

## 2004 BCSECCOM 570

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 51-102 Continuous Disclosure Requirements - A wholly-owned subsidiary of a reporting issuer wants relief from certain continuous disclosure requirements - The issuer is a wholly-owned subsidiary of a reporting issuer; the parent issuer's only operations are carried on through the issuer; the parent's continuous disclosure record will be filed and delivered in place of the issuer's disclosure record; the issuer will file material change reports for any change that is material to it, but not to the parent

### Applicable British Columbia Provisions

*Securities Act*, R.S.B.C. 1996, c. 418, ss. 85, 91, 117 and 119

*Securities Rules*, B.C. Reg. 194/97, ss. 144, 145, 146, 149

National Instrument 51-102 *Continuous Disclosure Obligations*, Parts 4, 5, 7, and 9, and sections 11.1 and 13.1

**IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH  
COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,  
QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND AND  
LABRADOR, THE NORTHWEST TERRITORIES, THE YUKON  
TERRITORY AND NUNAVUT**

**AND**

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

**AND**

**IN THE MATTER OF CANADA LIFE FINANCIAL CORPORATION AND  
IN THE MATTER OF THE CANADA LIFE ASSURANCE COMPANY**

### **MRRS DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”, and collectively the “Decision Makers”) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, the Northwest Territories, the Yukon Territory and Nunavut (collectively, the “Jurisdictions”) has received an application on behalf of Canada Life Financial Corporation (“CLFC”) and The Canada Life Assurance Company (“CLAC”) for a decision, pursuant to the securities legislation of the Jurisdictions (the “Legislation”) and in Québec by a

## 2004 BCSECCOM 570

revision of the general order that will provide the same result as an exemption order, that:

1. except in the Northwest Territories, CLAC is exempt from the following requirements under the Legislation to:
  - (a) file the following documents:
    - (i) annual financial statements together with an auditor's report and annual MD&A; and
    - (ii) interim financial statements together with a notice regarding auditor review or a written review report, if required, and interim MD&A;
  - (b) send annually a request form to the registered holders and beneficial owners of CLAC's securities, other than debt instruments, that the registered holders and beneficial owners may use to request a copy of CLAC's annual financial statements and annual MD&A, interim financial statements and interim MD&A or both, and send a copy of financial statements and MD&A to registered holders and beneficial owners;
  - (c) file a notice if CLAC changes its financial year-end by more than 14 days;
  - (d) comply with the requirements upon a termination or resignation of CLAC's auditor or an appointment of a successor auditor;
  - (e) issue and file a news release and file a material change report if a material change occurs in the affairs of CLAC;
  - (f) file a business acquisition report, including any required financial statement disclosure, if CLAC completes a significant acquisition (as defined in National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102"));
  - (g) comply with proxy and proxy solicitation requirements, including:
    - (i) sending a form of proxy to registered holders of voting securities who are entitled to notice of a meeting and an information circular, together with a notice of meeting, if

## 2004 BCSECCOM 570

required, to registered security holders whose proxies are solicited; and

- (ii) file a copy of an information circular and form of proxy required to be sent to registered security holders and all other material required to be sent in connection with the meeting to which the information circular or form of proxy relates;
- (h) file a copy of any disclosure material that CLAC sends to holders of its equity securities and a copy of the annual report that it sends to holders of the Debentures in accordance with the terms thereof (the “Annual Report”); and
- (i) file copies of any contract that CLAC or any of its subsidiaries is a party to, other than a contract entered into in the ordinary course of business, that is material to CLAC and was entered into within the last financial year, or before the last financial year but is still in effect,

(collectively, the “Continuous Disclosure Requirements”); and

2. except in British Columbia and Québec, CLAC is exempt from the following requirements under the Legislation to:

- (a) file annual certificates (“Annual Certificates”) in accordance with section 2.1 of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* (“MI 52-109”); and
- (b) file interim certificates (“Interim Certificates”) in accordance with section 3.1 of MI 52-109,

(collectively, the “Certification Filing Requirements”);

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;

## 2004 BCSECCOM 570

AND WHEREAS CLFC and CLAC have represented to the Decision Makers that:

1. CLAC is a life insurance company governed by the provisions of the *Insurance Companies Act*, S.C. 1991, c. 47, as amended (the “ICA”), whose head office is located in Toronto, Ontario. On November 4, 1999, CLAC was demutualized and became a stock life insurance company under Letters Patent of Conversion issued under the ICA.
2. CLAC is a reporting issuer in each of the provinces and territories of Canada that provides for such a regime.
3. CLAC did not file Interim Certificates for the interim period ended March 31, 2004 as required under MI 52-109. Prior to such filing deadline, CLAC submitted its application for the relief described herein. Other than as described above, CLAC is not in default of its reporting issuer obligations under the Legislation.
4. CLAC is a venture issuer as defined in NI 51-102.
5. CLAC is not an SEC issuer as defined in NI 51-102.
6. CLFC is an insurance company subject to the ICA, whose head office is located in Toronto, Ontario. CLFC is a wholly-owned subsidiary of The Great West Life Assurance Company (“GWL”).
7. CLFC is a reporting issuer in each of the provinces and territories of Canada that provides for such a regime and is not in default of its reporting issuer obligations under the Legislation.
8. The authorized capital of CLAC consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series designated as Classes A through F (collectively, the “Shares”).
9. CLFC holds all of the outstanding Shares and as a result, CLAC is an indirect wholly-owned subsidiary of GWL and a direct wholly-owned subsidiary of CLFC.
10. CLAC has non-convertible subordinated debentures outstanding, which are not credit-supported or guaranteed (the “Debentures”).
11. The Shares and the Debentures are the only outstanding securities of CLAC.

## 2004 BCSECCOM 570

12. CLAC has no current intention to issue additional debt securities to the public.
13. No securities of CLAC are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.
14. The only disclosure material that CLAC sends to the holders of the Debentures is the Annual Report that contains annual financial statements, a directors' report, a listing of CLAC's directors and officers and certain other corporate information.
15. CLFC has no material assets other than the Shares.
16. CLAC and CLFC both have a financial year-end of December 31.
17. Deloitte & Touche LLP is the auditor of both CLAC and CLFC.
18. As CLFC is simply a holding company whose only material asset consists of the Shares, adequate disclosure will be provided to the holders of securities of CLAC provided that CLFC complies with its reporting issuer obligations under the Legislation.
19. CLFC will comply with its reporting issuer obligations under the Legislation.
20. The Certification Filing Requirements are intended to improve the quality and reliability of (i) an issuer's interim financial statements and interim MD&A (collectively, the "Interim Filings") and (ii) an issuer's AIF, annual financial statements and annual MD&A (collectively, the "Annual Filings").
21. If CLAC is exempt from the requirements to file its own Annual Filings and Interim Filings, it would not be meaningful or relevant for CLAC to file its own Annual Certificates and Interim Certificates.
22. Pursuant to an MRRS decision document dated July 8, 1999 (the "Previous MRRS Decision"), CLAC is exempt from certain continuous disclosure requirements, subject to certain conditions, under the Legislation in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, Newfoundland, the Northwest Territories, Nunavut and the Yukon Territory.

## 2004 BCSECCOM 570

23. Pursuant to an order from the Commission des valeurs mobilières du Québec dated September 8, 2000 (the “Québec Order”), CLAC is exempt from certain continuous disclosure requirements, subject to certain conditions, under the Legislation in Québec.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);

AND WHEREAS 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 (other than the Northwest Territories) under the Legislation is that the Continuous Disclosure Requirements, where applicable, shall not apply to CLAC provided that:

- (a) CLFC remains the direct or indirect beneficial owner of all of the outstanding equity securities and voting securities of CLAC and all of the outstanding securities convertible into equity securities or voting securities of CLAC;
- (b) CLFC continues to have no material assets or liabilities other than its holding of the Shares;
- (c) CLFC remains a reporting issuer in each of the Jurisdictions that provides for such a regime;
- (d) CLFC complies with all of its reporting issuer obligations under the Legislation,
- (e) CLFC files copies of the following documents on CLAC’s SEDAR profile at the same time as those documents are required to be filed by CLFC on its own SEDAR profile:
  - (i) Annual Filings and Interim Filings;
  - (ii) all notices required to be filed by CLFC upon a change in its financial year-end;
  - (iii) all documents required to be filed by CLFC upon a termination or resignation of CLFC’s auditor or an appointment of a successor auditor;

## 2004 BCSECCOM 570

- (iv) all news releases and material change reports;
- (v) all business acquisition reports required to be filed by CLFC, including any required financial statement disclosure; and
- (vi) all contracts required to be filed by CLFC under NI 51-102 that pertain to CLAC;
- (f) CLAC and CLFC have the same participating audit firm (as defined in National Instrument 52-108 *Auditor Oversight*) acting as their auditor;
- (g) CLAC and CLFC have the same financial year-end;
- (h) CLAC issues and files a news release and files a material change report for all material changes in its affairs that are not also material changes in the affairs of CLFC; and
- (i) except in the Northwest Territories and Prince Edward Island, CLAC does not rely upon the Previous MRRS Decision or the Québec Order for an exemption from any of the Continuous Disclosure Requirements.

AND THE FURTHER DECISION of the Decision Makers (other than British Columbia and Québec) under the Legislation is that the Certification Filing Requirements shall not apply to CLAC provided that:

- (a) CLAC is in compliance with the conditions set out in paragraphs (a) through (h) above; and
- (b) CLFC files copies of its Annual Certificates and Interim Certificates on CLAC's SEDAR profile at the same time as those documents are required to be filed by CLFC on its own SEDAR profile.

DATED August 31, 2004

Erez Blumberger