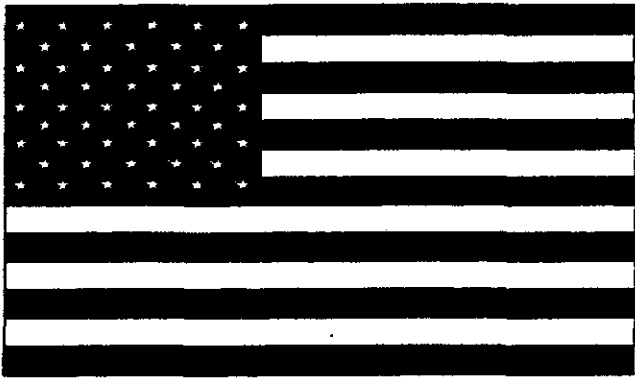
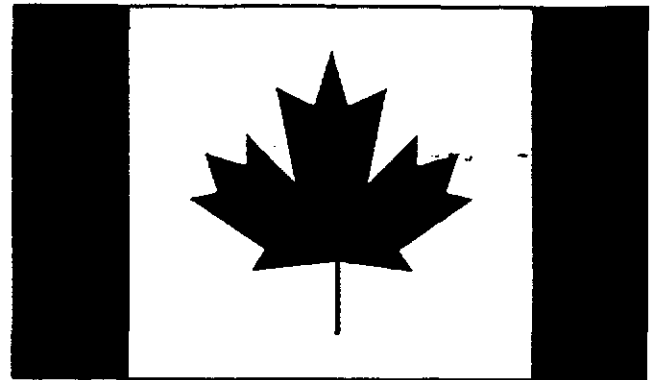


MEMORANDUM OF UNDERSTANDING



*The United States
Securities and Exchange Commission*



*The Ontario Securities Commission
The Commission des Valeurs Moblieres
du Quebec
The British Columbia Securities
Commission*

*Washington, D.C.
January 7, 1988*

MEMORANDUM OF UNDERSTANDING

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

- AND -

ONTARIO SECURITIES COMMISSION

COMMISSION DES VALEURS MOBILIERES DU QUEBEC

BRITISH COLUMBIA SECURITIES COMMISSION

JANUARY 7, 1988

MEMORANDUM OF UNDERSTANDING

The United States Securities and Exchange Commission, the Ontario Securities Commission, the Commission des valeurs mobilières du Québec and the British Columbia Securities Commission, recognizing the increasing international activity in securities markets and the corresponding need for mutual cooperation in matters relating to the administration and enforcement of United States and Canadian securities laws, have reached the following understanding with respect to requests for assistance as set out herein made between the United States Securities and Exchange Commission and a Canadian securities regulatory authority:

Article 1: Definitions

1. For the purposes of this Memorandum of Understanding:
 - (a) "Authority" means:
 - (i) the Securities and Exchange Commission of the United States; or
 - (ii) the Ontario Securities Commission, the Commission des Valeurs Mobilières du Québec, the British Columbia Securities Commission or any other Canadian securities regulatory

authority which becomes a party to this Memorandum of Understanding in the manner set out in Article 12.

(b) "requested Authority" means:

(i) where the requesting Authority is the United States Securities and Exchange Commission, the Canadian securities regulatory authority to which the request under this Memorandum of Understanding is made; or

(ii) where the requesting Authority is a Canadian securities regulatory authority, the United States Securities and Exchange Commission.

(c) "requesting Authority" means an Authority making a request under this Memorandum of Understanding.

(d) "person" means a natural person, unincorporated association, partnership, body corporate, government, political subdivision, agency, or instrumentality of a government.

(e) "issuer" means a person who issues or proposes to issue any security.

- (f) "investment businesses" means investment advisers, investment advisory services, investment companies, other collective investment undertakings, investment banks, brokers, dealers, and equivalent entities.
- (g) "securities processing businesses" means clearing corporations or securities transfer agents.
- (h) "laws or regulations" means the laws, regulations and regulatory policies applicable in the jurisdictions of the Authorities concerning securities regulation including, without limitation:
- (i) insider trading;
 - (ii) misrepresentation or the use of fraudulent, deceptive, or manipulative practices in connection with the offer, purchase or sale of any security;
 - (iii) the duties of persons to comply with periodic reporting requirements or requirements relating to changes in corporate control;
 - (iv) the duties of persons, issuers or investment businesses to make full and fair disclosure of information relevant to investors;

- (v) the duties of investment businesses and securities processing businesses pertaining to both their financial, operational or other requirements and their duties of fair dealing in the offer and sale of securities and the execution of transactions; and
- (vi) the financial and other qualifications of those engaged in, or in control of, issuers, investment businesses or securities processing businesses.

