security holders of an offeree issuer in one or more jurisdictions if the bid is made to security holders in other jurisdictions is not consistent with the existing framework of securities regulation in Canada, which aims to ensure that all security holders of the offeree issuer in Canada are treated equally. If the bid is not made in all jurisdictions, securities regulatory authorities in the jurisdictions in which the bid is made may issue cease trade orders in respect of the bid.

2.4 **Varying terms** – If an offeror varies the terms of its bid after the bid has been commenced, the variation may have the effect of making the bid less favourable to offeree security holders in circumstances where the offeror

(a) lowers the consideration offered under the bid,

(b) changes the form of consideration offered under the bid, other than to add to the consideration already offered under the bid,

(c) lowers the proportion of outstanding securities for which the bid is made, or

(d) adds new conditions.

Depending on the circumstances, these variations may be so fundamental to the bid that we may exercise our public interest mandate to ensure that offeree security holders are not prejudiced by the variations. We may intervene to cease trade the bid, require that the deposit period be extended for a period longer than mandated under the Bid Regime or require that an offeror commence a new bid with the varied conditions.

2.5 **Interpretation of prohibition against collateral agreements** – An offeror or anyone acting jointly or in concert with an offeror is prohibited from entering into a collateral agreement, understanding or commitment that has the effect of providing a security holder of the offeree issuer with consideration of greater value than that offered to other security holders of the same class. This prohibition applies to a direct or indirect benefit being provided to a security holder and includes participation by the holder in another transaction with the offeror that has the effect of providing consideration of greater value to the holder than that offered to other security holders of the same class.

2.6 **Independent committees for the collateral agreement exceptions** – The Bid Regime excludes employment-related arrangements from the scope of the collateral agreement prohibition if, among other conditions, an independent committee of the offeree issuer has determined that the value of the benefit received by a security holder is less than 5% of the total consideration to be received by the holder under the bid or that a security holder is providing at least equivalent value in exchange for the benefit. For the purposes of these exceptions, we consider a director to be independent if the director is disinterested in the bid or any related transactions. Although this is a factual determination based on the particular circumstances of the bid, we think that the definitions of independent director and independent committee in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* provide relevant guidance on determining director independence.

2.7 **Equivalent value exception** – In determining that a security holder is providing at least equivalent value in exchange for a benefit under clause 2.25(1)(b)(ii)(B) of the Instrument or clause 4.1(1)(b)(ii)(B) of the Ontario Rule, an independent committee should consider, among other things, whether the employment compensation arrangement, severance arrangement or other employment benefit arrangement is on terms consistent with arrangements made with individuals holding comparable positions (i) with the offeror and (ii) in the industry generally. Where an independent committee does not have the expertise or resources to ascertain whether an arrangement is on terms consistent with industry standards, we recommend the committee retain an appropriately qualified independent expert to advise it concerning industry standards.

2.8 **Redacting or omitting filed information** – The Bid Regime requires the offeror and offeree issuer to file prescribed documents relating to control of the offeree issuer and to the bid. The filer is permitted, under certain conditions, to omit or mark provisions of a filed document so as to make the provisions unreadable. However, we do not think it appropriate for a filer to omit or redact an entire document on the basis that the information in the document is subject to confidentiality.

2.9 **Section 1.2 of the Instrument** – Saskatchewan is not included in subsection 1.2(1) of the Instrument because the definitions of “offer to acquire” and “offeror” are in the regulations to *The Securities Act, 1988* (Saskatchewan). The definitions are the same.

5.1.3 MI 61-101 Protection of Minority Security Holders in Special Transactions and Companion Policy 61-101CP Protection of Minority Security Holders in Special Transactions

MULTILATERAL INSTRUMENT 61-101
PROTECTION OF MINORITY SECURITY HOLDERS IN SPECIAL TRANSACTIONS

TABLE OF CONTENTS

MULTILATERAL INSTRUMENT 61-101
PROTECTION OF MINORITY SECURITY HOLDERS IN SPECIAL TRANSACTIONS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions – In this Instrument

"affected security" means

(a) for a business combination of an issuer, an equity security of the issuer in which the interest of a security holder would be terminated as a consequence of the transaction, and

(b) for a related party transaction of an issuer, an equity security of the issuer;

"affiliated entity": a person is considered to be an affiliated entity of another person if one is the subsidiary entity of the other or if both are subsidiary entities of the same person;

"arm's length" has the meaning ascribed to that term in section 251 of the *Income Tax Act* (Canada), or any successor to that legislation, and, in addition to that meaning, a person is deemed not to deal at arm's length with a related party of that person;

"associated entity", when used to indicate a relationship with a person, means

(a) an issuer of which the person beneficially owns or controls, directly or indirectly, voting securities entitling the person to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the person,

(c) any trust or estate in which the person has a substantial beneficial interest or in respect of which a person serves as trustee or in a similar capacity,

(d) a relative of that person, including

(i) the spouse, or

(ii) a relative of the person's spouse

if the relative has the same home as that person;

"beneficially owns" includes direct or indirect beneficial ownership of a security holder;

"bid" means a take-over bid or an issuer bid to which Part 2 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* applies, and in Ontario, a formal take-over bid or formal issuer bid as defined in section 89(1) of the *Securities Act*;

"bona fide lender" means a person that

(a) is an issuer insider of an issuer solely through the holding of, or the exercise of control or direction over, securities used as collateral for a debt under a written agreement entered into by the person as a lender, assignee, transferee or participant,

(b) is not yet legally entitled to dispose of the securities for the purpose of applying proceeds of realization in repayment of the secured debt, and

(c) was not a related party of the issuer at the time the agreement referred to in paragraph (a) was entered into;

"business combination" means, for an issuer, an amalgamation, arrangement, consolidation, amendment to the terms of a class of equity securities or any other transaction of the issuer, as a consequence of which the interest of a holder of an equity security of the issuer may be terminated without the holder's consent, regardless of whether the equity security is replaced with another security, but does not include

(a) an acquisition of an equity security of the issuer under a statutory right of compulsory acquisition or, if the issuer is not a corporation, under provisions substantially equivalent to those comprising section 206 of the CBCA,

(b) a consolidation of securities that does not have the effect of terminating the interests of holders of equity securities of the issuer in those securities without their consent, through the elimination of post-consolidated fractional interests or otherwise, except to an extent that is nominal in the circumstances,

(c) a termination of a holder's interest in a security, under the terms attached to the security, for the purpose of enforcing an ownership or voting constraint that is necessary to enable the issuer to comply with legislation, lawfully engage in a particular activity or have a specified level of Canadian ownership,

(d) a downstream transaction for the issuer, or

(e) a transaction in which no person that is a related party of the issuer at the time the transaction is agreed to

(i) would, as a consequence of the transaction, directly or indirectly acquire the issuer or the business of the issuer, or combine with the issuer, through an amalgamation, arrangement or otherwise, whether alone or with joint actors,

(ii) is a party to any connected transaction to the transaction, or

(iii) is entitled to receive, directly or indirectly, as a consequence of the transaction

(A) consideration per equity security that is not identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class,

(B) a collateral benefit, or

(C) consideration for securities of a class of equity securities of the issuer if the issuer has more than one outstanding class of equity securities, unless that consideration is not greater than the entitlement of the general body of holders in Canada of every other class of equity securities of the issuer in relation to the voting and financial participating interests in the issuer represented by the respective securities;

"CBCA" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44;

"class" includes a series of a class;

"collateral benefit", for a transaction of an issuer or for a bid for securities of an issuer, means any benefit that a related party of the issuer is entitled to receive, directly or indirectly, as a consequence of the transaction or bid, including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of the issuer or of another person, regardless of the existence of any offsetting costs to the related party or whether the benefit is provided, or agreed to, by the issuer, another party to the transaction or the offeror in the bid, but does not include

(a) a payment or distribution per equity security that is identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class,

(b) an enhancement of employee benefits resulting from participation by the related party in a group plan, other than an incentive plan, for employees of a successor to the business of the issuer, if the benefits provided by the group plan are generally provided to employees of the successor to the business of the issuer who hold positions of a similar nature to the position held by the related party, or

(c) a benefit, not described in paragraph (b), that is received solely in connection with the related party's services as an employee, director or consultant of the issuer, of an affiliated entity of the issuer or of a successor to the business of the issuer, if

(i) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction or bid,

(ii) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction or bid in any manner,

(iii) full particulars of the benefit are disclosed in the disclosure document for the transaction, or in the directors' circular in the case of a take-over bid, and

(iv) (A) at the time the transaction is agreed to or the bid is publicly announced, the related party and its associated entities beneficially own or exercise control or direction over less than one per cent of the outstanding securities of each class of equity securities of the issuer, or

(B) if the transaction is a business combination for the issuer or a bid for securities of the issuer,

(I) the related party discloses to an independent committee of the issuer the amount of consideration that the related party expects it will be beneficially entitled to receive, under the terms of the transaction or bid, in exchange for the equity securities beneficially owned by the related party,

(II) the independent committee, acting in good faith, determines that the value of the benefit, net of any offsetting costs to the related party, is less than five per cent of the value referred to in subclause (I), and

(III) the independent committee's determination is disclosed in the disclosure document for the transaction, or in the directors' circular in the case of a take-over bid;

"connected transactions" means two or more transactions that have at least one party in common, directly or indirectly, other than transactions related solely to services as an employee, director or consultant, and

(a) are negotiated or completed at approximately the same time, or

(b) the completion of at least one of the transactions is conditional on the completion of each of the other transactions;

"consultant" means, for an issuer, a person, other than an employee or senior officer of the issuer or of an affiliated entity of the issuer, that

(a) is engaged to provide services to the issuer or an affiliated entity of the issuer, other than services provided in relation to a distribution,

(b) provides the services under a written contract with the issuer or an affiliated entity of the issuer, and

(c) spends or will spend a significant amount of time and attention of the affairs and business of the issuer or an affiliated entity or the issuer

and includes, for an individual consultant a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner;

"convertible" means convertible into, exchangeable for, or carrying the right or obligation to purchase or otherwise acquire or cause the purchase or acquisition of, another security;

"director", for an issuer that is a limited partnership, includes a director of the general partner of the issuer, except for the purposes of the interpretation of "control";

"disclosure document" means

(a) for a take-over bid including an insider bid, a take-over bid circular sent to holders of offeree securities,

(b) for an issuer bid, an issuer bid circular sent to holders of offeree securities, and

(c) for a business combination or a related party transaction,

(i) an information circular sent to holders of affected securities,

(ii) if no information circular is required, another document sent to holders of affected securities in connection with a meeting of holders of affected securities, or

(iii) if no information circular or other document referred to in subparagraph (ii) is required, a material change report filed for the transaction;

"downstream transaction" means, for an issuer, a transaction between the issuer and a related party of the issuer if, at the time the transaction is agreed to

(a) the issuer is a control person of the related party, and

(b) to the knowledge of the issuer after reasonable inquiry, no related party of the issuer, other than a wholly-owned subsidiary entity of the issuer, beneficially owns or exercises control or direction over, other than through its interest in the issuer, more than five per cent of any class of voting or equity securities of the related party that is a party to the transaction;

"equity security" means a security of an issuer that carries a residual right to participate in the earnings of the issuer and, on liquidation or winding up of the issuer, in its assets;

"fair market value" means, except as provided in paragraph 6.4(2)(d), the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act;

"formal valuation" means a valuation prepared in accordance with Part 6;

"freely tradeable" means, for securities, that

(a) the securities are transferable,

(b) the securities are not subject to any escrow requirements,

(c) the securities do not form part of the holdings of any control person,

(d) the securities are not subject to any cease trade order imposed by a securities regulatory authority,

(e) all hold periods imposed by securities legislation before the securities can be traded without a prospectus or in reliance on a prospectus exemption have expired, and

(f) any period of time imposed by securities legislation for which the issuer has to have been a reporting issuer in a jurisdiction before the securities can be traded without a prospectus or in reliance on a prospectus exemption has passed;

"incentive plan" means a group plan that provides for stock options or other equity incentives, profit sharing, bonuses, or other performance-based payments;

"independent committee" means, for an issuer, a committee consisting exclusively of one or more independent directors of the issuer;

"independent director" means, for an issuer in respect of a transaction or bid, a director who is independent as determined in section 7.1;

"independent valuator" means, for a transaction or bid, a valuator that is independent of all interested parties in the transaction, as determined in section 6.1;

"insider bid" means a take-over bid made by

(a) an issuer insider of the offeree issuer,

(b) an associated or affiliated entity of an issuer insider of the offeree issuer,

(c) an associated or affiliated entity of the offeree issuer,

(d) a person described in paragraph (a), (b) or (c) at any time within 12 months preceding the commencement of the bid, or

(e) a joint actor with a person referred to in paragraph (a), (b), (c) or (d);

"interested party" means

(a) for a take-over bid including an insider bid, the offeror or a joint actor with the offeror,

(b) for an issuer bid

(i) the issuer, and

(ii) any control person of the issuer, or any person that would reasonably be expected to be a control person of the issuer upon successful completion of the issuer bid,

(c) for a business combination, a related party of the issuer at the time the transaction is agreed to, if the related party

(i) would, as a consequence of the transaction, directly or indirectly acquire the issuer or the business of the issuer, or combine with the issuer, through an amalgamation, arrangement or otherwise, whether alone or with joint actors,

(ii) is a party to any connected transaction to the business combination, or

(iii) is entitled to receive, directly or indirectly, as a consequence of the transaction

(A) consideration per affected security that is not identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class,

(B) a collateral benefit, or

(C) consideration for securities of a class of equity securities of the issuer if the issuer has more than one outstanding class of equity securities, unless that consideration is not greater than the entitlement of the general body of holders in Canada of every other class of equity securities of the issuer in relation to the voting and financial participating interests in the issuer represented by the respective securities, and

(d) for a related party transaction, a related party of the issuer at the time the transaction is agreed to, if the related party

(i) is a party to the transaction, unless it is a party only in its capacity as a holder of affected securities and is treated identically to the general body of holders in Canada of securities of the same class on a per security basis, or

(ii) is entitled to receive, directly or indirectly, as a consequence of the transaction

(A) a collateral benefit, or

(B) a payment or distribution made to one or more holders of a class of equity securities of the issuer if the issuer has more than one outstanding class of equity securities, unless the amount of that payment or distribution is not greater than the entitlement of the general body of holders in Canada of every other class of equity securities of the issuer in relation to the voting and financial participating interests in the issuer represented by the respective securities;

"issuer bid" has the meaning ascribed to that term in section 1.1 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, section 89(1) of the *Securities Act*;

"issuer insider" means, for an issuer

(a) a director or senior officer of the issuer,

(b) a director or senior officer of a person that is itself an issuer insider or subsidiary entity of the issuer, or

(c) a person that has

(i) beneficial ownership of, or control or direction over, directly or indirectly, or

(ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly,

securities of the issuer carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities;

"joint actors", when used to describe the relationship among two or more persons, means persons "acting jointly or in concert" as determined in accordance with section 1.9 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, section 91 of the *Securities Act*, with necessary modifications where the term is used in the context of a transaction that is not a take-over bid or issuer bid, but a security holder is not considered to be a joint actor with an offeror making a bid, or with a person involved in a business combination or related party transaction, solely because there is an agreement, commitment or understanding that the security holder will tender to the bid or vote in favour of the transaction;

"liquid market" means a market that meets the criteria specified in section 1.2;

"market capitalization" of an issuer means, for a transaction, the aggregate market price of all outstanding securities of all classes of equity securities of the issuer, the market price of the outstanding securities of a class being

(a) in the case of equity securities of a class for which there is a published market, the product of

(i) the number of securities of the class outstanding as of the close of business on the last business day of the calendar month preceding the calendar month in which the transaction is agreed to or, if no securities of the class were outstanding on that day, on the first business day after that day that securities of the class became outstanding, so long as that day precedes the date the transaction is agreed to, and

(ii) the market price of the securities at the time referred to in subparagraph (i), on the published market on which the class of securities is principally traded, as determined in accordance with subsections 1.11 (1), (2) and (3) of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, subsections 1.3 (1), (2) and (3) of Ontario Securities Commission Rule 62-504 *Take-Over Bids and Issuer Bids*,

(b) in the case of equity securities of a class for which there is no published market but that are currently convertible into a class of equity securities for which there is a published market, the product of

(i) the number of equity securities into which the convertible securities were convertible as of the close of business on the last business day of the calendar month preceding the calendar month in which the transaction is agreed to or, if no convertible securities were outstanding or convertible on that day, on the first business day after that day that the convertible securities became outstanding or convertible, so long as that day precedes the date the transaction is agreed to, and

(ii) the market price of the securities into which the convertible securities were convertible, at the time referred to in subparagraph (i), on the published market on which the class of securities is principally traded, as determined in accordance with subsections 1.11 (1), (2) and (3) of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, subsections 1.3 (1), (2) and (3) of OSC Rule 62-504 *Take-Over Bids and Issuer Bids*, and

(c) in the case of equity securities of a class not referred to in paragraph (a) or (b), the amount determined by the issuer's board of directors in good faith to represent the fair market value of the outstanding securities of that class;

"minority approval" means, for a business combination or related party transaction of an issuer, approval of the proposed transaction by a majority of the votes as specified in Part 8, cast by holders of each class of affected securities at a meeting of security holders of that class called to consider the transaction;

"offeree issuer" has the meaning ascribed to that term in section 1.1 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, section 89(1) of the *Securities Act*;

"offeree security" means a security that is subject to a take-over bid or issuer bid;

"offeror" has the meaning ascribed to that term in section 1.1 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, section 89(1) of the *Securities Act*;

"person" in Ontario, includes

(a) an individual,

(b) a corporation,

(c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and

(d) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

"prior valuation" means a valuation or appraisal of an issuer or its securities or material assets, whether or not prepared by an independent valuator, that, if disclosed, would reasonably be expected to affect the decision of a security holder to vote for or against a transaction, or to retain or dispose of affected securities or offeree securities, other than

(a) a report of a valuation or appraisal prepared by a person other than the issuer, if

(i) the report was not solicited by the issuer, and

(ii) the person preparing the report did so without knowledge of any material information concerning the issuer, its securities or any of its material assets, that had not been generally disclosed at the time the report was prepared,

(b) an internal valuation or appraisal prepared for the issuer in the ordinary course of business that has not been made available to, and has been prepared without the participation of

(i) the board of directors of the issuer, or

(ii) any director or senior officer of an interested party, except a senior officer of the issuer in the case of an issuer bid,

(c) a report of a market analyst or financial analyst that

(i) has been prepared by or for and at the expense of a person other than the issuer, an interested party, or an associated or affiliated entity of the issuer or an interested party, and

(ii) is either generally available to clients of the analyst or of the analyst's employer or of an associated or affiliated entity of the analyst's employer or, if not, is not based, so far as the person required to disclose a prior valuation is aware, on any material information concerning the issuer, its securities or any of its material assets, that had not been generally disclosed at the time the report was prepared,

(d) a valuation or appraisal prepared by a person or a person retained by that person, for the purpose of assisting the person in determining the price at which to propose a transaction that resulted in the person becoming an issuer insider, if the valuation or appraisal is not made available to any of the independent directors of the issuer, or

(e) a valuation or appraisal prepared by an interested party or a person retained by the interested party, for the purpose of assisting the interested party in determining the price at which to propose a transaction that, if pursued, would be an insider bid, business combination or related party transaction, if the valuation or appraisal is not made available to any of the independent directors of the issuer;

