

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC, NOVA SCOTIA, NEWFOUNDLAND, 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 TD SPLIT INC.
AND TD SECURITIES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Newfoundland, New Brunswick and Prince Edward Island (the "Jurisdictions") has received an application from TD Split Inc. (the "Issuer") and TD Securities Inc. ("TD Securities") for a decision under the securities legislation (the "Legislation") of the Jurisdictions that the following requirements contained in the applicable Legislation shall not apply to the Issuer and/or TD Securities, as applicable, in connection with the initial public offering (the "Offering") of class A capital shares (the "Capital Shares") and class A preferred shares (the "Preferred Shares") of the issuer:

(a) in the case of the Legislation of each of the Jurisdictions other than Nova Scotia and Manitoba, the restrictions contained therein restricting registrants from acting as underwriters in connection with the distribution of securities of a related or connected issuer (the "Underwriting Restrictions") shall not apply to TD Securities in connection with the Offering;

(b) the requirements contained in the Legislation of each of the Jurisdictions to file and obtain a receipt for a preliminary prospectus and final prospectus (the "Prospectus Requirements") shall not apply to Market Making Trades (as hereinafter defined) by TD Securities in Capital Shares and Preferred Shares of the Issuer;

(c) in the case of the Legislation of each of the Jurisdictions other than Manitoba, the prohibitions contained therein prohibiting trading in portfolio shares by persons or companies having information concerning the trading programs of mutual funds (the "Principal Trading Prohibitions") shall not apply to TD Securities in connection with the Principal Sales and Principal Purchases (both as hereinafter defined); and

(d) in the case of the Legislation of each of the Jurisdictions other than Manitoba, the restrictions contained therein prohibiting the Issuer from making investments in The Toronto-Dominion Bank, which bank is a substantial security holder of a distribution company of the Issuer (the "Investment Restrictions") shall not apply to the Issuer in connection with the Offering; subject to certain restrictions;

AND WHEREAS under 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 Issuer has represented to the Decision Makers that:

1. The Issuer was incorporated on July 31, 2000 under the laws of the Province of Ontario and has its principal office in Toronto, Ontario.
2. The Issuer has filed with the securities regulatory authorities of each Jurisdiction a preliminary prospectus dated August 3, 2000 (the "Preliminary Prospectus") in respect of the Offering of Capital Shares and Preferred Shares to the public.
3. The Issuer intends to become a reporting issuer under the Legislation by filing a final prospectus (the "Final Prospectus") relating to the Offering.
4. The Issuer is authorized to issue an unlimited number of Class A voting shares (the "Class A Shares"), of which 100 Class A Shares are currently outstanding.
5. Prior to the filing of the Final Prospectus, the articles of incorporation of the Issuer will be amended so that the authorized capital of the Issuer will consist of an unlimited number of Capital Shares, an unlimited number of Preferred Shares, an unlimited number of Class B, Class C and Class D Preferred Shares, issuable in series, and an unlimited number of Class E voting shares (the "Class E Shares"), having the attributes set forth under the headings "Description of Share Capital" and "Details of the Offerings" commencing on page 11 of the Preliminary Prospectus.
6. At the time of filing the Final Prospectus, all Class A Shares will be converted into Class E Shares and, as at such time, 100 Class E Shares will be issued and outstanding. The Class E Shares will be the only voting shares in the capital of the Issuer. TD Securities will own 50 of the issued and outstanding Class E and TD Split Holdings Corporation will own the remaining 50 issued and outstanding Class F Shares. Two employees of TD Securities, J. David Beattie and R. Denys Calvin, each own 50% of the issued and outstanding common shares of TD Split Holdings Corporation.
7. The Capital Shares and Preferred Shares may be surrendered for retraction at any time in the manner described in the Preliminary Prospectus.
8. Application will be made to list the Capital Shares and Preferred Shares on The Toronto Stock Exchange (the "TSE").

