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## **Headnote**

Mutual Reliance Review System for Exemptive Relief Application – relief from certain continuous disclosure requirements granted to a trust, subject to certain conditions - security holder's return depends on the financial condition of the parents and not that of the trust - trust offered trust units to the public in order to provide the parent companies with a cost-effective means of raising capital

## **Applicable British Columbia Provisions**

*Securities Act*, R.S.B.C. 1996, c. 418, ss. 91(1) and 119(2)

*Securities Rules*, B.C. Reg. 194/97, ss. 144, 145, 149 and 184

National Instrument 51-102 *Continuous Disclosure Obligations*, s. 4.1, 4.3, 4.6, 5.1, 6.1 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 AND NUNAVUT**

**AND**

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

**AND**

**IN THE MATTER OF MANULIFE FINANCIAL CORPORATION**

**AND**

**IN THE MATTER OF THE MANUFACTURERS LIFE  
INSURANCE COMPANY**

**AND**

**IN THE MATTER OF MANULIFE FINANCIAL CAPITAL TRUST**

**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 and Nunavut

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(the “Jurisdictions”) has received an application (the “Application”) from Manulife Financial Corporation (“MFC”), The Manufacturers Life Insurance Company (“MLI”) and Manulife Financial Capital Trust (the “Trust”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”), that the requirements contained in the Legislation to:

- (a) file interim financial statements and audited annual financial statements (collectively, “Financial Statements”) with the Decision Makers and deliver such statements to the security holders of the Trust;
- (b) prepare and file an annual information form (“AIF”) with the Decision Makers;
- (c) file interim and annual management’s discussion and analysis (“MD&A”) of the financial condition and results of operation of the Trust with the Decision Makers and send such MD&A to security holders of the Trust where applicable;
- (d) except in Québec and British Columbia, file annual certificates (“Annual Certificates”) with the Decision Makers under section 2.1 of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* (“MI 52-109”);
- (e) except in Québec and British Columbia, file interim certificates (“Interim Certificates”) with the Decision Makers under section 3.1 of MI 52-109; and
- (f) pay a participation fee (the “Participation Fee”) under section 2.2 of Ontario Securities Commission Rule 13-502 *Fees* (“OSC Rule 13-502”);

shall not apply to the Trust, subject to certain terms and conditions;

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*;

AND WHEREAS MFC, MLI and the Trust have represented to the Decision Makers that:

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### The Manufacturers Life Insurance Company

1. MLI was incorporated on June 23, 1887, by a Special Act of Parliament of the Dominion of Canada. Pursuant to the provisions of the then *Canadian and British Insurance Companies Act* (Canada), the predecessor legislation to the *Insurance Companies Act* (Canada) (“ICA”), MLI undertook a plan of mutualization and became a mutual life insurance company on December 19, 1968. On September 23, 1999 MLI demutualized (the “Demutualization”) pursuant to letters patent of conversion issued by the Minister of Finance.
2. MLI’s head office is located in Ontario. MLI is regulated by the Office of the Superintendent of Financial Institutions (Canada) (“OSFI”) and it is licensed under the insurance legislation of each province and territory of Canada. MLI is a reporting issuer or equivalent in each of the provinces and territories of Canada that provides for a reporting issuer regime and has held that status since filing a non-offering prospectus on May 19, 1994. To the best of its knowledge, MLI is not in default of any applicable requirement under the Legislation.
3. MLI has authorized share capital consisting of an unlimited number of Common Shares, an unlimited number of Class A Shares, issuable in series, an unlimited number of Class B Shares, issuable in series, an unlimited number of Class C Shares, issuable in series, and an unlimited number of Class D Shares, issuable in series. As of July 9, 2004, only Common Shares and 40,000 Class A Shares Series 1 of MLI (the “MLI Class A Shares Series 1”) are issued and outstanding. MFC holds all of the issued and outstanding Common Shares of MLI. MFC subscribed for the MLI Class A Shares Series 1 in connection with the Offering (as defined below).
4. MLI obtained a decision document dated May 19, 2000 (the “2000 MRRS Decision”), pursuant to which the requirements contained in the Legislation to disclose material changes, to file Financial Statements and to file an annual report in circumstances where management was not required to send an information circular did not apply to MLI subject to certain specified conditions, including that MFC complied with such requirements, and the requirement that MLI file an AIF would be satisfied by the filing of an AIF by MFC.
5. The 2000 MRRS Decision was granted subject to various conditions, including the condition that MFC continued “to have no assets or liabilities (other than its direct or indirect beneficial holding of all of the outstanding voting securities of [MLI]) of more than nominal value having regard to the total consolidated assets of [MFC]”. With the completion on April 28, 2004