"published market" means, with respect to any class of securities, a market in Canada or outside of Canada on which the securities are traded, if the prices at which they have been traded on that market are regularly

(a) disseminated electronically, or

(b) published in a newspaper or business or financial publication of general and regular paid circulation;

"related party" of an entity means a person, other than a person that is solely a bona fide lender, that, at the relevant time and after reasonable inquiry, is known by the entity or a director or senior officer of the entity to be

(a) a control person of the entity,

(b) a person of which a person referred to in paragraph (a) is a control person,

(c) a person of which the entity is a control person,

(d) a person that has

(i) beneficial ownership of, or control or direction over, directly or indirectly, or

(ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly,

securities of the entity carrying more than 10% of the voting rights attached to all the entity's outstanding voting securities,

(e) a director or senior officer of

(i) the entity, or

(ii) a person described in any other paragraph of this definition,

(f) a person that manages or directs, to any substantial degree, the affairs or operations of the entity under an agreement, arrangement or understanding between the person and the entity, including the general partner of an entity that is a limited partnership, but excluding a person acting under bankruptcy or insolvency law,

(g) a person of which persons described in any paragraph of this definition beneficially own, in the aggregate, more than 50 per cent of the securities of any outstanding class of equity securities, or

(h) an affiliated entity of any person described in any other paragraph of this definition;

"related party transaction" means, for an issuer, a transaction between the issuer and a person that is a related party of the issuer at the time the transaction is agreed to, whether or not there are also other parties to the transaction, as a consequence of which, either through the transaction itself or together with connected transactions, the issuer directly or indirectly

(a) purchases or acquires an asset from the related party for valuable consideration,

(b) purchases or acquires, as a joint actor with the related party, an asset from a third party if the proportion of the asset acquired by the issuer is less than the proportion of the consideration paid by the issuer,

(c) sells, transfers or disposes of an asset to the related party,

(d) sells, transfers or disposes of, as a joint actor with the related party, an asset to a third party if the proportion of the consideration received by the issuer is less than the proportion of the asset sold, transferred or disposed of by the issuer,

(e) leases property to or from the related party,

(f) acquires the related party, or combines with the related party, through an amalgamation, arrangement or otherwise, whether alone or with joint actors,

(g) issues a security to the related party or subscribes for a security of the related party,

(h) amends the terms of a security of the issuer if the security is beneficially owned, or is one over which control or direction is exercised, by the related party, or agrees to the amendment of the terms of a security of the related party if the security is beneficially owned by the issuer or is one over which the issuer exercises control or direction,

(i) assumes or otherwise becomes subject to a liability of the related party,

(j) borrows money from or lends money to the related party, or enters into a credit facility with the related party,

(k) releases, cancels or forgives a debt or liability owed by the related party,

(l) materially amends the terms of an outstanding debt or liability owed by or to the related party, or the terms of an outstanding credit facility with the related party, or

(m) provides a guarantee or collateral security for a debt or liability of the related party, or materially amends the terms of the guarantee or security;

"senior officer" means the chair or a vice-chair of the board of directors, a president, a vice-president, the secretary, the treasurer or the general manager of an issuer or any other individual who performs functions for an issuer similar to those normally performed by an individual occupying any such office, and for an issuer that is a limited partnership, includes a senior officer of the general partner of the issuer;

"subsidiary entity" means a person that is controlled directly or indirectly by another person and includes a subsidiary of that subsidiary;

"take-over bid" has the meaning ascribed to that term in section 1.1 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, section 89(1) of the *Securities Act*; and

"wholly-owned subsidiary entity": a person is considered to be a wholly-owned subsidiary entity of an issuer if the issuer owns, directly or indirectly, all the voting and equity securities and securities convertible into voting and equity securities of the person.

1.2 Liquid Market

(1) For the purposes of this Instrument, a liquid market in a class of securities of an issuer in respect of a transaction exists at a particular time only if

(a) there is a published market for the class of securities,

(i) during the period of 12 months before the date the transaction is agreed to in the case of a business combination, or 12 months before the date the transaction is publicly announced in the case of an insider bid or issuer bid

(A) the number of outstanding securities of the class was at all times at least 5,000,000, excluding securities beneficially owned, or over which control or direction was exercised, by related parties and securities that were not freely tradeable,

(B) the aggregate trading volume of the class of securities on the published market on which the class was principally traded was at least 1,000,000 securities,

(C) there were at least 1,000 trades in securities of the class on the published market on which the class was principally traded, and

(D) the aggregate value of the trades in securities of the class on the published market on which the class was principally traded was at least $15,000,000, and

(ii) the market value of the class of securities on the published market on which the class was principally traded, as determined in accordance with subsection (2), was at least $75,000,000 for the calendar month preceding the calendar month

(A) in which the transaction is agreed to, in the case of a business combination, or

(B) in which the transaction is publicly announced, in the case of an insider bid or issuer bid, or

(b) if the test set out in paragraph (a) is not met and there is a published market for the class of securities,

(i) a person that is qualified and independent of all interested parties to the transaction, as determined on the same basis applicable to a valuator preparing a formal valuation under section 6.1, provides an opinion to the issuer that there is a liquid market in the class at the date the transaction is agreed to in the case of a business combination, or at the date the transaction is publicly announced in the case of an insider bid or issuer bid,

(ii) the opinion is included in the disclosure document for the transaction, and

(iii) the disclosure document for the transaction includes the same disclosure regarding the person providing the opinion as is required for a valuator under section 6.2.

(2) For the purpose of determining whether an issuer satisfies the market value requirement of subparagraph (1)(a)(ii), the market value of a class of securities for a calendar month is calculated by multiplying

(a) the number of securities of the class outstanding as of the close of business on the last business day of the calendar month, excluding securities beneficially owned, or over which control or direction was exercised, by related parties of the issuer and securities that were not freely tradeable, by

(b) the arithmetic average of the closing prices of the securities of that class on the published market on which that class was principally traded for each of the trading days during the calendar month, if the published market provides a closing price for the securities, or

(c) the arithmetic average of the simple averages of the highest and lowest prices of the securities of that class on the published market on which that class was principally traded for each of the trading days for which the securities traded during the calendar month, if the published market does not provide a closing price, but provides only the highest and lowest prices of securities traded on a particular day.

1.3 Transactions by Wholly-Owned Subsidiary Entity – For the purposes of this Instrument, a transaction of a wholly-owned subsidiary entity of an issuer is deemed to be also a transaction of the issuer, and, for greater certainty, a bid made by a wholly-owned subsidiary entity of an issuer for securities of the issuer is deemed to be also an issuer bid made by the issuer.

1.4 Transactions by Underlying Operating Entity of Income Trust – For the purposes of this Instrument, a transaction of an underlying operating entity of an income trust within the meaning of National Policy 41-201 *Income Trusts and Other Indirect Offerings* is deemed to be a transaction of the income trust, and a related party of the underlying operating entity is deemed to be a related party of the income trust.

1.5 Redeemable Securities as Consideration in Business Combination – For the purposes of this Instrument, if all or part of the consideration that holders of affected securities receive in a business combination consists of securities that are redeemed for cash within seven days of their issuance, the cash proceeds of the redemption, rather than the redeemed securities, are deemed to be consideration that the holders of the affected securities receive in the business combination.

1.6 Beneficial Ownership

(1) Despite any other provision in securities legislation, for the purposes of this Instrument,

(a) a person is deemed to own beneficially securities beneficially owned by a person it controls or by an affiliated entity of the controlled person if the affiliated entity is a subsidiary entity of the controlled person,

(b) a person is deemed to own beneficially securities beneficially owned by its affiliated entity if the affiliated entity is a subsidiary entity of the person,

(2) For the purposes of the definitions of collateral benefit, control person, downstream transaction and related party, in determining beneficial ownership, the following provisions apply:

(a) in Ontario, section 90 of the *Securities Act*;

(b) in Québec, section 1.8 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*.

(3) In Québec, for the purposes of this Instrument, a person that beneficially owns securities means a person that owns the securities or that holds securities registered under the name of an intermediary acting as nominee, including a trustee or agent.

1.7 Control – For the purposes of the definition of "subsidiary entity", a person controls a second person if

(a) the person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the person to elect a majority of the directors of the second person, unless the person beneficially owns or exercises control or direction over voting securities only to secure an obligation,

(b) the second person is a partnership, the person beneficially owns or exercises control or direction over more than 50 per cent of the interests in the partnership, or

(c) the second person is a limited partnership, the person is the general partner of the limited partnership or the control person of the general partner.

1.8 Entity – For the purposes of the definition of "related party", an entity has the meaning ascribed to the term "person" in section 1.1, other than an individual.

PART 2 INSIDER BIDS

2.1 Application

(1) This Part applies to a bid that is an insider bid.

(2) This Part does not apply to an insider bid in respect of which the offeror complies with National Instrument 71-101 *The Multijurisdictional Disclosure System*, unless persons whose last address as shown on the books of the offeree issuer is in Canada, as determined in accordance with subsections 12.1(2) to (4) of that instrument, hold 20 per cent or more of the class of securities that is the subject of the bid.

2.2 Disclosure

(1) The offeror shall disclose in the disclosure document for an insider bid

(a) the background to the insider bid,

(b) in accordance with section 6.8, every prior valuation in respect of the offeree issuer that has been made in the 24 months before the date of the insider bid, and the existence of which is known, after reasonable inquiry, to the offeror or any director or senior officer of the offeror,

(c) the formal valuation exemption, if any, on which the offeror is relying under section 2.4 and the facts supporting that reliance, and

(d) the disclosure required by Form 62-104F2 *Issuer Bid Circular* of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, Form 62-504F2 *Issuer Bid Circular* of OSC Rule 62-504 *Take-Over Bids and Issuer Bids*, to the extent applicable and with necessary modifications.

(2) The board of directors of the offeree issuer shall include in the directors' circular for an insider bid

(a) disclosure, in accordance with section 6.8, of every prior valuation in respect of the offeree issuer not disclosed in the disclosure document for the insider bid

(i) that has been made in the 24 months before the date of the insider bid, and

(ii) the existence of which is known, after reasonable inquiry, to the offeree issuer or to any director or senior officer of the offeree issuer,

(b) a description of the background to the insider bid to the extent the background has not been disclosed in the disclosure document for the insider bid,

(c) disclosure of any bona fide prior offer that relates to the offeree securities or is otherwise relevant to the insider bid, which offer was received by the issuer during the 24 months before the insider bid was publicly announced, and a description of the offer and the background to the offer, and

(d) a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the offeree issuer for the insider bid, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee.

2.3 Formal Valuation

(1) The offeror in an insider bid shall

(a) obtain, at its own expense, a formal valuation,

(b) provide the disclosure required by section 6.2,

(c) include, in accordance with section 6.5, a summary of the formal valuation in the disclosure document for the insider bid, unless the formal valuation is included in its entirety in the disclosure document, and

(d) comply with the other provisions of Part 6 applicable to it relating to formal valuations.

(2) An independent committee of the offeree issuer shall, and the offeror shall enable the independent committee to

(a) determine who the valuator will be,

(b) supervise the preparation of the formal valuation, and

(c) use its best efforts to ensure that the formal valuation is completed and provided to the offeror in a timely manner.

2.4 Exemptions from Formal Valuation Requirement

(1) Section 2.3 does not apply to an offeror in connection with an insider bid in any of the following circumstances:

(a) **Lack of Knowledge and Representation** – neither the offeror nor any joint actor with the offeror has, or has had within the preceding 12 months, any board or management representation in respect of the offeree issuer, or has knowledge of any material information concerning the offeree issuer or its securities that has not been generally disclosed,

(b) **Previous Arm's Length Negotiations** -– all of the following conditions are satisfied:

(i) the consideration per security under the insider bid is at least equal in value to and is in the same form as the highest consideration agreed to with one or more selling security holders of the offeree issuer in arm's length negotiations in connection with

(A) the making of the insider bid,

(B) one or more other transactions agreed to within 12 months before the date of the first public announcement of the insider bid, or

(C) a combination of transactions referred to in clauses (A) and (B),

(ii) at least one of the selling security holders party to an agreement referred to in clause (i)(A) or (B) beneficially owns or exercises control or direction over, or beneficially owned or exercised control or direction over, and agreed to sell

(A) at least five per cent of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (2), if the person that entered into the agreement with the selling security holder beneficially owned 80 per cent or more of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (2), or

(B) at least 10 per cent of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (2), if the person that entered into the agreement with the selling security holder beneficially owned less than 80 per cent of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (2),

(iii) one or more of the selling security holders party to any of the transactions referred to in subparagraph (i) beneficially own or exercise control or direction over, or beneficially owned or exercised control or direction over, and agreed to sell, in the aggregate, at least 20 per cent of the outstanding securities of the class of offeree securities, as determined in accordance with subsection (3), beneficially owned, or over which control or direction was exercised, by persons other than the person, and joint actors with the person, that entered into the agreements with the selling security holders,

(iv) the offeror reasonably believes, after reasonable inquiry, that at the time of each of the agreements referred to in subparagraph (i)

(A) each selling security holder party to the agreement had full knowledge and access to information concerning the offeree issuer and its securities, and

(B) any factors peculiar to a selling security holder party to the agreement, including non-financial factors, that were considered relevant by that selling security holder in assessing the consideration did not have the effect of reducing the price that would otherwise have been considered acceptable by that selling security holder,

(v) at the time of each of the agreements referred to in subparagraph (i), the offeror did not know of any material information in respect of the offeree issuer or the offeree securities that

(A) had not been generally disclosed, and

(B) if generally disclosed, could have reasonably been expected to increase the agreed consideration,

(vi) if any of the agreements referred to in subparagraph (i) was entered into with a selling security holder by a person other than the offeror, the offeror reasonably believes, after reasonable inquiry, that at the time of that agreement, the person did not know of any material information in respect of the offeree issuer or the offeree securities that

(A) had not been generally disclosed, and

(B) if disclosed, could have reasonably been expected to increase the agreed consideration,

(vii) the offeror does not know, after reasonable inquiry, of any material information in respect of the offeree issuer or the offeree securities since the time of each of the agreements referred to in subparagraph (i) that has not been generally disclosed and could reasonably be expected to increase the value of the offeree securities;

(c) **Auction** – all of the following conditions are satisfied:

(i) the insider bid is publicly announced or made while

(A) one or more bids for securities of the same class that is the subject of the insider bid have been made and are outstanding, or

(B) one or more proposed transactions are outstanding that

(I) are business combinations in respect of securities of the same class that is the subject of the insider bid and ascribe a per security value to those securities, or

(II) would be business combinations in respect of securities of the same class that is the subject of the insider bid, except that they come within the exception in paragraph (e) of the definition of business combination and ascribe a per security value to those securities,

(ii) at the time the insider bid is made, the offeree issuer has provided equal access to the offeree issuer, and to information concerning the offeree issuer and its securities, to the offeror in the insider bid, all offerors in the other bids, and all parties to the proposed transactions described in clause (i)(B),

(iii) the offeror, in the disclosure document for the insider bid,

(A) includes all material information concerning the offeree issuer and its securities that is known to the offeror after reasonable inquiry but has not been generally disclosed, together with a description of the nature of the offeror's access to the issuer, and

(B) states that the offeror does not know, after reasonable inquiry, of any material information concerning the offeree issuer and its securities other than information that has been disclosed under clause (A) or that has otherwise been generally disclosed.

(2) For the purposes of subparagraph (b)(ii) of subsection (1), the number of outstanding securities of the class of offeree securities

(a) is calculated at the time of the agreement referred to in clause (b)(i)(A) or (B) of subsection (1), if the offeror knows the number of securities of the class outstanding at that time, or

(b) if paragraph (a) does not apply, is determined based on the information most recently provided by the offeree issuer in a material change report, or section 5.4 of National Instrument 51-102 Continuous Disclosure Obligations, immediately preceding the date of the agreement referred to in clause (b)(i)(A) or (B) of subsection (1).

(3) For the purposes of subparagraph (b)(iii) of subsection (1), the number of outstanding securities of the class of offeree securities

(a) is calculated at the time of the last of the agreements referred to in subparagraph (b)(i) of subsection (1), if the offeror knows the number of securities of the class outstanding at that time, or

(b) if paragraph (a) does not apply, is determined based on the information most recently provided by the offeree issuer in a material change report, or section 5.4 of National Instrument 51-102 *Continuous Disclosure Obligations*, immediately preceding the date of the last of the agreements referred to in subparagraph (b)(i) of subsection (1).

PART 3 ISSUER BIDS

3.1 Application

(1) This Part applies to a bid that is an issuer bid.

(2) This Part does not apply to an issuer bid that complies with National Instrument 71-101 *The Multijurisdictional Disclosure System*, unless persons whose last address as shown on the books of the issuer is in Canada, as determined in accordance with subsections 12.1(2) to (4) of that instrument, hold 20 per cent or more of the class of securities that is the subject of the bid.

3.2 Disclosure – The issuer shall include in the disclosure document for an issuer bid

(a) a description of the background to the issuer bid,

(b) disclosure, in accordance with section 6.8, of every prior valuation in respect of the issuer

(i) that has been made in the 24 months before the date of the issuer bid, and

(ii) the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer,

(c) disclosure of any bona fide prior offer that relates to the offeree securities or is otherwise relevant to the issuer bid, which offer was received by the issuer during the 24 months before the issuer bid was publicly announced, and a description of the offer and the background to the offer,

(d) a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the issuer bid, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee,

(e) a statement of the intention, if known to the issuer after reasonable inquiry, of every interested party to accept or not to accept the issuer bid,

(f) a description of the effect that the issuer anticipates the issuer bid, if successful, will have on the direct or indirect voting interest in the issuer of every interested party, and

(g) disclosure of the formal valuation exemption, if any, on which the issuer is relying under section 3.4 and the facts supporting that reliance.

3.3 Formal Valuation

(1) An issuer that makes an issuer bid shall

(a) obtain a formal valuation,

(b) provide the disclosure required by section 6.2,

(c) include, in accordance with section 6.5, a summary of the formal valuation in the disclosure document for the issuer bid, unless the formal valuation is included in its entirety in the disclosure document,

(d) if there is an interested party other than the issuer, state in the disclosure document who will pay or has paid for the valuation, and

(e) comply with the other provisions of Part 6 applicable to it relating to formal valuations.

(2) The board of directors of the issuer or an independent committee of the board shall

(a) determine who the valuator will be, and

(b) supervise the preparation of the formal valuation.

3.4 Exemptions from Formal Valuation Requirement – Section 3.3 does not apply to an issuer in connection with an issuer bid in any of the following circumstances:

(a) **Bid for Non-Convertible Securities** – the issuer bid is for securities that are not equity securities and that are not, directly or indirectly, convertible into equity securities,

(b) **Liquid Market** – the issuer bid is made for securities for which

(i) a liquid market exists,

(ii) it is reasonable to conclude that, following the completion of the bid, there will be a market for holders of the securities who do not tender to the bid that is not materially less liquid than the market that existed at the time of the making of the bid, and

(iii) if an opinion referred to in paragraph (b) of subsection 1.2(1) is provided, the person providing the opinion reaches the conclusion described in subparagraph (b)(ii) of this section 3.4 and so states in its opinion.

