

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

AND

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

AND

IN THE MATTER OF
CREDIT SUISSE FIRST BOSTON

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, and the Northwest Territories, Nunavut and Yukon Territory (the "Jurisdictions"), has received an application (the "Application") from Credit Suisse First Boston ("CSFB") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that CSFB be exempt from various registration, prospectus and filing requirements of the Legislation in connection with the banking activities to be carried on by CSFB in the Jurisdictions;

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

AND WHEREAS it has been represented by CSFB to the Decision Makers that:

1. CSFB is a bank organized under the laws of Switzerland and has its head office in Zurich, Switzerland.
2. CSFB is wholly-owned by Credit Suisse Group ("CSG") which, in turn, is the holding company for the Credit Suisse Group of companies worldwide. CSG is active worldwide in banking, finance, asset management and insurance industry operating through a number of business units including two major Swiss banks, financial services and CSFB.
3. CSFB currently carries on a banking business in Canada through its direct wholly-owned Schedule II bank subsidiary, Credit Suisse First Boston Canada ("CSFB Canada").
4. CSFB Canada's assets currently consist mainly of loans to Canadian borrowers and securities held for its own account.

5. For the purposes of this Decision, "Authorized Purchasers" shall mean:

(a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of government in Canada, or an entity controlled by Her Majesty in either of those rights;

(b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign country or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;

(c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;

(d) a financial institution (i.e.: (i) a bank or an authorized foreign bank under the *Bank Act* (Canada) (the "Bank Act"); (ii) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies; (iii) an association to which the *Cooperative Credit Associations Act* (Canada) applies; (iv) an insurance company or a fraternal benefit society incorporated or formed under the *Insurance Companies Act* (Canada); (v) a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province; (vi) a cooperative credit society incorporated and regulated by or under an Act of the legislature of a province or territory in Canada; (vii) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province or territory in Canada and that is primarily engaged in dealing in securities, including portfolio management and investment counselling, and is registered to act in such capacity under the applicable legislation; and (viii) a foreign institution that is (A) engaged in the business of banking, the trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services, and (B) is incorporated or formed otherwise than by or under an Act of Parliament or of the legislature of a province or territory in Canada;

(e) a pension fund sponsored by an employer for the benefit of its employees or employees of an affiliate that is registered and has total plan assets under administration of greater than \$100 million;

(f) a mutual fund corporation that is regulated under an Act of the legislature of a province or territory in Canada or under the laws of any other jurisdiction and has total assets under administration of greater than \$10 million;

(g) an entity (other than an individual) that has for the fiscal year immediately preceding the initial deposit, gross revenues on its own books and records of greater than \$5 million; or

(h) any other person if the trade is, in the aggregate, greater than \$150,000.

6. In June of 1999 amendments to the Bank Act were proclaimed that permit foreign commercial banks to establish direct branches in Canada. These amendments have created a new Schedule III to that Act listing foreign banks permitted to carry on banking activities through branches in Canada;

7. CSFB has applied for an order under the Bank Act permitting it to establish a lending branch listed in Schedule III to the Bank Act. Upon receipt of such order, CSFB will take over the current Canadian banking business currently being operated in CSFB Canada to the extent that business can be carried on by the branch.

8. The Legislation applicable in each Jurisdiction refers to either "Schedule I and Schedule II banks", "banks", "savings institutions" or "financial institutions" in connection with certain exemptions; however, no reference is made in any of the Legislation to entities listed in Schedule III to the *Bank Act*.

9. In order to ensure that CSFB, as an entity listed in Schedule III to the Bank Act, is able to provide banking services to businesses in the Jurisdictions it requires similar exemptions applicable to banking institutions incorporated under the Bank Act to the extent that the current exemptions applicable to such banking institutions are relevant to the banking business being undertaken by CSFB in the Jurisdictions.

AND WHEREAS pursuant to 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 pursuant to the Legislation is that upon receipt of an order under the *Bank Act* (Canada) permitting CSFB to establish a branch in Canada and in connection with the banking business to be carried on by CSFB in the Jurisdictions through such branch:

1. CSFB is exempt from the requirement under the Legislation, where applicable, to be registered as an underwriter with respect to trading in the same types of securities that an entity listed in Schedule I or II to the Bank Act may act as an underwriter in respect of without being required to be registered under the Legislation as an underwriter.

2. CSFB is exempt from the requirement under the Legislation to be registered as an adviser where the performance of the service as an adviser is solely incidental to its primary banking business.

