

(Translation)

IN THE MATTER OF  
NATIONAL INSTRUMENT 21-101 MARKETPLACE OPERATION AND  
NATIONAL INSTRUMENT 23-101 TRADING RULES

AND

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

AND

IN THE MATTER OF  
COLLECTIVEBID SYSTEMS INC. AND CBID SECURITIES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator in each of the provinces of Quebec, British Columbia and Manitoba (each, a "Decision Maker") has received an application (the "Application") from CollectiveBid Systems Inc. ("CB") and CBID Securities Inc. ("CBID" and, together with CB, the "Filers") for a decision under section 15.1 of National Instrument 21-101 Marketplace Operation and section 12.1 of National Instrument 23-101 Trading Rules that the requirement to comply with National Instrument 21-101 Marketplace Operation and National Instrument 23-101 Trading Rules (together, the "ATS Rules") shall not apply to the Filers until July 1, 2002;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "MRRS"), the Quebec Securities Commission has been selected as the principal regulator for the Application;

AND WHEREAS the Filers have represented to the Decision Makers that:

1. CB is a corporation amalgamated under the *Canada Business Corporations Act* (the "CBCA") on October 21, 2001.
2. CBID is a wholly-owned subsidiary of CB that was incorporated under the CBCA on October 19, 2001. CBID has been approved as a member of the Investment Dealers Association of Canada (the "IDA") and has applied shortly apply for registration as an investment dealer or the equivalent in each of the Jurisdictions.
3. CBID operates a marketplace (the "Marketplace") as defined in National Instrument 21-101 - Marketplace Operation ("NI 21-101") that allows customers to electronically execute trades of bonds and other fixed income securities through a website.

4. The Marketplace receives firm two-sided bid/ask quotes on a number of fixed income securities from other entities, who to date are all registered dealers, known as liquidity providers. On the other side, the Marketplace receives orders from counterparties. This is known as the "Retail Marketplace". To date, all of the counterparties are registered dealers, although institutional customers may be added over time. An execution engine uses an algorithm to match buy and sell orders, and advises the matched buyer and seller that the order has been executed. By their agreements, the buyers and sellers are bound by the result. They are then responsible for contacting each other to arrange for clearing and settlement.

5. Another feature of the Marketplace, to be launched soon, is expected to enable registered dealers or other institutional customers to execute trades anonymously with other registered dealers or institutional customers (the "Institutional Marketplace"). Once there are two sides to a transaction to maintain anonymity, CBID will generally act as the counterparty for all transactions executed on the Institutional Marketplace and the transactions will be cleared and settled on behalf of CBID through its clearing broker. In certain circumstances, CBID can step away and the ultimate buyer and ultimate seller may be disclosed and be required to arrange for settlement and clearing directly.

6. On December 19, 2001 the securities regulatory authority or regulator in each of the provinces of Ontario, British Columbia and Quebec issued a decision exempting the Filers from the requirement to comply with NI 21-101 and National Instrument 23-101 - Trading Rules (together, the "ATS Rules") until April 1, 2002. The Filers had not at that time included Manitoba in their application for exemption from the ATS Rules.

AND WHEREAS under the MRRS, 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 ATS Rules that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers is that the Filers are exempted from the requirements of the ATS Rules with respect to the operation of the Marketplace in the Jurisdictions until the earlier of July 1, 2002 and the date CBID is registered in a particular Jurisdiction provided that

- a) CBID proceeds as expeditiously as possible with its applications for registration as a dealer or the equivalent in each of the Jurisdiction and
- b) Until CBID is registered, it deals only with registered dealers in the Jurisdictions except in Quebec where CBID may also deal with the Caisse de depot et placement and its subsidiaries in Quebec.

DATED at Montré, this 22<sup>nd</sup> day of March, 2002

GUY LEMOINE

VIATEUR GAGNON