PART 4 BUSINESS COMBINATIONS

4.1 Application – This Part does not apply to an issuer carrying out a business combination if

(a) the issuer is not a reporting issuer,

(b) the issuer is a mutual fund, or

(c) (i) at the time the business combination is agreed to, securities held by beneficial owners in the local jurisdiction constitute less than two per cent of the outstanding securities of each class of affected securities of the issuer, and

(ii) all documents concerning the transaction that are sent generally to other holders of affected securities of the issuer are concurrently sent to all holders of the securities in the local jurisdiction.

4.2 Meeting and Information Circular

(1) Without limiting the application of any other legal requirements that apply to meetings of security holders and information circulars, this section applies only to a business combination for which section 4.5 requires the issuer to obtain minority approval.

(2) An issuer proposing to carry out a business combination shall call a meeting of holders of affected securities and send an information circular to those holders.

(3) The issuer shall include in the information circular

(a) the disclosure required by Form 62-104F2 *Issuer Bid Circular* of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, Form 62-504F2 *Issuer Bid Circular* of OSC Rule 62-504 *Take-Over Bids and Issuer Bids*, to the extent applicable and with necessary modifications,

(b) a description of the background to the business combination,

(c) disclosure in accordance with section 6.8 of every prior valuation in respect of the issuer

(i) that has been made in the 24 months before the date of the information circular, and

(ii) the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer,

(d) disclosure of any bona fide prior offer that relates to the subject matter of or is otherwise relevant to the transaction, which offer was received by the issuer during the 24 months before the business combination was agreed to, and a description of the offer and the background to the offer,

(e) a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee,

(f) disclosure of the formal valuation exemption, if any, on which the issuer is relying under section 4.4 and the facts supporting that reliance,

(g) disclosure of the number of votes attached to the securities that, to the knowledge of the issuer after reasonable inquiry, will be excluded in determining whether minority approval for the business combination is obtained, and

(h) the identity of the holders of securities specified in paragraph (g) together with their individual holdings.

(4) If, after sending the information circular and before the meeting, a change occurs that, if disclosed, would reasonably be expected to affect the decision of a holder of affected securities to vote for or against the business combination or to retain or dispose of affected securities, the issuer shall promptly disseminate disclosure of the change

(a) in a manner that the issuer reasonably determines will inform beneficial owners of affected securities of the change, and

(b) sufficiently in advance of the meeting that the beneficial owners of affected securities will be able to assess the impact of the change.

(5) If subsection (4) applies, the issuer shall file a copy of the disseminated information contemporaneously with its dissemination.

4.3 Formal Valuation

(1) An issuer shall obtain a formal valuation for a business combination if

(a) an interested party would, as a consequence of the transaction, directly or indirectly acquire the issuer or the business of the issuer, or combine with the issuer, through an amalgamation, arrangement or otherwise, whether alone or with joint actors, or

(b) an interested party is a party to any connected transaction to the business combination, if the connected transaction is a related party transaction for which the issuer is required to obtain a formal valuation under section 5.4.

(2) If a formal valuation is required under subsection (1), the issuer shall

(a) provide the disclosure required by section 6.2,

(b) include, in accordance with section 6.5, a summary of the formal valuation in the disclosure document for the business combination, unless the formal valuation is included in its entirety in the disclosure document,

(c) state in the disclosure document for the business combination who will pay or has paid for the valuation, and

(d) comply with the other provisions of Part 6 applicable to it relating to formal valuations.

(3) The board of directors of the issuer or an independent committee of the board shall

(a) determine who the valuator will be, and

(b) supervise the preparation of the formal valuation.

4.4 Exemptions from Formal Valuation Requirement

(1) Section 4.3 does not apply to an issuer carrying out a business combination in any of the following circumstances:

(a) **Issuer Not Listed on Specified Markets** – no securities of the issuer are listed or quoted on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc,

(b) **Previous Arm's Length Negotiations** -– all of the following conditions are satisfied:

(i) the consideration per affected security under the business combination is at least equal in value to and is in the same form as the highest consideration agreed to with one or more selling security holders of the issuer in arm's length negotiations in connection with

(A) the business combination,

(B) one or more other transactions agreed to within 12 months before the date of the first public announcement of the business combination, or

(C) a combination of transactions referred to in clauses (A) and (B),

(ii) at least one of the selling security holders party to an agreement referred to in clause (i)(A) or (B) beneficially owns or exercises control or direction over, or beneficially owned or exercised control or direction over, and agreed to sell

(A) at least five per cent of the outstanding securities of the class of affected securities, as determined in accordance with subsection (2), if the person that entered into the agreement with the selling security holder beneficially owned 80 per cent or more of the outstanding securities of the class of affected securities, as determined in accordance with subsection (2), or

(B) at least 10 per cent of the outstanding securities of the class of affected securities, as determined in accordance with subsection (2), if the person that entered into the agreement with the selling security holder beneficially owned less than 80 per cent of the outstanding securities of the class of affected securities, as determined in accordance with subsection (2),

(iii) one or more of the selling security holders party to any of the transactions referred to in subparagraph (i) beneficially owns or exercises control or direction over, or beneficially owned or exercised control or direction over, and agreed to sell, in the aggregate, at least 20 per cent of the outstanding securities of the class of affected securities, as determined in accordance with subsection (3), beneficially owned or over which control or direction was exercised by persons other than the person, and joint actors with the person, that entered into the agreements with the selling security holders,

(iv) the person proposing to carry out the business combination with the issuer reasonably believes, after reasonable inquiry, that at the time of each of the agreements referred to in subparagraph (i)

(A) each selling security holder party to the agreement had full knowledge of and access to information concerning the issuer and its securities, and

(B) any factors peculiar to a selling security holder party to the agreement, including non-financial factors, that were considered relevant by the selling security holder in assessing the consideration did not have the effect of reducing the price that would otherwise have been considered acceptable by that selling security holder,

(v) at the time of each of the agreements referred to in subparagraph (i), the person proposing to carry out the business combination with the issuer did not know of any material information in respect of the issuer or the affected securities that

(A) had not been generally disclosed, and

(B) if disclosed, could have reasonably been expected to increase the agreed consideration,

(vi) any of the agreements referred to in subparagraph (i) was entered into with a selling security holder by a person other than the person proposing to carry out the business combination with the issuer, the person proposing to carry out the business combination with the issuer reasonably believes, after reasonable inquiry, that at the time of that agreement, the person entering into the agreement with the selling security holder did not know of any material information in respect of the issuer or the affected securities that

(A) had not been generally disclosed, and

(B) if disclosed, could have reasonably been expected to increase the agreed consideration,

(vii) the person proposing to carry out the business combination with the issuer does not know, after reasonable inquiry, of any material information in respect of the issuer or the affected securities since the time of each of the agreements referred to in subparagraph (i) that has not been generally disclosed and could reasonably be expected to increase the value of the affected securities,

(c) **Auction** – all of the following conditions are satisfied:

(i) the business combination is publicly announced while

(A) one or more proposed transactions are outstanding that

(I) are business combinations in respect of the affected securities, and ascribe a per security value to those securities, or

(II) would be business combinations in respect of the affected securities, except that they come within the exception in paragraph (e) of the definition of business combination, and ascribe a per security value to those securities,

(B) one or more bids for the affected securities have been made and are outstanding,

(ii) at the time the disclosure document for the business combination is sent to the holders of affected securities, the issuer has provided equal access to the issuer, and to information concerning the issuer and its securities, to the person proposing to carry out the business combination with the issuer, all parties to the proposed transactions described in clause (i)(A), and all offerors in the bids,

(d) **Second Step Business Combination** – all of the following conditions are satisfied:

(i) the business combination is being effected by an offeror that made a bid, or an affiliated entity of that offeror, and is in respect of the securities of the same class for which the bid was made and that were not acquired in the bid,

(ii) the business combination is completed no later than 120 days after the date of expiry of the bid,

(iii) the consideration per security that the security holders would be entitled to receive in the business combination is at least equal in value to and is in the same form as the consideration that the tendering security holders were entitled to receive in the bid,

(iv) the disclosure document for the bid

(A) disclosed that if the offeror acquired securities under the bid, the offeror intended to acquire the remainder of the securities under a statutory right of acquisition or

under a business combination that would satisfy the conditions in subparagraphs (ii) and (iii),

(B) described the expected tax consequences of both the bid and the business combination if, at the time the bid was made, the tax consequences arising from the business combination

(I) were reasonably foreseeable to the offeror, and

(II) were reasonably expected to be different from the tax consequences of tendering to the bid, and

(C) disclosed that the tax consequences of the bid and the business combination may be different if, at the time the bid was made, the offeror could not reasonably foresee the tax consequences arising from the business combination,

(e) **Non-redeemable Investment Fund** – the issuer is a non-redeemable investment fund that

(i) at least once each quarter calculates and publicly disseminates the net asset value of its securities, and

(ii) at the time of publicly announcing the business combination, publicly disseminates the net asset value of its securities as of the business day before the announcement,

(f) **Amalgamation or Equivalent Transaction with No Adverse Effect on Issuer or Minority** – the transaction is a statutory amalgamation, or substantially equivalent transaction, resulting in the combination of the issuer or a wholly-owned subsidiary entity of the issuer with an interested party, that is undertaken in whole or in part for the benefit of another related party, if all of the following conditions are satisfied:

(i) the transaction does not and will not have any adverse tax or other consequences to the issuer, the person resulting from the combination, or beneficial owners of affected securities generally,

(ii) no material actual or contingent liability of the interested party with which the issuer or a wholly-owned subsidiary entity of the issuer is combining will be assumed by the issuer, the wholly-owned subsidiary entity of the issuer or the person resulting from the combination,

(iii) the related party benefiting from the transaction agrees to indemnify the issuer against any liabilities of the interested party with which the issuer, or a wholly-owned subsidiary entity of the issuer, is combining,

(iv) after the transaction, the nature and extent of the voting and financial participating interests of holders of affected securities in the person resulting from the combination will be the same as, and the value of their financial participating interests will not be less than, that of their interests in the issuer before the transaction,

(v) the related party benefiting from the transaction pays for all of the costs and expenses resulting from the transaction.

(2) For the purposes of subparagraph (b)(ii) of subsection (1), the number of outstanding securities of the class of affected securities

(a) is calculated at the time of the agreement referred to in clause (b)(i)(A) or (B) of subsection (1), if the person proposing to carry out the business combination with the issuer knows the number of securities of the class outstanding at that time; or

(b) if paragraph (a) does not apply, is determined based on the information most recently provided by the issuer in a material change report, or section 5.4 of National Instrument 51-102 *Continuous Disclosure Obligations*, immediately preceding the date of the agreement referred to in clause (b)(i)(A) or (B) of subsection (1).

(3) For the purposes of subparagraph (b)(iii) of subsection (1), the number of outstanding securities of the class of affected securities

(a) is calculated at the time of the last of the agreements referred to in subparagraph (b)(i) of subsection (1), if the person proposing to carry out the business combination with the issuer knows the number of securities of the class outstanding at that time; or

(b) if paragraph (a) does not apply, is determined based on the information most recently provided by the issuer in a material change report, or section 5.4 of National Instrument 51-102 Continuous Disclosure Obligations, immediately preceding the date of the last of the agreements referred to in subparagraph (b)(i) of subsection (1).

4.5 Minority Approval – An issuer shall not carry out a business combination unless the issuer has obtained minority approval for the business combination under Part 8.

4.6 Exemptions from Minority Approval Requirement

(1) Section 4.5 does not apply to an issuer carrying out a business combination in any of the following circumstances if the exemption relied on, any formal valuation exemption relied on, and the facts supporting reliance on those exemptions are disclosed in the disclosure document for the business combination:

(a) **90 Per Cent Exemption** – subject to subsection (2), one or more persons that are interested parties within the meaning of subparagraph (c)(i) of the definition of interested party beneficially own, in the aggregate, 90 per cent or more of the outstanding securities of a class of affected securities at the time that the business combination is agreed to, and either

(i) an appraisal remedy is available to holders of the class of affected securities under the statute under which the issuer is organized or is governed as to corporate law matters, or

(ii) if an appraisal remedy referred to in subparagraph (i) is not available, holders of the class of affected securities are given an enforceable right that is substantially equivalent to the appraisal remedy provided for in section 190 of the CBCA and that is described in the disclosure document for the business combination;

(b) **Other Transactions Exempt from Formal Valuation** – the circumstances described in paragraph (f) of subsection 4.4 (1).

(2) If there are two or more classes of affected securities, paragraph (a) of subsection (1) applies only to a class of which the applicable interested parties beneficially own, in the aggregate, 90 per cent or more of the outstanding securities.

4.7 Conditions for Relief from Business Corporations Act Requirements – In Ontario, an issuer that is governed by the *Business Corporations Act* ("OBCA") and proposes to carry out a "going private transaction", as defined in subsection 190(1) of the OBCA, is exempt from subsections (2), (3) and (4) of section 190 of the OBCA, and is not required to make an application for exemption from those subsections under subsection 190(6) of the OBCA, if

(a) the transaction is not a business combination,

(b) Part 4 does not apply to the transaction by reason of section 4.1, or

(c) the transaction is carried out in compliance with Part 4, and, for this purpose, compliance includes reliance on any applicable exemption from a requirement of Part 4, including a discretionary exemption granted under section 9.1.

PART 5 RELATED PARTY TRANSACTIONS

5.1 Application – This Part does not apply to an issuer carrying out a related party transaction if

(a) the issuer is not a reporting issuer,

(b) the issuer is a mutual fund,

(c) (i) at the time the transaction is agreed to, securities held by beneficial owners in the local jurisdiction constitute less than two per cent of the outstanding securities of each class of affected securities of the issuer, and

(ii) all documents concerning the transaction that are sent generally to other holders of affected securities of the issuer are concurrently sent to all holders of the securities in the local jurisdiction,

(d) the parties to the transaction consist solely of

(i) an issuer and one or more of its wholly-owned subsidiary entities, or

(ii) wholly-owned subsidiary entities of the same issuer,

(e) the transaction is a business combination for the issuer,

(f) the transaction would be a business combination for the issuer except that it comes within an exception in any of paragraphs (a) to (e) of the definition of business combination,

(g) the transaction is a downstream transaction for the issuer,

(h) the issuer is obligated to and carries out the transaction substantially under the terms

(i) that were agreed to, and generally disclosed, before December 15, 2000 in Québec and before May 1, 2000 in Ontario,

(ii) that were agreed to, and generally disclosed, before the issuer became a reporting issuer, or

(iii) of a previous transaction the terms of which were generally disclosed, including an issuance of a convertible security, if the previous transaction was carried out in compliance with this Instrument, including in reliance on any applicable exemption or exclusion, or was not subject to this Instrument,

(i) the transaction is a distribution

(i) of securities of the issuer and is a related party transaction for the issuer solely because the interested party is an underwriter of the distribution, and

(ii) carried out in compliance with, including in reliance on any applicable exemption from, National Instrument 33-105 *Underwriting Conflicts*,

(j) the issuer is subject to the requirements of Part IX of the *Loan and Trust Corporations Act* (Ontario), the *Act respecting Trust Companies and Savings Companies* (Quebec), Part XI of the *Bank Act* (Canada), Part XI of the *Insurance Companies Act* (Canada), or Part XI of the *Trust and Loan Companies Act* (Canada), or any successor to that legislation, and the issuer complies with those requirements, or

(k) the transaction is a rights offering, dividend distribution, or any other transaction in which the general body of holders in Canada of affected securities of the same class are treated identically on a per security basis, if

(i) the transaction has no interested party within the meaning of paragraph (d) of the definition of interested party, or

(ii) the transaction is a rights offering, there is an interested party only because a related party of the issuer provides a stand-by commitment for the rights offering, and the stand-by commitment complies with National Instrument 45-101 *Rights Offerings*.

5.2 Material Change Report

(1) An issuer shall include in a material change report, if any, required to be filed under securities legislation for a related party transaction

(a) a description of the transaction and its material terms,

(b) the purpose and business reasons for the transaction,

(c) the anticipated effect of the transaction on the issuer's business and affairs,

(d) a description of

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties, and

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person referred to in subparagraph (i) for which there would be a material change in that percentage,

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee,

(f) a summary, in accordance with section 6.5, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction,

(g) disclosure, in accordance with section 6.8, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction

(i) that has been made in the 24 months before the date of the material change report, and

(ii) the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer,

(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction, and

(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7, respectively, and the facts supporting reliance on the exemptions.

(2) If the issuer files a material change report less than 21 days before the expected date of the closing of the transaction, the issuer shall explain in the news release required to be issued under National Instrument 51-102 *Continuous Disclosure Obligations* and in the material change report why the shorter period is reasonable or necessary in the circumstances.

(3) Despite paragraphs (1)(f) and 5.4(2)(a), if the issuer is required to include a summary of the formal valuation in the material change report and the formal valuation is not available at the time the issuer files the material change report, the issuer shall file a supplementary material change report containing the disclosure required by paragraph (1)(f) as soon as the formal valuation is available.

(4) The issuer shall send a copy of any material change report prepared by it in respect of the transaction to any security holder of the issuer upon request and without charge.

5.3 Meeting and Information Circular

(1) Without limiting the application of any other legal requirements that apply to meetings of security holders and information circulars, this section applies only to a related party transaction for which section 5.6 requires the issuer to obtain minority approval.

(2) An issuer proposing to carry out a related party transaction to which this section applies shall call a meeting of holders of affected securities and send an information circular to those holders.

(3) The issuer shall include in the information circular

(a) the disclosure required by Form 62-104F2 *Issuer Bid Circular* of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, Form 62-504F2 *Issuer Bid Circular* of OSC Rule 62-504 *Take-Over Bids and Issuer Bids*, to the extent applicable and with necessary modifications,

(b) a description of the background to the transaction,

(c) disclosure, in accordance with section 6.8, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction

(i) that has been made in the 24 months before the date of the information circular, and

(ii) the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer,

(d) disclosure of any bona fide prior offer that relates to the subject matter of or is otherwise relevant to the transaction, which offer was received by the issuer during the 24 months before the transaction was agreed to, and a description of the offer and the background to the offer,

(e) a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee,

(f) disclosure of the formal valuation exemption, if any, on which the issuer is relying under section 5.5 and the facts supporting that reliance,

(g) disclosure of the number of votes attached to the securities that, to the knowledge of the issuer after reasonable inquiry, will be excluded in determining whether minority approval for the related party transaction is obtained, and

(h) the identity of the holders of securities specified in paragraph (g) together with their individual holdings.

(4) If, after sending the information circular and before the meeting, a change occurs that, if disclosed, would reasonably be expected to affect the decision of a holder of affected securities to vote for or against the related party transaction or to retain or dispose of affected securities, the issuer shall promptly disseminate disclosure of the change

(a) in a manner that the issuer reasonably determines will inform beneficial owners of affected securities of the change, and

(b) sufficiently in advance of the meeting that the beneficial owners of affected securities will be able to assess the impact of the change.

(5) If subsection (4) applies, the issuer shall file a copy of the disseminated information contemporaneously with its dissemination.

5.4 Formal Valuation

(1) An issuer shall obtain a formal valuation for a related party transaction described in any of paragraphs (a) to (g) of the definition of related party transaction.

(2) If a formal valuation is required under subsection (1), the issuer shall

(a) include, in accordance with section 6.5, a summary of the formal valuation in the disclosure document for the related party transaction, unless the formal valuation is included in its entirety in the disclosure document,

(b) state in the disclosure document who will pay or has paid for the valuation, and

(c) comply with the other provisions of Part 6 applicable to it relating to formal valuations.

