

# **Notice of Proposed National Instrument 81-104 and Companion Policy 81-104CP *Commodity Pools***

June 27, 1997

## **Substance and Purpose of Proposed National Instrument and Companion Policy**

### ***Introduction***

The proposed National Instrument and Companion Policy are a reformulation, on a national basis, of Ontario Securities Commission Policy 11.4 - "Commodity Pool Programs" ("Policy 11.4"). Through these proposed instruments, the Canadian Securities Administrators (the "CSA") seek to regulate publicly offered commodity pools structured as mutual funds.

The proposed National Instrument and Companion Policy are initiatives of the CSA, and the proposed National Instrument is expected to be adopted as a rule in each of British Columbia, Alberta, Ontario and Nova Scotia, as a Commission regulation in Saskatchewan, and as a policy in all the other jurisdictions represented by the CSA. The proposed Companion Policy is expected to be implemented as a policy in all of the jurisdictions represented by the CSA.

### ***Background***

Policy 11.4 was first implemented by the Ontario Securities Commission (the "OSC") in 1978 and substantially revised in 1985.<sup>1</sup>

<sup>1</sup> The OSC adopted Ontario Policy 3.38 "Mutual Funds - Commodity Pools Trading in Commodity Futures Contracts" in 1978 ((1978), OSCB 185). Policy 3.38 was renumbered as Policy 11.4 in 1982. The OSC made some technical amendments to Policy 3.38 via the renumbering process, but made no substantive change. Policy 11.4 was withdrawn by the OSC in April 1983, and in October 1984, the OSC proposed a new Policy 11.4, based on the guidelines for commodity pool programs developed by the North American Securities Administrators Association, Inc. The current version of Policy 11.4 was adopted by the OSC in March 1985 ((1985), OSCB 1197).

The OSC modelled the 1985 version of Policy 11.4 (which remains the current version) after the North American Securities Administrators Association, Inc. guidelines for commodity pool programs established in the United States (the "NASAA Guidelines"), which became effective January 1, 1984. The OSC indicated in its release of the draft Policy 11.4 that it decided to model Policy 11.4 after the NASAA Guidelines pending more experience with publicly offered commodity pool programs.

In British Columbia, commodity pools, which are a type of mutual fund, are required to comply with National Policy Statement No. 39 ("NP 39") unless they are granted a waiver or exemption from the requirements of NP 39. Waivers and exemptions from one or more provisions of NP 39 have been granted for commodity pool offerings made in accordance with Policy 11.4

At various times since the adoption by the OSC of Policy 11.4, the CSA have discussed implementing a national policy statement to regulate commodity pools. No national policy statement was developed. The proposed National Instrument represents agreement by the CSA to promulgate commodity pool regulation on a national basis. Accordingly, the proposed National Instrument implements, in part, the recommendation of the CSA Task Force on Operational Efficiencies that the CSA increase the coordination of regulation, including standardization of requirements.

Since 1985, the publicly offered commodity pool industry has not developed to any great extent in Canada and certainly not to the same extent as in the United States. All publicly offered commodity pools established in Canada have been structured as continuously distributed mutual funds, using the legal forms of limited partnerships, corporations or trusts. At present, four commodity pools are continuously offered to the public via prospectuses filed on a national basis.

The CSA have decided to depart from the 1985 OSC approach of modelling regulation of Canadian commodity pools after the NASAA Guidelines, in light of experience in working with Policy 11.4 and Canadian commodity pools over the past 12 years.<sup>2</sup>

<sup>2</sup> However, in preparing the proposed National Instrument, CSA staff reviewed the NASAA Guidelines as such were revised in 1990, as well as the recently promulgated rules of the Commodity Futures Trading Commission regarding the disclosure regime applicable to commodity pools in the United States.

OSC staff have experienced difficulties in administering Policy 11.4 and applying its provisions to the commodity pools offered in Canada. As a result, OSC staff have not applied certain provisions of Policy 11.4 and have modified others as necessary to integrate Policy 11.4 with the mutual fund policies, regulations and rules.

In developing the proposed National Instrument and the Companion Policy, the CSA started from the proposition that commodity pools are specialized mutual funds and, accordingly, the rules, regulations and policies of the CSA applicable to mutual funds should apply to commodity pools, except where the commodity pool structure necessitates some deviation. Additional regulation of commodity pools is also necessary having regard to their specialized nature. In particular, differing regulation is necessitated by the investment objectives and strategies commodity pools are permitted to adopt.

