“NATIONAL INSTRUMENT 33-102
“REGULATION OF CERTAIN REGISTRANT ACTIVITIES

“PART 1 DEFINITIONS

“1.1 Definitions - In this Instrument,

(a) **‘recognized SRO’** means an SRO that is recognized as a self-regulatory organization by the Canadian securities regulatory authority; and

(b) **‘retail client’** means

(i) an individual, unless the individual has a net worth exceeding $5 million, or

(ii) a person or company, other than an individual, unless the person or company has total assets or annual revenues exceeding $10 million,

but does not include

(iii) a Canadian financial institution, or

(iv) a person or company registered under Canadian securities legislation.

“PART 2 LEVERAGE DISCLOSURE

“2.1 Leverage Disclosure

(1) When a registrant opens an account for a retail client or when a registrant makes a recommendation to a retail client to purchase securities using in whole or in part borrowed money, or otherwise becomes aware of a retail client’s intent to purchase securities using in whole or in part borrowed money, the registrant shall deliver to the retail client, before the retail client purchases those securities, a written disclosure statement in substantially the following words:

> ‘Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines’.

(2) Before executing an order on behalf of a retail client purchasing securities who to the knowledge of the registrant is using in whole or in part borrowed money in connection with the purchase, the registrant shall obtain an acknowledgement from the retail client that specifically refers to the written disclosure statement required by subsection (1) and confirms that the retail client has read the written disclosure statement.

(3) A registrant is not required to comply with subsections (1) and (2) if:

(a) the registrant has delivered the written disclosure statement required by subsection (1) to the retail client and the client has delivered an acknowledgement within the six month period prior to the registrant making the recommendation for purchasing securities by using in whole or in part

borrowed money, or otherwise becoming aware of a retail client's intent to purchase securities using in whole or in part borrowed money, or

(b) the registrant is subject to and complies with the leverage disclosure by-laws, rules, regulations or policies of a recognized SRO.

"2.2 Exemption for Margin Accounts - Section 2.1 does not apply to purchases of securities by a retail client on margin if the client's margin account is maintained with a registrant that is a member of a recognized SRO and the margin account is operated in accordance with the by-laws, rules, regulations or policies of the recognized SRO.

"PART 3 DISCLOSURE OF CONFIDENTIAL RETAIL CLIENT INFORMATION

"3.1 Application of this Part – This Part does not apply to a registrant registered under securities legislation in Québec with respect to its dealings with retail clients in Québec.

"3.2 Consent Required - A registrant shall hold all information about a retail client confidential and shall not disclose the information to any third party, except as expressly permitted or required by law or the by-laws, rules, regulations or policies of a recognized SRO, unless, before disclosing the information,

(a) the registrant provides at least the following information to the retail client to whom the information pertains:

(i) the name of the third party or a description of the class of third party to which the information will be disclosed;

(ii) the nature of the relationship between the registrant and the third party;

(iii) the nature of the information that will be disclosed;

(iv) the intended use of the information by the third party, including whether the third party will disclose the information to others;

(v) a statement that the retail client has the right to revoke the consent referred to in paragraph (b), and the effect of the revocation; and

(vi) a statement that the retail client's consent under paragraph (b) is not required as a condition of the registrant dealing with the retail client, except in circumstances described in section 3.3; and

(b) the retail client provides consent to the specified disclosure of the confidential client information.

"3.3 Prohibition to Require Consent as a Condition - No registrant shall require a retail client to consent to the registrant disclosing confidential information regarding the retail client as a condition, or on terms that would appear to a reasonable person to be a condition, of supplying a product or service, unless the disclosure of the information is reasonably necessary to provide the specific product or service that the retail client has requested.

“3.4 Consent not Required – Despite section 3.2, a registrant does not need to obtain retail client consent to disclose confidential retail client information

(a) for audit, statistical or record-keeping purposes;

(b) to a law enforcement agency, securities regulatory authority or self-regulatory organization;

(c) for the collection of a debt owed by the client; or

(d) to a barrister or solicitor for the purpose of obtaining legal advice.

“PART 4 SETTLING SECURITIES TRANSACTIONS

“4.1 Settling Securities Transactions - No registrant shall require a person or company to settle that person’s or company’s transaction with the registrant through that person’s or company’s account at a Canadian financial institution as a condition, or on terms that would appear to a reasonable person to be a condition, of supplying a product or service, unless this method of settlement is reasonably necessary to provide the specific product or service that the person or company has requested.

“PART 5 TIED SELLING

“5.1 Tied Selling - No person or company shall require another person or company

(a) to invest in particular securities, either as a condition or on terms that would appear to a reasonable person to be a condition, of supplying or continuing to supply products or services; or

(b) to purchase or use any products or services, either as a condition or on terms that would appear to a reasonable person to be a condition, of selling particular securities.

“PART 6 DISCLOSURE IN RESPECT OF SECURITIES RELATED ACTIVITIES IN A CANADIAN FINANCIAL INSTITUTION

“6.1 Application of Part 6 - This Part applies only to registrants conducting securities related activities in an office or branch of a Canadian financial institution.

“6.2 Disclosure

(1) When a registrant opens an account for a retail client, a registrant shall deliver a written disclosure statement that the registrant is a separate entity from the Canadian financial institution and, unless otherwise advised by the registrant, securities purchased from or through the registrant

(a) are not insured by a government deposit insurer,

(b) are not guaranteed by a Canadian financial institution, and

(c) may fluctuate in value.

(2) At the time that the account is opened, the registrant shall obtain an acknowledgement from the retail client that specifically refers to the written disclosure statement required by subsection (1) and confirms that the retail client has read the written disclosure statement.

"PART 7 EXEMPTION

"7.1 Exemption

(1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

"PART 8 EFFECTIVE DATE

"8.1 Effective Date - This Instrument comes into force on August 1, 2001**".**