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October 31, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - *Securities Act* s. 130 - Relief from certain self-dealing restrictions in Part 15 of the Act - A mutual fund wants relief from the principal trading prohibitions in s. 128 of the Act to enable persons having access to information concerning the investment program of the fund to purchase or sell securities comprising the portfolio of the mutual fund - The portfolio of the mutual fund is fixed; the portfolio is passively managed; the mutual fund will purchase the securities at a predetermined time and at no more than the ask price of the securities on the exchange where the securities are listed; independent directors of the mutual fund will approve all principal purchases and sales

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 128 and 130

In the Matter of
the Securities Legislation of
Ontario, British Columbia, Alberta, Saskatchewan,
Newfoundland and Labrador, Nova Scotia and New Brunswick

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
SL Split Corp.

and

In the Matter of
Scotia Capital Inc.

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application from the Filers for decisions under the securities legislation (the “Legislation”) of the Jurisdictions that

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prohibitions contained in the applicable Legislation prohibiting trading in portfolio shares by persons or companies having information concerning the trading programs of mutual funds (the “Principal Trading Prohibitions”) shall not apply to Scotia Capital Inc. (“Scotia Capital”) for Principal Sales and Principal Purchases (both as hereinafter defined) in connection with the initial public offerings (the “Offerings”) of class A capital shares (the “Capital Shares”) and class A preferred shares (the “Preferred Shares”) of SL Split Corp. (the “Filer”).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 Definitions have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

The Filer

1. The Filer was incorporated on September 20, 2007 under the *Business Corporations Act* (Ontario). The Filer’s head office is located in Ontario.
2. The Filer has filed the Preliminary Prospectus dated September 21, 2007 with each of the Decision Makers in respect of the offerings (the “Offerings”) of Capital Shares and Preferred Shares to the public.
3. The Filer is a passive investment company whose principal undertaking will be to invest the net proceeds of the Offerings in a portfolio (the “Portfolio”) of common shares of Sun Life (the “Sun Life Shares”) in order to generate fixed cumulative preferential distributions for the holders of the Preferred Shares and to enable the holders of Capital Shares to participate in any capital appreciation in the Sun Life Shares after payment of administrative and operating expenses of the Filer. It will be the policy of the Board of Directors of the Filer to pay dividends on the Capital Shares in an amount equal to the dividends received by the Filer on the Sun Life Shares minus the distributions payable on the Preferred Shares and all administrative and operating expenses

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of the Filer. Initially, holders of Capital Shares will not receive dividends in the ordinary course.

4. The Filer is considered to be a mutual fund, as defined in the Legislation. Since the Filer does not operate as a conventional mutual fund, it has filed a separate application for an exemption from certain requirements of National Instrument 81-102 Mutual Funds.
5. The Capital Shares and Preferred Shares may be surrendered for retraction at any time in the manner described in the Preliminary Prospectus.
6. It will be the policy of the Filer to hold the Sun Life Shares and to not engage in any trading of the Sun Life Shares, except:
 - (i) to fund retractions or redemptions of Capital Shares and Preferred Shares;
 - (ii) following receipt of stock dividends on the Sun Life Shares;
 - (iii) in the event of a take-over bid for any of the Sun Life Shares;
 - (iv) if necessary, to fund any shortfall in the distribution on Preferred Shares;
 - (v) to meet obligations of the Filer in respect of liabilities including extraordinary liabilities; or
 - (vi) certain other limited circumstances as described in the Preliminary Prospectus.
7. The Filer intends to become a reporting issuer under the Legislation by filing a final prospectus (the "Final Prospectus") relating to the Offerings. The authorized capital of the Filer will consist of an unlimited number of Capital Shares, an unlimited number of Preferred Shares, an unlimited number of Class B, Class C, Class D and Class E capital shares, issuable in series, an unlimited number of Class B, Class C, Class D and Class E preferred shares, issuable in series, an unlimited number of Class J Shares and an unlimited number of Class S Shares, each having the attributes set forth under the headings "Description of Share Capital" and "Details of the Offerings" commencing on page 17 of the Preliminary Prospectus.
8. The Class J Shares are currently the only voting shares in the capital of the Filer. At the time of filing the Final Prospectus, there will be 150 Class J

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Shares and 100 Class S non-voting shares issued and outstanding. Scotia Capital will not own any Class J Shares or Class S Shares. The Bank of Nova Scotia ("BNS") will own all of the Class S Shares. SL Split Holdings Corp. will own all of the Class J Shares.