Article 2: Scope of Assistance

1. The Authorities will provide the fullest mutual assistance, as contemplated by this Memorandum of Understanding. Such assistance will be provided to facilitate the performance of securities market oversight functions and the conduct of investigations, litigation or prosecution in cases where information located within the jurisdiction of the requested Authority is needed to determine whether, or prove that, the laws or regulations of the requesting Authority may have been violated.

2. Assistance available under this Memorandum of Understanding includes but is not limited to:

- (a) providing access to information in the files of the requested Authority;
- (b) taking the evidence of persons; and
- (c) obtaining documents from persons.

3. The Authorities recognize that they may not in all circumstances possess the legal authority to provide the assistance contemplated in this Memorandum of Understanding. Subject to such limitations of legal authority, the Authorities will use all reasonable efforts to obtain the necessary authorization to provide the assistance described in this Memorandum of Understanding.

Article-3: General Principles

1. This Memorandum of Understanding sets forth a statement of intent of the Authorities regarding the exchange of information between the Authorities.

2. The execution of this Memorandum of Understanding does not prohibit any Authority from taking measures other than as provided herein to obtain information, evidence or documents located in the jurisdiction of another Authority or in the possession or under the control of a national of another Authority necessary to ensure compliance with or enforce the laws or regulations of its jurisdiction, provided that such Authority:

- (i) utilizes moderation and restraint in taking such additional measures;
- (ii) where the information is located within the territory of the other Authority, makes a request to the other Authority pursuant to this Memorandum, or otherwise, prior to taking such other measures;
- (iii) notifies the other Authority before using measures not contemplated by this Memorandum of Understanding; and
- (iv) consults, if so requested, concerning how such measures may affect the interests of the other Authority and its government.

Notwithstanding these restrictions:

- (a) a requesting Authority may communicate with any person in the jurisdiction of the requested Authority who voluntarily agrees to provide the information or documents requested; and
- (b) requests for information which is available from any public source in the jurisdiction of the requested Authority may be communicated on an informal basis without compliance with the terms of this Memorandum of Understanding.

3. The provisions of this Memorandum of Understanding will not give rise to a right, directly or indirectly, on the part of any person, other than the Authorities, to obtain, suppress or exclude any information or to challenge the execution of a request for assistance under this Memorandum of Understanding.

4. Assistance under this Memorandum of Understanding may be denied by the requested Authority on grounds of public interest.

Article 4: Requests for Assistance

1. Requests for assistance must be made in writing and addressed to the requested Authority's contact officer listed in Appendix A.

2. The request for assistance will specify the following:

- (a) a general description of the documents, information and testimony of persons sought by the requesting Authority;
- (b) a general description of both the matter which is the subject of the request and the purpose for which the information is sought;
- (c) the persons believed by the requesting Authority to possess the information sought, or the places where such information may be obtained, if the requesting Authority is knowledgeable thereof;

- (d) the legal provisions pertaining to the matter which is the subject of the request; and
- (e) the desired time period for the reply.

3. Requests for assistance may be denied where the request is not in accordance with the provisions set forth in this Memorandum of Understanding.

4. In the event of urgency, requests for assistance and replies to such requests will be effected by summary procedures or by means of communication other than the exchange of letters, provided that all such communications are confirmed in the manner prescribed in this Article.

Article 5: Execution of Requests

1. In making a request for assistance the Requesting Authority may designate the persons whose testimony it wishes to be taken.

2. The testimony of persons involved, directly or indirectly, in the activities underlying the request or holding information which may assist in carrying out the request will be taken, and the production of other evidence will be required, by the requested Authority or any other party or parties that it designates.

