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Headnote

Mutual Reliance Review System for Exemptive Relief Application - application for relief from the registration and prospectus requirements in connection with the distribution and resale of units of the applicant trust pursuant to a distribution reinvestment plan - relief granted subject to conditions - first trade in additional units deemed a distribution unless made in compliance with MI 45-102

Applicable British Columbia Provisions

Securities Act, R.S.B.C.1996, c. 418, ss. 48 and 76

Multilateral Instrument 45-102 *Resale of Securities*

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND & LABRADOR AND PRINCE EDWARD ISLAND

AND

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

AND

IN THE MATTER OF CRESCENT POINT ENERGY TRUST

MRRS DECISION DOCUMENT

- ¶ 1 WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland & Labrador and Prince Edward Island (the “Jurisdictions”) has received an application from Crescent Point Energy Trust (the “Trust”) for a decision, under the securities legislation of the Jurisdictions (the “Legislation”), that the requirements contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and final prospectus (the “Registration and Prospectus Requirement”) shall not apply to certain trades in units of the Trust (“Trust Units”) issued pursuant to a premium distribution, distribution reinvestment and optional trust unit purchase plan (the “Premium DRIP”);

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- ¶ 2 AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the British Columbia Securities Commission is the principal regulator for this application;
- ¶ 3 AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions* or in Québec Commission Notice 14-101;
- ¶ 4 AND WHEREAS the Trust has represented to the Decision Makers that:
1. the Trust is an unincorporated open-ended investment trust governed by the laws of the Province of Alberta and was created pursuant to a trust indenture (the “Trust Indenture”) dated as of July 22, 2003 between Crescent Point Energy Ltd. (“Crescent Point Energy”) and Olympia Trust Company;
 2. Olympia Trust Company is the trustee of the Trust (in such capacity, the “Trustee”);
 3. the head and principal office of the Trust is located at 1800, 500 – 4th Avenue S.W., Calgary, Alberta T2P 2V6;
 4. pursuant to a plan of arrangement (the “Arrangement”) involving Crescent Point Energy, Tappit Resources Ltd. (“Tappit”), the Trust and certain other parties, the non-exploration assets of Crescent Point Energy and the assets of Tappit, consisting primarily of mature, long life, low decline properties, were converted into an income trust; pursuant to the Arrangement, the Trust, among other things, acquired all of the Class A Shares and Class B Shares in the capital of Crescent Point Energy and all of the common shares in the capital of Tappit in exchange for Trust Units and certain other consideration; all requisite approvals to the Arrangement were obtained and the Arrangement became effective on September 5, 2003;
 5. the Trust is actively engaged through Crescent Point Resources Ltd., Crescent Point Energy Partnership and Crescent Point Resources Limited Partnership in the business of crude oil and natural gas exploitation, development, acquisition and production in the provinces of Alberta, British Columbia and Saskatchewan;
 6. the Trust expects to make monthly cash distributions (“Cash Distributions”) to Unitholders (commencing October 15, 2003) of interest income earned on the principal amount of a promissory note issued by Crescent Point Resources and income earned under royalty agreements entered into by the Trust with

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Crescent Point Partnership and Crescent Point L.P, in each case, after expenses, if any, and any cash redemptions of Trust Units;

7. an unlimited number of Trust Units may be created and issued pursuant to the Trust Indenture; each Trust Unit entitles the holder thereof to one vote at any meeting of the holders of Trust Units and represents an equal fractional undivided beneficial interest in any distribution from the Trust (whether of net income, net realized capital gains or other amounts) and in any net assets of the Trust in the event of termination or winding-up of the Trust; all Trust Units rank among themselves equally and rateably without discrimination, preference or priority; each Trust Unit is transferable, is not subject to any conversion or pre-emptive rights and entitles the holder thereof to require the Trust to redeem any or all of the Trust Units held by such holder;
8. at the time of the Arrangement, Crescent Point Energy was a reporting issuer or the equivalent thereof in each of the provinces of British Columbia, Alberta, Manitoba and Ontario and had been so for more than 12 months;
9. the Trust is a reporting issuer or the equivalent thereof in each of the provinces of Alberta, Saskatchewan, Ontario and Québec as has been so since September 5, 2003, being the effective date of the Arrangement; the Trust is a reporting issuer in the province of British Columbia and has been so for more than 12 months;
10. the Trust is not in default of any requirements of the Legislation;
11. the Trust is not a “qualifying issuer” within the meaning of MI 45-102 *Resale of Securities* because it does not have a current AIF filed on SEDAR;
12. the Trust Units are listed and posted for trading on the Toronto Stock Exchange (the “TSX”);
13. the Trust intends to establish the Premium DRIP pursuant to which eligible Unitholders may direct that Cash Distributions paid by the Trust in respect of their existing Trust Units be applied to the purchase of additional Trust Units (“DRIP Units”) and, at their option, either (i) direct that the DRIP Units be held for their account (the “Reinvestment Option”) or (ii) authorize and direct the trust company that is appointed as plan agent under the Premium DRIP (the “Plan Agent”) to pre-sell, through a designated broker (the “Plan Broker”), for the account of such Unitholders so electing, that number of Trust Units approximately equal to the number of DRIP Units issuable on such reinvestment of Cash Distributions and to settle such pre-sales with the DRIP Units issued on the applicable distribution payment date in exchange for a