(3) The board of directors of the issuer or an independent committee of the board shall

(a) determine who the valuator will be, and

(b) supervise the preparation of the formal valuation.

5.5 Exemptions from Formal Valuation Requirement – Section 5.4 does not apply to an issuer carrying out a related party transaction in any of the following circumstances:

(a) **Fair Market Value Not More Than 25% of Market Capitalization** – at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeds 25 per cent of the issuer's market capitalization, and for this purpose

(i) if either of the fair market values is not readily determinable, any determination as to whether that fair market value exceeds the threshold for this exemption shall be made by the issuer's board of directors acting in good faith,

(ii) if the transaction is one in which the issuer or a wholly-owned subsidiary entity of the issuer combines with a related party, through an amalgamation, arrangement or otherwise, the subject matter of the transaction shall be deemed to be the securities of the related party held, at the time the transaction is agreed to, by persons other than the issuer or a wholly-owned subsidiary entity of the issuer, and the consideration for the transaction shall be deemed to be the consideration received by those persons,

(iii) if the transaction is one of two or more connected transactions that are related party transactions and would, without the exemption in this paragraph (a), require formal valuations under this Instrument, the fair market values for all of those transactions shall be aggregated in determining whether the tests for this exemption are met, and

(iv) if the assets involved in the transaction (the "initial transaction") include warrants, options or other instruments providing for the possible future purchase of securities or other assets (the "future transaction"), the calculation of the fair market value for the initial transaction shall include the fair market value, as of the time the initial transaction is agreed to, of the maximum number of securities or other consideration that the issuer may be required to issue or pay in the future transaction,

(b) **Issuer Not Listed on Specified Markets** – no securities of the issuer are listed or quoted on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc,

(c) **Distribution of Securities for Cash** – the transaction is a distribution of securities of the issuer to a related party for cash consideration, if

(i) neither the issuer nor, to the knowledge of the issuer after reasonable inquiry, the related party has knowledge of any material information concerning the issuer or its securities that has not been generally disclosed, and the disclosure document for the transaction includes a statement to that effect, and

(ii) the disclosure document for the transaction includes a description of the effect of the distribution on the direct or indirect voting interest of the related party,

(d) **Certain Transactions in the Ordinary Course of Business** – the transaction is

(i) a purchase or sale, in the ordinary course of business of the issuer, of inventory consisting of personal or movable property under an agreement that has been approved by the board of directors of the issuer and the existence of which has been generally disclosed, or

(ii) a lease of real or immovable property or personal or movable property under an agreement on reasonable commercial terms that, considered as a whole, are not less advantageous to

the issuer than if the lease was with a person dealing at arm's length with the issuer and the existence of which has been generally disclosed,

(e) **Transaction Supported by Arm's Length Control Person** – the interested party beneficially owns, or exercises control or direction over, voting securities of the issuer that carry fewer voting rights than the voting securities beneficially owned, or over which control or direction is exercised, by another security holder of the issuer who is a control person of the issuer and who, in the circumstances of the transaction

(i) is not also an interested party,

(ii) is at arm's length to the interested party, and

(iii) supports the transaction,

(f) **Bankruptcy, Insolvency, Court Order** –

(i) the transaction is subject to court approval, or a court orders that the transaction be effected, under

(A) bankruptcy or insolvency law, or

(B) section 191 of the CBCA, any successor to that section, or equivalent legislation of a jurisdiction,

(ii) the court is advised of the requirements of this Instrument regarding formal valuations for related party transactions, and of the provisions of this paragraph (f), and

(iii) the court does not require compliance with section 5.4,

(g) **Financial Hardship** –

(i) the issuer is insolvent or in serious financial difficulty,

(ii) the transaction is designed to improve the financial position of the issuer,

(iii) paragraph (f) is not applicable,

(iv) the issuer has one or more independent directors in respect of the transaction, and

(v) the issuer's board of directors, acting in good faith, determines, and at least two-thirds of the issuer's independent directors, acting in good faith, determine that

(A) subparagraphs (i) and (ii) apply, and

(B) the terms of the transaction are reasonable in the circumstances of the issuer,

(h) **Asset Resale** –

(i) the subject matter of the related party transaction was acquired by the issuer or an interested party, as the case may be, in a prior arm's length transaction that was agreed to not more than 12 months before the date that the related party transaction is agreed to, and a qualified, independent valuator provides a written opinion that, after making such adjustments, if any, as the valuator considers appropriate in the exercise of the valuator's professional judgment

(A) the value of the consideration payable by the issuer for the subject matter of the related party transaction is not more than the value of the consideration paid by the interested party in the prior arm's length transaction, or

(B) the value of the consideration to be received by the issuer for the subject matter of the related party transaction is not less than the value of the consideration paid by the issuer in the prior arm's length transaction, and

(ii) the disclosure document for the related party transaction includes the same disclosure regarding the valuator as is required in the case of a formal valuation under section 6.2,

(i) **Non-redeemable Investment Fund** – the issuer is a non-redeemable investment fund that

(i) at least once each quarter calculates and publicly disseminates the net asset value of its securities, and

(ii) at the time of publicly announcing the related party transaction, publicly disseminates the net asset value of its securities as of the business day before the announcement,

(j) **Amalgamation or Equivalent Transaction with No Adverse Effect on Issuer or Minority** – the transaction is a statutory amalgamation, or substantially equivalent transaction, resulting in the combination of the issuer or a wholly-owned subsidiary entity of the issuer with an interested party, that is undertaken in whole or in part for the benefit of another related party, if all of the following conditions are satisfied:

(i) the transaction does not and will not have any adverse tax or other consequences to the issuer, the person resulting from the combination, or beneficial owners of affected securities generally,

(ii) no material actual or contingent liability of the interested party with which the issuer or a wholly-owned subsidiary entity of the issuer is combining will be assumed by the issuer, the wholly-owned subsidiary entity of the issuer or the person resulting from the combination,

(iii) the related party benefiting from the transaction agrees to indemnify the issuer against any liabilities of the interested party with which the issuer, or a wholly-owned subsidiary entity of the issuer, is combining,

(iv) after the transaction, the nature and extent of the voting and financial participating interests of holders of affected securities in the person resulting from the combination will be the same as, and the value of their financial participating interests will not be less than, that of their interests in the issuer before the transaction,

(v) the related party benefiting from the transaction pays for all of the costs and expenses resulting from the transaction.

5.6 Minority Approval – An issuer shall not carry out a related party transaction unless the issuer has obtained minority approval for the transaction under Part 8.

5.7 Exemptions from Minority Approval Requirement

(1) Subject to subsections (2), (3), (4) and (5), section 5.6 does not apply to an issuer carrying out a related party transaction in any of the following circumstances if the exemption relied on, any formal valuation exemption relied on, and the facts supporting reliance on those exemptions are disclosed in the disclosure document, if any, for the transaction:

(a) **Fair Market Value Not More Than 25 Per Cent of Market Capitalization** – the circumstances described in paragraph (a) of section 5.5,

(b) **Fair Market Value Not More Than $2,500,000** – Distribution of Securities for Cash – the circumstances described in paragraph (c) of section 5.5, if

(i) no securities of the issuer are listed or quoted on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc,

(ii) at the time the transaction is agreed to, neither the fair market value of the securities to be distributed in the transaction nor the consideration to be received for those securities, insofar as the transaction involves interested parties, exceeds $2,500,000,

(iii) the issuer has one or more independent directors in respect of the transaction who are not employees of the issuer, and

(iv) at least two-thirds of the directors described in subparagraph (iii) approve the transaction,

(c) **Other Transactions Exempt from Formal Valuation** – the circumstances described in paragraphs (d), (e) and (j) of section 5.5,

(d) **Bankruptcy, Insolvency, Court Order** – the circumstances described in subparagraph (f)(i) of section 5.5, if the court is advised of the requirements of this Instrument regarding minority approval for related party transactions, and of the provisions of this paragraph, and the court does not require compliance with section 5.6,

(e) **Financial Hardship** – the circumstances described in paragraph (g) of section 5.5, if there is no other requirement, corporate or otherwise, to hold a meeting to obtain any approval of the holders of any class of affected securities,

(f) **Loan to Issuer, No Equity or Voting Component** –

(i) the transaction is a loan, or the creation of a credit facility, that is obtained by the issuer from a related party on reasonable commercial terms that are not less advantageous to the issuer than if the loan or credit facility were obtained from a person dealing at arm's length with the issuer, and the loan, or each advance under the credit facility, as the case may be, is not

(A) convertible, directly or indirectly, into equity or voting securities of the issuer or a subsidiary entity of the issuer, or otherwise participating in nature, or

(B) repayable as to principal or interest, directly or indirectly, in equity or voting securities of the issuer or a subsidiary entity of the issuer,

(ii) and for this purpose, any amendment to the terms of a loan or credit facility is deemed to create a new loan or credit facility,

(g) **90 Per Cent Exemption** – one or more persons that are interested parties within the meaning of subparagraph (d)(i) of the definition of interested party beneficially own, in the aggregate, 90 per cent or more of the outstanding securities of a class of affected securities at the time the transaction is agreed to, and either

(i) an appraisal remedy is available to holders of the class of affected securities under the statute under which the issuer is organized or is governed as to corporate law matters, or

(ii) if an appraisal remedy referred to in subparagraph (i) is not available, holders of the class of affected securities are given an enforceable right that is substantially equivalent to the appraisal remedy provided for in section 190 of the CBCA and that is described in an information circular or other document sent to holders of that class of affected securities in connection with a meeting to approve the related party transaction, or, if there is no such meeting, in another document that is sent to those security holders not later than the time by which an information circular or other document would have been required to be sent to them if there had been a meeting.

(2) Despite subparagraph (a)(iii) of section 5.5, if the transaction is one of two or more connected transactions that are related party transactions and would, without the exemptions in paragraphs (a) and (b) of subsection (1), require minority approval under this Instrument, the fair market values for all of those transactions shall be aggregated in determining whether the tests for those exemptions are met.

(3) If the transaction is a material amendment to the terms of a security, or of a loan or credit facility to which the exemption in paragraph (f) of subsection (1) does not apply, the fair market value tests for the exemptions in paragraphs (a) and (b) of subsection (1) shall be applied to the whole transaction as amended, insofar as it involves interested parties, rather than just to the amendment, and, for this purpose, any addition of, or amendment to, a term involving a right to convert into or otherwise acquire equity or voting securities is deemed to be a material amendment.

(4) Subparagraphs (a)(i), (iii) and (iv) of section 5.5 apply to paragraph (b) of subsection 5.7(1) with appropriate modifications.

(5) If there are two or more classes of affected securities, paragraph (g) of subsection (1) applies only to a class of which the applicable interested parties beneficially own, in the aggregate, 90 per cent or more of the outstanding securities.

PART 6 FORMAL VALUATIONS AND PRIOR VALUATIONS

6.1 Independence and Qualifications of Valuator

(1) Every formal valuation required by this Instrument for a transaction shall be prepared by a valuator that is independent of all interested parties in the transaction and that has appropriate qualifications.

(2) It is a question of fact as to whether a valuator is independent of an interested party or has appropriate qualifications.

(3) A valuator is not independent of an interested party in connection with a transaction if

(a) the valuator is an associated or affiliated entity or issuer insider of the interested party,

(b) except in the circumstances described in paragraph (e), the valuator acts as an adviser to the interested party in respect of the transaction, but for this purpose, a valuator that is retained by an issuer to prepare a formal valuation for an issuer bid is not, for that reason alone, considered to be an adviser to the interested party in respect of the transaction,

(c) the compensation of the valuator depends in whole or in part on an agreement, arrangement or understanding that gives the valuator a financial incentive in respect of the conclusion reached in the formal valuation or the outcome of the transaction,

(d) the valuator is

(i) a manager or co-manager of a soliciting dealer group for the transaction, or

(ii) a member of a soliciting dealer group for the transaction, if the valuator, in its capacity as a soliciting dealer, performs services beyond the customary soliciting dealer's function or receives more than the per security or per security holder fees payable to other members of the group,

(e) the valuator is the external auditor of the issuer or of an interested party, unless the valuator will not be the external auditor of the issuer or of an interested party upon completion of the transaction and that fact is publicly disclosed at the time of or prior to the public disclosure of the results of the valuation, or

(f) the valuator has a material financial interest in the completion of the transaction,

and for the purposes of this subsection, references to the valuator include any affiliated entity of the valuator.

(4) A valuator that is paid by one or more interested parties in a transaction, or paid jointly by the issuer and one or more interested parties in a transaction, to prepare a formal valuation for the transaction is not, by virtue of that fact alone, not independent.

6.2 Disclosure Regarding Valuator – An issuer or offeror required to obtain a formal valuation for a transaction shall include in the disclosure document for the transaction

(a) a statement that the valuator has been determined to be qualified and independent,

(b) a description of any past, present or anticipated relationship between the valuator and the issuer or an interested party that may be relevant to a perception of lack of independence,

(c) a description of the compensation paid or to be paid to the valuator,

(d) a description of any other factors relevant to a perceived lack of independence of the valuator,

(e) the basis for determining that the valuator is qualified, and

(f) the basis for determining that the valuator is independent, despite any perceived lack of independence, having regard to the amount of the compensation and any factors referred to in paragraphs (b) and (d).

6.3 Subject Matter of Formal Valuation

(1) An issuer or offeror required to obtain a formal valuation shall provide the valuation in respect of

(a) the offeree securities, in the case of an insider bid or issuer bid,

(b) the affected securities, in the case of a business combination,

(c) any non-cash consideration being offered to, or to be received by, the holders of securities referred to in paragraph (a) or (b), and

(d) the non-cash assets involved in a related party transaction.

(2) A formal valuation of non-cash consideration or assets referred to in paragraph (1)(c) or (d) is not required if

(a) the non-cash consideration or assets are securities of a reporting issuer or are securities of a class for which there is a published market,

(b) the person that would otherwise be required to obtain the formal valuation of those securities states in the disclosure document for the transaction that the person has no knowledge of any material information concerning the issuer of the securities, or concerning the securities, that has not been generally disclosed,

(c) in the case of an insider bid, issuer bid or business combination

(i) a liquid market in the class of securities exists,

(ii) the securities constitute 25 per cent or less of the number of securities of the class that are outstanding immediately before the transaction,

(iii) the securities are freely tradeable at the time the transaction is completed, and

(iv) the valuator is of the opinion that a valuation of the securities is not required, and

(d) in the case of a related party transaction for the issuer of the securities, the conditions in subparagraphs (c)(i) and (ii) of section 5.5 are satisfied, regardless of the form of the consideration for the securities.

6.4 Preparation of Formal Valuation

(1) A formal valuation shall contain the valuator's opinion as to a value or range of values representing the fair market value of the subject matter of the valuation.

(2) A person preparing a formal valuation under this Instrument shall

(a) prepare the formal valuation in a diligent and professional manner,

(b) prepare the formal valuation as of an effective date that is not more than 120 days before the earlier of

(i) the date that the disclosure document for the transaction is first sent to security holders, if applicable, and

(ii) the date that the disclosure document is filed,

(c) make appropriate adjustments in the formal valuation for material intervening events of which it is aware between the effective date of the valuation and the earlier of the dates referred to in subparagraphs (i) and (ii) of paragraph (b),

(d) in determining the fair market value of offeree securities or affected securities, not include in the formal valuation a downward adjustment to reflect the liquidity of the securities, the effect of the transaction on the securities or the fact that the securities do not form part of a controlling interest, and

(e) provide sufficient disclosure in the formal valuation to allow the readers to understand the principal judgments and principal underlying reasoning of the valuator so as to form a reasoned judgment of the valuation opinion or conclusion.

6.5 Summary of Formal Valuation

(1) An issuer or offeror required to provide a summary of a formal valuation shall ensure that the summary provides sufficient detail to allow the readers to understand the principal judgments and principal underlying reasoning of the valuator so as to form a reasoned judgment of the valuation opinion or conclusion.

(2) In addition to the disclosure referred to in subsection (1), if an issuer or offeror is required to provide a summary of a formal valuation, the issuer or offeror shall ensure that the summary

(a) discloses

(i) the effective date of the valuation, and

(ii) any distinctive material benefit that might accrue to an interested party as a consequence of the transaction, including the earlier use of available tax losses, lower income taxes, reduced costs or increased revenues,

(b) if the formal valuation differs materially from a prior valuation, explains the differences between the two valuations or, if it is not practicable to do so, the reasons why it is not practicable to do so,

(c) indicates an address where a copy of the formal valuation is available for inspection, and

(d) states that a copy of the formal valuation will be sent to any security holder upon request and without charge or, if the issuer or offeror providing the summary so chooses, for a nominal charge sufficient to cover printing and postage.

6.6 Filing of Formal Valuation

(1) An issuer or offeror required to obtain a formal valuation in respect of a transaction shall file a copy of the formal valuation

(a) concurrently with the sending of the disclosure document for the transaction to security holders, or

(b) concurrently with the filing of a material change report for a related party transaction for which no disclosure document is sent to security holders, or if the formal valuation is not available at the time of filing the material change report, as soon as the formal valuation is available.

(2) If the formal valuation is included in its entirety in the disclosure document, an issuer or offeror satisfies the requirement in subsection (1) by filing the disclosure document.

6.7 Valuator's Consent – An issuer or offeror required to obtain a formal valuation shall

(a) obtain the valuator's consent to the filing of the formal valuation and to the inclusion of the formal valuation or its summary in the disclosure document for the transaction for which the formal valuation was obtained, and

(b) include in the disclosure document a statement, signed by the valuator, substantially as follows:

We refer to the formal valuation dated •, which we prepared for (indicate name of the person) for (briefly describe the transaction for which the formal valuation was prepared). We consent to the

filing of the formal valuation with the securities regulatory authority and the inclusion of [a summary of the formal valuation/the formal valuation] in this document.

6.8 Disclosure of Prior Valuation

(1) A person required to disclose a prior valuation shall, in the document in which the prior valuation is required to be disclosed

(a) disclose sufficient detail to allow the readers to understand the prior valuation and its relevance to the present transaction,

(b) indicate an address where a copy of the prior valuation is available for inspection, and

(c) state that a copy of the prior valuation will be sent to any security holder upon request and without charge or, if the issuer or offeror providing the summary so chooses, for a nominal charge sufficient to cover printing and postage.

(2) If there are no prior valuations, the existence of which is known after reasonable inquiry, the person that would be required to disclose prior valuations, if any existed, shall include a statement to that effect in the document.

(3) Despite anything to the contrary in this Instrument, disclosure of the contents of a prior valuation is not required in a document if

(a) the contents are not known to the person required to disclose the prior valuation,

(b) the prior valuation is not reasonably obtainable by the person required to disclose it, irrespective of any obligations of confidentiality, and

(c) the document contains statements regarding the prior valuation substantially to the effect of paragraphs (a) and (b).

6.9 Filing of Prior Valuation – A person required to disclose a prior valuation shall file a copy of the prior valuation concurrently with the filing of the first document in which that disclosure is required.

6.10 Consent of Prior Valuator Not Required – Despite sections 2.15 and 2.21 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, sections 94.7 and 96.1 of the *Securities Act*, a person required to disclose a prior valuation under this Instrument is not required to obtain or file the valuator's consent to the filing or disclosure of the prior valuation.

PART 7 INDEPENDENT DIRECTORS

7.1 Independent Directors

(1) For the purposes of this Instrument, it is a question of fact as to whether a director of an issuer is independent.