The proposed National Instrument reflects the CSA's review of Policy 11.4. The CSA has deleted or modified provisions of Policy 11.4 as appropriate in order to ensure that

the proposed National Instrument integrates properly with the Canadian regulatory structure applicable to mutual funds and reflects Canadian commercial and regulatory objectives.

### ***Substance and Purpose of Proposed Instrument***

The substance and purpose of the proposed National Instrument is to establish an appropriate regulatory regime for commodity pools, which are a type of mutual fund that invest in, or use, derivatives beyond the scope permitted by proposed National Instrument 81-102 ("NI81-102") Mutual Funds.<sup>3</sup>

<sup>3</sup> Notice of NI81-102, the proposed NI81-102 and its Companion Policy are being released for comment by the CSA concurrently with the proposed National Instrument and the proposed Companion Policy.

The proposed National Instrument deals with matters in which the regulatory treatment of commodity pools differs from that applicable to conventional mutual funds. Commodity pools are subject to the ordinary mutual fund rules unless those rules are specifically excluded in the proposed National Instrument. The proposed National Instrument contains only those provisions that are specific to commodity pools, and provisions contained in Policy 11.4 have not been carried forward into the proposed National Instrument if they are substantially similar to provisions now covered in NI81-102.

The proposed Companion Policy clarifies how the proposed National Instrument integrates with NI81-102, and brings certain matters relating to the proposed National Instrument to the attention of persons or companies involved with the establishment or administration of commodity pools.

This Notice summarizes the proposed National Instrument and Companion Policy and highlights the more significant changes made to Policy 11.4 by the proposed National Instrument. Further background and explanation of changes are contained in the footnotes contained in the proposed National Instrument and Companion Policy. In addition, reference should be made to the Notice of, and footnotes to, NI81-102 and its Companion Policy for background and explanation of provisions of those instruments that are proposed to be applicable to commodity pools.

### **Summary of Proposed National Instrument**

*Part 1* - Section 1.1 contains definitions of terms and phrases used in the proposed National Instrument that are not defined in NI81-102 or in National Instrument 14-101 Definitions.<sup>4</sup>

<sup>4</sup> National Instrument 14-101 Definitions came into force in all jurisdictions on April 1, 1997.

The National Definitions Instrument sets out definitions for commonly used terms and definitions of terms used in more than one national instrument and should be read together with the proposed National Instrument. Subsection 1.1(2) of the proposed National Instrument confirms that terms defined in NI81-102 and used in the proposed National Instrument have the respective meanings ascribed to them in NI81-102.

The proposed National Instrument defines a "commodity pool" as a mutual fund that is permitted to use or invest in specified derivatives and physical commodities beyond what is permitted by NI81-102. Because commodity pools are mutual funds, they must comply with all applicable rules, regulations and policies of the CSA applicable to mutual funds, unless the proposed National Instrument provides otherwise.

Section 1.2 sets out the application of the proposed National Instrument. It applies to all commodity pools and also regulates certain activities of industry participants that pertain to commodity pools. The application to commodity pools is limited to those that are reporting issuers and have issued securities under a prospectus at some time in their history. Through this section, the CSA intends to clarify that publicly offered commodity pools must continue to comply with the applicable sections of the proposed National Instrument even if their securities are no longer being offered for sale in a jurisdiction.

The definition of "commodity pool" includes, generally, mutual funds that invest in physical commodities other than as permitted by National Instrument 81-102. However, a mutual fund that is established as a "precious metals fund" is not a commodity pool. A precious metals fund is currently required to obtain a waiver or exemption from the provisions of NP39 and, when it comes into force, from the provisions of NI81-102 that restrict the ability of mutual funds to invest in commodities. However, those funds do not have the risk characteristics of commodity pools, and will remain subject to NP39 or NI81-102.

*Part 2* - Section 2.1 exempts commodity pools from the operation of certain of the investment restriction and practice requirements of NI81-102. These are the provisions that pertain to investment in physical commodities and specified derivatives; these provisions, if applicable to commodity pools, would prohibit a commodity pool from carrying out its investment objectives. Section 2.1 is consistent with the general approach of the CSA in the preparation of the proposed National Instrument and is consistent with Policy 11.4. The proposed National Instrument attempts to provide commodity pools with adequate freedom to undertake potentially risky investment objectives, so long as adequate disclosure of the risks associated with its objectives is made to the investor.

Except for the specific investment restrictions and practices listed in section 2.1, commodity pools must comply with all other investment restrictions and practices set out in Part 2 of NI81-102.

