

IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC,
NEWFOUNDLAND, NOVA SCOTIA, NEW BRUNSWICK AND PRINCE EDWARD
ISLAND

AND

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

AND

IN THE MATTER OF
SUN LIFE FINANCIAL SERVICES OF CANADA
AND THE SUN LIFE EMPLOYEE STOCK FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island (the "Jurisdictions") has received an application on behalf of Sun Life Financial Services of Canada ("Sun Life Financial") and the Sun Life Employee Stock Fund (the "Fund") (collectively, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that: (i) the requirements contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Registration and Prospectus Requirements") shall not apply to the distribution of units of the Fund to the Participants (as defined below); (ii) the requirements contained in the Legislation of Ontario only to prepare and file financial statements (the "Financial Statement Requirements") shall not apply to the Fund; and (iii) the requirement contained in the Legislation for an insider of a reporting issuer to file insider reports (the "Insider Reporting Requirements") shall not apply to automatic investments by insiders of Sun Life Financial who are participants (the "Participating Insiders") in the Fund, subject to certain conditions;

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

AND WHEREAS the Filer has represented to the Decision Makers that:

1. Sun Life Financial is a reporting issuer or equivalent in the Jurisdictions and is not in default of any requirements of the Legislation.
2. The common shares of Sun Life Financial are listed on the Toronto Stock Exchange (the "TSE"), the New York Stock Exchange, the London Stock Exchange and the Philippine Stock Exchange.

3. Sun Life Financial and its subsidiaries (collectively, "Sun Life") have approximately 4,200 employees in Canada.

4. The Fund is being established for the sole purpose of providing employees of Sun Life with the ability to indirectly acquire an interest in the shares of Sun Life Financial.

5. The Fund will be established by a declaration of trust pursuant to the laws of Ontario and will be a mutual fund in Ontario as that term is defined in the Act.

6. Units of the Fund will not be transferable.

7. Employees of Sun Life will be the only parties entitled to purchase units of the Fund.

8. Participation by employees of Sun Life in the Fund will be voluntary. Employees of Sun Life will not be induced to purchase units of the Fund by expectation of employment or continued employment.

9. Employees of Sun Life participating in the Fund ("Participants") may acquire units of the Fund in two ways:

(a) pursuant to automatic payroll deduction (the "Automatic Purchase Feature"), Participants may elect to have a percentage of their salary automatically deducted on a bi-weekly basis and deposited with the trustee to be used to purchase common shares of Sun Life Financial; and

(b) pursuant to a lump sum payment option (the "Lump Sum Feature"), Participants are permitted to make lump sum cash payments to the trustee, or to transfer funds from another Sun Life savings plan, to be used to purchase common shares of Sun Life Financial.

The timing of an investment through the Lump Sum Feature will be at the discretion of the Participants, subject to the restrictions imposed on Participating Insiders in Sun Life Financial's insider trading policy which restricts an Insider from obtaining units during certain specified periods.

10. Other than the Lump Sum Feature, the Fund will qualify as an "automatic securities purchase plan" as defined in proposed National Instrument 55-101 "Exemption from Certain Insider Reporting Requirements".

11. The number of common shares of Sun Life Financial to be acquired under the Fund is expected to be *de minimus* in relation to the number of common shares of Sun Life Financial issued and outstanding.

12. The Fund's assets will be composed of approximately 98% common shares of Sun Life Financial and 2% cash. The initial value of \$10 per unit will fluctuate primarily with the market price of the Sun Life Financial shares on the TSE. The units will be redeemable for shares of Sun

Life Financial. The number of Sun Life Financial shares represented by the units will be determined by dividing the then current value of the units by the closing share price of the Sun Life Financial shares on the TSE at 4:00 p.m. on any day on which the TSE is open for trading.

13. Prior to the initial purchase of units by a Participant, Sun Life will provide the Participant with an information brochure (the "Information Brochure") disclosing, among other things, the objective of the Fund, the management fee paid to the Trustee by the Fund, the method of valuation of a unit for purchases or redemptions, the voting and dividend rights of unitholders and the Canadian income tax consequences of acquiring, holding and disposing of units of the Fund.

14. It is contemplated that a Canadian trust company (the "Trustee") will act as trustee and custodian of the Fund.

15. Sun Life will pay the Trustee an administrative fee of \$13,000. In addition, the Trustee will receive a management fee of 0.20% of the net asset value of the Fund per year, which fee will be charged to the Fund. Sun Life Assurance Company of Canada will perform various administrative services for the Fund pursuant to a contract with the Trustee and will be compensated by the Trustee for the performance of such services.

16. The voting, dividend and continuous disclosure rights and other rights and entitlements with respect to ownership of shares of Sun Life Financial will flow through to the Participants in the Fund.