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of the merger (the “Merger”) of MFC and John Hancock Financial Services, Inc. (“John Hancock”), by way of MFC’s acquisition of all of the issued and outstanding shares of John Hancock common stock (resulting in John Hancock and its subsidiaries becoming “sister” companies to MLI), MFC ceased to satisfy this condition. Consequently, MLI must file its own disclosure documents in order to satisfy the continuous disclosure requirements of the Legislation and can no longer rely on MFC’s filings.

### Manulife Financial Corporation

6. MFC was incorporated under the ICA on April 26, 1999. On September 23, 1999, in connection with the Demutualization, MFC became the sole shareholder of MLI and certain holders of participating life insurance policies of MLI became shareholders of MFC. On September 24, 1999, MFC filed a final prospectus in connection with an initial treasury and secondary offering conducted in Canada and the United States. On April 28, 2004, MFC completed its Merger with John Hancock, and as a result MFC acquired all of the issued and outstanding shares of John Hancock common stock. MFC is a publicly traded company on the Toronto Stock Exchange, the New York Stock Exchange, the Stock Exchange of Hong Kong Limited and the Philippine Stock Exchange. The authorized share capital of MFC consists of Class A Shares, issuable in series, Class B Shares, issuable in series, and Common Shares, of which approximately 810.8 million Common Shares and 14 million non-voting Class A Shares, Series 1 were issued and outstanding as of July 9, 2004.
7. MFC is a reporting issuer or the equivalent in each of the provinces and territories of Canada that provides for a reporting issuer regime. To the best of its knowledge, MFC is not in default of any applicable requirement under the Legislation.

### Manulife Financial Capital Trust

8. The Trust is an open-end trust established under the laws of the Province of Ontario by The Canada Trust Company (the “Trustee”), as trustee, pursuant to a declaration of trust made as of October 30, 2001, as amended and restated on December 5, 2001 (the “Declaration of Trust”).
9. The Trust’s authorized capital consists of an unlimited number of Manulife Financial Capital Securities (“MaCS”), issuable in series, and an unlimited number of Special Trust Securities (the “Special Trust Securities”) (the Special Trust Securities and MaCS are collectively referred to as the “Trust Securities”). The outstanding securities of the Trust consist of (i) Special Trust

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Securities, which are voting securities of the Trust, and (ii) MaCS - Series A (the “MaCS - Series A”) and MaCS - Series B (the “MaCS - Series B”).

10. The Trust is a sole purpose issuer established solely for the purpose of effecting the Offering (as defined below) in order to provide MLI (and indirectly, MFC) with a cost-effective means of raising capital for Canadian insurance company regulatory purposes by means of (i) creating and selling the Trust Securities, and (ii) acquiring and holding Trust Assets, which consist primarily of debentures issued by MLI (the “MLI Debentures”). The MLI Debentures generate income for distribution to holders of the Trust Securities. The Trust does not and will not carry on any operating activity other than in connection with the Offering. All of the voting securities of the Trust are held by MLI, which is a direct, wholly-owned subsidiary of MFC. As a result, the Trust is an indirect wholly-owned subsidiary of MFC.
11. The Trust is a reporting issuer or the equivalent in each of the provinces and territories of Canada that provides for a reporting issuer regime as a result of the filing of the final prospectus in connection with the Offering dated December 5, 2001 (the “Prospectus”) and the issuance of the final MRRS Decision Document in relation to the Prospectus. To the best of its knowledge, the Trust is not in default of any applicable requirement under the Legislation.
12. The Trust obtained a decision document dated March 21, 2002 (the “2002 MRRS Decision”), pursuant to which the requirements contained in the Legislation to file Financial Statements, to make an annual filing in lieu of filing an information circular, to file an annual report and information circular in Québec and deliver such report and circular to the holders of the Trust Securities in Québec, and to prepare and file under various securities rules and regulations an AIF and MD&A and send such MD&A to the holders of the Trust Securities did not apply to the Trust, subject to certain specified conditions.
13. The Trust obtained a decision document dated March 12, 2004 (the “2004 OSC Decision”), pursuant to which the requirement to pay a participation fee under section 2.2 of Ontario Securities Commission Rule 13-502 *Fees* (“OSC Rule 13-502”) did not apply to the Trust, subject to certain specified conditions.
14. As of April 28, 2004, the date of completion of the Merger, the Trust ceased to satisfy the conditions of the 2002 MRRS Decision and the 2004 OSC Decision. Consequently, the 2002 MRRS Decision expired on May 28, 2004 and the Trust no longer has the benefit of the 2004 OSC Decision.