The CSA note that the proposed National Instrument does not exempt commodity pools from having to comply with paragraphs 2.1(1)(f) and(g) of NI81-102, being the "illiquid

asset" restrictions. Accordingly, commodity pools must manage their portfolios to ensure that not more than 10 percent of their net assets are invested in "illiquid assets" (as defined in NI81-102), on both an ongoing and a "time of investment" basis. The CSA are not aware that the existing commodity pools need relief from the comparable investment restriction presently contained in subsection 2.05(2) of National Policy Statement No. 39 in order to achieve their investment objectives and strategies, but request specific comment on whether some leeway from the "illiquid asset" restrictions should be introduced into the proposed National Instrument. If commodity pools require some change to these restrictions, comment should be made on what alternative restriction should be included in the proposed National Instrument, having regard to the fact that commodity pools are redeemable investment vehicles and like all such vehicles, must be able to honour redemption requests on demand.

*Part 3* - Part 3 provides specific requirements concerning the initial capitalization of commodity pools that are more onerous than those applicable to mutual funds in NI81-102 and that differ somewhat from the requirements of Policy 11.4. Under the proposed National Instrument, a commodity pool will not be permitted to issue securities to the public, in effect, unless an initial investment of \$50,000 is made in the commodity pool by a person or company, or group of persons or companies, related to it, and subscriptions aggregating \$500,000 have been received from other persons or companies. The \$50,000 investment will be required to remain in the commodity pool until its dissolution or termination. The \$500,000 requirement is consistent with Policy 11.4 (although Policy 11.4 permitted any amounts invested by the promoters to be included in the requisite \$500,000), but the \$50,000 requirement represents a change. Policy 11.4 requires no minimum investment by promoters, although it does require that any such investment made at the inception of the pool must remain in the pool for the life of the pool (section C.III).

The \$50,000 requirement is designed to encourage promoters to ensure that the commodity pool is being properly run for the benefit of the investors, by requiring that the promoter of a pool, or a related party, will itself be an investor in the pool at all times. The \$500,000 requirement is intended to ensure that the commodity pool has sufficient investment capital to become operational and achieve its investment objectives.

*Part 4* - Part 4 carries forward from Policy 11.4 two conflict of interest provisions that prohibit commodity pool advisers and managers from being paid fees from the commodity pool if they also receive brokerage commissions from trading conducted by the pool. The CSA considers the provisions in this Part to be necessary in order to moderate "churning" and unnecessary portfolio turnover of assets held in the portfolios of commodity pools. Having regard to the nature of the investment objectives and strategies of commodity pools, commodity pools may be more susceptible to churning and unnecessary turnover of assets than conventional mutual funds.

The CSA have proposed that the requirements of Policy 11.4 that limit the ability of commodity pools to exculpate or indemnify promoters, managers or portfolio adviser

(contained in Section VI of Part C of Policy 11.4) should apply to all mutual funds, and accordingly have moved those provisions into section 4.3 of NI81-102.

*Part 5* - Section 5.1 prescribes the proficiency requirements applicable to participating dealers and their sales representatives wishing to sell securities of commodity pools.

Since commodity pools are mutual funds any dealer or broker and their representatives registered to sell mutual funds in a province are permitted to sell securities of commodity pools in that province, under applicable securities legislation. However, the CSA considers commodity pools to be sufficiently more specialized and complex than conventional mutual funds having regard to their investment objectives and strategies that additional proficiency requirements for salespersons and their supervisors are warranted. The CSA wish to ensure that salespersons of participating dealers distributing securities of commodity pools understand the nature of the portfolios and the investment strategies followed by commodity pools in order that they may properly advise their clients.

Accordingly, section 5.1 provides that no registered salesperson, partner, director or officer of a principal distributor or participating dealer of a commodity pool may sell securities of commodity pools unless they have successfully completed the Canadian Futures Examination offered by the Canadian Securities Institute, or its predecessor. In addition, all principal distributors and participating dealers must have at least one supervisory personnel located in the applicable province who has successfully completed the above-noted courses and the Canadian Commodity Supervisors Examination. This supervisory personnel must be responsible for reviewing all trades in securities of commodity pools placed through the principal distributor or participating dealer in the province. Section 5.1 permits principal distributors to sell through participating dealers that satisfy the requirements, subject to compliance with other applicable securities legislation even if the principal distributor is not permitted by the Instrument to sell securities of commodity pools directly.

