

THE SECURITIES ACT

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Order No. 3403

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Section 20

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June 27, 2001

IBM CANADA CREDIT SERVICES COMPANY

WHEREAS:

(A) RBC Dominion Securities Inc. and Scotia Capital Inc. (the "Applicants") have applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of *The Securities Act*, R.S.M. 1988, c. S50 (the "Act") exempting from the prospectus requirements in section 37 of the Act certain trades (the "Offering") by IBM Canada Credit Services Company (the "Issuer"), and the agents (the "Agents") involved in the Offering, Guaranteed Notes of the Issuer (the "Notes") to Portfolio Managers (defined below) acting as agent for Managed Accounts (defined below);

(B) The Applicants have represented to the Commission that:

1. The Issuer is a company existing under the laws of the Province of Nova Scotia. The Issuer is a special purpose finance company;
2. The Issuer and The Canada Trust Company will enter into a trust indenture which will provide for the creation and issuance by the Issuer of the Notes;
3. The Issuer will not be subject to the continuous disclosure requirements of the Act;
4. The Notes will be offered for sale in all of the provinces of Canada by way of statutory exemptions for the prospectus requirements of the applicable securities legislation and, in Manitoba, in reliance on a "sprinkling order";
5. The minimum price of the Notes by each purchaser under the Offering is \$97,000;
6. The Notes will not be offered to individuals in Manitoba;
7. Trades in the Notes are trades in the course of primary distributions to the public. Trades pursuant to the Offering are subject to the registration and prospectus requirements of sections 6 and 37, respectively, and corresponding requirements of the securities legislation of the other provinces of Canada;
8. Each of the Agents, including the Applicants, are registered with the Commission in the category of investment dealer;

9. The Agents propose to offer the Notes in Manitoba to certain persons or companies ("Portfolio Managers") who are (i) registered under the Act as broker-dealers or investment counsel restricted to portfolio manager, or (ii) registered for trading in securities under the Act and exempt from registration as securities advisors pursuant to subsection 18(c) of the Act, in each case purchasing as agent for certain third persons or companies ("Managed Accounts"). Each Portfolio Manager will be solely responsible for the management of its Managed Accounts, with full power, authority and discretion to buy, sell or otherwise effect transactions in securities as agent for the Managed Accounts. Each Managed Account will, at the time of the purchase of the Notes, hold assets having an aggregate net asset value or an aggregate acquisition cost of not less than \$97,000;

10. The aggregate acquisition cost of Notes to all Managed Accounts managed by a Portfolio Manager will not be less than \$97,000. Contractual rights of action for rescission and damages to the same effect as those being offered in Ontario will be conferred in Manitoba upon Portfolio Managers and each beneficial purchaser for whom the Portfolio Manager is acting;

(C) In the opinion of the Commission 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 in Notes 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:

(a) each Portfolio Manager, at the time of the purchase of the Notes, 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 Notes to all Managed Accounts managed by each Portfolio Manager will not be less than \$97,000;

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

(c) on or before the close of the Offering, the Portfolio Managers who purchase the Notes will be provided with a copy of this order and the Issuer 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;

(d) each Portfolio Manager, and each beneficial purchaser of Notes for whom a Portfolio Manager is acting, receives the contractual rights of action for rescission and damages that are being conferred upon purchasers of Notes that are resident

in the Province of Ontario, as set out in the offering memorandum relating to the Offering; and

(e) within 10 days of the closing of the Offering, the Issuer shall file or the Issuer shall cause the Applicants to file with the Commission a report, in duplicate, in respect of each 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 Issuer or the Applicants shall pay the fee that would be payable on the filing of such report.

2. THAT the fee for this order shall be \$1,000.00.

BY ORDER OF THE COMMISSION

Director