

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, MANITOBA, NEWFOUNDLAND AND LABRADOR, NOVA SCOTIA,
ONTARIO, QUEBEC, AND SASKATCHEWAN**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
BIOVAIL CORPORATION**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Manitoba, Newfoundland and Labrador, Nova Scotia Ontario, Quebec, and Saskatchewan (collectively, the "Jurisdictions") has received an application from Biovail Corporation ("Biovail") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to file insider reports shall not apply to certain individuals who are insiders of Biovail by reason of having the title Vice President;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS Biovail has represented to the Decision Makers that:

1. Biovail is a corporation governed by the laws of Ontario with its head office located in Mississauga, Ontario;
2. Biovail is a full-service pharmaceutical company engaged in the formulation of pharmaceutical products utilizing advanced oral drug delivery technologies, clinical testing, registration, manufacturing, sale and promotion of pharmaceutical products targeting the cardiovascular (including Type II diabetes), pain management, central nervous system and niche therapeutic areas;
3. Biovail is a reporting issuer (or equivalent) in each Province of Canada and its common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange;
4. Biovail is not in default of any requirements under the Legislation;

5. Currently, Biovail has seven directors (one of whom is also the Chairman and Chief Executive Officer), five Senior Vice Presidents and three Vice Presidents for a total of 15 persons who are insiders of Biovail by reason of being a director or officer (the "Insiders");

6. None of the Insiders is exempt from the insider reporting requirements contained in the Legislation by reason of an existing exemption under National Instrument 55-101 *Exemption from Certain Insider Reporting Requirements* ("NI 55-101") or a previous decision or order;

7. Biovail has developed a policy governing insider trading (the "Insider Trading Policy") that applies to all of the Insiders;

8. Biovail has developed the Insider Trading Policy to ensure that its directors, officers and designated employees who are "insiders" under the Legislation are aware of their responsibilities under the Legislation and to assist them in complying with the Legislation;

9. The Insider Trading Policy also applies to other employees of Biovail who have knowledge of material undisclosed information;

10. Under the Insider Trading Policy, the Insiders and other employees with knowledge of material undisclosed information may not trade in securities of Biovail. In addition, the Insiders may not trade in securities of Biovail during "black-out" periods around the preparation of financial results or any other "black-out" period as determined by the Chairman of the Board of Directors or the Chief Legal Officer. Outside of the "black-out" periods, the Insiders are advised to contact the Chief Legal Officer to determine if they may trade in Biovail shares;

11. The Chief Legal Officer considered the job requirements and principal functions of the Insiders to determine which of them met the definition of "nominal vice president" contained in Canadian Securities Administrators Staff Notice 55-306 *Applications for Relief from the Insider Reporting Requirements by Certain Vice-Presidents* (the "Staff Notice").

12. The Chief Legal Officer believes that Paul Maes, Vice President, Pharmaceutical Development of Biovail, meets the following criteria (the "Exempt VP Criteria") set out in the Staff Notice:

(a) the individual is a vice president of Biovail;

(b) the individual is not in charge of a principal business unit, division or function of Biovail or a "major subsidiary" of Biovail (as that term is defined in NI 55-101);

(c) the individual does not in the ordinary course receive or have access to information regarding material facts or material changes concerning Biovail before the material facts or material changes are generally disclosed; and

(d) the individual is not an insider of Biovail in any capacity other than as a vice president;

13. On an ongoing basis, the Chief Legal Officer will monitor the eligibility for the exemption under the Staff Notice of Mr. Maes and that of other employees of Biovail whose title is Vice-President and who may satisfy the Exempt VP Criteria from time to time. This will be effected by monitoring such persons' respective job functions and responsibilities to determine if they continue to meet the Exempt VP Criteria. If Mr. Maes or any other insider no longer satisfies the Exempt VP Criteria, the Chief Legal Officer will inform such insider of the renewed obligation to file an insider report in respect of any trades in securities of Biovail; and

14. Biovail has filed with the Decision Makers in connection with this application a copy of the Insider Trading Policy.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the requirement contained in the Legislation to file insider reports shall not apply to insiders of Biovail who satisfy the Exempt VP Criteria for so long as such insiders satisfy the Exempt VP Criteria provided that:

- (a) Biovail prepares and maintains a list of all individuals who propose to rely on the exemption granted, submits the list on an annual basis to the board of directors for approval, and files the list with the Decision Makers;
- (b) Biovail files with the Decision Makers a copy of its internal policies and procedures relating to monitoring and restricting the trading activities of its insiders and other persons whose trading activities are restricted by Biovail; and
- (c) the relief granted will cease to be effective on the date when NI 55-101 is amended.

Dated this 31st day of December, 2003.

"Harold P. Hands"

"Suresh Thakrar"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief granted to certain vice presidents of a reporting issuer from the insider reporting requirements subject to certain conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 107, 108, 121(2)(a)(ii)

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., Part VIII

Rules Cited

National Instrument 55-101 - *Exemption from Certain Insider Reporting Requirements*