

IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF BRITISH COLUMBIA, ALBERTA, MANITOBA, ONTARIO, NOVA SCOTIA AND  
NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF CALL-NET ENTERPRISES INC.  
MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Manitoba, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Call-Net Enterprises Inc. ("Call-Net") for a decision under the securities legislation (collectively the "Legislation") of each of the Jurisdictions that the insider reporting requirements contained in the Legislation (the "Insider Reporting Requirements") shall not apply to the insiders of Call-Net or its subsidiaries (the "Participating Insiders") participating in the Call-Net Amended and Restated Employee Share Purchase Plan (the "Plan") in respect of their acquisition of Common Shares (as defined below) of Call-Net under the Plan;

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 UPON the Call-Net having represented to the Decision Makers as follows:

1. Call-Net is a corporation amalgamated under the Canada Business Corporations Act on September 25, 1992.
2. Call-Net is one of Canada's leading national communications solutions companies offering data, online services, and local and long distance voice services across Canada. A full range of such services is offered to businesses, residential customers, governments and other telecommunications carriers. With headquarters in Toronto, Call-Net operates in thirteen locations across the country, owns and operates an extensive national network, and maintains network facilities in the United States and the United Kingdom.
3. Call-Net is a reporting issuer or the equivalent thereof in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, and has been so for at least three years. Call-Net is not in default of any of the requirements of the Legislation in the Jurisdictions.

4. The authorized capital of Call-Net consists of an unlimited number of common shares (the "Common Shares"), an unlimited number of Class B Non-Voting shares (the "Class B Shares") and an unlimited number of Class C Non-Voting Shares (the "Class C Shares"). As of November 30, 2000, 17,580,396 Common Shares, 51,093,362 Class B Shares and 21,775,017 Class C Shares are issued and outstanding.

5. The Common Shares and Class B Shares are listed and posted for trading on The Toronto Stock Exchange. The Class B Shares are listed and posted for trading on The Nasdaq Small Cap Market. The Class C Shares are not publicly traded.

6. Effective July 1, 1999, Call-Net adopted the Plan (subject to regulatory and board approval) to assist employees of Call-Net and its wholly-owned subsidiaries in the purchase of Common Shares.

7. 837,985 Common Shares have been purchased pursuant to the Plan as of December 1, 2000.

8. Call-Net has appointed CIBC Mellon Trust Company as the trustee for the purposes of the Plan (the "Trustee").

9. The Plan provides as follows:

(i) persons eligible to participate in the Plan include:

A. full-time employees of Call-Net or of any wholly-owned subsidiary (a "Participating Employee") who have completed six months of continuous service, and

B. part-time employees of a Participating Employer who have completed six months of continuous service and are scheduled to work more than twenty (20) hours per week;

(ii) participants in the Plan may contribute from 1% to 10% of their eligible compensation to the Plan by payroll deduction and Call-Net or the Participating Employer will contribute \$0.50 towards the purchase of Common Shares for every \$1.00 so contributed by a participant;

(iii) contributions made by Call-Net or a Participating Employer shall be registered in the name of the Trustee on behalf of the participant for whose benefit such contributions were made;

(iv) participants are not permitted to make voluntary contributions to the Plan apart from payroll deductions;

(v) the Trustee under the Plan, on behalf of the participants, uses the funds in the Plan to purchase Common Shares each calendar month;

(vi) the Common Shares are purchased by the Trustee in the open market at prevailing market prices; and

(vii) Common Shares purchased by the Trustee are registered in the name of the Trustee and are held in trust for the participant.

10. Participants, including Participating Insiders, cannot direct the Trustee to purchase Common Shares, other than by way of adjusting their, monthly contribution.

11. The Plan was approved by the board of directors of Call-Net on July 22, 1999.

12. The Plan is an "automatic securities purchase plan" as such term is defined in proposed National Instrument 55-101 - Exemption From Certain Insider Reporting Requirements (2000), 23 OSCB 4212. Once a participant elects with respect to contributions to the Plan, the timing of acquisition, the number of Common Shares acquired and the price paid for such acquisitions are all determined by the criteria set out in the Plan.

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

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

THE DECISION of the Decision Makers under the Legislation is that the Insider Reporting Requirements shall not apply to the acquisition by a Participating Insider of Common Shares pursuant to the Plan, provided that:

1. Each Participating Insider shall file, in the form prescribed for the Insider Reporting Requirements, a report disclosing all acquisitions of Common Shares under the Plan that have not been previously reported by or on behalf of the Participating Insider:

(i) for any Common Shares acquired under the Plan which have been disposed of or transferred, within the time required by the Legislation for reporting the disposition or transfer; and

(ii) for any Common Shares acquired under the Plan during a calendar year which have not been disposed of or transferred, within 90 days of the end of the calendar year.

2. Such exemption is not available to a Participating Insider who beneficially owns, directly or indirectly, voting securities of Call-Net, or exercises control or direction over voting securities of Call-Net, or a combination of both, that carry more than 10% of the voting rights attaching to all of Call-Net's outstanding voting securities.

DATED the "5<sup>th</sup>" day of "February", 2001.

### Headnote

Mutual Reliance Review System for Exemptive Relief - Relief for officers and directors of reporting issuer and its subsidiaries from the insider reporting requirements with respect to the acquisition of securities under the automatic share purchase plan, subject to certain conditions including annual reporting.

### Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am. ss 101, 107, 108, 121(2)(c)(iii)

### Instruments Cited

Proposed National Instrument 55-101 Exemption From Certain Insider Reporting Requirements (1999), 22 O.S.C.B. 5161