9. The Filer has a Board of Directors which currently consists of three directors. All of the directors are employees of Scotia Capital. Also, the offices of President/Chief Executive Officer and Chief Financial Officer/Secretary of the Filer are held by employees of Scotia Capital. At least three additional, independent directors will be appointed to the Board of Directors of the Filer prior to the filing of the Final Prospectus. The Filer's investment in Sun Life Shares will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Filer.
10. The Sun Life Shares are listed and traded on the Toronto Stock Exchange (the "TSX").
11. The Filer is not, and will not upon the completion of the Offerings be, an insider of Sun Life within the meaning of the Legislation.

The Offerings

12. The net proceeds from the sale of the Capital Shares and Preferred Shares under the Final Prospectus, after payment of commissions to the Agents (as defined in Section 18), expenses of issue and carrying costs relating to the acquisition of the Sun Life Shares, will be used by the Filer to: (i) pay the acquisition cost (including any related costs or expenses) of the Sun Life Shares; and (ii) pay the initial fee payable to BNS for its services under the Administration Agreement (as defined in Section 19).
13. The Final Prospectus will disclose selected financial information and dividend and trading history of the Sun Life Shares.
14. Application will be made to list the Capital Shares and Preferred Shares on the TSX.
15. All Capital Shares and Preferred Shares outstanding on a date approximately five years from the closing of the Offerings (the "Redemption Date") will be redeemed by the Filer on such date.

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16. Scotia Capital was incorporated under the laws of the Province of Ontario and is a direct, wholly-owned subsidiary of BNS. Scotia Capital is registered under the Legislation as a dealer in the categories of “broker” and “investment dealer” and is a member of the Investment Dealers Association of Canada and a participant in the TSX.
17. Scotia Capital is the promoter of the Filer and will be establishing a credit facility in favour of the Filer in order to facilitate the acquisition of the Sun Life Shares by the Filer.
18. Pursuant to an agreement (the “Agency Agreement”) to be made between the Filer and Scotia Capital, CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., TD Securities Inc., Canaccord Capital Corporation, Dundee Securities Corporation, HSBC Securities (Canada) Inc., Desjardins Securities Inc., Raymond James Ltd., GMP Securities L.P., Industrial Alliance Securities Inc. and Wellington West Capital Inc. (collectively, the “Agents” and individually, an “Agent”), the Filer will appoint the Agents, as its agents, to offer the Capital Shares and Preferred Shares of the Filer on a best efforts basis and the Final Prospectus qualifying the Offering will contain a certificate signed by each of the Agents in accordance with the Legislation.
19. Pursuant to an administration agreement (the “Administration Agreement”) to be entered into between BNS and the Filer, the Filer will retain BNS to administer the ongoing operations of the Filer and will pay BNS a quarterly fee of $\frac{1}{4}$ of 0.25% of the market value of the Sun Life Shares held by the Filer.
20. BNS’ and Scotia Capital’s economic interest in the Issuer and in the material transactions involving the Issuer are disclosed in the Preliminary Prospectus and will be disclosed in the Final Prospectus under the heading “Interest of Management and Others in Material Transactions” and include the following:
 - (a) agency fees with respect to the Offering;
 - (b) an administration fee under the Administration Agreement;
 - (c) commissions in respect of the acquisition of Sun Life Shares, the disposition of Sun Life Shares to fund a redemption, retraction or purchase for cancellation of the Capital Shares and Preferred Shares;
 - (d) interest and reimbursement of expenses, in connection with the acquisition of Sun Life Shares; and

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- (e) amounts in connection with Principal Sales and Principal Purchases (as described in Sections 21 and 26 below).

