

THE SECURITIES ACT

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Order No. 4479

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Section 5.1 of MSC Rule 31-506

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June 15, 2004

GLUSKIN SHEFF + ASSOCIATES INC.

WHEREAS:

(A) Gluskin Sheff + Associates ("GS+A") has applied to The Manitoba Securities Commission for an order pursuant to Section 5.1 of Manitoba Securities Commission Rule 31-506 - MFDA Members - Mutual Fund Dealers (the "MFDA Membership Rule") exempting the GS+A from the requirement to become a member of The Mutual Fund Dealers Association of Canada (the "MFDA"), provided that it complies with certain terms and conditions.

(B) It has been represented to the Commission that:

1. GS+A is registered as portfolio manager and investment counsel (or equivalent) and mutual fund dealer in the Provinces of the British Columbia and Alberta and registered as a portfolio manager and investment counsel, mutual fund dealer and limited market dealer in the Province of Ontario;
2. GS+A's primary business is the provision of portfolio management and investment advisory services for institutional and private high net worth clients;
3. GS+A in its capacity as a portfolio manager currently manages assets in excess of \$1.3 billion;
4. GS+A offers and sells the following investment products to its clients from time to time:
 - (a) The GS+A RRSP Fund (the "Fund"), a prospectus qualified mutual fund managed by GS+A; and
 - (b) pooled funds managed by GS+A, which are private investments funds designed for its high net worth clients managed by the GS+A (collectively, "Pooled Funds");
5. The units of the Fund are presently offered for sale on a continuous basis in the Provinces of British Columbia, Alberta and Ontario pursuant to a simplified prospectus and annual information form, which is renewed annually. GS+A may qualify the Fund for distribution in additional jurisdictions as it becomes registered in such jurisdictions;
6. The Fund was established primarily for the purpose of providing clients, employees of GS+A, family members and acquaintances of employees and persons who are in some manner related or connected to GS+A clients with access to GS+A's portfolio management expertise in a RRSP eligible investments;

7. The units of the Fund are not sold to the general public nor does the Fund advertise or solicit clients for the purpose of purchasing units of the Fund;

8. The Fund has aggregate assets of approximately \$90 million;

9. GS+A's activities as a mutual fund dealer are limited and incidental to the primary business of GS+A, which is the discretionary investment management of accounts for institutional and private high net worth clients and their families;

(C) The Director is satisfied in the circumstances of this particular case that it would not be prejudicial to the public to grant the relief requested;

IT IS ORDERED that, pursuant to Section 5.1 of the MFDA Rule, GS+A is hereby exempt from the requirement to become a member of The Mutual Fund Dealers Association of Canada (the "MFDA"), provided that it complies with the terms and conditions set out in the attached Schedule "A".

BY ORDER OF THE COMMISSION.

DIRECTOR - LEGAL

Schedule "A"

TERMS AND CONDITIONS
FOR
GLUSKIN SHEFF + ASSOCIATES INC.

Definitions

1. For the purposes hereof, unless the context otherwise requires:

(a) "Act" means *The Securities Act* (Manitoba), as amended;

(b) "Adviser" means a securities adviser as defined in subsection 1(1) of the Act;

(c) "Client Name Trade" means, for the Registrant, a trade to, or on behalf of, a person, in securities of a mutual fund, that is managed by the Registrant or an affiliated entity of the Registrant, where, immediately before the trade, the person is shown on the records of the mutual fund or of another mutual fund or pooled fund managed by the Registrant or an affiliate of the Registrant as the holder of securities of such mutual fund or pooled fund, and the trade consists of:

(A) a purchase, by the person, through the Registrant, of securities of the mutual fund; or

(B) a redemption, by the person, through the Registrant, of securities of the mutual fund;

and where, the person is either a client of the Registrant that was not solicited by the Registrant or was an existing client of the Registrant on the Effective Date;

(d) Commission" means The Manitoba Securities Commission;

(e) Effective Date" means June 14, 2004;

(f) Employee", for the Registrant, means:

(A) an employee of the Registrant;

(B) an employee of an affiliated entity of the Registrant; or

(C) an individual that is engaged to provide, on a *bona fide* basis, consulting, technical, management or other services to the Registrant or to an affiliated entity of the Registrant, under a written contract between the Registrant or the affiliated entity and the individual or a consultant company or consultant partnership of the individual, and, in the reasonable opinion of the Registrant, the individual spends or will spend a significant amount of time and attention on the affairs and business of the Registrant or an affiliated entity of the Registrant;