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### MaCS

15. The Trust distributed MaCS - Series A and MaCS - Series B in the Jurisdictions under the Prospectus (the “Offering”). The MaCS - Series A are listed on the Toronto Stock Exchange. The MaCS - Series B are not listed on any public securities exchange. The Trust also issued and sold 2,000 Special Trust Securities to MLI in connection with the Offering.
16. The Prospectus also qualified certain other related securities for distribution in the Jurisdictions, including the Conversion Right which will allow the Trust to satisfy the Holder Exchange Right and the Automatic Exchange Right (each as defined below).
17. The Trust used the proceeds of the offering of MaCS - Series A to purchase a debenture issued by MLI (the “MLI A Debenture”) and the proceeds of the offering of MaCS - Series B to purchase a second debenture issued by MLI (the “MLI B Debenture”).
18. For simplicity, the balance of this decision generally only refers to the MaCS - Series A, Class A Shares Series 2 of MLI (the “MLI Class A Shares Series 2”), Class A Shares Series 3 of MLI (the “MLI Class A Shares Series 3”) and the MLI A Debenture because the features of each series of MaCS and each related debenture issued by MLI are, in the case of the MaCS - Series B and the MLI B Debenture, the same as the MaCS - Series A and the MLI A Debenture described in this Application except for the following:
  - (a) the indicated yield (constituted by the distribution payable on each series of MaCS) may be different;
  - (b) the interest rate on each debenture may be different but will correspond to the indicated yield of the particular corresponding series of MaCS;
  - (c) the redemption date of each debenture will be different; and
  - (d) each series of MaCS and the corresponding debenture will be exchangeable or convertible into separate series of shares of MLI with attributes similar to the MLI Class A Shares Series 2 and Series 3, except that the dates upon which various rights arise may be different from the MaCS - Series A and the MLI Class A Series 2 and Series 3.

All of these terms for the MaCS-Series A and the MaCS-Series B were fully set forth in the Prospectus.

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19. Subject to paragraphs 20 and 21, each MaCS - Series A entitles the holder ("MaCS Holders") to receive a fixed cash distribution (a "Distribution") payable by the Trust on the last day of June and December of each year (each such day, a "Distribution Date" and each period from the Distribution Date to but excluding the next Distribution Date, a "Distribution Period").
20. MaCS Holders are not entitled to receive Distributions in respect of a particular Distribution Date if (i) MLI fails to declare dividends on its MLI Class A Shares Series 1 or (ii) MLI has not declared regular cash dividends on its public preferred shares, in either case, in the three month period immediately prior to the commencement of the Distribution Period ending on the day preceding that Distribution Date.
21. Pursuant to the share exchange agreement (the "Share Exchange Agreement") entered into by MFC, MLI, the Trust and the Exchange Trustee on December 10, 2001, MFC and MLI have agreed, for the benefit of the holders of MaCS - Series A, that, in the event the Trust fails, on any Distribution Date, to pay in full Distributions on the MaCS - Series A to which the MaCS Holders are entitled, (i) MLI will not pay dividends of any kind on its preferred shares, and (ii) if MLI does not have any preferred shares outstanding, MFC will not pay dividends of any kind on its preferred shares or the MFC Common Shares, in each case, until a specific period of time has elapsed, unless the Trust first pays such Distribution (or the unpaid portion thereof) to MaCS Holders.
22. Upon the occurrence of certain adverse tax events or events relating to the treatment of MaCS - Series A for capital purposes, subject to regulatory approval and on not less than 30 nor more than 90 days' prior written notice, MaCS - Series A will be redeemable, at the option of the Trust and with the approval of the Superintendent of Financial Institutions (Canada) (the "Superintendent"), in whole (but not in part) for a cash amount.
23. On December 31, 2006 and on any subsequent Distribution Date thereafter, subject to regulatory approval and on not less than 30 nor more than 60 days' prior written notice, the MaCS - Series A will be redeemable in whole or in part for a cash amount, at the option of the Trust and subject to the approval of the Superintendent.
24. Holders of MaCS - Series A will have the right (the "Holder Exchange Right"), at any time, to surrender all or part of their MaCS - Series A to the Trust at a price for each MaCS - Series A equal to 40 MLI Class A Shares Series 2.

