

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

AND

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

AND

IN THE MATTER OF BUSINESS DEVELOPMENT BANK OF CANADA

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces and territories of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Northwest Territories, Nova Scotia, Prince Edward Island, Newfoundland and Yukon (the "Jurisdictions") has received an application on behalf of Business Development Bank of Canada ("BDC") for a decision under the securities legislation of the Jurisdictions ("Legislation") that the requirements contained in the Legislation to file a prospectus and receive a receipt therefor and register as a dealer ("Prospectus and Registration Requirements") shall not apply to the distribution of units ("Units") of the "Employee Savings and Investment Plan" ("ESIP") to employees of BDC resident in the Jurisdictions who elect to participate in the ESIP.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Commission des Valeurs mobilières du Québec is the principal regulator for this application;

AND WHEREAS BDC has represented to the Decision Makers that:

1. BDC is a financial institution, all of the shares (the "BDC Shares") of which are owned by the Government of Canada.
2. The BDC Shares are not listed on any stock exchange in Canada.
3. BDC has approximately 1,150 employees eligible to participate in the ESIP located in each of the provinces and territories of Canada.
4. The ESIP is being established for the purpose of providing a corporate-sponsored savings plan and investment opportunity to the employees of BDC that will support the linkage between employees and overall BDC performance.

5. In connection with the ESIP, a unit trust (the "Fund") will be established by trust agreement pursuant to the Civil Code of Québec.
6. All permanent employees of BDC not participating in any other long term incentive plan of BDC ("Eligible Employees") may participate in the ESIP.
7. Units of the Fund will be non-transferable.
8. Participation by Eligible Employees in the ESIP will be voluntary and Eligible Employees will not be induced to purchase Units of the Fund by expectation of employment or continued employment with BDC.
9. Eligible Employees participating in the ESIP ("Members") may acquire Units of "the Fund by contributing up to a maximum of 6% of their annual salary through payroll deductions ("Member Contributions"), which will be directed either to a tax sheltered group registered retirement savings plan or a non-tax sheltered savings account or a combination of both.
10. BDC will provide a discretionary contribution in the amount of \$2,000 on behalf of each eligible individual employed by BDC as of the last business day of September 2000 ("BDC Initial Discretionary Contribution").
11. Member Contributions will be matched by BDC in an amount representing at least 25% (up to a maximum of 65%) of the total uninterrupted Member Contributions during the preceding fiscal year of BDC based on the overall financial performance of the BDC ("BDC Contributions").
12. The Fund will be restricted to investing approximately 95% of its assets in notes issued by BDC guaranteed by the Government of Canada ("BDC Notes"). The BDC Notes bought by the Fund will have an initial term greater than one year. The remaining approximate 5% of the Fund's assets will be invested in debt securities having a term to maturity of less than one year and issued or guaranteed by the Government of Canada or a Canadian provincial government and in banker's acceptances issued by Canadian banks.
13. The BDC Notes are traded on the Canadian over-the-counter market and certain of them are traded on The Toronto Stock Exchange. The fund will initially acquire two types of BDC Notes which are currently available on the market: fixed interest rate notes and structured notes. Fixed interest rate notes have a fixed interest rate for their entire term. The return on structured notes is based on factors other than an interest rate such as the return of a market index.
14. A Canadian trust company (the "Trustee") will act as trustee and custodian of the Fund.
15. BDC will act as manager to the Fund and will engage a portfolio manager and investment counselor registered in Québec and Ontario, as portfolio manager of the Fund (the "Portfolio Manager").

16. Prior to acceptance of any undertaking by Eligible Employees to invest in the Fund, BDC will provide the Eligible Employees with the rules of the ESIP and an information brochure, disclosing, among other things, the investment objective of the Fund, the method of valuation of Units for purchase and redemption, the voting rights of unitholders and the Canadian income tax consequences of acquisition, holding and disposal of Units.

17. The initial value of \$10 per unit will fluctuate primarily with the market price of the BDC Notes bought by the Fund. The value of the Fund will be calculated on the 15th day of each month (a "Valuation Day") by the Trustee. Subscriptions and redemptions will be processed by the Trustee if received before 4:00 p.m. (EST) on a Valuation Day.

18. Members may redeem Units purchased through Member Contributions for cash up to a maximum of two times per year on any Valuation Day. No redemption of Units purchased through BDC Initial Discretionary Contributions (except for the initial fifty percent (50%) of Units purchased) or BDC Contributions will be permitted while the Member remains an employee of BDC.

19. For its services as trustee and custodian, the Trustee will be paid an annual fee of approximately \$18,000, including a basic fee and a variable fee based upon assets under administration and the number of securities transactions effected by the Fund.

20. The Portfolio Manager will be paid fees calculated as a percentage of assets under management, subject to minimum annual fees of \$15,000.

21. All of the fees of the Trustee, the Portfolio Manager and other service providers to the Fund will be paid by BDC in the Fund's first operating year. BDC may require the Fund to pay these fees and expenses after the Fund's first year.

22. Audited annual financial statements of BDC will be provided to Members within 140 days of its fiscal year end. The audited annual financial statements of the Fund will also be provided to Members within the same time period.

23. The principal reason the Fund is structured as a unit trust is for the benefit of employees of BDC, so as to allow them to place Units in a registered retirement savings plan and receive revenue and capital gains relating to their Units on a tax-deferred basis.

24. Exemptions from the Prospectus and Registration Requirements contained in the Legislation in connection with the purchase of shares of an issuer by its employees are not available to BDC because its governing law does not permit the issue of shares to its employees.

AND WHEREAS pursuant to 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;

It is hereby decided by the Decision Makers pursuant to the Legislation that the Registration and Prospectus Requirements shall not apply to an issuance of Units of the Fund to Members provided that:

(i) prior to the initial issuance of units of the Fund to an Eligible Employee, such Eligible Employee is provided with a statement that as a consequence of this Decision certain protections, rights and remedies provided by the Legislation, including statutory rights of rescission and damages, will not be available in respect of the units of the Fund issued pursuant to this Decision; and

(ii) prior to the initial issuance of units of the Fund to an Eligible Employee, such Eligible Employee is provided with an Information Brochure containing relevant information concerning the Fund, including the Canadian income tax consequences of acquiring, holding and disposing of units thereof.

DATED at Montré, Quéc this "4th October" 2000

Jean-Francois Bernier