

THE SECURITIES ACT

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Order No. 4596

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Section 131(1)

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October 27, 2004

Ruling Exempting Mutual Funds from Delivering

(A) WHEREAS The Manitoba Securities Commission (the "Commission") has received several applications from the managers of mutual funds which are sold in Manitoba using a simplified prospectus or a prospectus for relief under s. 131(1)(c) of The Securities Act, R.S.M. 1988, c. S50 (the "Act") from the requirement to deliver annual financial statements of the mutual fund to certain securityholders of the mutual fund unless they have requested to receive them;

(B) AND WHEREAS the Commission has granted the relief in each instance subject to substantially the same terms and conditions;

(C) AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;

(D) AND WHEREAS The Canadian Securities Administrators have published for comment proposed National Instrument 81-106 which, among other things, would permit mutual funds not to deliver the annual financial statements to those of its securityholders who do not request them, if the Funds provide each securityholder with a request form under which the securityholder may request, at no cost to the securityholder, to receive the mutual fund's annual financial statements for that financial year;

(E) AND WHEREAS the Commission is satisfied that making this order will not adversely affect the rule-making process with respect to proposed National Instrument 81-106 and is consistent with National Instrument 54-101;

(F) AND WHEREAS the Commission had previously issued order number 4059 on February 20, 2003 and order number 4291 dated October 9, 2003 granting the relief requested which expires December 31, 2004;

(G) AND WHEREAS National Instrument 81-106 may not be in effect prior to December 31, 2004;

(H) AND WHEREAS the Commission is of the opinion it would not be prejudicial to the public to grant the same relief requested.

IT IS ORDERED THAT

1. A mutual fund which has distributed securities in Manitoba under a simplified prospectus or a prospectus and is a reporting issuer as defined in s. 118 of the Act shall not be required to deliver their annual financial statements to a holder of the securities of that fund who hold securities of

the fund in client name ("Direct Securityholders") other than those Direct Securityholders who have requested to receive them provided that the Board of Directors, trustee, or manager of the mutual fund:

(a) send to the Direct Securityholders:

(i) a notice advising them that they will not receive the annual financial statements of the fund for the year then ended unless they request them (the "Notice"); and

(ii) a request form they can use to request the annual financial statements along with information on where they should send their request form.

(b) file on SEDAR, under the annual financial statements category, confirmation of mailing of the request forms that have been sent to the Direct Securityholders as described in clause (a) above within 90 days of mailing the request forms.

(c) send the annual financial statements to the Direct Securityholders who requested them within three business days of the later of:

(i) filing the annual financial statements; or

(ii) receiving a request from a Direct Securityholder.

2. The Notice will advise the Direct Securityholders that the annual financial statements of the Funds may be accessed on the SEDAR website.

3. Commission order number 4291 dated October 9, 2003 is hereby revoked.

4. This Order shall terminate on NI 81-106 coming into force.

BY ORDER OF THE COMMISSION

Deputy Director - Legal