

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,
NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND, PRINCE EDWARD
ISLAND, YUKON, NORTHWEST TERRITORIES AND NUNAVUT**

AND

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

AND

**IN THE MATTER OF
ALLIANCE ATLANTIS COMMUNICATIONS INC.**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Newfoundland, Prince Edward Island, Yukon, Northwest Territories and Nunavut (the "Jurisdictions") has received an application (the "Application") from Alliance Atlantis Communications Inc. ("AACI") for a waiver, pursuant to section 4.5 of National Policy Statement No. 47 ("NP 47"), from the provisions of clauses 4.1(1)(c) and 4.1(3)(a) of NP 47, as read in conjunction with subsections 4.4(2) and 4.4(3) of NP 47, respectively, so that the Filer may continue to effect distributions under NP 47 without having to file a new annual information form ("AIF") as a result of effecting an amalgamation with two of its wholly-owned subsidiaries;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for the Application;

AND WHEREAS AACI has represented to the Decision Makers that:

1. AACI is a major Canadian provider of film entertainment and was formed pursuant to articles of arrangement under the *Canada Business Corporations Act* (the "CBCA") on September 21, 1998. The registered and principal office of AACI is located at 121 Bloor Street East, Suite 1500, Toronto, Ontario, Canada, M4W 3M5.
2. AACI has been a reporting issuer or the equivalent in each of the provinces and territories of Canada for more than 12 months and a participant in the prompt offering qualification system (the "POP System") in each Jurisdiction. To the best of the knowledge, information and belief of its officers and directors, AACI is not in default under any requirements of the legislation of any of the Jurisdictions.

3. The Class A Voting Shares of AACI (the "Class A Shares") are listed on The Toronto Stock Exchange. The Class B Non-Voting Shares of AACI (the "Class B Shares") are listed on The Toronto Stock Exchange and the NASDAQ National Market. The current aggregate market value of the Class A Shares and the Class B Shares (calculated in the manner contemplated by NP 47) is in excess of \$300 million.

4. On March 31, 2000, AACI amalgamated (the "Vertical Short Form Amalgamation") with two of its wholly-owned subsidiaries, Atlantis Communications Inc. and Atlantis Media Group Inc. (the "Amalgamating Subsidiaries"), pursuant to the provisions of the CBCA.

5. The Vertical Short Form Amalgamation constitutes a "Reorganization" as such term is defined in Part 3 of NP 47 because the financial results of the Amalgamating Subsidiaries have not been included in the audited financial statements of AACI for the last three years. AACI will therefore be a "Successor Issuer" as such term is defined in Part 3 of NP 47 after the Vertical Short Form Amalgamation.

6. Unless the waiver sought is granted, AACI would have to file, as a Successor Issuer, an Initial AIF pursuant to subsection 4.4(3) of NP 47 in order to satisfy the Current AIF requirement of clause 4.1(3)(a) of NP 47.

7. Unless the waiver sought is granted, the determination of whether AACI satisfies the \$75 million equity requirement in clause 4.1(1)(c) of NP 47 would depend, pursuant to subsection 4.4(2) of NP 47, upon a calculation that is based on the closing prices for each of the 10 trading days prior to the filing of an Initial AIF.

8. The financial results of the Amalgamating Subsidiaries were included in the audited financial statements of AACI for the fiscal year ended March 31, 1999, and will be included in the financial statements of AACI for the fiscal year ended March 31, 2000.

9. The Vertical Short Form Amalgamation will not result in any change in the affairs of AACI which would be material to investors.

10. AACI is currently eligible to effect a distribution of its securities under the POP System. It filed its Renewal AIF dated August 18, 1999, which was accepted by the Jurisdictions on August 23, 1999.

11. Prior to the Vertical Short Form Amalgamation, AACI satisfied the eligibility criteria in section 4.1 of NP 47.

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

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 the Jurisdictions pursuant to section 4.5 of NP 47 is that the requirements of subsections 4.1(1)(c) and 4.1(3)(a) of NP 47, as read in conjunction with subsections 4.4(2) and 4.4(3) of NP 47 are waived, so that AACI may continue to participate in and make distributions under the POP System without first having to file an Initial AIF as a result of the Vertical Short Form Amalgamation provided that:

(i) this Decision will terminate on the earlier of:

(a) 140 days after the end of the Filer's financial year-end March 31, 2000; and

(b) the date of filing of a renewal AIF by the Filer in respect of its financial year-end March 31, 2000; and

(ii) this Decision will automatically expire upon proposed National Instrument 44-101 "Short Form Prospectus Distribution System" coming into force and being adopted as a rule in each of the Jurisdictions.

DATED at Toronto this 25th day of May, 2000.

"Iva Vranic"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Waiver granted from the provisions of clauses 4.1(1)(c) and 4.1(3)(a) of NP 47, as read in conjunction with subsections 4.4(2) and 4.4(3) of NP 47, respectively, to enable an issuer to continue to effect distributions under NP 47 without having to file a new AIF as a result of a vertical short form amalgamation with two wholly-owned subsidiaries.

Applicable Ontario Statutory Provisions

National Policy Statement No. 47, ss. 4.1(1)(c), 4.1(3)(a), 4.4(2), 4.4(3), 4.5.

Applicable Rules

National Instrument 44-101 "Short Form Prospectus Distribution System".