

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

AND

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

AND

IN THE MATTER OF DUNDEE WEALTH MANAGEMENT INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, New Brunswick, Newfoundland, Prince Edward Island, Northwest Territories, Nunavut and the Yukon (the "Jurisdictions") has received an application from Dundee Wealth Management Inc. ("Dundee Wealth") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

1.1 other than in Ontario, the requirements under the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirement") shall not apply to certain distributions of securities by Dundee Wealth under a share incentive plan; and

1.2 the requirements under the Legislation to comply with the rules governing issuer bids (the "Issuer Bid Requirements") shall not apply to certain repurchases by Dundee Wealth of securities issued by it under a share incentive plan;

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

3. AND WHEREAS Dundee Wealth has represented to the Decision Makers that:

3.1 Dundee Wealth is a corporation incorporated under the laws of Ontario, with its head office in Toronto, Ontario;

3.2 Dundee Wealth is a reporting issuer or the equivalent in each of the provinces of Canada;

3.3 the authorized capital of Dundee Wealth includes an unlimited number of common shares ("Common Shares"), of which 47,606,874 are currently issued and outstanding;

3.4 the Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE");

3.5 Dundee has implemented two substantially similar share incentive plans (the "Plans");

3.6 the Plans have been accepted by the TSE;

3.7 each of the Plans consists of a share purchase plan, a share bonus plan, a deferred share bonus plan and a share option plan;

3.8 non-employee investment advisors, service providers and consultants of Dundee Wealth and its affiliates (the "Non-Employee Participants") are eligible to participate in one of the Plans (the "Non-Employee Plan");

3.9 Non-Employee Participants may acquire Common Shares and options to purchase Common Shares ("Options") under the Non-Employee Plan;

3.10 Dundee Capital Corporation (the "Trustee") acts as trustee with respect to portions of the Non-Employee Plan;

3.11 the Trustee is an affiliate of Dundee Wealth;

3.12 the duties of the Trustee under the Non-Employee Plan include holding contributions and securities on behalf of Non-Employee Participants and directing the purchase of Common Shares on behalf of Non-Employee Participants;

3.13 the Trustee is not registered to trade in securities in any of the Jurisdictions, but will engage the services of registrants to assist in the execution of its duties under the Non-Employee Plan;

3.14 all Common Shares issued under the Non-Employee Plan, or upon the exercise of Options granted under the Non-Employee Plan, will either be purchased by the Trustee on the TSE or issued directly by Dundee Wealth;

3.15 the provisions of the Non-Employee Plan provide that Dundee Wealth may repurchase or reacquire Common Shares issued under the Non-Employee Plan from Non-Employee Participants in certain circumstances;

3.16 each Non-Employee Participant will be engaged under a written contract of service with Dundee Wealth or an affiliate and will spend a significant amount of their time on the affairs and business of Dundee Wealth or an affiliate;

3.17 Non-Employee Participants will have access to information concerning the affairs and business of Dundee Wealth equivalent to that available to employees of Dundee Wealth or its affiliates;

3.18 participation in the Non-Employee Plan is voluntary and Non-Employee Participants will not be induced to participate in the Non-Employee Plan on the expectation of providing or continuing to provide services to Dundee Wealth or its affiliates;

3.19 Dundee Wealth acknowledges that the Canadian Securities Administrators have taken the position that sales representatives and investment advisors should only be permitted to carry out services on behalf of mutual fund dealers or securities dealers if employed by the dealer or engaged under a principal and agent relationship with the dealer;

3.20 Dundee Wealth also acknowledges that the Alberta Securities Commission is now requiring all dealers to comply with the position of the Canadian Securities Administrators with respect to sales representatives and investment advisors and further acknowledges that the other Decision Makers may require similar compliance in the future;

3.21 other than in Ontario, no exemptions from the Registration and Prospectus Requirements are available to Dundee Wealth under the Legislation to allow for the issuance of Common Shares and Options to Non-Employee Participants under the Non-Employee Plan;