3. The testimony of persons will be taken in the same manner and to the same extent as in investigations or other proceedings in the jurisdiction of the requested Authority. Notwithstanding any other provision of this Memorandum of Understanding, any person giving testimony as a result of a request made under this Memorandum of Understanding will be entitled to all of the rights and protections of the laws of the jurisdiction of the requested Authority. Assertions regarding other rights and privileges arising exclusively pursuant to the law of the jurisdiction of the requesting Authority shall be preserved for consideration by the courts in the jurisdiction of the requesting Authority.

4. Access to information held in the files of the requested Authority will be provided upon request of the requesting Authority.

5. When requested by the requesting Authority, testimony will be taken under oath and a transcript will be made. In addition, a representative of the requesting Authority may be present at the taking of testimony and, subject to approval by the requested Authority and to paragraph 6, may prescribe specific questions to be asked of any witness or otherwise participate in the examination of any witness.

6. Subject to the following conditions, a requested Authority may grant a request made by the requesting Authority that a person or persons designated by the requesting Authority be permitted to conduct the interrogation of any person:

- (a) the requesting Authority must specify the reasons for this request.
- (b) the request may be granted or denied by the requested Authority in its discretion. The requested Authority may impose such conditions on the participation of the requesting Authority as it deems appropriate.
- (c) if the request is granted and the laws of the jurisdiction of the requesting Authority require the opportunity for counsel to the witness or any party to the proceeding, his counsel, or both, to pose questions to the witness, such participation will be permitted; and

- (d) if the request is denied, the Authorities agree to consult pursuant to Article 8 concerning the reasons for the denial and the circumstances under which the request might be granted.

Article 6: Permissible Use of Information

1. The requesting Authority may use the information furnished solely:

- (a) for the purposes stated in the request with respect to ensuring compliance with or enforcement of the laws and regulations of the requesting Authority including the legal provisions specified in the request and related provisions; and
- (b) for purposes within the general framework of the use stated in the request including conducting a civil or administrative enforcement proceeding, assisting in a criminal prosecution, assisting in a self-regulatory enforcement proceeding, or conducting any investigation related thereto for any general charge applicable to the violation of the provisions specified in the request.

2. The requesting Authority will not use the information furnished for any purpose other than those stated in paragraph 1 of this article, unless it has first informed the requested Authority of its intention and the requested Authority has not objected to such intended use of the information. If the requested Authority opposes such use, the information may be used only under the conditions imposed by the requested Authority. If use of the information is opposed by the requested Authority, the Authorities agree to consult pursuant to Article 8 concerning the reasons for the refusal and the circumstances under which use of the information might otherwise be allowed.

Article 7: Confidentiality of Requests

1. Each Authority will keep requests made under this Memorandum of Understanding, the contents of such requests, information gathered in response to requests, and any other matters arising during the operation of this Memorandum of Understanding, including consultations between the Authorities, confidential, to the extent permitted by law, except for disclosures which are absolutely necessary to carry out the request, provided that such confidentiality may be waived by the mutual agreement of the requesting Authority and the requested Authority.

2. The Authorities will keep confidential, to the extent permitted by law, any information provided pursuant to this Memorandum of Understanding subject to the terms of this paragraph, unless it is disclosed in furtherance of the purpose for which it was requested under Article 6.

3. Except as contemplated by Article 6, the requesting Authority will not offer the information to, and shall use its best efforts to ensure that it is not obtained by, any other person. Unless otherwise agreed, if such information is obtained by any other person, the requesting Authority will use its best efforts to ensure that such information will not be used by that person in any way that involves disclosure to any other person.

4. The requesting Authority will notify the requested Authority of any legally enforceable demand for information prior to complying with the demand and will assert such appropriate legal exemptions or privileges with respect to such information as may be available.

5. As soon as the requesting Authority has terminated the matter for which assistance has been requested under this Memorandum of Understanding, it will return to the requested Authority, to the extent permitted by law, all documents and copies thereof not already disclosed in proceedings referred to in Article 6 and other material

disclosing the contents of such documents, other than material which is generated as part of the deliberative or internal analytical process of the requesting Authority.

6. Any document or any other material provided by an Authority in response to a request under this Memorandum of Understanding and any other material disclosing its content, other than material which is generated as part of the deliberative or internal analytical process of the requesting Authority, will not become the property of the requesting Authority, and must be redelivered to the requested Authority without delay on demand to the extent permitted by the law of the requesting Authority; provided that such demand may be made only if the requested Authority has reason to believe that the information has been or is likely to be disclosed or used otherwise than as contemplated by Article 6 above.