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cash payment for the account of such Unitholders equal to 102% of the reinvested Cash Distributions (the “Premium Distribution Option”);

14. eligible Unitholders that have elected to have their Cash Distributions reinvested in DRIP Units under either the Reinvestment Option or Premium Distribution Option (“Participants”) may also purchase additional Trust Units under the Premium DRIP by making optional cash payments (“Optional Cash Payments”) within certain established limits (the “Cash Payment Option”); the Trust shall have the right to determine from time to time whether the Cash Payment Option will be available;
15. all DRIP Units purchased under the Premium DRIP will be purchased by the Plan Agent directly from the Trust on the relevant distribution payment date at a price determined by reference to the Average Market Price (defined in the Premium DRIP as the arithmetic average of the daily volume weighted average trading prices of the Trust Units on the TSX for a defined period not exceeding 20 trading days preceding the applicable distribution payment date);
16. DRIP Units purchased under the Reinvestment Option or the Premium Distribution Option will be purchased at a 5% discount to the Average Market Price; DRIP Units purchased under the Cash Payment Option will be purchased at the Average Market Price;
17. the Plan Broker’s *prima facie* return under the Premium Distribution Option will be approximately 3% of the reinvested Cash Distributions (based on pre sales of DRIP Units having a market value of approximately 105% of the reinvested Cash Distributions and a fixed cash payment to the Plan Agent, for the account of applicable Participants, of an amount equal to 102% of the reinvested Cash Distributions); the Plan Broker may, however, realize more or less than this *prima facie* amount, as the actual return will vary according to the prices the Plan Broker is able to realize on the pre-sales of DRIP Units; the Plan Broker bears the entire price risk of pre-sales in the market, as Participants who have elected the Premium Distribution Option are entitled to a cash payment equal to 102% of the reinvested Cash Distributions;
18. all activities of the Plan Broker on behalf of the Plan Agent that relate to pre-sales of DRIP Units for the account of Participants who elect the Premium Distribution Option will be in compliance with applicable Legislation and the rules and policies of the TSX (subject to any exemptive relief granted); the Plan Broker will also be a member of the Investment Dealers Association of Canada, and will be registered under the Legislation of any Jurisdiction where the first trade in DRIP Units pursuant to the Premium Distribution Option makes such registration necessary;

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19. the Premium DRIP will not be available to Unitholders who are residents of the United States or other foreign jurisdictions where the issuance of DRIP Units to holders resident in such jurisdictions would not be lawful;
20. participants who choose to participate in the Premium DRIP are free to terminate their participation under either the Reinvestment Option or the Premium Distribution Option and to change their election as between the Reinvestment Option and the Premium Distribution Option, in each such case, by providing written notice thereof to the Plan Agent; a notice of termination or change of election received on or after a distribution record date will become effective after the distribution payment date to which such record date relates;
21. under the Cash Payment Option, a Participant may, through the Plan Agent, purchase DRIP Units up to a stipulated aggregate maximum dollar amount per year of \$100,000 and subject to a minimum amount per remittance of \$1,000; the aggregate number of DRIP Units that may be purchased under the Cash Payment Option by all Participants in any financial year of the Trust will be limited to a maximum of 2% of the number of Trust Units issued and outstanding at the start of the financial year;
22. no brokerage fees or service charges will be payable by Participants in connection with the purchase of DRIP Units under the Premium DRIP;
23. all Cash Distributions on Trust Units enrolled in the Premium DRIP will be automatically reinvested in DRIP Units under the Reinvestment Option or exchanged for a cash payment under the Premium Distribution Option, as applicable, in accordance with the terms of the Premium DRIP and the current election of the applicable Participant;
24. the Premium DRIP permits full investment of reinvested Cash Distributions and Optional Cash Payments because fractions of Trust Units, as well as whole Trust Units, may be credited to Participants' accounts (although, in the case of beneficial Unitholders, the crediting of fractional Trust Units may depend on the policies of a Participant's broker, investment dealer, financial institution or other nominee through which the Participant holds Trust Units);
25. the Trust reserves the right to determine for any distribution payment date how many DRIP Units will be available for purchase under the Premium DRIP;
26. if, in respect of any distribution payment date, fulfilling all of the elections under the Premium DRIP would result in the Trust exceeding either the limit