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25. Each MaCS - Series A will be exchanged automatically (the “Automatic Exchange”) without the consent of the holder, for 40 MLI Class A Shares Series 3 if: (i) an application for a winding-up order in respect of MLI pursuant to the *Winding-up and Restructuring Act* (Canada) (the “Winding-up Act”) is filed by the Attorney General of Canada or a winding-up order in respect of MLI pursuant to the Winding-up Act is granted by a court; (ii) the Superintendent advises MLI in writing that the Superintendent has taken control of MLI or its assets pursuant to the ICA; (iii) the Superintendent advises MLI in writing that MLI has a net Tier 1 capital ratio of less than 75% or an MCCSR ratio of less than 120%; (iv) the board of directors of MLI advises the Superintendent in writing that MLI has a net Tier 1 capital ratio of less than 75% or an MCCSR ratio of less than 120%; or (v) the Superintendent directs MLI pursuant to the ICA to increase its capital or to provide additional liquidity and MLI elects to cause the exchange as a consequence of the issuance of such direction or MLI does not comply with such direction to the satisfaction of the Superintendent within the time specified.
26. The Holder Exchange Right and the Automatic Exchange will be effected through the right to convert the whole or a part of the MLI A Debenture into MLI Class A Shares Series 2 and MLI Class A Shares Series 3, respectively (the “Conversion Right”). Upon the exercise of the Holder Exchange Right or the Automatic Exchange, the Trust will convert the corresponding principal amount of the MLI A Debenture into MLI Class A Shares Series 2 or MLI Class A Shares Series 3, as the case may be.
27. The MLI Class A Shares Series 2 and the MLI Class A Shares Series 3 will be redeemable after specified dates, at the option of MLI and subject to regulatory approvals, by the payment of a cash amount or by the delivery of MFC Common Shares.
28. On and after June 30, 2051, the MLI Class A Shares Series 2 and MLI Class A Shares Series 3 will be exchangeable, at the option of the holder, into MFC Common Shares, except under certain circumstances.
29. As set forth in the Declaration of Trust, MaCS - Series A are non-voting except in certain limited circumstances and Special Trust Securities entitle the holders to vote.
30. Except to the extent that the Distributions are payable to MaCS Holders and, other than in the event of termination of the Trust (as set forth in the Declaration of Trust), MaCS Holders have no claim or entitlement to the income of the Trust or the assets held by the Trust.



