

**THE SECURITIES ACT**

)

**Order No. 2646**

)

**Section 20**

)

**October 13th, 1999**

**CANADIAN CREDIT CARD TRUST**

**WHEREAS:**

(A) Nesbitt Burns Inc. (the "Applicant") has applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of *The Securities Act* (Manitoba) (the "Act") exempting certain trades by The Trust Company of the Bank of Montreal (the "Trustee") as trustee of Canadian Credit Card Trust (the "Trust") of Series 1999-1 Investor Certificates (the "Certificates") to Portfolio Managers (as defined below) acting as agent for Managed Accounts (as defined below) from the prospectus requirements of section 37 of the Act, subject to certain conditions.

(B) The Applicant has represented to the Commission that:

1. The Trust was organized pursuant to the laws of the Province of Ontario. The Trust is a special purpose vehicle to be formed for the purpose of purchasing credit card receivables ("Receivables") and certain other assets from the National Bank of Canada.
2. The Certificates will represent debt obligations of the Trust that will be secured by a pledge of its assets to General Trust of Canada, as indenture trustee. The Certificates will have a term of approximately three years and will bear interest, payable semi-annually, at a specified rate. The Certificates will receive the highest long term rating from two recognized rating agencies.
3. The Trust is not subject to the continuous disclosure requirements of the Act.
4. The Trust proposes to raise the cash portion of the purchase price of the Receivables by offering the Certificates to investors in all of the provinces of Canada by way of private placement (the "Offering") pursuant to an offering memorandum (the "OM"). The OM will include a description of the contractual rights of action as required by the Securities Act (Ontario) and the rights will be available to purchasers resident in Manitoba pursuant to the subscription agreement entered into between the Trust and each purchaser.
5. The Applicant, National Bank Financial Inc., RBC Dominion Securities Inc., ScotiaMcLeod Inc., TD Securities Inc. and Merrill Lynch Canada Inc. (the "Underwriters") are all registered as investment dealers under the Act. They will act as underwriters in Manitoba.

6. The Underwriters propose to offer the Certificates under the Offering to certain persons (that are not individuals) and companies in Manitoba ("Portfolio Managers") who are (i) registered under the Act as broker-dealers or investment counsel restricted to portfolio managers, or (ii) registered for trading in securities under the Act and exempt from registration as securities advisers pursuant to subsection 18(c) of the Act, purchasing as agent for certain third persons or companies ("Managed Accounts").

7. Each Portfolio Manager is solely responsible for the management of its Managed Accounts with full power, authority and discretion to buy, sell or otherwise effect transactions as agent for the Managed Accounts.

8. A distribution of the Certificates in Manitoba with an aggregate acquisition cost for the securities purchased for each Managed Account of less than \$97,000 (a "Specified Managed Account") would not, in the absence of the order sought, be exempt from the prospectus requirements of section 37 of the Act.

9. If a Portfolio Manager were deemed to be acting as principal in connection with the purchase of Certificates with an aggregate acquisition cost to the Portfolio Manager of not less than \$97,000 and the allocation of such Certificates was among Specified Managed Accounts, the distribution of the Certificates to the Portfolio Manager would be exempt from the prospectus requirements set out in section 37 of the Act pursuant to clause 58(1)(a) of the Act.

10. If a Specified Managed Account were fully managed by a trust company registered under Part XVI of *The Corporations Act* (Manitoba), rather than by a Portfolio Manager, the trust company would be deemed by subsection 58(2) of the Act to be acting as principal in purchasing the Certificates on behalf of the Specified Managed Account and such distribution would be exempt from the prospectus requirements of section 37 of the Act. There is no provision comparable to subsection 58(2) of the Act for accounts fully managed by registered portfolio managers such as the Portfolio Managers.

11. The aggregate acquisition cost of the Certificates purchased by a Portfolio Manager on behalf of its Managed Accounts will not be less than \$97,000.

12. Each Specified Managed Account will, at the time of the purchase of the Certificates by a Portfolio Manager on its behalf pursuant to this order, hold assets having an aggregate net value or an aggregate acquisition cost of not less than \$97,000.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested;

**IT IS ORDERED:**

**1. THAT**, pursuant to subsection 20(1) of the Act, trades of Certificates in Manitoba in connection with the Offering to a Portfolio Manager acting as agent for Specified Managed Accounts shall be exempt from section 37 of the Act, provided that:

(a) each Portfolio Manager, at the time of the purchase of the Certificates, has full power, authority and discretion to buy, sell or otherwise effect transactions in securities as agent for the Managed Accounts managed by it and the aggregate acquisition cost of the Certificates to all Managed Accounts managed by each Portfolio Manager will be not less than \$97,000;

(b) each Specified Managed Account will, at the time of purchase of the Certificates, hold assets having an aggregate net asset value or aggregate acquisition cost of not less than \$97,000; and

(c) on or before the close of the Offering, the Portfolio Managers who purchase the Certificates will be provided with a copy of this order and the Underwriters shall have received written confirmation from the Portfolio Managers, on behalf of their respective Specified Managed Accounts, that they are aware of the limitations imposed by this order on dispositions of the Certificates by Specified Managed Accounts.

**2. THAT** the fee for this order shall be \$650.00.

**BY ORDER OF THE COMMISSION**

**Director - Legal**