

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

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 Ontario, Alberta, Manitoba, Newfoundland and Labrador, Nova Scotia, Quebec and Saskatchewan (collectively the "Jurisdictions") has received an application from Call-Net Enterprises Inc. ("Call-Net") 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 Call-Net by reason of having the title "vice-president" (the "Exempted VPs");

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 Call-Net has represented to the Decision Makers that:

1. Call-Net is a corporation organized under the *Canada Business Corporations Act* with its registered office located at 2235 Sheppard Avenue East, Suite 1800, Toronto, Ontario, M2J 5G1.
2. Call-Net, primarily through its wholly-owned subsidiary Sprint Canada Inc., is one of Canada's leading national communications solutions companies offering data, network solutions, online services, local access and long distance voice services across Canada.
3. Call-Net is a reporting issuer in each province of Canada and its Common Shares and Class B Non-Voting Shares are listed on the Toronto Stock Exchange and is not in default of any of its requirements under the Legislation.
4. As of the date hereof, Call-Net has ten directors (one of whom is an executive officer of the Corporation), seven other executive officers, and 19 other individuals who hold management positions in Call-Net or its subsidiaries, for a total of 36 individuals who are insiders of Call-Net (the "Insiders").

5. Two of the Insiders are currently exempt from the Insider reporting requirements contained in the Act by reason of Section 2.1 of National Instrument 55-101, Exemption from Certain Insider Reporting Requirements ("National Instrument 55-101").

6. Call-Net has developed an Insider Trading policy (the "Policy"), which contains policies and procedures governing insider trading that apply to all insiders of Call-Net and its subsidiaries (including Sprint Canada Inc.). The Policy also applies to other employees of Call-Net and its subsidiaries (including Sprint Canada Inc.) and affiliates with knowledge of information that has not been disclosed to the public and that could affect the decision of a reasonable investor to buy or sell securities of Call-Net. The Senior Legal Officer of Call-Net oversees administration of the Policy.

7. Pursuant to the Policy, the Insiders and other employees with knowledge of confidential or material information about the business or affairs of Call-Net are prohibited from trading in shares of Call-Net until the information has been fully disclosed and is of public knowledge. In addition, quarterly blackout periods apply to Insiders during periods when quarterly or annual financial statements are being prepared but results have not yet been publicly disclosed. Additional blackout periods are imposed prior to and following any regularly scheduled board of directors meeting. In addition, blackout periods may be prescribed from time to time by the Senior Legal Officer as a result of special circumstances relating to Call-Net pursuant to which Insiders and employees with knowledge of such special circumstances would be precluded from trading in the securities of Call-Net.

8. The job requirements and principal functions of the Insiders were reviewed by the Senior Legal Officer to determine which of them meet the definition of "nominal vice-president" contained in Staff Notice 55-306 *Applications for Relief from the Insider Reporting Requirements by Certain Vice Presidents* (the "Staff Notice"). In his opinion, twelve of the Insiders having the title of vice-president (the "Exempted VPs") meet the criteria set out in the Staff Notice.

9. On an ongoing basis, the Senior Legal Officer will monitor the eligibility for the exemption under the Staff Notice of the Exempted VPs and that of other employees of Call-Net or its subsidiaries whose title is vice-president and who may satisfy the Exempted VP Criteria (as defined below) 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 Exempted VP Criteria. If the Exempted VPs or any other insider no longer satisfies the Exempted VP Criteria, the Senior Legal Officer will inform such insider of the renewed obligation to file an insider report in respect of any trades in securities of Call-Net.

10. Each of the Exempted VPs meets the following criteria (the "Exempted VP Criteria"):

(a) the individual is a vice-president of Call-Net or its subsidiaries;

(b) the individual is not in charge of a principal business unit, division or function of Call-Net or a "major subsidiary" of Call-Net (as such term is defined in National Instrument 55-101);

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

(d) the individual is not an insider of Call-Net in any other capacity.

11. One of the Exempted VPs, who has been employed by Call-Net for less than six months, purchased 500 Common Shares of Call-Net at a price per share of \$5.35 on January 27, 2004 without filing a report as required by the Legislation. At the time of the trade, the Exempted VP did not have knowledge of any confidential information about the business or affairs of Call-Net. In addition, the purchase did not occur during a blackout period as prescribed under the Policy. The Exempted VP, despite having been given the Policy when hired, did not realize that the Exempted VP was required by the Legislation to file a report. Because the Senior Legal Officer will now be monitoring eligibility for the exemption under the Staff Notice, it is anticipated that such failures to report where required will not occur in the future. To the best of the actual knowledge of the Senior Legal Officer of Call-Net, none of the other Insiders of Call-Net who are required to file an insider report pursuant to the Legislation have failed to file such report.

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 present and future insiders of Call-Net who satisfy the Exempt VP Criteria for so long as such insiders satisfy the Exempt VP Criteria provided that:

(a) Call-Net 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 annually with the Decision Makers;

(b) Call-Net 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 Call-Net (referred to herein as the Policy); and

(c) the relief granted under this Decision will cease to be effective on the date that National Instrument 55-101 is amended.

DATED this 16th day of April, 2004

"Paul M. Moore"

"Susan Wolburgh Jenah"

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*