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31. In certain circumstances (as described in paragraph 25 above), including at a time when MLI's financial condition is deteriorating or proceedings for the winding-up of MLI have been commenced, the MaCS - Series A will be automatically exchanged for MLI Class A Shares Series 3 without the consent of MaCS Holders. As a result, MaCS Holders will have no claim or entitlement to the assets held by the Trust, other than indirectly in their capacity as preferred shareholders of MLI.
32. MaCS Holders may not take any action to terminate the Trust.
33. The Trust has not requested relief for the purpose of filing a short form prospectus pursuant to National Instrument 44-101 *Short Form Prospectus Distributions* ("NI 44-101") (including, without limitation, any relief which would allow the Trust to use MFC's AIF as a current AIF of the Trust) and no such relief is provided by this Decision Document from any of the requirements of NI 44-101.
34. The return to Trust securityholders on their Trust Securities is dependent on the financial condition of MLI and MFC rather than the Trust.
35. Disclosure with respect to the Trust will continue to be provided in a note to the annual financial statements of MFC and will be provided in a note to the annual financial statements of MLI and financial statements of each of MFC and MLI will be delivered to all holders of MaCS who request such statements pursuant to the request form (the "Request Form") under section 4.6 of NI 51-102, at the same time and in the same manner as if the holders of MaCS were holders of MFC Common Shares and securities of MLI, other than debt securities. The Request Form will be sent annually to all holders of MaCS and will permit the holders to request a copy of the annual financial statements and related MD&A and interim financial statements and related MD&A for each of MFC and MLI.
36. The Certification Filings are intended to provide investors with assurance on the adequacy of (i) an issuer's interim financial statements and interim MD&A (collectively, the "Interim Filings"); (ii) an issuer's AIF, annual financial statements and annual MD&A (collectively, the "Annual Filings"); and (iii) disclosure controls, procedures and internal control over financial reporting for the issuer.
37. Investors in MaCS are ultimately concerned about the affairs and financial performance of MFC and MLI, as opposed to that of the Trust itself. Therefore, it is appropriate that MFC's and MLI's Certification Filings be

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available to holders of MaCS on the same basis as the Interim Filings and Annual Filings of MFC and MLI in lieu of the Certification Filings of the Trust.

38. As a reporting issuer, MFC had a market capitalization, as at December 31, 2003, of \$20.6 billion and paid a Participation Fee of \$75,000 for 2004. At such time, MFC had no assets or liabilities (other than its beneficial holding of all of the outstanding voting securities of MLI) of more than nominal value having regard to the total consolidated assets of MFC. MLI was accordingly exempt from paying the Participation Fee pursuant to section 2.2(2) of OSC Rule 13-502. As a result of the 2004 OSC Decision the market capitalization of the Trust was included in the calculation of the Participation Fee paid by MFC. As a result of the Merger, MLI no longer has the benefit of this exemption and will be required to pay a Participation Fee going forward and the Trust no longer has the benefit of the 2004 OSC Decision.
39. The Trust was established by MLI, and indirectly by MFC, to comply with regulatory requirements of OSFI respecting the issuance of innovative Tier 1 capital. Innovative instruments, such as the MaCS, must satisfy the detailed requirements of OSFI Interim Appendix to Guideline A-2 Principles Governing Inclusion of Innovative Instruments in Tier 1 Capital (the “OSFI Guideline”), to be included in Tier 1 capital. The OSFI Guideline requires that innovative instruments be issued by a separate special purpose issuer.
40. Issuing innovative instruments, such as the MaCS, is a cost-effective means of raising Tier 1 capital for MLI and MFC. However, the MaCS could not have been issued directly by either party under the OSFI Guideline. If MFC could issue the MaCS directly, this capital would be included in the calculation of the Participation Fee payable by MFC.
41. The Trust will not issue any further securities other than Special Trust Securities issued to MLI or to a direct or indirect wholly-owned subsidiary of MFC.
42. The Trust is a ‘Class 1 reporting issuer’ under OSC Rule 13-502. Its capitalization as at December 31, 2003 was approximately \$1.1 billion. Accordingly, under OSC Rule 13-502 the Trust would be required to pay a participation fee of \$50,000 for 2004 and each subsequent financial year. Assuming the MaCS were redeemed on June 30, 2012, the Trust would be required to pay aggregate participation fees of \$400,000 over its remaining operational lifetime.

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AND WHEREAS pursuant to the System this MRRS Document evidences the decision of each Decision Maker;

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 in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Newfoundland and Labrador under the Legislation (the “Continuous Disclosure Decision”) is that the requirement contained in the Legislation:

- (a) to file Financial Statements with the Decision Makers and deliver such statements to holders of Trust Securities;
- (b) to file an AIF with the Decision Makers; and
- (c) to file interim and annual MD&A with the Decision Makers and send such MD&A to holders of Trust Securities where applicable;

shall not apply to the Trust for so long as:

