



7. One of the Potential Investors is an employee of an affiliate of World of Water which is affiliated with Newco for the purposes of *The Corporations Act* (Manitoba) but is not affiliated with Newco for the purposes of the Act. This Potential Investor is very familiar with the way in which World of Water and its subsidiaries operate and is not being induced to purchase shares of Newco by expectation of employment or continued employment. One of the Potential Investors is a supplier and close business associate of World of Water. The remaining three Potential Investors will be close personal friends or close business associates of a director or senior officer of Newco, or will be "accredited investors" (as such term is defined in MI 45-103).

8. The Commission has published Notice 2002-38 entitled *Proposed Amendments to Multilateral Instrument 45-103 Capital Raising Exemption and Proposed Adoption in Additional Jurisdictions* which indicates that, subject to comments and possible further consideration, the Commission is prepared to adopt MI 45-103.

9. If MI 45-103 was now in effect, certain of the trades in connection with the Offering by Newco would be effected in reliance upon Section 2.1 of MI 45-103 and such offering would be exempt from the prospectus and registration requirements of the Act as World of Water and certain of the Potential Investors to whom the Offering is being made, would be exempt from the registration and prospectus requirements pursuant the Exemption.

10. The Offering will not violate the provisions of Newco's Articles of Incorporation.

(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 between Newco, World of Water and the Potential Investors in connection with the Offering shall be exempt from Sections 6 and 37 of the Act.
2. **THAT** the fee for this order shall be \$1,000.00.

BY ORDER OF THE COMMISSION

Deputy Director - Legal