

May 31, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, MANITOBA,
NEW BRUNSWICK, NEWFOUNDLAND AND
LABRADOR, NORTHWEST TERRITORIES,
NOVA SCOTIA, NUNAVUT, ONTARIO,
PRINCE EDWARD ISLAND, QUÉBEC,
SASKATCHEWAN AND YUKON
(THE "JURISDICTIONS")**

AND

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

AND

**IN THE MATTER OF
MANITOBA TELECOM SERVICES INC.
(THE "FILER")**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Makers**") in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for:

- (a) an exemption from the dealer registration requirement in respect of a trade in a negotiable promissory note or commercial paper maturing not more than one year from the date of issue (together "**Commercial Paper**"); and
- (b) an exemption from the prospectus requirement in respect of the distribution of Commercial Paper,
(collectively the "**Requested Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) The Manitoba Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

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.
3. The Filer is not in default of its obligations under the Legislation in any Jurisdiction.
4. The Filer has established a CDN \$150,000,000 Commercial Paper program. The Commercial Paper is not qualified by a prospectus filed in any Jurisdiction, and is sold exclusively on a private placement basis in accordance with available exemptions from the dealer registration and prospectus requirements of the Legislation.
5. Section 2.35 of National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**") provides that exemptions from the dealer 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**").
6. 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".
7. The Filer's Commercial Paper has received an "R-1(low)" rating from Dominion Bond Rating Service Limited, which meets the prescribed threshold in NI 81-102.
8. The Filer's Commercial Paper does not, however, meet the "approved credit rating" in NI 81-102 because it has received a rating of "A-2" from Standard & Poor's, which is a lower rating than required by the Commercial Paper Exemption.

Decision

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 the Requested Relief is granted, provided that 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 |

For each Jurisdiction, this decision 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 section 2.35 of NI 45-106 or provides an alternate exemption; and
- (b) three years from the date of this decision.

"Chris Besko"
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