17. The Participants will be provided with audited annual financial statements of Sun Life Financial and all other materials sent to shareholders of Sun Life Financial. The Participants will also be asked whether they wish to receive the unaudited interim financial statements of Sun Life Financial.

18. It is expected that the offering of shares of Sun Life Financial to employees of Sun Life indirectly through the Fund will be beneficial to the employees by allowing the pooling of investments so that shares of Sun Life Financial may be purchased in sufficient quantities to keep brokerage costs to a minimum and ensuring the employees a higher level of liquidity than would be the case with a direct investment.

19. The tax treatment that a Participant would receive through holding an interest in shares of Sun Life Financial indirectly through the Fund is virtually identical to that which he or she would receive through buying shares of Sun Life Financial directly.

20. Exemptions from the Registration and Prospectus Requirements contained in the Legislation in connection with the purchase of shares of an issuer by employees are not available since employees of Sun Life are acquiring units of the Fund, rather than directly acquiring shares of Sun Life Financial.

AND WHEREAS, pursuant to the System, this 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 Registration and Prospectus Requirements shall not apply to an issuance of units of the Fund to Participants provided that:

- (i) the sole investment objective of the Fund is to acquire the shares of Sun Life Financial;
- (ii) prior to the initial issuance of units of the Fund to a Participant, such Participant is provided with a statement that as a consequence of this Decision certain protections, rights and remedies provided by the legislation, including statutory rights of rescission and damages, will not be available in respect of the units of the Fund issued pursuant to this Decision; and
- (iii) prior to the initial issuance of units of the Fund to a Participant, such Participant is provided with an Information Brochure containing relevant information concerning the Fund, including the Canadian income tax consequences of acquiring, holding and disposing of units thereof.

AND IT IS FURTHER DECIDED by the Decision Makers pursuant to the Legislation of Ontario only that the Financial Statement Requirements shall not apply to the Fund provided that:

- (i) the sole investment objective of the Fund is to acquire the shares of Sun Life Financial; and
- (ii) the Participants will be provided with audited annual and, if they request, unaudited interim financial statements of Sun Life Financial and all other materials sent to shareholders of Sun Life Financial.

AND IT IS FURTHER DECIDED by the Decision Makers pursuant to the Legislation that the Insider Reporting Requirements shall not apply to Participating Insiders with respect to the acquisition of units in the Fund pursuant to the Automatic Purchase Feature of the Fund, provided that:

- (i) each such Participating Insider shall report, in the form prescribed for insider trading reports under the Legislation, all acquisitions of units of the Fund and the resulting change or changes in his or her direct or indirect beneficial ownership of or control over securities of Sun Life Financial under the Automatic Purchase Feature of the Fund that have not previously been reported by or on behalf of the insider

(A) for any units of the Fund acquired under the Automatic Purchase Feature of the Fund which have been disposed of or transferred, within the time required by the Legislation for reporting the disposition or transfer; and

(B) for any units of the Fund acquired under the Automatic Purchase Feature of the Fund during a calendar year (the "Reporting Period") which have not been disposed of or transferred, within 90 days of the end of the Reporting Period;

(ii) if a Participant becomes an insider during a Reporting Period, then for the purposes of the first insider trading report contemplated by paragraph (i)(B) above the "Reporting Period" for that insider shall be calculated as the period of time commencing on the date the Participant became an insider through to December 31 of that year;

(iii) if, at any time during a Reporting Period other than at the commencement of such period, a Participating Insider determines to adopt the use of an insider trading report as contemplated by paragraph (i)(B) above to report acquisitions of units of the Fund and the resulting change or changes in the Participating Insider's direct or indirect beneficial ownership of or control or direction over securities of Sun Life Financial pursuant to the Automatic Purchase Feature of the Fund, then for the purposes of the first insider trading report contemplated by paragraph (i)(B) above the "Reporting Period" shall be calculated as the period of time commencing on the date on which such determination is made through to December 31 of that year; and

(iv) the Participating Insider does not beneficially own, directly or indirectly, voting securities of Sun Life Financial or units of the Fund, or exercise control or direction over voting securities of Sun Life Financial or units of the Fund, or a combination of both, that carry more than 10 per cent of the voting rights attaching to all outstanding voting securities of Sun Life Financial.

DATED at Toronto this 27th day of June, 2000.

"J. A. Geller" "David Brown"

Headnote

MRRS - Relief granted from: (1) the registration and prospectus requirement; (2) the insider trade reporting requirement; and (3) the requirement to file and deliver annual and interim financial statements in connection with the operation of an employee stock purchase fund subject to certain conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. s. 25,53,74,77,78,80(b)(iii),107, 121(2).

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am.,

Instruments Cited

Proposed National Instrument 55-101 Exemption from Certain Insider Reporting Requirements

Rules Cited

Rule 45-503 - Trades to Employees, Executives and Consultant