(g) Employee", for a Service Provider, means an employee of the Service Provider or an affiliated entity of the Service Provider, provided that, at the relevant time, in the reasonable opinion of the Registrant, the employee spends or will spend, a significant amount of time and attention on the affairs and business of:

(A) the Registrant or an affiliated entity of the Registrant; or

(B) a mutual fund managed by the Registrant or an affiliated entity of the Registrant;

(h) Employee Rule" means Multilateral Instrument 45-105;

(i) Executive", for the Registrant, means a director, officer or partner of the Registrant or of an affiliated entity of the Registrant;

(j) Executive", for a Service Provider, means a director, officer or partner of the Service Provider or an affiliated entity of the Service Provider;

(k) Exempt Trade", for the Registrant, means:

(i) a trade in securities of a mutual fund that is made between a person and an underwriter acting as purchaser or between or among underwriters; or

(ii) any other trade made in reliance on an exemption from the registration requirements of the Act;

(l) Fund-on-Fund Trade", for the Registrant, means a trade that consists of:

(i) a purchase, through the Registrant, of securities of a mutual fund that is made by another mutual fund;

(ii) a purchase, through the Registrant, of securities of a mutual fund that is made by a counterparty, an affiliated entity of the counterparty or an other person, pursuant to an agreement to purchase the securities to effect a hedge of a liability relating to a contract for a specified derivative or swap made between the counterparty and another mutual fund; or

(iii) a sale, through the Registrant, of securities of a mutual fund that is made by another mutual fund where the party purchasing the securities is:

(A) a mutual fund managed by the Registrant or an affiliated entity of the Registrant; or

(B) a counterparty, affiliated entity or other person or company that acquired the securities pursuant to an agreement to purchase the securities to effect a hedge of a liability relating to a contract for a specified derivative or swap made between the counterparty and another mutual fund; and

where, in each case, at least one of the referenced mutual funds is a mutual fund that is managed by either the Registrant or an affiliated entity of the Registrant;

(m) In Furtherance Trade" means, for the Registrant, a trade by the Registrant that consists of any act, advertisement, or solicitation, directly or indirectly in furtherance of an other trade in securities of a mutual fund, where the other trade consists of:

(i) a purchase or sale of securities of a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant; or

(ii) a purchase or sale of securities of a mutual fund where the Registrant acts as the principal distributor of the mutual fund; and

where, in each case, the purchase or sale is made by or through an other registered dealer if the Registrant is not otherwise permitted to make the purchase or sale pursuant to these terms and conditions;

(n) Managed Account" means, for the Registrant, an investment portfolio account of a client under which the Registrant, pursuant to a written agreement made between the Registrant and the client, makes investment decisions for the account and has full discretionary authority to trade in securities for the account without obtaining the client's specific consent to the trade;

(o) Managed Account Trade" means, for the Registrant, a trade to, or on behalf of a Managed Account of the Registrant, where the trade consists of a purchase or redemption, through the Registrant, of securities of a mutual fund, that is made on or behalf of the Managed Account;

where, in each case,

(i) the Registrant is the portfolio adviser to the mutual fund;

(ii) the mutual fund is managed by the Registrant or an affiliate of the Registrant; and

(iii) either of:

(A) the mutual fund is prospectus-qualified in British Columbia; or

(B) the trade is not subject to sections 34 and 61 of the Act;

(p) Mutual Fund Instrument" means National Instrument 81-102 Mutual Funds, as amended;

(q) Permitted Client", for the Registrant, means a person that is a client of the Registrant, and that is, or was at the time the person became a client of the Registrant:

(i) an Executive or Employee of the Registrant;

(ii) a Related Party of an Executive or Employee of the Registrant;

(iii) a Service Provider of the Registrant or an affiliated entity of a Service Provider of the Registrant;

(iv) an Executive or Employee of a Service Provider of the Registrant;

(v) a Related Party of an Executive or Employee of a Service Provider of the Registrant;

(vi) a Related Party of a registered holder of a Managed Account or units of a Pooled Fund, where the Related Party:

(A) is a person included in paragraph 1(w);

(B) is a client of the Registrant not solicited by the Registrant; and

(C) is purchasing or redeeming units of the RRSP Fund; or

(vii) a registered holder of a Managed Account or units of a Pooled Fund, where that person:

(A) is a client of the Registrant; and

(B) is purchasing or redeeming units of the RRSP Fund;

(r) Permitted Client Trade" means, for the Registrant, a trade to a person who is a Permitted Client or who represents to the Registrant that he or she is a person included in the definition of Permitted Client, in securities of a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant, and the trade consists of a purchase or redemption, by the person, through the Registrant, of securities of the mutual fund; or

(s) Pooled Fund" means a pooled fund managed by the Registrant, including the RRSP Fund and limited partnerships in which the Registrant or an affiliate of the Registrant is the general partner;

(t) Pooled Fund Rule" means, for the Registrant, a rule or other regulation that relates, in whole in part, to the distribution of securities of a mutual fund and/or non-redeemable investment fund, other than pursuant to a prospectus for which a receipt has been obtained from the Director, made by the Registrant on behalf of a Managed Account, but does not include trades under Multilateral Instrument 45-103 Capital Raising Exemptions;

(u) Registered Plan" means a registered pension plan, deferred profit sharing plan, registered retirement savings plan, registered retirement income fund, registered education savings plan or other deferred income plan registered under the Income Tax Act (Canada);

(v) Registrant" means Gluskin Sheff + Associates Inc.;

(w) Related Party", for a person, means an other person who is:

(i) the spouse of the person;

(ii) the issue of:

(A) the person,

(B) the spouse of the person; or

(C) the spouse of any person that is the issue of a person referred to in subparagraphs (A) or (B) above;

(iii) the parent, grandparent or sibling of the person, or the spouse of any of them;

(iv) the issue of any person referred to in paragraph (iii) above;

(v) a Registered Plan established by, or for the exclusive benefit of, one, some or all of the foregoing;

(vi) a trust where one or more of the trustees is a person referred to above and the beneficiaries of the trust are restricted to one, some, or all of the foregoing; or

(vii) a corporation where all the issued and outstanding shares of the corporation are owned by one, some, or all of the foregoing;

(x) RRSP Fund" means the GS+A RRSP Fund and any successor in interest to that fund managed by the Registrant;

(y) "securities", for a mutual fund, means shares or units of the mutual fund;

(z) Seed Capital Trade" means a trade in securities of a mutual fund made to a persons or company referred to in any of subparagraphs 3.1(1)(a)(i) to 3.1(1)(a)(iii) of the Mutual Fund Instrument; and

(aa) Service Provider", for the Registrant, means:

(i) a person that provides or has provided professional, consulting, technical, management or other services to the Registrant or an affiliated entity of the Registrant;

(ii) an Adviser to a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant; or

(iii) a person that provides or has provided professional, consulting, technical, management or other services to a mutual fund that is managed by the Registrant or an affiliated entity of the Registrant.

2. For the purposes hereof, a person is considered to be an "affiliated entity" of an other person if the person would be an affiliated entity of that other person for the purposes of the Employee Rule.

3. For the purposes hereof:

(a) "issue", "niece", "nephew" and "sibling" includes any person having such relationship through adoption, whether legally or in fact;

(b) "parent" and "grandparent" includes a parent or grandparent through adoption, whether legally or in fact;

(c) "registered dealer" means a person or company that is registered under the Act as a dealer in a category that permits the person or company to act as dealer for the subject trade; and

(d) "spouse", for an Employee or Executive, means a person who, at the relevant time, is the spouse of the Employee or Executive.

4. Any terms that are not specifically defined above shall, unless the context otherwise requires, have the meaning:

(a) specifically ascribed to such term in the Mutual Fund Instrument; or

(b) if no meaning is specifically ascribed to such term in the Mutual Fund Instrument, the same meaning the term would have for the purposes of the Act.

Permitted Activities

5. The Registrant shall only trade in securities of a mutual fund where the trade consists of:

(a) a Client Name Trade;

(b) an Exempt Trade;

(c) a Fund-on-Fund Trade;

(d) an In Furtherance Trade;

(e) a Managed Account Trade, provided that, at the time of the trade, the Registrant is registered under the Act as an adviser in the categories of "investment counsel" and/or "portfolio manager";

(f) a Permitted Client Trade; or

(g) a Seed Capital Trade;

provided that, in the case of all trades that are only referred to in clauses (a) or (f), the trades are limited and incidental to the principal business of the Registrant, and provided also that paragraph (e) will cease to be in effect one year after the coming into force, subsequent to the date of this Order, of any Pooled Fund Rule.