(2) A director of an issuer is not independent in connection with a transaction if the director

(a) is an interested party in the transaction,

(b) is currently, or has been at any time during the 12 months before the date the transaction is agreed to, an employee, associated entity or issuer insider of an interested party, or of an affiliated entity of an interested party, other than solely in his or her capacity as a director of the issuer,

(c) is currently, or has been at any time during the 12 months before the date the transaction is agreed to, an adviser to an interested party in connection with the transaction, or an employee, associated entity or issuer insider of an adviser to an interested party in connection with the transaction, or of an affiliated entity of such an adviser, other than solely in his or her capacity as a director of the issuer,

(d) has a material financial interest in an interested party or an affiliated entity of an interested party, or

(e) would reasonably be expected to receive a benefit as a consequence of the transaction that is not also available on a pro rata basis to the general body of holders in Canada of offeree securities or affected securities, including, without limitation, the opportunity to obtain a financial interest in an

interested party, an affiliated entity of an interested party, the issuer or a successor to the business of the issuer.

(3) A member of an independent committee for a transaction to which this Instrument applies shall not receive any payment or other benefit from an issuer, an interested party or a successor to any of them that is contingent upon the completion of the transaction.

(4) For the purposes of this section, in the case of an issuer bid, a director of the issuer is not, by that fact alone, not independent of the issuer.

PART 8 MINORITY APPROVAL

8.1 General

(1) If minority approval is required for a business combination or related party transaction, it shall be obtained from the holders of every class of affected securities of the issuer, in each case voting separately as a class.

(2) In determining minority approval for a business combination or related party transaction, an issuer shall exclude the votes attached to affected securities that, to the knowledge of the issuer or any interested party or their respective directors or senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by

(a) the issuer,

(b) an interested party,

(c) a related party of an interested party, unless the related party meets that description solely in its capacity as a director or senior officer of one or more persons that are neither interested parties nor issuer insiders of the issuer, or

(d) a joint actor with a person referred to in paragraph (b) or (c) in respect of the transaction.

8.2 Second Step Business Combination – Despite subsection 8.1(2), the votes attached to securities acquired under a bid may be included as votes in favour of a subsequent business combination in determining whether minority approval has been obtained if

(a) the security holder that tendered the securities to the bid was not a joint actor with the offeror in respect of the bid,

(b) the security holder that tendered the securities to the bid was not

(i) a direct or indirect party to any connected transaction to the bid, or

(ii) entitled to receive, directly or indirectly, in connection with the bid

(A) consideration per offeree security that was not identical in amount and form to the entitlement of the general body of holders in Canada of securities of the same class,

(B) a collateral benefit, or

(C) consideration for securities of a class of equity securities of the issuer if the issuer had more than one outstanding class of equity securities, unless that consideration was not greater than the entitlement of the general body of holders in Canada of every other class of equity securities of the issuer in relation to the voting and financial participating interests in the issuer represented by the respective securities,

(c) the business combination is being effected by the offeror that made the bid, or an affiliated entity of that offeror, and is in respect of the securities of the same class for which the bid was made and that were not acquired in the bid,

(d) the business combination is completed no later than 120 days after the date of expiry of the bid,

(e) the consideration per security that the holders of affected securities would be entitled to receive in the business combination is at least equal in value to and is in the same form as the consideration that the tendering security holders were entitled to receive in the bid, and

(f) the disclosure document for the bid

(i) disclosed that if the offeror acquired securities under the bid, the offeror intended to acquire the remainder of the securities under a statutory right of acquisition or under a business combination that would satisfy the conditions in paragraphs (d) and (e),

(ii) contained a summary of a formal valuation of the securities in accordance with the applicable provisions of Part 6, or contained the valuation in its entirety, if the offeror in the bid was subject to and not exempt from the requirement to obtain a formal valuation,

(iii) stated that the business combination would be subject to minority approval,

(iv) disclosed the number of votes attached to the securities that, to the knowledge of the issuer after reasonable inquiry, would be required to be excluded in determining whether minority approval for the business combination had been obtained,

(v) identified the holders of securities specified in subparagraph (iv) and set out their individual holdings,

(vi) identified each class of securities the holders of which would be entitled to vote separately as a class on the business combination,

(vii) described the expected tax consequences of both the bid and the business combination if, at the time the bid was made, the tax consequences arising from the business combination

(A) were reasonably foreseeable to the offeror, and

(B) were reasonably expected to be different from the tax consequences of tendering to the bid, and

(viii) disclosed that the tax consequences of the bid and the business combination may be different if, at the time the bid was made, the offeror could not reasonably foresee the tax consequences arising from the business combination.

PART 9 EXEMPTION

9.1 Exemption

(1) In Québec, the securities regulatory authority may grant an exemption to this Instrument, in whole or in part, subject to those conditions or restrictions as may be imposed in the exemption. This exemption is granted under section 263 of the *Securities Act* (R.S.Q., C. V-1).

(2) In Ontario, the regulator may grant an exemption to this Instrument, in whole or in part, subject to those conditions or restrictions as may be imposed in the exemption.

PART 10 EFFECTIVE DATE

10.1 Effective Date – This Instrument comes into force on February 1, 2008.

COMPANION POLICY 61-101CP
TO MULTILATERAL INSTRUMENT 61-101
PROTECTION OF MINORITY SECURITY HOLDERS IN SPECIAL TRANSACTIONS

TABLE OF CONTENTS

COMPANION POLICY 61-101CP
TO MULTILATERAL INSTRUMENT 61-101
PROTECTION OF MINORITY SECURITY HOLDERS IN SPECIAL TRANSACTIONS

PART 1 GENERAL

1.1 **General** – The Autorité des marchés financiers and the Ontario Securities Commission (or "we") regard it as essential, in connection with the disclosure, valuation, review and approval processes followed for insider bids, issuer bids, business combinations and related party transactions, that all security holders be treated in a manner that is fair and that is perceived to be fair. We are of the view that issuers and others who benefit from access to the capital markets assume an obligation to treat security holders fairly, and that the fulfillment of this obligation is essential to the protection of the public interest in maintaining capital markets that operate efficiently, fairly and with integrity.

We do not consider that the types of transactions covered by this Instrument are inherently unfair. We recognize, however, that these transactions are capable of being abusive or unfair, and have made the Instrument to address this.

This Policy expresses our views on certain matters related to the Instrument.

PART 2 INTERPRETATION

2.1 Equal Treatment of Security Holders

(1) **Security Holder Choice** – The definitions of business combination, collateral benefit and interested party, as well as other provisions in the Instrument, include the concept of identical treatment of security holders in a transaction. For the purposes of the Instrument, if security holders have an identical opportunity under a transaction, then they are considered to be treated identically. For example, if under the terms of a business combination, each security holder has the choice of receiving, for each affected security, either $10 in cash or one common share of ABC Co., we regard the security holders as having identical entitlements in amount and form, and as receiving identical treatment, even though they may not all make the same choice. This interpretation also applies where the Instrument refers to consideration that is "at least equal in value" and "in the same form", such as in the provisions on second step business combinations.

(2) **Multiple Classes of Equity Securities –** The definitions of business combination and interested party, and the provisions on second step business combinations in section 8.2 of the Instrument, refer to circumstances where an issuer carrying out a business combination or related party transaction has more than one class of equity securities. The Instrument's treatment of these transactions depends on whether the entitlements of the holders of one class under the transaction are greater than those of the holders of the other classes in relation to the voting and financial participating interests in the issuer represented by the respective securities.

For example: An issuer has outstanding subordinate voting shares carrying one vote per share, and multiple voting shares carrying ten votes per share, with the shares of the two classes otherwise carrying identical rights. Under the terms of a business combination, holders of the subordinate voting shares will receive $10 per share. For the multiple voting shareholders to be regarded as not being entitled to greater consideration than the subordinate voting shareholders under the Instrument, the multiple voting shareholders must receive no more than $10 per share. As a second example: An issuer has the same share structure as the issuer in the first example. Under the terms of a business combination, subordinate voting shareholders will receive, for each subordinate voting Share, $10 and one subordinate voting share of a successor issuer, carrying one vote per share. For the multiple voting shareholders to be regarded as not being entitled to greater consideration than the subordinate voting shareholders under the Instrument, the multiple voting shareholders must receive, for each multiple voting share, no more than $10 and one multiple voting share of the successor issuer, carrying no more than ten votes per share and otherwise carrying no greater rights than those of the subordinate voting shares of the successor issuer.

(3) **Related Party Holding Securities of Other Party to Transaction** – The Instrument sets out specific criteria for determining related party and interested party status. Without limiting the application of those criteria, a related party of an issuer is not considered to be treated differently from other security holders of the issuer in a transaction, or to receive a collateral benefit, solely by reason of being a security holder of another party to the transaction. For example, if ABC Co. proposes to amalgamate with XYZ Co., the fact that a director of ABC Co., who is not a control person of ABC Co., owns common shares of XYZ Co. (but less than 50 per cent) will not, in and of itself, cause the amalgamation to be considered a business combination for ABC Co. under the Instrument.

(4) **Consolidation of Securities** – One of the methods that may be used to effect a business combination is a consolidation of an issuer's securities at a ratio that eliminates the entire holdings of most holders of affected securities, through the elimination of post-consolidated fractional interests. Where this or a similar method is used, the security holders whose entire holdings are not eliminated are not considered to be treated identically to the general body of security holders under the Instrument.

(5) **Principle of Equal Treatment in Business Combinations** – The Instrument contemplates that a related party of an issuer might not be treated identically to all other security holders in the context of a business combination in which a person other than that related party acquires the issuer. There are provisions in the Instrument, including the minority approval requirement, that are intended to address this circumstance. Despite these provisions, we are of the view that, as a general principle, security holders should be treated equally in the context of a business combination, and that differential treatment is only justified if its benefits to the general body of security holders outweigh the principle of equal treatment. While we will generally rely on an issuer's review and approval process, in combination with the provisions of the Instrument, to achieve fairness for security holders, we may intervene if it appears that differential treatment is not reasonably justified. Giving a security holder preferential treatment in order to obtain that holder's support of the transaction will not normally be considered justifiable.

2.2 Equity Participation by a Related Party – If a related party of an issuer is provided with the opportunity to maintain or acquire an equity interest in the issuer, or in a successor to the business of the issuer, upon completion of a bid or business combination, the following provisions of the Instrument may be relevant.

If the equity interest will be derived solely through securities-based compensation for services as an employee, director or consultant, the provisions of the Instrument regarding collateral benefits may be applicable. In other cases, the acquisition of the equity interest or opportunity to maintain an equity interest may be a connected transaction. In either of these instances, votes attaching to the securities owned by the related party may be excluded from the minority vote required for a business combination, including a second step business combination following a bid. We are of the view that the employee compensation exemptions to the collateral benefit and connected transaction definitions do not generally apply to an issuance of securities in the issuer or a successor issuer upon completion of the transaction.

Without limiting the application of the definition of joint actor, we may consider a related party to be a joint actor with the offeror in a bid, or with the acquirer in a business combination, if the related party becomes a control person of the issuer or a successor issuer upon completion of the transaction or if the related party, whether alone or with joint actors, beneficially owns securities with more than 20 per cent of the voting rights. We may also consider a related party's continuing equity interest in the issuer or a successor issuer upon completion of the transaction in making an assessment of joint actor status generally. A joint actor characterization could cause a bid to be regarded as an insider bid, or an otherwise arm's length transaction to be a regarded as a business combination, that requires preparation of a formal valuation.

2.3 Direct or Indirect Parties to a Transaction

(1) The Instrument makes references to direct and indirect parties to a transaction in the definition of connected transactions and in subparagraph 8.2(b)(i) regarding minority approval for a second step business combination. For the purposes of the Instrument, a person is considered to be an indirect party if, for example, a direct party to the transaction is a subsidiary entity, nominee or agent of the person. A person is not an indirect party merely because it negotiates or approves the transaction on behalf of a party, holds securities of a party or agrees to support the transaction in the capacity of a security holder of a party.

(2) For the purposes of the Instrument, we do not consider a person to be a direct or indirect party to a business combination solely because the person receives pro rata consideration in its capacity as a security holder of the issuer carrying out the business combination.

2.4 Amalgamations – Under the Instrument, an amalgamation may be a business combination, related party transaction or neither, depending on the circumstances. For example, an amalgamation is a business combination for an issuer if, as a consequence of the amalgamation, holders of equity securities of the issuer become security holders of the amalgamated entity, unless an exception in one of the lettered paragraphs in the definition of business combination applies. An amalgamation is a related party transaction for an issuer rather than a business combination if, for example, a wholly-owned subsidiary entity of the issuer amalgamates with a related party of the issuer, leaving the equity securities of the issuer unaffected.

2.5 Transactions Involving More than One Reporting Issuer – The characterization of a transaction or the availability of a valuation or minority approval exemption under the Instrument must be considered individually for each reporting issuer involved in the transaction. For example, an amalgamation may be a downstream transaction for one party and

a business combination for the other, in which case the latter party is the only party to whom the requirements of the Instrument may apply.

2.6 Previous Arm's Length Negotiations Exemption

(1) For the purposes of the formal valuation exemptions based on previous arm's length negotiations in paragraph (b) of subsection 2.4(1) and paragraph (b) of subsection 4.4(1) of the Instrument for insider bids and business combinations, respectively, the arm's length relationship must be between the selling security holder and all persons or companies that negotiated with the selling security holder.

(2) We note that the previous arm's length negotiations exemption is based on the view that those negotiations can be a substitute for a valuation. An important requirement for the exemption to be available is that the offeror or proponent of the business combination, as the case may be, engages in "reasonable inquiries" to determine whether various circumstances exist. In our view, if this requirement cannot be satisfied through receipt of representations of the parties directly involved or some other suitable method, the offeror or proponent of the transaction is not entitled to rely on this exemption.

2.7 Connected Transactions

(1) "Connected transactions" is a defined term in the Instrument, and reference is made to connected transactions in a number of parts of the Instrument. For example, subparagraph (a)(iii) of section 5.5 of the Instrument requires connected transactions to be aggregated, in certain circumstances, for the purpose of determining the availability of the formal valuation exemption for a related party transaction that is not larger than 25 per cent of the issuer's market capitalization. In other circumstances, it is possible for an issuer to rely on an exemption for each of two or more connected transactions. However, we may intervene if we believe that a transaction is being carried out in stages or otherwise divided up for the purpose of avoiding the application of a provision of the Instrument.

(2) One method of acquiring all the securities of an issuer is through a plan of arrangement or similar process comprised of a series of two or more interrelated steps. The series of steps is the "transaction" for the purposes of the definition of business combination. However, a related party transaction that is carried out in conjunction with a business combination, and that is not simply one of the procedural steps in implementing the acquisition of the affected securities in the business combination, is subject to the Instrument's requirements for related party transactions. This applies where, for example, a related party buys some of the issuer's assets that the acquirer in the business combination does not want.

(3) An agreement, commitment or understanding that a security holder will tender to a bid or vote in favour of a transaction is not, in and of itself, a connected transaction to the bid or to the transaction for purposes of the Instrument.

2.8 Time of Agreement – A number of provisions in the Instrument refer to the time a business combination or related party transaction is agreed to. This should be interpreted as the time the issuer first makes a legally binding commitment to proceed with the transaction, subject to any conditions such as security holder approval. Where the issuer does not technically negotiate the transaction with another party, such as in the case of a share consolidation, the time the transaction is agreed to should be interpreted as the time at which the issuer's board of directors determines to proceed with the transaction, subject to any conditions.

2.9 "Acquire the Issuer" – In some definitions and elsewhere in the Instrument, reference is made to a transaction in which a related party would "directly or indirectly acquire the issuer … through an amalgamation, arrangement or otherwise, whether alone or with joint actors". This refers to the acquisition of all of the issuer, not merely the acquisition of a control position. For example, a related party "acquires" an issuer when it acquires all of the securities of the issuer that it does not already own, even if that related party held a control position in the issuer prior to the transaction.

PART 3 MINORITY APPROVAL

3.1 Meeting Requirement – The definition of minority approval and subsections 4.2(2) and 5.3(2) of the Instrument provide that minority approval, if required, must be obtained at a meeting of holders of affected securities. The issuer may be able to demonstrate that holders of a majority of the securities that would be eligible to be voted at a meeting would vote in favour of the transaction under consideration. In this circumstance, the regulator or the securities regulatory authority will consider granting an exemption under section 9.1 of the Instrument from the requirement to hold a meeting, conditional on security holders being provided with disclosure similar to that which would be available to them if a meeting were held.

3.2 **Second Step Business Combination Following an Unsolicited Take-over Bid** – Section 8.2 of the Instrument allows the votes attached to securities acquired under a bid to be included as votes in favour of a subsequent business combination in determining whether minority approval has been obtained if certain conditions are met. One of the conditions is that the security holder that tendered the securities in the bid not receive an advantage in connection with the bid, such as a collateral benefit, that was not available to other security holders. There may be circumstances where this condition could cause difficulty for an offeror who wishes to acquire all of an issuer through a business combination following a bid that was unsolicited by the issuer. For example, in order to establish that a benefit received by a tendering security holder is not a collateral benefit under the Instrument, the offeror may need the cooperation of an independent committee of the offeree issuer during the bid. This cooperation may not be forthcoming if the bid is unfriendly. In this type of circumstance, the fact that the bid was unsolicited would normally be a factor the regulator or the securities regulatory authority would take into account in considering whether exemptive relief should be granted to allow the securities to be voted.

3.3 **Special Circumstances** – As the purpose of the Instrument is to ensure fair treatment of minority security holders, abusive minority tactics in a situation involving a minimal minority position may cause the regulator or the securities regulatory authority to grant an exemption from the requirement to obtain minority approval. Where an issuer has more than one class of equity securities, exemptive relief may also be appropriate if the Instrument's requirement of separate minority approval for each class could result in unfairness to security holders who are not interested parties, or if the policy objectives of the Instrument would be accomplished by the exclusion of an interested party's votes in one or more, but not all, of the separate class votes.

PART 4 DISCLOSURE

4.1 **Insider Bids – Disclosure** – Subsection 2.2(1)(d) of the Instrument requires, for an insider bid, the disclosure required by Form 62-104F1 *Take-Over Bid Circular* of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, Form 62-504F1 *Take-Over Bid Circular* of OSC Rule 62-504 *Take Over Bids and Issuer Bids*, and by Form 62-104F2 *Issuer Bid Circular* of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, Form 62-504F2 *Issuer Bid Circular* of OSC Rule 62-504 *Take Over Bids and Issuer Bids*, appropriately modified. In our view, Form 62-104F2 and in Ontario, Form 62-504F2, disclosure would generally include, in addition to Form 62-104F1 and in Ontario, Form 62-504F1, disclosure, disclosure for the following items, with necessary modifications, in the context of an insider bid:

1. Item 9 – Purpose of the bid
2. Item 13 – Acceptance of issuer bid
3. Item 14 – Benefits from the bid
4. Item 16 – Other benefits
5. Item 17 – Arrangements between issuer and security holders
6. Item 18 – Previous purchases and sales
7. Item 20 – Valuation
8. Item 23 – Previous distribution
9. Item 24 – Dividend policy
10. Item 25 – Tax consequences
11. Item 26 – Expenses of bid

4.2 **Business Combinations and Related Party Transactions – Disclosure** – Paragraphs 4.2(3)(a) and 5.3(3)(a) of the Instrument require in the information circulars for a business combination and a related party transaction, respectively, the disclosure required by Form 62-104F2, and in Ontario, Form 62-504F2, to the extent applicable and with necessary modifications. In our view, Form 62-104F2, and in Ontario, Form 62-504F2, disclosure would generally include disclosure for the following items, with necessary modifications, in the context of those transactions:

1. Item 4 – Consideration
2. Item 9 – Purpose of the bid
3. Item 10 – Trading in securities to be acquired
4. Item 11 – Ownership of securities of issuer
5. Item 12 – Commitments to acquire securities of issuer
6. Item 13 – Acceptance of issuer bid
7. Item 14 – Benefits from the bid
8. Item 15 – Material changes in the affairs of issuer
9. Item 16 – Other benefits
10. Item 17 – Arrangements between issuer and security holders
11. Item 18 – Previous purchases and sales
12. Item 19 – Financial statements
13. Item 20 – Valuation

14. Item 21 – Securities of issuer to be exchanged for others
15. Item 22 – Approval of issuer bid circular
16. Item 23 – Previous distribution
17. Item 24 – Dividend policy
18. Item 25 – Tax consequences
19. Item 26 – Expenses of bid
20. Item 29 – Other material information
21. Item 30 – Solicitations

PART 5 FORMAL VALUATIONS

5.1 General

(1) The Instrument requires formal valuations in a number of circumstances. We are of the view that a conclusory statement of opinion as to the value or range of values of the subject matter of a valuation does not by itself fulfil this requirement.

