

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN, MANITOBA, ONTARIO,
NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND, NEWFOUNDLAND,
YUKON, NORTHWEST TERRITORIES, AND NUNAVUT

AND

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

AND

IN THE MATTER OF BRM CAPITAL CORPORATION ("BRM")

MRRS DECISION DOCUMENT

1 WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each province and territory of Canada (the "Jurisdictions") has received an application from BRM Capital Corporation ("BRM") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

1.1 the requirement in the Legislation to be registered in the appropriate category under the Legislation to trade in a security and to file a preliminary prospectus and a prospectus and receipts obtained for them (the "Registration and Prospectus Requirements") do not apply to certain trades by BRM in options (the "BRM Options") in shares of BRM (the "BRM Shares") and BRM Shares; and

1.2 the issuer bid requirements of the Legislation, including the general provisions relating to delivery of a bid, minimum deposit periods, taking up withdrawal and payment for deposited securities, the bid financing provisions, issuer bid circular provisions, and delivery provisions of the Legislation (the "Issuer Bid Requirements") shall not apply to certain repurchases of BRM Shares for cancellation;

2 AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3 AND WHEREAS BRM has represented to the Decision Makers that:

3.1 BRM is a corporation incorporated under the laws of Alberta and the BRM Shares are listed on the Canadian Venture Exchange Inc. BRM is a reporting issuer in the Province of Alberta and is not in default of any of the provisions of the *Securities Act* (Alberta) (the "Act") or the rules made under the Act;

3.2 BRM currently owns, among others, the following wholly owned subsidiaries:

3.2.1 Great Pacific Management Co. Ltd. ("Pacific Management"), a corporation incorporated under the laws of the Province of British Columbia and registered under the legislation of British Columbia, Alberta, Saskatchewan, Ontario and the Yukon Territory as a dealer in the category of mutual fund dealer. Pacific Management is also a member of the Vancouver Stock Exchange, the Montreal Exchange and the Investment Dealers Association of Canada;

3.2.2 Great Pacific Asset Management Co. Ltd. ("Pacific Asset"), a corporation incorporated under the laws of British Columbia and registered under the legislation of British Columbia and Ontario as a dealer in the category of mutual fund dealer and limited market dealer;

3.2.3 The Investment Centre Financial Corporation ("ICFC"), a corporation incorporated under the laws of Ontario and registered under the legislation of Ontario and British Columbia as a dealer in the category of mutual fund dealer; and

3.2.4 Balanced Planning Investments Corporation (Balanced"), a corporation incorporated under the laws of Ontario and registered under the legislation of the Jurisdictions (except Yukon) as a dealer in the category of mutual fund dealer;

BRM also intends to acquire, from time to time, other registrants under the Legislation (the "Future Registrants").

3.3 each of Pacific Management, Pacific Asset, ICFC and Balanced has, and the Future Registrants are expected to have, a number of sales persons who are registered under the Legislation to trade in securities (the "Registered Representatives") and who operate or will operate as "independent contractors" in branch offices of, and provide securities-related services only on behalf of their respective registrant;

3.4 the Registered Representatives are "independent contractors" for federal income tax and employment law purposes and are not permitted to provide securities-related services on behalf of any other entity other than their respective registrant;

3.5 it is intended that from time to time BRM will grant options to purchase and/or will issue BRM Shares from treasury. These options will be granted to certain Registered Representatives who have entered into a sales representative

agreement (the "Sales Representative Agreement") in the form that may be determined by the board of directors of BRM;

3.6 although generally it is expected that Registered Representatives will be able to sell the BRM Shares acquired pursuant to the exercise of the options in the open market, the Sales Representatives Agreement will under certain circumstances, such as the termination of a Registered Representative, provide that BRM would be able to require the Registered Representative to sell the BRM Shares directly to BRM. In this case BRM would wish to purchase the BRM Shares without complying with the issuer bid provisions of the Legislation, in the way that it could from employees or former employees;

3.7 although independent contractors for federal income tax and employment law purposes, the Registered Representatives are analogous to "employees" of their respective registrant in that their registration under the Legislation is sponsored by and their activities as Registered Representatives are subject to the regulatory supervision of their respective registrant;

3.8 each of Pacific Management, Pacific Asset, ICFC, Balanced and the Future Registrants are or will be prior to the issuance of BRM Shares or BRM Option, "affiliates" of BRM;

3.9 the Registered Representatives to whom BRM Shares or BRM Options would be issued or granted, directly or through their respective holding companies (as defined below) will not be induced to do so by expectation of being appointed a Registered Representative or continuing to be a Registered Representative with their respective registrant or any of their affiliates;

3.10 prior to the issuance or granting of BRM Shares or BRM Options to a Registered Representative (or a holding company controlled by the Registered Representative (the "Holding Company")), such Registered Representative shall be provided with a copy of the subscription agreement, the attachments which will include a copy of this decision and a document stating that, as a result of this decision, certain protections, rights and remedies provided by the Legislation, including statutory rights of actions for rescission or damages, will not be available to the subscriber and that the subsequent dispositions of BRM Shares will be subject to resale restrictions;

