

2005 BCSECCOM 729

November 25, 2005

Headnote

Mutual Reliance Review System for Exemptive Relief Application – Securities Act s. 48 Dealer - Exemption from s.34(1)(a) requirement to be registered as a dealer to trade securities - A person not registered as a dealer in BC wants to do a trade that requires a BC registered dealer - The person administers distribution reinvestment plans for issuers; the person is appropriately licensed to carry on business as a trust company; the person receives sell orders from plan participants; the person passes sell orders to registered dealers to be executed; the person does not solicit orders; the person does not provide any investment advice to plan participants.

Applicable British Columbia Provisions

Securities Act, RSBC 1996, c. 418, ss. 34(1)(a) and 48

**In the Matter of the Securities Legislation
of Ontario, Alberta, British Columbia, Manitoba, New Brunswick,
Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut,
Prince Edward Island, Québec, Saskatchewan and Yukon
(the Jurisdictions)**

and

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

and

**In the Matter of Canadian Tire Corporation, Limited
(the Filer)**

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the **Decision Makers**) in each of the Jurisdictions has received an application from the Filer, under the securities legislation of the Jurisdictions (the **Legislation**), for the following decisions in respect of certain trades that may be made by the Filer or Computershare Trust Company of Canada, in its capacity as agent (the **Plan Agent**) under the Filer's Dividend Reinvestment Plan (the **Plan**), pursuant to the Plan, that are related to the acquisition or disposition of Class A Non-Voting Shares of the Filer (the **Class A Shares**), including fractions, by persons or companies (**Plan Participants**) that participate in the Plan:

2005 BCSECCOM 729

Acquisition of Class A Shares by Plan Participants

A decision (the **Registration Acquisition Relief**) that the dealer registration requirement does not apply to trades in Class A Shares made by the Filer, or by the Plan Agent, to a Plan Participant, in connection with the purchase of Class A Shares by the Plan Participant under the Plan, using dividends or distributions out of earnings, surplus, capital or other sources, payable in respect of common shares of the Filer (**Common Shares**) that are held by the Plan Participant under the Plan, to purchase the Class A Shares.

A decision (the **Prospectus Acquisition Relief**) that the prospectus requirement does not apply to a distribution of Class A Shares in the circumstance referred to above.

Disposition of Class A Shares on Behalf of Plan Participants

A decision (the **Registration Disposition Relief**) that, where, in connection with the termination of a Plan Participant's participation in the Plan, the Plan Agent sells fractional Class A Shares on behalf of the Plan Participant that are held by the Plan Agent for the Plan Participant under the Plan, through an appropriately registered dealer, the dealer registration requirement does not apply to the trade that is made by the Plan Agent with the Plan Participant.

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 the decision.

Representations

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

The Filer

1. The Filer is a corporation incorporated under the Ontario Companies Act pursuant to Letters Patent dated December 1, 1927 and is now governed by the Business Corporations Act (Ontario). The registered and principal offices of the Filer are located in Toronto, Ontario.

2005 BCSECCOM 729

2. The Filer operates nearly 1,100 stores, gas bars and car washes in an inter-related network of businesses engaged in retail, financial services and petroleum.
3. The Filer is authorized to issue 3,423,366 Common Shares and 100,000,000 Class A Shares. As of October 1, 2005, 3,423,366 Common Shares and 78,574,302 Class A Shares were issued and outstanding.
4. The Filer is a reporting issuer under the Legislation. The Filer is not in default of its obligations under the Legislation and is up to date with all filings required to be made under the Legislation.
5. The Common Shares and the Class A Shares are listed and posted for trading on the Toronto Stock Exchange (the TSX) under the symbols "CTR" and "CTR.NV", respectively.

Dividends

6. Dividends are declared at the discretion of the Board of Directors of the Filer after consideration of earnings available for dividends, financial requirements and other conditions prevailing from time to time. The current annual dividend payment rate is \$0.58 per share.
7. On August 11, 2005, the Filer declared a quarterly dividend of \$0.145 per share on each Common Share and Class A Share which is payable on December 1, 2005 to holders of Common Shares and Class A Shares of record on October 31, 2005.

The Plan

8. The Filer has established the Plan pursuant to which Canadian resident registered shareholders may, at their option, invest cash dividends paid on their Common Shares or Class A Shares in additional Class A Shares (the Plan Shares) as an alternative to receiving cash dividends. The Plan is not available to shareholders who are not Canadian residents.
9. The Plan Agent was appointed to act as the administrator for the Plan by the Filer. Where the Plan Agent carries on trading activities in respect of the acquisition and disposition of securities for a Plan Participant under the Plan, the Plan Agent acts as agent for the Plan Participant. The Plan Agent does not provide investment advice to any Plan Participant concerning the decisions by the Plan Participant to purchase, sell or hold securities under the Plan.
10. Cash dividends due to Plan Participants are paid to the Plan Agent and applied to purchase Plan Shares. All Plan Shares purchased under the Plan are

2005 BCSECCOM 729

purchased by the Plan Agent directly from the Filer. No commissions, service fees or administrative costs are payable by Plan Participants in connection with the Plan.

