

THE SECURITIES ACT

)

Order No. 4078

)

Section 20(1)

)

March 12, 2003

THE ROYAL TRUST COMPANY

WHEREAS:

(A) Application (the "**Application**") has been made on behalf of The Royal Trust Company (the "**Applicant**") to The Manitoba Securities Commission (the "**Commission**") for an order pursuant to section 20(1) of *The Securities Act*, R.S.M. 1988, c. S50 (the "Act") that:

(i) certain trades made between the Applicant and the Workers Compensation Board of Manitoba (the "WCB") in connection with the purchase by the WCB of units of "The Short Term Investment Fund I", "The Short Term Investment Fund II", and such other similar short term investment funds established by the Applicant from time to time for sale to employee benefit, pension or other funds in Manitoba (individually a "Fund" and collectively the "Funds") are not subject to Sections 6 and 37 of the Act; and

(ii) the requirements in the Regulations to the Act (the "Regulations") to file a Form 8 Report with the Commission shall not apply to the Applicant and WCB in connection with past and future trades of units of the Funds between them.

(B) It has been represented to the Commission by the Applicant that:

1. The Applicant is a trust company registered under Part XVI of *The Corporations Act* (Manitoba).

2. The Applicant has established the Funds, as non-prospectused mutual fund trusts, for the purpose of the short-term investment and reinvestment of monies received by the Applicant from its clients.

3. The Funds are established pursuant to a declaration of trust under which the Applicant acts as trustee and custodian of the trust property comprising each Fund. The objectives of the Funds are to preserve capital and maximize income, while providing daily liquidity to meet the cash management needs of the Applicant's clients. The units of the Funds are classified as registered investments under the *Income Tax Act* (Canada)

4. The Funds are not subject to the continuous disclosure requirements of the Act, and units of the Funds are not and will not be listed on any stock exchange.

5. The assets of each Fund are and will be invested from time to time upon the advice of the Applicant or an investment advisor appointed by the Applicant based on the objectives, policies and restrictions of such Fund as set out in the Funds' declaration of trust.
6. Units of each Fund are non-transferable and are redeemable upon the request of a unit holder, at a constant unit value of \$10 for the existing Funds, and at a constant value pre-determined by the Applicant upon the inception of any additional Funds. Income is accrued daily and paid monthly in cash or invested in additional units, as determined by the client.
7. The WCB is a public board incorporated as a body corporate under *The Workers Compensation Act* (Manitoba) (the "WCA"), which maintains and administers an accident fund comprised of, among other things, monies received from employer contributions in Manitoba, in accordance with applicable Legislation.
8. Investments made by the WCB are subject to regular review by The Workers Compensation Board Investment Committee, a committee established under the WCA, the membership of which consists of :
- (a) the chairperson of the WCB, or a person appointed by the chairperson of the WCB;
 - (b) the Deputy Minister of Finance of the Province of Manitoba or, in his/her absence or inability to act, an Assistant Deputy Minister of Finance; and
 - (c) a person representative of the views of those persons upon whom assessments are levied, appointed by order of the Lieutenant Governor in Council for such term as may be fixed in the order in council appointing such person
9. The WCB maintains trust accounts and portfolios with the Applicant, as custodian, in which monies received and disbursed by the WCB are deposited and withdrawn (the "Accounts"). On a daily basis, the balance of monies remaining on deposit in the Accounts, or the balance in excess of pre-determined amounts established by the WCB from time to time, is automatically withdrawn from the Accounts and used to purchase units of one or more of the Funds. The automatic withdrawal and investment of monies from the Accounts are hereinafter referred to as "Account Sweeps".
10. Substantially all of the daily Account Sweeps result in the WCB acquiring units of a Fund with an aggregate value in excess of \$97,000. It is possible however that a daily Account Sweep may result in the WCB acquiring units of

one or more of the Funds having an aggregate acquisition cost of less than \$97,000.

11. At the time of each daily Account Sweep, the WCB will continue to own units in the Fund having an aggregate acquisition cost of not less than \$97,000.

12. Each time the WCB purchases units of one or more of the Funds, it does so as principal for investment only and not with a view to resale or distribution.

13. The WCB requests to redeem units of Funds on a regular basis, sometimes daily, in order to meet its cash requirements.

14. In accordance with the declaration of trust establishing the Funds, units of the Funds may not be transferred or otherwise distributed to any person other than the Applicant, upon a redemption of same.

15. WCB has purchased units of Funds in the past (the "Past Trades") pursuant to exemptions in the Act, however, Form 8 Reports were inadvertently not filed with the Commission with respect to these Past Trades.

16. WCB consents to the issuance of this order and are waiving certain rights they would have with respect to the Past Trades if an order did not issue.

(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 section 20 of the Act:

(a) the issuance of units of a Fund by the Applicant to the WCB, where the aggregate acquisition cost to the WCB of such units is less than \$97,000, is not subject to Sections 6 and 37 of the Act; and

(b) the requirement in the Regulation to file a Form 8 Report shall not apply to past and future trades in units of the Funds between the Applicant and the WCB provided that, commencing with the current financial year, within 30 days after each financial year end of the Funds, such Funds:

(i) files a report in respect of all trades in Units of that Fund with the WCB during such financial year, substantially in Form 8 to the Act; and

(ii) pays the fee prescribed by the Act on filing a Form 8.

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

BY ORDER OF THE COMMISSION

Deputy Director - Legal