Section 5.1 represents a departure from the provisions of Policy 11.4 and the administrative practice followed by staff of the OSC. Policy 11.4 requires participating dealers to be registered as dealers (without limiting the category of registration) under the Securities Act (Ontario) and also as futures commission merchants under the Commodity Futures Act (Ontario). Policy 11.4 also requires that salespersons of participating dealers be dually registered. Staff of the OSC administer Policy 11.4 to require only that the participating dealer be dually registered; salespersons are not required to be registered also under the Commodity Futures Act (Ontario). The effect of the dual registration requirement is that any dealer wishing to sell securities of commodity pools must be a member of a self-regulatory organization - that is, a member of the Investment Dealers Association of Canada or one of the stock exchanges.

The CSA decided not to carry forward the dual registration requirement into the proposed National Instrument, having regard to, in part, the fact that only the Western

provinces and Ontario have separate categories of registration for dealers involved in commodity futures trading (exchange contract trading in the Western provinces). The CSA is primarily concerned with the understanding and knowledge of sales representatives of participating dealers and their supervisors concerning commodities markets and derivative strategies. The imposition of specific proficiency requirements on sales representatives of participating dealers and their supervisors should deal adequately with the primary regulatory concern. The proposed National Instrument does not impose the higher standards required of dealers by membership in a self-regulatory organization on participating dealers that would not otherwise have to comply with those higher standards.

Section 5.2 of the proposed National Instrument has been carried forward from Policy 11.4. This section is designed to ensure that a commodity pool has no long term liabilities in light of the potential volatility of commodity pools and their, generally, more limited life span, by requiring all agreements between a pool and a service provider have a 60-day notice period for termination without penalty.

The CSA did not carry forward into the proposed National Instrument the related requirement in Policy 11.4 that management and investment management agreements and any other agreement between a manager, an investment adviser or a promoter and a commodity pool be limited to one year terms. OSC staff did not impose this requirement on the existing commodity pools.

*Part 6* - Part 6 deals with the special considerations applicable to commodity pools structured as limited partnerships and is consistent with Policy 11.4. It seeks to ensure that the rights provided to investors by section 5.1 of NI81-102 (the section that provides securityholders the right to approve certain changes proposed to be made to a mutual fund) do not expose limited partners of a commodity pool to greater liability than their investment in the commodity pool by reason of causing the limited partners to lose their limited partnership status. The statute and case law as to when limited partners can lose their limited partner status varies from jurisdiction to jurisdiction. Therefore, Part 6 requires each commodity pool to obtain a legal opinion concerning these matters at appropriate times.

*Part 7* - Part 7 modifies the redemption requirements of NI81-102 as they apply to commodity pools in three respects.

Section 7.1 allows commodity pools to establish and implement a policy that allows the pool to suspend the right of securityholders to request the redemption of their securities for a period of up to six months after the date on which the receipt for the initial prospectus of the commodity pool is issued. This allows the commodity pool to have a reasonable period of time to establish itself and make its initial investments without having to manage its portfolio so as to accommodate redemption requests. Policy 11.4 provided for this right to suspend redemptions.

Section 7.2 allows a commodity pool to establish and implement a policy requiring that redemption requests be received up to two business days before the date on which the net asset value used in establishing the redemption price will be calculated. This provision recognizes that the investment portfolio of a commodity pool may be more difficult to manage to accommodate redemption requests than that of a mutual fund, and so some additional time is provided. However, the two business day period is a shorter period than the 10 day period permitted by Policy 11.4. The CSA believe the commodities markets and the derivatives markets have developed since 1985 and a longer notice period is no longer necessary for commodity pools.

Section 7.3 allows a commodity pool to take up to 15 days to pay redemption proceeds, rather than the three business days allowed in NI81-102. This recognizes that the portfolio of a commodity pool may be more difficult to liquidate than that of a conventional mutual fund. However, the 15-day period is shorter than the 30-day period permitted by Policy 11.4, reflecting the fact that the derivatives markets are more liquid than they once were.

*Part 8* - Part 8 requires that a commodity pool calculate its net asset value at least once each business day, which is consistent with Policy 11.4 and NI81-102 (for mutual funds that use permitted derivatives).

*Part 9* - Part 9 varies the provisions of securities legislation applicable to the filing, content and sending to securityholders of financial statements of mutual funds as that legislation applies to commodity pools. Because commodity pools are mutual funds, they are subject to the financial reporting obligations generally of mutual funds, except as provided for in Part 9. The main difference between the financial disclosure obligations of commodity pools and those conventional mutual funds is that commodity pools are required to prepare the relevant financial statements on a quarterly basis, rather than semi-annually as for mutual funds. The quarterly requirements contained in Part 9 represent a relaxation of the monthly requirement imposed by Policy 11.4.

