

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

AND

IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPT WE RELIEF APPLICATIONS

AND

IN THE MATTER OF  
DUNDEE BANCORP INC. AND DUNDEE WEALTH MANAGEMENT INC.

MRRS DECISION DOCUMENT

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application from Dundee Bancorp Inc. ("Dundee Bancorp") and Dundee Wealth Management Inc. ("Dundee Wealth") (collectively the "Filers"):

1. for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

a. the requirements contained in the Legislation requiring an offeror to offer identical consideration to all holders of the same class of securities in connection with a takeover bid (the "Identical Consideration Requirements") not apply in respect of the consideration to be offered by the Filers to the U.S. Shareholders (as defined below) in connection with the joint offer (the "Offer", which term includes the exercise of any subsequent statutory compulsory procedure) by the Filers to acquire all of the outstanding common shares ("Peelbrooke Shares") of Peelbrooke Capital Inc. ("Peelbrooke") other than those Peelbrooke Shares owned by the Filers and their respective affiliates,

b. the requirements contained in the Legislation restricting the ability of an offeror to (i) enter into agreements to acquire beneficial ownership of securities subject to a takeover bid other than pursuant to the take-over bid following the announcement of the offeror's intention to make the take-overbid until the expiry of the take-overbid, and (ii) acquire beneficial ownership of securities subject to a take-overbid for a period of 20 business days following the expiry of the take-over bid (collectively the "Integration Requirements") not apply in respect of the transaction to be completed following the acquisition of Peelbrooke Shares by the Filers whereby, among other things, Dundee Bancorp will transfer all of the

Peelbrooke Shares then owned by it to a wholly-owned subsidiary Thereof which will in turn transfer such Peelbrooke Shares to Dundee Wealth (the "Reorganization").

c. the requirements contained in the Legislation relating to the inclusion of certain financial statements in a securities exchange take-over bid circular not apply in part to the take-over bid circular (the "Circular") prepared by the Filers in connection with the Offer, and

d. to the extent exemptions therefrom are not available, the registration and prospectus requirements contained in the Legislation not apply to the issue of securities of the Filers to holders of Peelbrooke Shares ("Peelbrooke Shareholders") resident in such provinces or to the trades in Peelbrooke Shares by such Peelbrooke Shareholders to the Filers pursuant to the Offer;

2. for a ruling of the Ontario Securities Commission (the "Ontario Commission") pursuant to subsection 74(1) of the *Securities Act* (Ontario) (the "Ontario Act") that the first trade in the common shares of Dundee Wealth ("DWM Shares", which term shall include the rights attached to such shares in accordance with the Rights Plan, as defined below) and the DWM Warrants (as defined below) to be issued to Peelbrooke Shareholders resident in the Province of Ontario pursuant to the Offer and in DWM Shares issuable upon the exercise of such DWM Warrants not be subject to the requirements of section 53 of the Ontario Act, provided that the first trade is made in accordance with the requirements of subsection 72(5) of the Ontario Act other than the requirement contained in clause 72(5)(a) thereof requiring that Dundee Wealth have been a reporting issuer for at least 12 months at the time of the first trade;

3. for an order of the Ontario Commission pursuant to clause 104(2)(c) of the Ontario Act that the Reorganization not be subject to the take-over bid requirements contained in sections 95 to 100 inclusive of the Ontario Act; and

4. for a ruling of the Ontario Commission pursuant to subsection 59(2) of the schedule (the "Fee Schedule") to the regulation under the Ontario Act that Dundee Wealth be exempt from the payment of the fee calculated pursuant to clause 32(1)(b) of the Fee Schedule in connection with the filing by Dundee Wealth of any report on form 42 relating to the Reorganization;

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

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

1. Dundee Bancorp is a corporation subsisting under the *Business Corporations Act* (Ontario) and is a reporting issuer or its equivalent under the Legislation.

2. Dundee Bancorp is authorized to issue, among other securities, an unlimited number of class A subordinate voting shares ("DBI Shares"), which DBI Shares are listed on The Toronto Stock Exchange.

