

THE SECURITIES ACT) Order No. 3845
)
Subsection 20(1)) July 31, 2002

ELECTRICITY DISTRIBUTORS FINANCE CORPORATION

WHEREAS:

(A) Electricity Distributors Finance Corporation (the "Applicant") has applied to The Manitoba Securities Commission (the "Commission") pursuant to Subsection 20(1) of *The Securities Act*, as amended (the "Act") for an order that certain trades in 2002 - 1 certificates evidencing undivided co-ownership interests in unsecured debentures (the "Certificates") by the Applicant to Portfolio Managers (as hereinafter defined) acting as agents for Specified Managed Accounts (as hereinafter defined) be exempt from section 37 of the Act.

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

1. The Applicant is a corporation incorporated under the laws of the Province of Ontario pursuant to the *Business Corporations Act* (Ontario) and is not subject to the continuous disclosure requirements of the Act.
2. The Applicant proposes to offer (the "Offering") the Certificates on a private placement basis, in the Province of Manitoba and in all provinces of Canada.
3. TD Securities Inc., BMO Nesbitt Burns Inc. and RBC Dominion Securities Inc. (collectively, the "Underwriters") will act as agents on behalf of the Applicant in the sale of the Certificates pursuant to the Offering. Each Underwriter is registered as an Investment Dealer under the Act.
4. The minimum aggregate purchase price of the Certificates by each Portfolio Manager in the Province of Manitoba pursuant to the Offering is \$97,000.00.
5. The Underwriters propose to offer the Certificates to certain persons (the "Portfolio Managers") who are registered under the Act as broker-dealers or investment dealers restricted to Portfolio Managers or as broker-dealers or investment dealers exempt from registration as advisors under the Act, in each case purchasing as agent for certain third persons or companies whose accounts (the "Managed Accounts") are managed by the Portfolio Manager.
6. Each Portfolio Manager is solely responsible for the management of its Managed Accounts, with full power, authority and discretion to, *inter alia*, buy, sell or otherwise effect transactions in securities as agent for the Managed Accounts.
7. A distribution of the Certificates in the Province of Manitoba to a Portfolio Manager for a Managed Account with an aggregate acquisition cost for the securities purchased by a Managed

Account of less than \$97,000.00 (a "Specified Managed Account") would not, in the absence of an order, be exempt from Section 37 of the Act.

8. Each Specified Managed Account will, at the time of purchase of the Certificates, hold assets having an aggregate net asset value or an aggregate acquisition cost of not less than \$97,000.00.

9. The aggregate acquisition cost of the Certificates that will be sold under the Offering to each Portfolio Manager for its Managed Accounts will not be less than \$97,000.00.

10. The Offering will be made by way of an offering memorandum (the "Offering Memorandum") which provides prospective investors in the Province of Manitoba with contractual rights of action against the Applicant in accordance with form 26 of the regulation promulgated under the Act (the "Regulation").

(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:

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

(i) 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 not be less than \$97,000;

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

(iii) 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 Applicant shall have received written confirmation from the Portfolio Managers, on behalf of their respective Managed Accounts, that they are aware of the limitations imposed by this order;

(iv) each Portfolio Manager, and each beneficial purchaser of Certificates for whom a Portfolio Manager is acting, receives the

contractual rights of action for rescission and damages as set out in the offering memorandum relating to the Offering; and

(v) within 10 days of the closing of the Offering, the Applicant shall file or the Applicant shall cause the Underwriters to file with the Commission a report, in duplicate, in respect of each Specified Managed Account, which is in Form 8 of the Regulations, or which includes substantially the same information as is required in a report prepared in accordance with Form 8 of the Regulations, and in conjunction therewith the Applicant shall pay the fee that would be payable on the filing of such report;

2. THAT, the fee for this order shall be \$1000.00.

BY ORDER OF THE COMMISSION

Deputy Director - Legal