All financial statements required to be prepared under securities legislation by conventional mutual funds must be prepared by commodity pools; Part 9 imposes additional disclosure requirements for the financial statements of commodity pools. The additional disclosure requirements are designed to provide relevant and meaningful information about the portfolio of a commodity pool.

The CSA note that some jurisdictions have granted orders that have exempted existing commodity pools from preparing and filing Statements of Portfolio Transactions and Statements of Investment Portfolio, which are statements required to be prepared by conventional mutual funds. Those orders remain in force after the proposed National Instrument comes into force, although the proposed National Instrument does not exempt commodity pools that do not have such orders from having to prepare these statements. The CSA request specific comment on the utility of commodity pools preparing these financial statements. The relevant CSA jurisdictions have granted past relief on the basis that those statements do not provide investors with meaningful



information. Given the significant volume of trading generally conducted by commodity pools, the complexity of the instruments that are traded and the number of positions that are taken to reflect the various investment strategies that might be adopted by a commodity pool, the existing commodity pools submitted as part of their application for regulatory relief, that the information contained in these statements would be frequently out of date and quite lengthy. The CSA consider that these statements are significant information sources for mutual fund investors and the Canadian securities regulatory authorities and are reluctant to exempt new commodity pools from the requirement to prepare these statements without further consideration of comments on the practicalities and the usefulness of these statements.

*Part 10* - Part 10 imposes specific prospectus disclosure requirements on commodity pools. Section 10.2 requires bold face front page disclosure of the risks associated with investing in commodity pools. Warnings, if appropriate, about trades occurring outside Canada and the lack of experience of any or all of the promoter, manager and portfolio manager of the commodity pools are also mandated. Section 10.3 imposes specific prospectus disclosure requirements. Section 10.4 provides that a commodity pool prospectus is subject to the ordinary long form prospectus rules applicable to non-mutual fund issuers in respect of financial statement disclosure. That is, five years of historical financial statements must be provided in the prospectus, with interim statements made up within 90 days of the date of the prospectus. The CSA are considering changing this to three years.

The requirements of Part 10 are generally consistent with the requirements of CSA staff imposed on existing commodity pools in the review of their prospectuses.

*Part 11* - Section 11.1 permits the regulator or, except in the case of Ontario, the securities regulatory authority to provide exemptions from the proposed National Instrument. Section 11.2 provides that, in certain circumstances, the granting of such an exemption is evidenced by the issuance of a receipt for the prospectus of a commodity pool.

*Part 12* - Section 12.1 provides for the inclusion of an effective date of the proposed National Instrument. No effective date is included in the proposed National Instrument at this time; the CSA anticipate that the proposed National Instrument will come into force on a date that is approximately six months after it has been adopted by the CSA jurisdictions, in order to provide a transitional period for market participants.

Section 12.2 provides that the prospectus of a commodity pool for which a receipt has been obtained before the proposed National Instrument has come into force is not required to comply with the specific disclosure requirements of the proposed National Instrument, primarily contained in Part 10. This provision permits a commodity pool to continue to use a prospectus that is receipted before the proposed National Instrument comes into force, and is designed to ease the transition required to be made by commodity pools in complying with the proposed National Instrument. The provision does not require an amendment of a prospectus of a commodity pool to be prepared

and filed after the proposed National Instrument comes into force; however commodity pools may amend their prospectus to ensure that the prospectus continues to contain full, true and plain disclosure.

### ***Major Matters Not Carried Forward from Policy 11.4 to the Proposed National Instrument***

The CSA have concluded that many of the provisions of Policy 11.4 should not be carried forward into the proposed National Instrument. Generally, this conclusion was reached because the provision in question was inconsistent with the Canadian regulatory approach to mutual fund regulation, because the provision was considered to impose ineffective regulation or in some cases, was already dealt with in NI81-102 and was applicable more generally to mutual funds. See the OSC Notice that accompanies the publication of the proposed National Instrument in the OSC bulletin for the week of June 27, 1997, for a discussion of the major provisions of Policy 11.4 that have not been carried forward into the proposed National Instrument. Reference should also be made to the concordance published with that Notice for a detailed list of the provisions of Policy 11.4 not carried forward into the proposed National Instrument.

