

IN THE MATTER OF
THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NOVA SCOTIA, AND
NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF
CLARINGTONFUNDS INC.
CLARINGTON CAPITAL LIMITED PARTNERSHIP
CLARINGTON RSP GLOBAL COMMUNICATIONS FUND
CLARINGTON GLOBAL COMMUNICATIONS FUND

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from ClaringtonFunds Inc. ("Clarington") in its own capacity and on behalf of Clarington RSP Global Communications Fund (the "RSP Fund") and Clarington Global Communications Fund ("Underlying Fund") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, if applicable in a particular Jurisdiction, the following requirements or prohibitions under the Legislation shall not apply to investments by the RSP Fund:

- (a) That a mutual fund securityholder must issue a news release and file a report or reports where its aggregate holdings of securities of a reporting issuer exceed 10% of the outstanding securities of the reporting issuer and refrain from purchasing additional securities of the Underlying Fund for a specified period of time once its holdings exceed this 10% level.
- (b) The prohibition against a mutual fund knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds is a substantial securityholder.
- (c) The requirement that a management company file a report relating to a purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies.

AND WHEREAS the requirements and prohibitions outlined in paragraph (a) through (c) are referred to in this Decision Document as the "Applicable Legislation".

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application.

AND WHEREAS it has been represented by Clarington to the Decision Makers that:

1. The RSP Fund will be, and the Underlying Fund *is*, an open-end mutual fund trust established under the laws of the Province of Ontario.

2. Clarington Capital Limited Partnership (the "Partnership") is or will be the manager and promoter of each of the RSP Fund and the Underlying Fund. Clarington is the general partner of the Partnership and is a corporation established under the laws of Ontario. Clarington is or will be the trustee of each of the Funds. It is anticipated that at the end of 1999, the Partnership will be dissolved and Clarington will become the manager, trustee and promoter of each of the Funds and will continue to act as each Fund's trustee. The head office of the Partnership and Clarington is in Toronto, Ontario.

3. The RSP Fund will be, and the Underlying Fund *is*, a reporting issuer and they are not in default of any requirements of the securities act, regulations or rules applicable in any of the provinces and territories of Canada.

4. The securities of the Underlying Fund are currently qualified for distribution pursuant to a simplified prospectus and annual information form dated August 26, 1999. The units of the RSP Fund are to be qualified under a simplified prospectus and annual information form to be filed in 1999 (collectively, the "Prospectus").

5. To achieve its investment objective, the RSP Fund invests its assets in securities such that its units will, in the opinion of tax counsel to the RSP Fund, be a "qualified investment" for Registered Plans and will not constitute foreign property in registered retirement savings plans, registered retirement income funds, and deferred profit sharing plans (collectively, "Registered Plans"). This will primarily be achieved through the implementation of a derivative strategy. However, the RSP Fund also intends to invest a portion of its assets in securities of the Underlying Fund. This investment by the RSP Fund will at all times be below the maximum foreign property limit prescribed for Registered Plans (the "Permitted Limit").

6. The investment objective of the Underlying Fund is achieved through investment primarily in foreign securities.

7. The direct investment by the RSP Fund in the Underlying Fund will be within the Permitted Limit (the "Permitted RSP Fund Investment"). Clarington and the RSP Fund will comply with the conditions of this Decision in respect of such investments. The amount of direct investment by the RSP Fund in the Underlying Fund will be adjusted from time to time so that, except for

the transitional cash, the aggregate of the derivative exposure to, and direct investment in, the Underlying Fund will equal 100% of the assets of the RSP Fund.

8. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Policy Statement No. 39, the investment by the RSP Fund in the Underlying Fund has been structured to comply with the investment restrictions of the Legislation and National Policy Statement No. 39.

9. In the absence of this Decision, as soon as the aggregate holdings by the RSP Fund of securities of the Underlying Fund exceed 10% of the outstanding securities of the Underlying Fund, Clarington, and possibly the RSP Fund, would be required to comply with the reporting and other requirements of the Legislation.