3.22 no exemptions from the Registration and Prospectus Requirements are available to Dundee Wealth under the Legislation of certain of the Jurisdictions to allow for the issuance of Common Shares upon the exercise of Options granted under the Non-Employee-Plan;

3.23 no exemption from the Issuer Bid Requirements is available to Dundee Wealth to allow for the repurchase or reacquisition in accordance with the provisions of the Non-Employee Plan of Common Shares issued under the Non-Employee Plan to Non-Employee Participants;

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

5. 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;

6. THE DECISION of the Decision Makers under the Legislation is that:

6.1 other than in Ontario, the Registration Requirement and the Prospectus Requirement shall not apply to the issuance by Dundee Wealth of Common Shares or Options to Non-Employee Participants under the Non-Employee Plan;

6.2 other than in Ontario, the Registration Requirement and the Prospectus Requirement shall not apply to the issuance by Dundee Wealth of Common Shares upon the exercise of Options granted to Non-Employee Participants under the Non-Employee Plan;

6.3 other than in Ontario, the first trade of Common Shares acquired by Non-Employee Participants under the Non-Employee Plan or upon the exercise of Options granted under the Non-Employee Plan shall be a distribution or primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Jurisdiction") unless:

6.3.1 at the time of the trade, Dundee Wealth is a reporting issuer or the equivalent in the Applicable Jurisdiction and has been for a period of at least twelve months;

6.3.2 Dundee Wealth has filed with the Decision Makers, within 30 days of the calendar year-end or on a monthly basis where the number of Common Shares issued under the Non-Employee Plan in a given month exceeds 1% of the number of Common Shares issued and outstanding at the beginning of the month, a report disclosing the dates of any trades of Common Shares or Options under the Non-Employee Plan, the number of Common Shares or Options traded and the purchase price paid or to be paid with respect to the trades;

6.3.3 if the seller is in a special relationship with Dundee Wealth, as defined in the Legislation of the Applicable Jurisdiction, the seller has reasonable grounds to believe that Dundee Wealth is not in default of any requirement of the Legislation of the Applicable Jurisdiction or of this Decision;

6.3.4 no unusual effort is made to prepare the market or to create a demand for the Common Shares and no extraordinary commission or consideration is paid in respect of the trade; and

6.3.5 the trade is not a trade from the holdings of any person, company or combination of persons or companies that holds a sufficient number of securities of Dundee Wealth to affect materially the control of Dundee Wealth or holds, in the absence of evidence showing that the holding of those securities does not

affect materially the control of Dundee Wealth, more than 20 percent of the outstanding voting securities of Dundee Wealth;

6.4 other than in Ontario, the first trade of Options granted to Non-Employee Participants under the Non-Employee Plan shall be a distribution or primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place;

6.5 the repurchase or reacquisition by Dundee Wealth under the provisions of the Non-Employee Plan of Common Shares issued to Non-Employee Participants under the Non-Employee Plan shall be exempt from the Issuer Bid Requirements provided that:

6.5.1 the consideration paid for any of the Common Shares acquired does not exceed the simple average closing price of the Common Shares on the TSE for the twenty trading days prior to the date of acquisition; and

6.5.2 the aggregate number of Common Shares repurchased or reacquired in any twelve month period in reliance on the relief provided in this Decision does not exceed five percent of the total number of Common Shares issued and outstanding at the beginning of the period.

DATED at Edmonton, Alberta this 27<sup>th</sup> day of October, 2000.

Eric T. Spink, Vice-Chair    Thomas G. Cooke, Q.C., Member

#### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from the registration and prospectus requirements under sections 54 and 81 of the Act and the issuer bid requirements under sections 135 to 137.1 and 140 of the Act in connection with a share incentive plan offered to consultants of an issuer.

#### Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended - ss. 54, 81, 116(1), 116(1.1), 135 to 137.1, 140 and 144(2)(c).