Article 8: Disputes and Consultations

1. In any case of dispute over the meaning of any term used in this Memorandum of Understanding, the parties will define the terms herein in accordance with the relevant laws of the jurisdiction of the requesting Authority.

2. The Authorities will engage in consultations with respect to this Memorandum of Understanding with a view to improving its operation and resolving any matters which may arise. In particular, the Authorities will consult upon request in the event of:

(a) a refusal by one Authority to comply with a request for information on the grounds set forth in paragraph 4 of Article 3; or

(b) a change in market or business conditions, or in the legislation governing the matters set forth in paragraph 1(h) of Article 1, or any other difficulty which makes it necessary or appropriate to amend or extend this Memorandum of Understanding in order to achieve its purposes.

3. The Authorities may agree on such practical measures as may be necessary to facilitate the implementation of this Memorandum of Understanding.

4. Any of the conditions of this Memorandum of Understanding may be amended, relaxed or waived by mutual agreement.

Article 9: Unsolicited Assistance

1. To the extent permitted by the laws and regulations of its jurisdiction, each Authority will use reasonable efforts to provide the other Authority with any information it discovers which gives rise to a suspicion of a breach, or anticipated breach, of the laws or regulations of the other Authority.

Article 10: Costs of Investigation

1. If it appears that responding to a request for assistance under this Memorandum of Understanding will involve substantial costs being incurred by the requested Authority, the requested Authority and the requesting Authority will establish a cost sharing arrangement before continuing to respond to such request for assistance.

Article 11: International Law

1. The execution of this Memorandum of Understanding will not prejudice the respective positions of the Authorities and their governments concerning the principles of international law applicable to procedures for obtaining information located in another jurisdiction as contemplated in Article 3.

2. The Authorities acknowledge that when the treaty between the governments of Canada and the United States of America on Mutual Legal Assistance in Criminal Matters is duly implemented and ratified it, in addition to this Memorandum of Understanding, will constitute a framework of principles and procedures for investigating and obtaining information concerning certain kinds of securities law offences.

Article 12: Execution

1. This Memorandum of Understanding will be effective from the date of its execution by the United States Securities and Exchange Commission, the Ontario Securities Commission, the Commission des valeurs mobilières du Québec and the British Columbia Securities Commission.

2. Any Canadian securities regulatory authority may become a party to this Memorandum of Understanding by executing a counterpart thereof together with the Securities and Exchange Commission and providing notice of such execution to the other Canadian securities regulatory authorities which are parties to this Memorandum of Understanding.

Article 13: Termination

1. This Memorandum of Understanding may be terminated as to any Authority by that Authority giving 30 days notice to the other Authorities that this Memorandum of Understanding is no longer in effect as to the terminating Authority's area of competence. If any Authority gives such notice, this Memorandum of Understanding will continue to have effect with respect to all requests for assistance which are

made before the effective date of notification until the requesting Authority terminates the matter for which assistance was requested.

DATED this 7th day of January, 1988

United States Securities
and Exchange Commission

by David S. Ruder

D. S. Ruder
Chairman

Ontario Securities
Commission

by S. M. Beck

S. M. Beck, Q.C.
Chairman

British Columbia
Securities Commission

by D. M. Hyndman

D. M. Hyndman
Chairman

Commission des valeurs
mobilières du Québec

by P. Guy

P. Guy
President

APPENDIX A

CONTACT OFFICERS

United States Securities and Exchange Commission
450 5th Street N.W.
Washington, D.C.
U. S. A. 20549

Tel: (202) 272-2900

Attention: Director, Division of Enforcement

Ontario Securities Commission
Suite 1800, 20 Queen Street West
Toronto, Ontario
M5H 3S8
Canada

Tel: (416) 597-0681

Attention: Deputy Director, Enforcement and Market
Regulation Branch

Commission des valeurs mobilières du Québec
Tour de la Bourse
C.P. 246, 17th Floor
Montreal, Quebec
H4Z 1G3
Canada

Tel: (514) 873-5326

Attention: Directeur des affaires juridiques

British Columbia Securities Commission
Suite 1100, 865 Hornby Street
Vancouver, B.C.
V6Z 2H4

Tel: (604) 660-4800

Attention: Manager, Compliance Branch