10. In the absence of this Decision, pursuant to the Legislation, the RSP Fund is prohibited from (a) knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and (b) knowingly holding an investment referred to in subsection (a) hereof. As a result, in the absence of this Decision, the RSP Fund would be required to divest itself of any investments referred to in subsection (a) herein.

11. In the absence of this Decision, the Legislation requires Clarington to file a report on every purchase or sale of securities of the Underlying Fund by the RSP Fund.

12. Clarington is of the view that the requested relief is in the best interests of the RSP Fund and the Underlying Fund and represents the business judgment of responsible persons uninfluenced by considerations other than the best interests of the RSP Fund and the Underlying Fund.

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.

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Legislation does not apply so as to prevent the RSP Fund from investing in, or redeeming the securities of, the Underlying Fund,

PROVIDED IN EACH CASE THAT the Funds comply with the following conditions:

1. This Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation, regulation or rule of that Decision Maker dealing with matters in clause 2.04(4)(b) of National Policy No. 39.

2. This Decision shall only apply in respect of investments in, or transactions with, the Underlying Fund that are made by the RSP Fund in compliance with the following Conditions:

- a) the RSP Fund and the Underlying Fund are under common management and the Underlying Fund's securities are offered for sale in the jurisdiction of the Decision Maker pursuant to a prospectus which has been filed with and accepted by the Decision Maker;
- b) the RSP Fund restricts its aggregate direct investment in the Underlying Fund to a percentage of its assets that is within the Permitted Limit;
- c) the investment by the RSP Fund in the Underlying Fund is compatible with the fundamental investment objective of the RSP Fund;
- d) the Prospectus will describe the intent of the RSP Fund to invest in the Underlying Fund;
- e) the RSP Fund may change the Permitted RSP Fund Investments if it changes its fundamental investment objectives in accordance with the Legislation;
- f) no sales charges are payable by the RSP Fund in relation to its purchases of securities of the Underlying Fund;
- g) there are compatible dates for the calculation of the net asset value of the RSP Fund and the Underlying Fund for the purpose of the issue and redemption of the securities of such mutual funds;
- h) no redemption fees or other charges are charged by the Underlying Fund in respect of the redemption by the RSP Fund of securities of the Underlying Fund owned by the RSP Fund;
- i) the arrangements between or in respect of the RSP Fund and the Underlying Fund are such as to avoid the duplication of management fees;
- j) no fees and charges of any sort are paid by the RSP Fund or by the Underlying Fund or by the manager or principal distributor of the RSP Fund or the Underlying Fund or by any affiliate or associate of any of the foregoing entities to anyone in respect of the RSP Fund's purchase, holding or redemption of the securities of the Underlying Fund, other than the management fees as addressed in (i) above;
- k) in the event of the provision of any notice to securityholders of the Underlying Fund as required by the constating documents of the Underlying Fund or by the laws applicable to the Underlying Fund, such notice will also be delivered to the securityholders of the RSP Fund; all voting rights attached to the securities of the Underlying Fund which are owned by the RSP Fund will be passed through to the securityholders of the RSP Fund; in the event that a securityholders meeting is called for the Underlying Fund, all of the disclosure and notice material prepared in connection with such meeting will be provided to the securityholders of the

RSP Fund and such securityholders will be entitled to direct a representative of the RSP Fund to vote the RSP Fund's holding in the Underlying Fund in accordance with their direction; and the representative of the RSP Fund will not be permitted to vote the RSP Fund's holdings in the Underlying Fund except to the extent the securityholders of the RSP Fund so direct;

l) in addition to receiving the annual and, upon request, the semi-annual financial statements, of the RSP Fund, securityholders of the RSP Fund will receive the annual and, upon request, the semi-annual financial statements, of the Underlying Fund in either a combined report, containing both the RSP Fund's and Underlying Fund's financial statements, or in a separate report containing the Underlying Fund's financial statements; end

m) to the extent that the RSP Fund and the Underlying Fund do not use a combined simplified prospectus and annual information form and financial statements containing disclosure about the RSP Fund and the Underlying Fund, copies of the simplified prospectus and annual and semi-annual financial statements relating to the Underlying Fund may be obtained upon request by a securityholder of the RSP Fund.

DATED at Toronto, Ontario this "9th" day of "December" ,1999.