

2003 BCSECCOM 123

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemption granted from requirement to include prospectus level disclosure in an information circular where redeemable preferred shares to be issued under a merger – preferred shares issued for tax purposes only and will be redeemed on 2nd business day following amalgamation – merger, in substance, a cash transaction and prospectus level disclosure of limited value in the circumstances

Applicable British Columbia Provisions

Securities Act, R.S.B.C.1996, c. 418, s. 119(2)(b)

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA AND ONTARIO

AND

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

AND

IN THE MATTER OF DUNDEE WEALTH MANAGEMENT INC. AND IPC FINANCIAL NETWORK INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Makers”) in British Columbia and Ontario (collectively, the “Jurisdictions”) has received an application from Dundee Wealth Management Inc. (“Dundee Wealth”) and IPC Financial Network Inc. (“IPCFN” and together with Dundee Wealth, the “Filers”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that the prospectus level disclosure requirements contained in Sections 2.1, 2.2 and 2.3 of Ontario Securities Commission Rule 54-501, *Prospectus Disclosure in Certain Information Circulars*, and Section 11 of British Columbia Form 54-901F (collectively, the “Prospectus Level Disclosure Requirements”) shall not apply to a management proxy circular (the “Circular”) to be sent to all shareholders of IPCFN in connection with the proposed amalgamation (the “Amalgamation”) of IPCFN and 6042074 Canada Inc. (“Subco”), a wholly-owned subsidiary of Dundee Wealth, pursuant to section 181 of *Canada Business Corporations Act* (the “CBCA”) (the amalgamated company to be formed by the amalgamation of IPCFN and Subco being referred to as

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“Amalco”), solely as the Prospectus Level Disclosure Requirements apply to Subco and Amalco;

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

AND WHEREAS the Filers have represented to the Decision Makers that:

1. Dundee Wealth is a corporation incorporated under the *Business Corporations Act* (Ontario). The common shares in the capital of Dundee Wealth are listed and posted for trading on the Toronto Stock Exchange. Dundee Wealth is a reporting issuer in each province of Canada.
2. IPCFN is a corporation incorporated under the CBCA. The common shares in the capital of IPCFN (the “IPCFN Shares”) are listed and posted for trading on the TSX Venture Exchange. IPCFN is a reporting issuer in British Columbia, Alberta, Saskatchewan, Ontario, Quebec and Nova Scotia.
3. Subco is a corporation incorporated under the CBCA and is a direct wholly-owned subsidiary of Dundee Wealth. Subco is not a reporting issuer in any province of Canada. Subco will be used for the sole purpose of effecting the Amalgamation.
4. Pursuant to a merger agreement dated as of December 26, 2002 between Dundee Wealth, Subco and IPCFN, Dundee Wealth intends to acquire all of the issued and outstanding IPCFN Shares, including IPCFN Shares issuable upon the exercise or surrender of outstanding stock options and the conversion of outstanding IPCFN preference shares, pursuant to the Amalgamation.
5. The Amalgamation will result in each holder of IPCFN Shares (a “IPCFN Shareholder”) receiving, in addition to common shares, Series A First Preference Shares and/or Series B First Preference Shares of Dundee Wealth, one redeemable preferred share in the capital of Amalco (the “Preferred Shares”) for each IPCFN Share. Pursuant to the Amalgamation, Dundee Wealth will receive common shares in the capital of Amalco in exchange for its shares of Subco. On the second business day following completion of the Amalgamation, each Preferred Share will be redeemed for Cdn. \$0.25 in cash (assuming 66 million IPCFN Shares outstanding) (the “Redemption”). Upon completion of the Redemption, Dundee Wealth will own all of the shares of Amalco.

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6. The Circular will include the prospectus disclosure required under the Prospectus Level Disclosure Requirements in respect of Dundee Wealth.
7. The Preferred Shares will be used so that rollovers provided for under section 87 of the *Income Tax Act* (Canada) will be available to IPCFN. No new certificates evidencing the Preferred Shares will be issued to the IPCFN Shareholders who will continue to hold their IPCFN share certificates until the Redemption.
8. The aggregate proceeds of redemption payable pursuant to the Redemption is approximately Cdn. \$16.5 million, representing less than 5% of the market capitalization of Dundee Wealth.

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 under the Legislation is that the Prospectus Level Disclosure Requirements shall not apply to the Circular in respect of Subco and Amalco.

DATED January 22, 2003.

Margo Paul