3. Dundee Wealth was incorporated on November 6, 1998 and subsists under the *Business Corporations Act* (Ontario). Dundee Wealth is not a reporting issuer or its equivalent under the Legislation. The head office of each of Dundee Wealth and Dundee Bancorp is located in the Province of Ontario.
4. Dundee Wealth is authorized to issue, among other securities, an unlimited number of DWM Shares. In connection with the Offer, Dundee Wealth will also be authorized to issue a sufficient number of warrants ("DWM Warrants"), with each DWM Warrant entitling the holder thereof to purchase a DWM Share for a three year period at a price of \$10 per share. While there is currently no market for the DWM Shares or the DWM Warrants, an application has been made to The Toronto Stock Exchange to list the DWM Shares and the DWM Warrants on The Toronto Stock Exchange. It is expected that the DWM Shares and the DWM Warrants will be listed on The Toronto Stock Exchange concurrent with the completion of the Offer.
5. Dundee Wealth has adopted a shareholder protection rights plan (the "Rights Plan") pursuant to which, among other things, each DWM Share which has been issued has attached to it, and each DWM Share which will be issued during the term of the Rights Plan will have attached to it, a right to acquire additional DWM Shares or other securities in certain circumstances as set out in the Rights Plan.
6. Dundee Bancorp (through a wholly-owned subsidiary) owns 46,016,544 DWM Shares representing approximately 87 per cent of the DWM Shares on a fully diluted basis. Subsequent to the completion of the Offer, any subsequent acquisition transaction and the Reorganization, Dundee Bancorp will own (through a wholly-owned subsidiary) approximately 85 per cent of the DWM Shares on a fully diluted basis.
7. Peelbrooke is a corporation subsisting under the *Canada Business Corporations Act* and is a reporting issuer or its equivalent under the Legislation.
8. Peelbrooke is authorized to issue, among other securities, an unlimited number of Peelbrooke Shares, which Peelbrooke Shares are listed on The Winnipeg Stock Exchange.
9. There are currently 5,009,526 Peelbrooke Shares outstanding. An additional 365,000 Peelbrooke Shares are reserved for issue under options granted pursuant to the stock option plan of Peelbrooke.
10. Based upon the list of registered shareholders of Peelbrooke, registered holders of Peelbrooke Shares resident in the United States own an aggregate of 315,882 Peelbrooke Shares representing approximately 6.3 per cent of the outstanding Peelbrooke Shares.
11. Under the Offer, the Filers will offer to acquire all of the outstanding Peelbrooke Shares other than those Peelbrooke Shares owned by the Filers and their respective affiliates and, as consideration for each Peelbrooke Share tendered under the Offer, will initially offer to the Peelbrooke Shareholders, other than holders of Peelbrooke Shares within the United States of America or the territories or possessions thereof or who are "U.S. Persons" as defined in Regulation S under the *United States Securities Act of 1933* (the "U.S. Shareholders"), 0.2 of a

DBI Share, 0.3 of a DWM Share, 0.3 of a DWM Warrant (the DBI Shares, the DWM Shares and the DWM Warrants being referred to collectively as the "Offered Securities") and \$1.50 in cash (the "Cash Consideration"). Peelbrooke Shares acquired by the Filers pursuant to the Offer will be allocated between the Filers, as described under the heading "The Offer" in the Circular.

12. While Dundee Bancorp is eligible to use the multijurisdictional disclosure system ("MJDS") to issue the DBI Shares comprising part of the Offered Securities to holders of Peelbrooke Shares resident in the United States of America without the registration of such securities under the *United States Securities Act of 1933*, as amended (the "U.S. Securities Act"), Dundee Wealth does not meet the eligibility requirements of the MJDS and, accordingly, the Offer will not be able to be made to the U.S. Shareholders unless the DWM Shares and the DWM Warrants being issued pursuant to the Offer and the DWM Shares issuable upon the exercise of the DWM Warrants are registered under the U.S. Securities Act in the normal course and not under the MJDS.

13. The Filers propose to deliver the Offered Securities which the U.S. Shareholders would otherwise be entitled to receive to a depository (the "Depository") for sale by the Depository on behalf of such U.S. Shareholders either privately or on any stock exchange on which the Offered Securities are then listed as soon as practicable following the payment date for the Peelbrooke Shares tendered by the U.S. Shareholders that are acquired under the Offer. In lieu of receiving the Offered Securities, each U.S. Shareholder will receive, in addition to the Cash Consideration to which they are entitled, a cash payment equal to such U.S. Shareholder's *pro rata* portion of the net proceeds, after expenses, received by the Depository upon the sale of the Offered Securities to which the U.S. Shareholder would otherwise be entitled.