The Principal Trades

21. Pursuant to a securities purchase agreement (the “Securities Purchase Agreement”) to be entered into between the Filer and Scotia Capital Inc. (“Scotia Capital”), Scotia Capital has agreed to purchase the Sun Life Shares, as agent for the benefit of the Filer. Scotia Capital will be responsible for the purchase of Sun Life Shares for the Filer. Through Scotia Capital, the Filer will purchase Sun Life Shares in the market on commercial terms or from non-related parties with whom Scotia Capital and the Filer deal at arm’s length. Subject to regulatory approval, Scotia Capital may, as principal, sell Sun Life Shares to the Filer (the “Principal Sales”). The aggregate purchase price to be paid by the Filer for the Sun Life Shares (together with carrying costs and other expenses incurred in connection with the purchase of Sun Life Shares) will not exceed the net proceeds from the Offerings.
22. Under the Securities Purchase Agreement, Scotia Capital may receive commissions not exceeding normal market rates in respect of its purchase of Sun Life Shares, as agent on behalf of the Filer, and the Filer will pay any carrying costs or other expenses incurred by Scotia Capital, on behalf of the Filer, in connection with its purchase of Sun Life Shares, as agent on behalf of the Filer. In respect of any Principal Sales made to the Filer by Scotia Capital as principal, Scotia Capital may realize a financial benefit to the extent that the proceeds received from the Filer exceed the aggregate cost to Scotia Capital of such Sun Life Shares. Similarly, the proceeds received from the Filer may be less than the aggregate cost to Scotia Capital of the Sun Life Shares and Scotia Capital may realize a financial loss, all of which is disclosed in the Preliminary Prospectus and will be disclosed in the Final Prospectus.
23. The Preliminary Prospectus discloses and the Final Prospectus will disclose that any Principal Sales will be made in accordance with the rules of the applicable stock exchange and the price paid to Scotia Capital (inclusive of all transaction costs, if any) will not be greater than the price which would have been paid (inclusive of all transaction costs, if any) if the sale had been made through the facilities of the principal stock exchange on which the Sun Life Shares are listed and posted for trading at the time of the sale.
24. Scotia Capital will not receive any commissions from the Filer in connection with the Principal Sales and all Principal Sales will be approved by the independent directors and the independent review committee of the Filer. In carrying out the Principal Sales, Scotia Capital will deal fairly, honestly and in

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good faith with the Filer. No Principal Sale will take place at a time when Scotia Capital has knowledge of a material fact or material change with respect to Sun Life that has not been generally disclosed.

25. For the reasons set forth in Sections 21 and 22 above, and the fact that no commissions are payable to Scotia Capital in connection with the Principal Sales, in the case of the Principal Sales, the interests of the Filer and the shareholders of the Filer may be enhanced by insulating the Filer from price increases in respect of the Sun Life Shares.
26. In connection with the services to be provided to the Filer pursuant to the Administration Agreement, BNS may sell Sun Life Shares to fund retractions of Capital Shares and Preferred Shares prior to the Redemption Date and upon liquidation of the Sun Life Shares in connection with the final redemption of Capital Shares and Preferred Shares on the Redemption Date. These sales will be made through Scotia Capital as agent on behalf of the Filer, but in certain circumstances, such as where a small number of Capital Shares and Preferred Shares have been surrendered for retraction, Scotia Capital may purchase Sun Life Shares as principal (the "Principal Purchases") subject to receipt of all regulatory approvals.
27. In connection with any Principal Purchases, Scotia Capital will comply with the rules, procedures and policies of the applicable stock exchange of which they are members and in accordance with orders obtained from all applicable securities regulatory authorities. The Preliminary Prospectus discloses and the Final Prospectus will disclose that Scotia Capital may realize a gain or loss on the resale of such securities.
28. The Administration Agreement will provide that BNS must take reasonable steps, such as soliciting bids from other market participants or such other steps as it, in its discretion, considers appropriate after taking into account prevailing market conditions and other relevant factors, to enable the Filer to obtain the best price reasonably available for the Sun Life Shares so long as the price obtained (net of all transaction costs, if any) by the Filer from Scotia Capital is at least as advantageous to the Filer as the price which is available (net of all transaction costs, if any) through the facilities of the applicable stock exchange at the time of the trade.
29. Scotia Capital will not receive any commissions from the Filer in connection with Principal Purchases and all Principal Purchases will be approved by the independent directors and the independent review committee of the Filer. In carrying out the Principal Purchases, Scotia Capital shall deal fairly, honestly and in good faith with the Filer. No Principal Purchase will take place at a

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time when Scotia Capital has knowledge of a material fact or material change with respect to Sun Life that has not been generally disclosed.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the authority to make the decision has been met.

The decision of the Decision Makers is that the Requested Relief is granted.

Carol Perry
Ontario Securities Commission

Paul Bates
Ontario Securities Commission