

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

AND

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

AND

IN THE MATTER OF
TD TSE 300 INDEX FUND

AND

TD TSE 300 CAPPED INDEX FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, Yukon, Northwest Territories and Nunavut (the "Jurisdictions") has received an application from TD Asset Management Inc. ("TDAM") on behalf of TD TSE 300 Index Fund and TD TSE 300 Capped Index Fund (together, the "Funds") for a decision pursuant to the securities legislation (the "Legislation") of the Jurisdictions that:

1. the requirement to include a certificate of the Underwriters, as defined in paragraph 9 below, not apply in respect of the prospectus of the Funds; and
2. the prohibition on investments in certain issuers which are substantial security holders of TDAM or the Funds not apply to the Funds.

The Legislation referred to in paragraphs 1 and 2 above will be referred to in this Decision Document as the "Applicable Legislation";

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 TDAM made the following representations to the Decision Makers:

1. Each Fund is a trust established under the laws of Ontario, which will issue units of beneficial interest ("Units").
2. The investment objective of the TD TSE 300 Index Fund is to provide long-term growth of capital by replicating, to the extent possible, the performance of the TSE 300 Composite Index. The investment objective of the TD TSE 300 Capped Index Fund is to provide long-term growth of capital by replicating, to the extent possible, the performance of the TSE 300 Capped Index. Each Fund intends to hold the shares of the companies (collectively, the "Constituent Companies") that are included in the index that it is tracking (the "Target Index") in substantially the same proportions as they are represented in its Target Index.
3. TDAM is the trustee of the Funds and as such is responsible for the day-to-day administration of each Fund. TDAM is registered under the respective Legislation of all of the Jurisdictions as a portfolio manager and investment counsel and as a mutual fund dealer (or the equivalent categories of registration).
4. Each Fund has filed a preliminary prospectus (the "Prospectus") in each Jurisdiction and, upon the issuance of a receipt for the final prospectus, will be a reporting issuer under the Legislation of each Jurisdiction where such term is applicable.
5. The shares of The Toronto-Dominion Bank ("TD Bank") are included in the Target Index of each Fund. TD Bank is a substantial security holder of TDAM which is the management company of the Funds and of TD Securities Inc. and TD Waterhouse Investor Services (Canada) Inc. which may be distribution companies of the Funds.
6. Units of each Fund will be listed and posted for trading on the Toronto Stock Exchange (the "Exchange") and will confer on the holder a proportionate share of the economic benefits similar to those that such holder could obtain through individual investments in the securities of the Constituent Companies (collectively, the "Index Shares") of the Fund's Target Index.
7. It is intended that the dollar value of the Index Shares underlying the Units of each Fund (the "Core Asset Share Value per Unit") and the trading price of such Units on the Exchange will equal, as closely as possible, a specified fraction of the level of each Fund's Target Index as will be disclosed in the (final) prospectus of the Funds. From time to time, however, there may be a deviation in tracking such that the Core Asset Share Value per Unit will be greater or less than such specified fraction.
8. The net asset value (the "Net Asset Value") of each Fund will be calculated daily. The Net Asset Value per Unit of each Fund will be calculated and published daily.
9. Units of each Fund may be purchased directly from the Fund by registered brokers or dealers who have entered into an underwriting agreement with such Fund (the "Underwriters"). An Underwriter may subscribe for Units of each Fund on any subscription day. The majority of the consideration payable by Underwriters for Units of each Fund will consist of Index Shares, in prescribed quantities, and cash. The Underwriters will not receive any fees or commissions in connection with the issuance of Units of each Fund. In addition, TDAM, as trustee of the Funds

may, at its discretion, charge an administrative fee on the issuance of Units to Underwriters to offset the expenses incurred by the Funds in issuing Units.

10. No Fund will issue Units until the Fund has received, in aggregate, at least \$500,000 in subscriptions from Underwriters.

11. Each Fund may also issue Units periodically to one or more registered brokers or dealers ("Designated Brokers") upon an adjustment of its Target Index, a take-over bid or similar extraordinary situation. Each Fund may also issue Units to its unitholders ("Unitholders") upon the automatic reinvestment of special dividends or capital gains distributions made on the Index Shares held by the Fund.