11. The price of Plan Shares purchased with such cash dividends is equal to the weighted average trading price of the Class A Shares on the TSX for the five trading days immediately following the corresponding dividend record date.
12. The Plan Agent maintains an account for each Plan Participant. Cash dividends in respect of Plan Shares purchased under the Plan and held by the Plan Agent for the Plan Participant's account are automatically invested under the Plan in Plan Shares.
13. Plan Participants are able to terminate their participation in the Plan at any time by written notice to the Plan Agent. If such notice is received by the Plan Agent between a dividend record date and the dividend payment date, the Plan Participant's account is not closed until after the dividend payment date. Thereafter, cash dividends payable to such shareholders are made in the customary manner.
14. When participation in the Plan is terminated, the terminating Plan Participant will receive a certificate for the number of whole Plan Shares held for such Participant's account and a cash payment will be made for any fraction of a Plan Share credited to the account. The Plan Agent may sell fractional Plan Shares on behalf of Plan Participants and make cash payments to these Plan Participants in the amount of the value of such fractional Plan Shares calculated in accordance with the Plan.
15. The Filer is able to amend, modify, suspend or terminate the Plan at any time, provided that such action will not have a retroactive effect which would prejudice the interests of the Plan Participants. All affected Plan Participants will be sent written notice of any such amendment, modification, suspension or termination.

Decision

Each of the Decision Makers is satisfied that the tests contained in the Legislation that provides the Decision Maker with the jurisdiction to make these decisions has been met.

The decision of the Decision Makers, other in than British Columbia, Alberta (where blanket relief provides the necessary relief), Quebec and New Brunswick, under the Legislation is that the Registration Acquisition Relief and the Prospectus Acquisition Relief are granted, provided that:

2005 BCSECCOM 729

(a) in the case of the Registration Acquisition Relief,

- (i) at the time of the trade, the Plan is made available to every security holder in Canada to which the corresponding dividend or distribution is available;
- (ii) at the time of the trade, the Filer is not an investment fund; and
- (iii) for each Jurisdiction, this decision will terminate on the earlier of:
 - (A) 90 days after the coming into force of any rule, other regulation or blanket order or ruling under the Legislation of the Jurisdiction that amends section 2.2 of National Instrument 45-106 Prospectus and Registration Exemptions (NI 45-106) or provides an alternative exemption; and
 - (B) December 31, 2008; and

(b) in the case of the Prospectus Acquisition Relief,

- (i) at the time of the trade, the Plan is made available to every security holder in Canada to which the corresponding dividend or distribution is available;
- (ii) at the time of the trade, the Filer is not an investment fund;
- (iii) the first trade in any Plan Shares issued by the Filer under the Plan to holders of Common Shares pursuant to this decision will be a distribution or primary distribution to the public unless the conditions set out in subsection 2.6(3) of National Instrument 45-102 Resale of Securities are satisfied; and
- (iv) for each Jurisdiction, this decision will terminate on the earlier of:
 - (A) 90 days after the coming into force of any rule, other regulation or blanket order or ruling under the Legislation of the Jurisdiction that amends section 2.2 of NI 45-106 or provides an alternative exemption; and
 - (B) December 31, 2008.

2005 BCSECCOM 729

The decision of the Decision Makers under the Legislation is that the Registration Disposition Relief is granted, provided that:

- (a) the Plan Agent is, at the relevant time, appropriately licensed or otherwise permitted to carry on the business of a trust company in the Jurisdiction;
- (b) the sale of fractional Plan Shares by the Plan Agent on behalf of Plan Participants is not solicited, but for this purpose such sale will not be considered “solicited” by reason of the Filer, or the Plan Agent on behalf of the Filer, distributing from time to time to Plan Participants disclosure documents, notices, brochures, statements of account, or similar documents advising of the ability under the Plan of the Plan Agent to facilitate sales of Plan Shares or by reason of the Filer and/or the Plan Agent advising Plan Participants of that ability, and informing Plan Participants of the details of the operation of the Plan in response to enquiries from time to time from Plan Participants by telephone or otherwise; and
- (c) for each Jurisdiction, this decision will terminate on the earlier of:
 - (i) 90 days after the coming into force of:
 - (A) any rule or other regulation under the Legislation of the Jurisdiction that amends NI 45-106 and relates to the sale of securities by an administrator on behalf of participants in a dividend reinvestment plan, or
 - (B) a blanket order or ruling under the Legislation of the Jurisdiction that provides an alternative exemption; and
 - (ii) December 31, 2008.

Paul M. Moore, Q.C.
Commissioner
Ontario Securities Commission

David L. Knight, FCA
Commissioner
Ontario Securities Commission