

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ONTARIO, ALBERTA, SASKATCHEWAN, MANITOBA, QUEBEC, NOVA SCOTIA AND  
NEWFOUNDLAND AND LABRADOR

AND

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

AND

IN THE MATTER OF  
SNP HEALTH SPLIT CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, and Newfoundland and Labrador (the "Jurisdictions") has received an application from SNP Health Split Corp. (the "Issuer") for a decision under the securities legislation (the "Legislation") of the Jurisdictions that the Issuer be exempted from delivering to security holders annual financial statements for the year ended February 11, 2002, and be exempted from the preparation, filing and delivery of an annual report, where applicable, for the year ended February 11, 2002, as would otherwise be required pursuant to applicable Legislation;

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

AND WHEREAS the Issuer has represented to the Decision Maker that:

1. The Issuer filed a final prospectus dated January 28, 2002 (the "Prospectus") with the securities regulatory authority in each of the Provinces of Canada pursuant to which a distribution of 6,600,000 class A capital shares (the "Capital Shares") and 3,300,000 class A preferred shares (the "Preferred Shares") of the Issuer was completed on February 5, 2002.
2. The Issuer was incorporated under the laws of the Province of Ontario on November 29, 2001. The fiscal year end of the Issuer is February 11, with the first fiscal year end occurring on February 11, 2002. The final redemption of the publicly held shares of the Issuer is scheduled to occur on February 11, 2009.
3. The authorized capital of the Issuer consists of an unlimited number of Capital Shares, of which 6,600,000 are issued and outstanding, an unlimited number of Preferred Shares, of which 3,300,000 are issued and outstanding, an unlimited number of class B, class C, class D and class E capital shares, issuable in series, none of which are issued and outstanding, an unlimited

number of class B, class C, class D and class E preferred shares, issuable in series, none of which are issued and outstanding, and an unlimited number of class J shares (the "Class J Shares"), of which 100 are issued and outstanding. The attributes of the Capital Shares and the Preferred Shares are described in the Prospectus under "Description of Share Capital".

4. The Class J Shares are the only class of voting securities of the Issuer. Scotia Capital Inc. ("Scotia Capital") owns 50 of the issued and outstanding Class J Shares and SNP Health Split Holdings Corp. owns the remaining issued and outstanding Class J Shares. Two directors of Scotia Capital each own 50% of the common shares of SNP Health Split Holdings Corp. Scotia Capital acted as an agent for, and was the promoter of, the Issuer in respect of the offerings of the Capital Shares and the Preferred Shares.

5. The principal undertaking of Issuer is the holding of a portfolio of common shares (the "Portfolio Shares") of the companies that make up the *S&P Health Care Sector Index* of the *S&P 500 Index* in order to generate distributions for the holders of Preferred Shares and to provide the holders of Capital Shares with a leveraged investment, the value of which is linked to changes in the market price of the Portfolio Shares. The operations of the Issuer commenced on or about February 5, 2002 at which time it began to acquire the Portfolio Shares now held by it. The Portfolio Shares held by the Issuer will only be disposed of as described in the Prospectus.

6. The Prospectus included an audited balance sheet of the Issuer as at January 28, 2002 and an unaudited pro forma balance sheet prepared on the basis of the completion of the sale and issue of Capital Shares and Preferred Shares of the Issuer. As such, the financial position of the Issuer as at February 11, 2002 will have been substantially reflected in the pro forma financial statements contained in the Prospectus.

7. The Issuer is an inactive company, the sole purpose of which is to provide a vehicle through which different investment objectives with respect to participation in the Portfolio Shares may be satisfied. Holders of Capital Shares will be entitled on redemption to the benefits of any capital appreciation in the market price of the Portfolio Shares after payment of operating expenses of the Issuer and the fixed distributions on the Preferred Shares, and holders of Preferred Shares will be entitled to receive fixed cumulative preferential distributions on a quarterly basis equal to US\$0.375 per Preferred Share.

8. The benefit to be derived by the security holders of the Issuer from receiving the annual financial statements and the annual report, where applicable, would be minimal given (i) the extremely short period, i.e. six days, between the closing of the offerings on February 5, 2002 and the year end; (ii) the pro forma financial statements contained in the Prospectus; and (iii) the nature of the minimal business carried on by the Issuer.

9. The expense to the Issuer of printing and delivering to its security holders financial statements for the fiscal year ended February 11, 2002 would not be justified in view of the availability of such statements through the SEDAR website and the Issuer's website.

10. The expense to the Issuer of preparing, filing and delivering the annual report, where applicable, would not be justified in view of the minimal benefits to be derived by security holders from receiving such report.

AND WHEREAS pursuant to 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;

IT IS HEREBY DECIDED by the Decision Makers pursuant to the Legislation that the Issuer is exempted from delivering to its security holders annual financial statements for its fiscal year ended February 11, 2002 and is exempt from, where applicable, the preparation, filing and delivering to its security holders of the annual report for the year ended February 11, 2002, provided that

(i) the annual financial statements for its fiscal year ended February 11, 2002 are filed and posted for viewing on the SEDAR website and on the Issuer's website at [www.scotiamanagedcompanies.com](http://www.scotiamanagedcompanies.com); and

(ii) the Issuer sends a copy of such annual financial statements to any shareholder of the Issuer who so requests.

July 23, 2002.

"Kerry D. Adams"

"Harold P. Hands"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief granted to a split share company from requirement to deliver annual financial statements and requirement to file an annual report where applicable. The annual financial statements covered a short operating period.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am. s. 80(b)(iii).