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on DRIP Units set by the Trust or the aggregate annual limit on DRIP Units issuable pursuant to the Cash Payment Option, then elections for the purchase of DRIP Units on the next distribution payment date will be accepted: (i) first, from Participants electing the Reinvestment Option; (ii) second, from Participants electing the Premium Distribution Option; and (iii) third, from Participants electing the Cash Payment Option; if the Trust is not able to accept all elections in a particular category, then purchases of DRIP Units on the next distribution payment date will be pro-rated among all Participants in that category according to the number of DRIP Units sought to be purchased;

27. if the Trust determines that no DRIP Units will be available for purchase under the Premium DRIP for a particular distribution payment date, then all Participants will receive the Cash Distribution announced by the Trust for that distribution payment date;
28. the Trust reserves the right to amend, suspend or terminate the Premium DRIP at any time, provided that such action shall not have a retroactive effect which would prejudice the interests of Participants; the Trust will notify Unitholders of any such amendment, suspension or termination in accordance with the Premium DRIP and applicable securities law requirements;
29. Legislation in the Jurisdictions provides exemptions from the Registration and Prospectus Requirement for reinvestment plans; such exemptions are not available to the Trust in the Jurisdictions, except Alberta, however, because such exemptions are generally limited to plans that provide for the reinvestment of one or more of (i) dividends; (ii) interest; (iii) capital gains; or (iv) earnings or surplus; in contrast, the distributions that are paid to the Unitholders are distributions of cash which may not fall within such categories;
30. in addition, Legislation in certain of the Jurisdictions provides exemptions from the Registration and Prospectus Requirement for reinvestment plans of mutual funds; such exemptions are unavailable to the Trust since it is an open-ended investment trust and, therefore, not within the definition of "mutual fund" contained in the Legislation of the relevant Jurisdictions;

¶ 5 AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

¶ 6 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;

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¶ 7 THE DECISION of the Decision Makers pursuant to the Legislation is that:

1. the Registration and Prospectus Requirement contained in the Legislation shall not apply to distributions by the Trust of DRIP Units for the account of Participants pursuant to the Premium DRIP, provided that:
 - (a) at the time of the trade the Trust is a reporting issuer or the equivalent in a jurisdiction listed in Appendix B of MI 45-102 and is not in default of any requirements of the Legislation;
 - (b) no sales charge is payable by Unitholders in respect of the trade;
 - (c) the Trust has caused to be sent to the person or company to whom the DRIP Units are traded, not more than 12 months before the trade, a statement describing:
 - (i) their right to withdraw from the Premium DRIP and to make an election to receive Cash Distributions instead of DRIP Units on the applicable distribution payment date (the “Withdrawal Right”); and
 - (ii) instructions on how to exercise the Withdrawal Right;
 - (d) the aggregate number of DRIP Units issued under the Cash Payment Option of the Premium DRIP in any financial year of the Trust shall not exceed 2% of the aggregate number of Trust Units outstanding at the start of that financial year;
 - (e) the first trade of DRIP Units shall be deemed to be a distribution or a primary distribution to the public under the Legislation unless:
 - (i) except in Québec, the conditions in subsections (3) or (4) of Section 2.6 of MI 45-102 are satisfied; and
 - (ii) in Québec:
 - (A) the Trust is a reporting issuer in Québec and has been a reporting issuer in Québec for the 12 months preceding the trade and for purposes of determining the period of time that the Trust has been a reporting issuer in Québec, the Commission des valeurs mobilières du Québec recognizes the period during which Crescent Point Energy has been a reporting issuer in Alberta immediately before the Arrangement;

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- (B) no unusual effort is made to prepare the market or to create a demand for the DRIP Units that are the subject of the trade;
- (C) no extraordinary commission or other consideration is paid to a person or company in respect of the trade; and
- (D) if the selling security holder of the DRIP Units is an insider or officer of the Trust, the selling security holder has no reasonable grounds to believe that the Trust is in default of Québec securities legislation.

¶ 8 November 21, 2003

Brenda Leong
Director