14. The Reorganization will be effected by the Filers upon the completion of the Offer and any subsequent acquisition transaction effected by the Filers to acquire the Peelbrooke Shares not acquired by the Filers pursuant to the Offer. In connection with the Reorganization, Dundee Bancorp will transfer all of the Peelbrooke Shares then owned by it to a wholly-owned subsidiary thereof which will in turn transfer such Peelbrooke Shares to Dundee Wealth for the same consideration as that received by the Peelbrooke Shareholders in connection with the Offer with the exception that, in lieu of receiving 0.2 of a DBI Share as partial consideration for each Peelbrooke Share, the wholly-owned subsidiary of Dundee Bancorp will be issued 0.81 of a convertible preference share of Dundee Wealth. The intention of the Filers to effect the Reorganization will be disclosed in the Circular.

15. The Reorganization will be effected pursuant to an agreement to be entered into by the Filers and may be effected prior to the expiry of 20 business days following the completion of the Offer. Accordingly, the Reorganization may, in respect of Dundee Wealth, technically contravene the Integration Requirements.

16. As the Peelbrooke Shares to be transferred by Dundee Bancorp pursuant to the Reorganization will be registered in the name of Dundee Bancorp, the registered and principal office of which is in the Province of Ontario, the Reorganization may constitute a "take-over bid" within the meaning of the Ontario Act. The Reorganization may not be exempt from the take-over bid requirements contained in sections 95 to 100 inclusive of the Ontario Act because,

among other things, the Reorganization may be effected at a time when Peelbrooke remains a reporting issuer under the Ontario Act.

17. The financial statements set out in schedule A attached to this decision document (the "Financial Statements") will be included in the Circular. As Dundee Wealth was recently incorporated and as the entities under Dundee Wealth were reorganized in a transaction completed in August 1999, the Financial Statements do not comply in part with the requirements of the Legislation relating to the inclusion of financial statements in a securities exchange take-over bid circular.

18. The issue by the Filers of the Offered Securities to the Peelbrooke Shareholders, and the trades by the Peelbrooke Shareholders of their Peelbrooke Shares to the Filers, in connection with the Offer will be exempt from registration and prospectus requirements of the Legislation other than the *Security Frauds Prevention Act* (New Brunswick) and the *Securities Act* (Prince Edward Island).

19. The first trade in the Offered Securities and the DWM Shares issuable upon the exercise of DWM Warrants, other than a trade by holders holding a sufficient number of securities to affect materially the control of Dundee Bancorp or Dundee Wealth, as the case may be, will be exempt from the prospectus requirements of the Legislation other than in respect of the first trade of such securities by holders resident in the Province of Ontario. The first trade by holders resident in the Province of Ontario of DWM Shares and DWM Warrants issued pursuant to the Offer and the DWM Shares issuable upon the exercise of such DWM Warrants will be deemed to be a distribution and, absent the relief herein, such securities will be subject to a hold period in the Province of Ontario of 12 months from the date Dundee Wealth files the Circular with the Ontario Commission.

20. By virtue of filing of the Circular with the Decision Makers, Dundee Wealth will become a reporting issuer or its equivalent under the Legislation other than the *Securities Act* (Alberta) and *The Securities Act* (Manitoba).

21. The Circular, which will be filed with each of the Decision Makers, contains substantially the same information regarding Dundee Wealth that would be contained in a prospectus filed in accordance with the requirements of the Legislation and will form part of the public disclosure record of Dundee Wealth in the Jurisdictions.

