

**THE SECURITIES ACT**

)

**Order No. 2827**

)

**Section 20(1)**

)

**December 1st, 1999**

**KPMG AMERICAS LTD.**

**WHEREAS:**

(A) KPMG Canada has applied to The Manitoba Securities Commission (the "Commission") for an Order, pursuant to subsection 20(1) of the *Securities Act*, R.S.M.1988, c. s50 (the "Act") that the proposed distribution from time to time of Class 1 shares and Class 2 shares (collectively, the "Shares") of KPMG Americas Ltd. ("KPMG Americas") to the chairman, chief executive officer or senior partner (collectively, the "Chairman") of KPMG LLP, an Ontario limited liability partnership, and KPMG Canada, an Ontario partnership, (collectively, "the Canada Partnerships") or to partners or partners-equivalent (collectively, the "Partners") of the Canada Partnerships, will not be exempt from sections 6 and 37 of the Act and that any acts by KPMG Americas or the Canada Partnerships, in furtherance of trades made in reliance upon and in accordance with such ruling are not subject to section 6 of the Act.

(B) KPMG Canada has represented to the Commission as follows:

1. KPMG Americas will be a Bermuda exempted company established by KPMG LLP, a Delaware limited liability partnership, the Canada Partnerships and certain of those firms who are members of KPMG International (a Swiss association) in Latin America and the Caribbean (collectively, and together with such other firms which are members of KPMG International as in the future may become parties to the Americas Agreement (as hereinafter defined) and each of their subsidiaries, (the "Member Firms")).
2. The Member Firms provide assurance, taxation, consulting and financial advisory services and where permitted, legal services to their respective clients (the "Professional Services").
3. KPMG International co-ordinates the provision of Professional Services through, and facilitates the establishment and maintenance of high and uniform standards of work and conduct by, the Member Firms and other firms operating under the KPMG name in Europe and Asia.
4. The Member Firms desire to enhance the co-ordination provided by KPMG International by co-operating with each other in order to, among other things, improve common regional strategy, harmonize and strengthen the Member Firms and ensure consistent quality and content of service offerings to regional clients.

5. The Member Firms and KPMG Americas propose to enter into an agreement (the "Americas Agreement") pursuant to which KPMG Americas will establish uniform standards, policies, strategies, procedures, programs and guidance for the conduct of the businesses of the Member Firms.

6. KPMG Americas will not carry on any operating business. All operating business will be carried on exclusively through Member Firms. It is not intended that KPMG Americas will acquire nor hold an assets apart from the monies received upon the initial issuance of Shares and any subsequent issuance of Shares nor make a profit.

7. It is not intended that KPMG Americas will become subject to the continuous disclosure requirements of the Act.

8. The share capital of KPMG Americas will be divided into Class 1 shares, par value U.S.\$1,000 per share, and Class 2 shares, par value U.S. \$0.01 per share.

9. KPMG Americas proposes to issue Class 1 shares only to the chairmen, chief executive officers or senior partners of the Member Firms and one Class 2 share to each of the partners (or equivalents) of each Member Firm, in each case, at a subscription price equal to the par value of such Shares.

10. Only the holders of the Class 1 shares will be entitled to dividends; however it is highly unlikely that distributions will be made on the Class 1 shares.

11. The Shares will not be transferable except upon repurchase of the shares by KPMG Americas.

12. KPMG Americas will repurchase at par value the Class 1 shares held by any chairman, chief executive officer or senior partner of a Member Firm issued such shares who resigns from his or her position as chairman, chief executive officer or senior partner or is terminated as chairman, chief executive officer or senior partner and will repurchase at par value the Class 2 shares held by any partner (or equivalent) who withdraws from or is terminated by a Member Firm of which he or she is a partner (or equivalent).

13. The shareholders of KPMG Americas will be restricted to the chairmen, chief executive officer or senior partner of Member Firms who will hold Shares in KPMG Americas that have no real potential for appreciation, whether by transfer by the shareholder or upon purchase by KPMG Americas.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

**IT IS ORDERED:**

1. **THAT**, pursuant to subsection 20(1) of the Act that the trade from time to time by KPMG Americas of the Shares to or from any Chairman or Partner is exempt from sections 6 and 37 of the Act.
2. **THAT** pursuant to subsection 20(1) of the Act that acts by KPMG Americas or the Canada Partnerships in furtherance of trades made in reliance upon and in accordance with this order are exempt from section 6 of the Act.
3. **THAT** the fee for this order shall be \$650.00.

**Director – Legal**