(2) The disclosure standards for formal valuations in By-laws 29.14 to 29.23 of the Investment Dealers Association of Canada and Appendix A to Standard No. 110 of the Canadian Institute of Chartered Business Valuators each generally represent a reasonable approach to meeting the applicable legal requirements. Specific disclosure standards, however, cannot be construed as a substitute for the professional judgment and responsibility of the valuator and, on occasion, additional disclosure may be necessary.

(3) An issuer that is required to obtain a formal valuation, or the offeree issuer in the case of an insider bid, should work in cooperation with the valuator to ensure that the requirements of the Instrument are satisfied. At the valuator's request, the issuer should promptly furnish the valuator with access to the issuer's management and advisers, and to all material information in the issuer's possession relevant to the formal valuation. The valuator is expected to use that access to perform a comprehensive review and analysis of information on which the formal valuation is based. The valuator should form its own independent views of the reasonableness of this information, including any forecasts, projections or other measurements of the expected future performance of the enterprise, and of any of the assumptions on which it is based, and adjust the information accordingly.

(4) The disclosure in the valuation of the scope of review should include a description of any limitation on the scope of the review and the implications of the limitation on the valuator's conclusion. Scope limitations should not be imposed by the issuer, an interested party or the valuator, but should be limited to those beyond their control that arise solely as a result of unusual circumstances. In addition, it is inappropriate for any interested party to exercise or attempt to exercise any influence over a valuator.

(5) Subsection 2.3(2) of the Instrument provides that in the context of an insider bid, an independent committee of the offeree issuer shall, and the offeror shall enable the independent committee to, determine who the valuator will be and supervise the preparation of the formal valuation. Although the subsection also requires the independent committee to use its best efforts to ensure that the valuation is completed and provided to the offeror in a timely manner, we are aware that an independent committee could attempt to use the subsection to delay or impede an insider bid viewed by the committee as unfriendly. In a situation where an offeror is of the view that an independent committee is not acting in a timely manner in having the formal valuation prepared, the offeror may seek relief under section 9.1 of the Instrument from the requirement that the offeror obtain a valuation.

(6) Similarly, in circumstances where an independent committee is of the view that a bid that has been announced will not actually be made or that the bid is not being made in good faith, the independent committee may apply for relief from the requirements of subsection 2.3(2) of the Instrument.

(7) Requirements in securities legislation relating to forward-looking information do not apply to a formal valuation for which financial forecasts and projections are relied on and disclosed.

5.2 Independent Valuators – While, except in certain prescribed situations, the Instrument provides that it is a question of fact as to whether a valuator (which for the purposes of this section includes a person providing a liquidity opinion) is independent, situations have been identified in the past that raise serious concerns for us. These situations, which are set out below, must be assessed for materiality by the board or committee responsible for choosing the valuator, and disclosed in the disclosure document for the transaction. In determining the independence of the valuator from an interested party, relevant factors may include whether

(a) the valuator or an affiliated entity of the valuator has a material financial interest in future business under an agreement, commitment or understanding involving the issuer, the interested party or an associated or affiliated entity of the issuer or interested party;

(b) during the 24 months before the valuator was first contacted for the purpose of the formal valuation or opinion, the valuator or an affiliated entity of the valuator

(i) had a material involvement in an evaluation, appraisal or review of the financial condition of the interested party, or an associated or affiliated entity of the interested party, other than the issuer,

(ii) had a material involvement in an evaluation, appraisal or review of the financial condition of the issuer, or an associated or affiliated entity of the issuer, if the evaluation, appraisal or review was carried out at the direction or request of the interested party or paid for by the interested party, other than the issuer in the case of an issuer bid,

(iii) acted as a lead or co-lead underwriter of a distribution of securities by the interested party, or acted as a lead or co-lead underwriter of a distribution of securities by the issuer if the retention of the underwriter was carried out at the direction or request of the interested party or paid for by the interested party, other than the issuer in the case of an issuer bid,

(iv) had a material financial interest in a transaction involving the interested party, other than the issuer in the case of an issuer bid, or

(v) had a material financial interest in a transaction involving the issuer other than by virtue of performing the services referred to in subparagraph (b)(ii) or (b)(iii), or

(c) the valuator or an affiliated entity of the valuator is

(i) a lead or co-lead lender or manager of a lending syndicate in respect of the transaction in question, or

(ii) a lender of a material amount of indebtedness in a situation where the interested party or the issuer is in financial difficulty, and the transaction would reasonably be expected to have the effect of materially enhancing the lender's position.

PART 6 ROLE OF DIRECTORS

6.1 Role of Directors

(1) Paragraphs 2.2(2)(d), 3.2(d), 4.2(3)(e), 5.2(1)(e) and 5.3(3)(e) of the Instrument require that the disclosure for the applicable transaction include a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer, including any materially contrary view or abstention by a director and any material disagreement between the board and the special committee.

(2) An issuer involved in any of the types of transactions regulated by the Instrument should provide sufficient information to security holders to enable them to make an informed decision. Accordingly, the directors should disclose their reasonable beliefs as to the desirability or fairness of the proposed transaction and make useful recommendations regarding the transaction. A statement that the directors are unable to make or are not making a recommendation regarding the transaction, without detailed reasons, generally would be viewed as insufficient disclosure.

(3) In reaching a conclusion as to the fairness of a transaction, the directors should disclose in reasonable detail the material factors on which their beliefs regarding the transaction are based. Their disclosure should discuss fully the background of deliberations by the directors and any special committee, and any analysis of expert opinions obtained.

(4) The factors that are important in determining the fairness of a transaction to security holders and the weight to be given to those factors in a particular context will vary with the circumstances. Normally, the factors considered should include whether the transaction is subject to minority approval, whether the transaction has been reviewed and approved by a special committee and, if there has been a formal valuation, whether the consideration offered is fair in relation to the valuation conclusion arrived at through the application of the valuation methods considered relevant for the subject matter of the formal valuation. A statement that the

directors have no reasonable belief as to the desirability or fairness of the transaction or that the transaction is fair in relation to values arrived at through the application of valuation methods considered relevant, without more, generally would be viewed as insufficient disclosure.

(5) The directors of an issuer involved in a transaction regulated by the Instrument are generally in the best position to assess the formal valuation to be provided to security holders. Accordingly, we are of the view that, in discharging their duty to security holders, the directors should consider the formal valuation and all prior valuations disclosed and discuss them fully in the applicable disclosure document.

(6) To safeguard against the potential for an unfair advantage for an interested party as a result of that party's conflict of interest or informational or other advantage in connection with the proposed transaction, it is good practice for negotiations for a transaction involving an interested party to be carried out by or reviewed and reported upon by a special committee of disinterested directors. Following this practice normally would assist in addressing our interest in maintaining capital markets that operate efficiently, fairly and with integrity. While the Instrument only mandates an independent committee in limited circumstances, we are of the view that it generally would be appropriate for issuers involved in a material transaction to which the Instrument applies to constitute an independent committee of the board of directors for the transaction. Where a formal valuation is involved, we also would encourage an independent committee to select the valuator, supervise the preparation of the valuation and review the disclosure regarding the valuation.

(7) A special committee should, in our view, include only directors who are independent from the interested party. While a special committee may invite non-independent board members and other persons possessing specialized knowledge to meet with, provide information to, and carry out instructions from, the committee, in our view non-independent persons should not be present at or participate in the decision-making deliberations of the special committee.

(8) We recognize that directors who serve on a special committee or independent committee must be adequately compensated for their time and effort. However, members of the committee should ensure that compensation for serving on the committee will not compromise their independence. Subsection 7.1(3) of the Instrument prohibits members of an independent committee reviewing a transaction from receiving any payment that is contingent on completion of the transaction. We are of the view that the compensation of committee members should ideally be set when the committee is created and be based on fixed sum payments or the work involved.

5.1.4 OSC Rule 61-801 Implementing Multilateral Instrument 61-101 Protection of Minority Shareholders in Special Transactions

ONTARIO SECURITIES COMMISSION
RULE 61-801 *IMPLEMENTING MULTILATERAL INSTRUMENT 61-101*
PROTECTION OF MINORITY SHAREHOLDERS IN SPECIAL TRANSACTIONS

1.1 **Rule 61-501** – Rule 61-501 *Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions* is revoked.

1.2 **Rule 71-802** – Section 2.4 of Rule 71-802 *Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* is amended by:

(i) replacing the title "Going Private Transactions and Related Party Transactions" with the title "Business Combinations and Related Party Transactions", and

(ii) replacing the words "Rule 61-501 *Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions*" with "MI 61-101 *Protection of Minority Security Holders in Special Transactions*".

1.3 **Effective Date** – This rule comes into force on February 1, 2008.

This page intentionally left blank

Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
12/24/2007	2	Advantex Marketing International Inc. - Warrants	0.00	3,950,000.00
06/23/2005 to 12/30/2005	4	AMI Fixed Income Pooled Fund - Units	4,806,500.00	N/A
01/01/2005 to 12/31/2005	2	AMI Money Market P - Units	11,081,130.02	N/A
03/31/2005 to 12/31/2005	10	AMI Small Cap Pooled Fund - Units	16,795,129.17	N/A
11/27/2007	17	Arctic Star Diamond Corp. - Flow-Through Units	236,250.00	1,145,000.00
08/17/2007	1	Arrowstreet Global Opportunities Offshore Fund Ltd. - Common Shares	46,460,000.00	500,000.00
10/09/2007	1	Bison Prime Mortgage Fund - Units	150,000.00	15,000.00
01/15/2008 to 01/17/2008	100	Bridge Resources Corp. - Units	6,374,770.50	7,134,730.00
12/06/2007 to 01/18/2008	43	Buffalo Gold Ltd. - Units	7,998,300.45	17,774,001.00
12/11/2007	6	Canasia Industries Corporation - Units	100,000.00	3,030,300.00
10/05/2007 to 01/08/2008	8	CardioComm Solutions Inc. - Units	2,365,276.14	N/A
01/17/2008	1	Citigroup Inc. - Common Shares	690,200.00	13,804.00
01/21/2008 to 01/25/2008	14	CMC Markets Canada Inc. - Contracts for Differences	101,000.00	14.00
01/01/2007 to 12/31/2007	1	Co-Operators Canadian Equity Pooled Fund - Units	97,000.00	N/A
01/01/2007 to 12/31/2007	7	Co-Operators Commercial Mortgage Pooled Fund - Units	9,448,000.00	N/A
01/01/2007 to 12/31/2007	2	Co-Operators Fixed Income Pooled Fund - Units	40,579,061.92	N/A
01/01/2007 to 12/31/2007	8	Co-Operators International Pooled Fund - Units	6,836,000.00	N/A

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/01/2007 to 12/31/2007	18	Co-operators Money Market Pooled Fund - Units	267,085,627.63	N/A
01/01/2007 to 12/31/2007	4	Co-Operators US Equity Pooled Fund - Units	2,997,821.32	N/A
08/29/2007 to 12/28/2007	309	Cumberland Global Fund - Units	34,782,774.00	3,452,783.90
01/04/2007 to 12/28/2007	191	Cumberland Opportunities Fund - Units	7,560,000.00	731,629.79
01/19/2007 to 11/30/2007	15	Deans Knight Bond Fund - Trust Units	13,668,195.78	N/A
01/05/2007 to 12/07/2007	55	Deans Knight Equity 2 Fund - Trust Units	25,564,717.72	N/A
01/19/2007 to 12/21/2007	37	Deans Knight Equity Growth Fund - Trust Units	9,478,916.19	N/A
10/17/2007	4	Diaphonics Inc. - Debentures	1,000,000.00	N/A
02/27/2007 to 03/30/2007	23	DK (2007) Oil & Gas Flow-Through Limited Partnership - Trust Units	5,175,000.00	N/A
01/15/2007 to 06/15/2007	4	Duncan Ross Equity Fund - Units	20,199.00	N/A
01/18/2007 to 09/06/2007	3	Duncan Ross Pooled Trust - Units	855,000.00	N/A
12/06/2007	1	Ecotality, Inc. - Common Shares	762,204.58	752,869.00
01/16/2008	5	Equimor Mortgage Investment Corporation - Special Shares	185,833.00	N/A
03/28/2005	2	Exploration Syndicate, Inc. - Common Shares	2,100.00	2,100,000.00
09/28/2007	24	Fareport Capital Inc. - Common Shares	2,187,580.00	2,545,247.00
10/01/2007 to 12/01/2007	1	Fluid Convertible Debenture Fund - Limited Partnership Units	15,000,000.00	150,000.00
02/01/2007 to 11/01/2007	6	Fluid Global Real Estate Securities Fund - Limited Partnership Units	1,300,000.00	10,257.21
12/01/2007	2	Fluid Opportunity Fund - Limited Partnership Units	1,600,000.00	16,000.00
01/21/2008	2	Forests Pacific Biochemicals Corporation - Preferred Shares	28,000.00	18,667.00
01/14/2008	5	Fuel Transfer Technologies Inc. - Preferred Shares	100,750.00	31,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/17/2008	12	GBS Gold International Inc. - Units	8,100,000.00	6,000,000.00
03/30/2007	1	Gemini Financial Services Opportunities Fund - Units	400,000.00	4,000.00
09/28/2007	47	Global Portfolio Solution Fund Limited Partnership - Units	5,920,600.00	N/A
01/04/2008 to 01/13/2008	5	Global Trader Europe Limited - Contracts for Differences	21,958.50	11,836.00
01/14/2008 to 01/23/2008	6	Global Trader Europe Limited - Contracts for Differences	45,951.50	20,535.00
03/09/2007 to 11/08/2007	1	GMO Emerging Illiquid Fund, L.P. - Units	16,730,620.37	N/A
12/27/2007	2	Goldstake Explorations Inc. - Units	750,000.00	5,000,000.00
01/02/2007 to 09/28/2007	8	Gryphon Balanced Fund - Units	97,090,019.31	8,148,027.29
09/28/2007	2	Gryphon Canadian Equity Fund - Units	40,561,672.17	4,056,167.22
01/02/2007 to 12/06/2007	3	Gryphon EAFE Fund - Units	1,041,100.00	65,504.01
01/15/2007 to 12/15/2007	26	HughesLittle Balanced Fund - Units	2,564,419.00	219,832.07
01/15/2007 to 12/15/2007	33	HughesLittle Value Fund - Units	6,212,673.00	509,845.27
12/27/2007	88	iCo Therapeutics Inc. - Receipts	1,857,603.72	1,895,514.00
10/01/2007	1	ILF Ltd. - Common Shares	694,330.00	700.00
01/12/2007 to 12/28/2007	4	Integra Acadian Global Equity Fund - Units	170,462,627.08	15,010,024.97
07/30/2007	1	Integra Canadian Fixed Income Plus Fund - Units	13,000,000.00	1,304,880.25
01/08/2007 to 12/31/2007	6	Integra Conservative Allocation Fund - Units	965,752.14	70,713.71
01/02/2007 to 12/31/2007	8	Integra Diversified Fund - Units	123,650,424.40	3,118,054.10
09/04/2007 to 12/31/2007	16	Integra Equity Fund - Units	2,840,797.35	160,627.35
02/14/2007 to 07/30/2007	2	Integra Global Market Neutral Fund - Units	4,029,988.61	35,431.43

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/04/2007 to 12/31/2007	11	Integra Growth Allocation Fund - Units	2,475,872.26	173,413.30
03/27/2007 to 07/30/2007	2	Integra Newton Global Bond Fund - Units	5,149,697.72	528,274.90
11/30/2007 to 12/07/2007	1	Integra Newton Global Equity Fund - Units	90,000,000.00	8,901,928.05
01/02/2007 to 12/31/2007	11	Integra Strategic Allocation Fund - Units	8,031,299.55	509,394.70
01/23/2007 to 04/24/2007	1	JHIC Bond Fund - Units	3,080,000.00	2,200,299.18
04/24/2007	1	JHIC Canadian Equity Fund - Units	125,000.00	78,409.23
01/16/2007 to 06/01/2007	2	JHIC Foreign Equity Fund - Units	363,004.12	28,565.32
01/15/2008	3	Kingwest U.S. Equity Portfolio - Units	24,032,899.92	1,901,803.44
12/19/2007 to 12/27/2007	32	Lake House Capital Ltd. - Units	674,500.00	6,745.00
12/19/2007 to 12/27/2007	32	Lake House Investments Ltd. - Units	674.50	6,745.00
01/08/2008	56	Magnum Uranium Corp. - Units	450,000.00	1,000,000.00
01/01/2007 to 12/31/2007	4	MB Balanced Fund - Units	2,132,811.58	172,471.85
01/01/2007 to 07/31/2007	18	MB Balanced Growth Fund - Units	77,101,714.50	5,339,549.06
01/01/2007 to 12/31/2007	5	MB Canadian Equity Growth Fund - Units	1,961,161.97	19,592.10
01/01/2007 to 12/31/2007	12	MB Canadian Equity Value Fund - Units	4,352,246.08	322,869.74
01/01/2007 to 12/31/2007	5	MB Canadian Equity (Core) Fund - Units	4,300,000.00	313,298.94
01/01/2007 to 12/31/2007	30	MB Fixed Income Fund - Units	23,252,243.55	414,669.03
01/01/2007 to 12/31/2007	4	MB Fixed Income Plus Fund - Units	1,050,000.00	112,883.66
01/01/2007 to 12/31/2007	18	MB Global Equity Fund - Units	14,392,255.70	985,668.01