12. Except as described in paragraphs 9 and 11, the Units of each Fund may not be purchased directly from the Funds. It is anticipated that, for the most part, investors will purchase Units of each Fund through the facilities of the Exchange.

13. It is expected that Unitholders of each Fund who wish to dispose of their Units will do so by selling them on the Exchange. However, holders of a prescribed number of Units, or integral multiples thereof, may redeem such Units for baskets of the Index Shares plus cash. Unitholders of each Fund who redeem a prescribed number of Units, or integral multiple thereof, may be charged an administrative fee in order to offset the expenses incurred by the Funds in effecting such exchange.

14. All Unitholders will also have the right to redeem Units solely for cash at a discount to the market price of the Units. The Funds intend that the redemption price will be equal to 95% of the closing trading price of the Units on the effective day of the redemption. The Funds do not expect that Unitholders will generally exercise this redemption right.

15. Unitholders of each Fund holding at least the prescribed number of Units will be entitled to vote a proportion of the Index Shares held by the Fund equal to that Unitholder's proportionate holding of outstanding Units. Unitholders holding less than a prescribed number of Units will have no right to vote Index Shares held by a Fund.

16. Subject to the expense ceiling agreed to by TDAM and described below, each Fund will be responsible for the following costs and expenses: brokerage expenses and commissions; the trustee fee payable to TDAM; registrar and transfer agency fees; securities movement charges payable to the Fund's custodian; legal and audit fees; the preparation, printing, filing and distribution of prospectuses, financial statements, annual reports and annual filing fees payable to securities regulatory authorities relating to the issuance of Units. In respect of annual filing fees payable to securities regulatory authorities, the Fund will charge a transaction fee on the issuance of Units payable pro rata by the Underwriters and Designated Brokers who subscribe for Units which will effectively reimburse the Fund for such fees. TDAM has agreed, however, that the aggregate of the costs and expenses charged to the Fund in any year, net of the reimbursement of filing fees referred to above and excluding brokerage expenses and commissions, will not exceed the following percentages per year of the average daily aggregate of Core Asset Share Value, Core Asset Cash and Accrued Distributions (as such terms are defined in the Prospectus):

TD TSE 300 Index Fund	—	0.25%
TD TSE 300 Capped Index Fund	—	0.25%

TDAM has agreed to be responsible for the costs and expenses of the Fund in excess of the above specified percentages.

17. Unitholders of each Fund will have the right to vote at a meeting of the Fund's Unitholders before the fundamental investment objectives of such Fund are changed or before the voting right described in paragraph 15 is changed and prior to any increase in the amount of fees payable by the Fund.

18. Each Fund proposes to lend the Index Shares which it holds itself or through an agent to brokers, dealers and other financial institutions desiring to borrow securities. The securities lending will enable each Fund to earn income to partially offset the costs and expenses of such Fund. This will enable the Funds to reduce the effect of such costs and expenses, thereby enhancing each Fund's ability to provide investment results which correspond to the price performance of its Target Index.

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;

The Decision of the Decision Makers pursuant to the Legislation is that the Applicable Legislation shall not apply so as to

- (i) require an underwriter's certificate in the prospectus of the Funds; and
- (ii) prohibit the Funds from making or holding an investment in securities of TD Bank, provided that such investment is made or held
 - a. in accordance with each Fund's stated investment objective that requires it to invest in securities of TD Bank in order to track its Target Index, and
 - b. in substantially the same proportion as the securities of TD Bank are weighted or reflected in each Fund's Target Index.

DATED at Toronto this 19th day of January, 2001.

Howard I. Wetston
Howard I. Wetston

R. Stephen Paddon
R. Stephen Paddon

Headnote:

Relief granted from certain provisions of securities legislation for initial and continuous distribution of units of exchange-traded funds - relief from requirement that prospectus include an underwriter's certificate - relief from prohibition on investments in certain issuers which are substantial security holders of the funds' management company.

Statutes Cited:

Securities Act (Ontario), R.S.O. 1990 c.S.5, as am. s. 59, ss. 111(2), s. 147 and s. 113.