3.11 in order to purchase or acquire BRM Shares or BRM Options, the Registered Representative will be required to enter into the subscription agreement;

3.12 no BRM Options will be granted to a Registered Representative in connection with services provided by their respective registrant relating to a distribution of securities by BRM;

3.13 any purchase of BRM Shares for cancellation from any BRM shareholders will constitute an issuer bid that will be subject to the issuer bid requirements of the Legislation if the selling BRM shareholder is not then a current or former employee of BRM or an affiliate of BRM, unless the decision sought is granted;

3.14 BRM acknowledges that the Registered Representatives and their respective registered dealers will not be able to continue to use the independent contractor structure from the earlier of:

3.14.1 becoming a member of the Mutual Fund Dealers Association;

3.14.2 such time as any member of the Canadian Securities Administrators may require it to regularize its distribution structure; or

3.14.3 June 30, 2000

4 AND WHEREAS pursuant to the System this Decision Document evidences the decision of each Decision Maker (the "Decision");

5 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;

6 THE DECISION of the Decision Makers pursuant to the Legislation is that the Prospectus and Registration Requirements of the Legislation do not apply to the granting of BRM Options or to the issue by BRM of BRM Shares to the Registered Representatives (or their respective Holding Companies) of Pacific Management, Pacific Asset, ICFC, Balanced or a Future Registrant, provided that:

6.1 other than in British Columbia, such trades are made in the circumstances described in paragraph 3.10 above; and

6.2 the Registered Representatives or their respective Holding Companies who acquire BRM Shares pursuant to this decision become parties to a Sales Representative Agreement;

7 AND IT IS FURTHER DECIDED THAT the first trade in BRM Shares acquired pursuant to this Decision shall be a distribution or a primary distribution to the public unless:

7.1 BRM is a reporting issuer and, other than in British Columbia, at the time of the trade, BRM has been a reporting issuer in the Jurisdiction in which the Registered Representative resides, for at least 12 months; or

7.1.1 the BRM Shares are sold on the facilities of an exchange located outside the Jurisdiction in which the Registered Representative resides; and

7.1.2 at the time of the acquisition of the BRM Shares or the BRM Options, as the case may be, BRM has a de minimis market in the Jurisdiction in which the Registered Representative resides;

7.2 if the person or company making the trade is in a special relationship with BRM (in jurisdictions where applicable) the person or company has reasonable grounds to believe that BRM is not in default under the applicable Legislation;

7.3 if applicable, disclosure to the Decision Maker has been made of the trade;

7.4 no unusual effort has been made to prepare the market or to create a demand for the security and no extraordinary commission or consideration is paid for the trade; and

7.5 the trade is not a trade made from the holdings of any person, company or combination of persons or companies holding a sufficient number of securities of BRM or of securities convertible into securities of BRM to affect materially the control of BRM, but any holding of any person, company or combination of persons or companies holding more than 20% of the outstanding voting securities of BRM shall, in the absence of evidence to the contrary, be deemed to affect materially the control of BRM; and

7.6 for the purpose of paragraph 7.1.2 above, BRM would have a de minimis market in a Jurisdiction if:

7.6.1 persons or companies whose last address as shown on the books of BMR was in that Jurisdiction and who held BRM Shares:

7.6.1.1 did not hold more than 10 per cent of the outstanding BRM Shares; and

7.6.1.2 did not represent in number more than 10 per cent of the total holders of BRM Shares;

7.6.2 persons or companies who were in that Jurisdiction who beneficially own BRM Shares:

7.6.2.1 did not beneficially own more than 10 per cent of the outstanding BRM Shares; and

7.6.2.2 did not represent in number more than 10 per cent of the total holders of BRM Shares;

8 AND IT IS FURTHER DECIDED THAT pursuant to the Legislation, BRM is exempt from the Issuer Bid Requirements of the Legislation in any acquisition from a current or former Registered Representative, provided that if there is a published market in respect of the BRM Shares:

8.1 the value of the consideration paid for any of the BRM Shares does not exceed the market price (as defined in the applicable Legislation) of the BRM Shares at the date of acquisition; and

8.2 the aggregate number of BRM Shares acquired by BRM within a period of twelve months in reliance on this exemption does not exceed 5% of the BRM Shares issued and outstanding at the beginning of the period.

DATED at Calgary, Alberta this 23rd day of December, 1999.

"original signed by"
Eric T. Spink, Vice-Chair

"original signed by"
Wendy E. Best, Q.C., Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration and prospectus requirements in connection with certain trades in securities of the issuer to certain independent contractors subject to resale restrictions and restrictions on the independent contractor structure. Relief from issuer bid requirements for certain repurchases for cancellation subject to certain restrictions.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, s. 116, 144