9. All Capital Shares and Preferred Shares outstanding on a date approximately five years from the closing of the Offering will be redeemed by the Issuer on such date and Preferred Shares will be redeemable at the option of the Issuer on any Annual Retraction Payment Date (as described in the Preliminary Prospectus).

10. The Issuer has a board of directors which currently consists of three directors. All of the directors are employees of TD Securities. Also, the offices of President/Chief Executive Officer and Chief Financial Officer/Secretary of the Issuer are held by employees of TD Securities. Prior to filing the Final Prospectus, it is contemplated that at least two additional directors, independent of TD Securities, will be appointed to the board of directors of the Issuer.

11. The Issuer is a passive investment company whose principal undertaking will be to invest the net proceeds of the Offering in a portfolio (the "Portfolio") of publicly listed common shares (the "TD Bank Shares") of The Toronto-Dominion Bank (the "TD Bank"). The aggregate number of TD Bank Shares to be included in the Portfolio will represent less than 2% of the public market capitalization of the TD Bank. The purpose of the Issuer is to provide a vehicle through which different investment objectives with respect to participation in TD Bank Shares may be satisfied.

12. The TD Bank Shares are listed and traded on the TSE.

13. The Issuer is considered to be a mutual fund as defined in the Legislation. Since the Issuer does not operate as a conventional mutual fund, it has made application for a waiver from certain requirements of National Instrument 81-102.

14. TD Securities was incorporated under the federal laws of Canada and is a direct, wholly-owned subsidiary of the TD Bank and is registered under the Legislation as a dealer in the categories of "broker" and "investment dealer" and is a member of the Investment Dealers Association of Canada and the TSE.

15. TD Securities is the promoter of the Issuer and will be establishing a credit facility in favour of the Issuer in order to facilitate the acquisition of the TD Bank Shares by the Issuer.

16. Pursuant to an administration agreement (the "Administration Agreement") to be entered into, the Issuer will retain TD Securities to administer the ongoing operations of the Issuer and will pay TD Securities a fee equal to:

(a) monthly fee of 1/12 of 0.15% of the market value of the TD Bank Shares held in the Portfolio; and

(b) any interest income earned by the Issuer during the term of the Administration Agreement.

17. Pursuant to an agreement (the "Agency Agreement") to be made between the Issuer and TD Securities, Scotia Capital Inc. and such other agents as may be appointed after the date of this decision document (collectively, the "Agents" and individually, an "Agent"), the Issuer will appoint the Agents, as its agents, to offer the Capital Shares and Preferred Shares of the Issuer on

a best efforts basis and the Final Prospectus qualifying the Offering will contain a certificate signed by each of the Agents in accordance with the Legislation.

18. TD Securities' economic interest in the Issuer and in the material transactions involving the Issuer are disclosed in the Preliminary Prospectus and will be disclosed in the Final Prospectus under the heading "Interest of Management and Others in Material Transactions".

19. The net proceeds from the sale of the Capital Shares and Preferred Shares under the Final Prospectus, after payment of commissions to the Agents, expenses of issue and carrying costs relating to the acquisition of the TD Bank Shares, will be used by the Issuer to:

(a) pay the acquisition cost (including any related costs or expenses) of the TD Bank Shares; and

(b) pay the initial fee payable to TD Securities for its services under the Administration Agreement (as defined below).

20. Pursuant to an agreement (the "Securities Purchase Agreement") to be entered into between the Issuer and TD Securities, TD Securities will purchase, as agent for the benefit of the Issuer, TD Bank Shares in the market on commercial terms or from non-related parties with whom TD Securities and the Issuer deal at arm's length.

21. The Final Prospectus will disclose the acquisition cost of the TD Bank Shares and selected information with respect to the dividend and trading history of the TD Bank Shares.

22. Subject to the relief granted hereby, TD Securities may, as principal, sell TD Bank Shares to the Issuer (the "Principal Sales"). The aggregate purchase price to be paid by the Issuer for the TD Bank Shares (together with carrying costs and other expenses incurred in connection with the purchase of TD Bank Shares) will not exceed the net proceeds from the Offering.