**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 under the Legislation is that:

A. the Identical Consideration Requirements shall not apply in respect of the consideration to be offered by the Filers to the U.S. Shareholders in connection with the Offer;

B. the Integration Requirements shall not apply in respect of the Reorganization;

C. the inclusion of the Financial Statements in the Circular shall be deemed to comply with the requirements of the Legislation relating to the inclusion of financial information in a securities exchange take-over bid circular; and

D. to the extent exemptions therefrom are not available under the Legislation, the registration and prospectus contained in the Legislation shall not apply to the issue of securities by the Filers to the Peelbrooke Shareholders or to the trades in Peelbrooke Shares by the Peelbrooke Shareholders to the Filers pursuant to the Offer;

**DATED** November "11", 1999.

**AND WHEREAS** the Ontario Commission is satisfied that to do so would not be prejudicial to the public interest;

**IT IS RULED** pursuant to subsection 74(1) of the Ontario Act that the first trade in DWM Shares and DWM Warrants to be issued to Peelbrooke Shareholders resident in the Province of Ontario pursuant to the Offer and in DWM Shares issuable upon the exercise of such DWM Warrants not be subject to the requirements of section 53 of the Ontario Act, provided that the first trade is made in accordance with the requirements of subsection 72(5) of the Ontario Act other than the requirement contained in clause 72(5)(a) thereof requiring that Dundee Wealth have been a reporting issuer for at least 12 months at the time of the first trade;

**AND IT IS ORDERED** pursuant to clause 104(2)(c) of the Ontario Act that the Reorganization be exempt from the requirements contained in sections 95 to 100 inclusive of the Ontario Act;

**AND IT IS RULED** pursuant to subsection 59(2) of the schedule (the "Schedule") to the regulation under the Ontario Act that Dundee Wealth be exempt from the payment of the fee calculated pursuant to clause 32(1)(b) of the Schedule in connection with the filing by Dundee Wealth of any report on form 42 relating to the Reorganization provided that the minimum fee is paid pursuant to clause 32(1)(a) of the Schedule.

**DATED** November "5", 1999

#### SCHEDULE A

1. Pro forma consolidated financial statements of Dundee Bancorp consisting of a balance sheet and income statement for the period ended August 31, 1999 and an income statement for the year ended December 31, 1998, accompanied by a compilation report.
2. Pro forma consolidated financial statements of Dundee Wealth consisting of a balance sheet and income statement for the period ended August 31, 1999 and an income statement for the year

ended December 31, 1998 (based, in the case of Dundee Wealth, on the unaudited combined financial statements referred to in paragraph 6 below), accompanied by a compilation report.

3. Interim consolidated financial statements of Dundee Bancorp for the period ended August 31, 1999 with comparative interim consolidated financial Statements for the nine months ended September 30, 1998.

4. Interim consolidated financial statements of Dundee Wealth for the period ended August 31, 1999.

5. Audited consolidated financial statements of Dundee Bancorp for the financial years ended December 31, 1998 and December 31, 1997, which statements will be incorporated by reference in the Circular.

6. Unaudited combined financial statements of Dundee Wealth for the years ended December 31, 1998, 1997 and 1996 in columnar format, accompanied by a compilation report.

7. Audited historical financial statements of Dynamic Mutual Funds Ltd., Dundee Securities Corporation and Dundee Private Investors Inc. and their predecessor companies, if applicable, for the years ended December 31, 1998, 1997 and 1996.

The foregoing financial statements will be accompanied by appropriate auditor's consent letters and, in the case of the foregoing interim consolidated financial statements, will be supported by an auditor's comfort letter.

#### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - In connection with a take-over bid, joint bidders relieved from: (i) the identical consideration requirements so that U.S. target shareholders will receive cash in lieu of securities; (ii) certain financial disclosure requirements applicable to securities exchange take-over bid circulars; (iii) prospectus and registration requirements in connection with trades pursuant to the Offer as needed, in order to ensure consistent treatment across all Jurisdictions; and (iv) take-over integration requirements to permit a reorganization of target shares between the affiliated offerors within 20 days following the take-over bid. In addition, relief was granted by the OSC from: (1) "hold period" that would otherwise apply due to the fact that one of the offerors had not been a reporting issuer for 12 months; (ii) the take-over bid provisions to permit the reorganization following the take-over bid to take place; and (iii) fee relief in respect of the exempt take-over bid, on the basis that there was no change in beneficial ownership of target securities under the reorganization.

#### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.s.5, as am., ss. 25, 35(1)17, 53, 72(1)(j), 72(5), 74(1), 94(2), 94(6), 95, 96, 97, 98, 99, 100 and 104(2)(c).

#### Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., Schedule 1  
ss.32(1)(a), 32(1)(b), 59(2), Forms 32 and 42.

Applicable Ontario Rules

Rule 45-501 - Exempt Distributions, s. 2.14.