- (i) each of MFC and MLI files with the Decision Makers, in electronic format under the Trust’s SEDAR profile, the documents listed in clauses (a) to (c) above of this Decision, at the same time as they are required under the Legislation to be filed by MFC and MLI, respectively;
- (ii) MFC and MLI remain reporting issuers or the equivalent under the Legislation;
- (iii) each of MFC and MLI sends its Financial Statements and interim and annual MD&A to holders of Trust Securities who request such materials pursuant to the Request Form at the same time and in the same manner as if the holders of Trust Securities were holders of MFC Common Shares and securities of MLI, other than debt securities, respectively;
- (iv) all outstanding securities of the Trust are either MaCS or Special Trust Securities;
- (v) the rights and obligations (other than the economic terms thereof) of holders of additional MaCS are the same in all material respects

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of the rights and obligations of the holders of MaCS - Series A and MaCS - Series B at the date hereof;

- (vi) all of the outstanding Special Trust Securities are beneficially owned by MLI or any of its affiliates and all of the issued and outstanding voting shares of MLI or of its affiliate which owns the Special Trust Securities are beneficially owned by MFC; and
- (vii) the Trust pays all applicable filing fees that would otherwise be payable by the Trust in connection with the filing of the documents referred to in clauses (a) to (c) above of this Decision;

and provided that this Decision shall expire 30 days after the date a material adverse change occurs in the affairs of the Trust.

DATED September 7<sup>th</sup>, 2004.

Iva Vranic

AND THE FURTHER DECISION of the Decision Makers in Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Newfoundland and Labrador, the Northwest Territories and Nunavut under the Legislation (the "Certification Filings Decision") is that the requirement contained in the Legislation:

- (a) to file Annual Certificates with the Decision Makers under section 2.1 of MI 52-109; and
- (b) to file Interim Certificates with the Decision Makers under section 3.1 of MI 52-109;

shall not apply to the Trust for so long as:

- (i) the Trust is not required to, and does not file, its own Interim Filings and Annual Filings;
- (ii) each of MFC and MLI files with the Decision Makers, in electronic format under the Trust's SEDAR profile, the documents listed in clauses (a) and (b) above of this Decision, at the same time as they are required under the Legislation to be filed by MFC and MLI, respectively;

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- (iii) each of MFC and MLI files with the Decision Makers, in electronic format under the Trust's SEDAR profile, Financial Statements, AIFs and interim and annual MD&A of MFC and MLI, at the same time as they are required under the Legislation to be filed by MFC and MLI, respectively;
- (iv) each of MFC and MLI sends its Financial Statements and interim and annual MD&A to holders of Trust Securities who request such materials pursuant to the Request Form at the same time and in the same manner as if the holders of Trust Securities were holders of MFC Common Shares and securities of MLI, other than debt securities, respectively;
- (v) MFC and MLI remain reporting issuers or the equivalent under the Legislation;
- (vi) all outstanding securities of the Trust are either MaCS or Special Trust Securities;
- (vii) all of the outstanding Special Trust Securities are beneficially owned by MLI or any of its affiliates and all of the issued and outstanding voting shares of MLI or of its affiliate which owns the Special Trust Securities are beneficially owned by MFC;
- (viii) the Trust pays all applicable filing fees that would otherwise be payable by the Trust in connection with the filing of the documents referred to in clauses (a) and (b) above of this Decision; and
- (ix) the Trust qualifies for the relief contemplated by, and is in compliance with, the requirements and conditions of the Continuous Disclosure Decision;

and provided that this Decision shall expire 30 days after the date a material adverse change occurs in the affairs of the Trust.

DATED September 7<sup>th</sup>, 2004.

Iva Vranic

THE ORDER of the Decision Maker in Ontario under OSC Rule 13-502 is that the requirement to pay a Participation Fee under section 2.2 of OSC Rule 13-502 shall not apply to the Trust, for so long as:

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- (i) MFC, MLI and the Trust continue to satisfy all of the conditions contained in the Continuous Disclosure Decision and the Certification Filings Decision;
- (ii) the Trust does not issue any further securities, other than Special Trust Securities issued to MLI or to a direct or indirect wholly-owned subsidiary of MFC; and
- (iii) the capitalization of the Trust represented by the MaCS is included in the Participation Fee calculation applicable to MFC.

DATED September 7<sup>th</sup>, 2004.

Iva Vranic