23. The Preliminary Prospectus discloses and the Final Prospectus will disclose that any Principal Sale will be made in accordance with the rules of the applicable stock exchange and the price paid to TD Securities (inclusive of all transaction costs, if any) will not be greater than the price which would have been paid (inclusive of all transaction costs, if any) if the acquisition had been made through the facilities of the principal stock exchange on which the TD Bank Shares are listed and posted for trading at the time of the purchase from TD Securities.

24. TD Securities will not receive any commissions from the Issuer in connection with the Principal Sales and all Principal Sales will be approved by at least two independent directors of the Issuer.

25. For the reasons set forth in paragraphs 22 and 23 above, and the fact that no commissions are payable to TD Securities in connection with the Principal Sales, in the case of the Principal Sales, the interests of the Issuer and the shareholders of the Issuer may be enhanced by insulating the Issuer from price increases in respect of the TD Bank Shares.

26. None of the TD Bank Shares to be sold by TD Securities as principal to the Issuer have been acquired, nor has TD Securities agreed to acquire, any TD Bank shares while TD Securities had access to information concerning the investment program of the Issuer, although certain of the TD Bank Shares to be held by the Issuer may be acquired or TD Securities may agree to acquire such TD Bank Shares on or after the date of this Decision Document.

27. The Issuer is not, and will not upon the completion of the Offering, be an insider of the TD Bank within the meaning of the Legislation.

28. TD Securities does not have knowledge of a material fact or material change with respect to the TD Bank that has not been generally disclosed.

29. It will be the policy of the Issuer to hold the TD Bank Shares and to not engage in any trading of the TD Bank Shares, except:

(a) to fund retractions or redemptions of Capital Shares and Preferred Shares;

(b) to fund a portion of the fixed cumulative dividends payable on the Preferred Shares;

(c) following receipt of stock dividends on the TD Bank Shares; or

(d) in certain other limited circumstances as described in the Preliminary Prospectus.

30. In connection with the services to be provided by TD Securities to the Issuer pursuant to the Administration Agreement, TD Securities may sell TD Bank Shares to fund retractions of Capital Shares and Preferred Shares prior to the Redemption Date and upon liquidation of the TD Bank Shares prior to the Redemption Date. These sales will be made by TD Securities as agent on behalf of the Issuer, but in certain circumstances, such as where a small number of Capital Shares and Preferred Shares have been surrendered for retraction, TD Securities may purchase TD Bank Shares as principal (the "Principal Purchases") subject to the relief granted hereby.

31. In connection with any Principal Purchases, TD Securities will comply with the rules, procedures and policies of the applicable stock exchange of which it is a member and in accordance with orders obtained from all applicable securities regulatory authorities. The Preliminary Prospectus discloses and the Final Prospectus will disclose that TD Securities may realize a gain or loss on the resale of such securities.

32. The Administration Agreement will provide that TD Securities must take reasonable steps, such as soliciting bids from other market participants or such other steps as TD Securities, in its discretion, considers appropriate after taking into account prevailing market conditions and other relevant factors, to enable the issuer to obtain the best price reasonably available for the TD Bank Shares so long as the price obtained is at least as advantageous to the Issuer as the price

which is available (net of all transaction costs, if any) through the facilities of the applicable stock exchange at the time of the trade.

33. TD Securities will not receive any commissions from the Issuer in Connection with the Principal Purchases and, in carrying out the Principal Purchases, TD Securities shall deal fairly, honestly and in good faith with the Issuer.

34. TD Securities will be a significant maker of markets for the Capital Shares and Preferred Shares, although it is not anticipated that TD Securities will be appointed the registered pro-trader by the TSE with respect to the Issuer. As a result, as discussed above TD Securities will, from time to time, purchase and sell Capital Shares and Preferred Shares as principal and trade in such securities as agent on behalf of its clients, the primary purpose of such trades (the "Market Making Trades") being to provide liquidity to the holders of Capital Shares and Preferred Shares. All trades made by TD Securities as principal will be recorded daily by the TSE.

