

September 18, 2009

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
MANITOBA AND ONTARIO
(the “Jurisdictions”)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
MANITOBA TELECOM SERVICES INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that trades of negotiable promissory notes or commercial paper maturing not more than one year from the date of issue of the Filer (**Commercial Paper**) be exempt from the dealer registration requirement, the underwriter registration requirement and the prospectus requirement of the Legislation (respectively, the **Dealer Registration Exemption Sought**, the **Underwriter Registration Exemption Sought**, the **Prospectus Exemption Sought** and, together, the **Exemptions Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) The Manitoba Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in each of British Columbia, Alberta, Saskatchewan, Quebec, New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island, Yukon, Northwest Territories and Nunavut; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning in this decision, unless otherwise defined.

In this decision:

“financial intermediary” has the meaning ascribed to that term in Ontario Securities Commission Rule 14-501 *Definitions*;

“financial intermediary short-term debt registration exemption” means the exemption from the registration requirement, for a trade by a financial intermediary or a Schedule III bank, set out in clause 4.1(1)(a) of OSC Rule 45-501, or in a successor provision of OSC Rule 45-501, insofar as that clause or provision provides an exemption from the dealer registration requirement and the underwriter registration requirement for a trade of a type described in the short-term debt dealer registration exemption;

“market intermediary” has the meaning ascribed to that term in Ontario Securities Commission Rule 14-501 *Definitions*;

“NI 45-106” means National Instrument 45-106 *Prospectus and Registration Exemptions*;

“OSC Rule 45-501” means Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions*;

“Schedule III bank” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

“short-term debt dealer registration exemption” means the exemption from the dealer registration set out in subsection 2.35(1) of NI 45-106, or in a successor provision in NI 45-106; and

“short-term debt underwriter registration exemption” means the deemed exemption from the underwriter registration requirement contained in subsection 1.4(2) of NI 45-106, or in a successor provision in NI 45-106, insofar as the deemed exemption relates to the short-term debt dealer registration exemption.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation under *The Corporations Act* (Manitoba). The Filer’s head and registered office is located in Winnipeg, Manitoba.
2. The Filer is a reporting issuer in each of the Jurisdictions, except Northwest Territories, Nunavut and Yukon, and is not on the list of reporting issuers in default of any of the Jurisdictions.
3. Subsections 1.4(2) and 2.35(1)(b) of NI 45-106 provide that exemptions from the dealer registration, underwriter registration and prospectus requirements of the Legislation for short-term debt (the **Commercial Paper Exemption**) are available only where such short-term debt “has an approved credit rating from an approved credit rating organization”. NI 45-106

incorporates by reference the definitions of “approved credit rating” and “approved credit rating organization” that are used in National Instrument 81-102 *Mutual Funds* (NI 81-102).

4. The definition of an “approved credit rating” in NI 81-102, requires, among other things, that (a) the rating assigned to such debt must be “at or above” certain prescribed short-term ratings, and (b) such debt must not have been assigned a rating by any “approved credit rating organization” that is not an “approved credit rating”.

5. The Commercial Paper of the Filer does not meet the “approved credit rating” definition in NI 81-102 because it has received an “R-2(high)” rating from Dominion Bond Rating Service Limited and an “A-2” from Standard & Poor’s, which are lower ratings than those required by the Commercial Paper Exemption.

7. The Dealer Registration Exemption Sought and the Prospectus Exemption Sought were granted under a prior decision dated May 31, 2006 (the **Prior Decision**). By its terms, the Prior Decision terminated three years from the date of the Prior Decision.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptions Sought are granted, provided that:

1. The Commercial Paper:

(a) matures not more than one year from the date of issue;

(b) is not convertible or exchangeable into, or accompanied by, a right to purchase another security other than Commercial Paper; and

(c) has a rating issued by one of the following rating organizations, or any of their successors, at or above one of the following rating categories or a rating category that replaces a category listed below:

Rating Organization	Rating
Dominion Bond Rating Service Limited	R-1 (low)
Fitch Ratings Ltd.	F2
Moody’s Investors Service	P-2
Standard & Poor’s	A-2

2. In Ontario, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought are not available in respect of a trade in Commercial Paper by a market intermediary (except for a trade in Commercial Paper with a registered dealer that is an affiliate of the market intermediary or a trade in Commercial Paper by a lawyer or accountant if the trade is incidental to the principal business of that lawyer or accountant) unless the market intermediary is:

(a) a financial intermediary or Schedule III bank; or

(b) a dealer registered under the securities legislation of Ontario, as a "limited market dealer", provided that:

(i) under its registration, the dealer would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption; and

(ii) the trade is made on behalf of the dealer by an individual who is registered under the securities legislation of Ontario to trade on behalf of the dealer and, under that registration, would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption.

3. In Newfoundland and Labrador, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought are not available in respect of a trade in Commercial Paper by a market intermediary (except for a trade in Commercial Paper with a registered dealer that is an affiliate of the market intermediary or a trade in Commercial Paper by a lawyer or accountant if the trade is incidental to the principal business of that lawyer or accountant) unless the market intermediary is a dealer registered under the securities legislation of Newfoundland and Labrador as a "limited market dealer", provided that:

(a) under its registration, the dealer would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption; and

(b) the trade is made on behalf of the dealer by an individual who is registered under the securities legislation of Newfoundland and Labrador to trade on behalf of the dealer and, under that registration, would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption.

4. The Prospectus Exemption Sought will terminate on the earlier of:

(a) 90 days after the coming into force of any rule, other regulation or blanket order or ruling under the Legislation of the Jurisdiction that amends the conditions of the prospectus exemption contained in section 2.35 of NI 45-106 or provides an alternate exemption; and

(b) June 30, 2012.

5. Except as provided in paragraph 6, below, in each Jurisdiction, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought will terminate on the earlier of:

(a) in the case of the Dealer Registration Exemption Sought, the date when the short-term debt dealer registration exemption ceases to be available in that Jurisdiction;

(b) in the case of the Underwriter Registration Exemption Sought, the date when the short-term debt underwriter registration exemption ceases to be available in that Jurisdiction; and

(c) June 30, 2012.

6. In Ontario, for a financial intermediary or Schedule III bank, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought will terminate on the earlier of:

(a) the date when the financial intermediary short-term debt registration exemption ceases to be available in Ontario; and

(b) June 30, 2012.

"Chris Besko"

Chris Besko

Deputy-Director

The Manitoba Securities Commission