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/01/2007 to 12/31/2007	15	MB Global Equity Value Fund - Units	5,641,500.00	485,576.20
01/01/2007 to 12/31/2007	7	MB International Equity Growth Fund - Units	5,780,267.12	661,075.75
01/01/2007 to 12/31/2007	34	MB Money Market Fund - Units	18,571,208.62	1,857,120.86
01/01/2007 to 12/31/2007	11	MB Private Balanced Fund - Units	3,084,164.81	268,763.43
01/01/2007 to 12/31/2007	4	MB Short Term Fixed Income Fund - Units	1,600,000.00	164,574.41
05/03/2007 to 12/31/2007	1088	McLean & Partners Private Global Balanced Pool - Units	123,261,090.31	12,073,597.55
05/17/2007 to 12/31/2007	978	McLean & Partners Private Global Dividend Growth Pool - Units	152,708,556.82	15,463,478.19
12/21/2007	23	Metanor Resources Inc. - Common Shares	3,669,975.20	44,878,469.00
01/25/2008	1	Mogul Energy International Inc. - Common Shares	150,000.00	1,000,000.00
01/01/2007 to 12/31/2007	33	Mortgage Investment Corporation of Eastern Ontario - Common Shares	4,681,682.99	468,168.30
12/05/2007	5	Murgor Resources Inc. - Common Shares	1,632,000.00	1,600,000.00
01/11/2008	40	Nayarit Gold Inc. - Units	2,273,000.00	5,682,500.00
01/16/2008 to 01/25/2008	21	Nelson Financial Group Ltd. - Notes	908,000.00	21.00
01/01/2007 to 12/31/2007	1	New Star EAFE Fund - Trust Units	1,560,000.00	45,421.21
01/15/2008	7	Newport Canadian Equity Fund - Units	357,158.00	2,497.66
01/15/2008	7	Newport Global Equity Fund - Units	277,461.00	3,524.76
01/01/2008 to 01/17/2008	8	Newport Yield Fund - Units	171,937.62	1,418.56
12/18/2007	50	Northern Freegold Resources Ltd. - Common Shares	4,334,252.05	4,562,371.00
01/28/2008	3	Odyssey Resources Limited - Common Shares	110,587.50	1,474,500.00
01/14/2008	89	Pacific Energy Resources Ltd. - Common Shares	0.00	460,494.00
02/01/2007 to 12/31/2007	3	Pangaea Global Fund L.P. - Units	100,000.00	100.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
08/07/2007	1	PCJ Canadian Equity Fund - Trust Units	1,500,000.00	126,381.77
08/07/2007	1	PCJ Canadian Small Cap Fund - Trust Units	500,000.00	31,611.36
01/16/2008	14	PFC 2017 Pacific Financial Corp. - Bonds	721,000.00	721.00
01/15/2008	48	Philippine Metals Corp. - Common Shares	600,000.00	3,000,000.00
01/15/2008	13	ProAm Explorations Corporation - Units	289,200.00	964,000.00
12/31/2007	1	ProMetic Life Sciences Inc. - Special Shares	500,000.00	1,000,000.00
01/21/2008	9	Prominex Resource Corporation Inc. - Common Shares	1,184,000.00	11,840,000.00
01/23/2008	1	Protecode Incorporated - Preferred Shares	750,000.00	2,054,502.00
07/01/2006 to 11/01/2006	4	Pzena Global Value Fund - Units	89,290,923.79	747,251.79
11/01/2006	1	Pzena International Value Fund (DST) - Units	20,367,000.00	161,792.82
01/01/2008	18	Ranger Canyon Energy Inc. - Debentures	1,200,000.00	1,200.00
01/01/2007 to 12/31/2007	400	RBC Dexia Short-Term Investment Fund I - Units	7,080,679,054.42	-4.00
01/01/2007 to 12/31/2007	33	RBC Dexia Short-Term Investment Fund II - Units	602,606,969.76	N/A
10/01/2007	4	ROMC Fund - Units	2,197,463.11	219,746.31
01/18/2008	2	Rose Investments II Limited Partnership - Units	5,000,000.00	5,000.00
12/30/2006 to 11/30/2007	61	Rosseau Limited Partnership - Limited Partnership Units	22,436,078.62	2,065.00
12/24/2007	2	Roxmark Mines Limited - Units	35,650.00	115,000.00
01/04/2007 to 12/07/2007	3	SEAMARK Pooled Balanced Fund - Units	6,045,930.48	369,743.61
01/04/2007 to 12/07/2007	3	SEAMARK Pooled Balanced Fund - Units	6,045,930.48	369,743.61
08/14/2007 to 08/27/2007	2	SEAMARK Pooled Canadian Bond Fund - Units	450,000.00	42,505.26
01/03/2007 to 08/07/2007	4	SEAMARK Pooled Canadian Equity Fund - Units	875,070.77	34,377.23
01/03/2007 to 12/04/2007	3	SEAMARK Pooled Foreign Equity Fund - Units	984,026.76	84,867.83

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
06/06/2007	1	SEAMARK Pooled International Equity Fund - Units	700,000.00	30,392.50
02/15/2007 to 12/21/2007	5	SEAMARK Pooled Money Market Fund - Units	6,522,790.48	652,279.05
02/09/2007 to 12/21/2007	52	Sextant Strategic Opportunities Hedge Fund LP - Units	5,849,867.49	N/A
01/16/2008	22	St Andrew Goldfields Ltd - Common Shares	14,754,202.10	26,825,822.00
01/18/2008	14	Stealth Minerals Limited - Units	82,100.00	821,000.00
01/01/2007 to 08/01/2007	1	StoneWater Capital Asia (Ex-Japan) LLC - Units	5,685,400.00	N/A
04/01/2007 to 07/01/2007	1	StoneWater Capital Offshore Ltd - Units	500,000.00	25,000.00
07/01/2007 to 10/01/2007	1	StoneWater Capital Offshore Ltd - Units	750,000.00	N/A
12/20/2007 to 01/08/2008	54	Strategic Oil & Gas Ltd. - Flow-Through Shares	1,712,500.00	N/A
10/22/2007 to 12/31/2007	15	Tawsho Mining Inc. - Common Shares	740,000.00	6,000,000.00
01/04/2007 to 12/31/2007	1	TD Balanced Income Fund - Units	18,175,658.67	1,538,156.41
01/30/2007 to 12/31/2007	1	TD Canadian Money market Fund - Units	75,000.00	7,500.00
01/05/2007 to 07/23/2007	2	TD Global Dividend Fund - Units	1,943,864.09	187,465,549.00
01/23/2007 to 07/23/2007	4	TD U.S. Quantitative Equity Fund - Units	36,437,580.19	3,243,133,904.00
12/27/2007	3	Temex Resource Corp. - Common Shares	1,999,999.00	2,352,940.00
12/31/2006 to 07/31/2007	21	Tera Public Venture Trust - Units	2,006,516.16	51,696.50
04/30/2007	55	The DK Energy Fund 3 - Trust Units	30,810,000.00	61,620.00
01/01/2007 to 12/31/2007	20	The Enterprise AOF LP - Limited Partnership Units	9,366,632.40	177.94
01/01/2007 to 12/31/2007	198	The GS+A Bond Index Fund A - Units	64,924,466.19	657,525.13
01/01/2007 to 12/31/2007	938	The GS+A EAFE Fund - Units	175,984,847.37	1,621,925.59

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/01/2007 to 12/31/2007	997	The GS+A Equity Hedge Fund - Units	215,026,687.70	1,704,769.79
01/01/2007 to 12/31/2007	355	The GS+A Fixed Income Fund - Units	145,855,587.42	1,518,808.51
01/01/2007 to 12/31/2007	806	The GS+A High Yield Hedge Fund - Units	110,170,279.30	1,011,317.47
01/01/2007 to 12/31/2007	698	The GS+A Income Trust Hedge Fund - Units	194,659,555.23	1,182,963.28
01/01/2007 to 12/31/2007	495	The GS+A RRSP Fund - Units	23,688,358.09	8,952,113.90
01/12/2007 to 12/31/2007	602	The GS+A Top 15 Fund - Units	88,526,111.47	784,924.99
01/01/2007 to 12/31/2007	332	The GS+A US Equity Fund - Units	45,311,403.67	414,275.39
12/20/2007	43	Trelawney Resources Inc. - Common Shares	1,374,000.00	13,740,000.00
01/11/2008	8	Trillium North Minerals Ltd. - Units	185,000.00	925,000.00
01/21/2008	4	Tucano Exploration Inc. - Units	1,240,000.00	2,480,000.00
01/07/2008	36	Valcent Products Inc. - Units	2,846,821.76	4,697,722.00
12/19/2007	3	Ventizz Capital Fund IV, L.P. - Limited Partnership Interest	5,769,200.00	N/A
12/29/2007	5	Viking Gold Exploration Inc. - Common Shares	275,900.00	7,046,710.00
01/12/2008	2	VoIPShield Systems Inc. - Preferred Shares	600,000.00	699,300.00
01/14/2008	1	Westboro Mortgage Investment Corp. - Preferred Shares	350,000.00	35,000.00
02/01/2006 to 04/01/2007	5	Windward Bull & Bear Fund L.P, - Limited Partnership Units	2,750,000.00	2,750.00
01/18/2008	16	WWI Resources Ltd. - Units	3,000,000.00	15,000,000.00
12/28/2007	5	Zab Resources Inc. - Flow-Through Shares	90,000.00	300,000.00
12/31/2007	6	Zinc Entertainment LP - Units	127,500.00	127.50

Chapter 9

Legislation

9.1.1 O. Reg. 589/07, amending R.R.O. 1990, Reg. 1015 (made under the Securities Act)

ONTARIO REGULATION 589/07
MADE UNDER THE
SECURITIES ACT
AMENDING REG. 1015 OF R.R.O. 1990
(GENERAL)

Note: Regulation 1015 has previously been amended. Those amendments are listed in the Table of Current Consolidated Regulations – Legislative History Overview which can be found at www.e-Laws.gov.on.ca.

1. Section 43 of Regulation 1015 of the Revised Regulations of Ontario, 1990 is revoked and the following substituted:

43. If a prospectus is required to be filed in respect of an issuer bid, the information required in Form 62-504F2 in Rule 62-504 *Take-Over Bids and Issuer Bids*, other than the certificate in Item 31 of Part 2 of the form, shall be included in the prospectus.

2. Sections 183, 184, 185, 186, 187, 188, 189, 193, 194, 195, 196, 198, 200, 201, 202 and 203 of the Regulation are revoked.

3. Forms 31, 32, 33, 34 and 35 of the Regulation are revoked.

4. Subsection 252 (2) of the Regulation is revoked and the following substituted:

(2) Part XXIII.1 of the Act applies to the acquisition or disposition of an issuer's security in connection with or pursuant to a take-over bid that is exempt under section 100, 100.3 or 100.4 of the Act or an issuer bid that is exempt under section 101.2, 101.4 or 101.5 of the Act and those bids are prescribed for the purposes of clause 138.2 (c) of the Act.

5. This Regulation comes into force on the day that the rule made by the Ontario Securities Commission on October 30, 2007 entitled "Rule 62-504 *Take-Over Bids and Issuer Bids*" comes into force.

Made by:

ONTARIO SECURITIES COMMISSION:

"W. DAVID WILSON"
Chair

"JAMES E. A. TURNER"
Vice-Chair

Date made: October 30, 2007.

I approve this Regulation.

"DWIGHT DOUGLAS DUNCAN"
Minister of Finance

Date approved: December 18, 2007.

Note: The rule made by the Ontario Securities Commission on October 30, 2007 entitled "Rule 62-504 *Take-over Bids and Issuer Bids*" comes into force on February 1, 2008.

This page intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Aeroquest International Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 23, 2008
Mutual Reliance Review System Receipt dated January 23, 2008
Offering Price and Description:
$20,000,001.00 - 6,666,667 Common Shares Price: $3.00 per Common Share
Underwriter(s) or Distributor(s):
Jennings Capital Inc.
J.F. Mackie & Company Ltd.
National Bank Financial Inc.
Promoter(s):
-
Project #1208838

Issuer Name:
Amalfi Capital Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated January 21, 2008
Mutual Reliance Review System Receipt dated January 23, 2008
Offering Price and Description:
$900,000.00 - 9,000,000 common shares Price: $0.10 per common share
Underwriter(s) or Distributor(s):
Northern Securities Inc.
Promoter(s):
S. Raymond Ludwig
Michael Rousseau
Project #1208795

Issuer Name:
Canadian International Minerals Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated January 22, 2008
Mutual Reliance Review System Receipt dated January 28, 2008
Offering Price and Description:
$800,000.00 - 4,000,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Wolverton Securities Ltd.
Promoter(s):
Michael Schuss
Project #1208935

Issuer Name:
Corsa Capital Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated January 22, 2008
Mutual Reliance Review System Receipt dated January 24, 2008
Offering Price and Description:
$1,500,000.00 - 3,000,000 Common Shares Price: $0.50 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
James R. Paterson
Project #1209186

Issuer Name:
Credit Suisse
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Base Shelf Prospectus dated January 25, 2008
Mutual Reliance Review System Receipt dated January 28, 2008
Offering Price and Description:
Cdn. $2,000,000,000.00 - Medium Term Notes (Unsecured) Rates on Application
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1209833

Issuer Name:
Creso Resources Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated January 28, 2008
Mutual Reliance Review System Receipt dated January 29, 2008
Offering Price and Description:
Minimum [*] Common Shares - $3,,500,000.00 - Maximum [*] Common Shares - $ 15,000,000.00 Price: [*] per Common Share
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
Promoter(s):
-
Project #1193223

Issuer Name:
Crystallex International Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 24, 2008
Mutual Reliance Review System Receipt dated January 24, 2008
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
GMP Securities L.P.
Haywood Securities Inc.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #1209320

Issuer Name:
Mohave Exploration & Production Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated January 24, 2008
Mutual Reliance Review System Receipt dated January 25, 2008
Offering Price and Description:
$ * - * Common Shares
Underwriter(s) or Distributor(s):
Genuity Capital Markets
Macquarie Capital Markets Canada Ltd.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
Evergreen Capital Partners Inc.
Promoter(s):
Patric Monteleone
Nasim Tyab
Michael Stearns
Project #1209503

Issuer Name:
NEW DAWN MINING CORP.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated January 24, 2008
Mutual Reliance Review System Receipt dated January 25, 2008
Offering Price and Description:
Cdn$ *-* Units Cdn$ * per Unit
Underwriter(s) or Distributor(s):
MGI SECURITIES INC.
Promoter(s):
-
Project #1209561

Issuer Name:
NORTHERN PRECIOUS METALS 2008 LIMITED PARTNERSHIP
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated January 28, 2008
Mutual Reliance Review System Receipt dated January 28, 2008
Offering Price and Description:
$1,200,000.00 to $15,000,000.00 - 1,200 to 15,000 Limited Partnership Units Subscription Price: $1,000 per Unit. Minimum Subscription: $5,000
Underwriter(s) or Distributor(s):
Secutor Capital Management Corporation
Promoter(s):
Northern Precious Metals 2008 Inc.
Project #1210049

Issuer Name:
Nstein Technologies Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated January 24, 2008
Mutual Reliance Review System Receipt dated January 24, 2008
Offering Price and Description:
$8,000,000.00 - 8,000,000 Common Shares Issuable Upon the Exercise of Previously Issued Special Warrants Price: $1.00 per Special Warrant
Underwriter(s) or Distributor(s):
Desjardins Securities inc.
TD Securities Inc.
Jennings Capital Inc.
Promoter(s):
-
Project #1209387

Issuer Name:
SINOMAR CAPITAL CORP.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated January 29, 2008
Mutual Reliance Review System Receipt dated January 29, 2008
Offering Price and Description:
Maximum Offering: $1,000,000.20 (3,333,334 Common Shares); Minimum Offering: $700,000.20 (2,333,334 Common Shares) Price: $0.30 per Common Share
Underwriter(s) or Distributor(s):
Wolverton Securities Ltd.
Promoter(s):
Victor I.H. Sun
Project #1210868

Issuer Name:
Theratechnologies Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Base Shelf Prospectus dated January 29, 2008
Mutual Reliance Review System Receipt dated January 29, 2008
Offering Price and Description:
$35,000,000.00 - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #1210711

Issuer Name:
Toptent inc.
Principal Regulator - Quebec
Type and Date:
Preliminary CPC Prospectus dated January 23, 2008
Mutual Reliance Review System Receipt dated January 25, 2008
Offering Price and Description:
Minimum Offering: $1,000,000.00 or 6,666,667 Common Shares; Maximum Offering: $1,800,000.00 or 12,000,000 Common Shares Price: $0.15 per common share
Underwriter(s) or Distributor(s):
Blackmont Capital inc.
Promoter(s):
Pietro Perrino
Project #1209185

Issuer Name:
Wells Fargo Financial Canada Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Base Shelf Prospectus dated January 25, 2008
Mutual Reliance Review System Receipt dated January 29, 2008
Offering Price and Description:
$ 7,000,000,000.00 - Medium Term Notes (unsecured) Unconditionally guaranteed as to payment of principal, premium (if any), and interest by Wells Fargo & Company
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Promoter(s):
-
Project #1210558

Issuer Name:
Canada Dominion Resources 2008 Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated January 24, 2008
Mutual Reliance Review System Receipt dated January 25, 2008
Offering Price and Description:
$150,000,000.00 (maximum) - 6,000,000 Limited Partnership Units @ $25.00/Unit; $20,000,000.00 (minimum) - 800,000 Limited Partnership Units @ $25.00/Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Berkshire Securities Inc.
Blackmont Capital Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Wellington West Capital Inc.
Promoter(s):
CANADA DOMINION RESOURCES 2008 CORPORATION
GOODMAN & COMPANY, INVESTMENT COUNSEL LTD.
Project #1197866

Issuer Name:
CMP 2008 Resource Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated January 24, 2008
Mutual Reliance Review System Receipt dated January 25, 2008
Offering Price and Description:
$200,000,000.00 (maximum) - 200,000 Limited Partnership Units @ $1,000/Unit; $20,000,000.00 (minimum) - 20,000 Limited Partnership Units @ $1,000/Unit
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Berkshire Securities Inc.
Canaccord Capital Corporation
Wellington West Capital Inc.
Blackmont Capital Inc.
GMP Securities L.P.
Promoter(s):
CMP 2008 Corporation
Goodman & Company, Investment Counsel Ltd.
Project #1197889

Issuer Name:
Global Key Investment Limited
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated January 23, 2008
Mutual Reliance Review System Receipt dated January 24, 2008
Offering Price and Description:
$200,000.00 - 2,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Promoter(s):
Steve Loo
Project #1201732

Issuer Name:
Lander Energy Corporation
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated January 25, 2008
Mutual Reliance Review System Receipt dated January 28, 2008
Offering Price and Description:
$200,000.00 - 1,000,000 Common Shares PRICE: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
Promoter(s):
David Wood
Project #1199754

Issuer Name:
Mackenzie Destination+ 2015 Fund
Mackenzie Destination+ 2020 Fund
Mackenzie Destination+ 2025 Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated January 18, 2008 to the Simplified Prospectuses and Annual Information Forms dated December 21, 2007
Mutual Reliance Review System Receipt dated January 24, 2008
Offering Price and Description:
Series A, F, I and O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1188404

Issuer Name:
Oil Optimization Inc.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated January 23, 2008
Mutual Reliance Review System Receipt dated January 24, 2008
Offering Price and Description:
$400,000.00 - 2,000,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
David V. Richards
Project #1203616

Issuer Name:
Pathway Mining 2008 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated January 28, 2008
Mutual Reliance Review System Receipt dated January 29, 2008
Offering Price and Description:
$35,000,000.00 (maximum offering) - a maximum of 3,500,000 Limited Partnership Units @ $10/Unit;
$5,000,000.00 (minimum offering) - a minimum of 500,000 Limited Partnership Units @ $10/Unit
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
HSBC Securities (Canada) Inc.
Burgeonvest Securities Limited
Canaccord Capital Corporation
Raymond James Ltd.
Research Capital Corporation
Integral Wealth Securities Limited
Argosy Securities Inc.
Promoter(s):
Pathway Mining 2008 Inc.
Project #1207503