### **Summary of Proposed Companion Policy**

The proposed Companion Policy clarifies that a commodity pool is a mutual fund, and is therefore subject to all the securities legislation applicable to mutual funds generally unless specifically excluded. The proposed Companion Policy reminds persons or companies involved with the establishment or administration of a commodity pool to consider the application of NI81-102 and the securities legislation relating to mutual funds of the jurisdictions in which a prospectus for the commodity pool will be filed. The proposed Companion Policy also points out that commodity pools continue to be prohibited from using the simplified prospectus system generally available to other mutual funds.

Part 3 of the Companion Policy describes the central regulatory concern with commodity pools, namely the concern that the liability of securityholders not exceed the amount those securityholders invest in a commodity pool. Since the use of leverage by a commodity pool is unlimited, it is very important that securityholders be shielded by the legal structure of the commodity pool from any liability to make up losses of the commodity pool that exceed its assets. The CSA will review very closely a prospectus of a commodity pool that appears to be structured in a manner that exposes an investor to liability beyond original investment. Part 3 of the Companion Policy also encourages commodity pools to consider additional safeguards in entering into futures or other trading agreements.

The proposed Companion Policy also states that the procedures for applying for an exemption from the proposed National Instrument in more than one jurisdiction that is described in the Companion Policy to NI81-102 should be followed for commodity pools that are applying for an exemption from the proposed National Instrument.

Terms used in the proposed Companion Policy that are defined or interpreted in the proposed National Instrument or a definition instrument in force in the jurisdiction should be defined or interpreted in accordance with the proposed National Instrument or definition instrument, unless the context otherwise requires.

### **Related Instruments**

The proposed National Instrument and Companion Policy are related to NI81-102 and the Companion Policy to NI81-102.

### **Unpublished Materials**

In proposing the National Instrument and Companion Policy, the CSA have not relied on any significant unpublished study, report, decision or other written materials.

### **Anticipated Costs and Benefits**

Commodity pool issuers and service providers to commodity pools should benefit, over the longer term, from the proposed National Instrument and the Companion Policy. The intent of the CSA in preparing the proposed National Instrument is to (i) clarify the mandatory rules applicable to commodity pools and their related service providers and (ii) to update those requirements to reflect current administrative practice and the views of the CSA. For the most part, the proposed National Instrument does not impose rules on commodity pool issuers and their service providers that are substantially different from those rules and policies under which commodity pools and their service providers have historically been governed. Accordingly, the proposed National Instrument should not impose significantly greater compliance costs than are currently borne by commodity pools and their service providers, and may result in a lessening of those costs, assuming the CSA have been successful in their aim to achieve legislative certainty and clarity in the rules. The CSA anticipate that commodity pools and their service providers may experience a transition period in which costs are incurred in reviewing and understanding the rules provided for in the proposed National Instrument and NI81-102, but that such a transition period will not be materially different from the transition period for any rule of the CSA replacing an existing rule or policy of the CSA.

The Notice accompanying the publication of NI81-102 contains a discussion of the costs associated with the proposed rules that will be applicable to commodity pools set out in that proposed national instrument.

Industry participants and investors in commodity pools should benefit from the modernization of the rules applicable to public commodity pools and from any reductions in costs incurred by commodity pool issuers and their service providers in complying with these rules.

## Comments

Interested parties are invited to make written submissions with respect to the proposed National Instrument. Submissions received by October 31, 1997 will be considered.

Submissions should be sent to all of the Canadian securities regulatory authorities listed below in care of the Ontario Securities Commission, in duplicate, as indicated below

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Securities Commission  
The Manitoba Securities Commission  
Ontario Securities Commission  
Office of the Administrator, New Brunswick  
Registrar of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Securities Commission of Newfoundland  
Securities Registry, Government of the Northwest Territories  
Registrar of Securities, Government of the Yukon Territory

c/o Daniel P. Iggers, Secretary  
Ontario Securities Commission  
20 Queen Street West  
Suite 800, Box 55  
Toronto, Ontario M5H 3S8

Submissions should also be addressed to the Commission des valeurs mobilières du Québec as follows

Jacques Labelle, General Secretary  
Commission des valeurs mobilières du Québec  
800 Victoria Square  
Stock Exchange Tower  
P.O. Box 246, 17th Floor  
Montréal, Québec H4Z 1G3

A diskette containing the submissions (in DOS or Windows format, preferably WordPerfect) should also be submitted. As securities legislation in certain provinces requires that a summary of written comments received during the comment period be published, confidentiality of submissions cannot be maintained.

Questions may be referred to any of

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