3. A trade of a security to CSFB where CSFB purchases the security as principal shall be exempt from the registration and prospectus requirements of the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") provided that:

(a) the forms that would have been filed and the fees that would have been paid under the Applicable Legislation if the trade had been made, on an exempt basis, to an entity listed in Schedule I or II to the Bank Act purchasing as principal (referred to in this Decision as a "Schedule I or II Bank Exempt Trade") are filed and paid in respect of the trade to CSFB; and

(b) the first trade in a security acquired by CSFB pursuant to this Decision is deemed a distribution (or primary distribution to the public) under the Applicable Legislation unless:

(i) the issuer of the security is a reporting issuer, or the equivalent, under the Applicable Legislation and, if CSFB is in a special relationship (where such term is defined in the Applicable Legislation) with such issuer, CSFB has reasonable grounds to believe that such issuer is not in default of any requirements of the Applicable Legislation;

(ii) (A) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of the resale of a security acquired in a Schedule I or II Bank Exempt Trade and comply with the requirements set out in paragraph (a) or (b) of Appendix A to this Decision and have been held at least six months from the date of the initial exempt trade to CSFB or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later; or

(B) the securities are bonds, debentures or other evidences of indebtedness issued or guaranteed by an issuer or are preferred shares of an issuer and comply with the requirements set out in paragraph (a) or (c) of Appendix A to this Decision and have been held at least six months from the date of the initial exempt trade to CSFB or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later; or

(C) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of resale of a security acquired in a Schedule I or II Bank Exempt Trade or are bonds, debentures or other evidences of indebtedness issued or guaranteed by the reporting issuer, or the equivalent, under the Applicable Jurisdiction whose securities are so listed, and have been held at least one year from the date of the initial exempt trade to CSFB or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later; or

(D) the securities have been held at least eighteen months from the date of the initial exempt trade to CSFB or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later; and

(c) CSFB files a report within 10 days of the trade prepared and executed in accordance with the requirements of the Applicable Legislation that would apply to a Schedule I or II Bank Exempt Trade;

provided that no unusual effort is made to prepare the market or to create a demand for such securities and no extraordinary commission or consideration is paid in respect of such trade and provided CSFB does not hold a sufficient number of securities to materially affect the control of the issuer of such securities but any holding by CSFB of more than 20 per cent of the outstanding voting securities of the issuer of such securities shall, in the absence of evidence to the contrary, be deemed to affect materially the control of such issuer.

4. Provided CSFB only trades the types of securities referred to in this paragraph 4 with Authorized Purchasers, trades of bonds, debentures or other evidences of indebtedness of or guaranteed by CSFB shall be exempt from the registration and prospectus requirements of the Legislation.

5. Evidences of deposit issued by CSFB to Authorized Purchasers, as permitted under the Bank Act, shall be exempt from the registration and prospectus requirements of the Legislation.

THE FURTHER DECISION of the Decision Maker in Ontario is that the registration requirements of the Legislation of Ontario does not apply to a trade by CSFB:

(i) of a type described in subsection 35(1) of the *Securities Act* (Ontario) R.S.O. 1990 c.S.5 (as amended) (the "Ontario Act") or section 151 of the Regulations made under the Ontario Act; or

(ii) in securities described in subsection 35(2) of the Ontario Act.

B. Except as provided for in paragraph 3 of this Decision, section 28 of Schedule I to the Regulations made under the Ontario Act shall not apply to trades made by CSFB in reliance on this Decision.

DATED September 25th, 2001.

"Paul M. Moore"

"R. Stephen Paddon"

APPENDIX A

(a) are preferred shares of a corporation if,

(i) the corporation has paid a dividend in each of the five years immediately preceding the date of the initial exempt trade at least equal to the specified annual rate upon all of its preferred shares; or

(ii) the common shares of the corporation are, at the date of the initial exempt trade, in compliance with paragraph (b) of this Appendix A;

(b) are fully paid common shares of a corporation that during a period of five years that ended less than one year before the date of the initial exempt trade has either,

(i) paid a dividend in each such year upon its common shares; or

(ii) had earnings in each such year available for the payment of a dividend upon its common shares;

of at least 4% of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid or in which the corporation had earnings available for the payment of dividends as the case may be;

(c) are bonds debentures or other evidences of indebtedness issued or guaranteed by,

(i) a corporation if, at the date of the initial exempt trade, the preferred shares or the common shares of the corporation which comply with paragraph (a) or (b) of this Appendix A; or

(ii) a corporation if its earnings in a period of five years ended less than one year before the date of the initial exempt trade have been equal in sum total to at least

ten times and in each of any four of the five years have been equal to at least 1-1/2 times the annual interest requirements at the date of the initial exempt trade on all indebtedness of or guaranteed by it, other than indebtedness classified as a current liability in its balance sheet, and, if the corporation at the date of the initial exempt trades owns directly or indirectly more than 50% of the common shares of another corporation, the earnings of the corporations during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the corporation shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the corporation, and, for the purpose of this subclause, "earnings" mean earnings available to meet interest charges on indebtedness other than indebtedness classified as a current liability.