Issuer Name:
Sceptre Canadian Equity Fund
Sceptre Equity Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated January 18, 2008 to the Simplified Prospectuses and Annual Information Forms dated August 27, 2007
Mutual Reliance Review System Receipt dated January 28, 2008
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Sceptre Investment Counsel Limited
Promoter(s):
-
Project #1131126

Issuer Name:
Advisor Class units of :
Scotia Money Market Fund
Scotia Canadian Income Fund
Scotia Diversified Monthly Income Fund
Scotia Canadian Tactical Asset Allocation Fund (formerly Scotia Total Return Fund)
Scotia Canadian Dividend Fund
Scotia Canadian Growth Fund
Scotia International Value Fund (formerly Capital International Large Companies Fund)
Scotia Global Growth Fund
Scotia Global Opportunities Fund (formerly Capital Global Discovery Fund)
Scotia Global Climate Change Fund
Scotia Selected Income & Modest Growth Portfolio (formerly Scotia Selected Income & Modest Growth Fund)
Scotia Selected Balanced Income & Growth Portfolio (formerly Scotia Selected Balanced Income & Growth Fund)
Scotia Selected Moderate Growth Portfolio (formerly Scotia Selected Conservative Growth Fund)
Scotia Selected Aggressive Growth Portfolio (formerly Scotia Selected Aggressive Growth Fund)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated January 25, 2008
Mutual Reliance Review System Receipt dated January 28, 2008
Offering Price and Description:
Advisor class Units
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
The Bank of Nova Scotia
Project #1198025

Issuer Name:
Scotia Global Climate Change Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated January 28, 2008
Mutual Reliance Review System Receipt dated January 28, 2008
Offering Price and Description:
Class A, Class F and Class I units
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
The Bank of Nova Scotia
Project #1198054

Issuer Name:
TD Canadian Quantitative Research Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated January 28, 2008
Mutual Reliance Review System Receipt dated January 29, 2008
Offering Price and Description:
Series A and Series F Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1200583

Issuer Name:
The Children's Educational Foundation of Canada
Principal Regulator - Ontario
Type and Date:
Amended and Restated Prospectus January 25, 2008, amending and restating the Prospectus dated September 10, 2007
Mutual Reliance Review System Receipt dated January 29, 2008
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Children's Education Funds Inc.
Promoter(s):
Children's Education Funds Inc.
Project #1114024

Issuer Name:
Westcore Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Final CPC Prospectus dated January 23, 2008
Mutual Reliance Review System Receipt dated January 25, 2008
Offering Price and Description:
$500,000.00 - (2,500,000 Common Shares) PRICE: $0.20 PER COMMON SHARE
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
Paul Conroy
Project #1146951

Issuer Name:
AZURE MINERALS LIMITED
Principal Jurisdiction - British Columbia
Type and Date:
Preliminary Prospectus dated November 9th, 2007
Withdrawn on January 23rd, 2008
Offering Price and Description:
$ * - * Shares Price: $ * per Share
Underwriter(s) or Distributor(s):
Versant Partners Inc.
Promoter(s):
-
Project #1180227

Issuer Name:
BroadShift Inc.
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Prospectus dated November 13th, 2007
Withdrawn on January 28th, 2008
Offering Price and Description:
$ * - * Units
Price: $ * per Unit
Underwriter(s) or Distributor(s):
Westwind Partners Inc.
Promoter(s):
Charles Prast
Caravel Pier Consulting, Inc.
M.C. Capital Corp.
1561132 Ontario Ltd.
Ariza Capital Inc.
Project #1182075

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change of Category	Lazard Freres & Co. LLC	From: International Dealer To: International Dealer Limited Market Dealer	January 23, 2008
New Registration	Longview Holdings Inc.	Limited Market Dealer	January 23, 2008
New Registration	Canaccord Capital Management Inc.	Limited Market Dealer and Investment Counsel and Portfolio Manager	January 23, 2008
Change of Category	Loomis, Sayles & Company, L.P.	From: International Adviser (Investment Counsel and Portfolio Manager) To: International Adviser (Investment Counsel and Portfolio Manager) Non-Canadian Adviser (Investment Counsel and Portfolio Manager)	January 24, 2008
New Registration	Promutuel Capital, société de fiducie inc./Promutuel Capital Trust Company Inc.	Mutual Fund Dealer	January 25, 2008
New Registration	Icon Syndications Inc.	Limited Market Dealer	January 28, 2008

This page intentionally left blank

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures Relating to Failure to Receive Participant Procedures

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

FAILURE TO RECEIVE PARTICIPANT PROCEDURES

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

Description of Proposed Amendments

On November 5, 2007, CDS implemented technical amendments to its Participant Procedures related to failures-to-receive. The proposed amendments to section 10.1.1 of CDS User Guide entitled *Trade and Settlement Procedures* are intended further to clarify the circumstances in which a fail-to-receive interest mark will be applied and assessed to a Participant. This interest mark calculation is based on information obtained from the final CNS settlement cycle of the business day.

Since no CNS settlement will be attempted *after* the final CNS cycle for that day, a delivery of securities after this final CNS cycle will not have any impact on CNS settlement for that day. Thus, a delivery of securities after the final CNS cycle will not invoke an interest mark. Clarification of this timeline was initiated by CDS personnel.

The Procedures marked for the amendments may be accessed at the CDS website at:

http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open

[en francais: http://www.cds.ca/cdsclearinghome.nsf/Pages/-FR-Documentation?Open]

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments; they are amendments required to ensure consistency or compliance with an existing rule.

C. EFFECTIVE DATE OF THE RULE

Pursuant to Appendix A ("Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC") of the OSC Recognition and Designation Order, as amended 1 November, 2006, and *Annexe A* (*"Protocole d'examen et d'approbation des Règles de Services de Dépôt et de Compensation CDS Inc. par l'Autorité des marchés financiers"*) of AMF Decision 2006-PDG-0180, made effective on 1 November, 2006, CDS has determined that these amendments will be effective on **February 4th, 2008**.

D. QUESTIONS

Questions regarding this notice may be directed to:

Tony Hoffmann
Legal Counsel
The Canadian Depository for Securities Limited
85 Richmond Street West,
Toronto, Ontario, M5H 2C9

Telephone: 416-365-3768 ; Fax: 416-365-1984
e-mail: attention@cds.ca

JAMIE ANDERSON
Managing Director, Legal

This page intentionally left blank

Chapter 25

Other Information

25.1 Exemptions

25.1.1 Horizon Advantaged Equity Fund Inc. - OSC Rule 41-502 Prospectus Requirements for Mutual Funds, Part 11

Headnote

Exemption from the requirement to include financial statements in the prospectus provided that the prospectus incorporates by reference such statements. – Section 5.2 and Part 11 of Ontario Securities Commission Rule 41-502 Prospectus Requirements for Mutual Funds.

Applicable Legislative Provisions

Ontario Securities Commission Rule 41-502 Prospectus Requirements for Mutual Funds, s. 5.2 and Part 11.

January 25, 2008

Jovian Capital Corporation

Attention: Adam Davis

Dear Sirs/Mesdames:

Re: Horizon Advantaged Equity Fund Inc. (the "Fund")
Exemptive Relief Application under Part 11 of OSC Rule 41-502 Prospectus Requirements for Mutual Funds ("Rule 41-502")
Application No. 2008/0008, SEDAR Project No. 1200643

By letter dated December 20, 2007 (the "Application"), you applied on behalf of the Fund to the Director of the Ontario Securities Commission (the "Director") pursuant to Part 11 of Rule 41-502 for an exemption to allow the Fund not to include in its prospectus the financial statements (the "Financial Statements") set out in Section 5.2 of Rule 41-502, including annual financial statements and interim financial statements (the "Requested Relief").

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the Fund's prospectus provided that the prospectus incorporates by reference the Financial Statements.

Yours very truly,

"Vera Nunes"
Assistant Manager, Investment Funds Branch

25.1.2 TDK 2008 Flow-Through Limited Partnership - OSC Rule 41-501 General Prospectus Requirements, s. 15.1

Headnote

Exemption from the requirement to attach a copy of the limited partnership agreement to both the preliminary and final prospectus – Inclusion of the limited partnership agreement in the prospectus of the fund will not provide any additional disclosure to investors that would not already be publicly available on SEDAR – section 15.1 of Ontario Securities Commission Rule 41-501 General Prospectus Requirements and item 27.2 of Form 41-501F1 – Information Required in a Prospectus.

Applicable Legislative Provisions

Ontario Securities Commission Rule 41-501 General Prospectus Requirements, s. 15.1.
Form 41-501F1 Information Required in a Prospectus, Item 27.2.

January 16, 2008

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

Attention: Marc Deeby

Dear Sirs/Mesdames:

Re: TDK 2008 Flow-Through Limited Partnership (the "Partnership")
Exemptive Relief Application under Part 15 of OSC Rule 41-501 General Prospectus Requirements ("Rule 41-501")
Application No. 2007/1076, SEDAR Project No. 1198481

By letter dated December 14, 2007 (the "Application"), TDK General Partner Inc. and First Asset Investment Management Inc. (collectively, the "Promoters") and TDK 2008 Flow-Through Limited Partnership (the "Partnership") applied to the Director of the Ontario Securities Commission (the "Director") pursuant to section 15.1 of Rule 41-501 for relief from Item 27.2 of Form 41-501F1 which requires that an issuer attach a copy of the limited partnership agreement to both its preliminary prospectus and its final prospectus (the "Requested Relief").

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the Partnership's prospectus, subject to the following conditions:

1. the final prospectus of the Partnership will include a summary of all material provisions of the limited partnership agreement; and

2. the final prospectus of the Partnership will advise investors and potential investors of the various means by which they can obtain copies of the limited partnership agreement, which will include:

   a. inspection during normal business hours at the offices of the General Partner;

   b. from SEDAR;

   c. upon written request to the General Partner; and

   d. from the website of the Manager.

Yours very truly,

"Vera Nunes"
Assistant Manager, Investment Funds

25.1.3 GGOF 2008-I Mining Flow-Through Limited Partnership - OSC Rule 41-501 General Prospectus Requirements, s. 15.1

Headnote

Exemption from the requirement to attach a copy of the limited partnership agreement to both the preliminary and final prospectus – Inclusion of the limited partnership agreement in the prospectus of the fund will not provide any additional disclosure to investors that would not already be publicly available on SEDAR – section 15.1 of Ontario Securities Commission Rule 41-501 General Prospectus Requirements and item 27.2 of Form 41-501F1 – Information Required in a Prospectus.

Applicable Legislative Provisions

Ontario Securities Commission Rule 41-501 General Prospectus Requirements, s. 15.1.
Form 41-501F1 Information Required in a Prospectus, Item 27.2.

January 23, 2008

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West, Suite 4400
Toronto, Ontario
M5H 3Y4

Attention: Carol E. Derk/K. Ruth Liu

Dear Sirs/Mesdames:

Re: GGOF 2008-I Mining Flow-Through Limited Partnership (the "Partnership")
Exemptive Relief Application under Part 15 of OSC Rule 41-501 General Prospectus Requirements ("Rule 41-501")
Application No. 2007/1092, SEDAR Project No. 1200353

By letter dated December 18, 2007 (the "Application"), Guardian Group of Funds Ltd. (the "Manager") and GGOF 2008-I Mining Flow-Through Limited Partnership (the "Partnership") applied to the Director of the Ontario Securities Commission (the "Director") pursuant to section 15.1 of Rule 41-501 for relief from Item 27.2 of Form 41-501F1 which requires that an issuer attach a copy of the limited partnership agreement to both its preliminary prospectus and its final prospectus (the "Requested Relief").

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the Requested Relief to be evidenced by the issuance of a receipt for the Partnership's prospectus, subject to the following conditions:

1. the final prospectus of the Partnership will include a summary of all material

provisions of the limited partnership agreement; and

2. the final prospectus of the Partnership will advise investors and potential investors of the various means by which they can obtain copies of the limited partnership agreement, which will include:

   a. inspection during normal business hours at the offices of the General Partner;

   b. from SEDAR;

   c. upon written request to the General Partner; and

   d. from the website of the Manager.

Yours very truly,

"Vera Nunes"
Assistant Manager, Investment Funds

25.1.4 Faircourt CSCRF 2008 No. 1 Limited Partnership - OSC Rule 41-501 General Prospectus Requirements, s. 15.1

Headnote

Exemption from the requirement to attach a copy of the limited partnership agreement to both the preliminary and final prospectus – Inclusion of the limited partnership agreement in the prospectus of the fund will not provide any additional disclosure to investors that would not already be publicly available on SEDAR – section 15.1 of Ontario Securities Commission Rule 41-501 General Prospectus Requirements and item 27.2 of Form 41-501F1 – Information Required in a Prospectus.

Applicable Legislative Provisions

Ontario Securities Commission Rule 41-501 General Prospectus Requirements, s. 15.1.
Form 41-501F1 Information Required in a Prospectus, Item 27.2.

January 28, 2008

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street, P.O. Box 48600
Vancouver, B.C. V7X 1T2

Attention: G. Eric Doherty

Dear Sirs/Mesdames:

Re: Application filed by Faircourt CSCRF 2008 No. 1 Limited Partnership (the "Partnership") dated January 16, 2008 under Rule 41-501
Application No. 2008/0034; SEDAR Project No. 1201280

By letter dated January 16, 2008 (the "Application"), the Partnership applied to the Director of the Ontario Securities Commission (the "Director") pursuant to section 15.1 of Rule 41-501 for relief from item 27.2 of Form 41-501F1 which requires that an issuer attach a copy of the limited partnership agreement, if applicable, to both its preliminary and final prospectus (the "Requested Relief").

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the Partnership's prospectus, subject to the following conditions:

1. the final prospectus will include a summary of all material provisions of the limited partnership agreement; and

2. the final prospectus will advise investors and potential investors of the various means by which they can obtain copies

of the limited partnership agreement, which will include:

a. inspection during normal business hours at the Partnership's principal place of business;

b. from SEDAR;

c. upon written request to the General Partner; and

d. from the website of the Partnership.

Yours very truly,
"Vera Nunes"

25.1.5 BluMont Augen Limited Partnership 2007-1 - OSC Rule 41-501 General Prospectus Requirements, s. 15.1

Headnote

Exemption from the requirement to attach a copy of the limited partnership agreement to both the preliminary and final prospectus – Inclusion of the limited partnership agreement in the prospectus of the fund will not provide any additional disclosure to investors that would not already be publicly available on SEDAR – section 15.1 of Ontario Securities Commission Rule 41-501 General Prospectus Requirements and item 27.2 of Form 41-501F1 – Information Required in a Prospectus.

Applicable Legislative Provisions

Ontario Securities Commission Rule 41-501 General Prospectus Requirements, s. 15.1.
Form 41-501F1 Information Required in a Prospectus, Item 27.2.

October 11, 2007

Fasken Martineau DuMoulin LLP
66 Wellington Street West
Suite 4200, Toronto Dominion Bank Tower
Box 20, Toronto-Dominion Centre
Toronto, Ontario
M5K 1N6

Attention: Munier Saloojee

Dear Sirs/Mesdames:

Re: BluMont Augen Limited Partnership 2007-1 (the "Partnership")
Exemptive Relief Application under Part 15 of OSC Rule 41-501 General Prospectus Requirements ("Rule 41-501")
Application No. 2007/0834, SEDAR Project No. 1154605

By letter dated August 31, 2007 (the "Application"), the Partnership applied to the Director of the Ontario Securities Commission (the "Director") pursuant to section 15.1 of Rule 41-501 for relief from the operation of item 27.2 of Form 41-501F1 which requires that an issuer attach a copy of the limited partnership agreement to both its preliminary and final prospectus.

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the Partnership's prospectus, subject to the following conditions:

1. the final prospectus will include a summary of all material provisions of the limited partnership agreement; and

2. the final prospectus will advise investors and potential investors of the various means by which they can obtain copies of the limited partnership agreement, which will include:

   a. inspection during normal business hours at the offices of the General Partner;

   b. from SEDAR;

   c. from the website of BluMont Capital Corporation; and

   d. upon written request to the General Partner.

Yours very truly,

"Vera Nunes"
Assistant Manager, Investment Funds

25.1.6 MRF 2008 Resource Limited Partnership - OSC Rule 41-501 General Prospectus Requirements, s. 15.1

Headnote

Exemption from the requirement to attach a copy of the limited partnership agreement to both the preliminary and final prospectus – Inclusion of the limited partnership agreement in the prospectus of the fund will not provide any additional disclosure to investors that would not already be publicly available on SEDAR – section 15.1 of Ontario Securities Commission Rule 41-501 General Prospectus Requirements and item 27.2 of Form 41-501F1 – Information Required in a Prospectus.

Applicable Legislative Provisions

Ontario Securities Commission Rule 41-501 General Prospectus Requirements, s. 15.1.
Form 41-501F1 Information Required in a Prospectus, Item 27.2.

January 28, 2008

Davies Ward Phillips & Vineberg LLP
44th Floor
1 First Canadian Place
Toronto, Ontario
M5X 1B1

Attention: Peter Westcott

Dear Sirs/Mesdames:

Re: MRF 2008 Resource Limited Partnership (the "Partnership")
Exemptive Relief Application under Part 15 of OSC Rule 41-501 General Prospectus Requirements ("Rule 41-501")
Application No. 2007/1088, SEDAR Project No. 1200432

By letter dated December 20, 2007 (the "Application"), Middlefield Fund Management Limited (the "General Partner") and MRF 2008 Resource Limited Partnership (the "Partnership") applied to the Director of the Ontario Securities Commission (the "Director") pursuant to section 15.1 of Rule 41-501 for relief from Item 27.2 of Form 41-501F1 which requires that an issuer attach a copy of the limited partnership agreement to both its preliminary prospectus and its final prospectus (the "Requested Relief").

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the Requested Relief to be evidenced by the issuance of a receipt for the Partnership's prospectus, subject to the following conditions:

1. the final prospectus of the Partnership will include a summary of all material

provisions of the limited partnership agreement; and

2. the final prospectus of the Partnership will advise investors and potential investors of the various means by which they can obtain copies of the limited partnership agreement, which will include:

   a. inspection during normal business hours at the offices of the General Partner;

   b. from SEDAR;

   c. upon written request to the General Partner; and

   d. from the website of Middlefield Group Limited (the sole owner of the General Partner).

Yours very truly,

"Vera Nunes"
Assistant Manager, Investment Funds

25.2 Approvals

25.2.1 Putnam Investments Inc. - s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with 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).

January 22, 2008

Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street W.
Toronto, ON M5H 3Y4

Attention: Kyle S. Pohanka

Dear Sirs/Medames:

Re: Putnam Investments 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. 2007/0926

Further to your application dated October 30, 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 Putnam U.S. Equity Fund, Putnam Non-North American Equity Fund, Putnam U.S. Midcap Equity Fund, Putnam Emerging Markets Fund, Putnam Global Core Equity Fund, Putnam U.S. Midcap Equity – S&P Midcap 400, Putnam International Bond Fund, Putnam Long Government Bond Plus MAPs Fund, Putnam Canadian Fixed Income Long Fund and Putnam Universe Bond Plus MAPs Fund (the "Funds") 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 the Funds and such other funds which 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,

"David Knight"

"Kevin Kelly"

Index