

March 18, 2009

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

AND

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

AND

IN THE MATTER OF
NORTHBRIDGE FINANCIAL CORPORATION
(THE FILER)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer is not a reporting issuer in the Jurisdictions in accordance with the Legislation (the **Exemptive Relief Sought**).

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

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) this decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation subsisting under the *Canada Business Corporations Act* (the **CBCA**). The Filer was formed on February 20, 2009 as a result of the amalgamation of a predecessor entity of the same name, Northbridge Financial Corporation (**NFC**), and FFHL Financial Corp. (**Fairfax Acquisition Subsidiary**), as further described herein.
2. The registered and head office of the Filer is 105 Adelaide Street West, Toronto, Ontario.
3. On February 19, 2009, the shareholders of NFC approved an amalgamation (the **Amalgamation**) of NFC with Fairfax Acquisition Subsidiary, an indirect wholly-owned subsidiary of Fairfax Financial Holdings Limited (**Fairfax**), pursuant to which holders of common shares of NFC (the **NFC Shares**), other than Fairfax and its affiliates, would have their NFC Shares converted into redeemable preferred shares of the Filer (**Filer Preferred Shares**) which would then immediately be redeemed for \$39.00 in cash per Filer Preferred Share. Also in connection with the Amalgamation, the NFC Shares owned by Fairfax and its affiliates would be converted into common shares of the Filer (**Filer Common Shares**).
4. The Amalgamation became effective on February 20, 2009. As a result of the Amalgamation, all outstanding NFC Shares were either converted into Filer Preferred Shares and thereafter redeemed or converted into Filer Common Shares that are beneficially owned, directly or indirectly, by Fairfax.
5. Prior to the Amalgamation, NFC was a reporting issuer in the Jurisdictions and British Columbia. As a result of the Amalgamation, the Filer, as the successor entity to NFC, became a reporting issuer in each of the Jurisdictions and British Columbia.
6. On February 25, 2009, the Filer filed a Voluntary Surrender of Reporting Issuer Status notice with the British Columbia Securities Commission (**BCSC**) pursuant to British Columbia Instrument 11- 502 *Voluntary Surrender of Reporting Issuer Status*. On March 9, 2009, the Filer received an acceptance letter from the BCSC confirming that the Filer has ceased to be a reporting issuer in British Columbia.
7. The only securities of the Filer which are outstanding are the Filer Common Shares, all of which are beneficially owned, directly or indirectly, by Fairfax, and options to acquire Filer Common Shares held by current and former officers and employees of NFC, the Filer and their subsidiaries pursuant to the Filer's share option plan (the **Option Plan**).
8. The Filer has amended the Option Plan and the Options to allow the Options to be exercisable for Filer Common Shares and to provide for the right of FFHL Group Ltd. (**Group Ltd.**) or another affiliate of Fairfax to purchase any Filer Common Shares issued on exercise of the Options for a purchase price based on a multiple of the Filer's book value. Similarly, holders of Options have the right to require Group Ltd. to purchase such Filer Common Shares at that price. The amended Option Plan and the Options do not require that the Filer be a reporting issuer or its equivalent in the Jurisdictions.

9. The outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 51 security holders in Canada and fewer than 15 security holders in each of the jurisdictions in Canada other than in Ontario. In Ontario, there are approximately 25 security holders consisting of Fairfax and its wholly-owned subsidiaries holding Filer Common Shares and current and former officers and employees of NFC and the Filer and their subsidiaries holding Options.

10. The NFC Shares were delisted from the Toronto Stock Exchange on February 24, 2009. No securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

11. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer in any of the Jurisdictions.

12. The Filer has no current intention to seek public financing by way of an offering of securities.

13. The Filer, upon the grant of the Exemptive Relief Sought, will no longer be a reporting issuer in any jurisdiction in Canada.

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 Exemptive Relief Sought is granted.

“Suresh Thakrar”
Commissioner
Ontario Securities Commission

“Paul K. Bates”
Commissioner
Ontario Securities Commission