35. As TD Securities owns 50% of the Class E Shares of the Issuer, TD Securities will be deemed to be in a position to effect materially the control of the issuer and consequently, each Market Making Trade will be a "distribution" or "distribution to the public" within the meaning of certain of the Legislation.

36. By virtue of TD Securities' relationship with the Issuer, including the fact that three of the directors of the Issuer and all of the officers of the Issuer are employees of TD Securities and TD Securities is the Promoter of the Issuer, the Issuer is a connected issuer (or its equivalent) and/or related issuer (or its equivalent) of TD Securities under certain of the Legislation.

37. The TD Bank is a substantial security holder of TD Securities, which is a distribution company of the Issuer. Accordingly, an investment by the Issuer in the TD Bank Shares will constitute an investment in a substantial security holder of a distribution company of the Issuer which, in the absence of the relief hereby granted, is prohibited by certain of the Legislation.

38. Although TD Securities and Scotia Capital Inc. will be lead and co-lead underwriters of the Offering, respectively, it is not known at this time what proportions of the Offering will be sold by additional agents other than TD Securities and Scotia Capital Inc. A minimum of 20% of the Offering will be sold by Scotia Capital Inc.

AND WHEREAS under 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;

The Decision of the Decision Makers pursuant to the Legislation is that:

A. The Underwriting Restrictions shall not apply to TD Securities in connection with the Offering.

B. The Prospectus Requirements shall not apply to the Market Making Trades by TD Securities in the Capital Shares and Preferred Shares provided that at the time of each Market Making Trade, TD Securities and its affiliates do not beneficially own or have the power to exercise control or direction over a sufficient number of voting securities of the TD Bank, securities convertible into voting securities of the TD Bank, options to acquire voting securities of the TD Bank, or any other securities which provide the holder with the right to exercise control or direction over voting securities of the TD Bank which in the aggregate, permit TD Securities to affect materially the control of the TD Bank and without limiting the generality of the foregoing, the beneficial ownership of or the power to exercise control or direction over securities representing in the aggregate, 20% or more of the votes attaching to all the then issued and outstanding voting securities of the TD Bank shall, in the absence of evidence to the contrary, be deemed to affect materially the control of the TD Bank.

C. The Principal Trading Prohibitions shall not apply to TD Securities in connection with the Principal Sales and Principal Purchases.

D. The Investment Restrictions shall not apply to the Issuer in connection with investments in the TD Bank Shares for the purposes of the Offering as described in the Preliminary Prospectus.

DATED at Toronto, this "30th" day of "August", 2000.

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - subdivided offering - the prohibitions contained in the Legislation prohibiting trading in portfolio shares by persons or companies having information concerning the trading programs of mutual funds shall not apply to the promoter/agent with respect to certain principal trades with the issuer in securities comprising the Issuer's portfolio in connection with an offering where underlying interest consists of a portfolio of common shares of a chartered Canadian bank.

The restrictions restricting registrants from acting as underwriters in connection with the distribution of securities of a related or connected issuer shall not apply to the promoter/agent in connection with the offering.

Market making trades by promoter/agent shall not be subject to requirements to file and obtain a receipt for a preliminary and final prospectus provided that the promoter/agent and its affiliates do not beneficially own or have the power to exercise control of a sufficient number of voting securities of an issuer of the securities comprising the issuer's portfolio to permit the promoter/agent to affect materially the control of such issuer.

Issuer, a mutual fund, exempted from restriction against making an investment in any person or company who is a substantial security holder of the mutual fund, its management company or distribution company.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c.S.5, as amended, ss. 1(1), 53, 59, 74(1), 111(2)(a), 119, 121(2)(a)(ii).

Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as amended, ss. 233, 24(1)(b).