

IN THE MATTER OF THE CANADIAN SECURITIES LEGISLATION
OF ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO AND QUEBEC

AND

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

AND

IN THE MATTER OF
FIDELITY INVESTMENTS CANADA LIMITED

AND

DOW AGROSCIENCES CANADA INC.

MRRS DECISION DOCUMENT
AND
DECISION OF THE DIRECTOR
UNDER SECURITIES LEGISLATION OF ONTARIO

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Manitoba, Ontario and Quebec (the "Jurisdictions") has received an application from Fidelity Investments Canada Limited ("Fidelity") for a decision under the securities legislation of the Jurisdictions (the "Legislation"), that the requirement (the "Dealer Registration Requirement") in the Legislation that prohibits a person or company from trading in a security unless the person or company is registered in the appropriate category of registration under the Legislation shall not apply to certain trades in shares ("Common Shares") of common stock of The Dow Chemical Company ("Dow U.S."), to be made by Fidelity for, or on behalf of, persons that are Employees, Spouses of Employees, Former Employees, Spouses of Former Employees, the EPSP, Employee RRSPs and Employee Spouse RRSPs (as such terms are defined below) in its capacity as a group plan administrator of a retirement savings program (the "Program") of Dow AgroSciences Canada Inc. ("Dow Canada") (which includes the EPSP, Employee RRSPs and Employee Spouse RRSPs);

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 Fidelity has represented to the Decision Makers that:

1. Fidelity, a corporation continued under the laws of Ontario, is registered in all Jurisdictions as a dealer in the category of "mutual fund dealer" and is also, or will be, registered in certain Jurisdictions as an "adviser" in the categories of "investment counsel" and "portfolio manager".

2. Fidelity has applied for relief pursuant to the Legislation of the Jurisdictions (other than Quebec), exempting it from the requirements under the Legislation: (i) to be a member of the Mutual Fund Dealers Association of Canada (the "MFDA") on or after July 2, 2002; and (ii) to file with the MFDA an application for membership and corresponding fees for membership before the required date under the Legislation of the Jurisdictions. Fidelity, as of July 20, 2001, has obtained an exemption from these requirements under the securities legislation of Ontario and Alberta, however, corresponding orders or decisions have not been obtained under the Legislation of the other Jurisdictions.
3. Fidelity's registration under the Legislation of the Jurisdictions (other than Quebec) as a "mutual fund dealer" has been, or is expected to be, restricted to certain trades which are incidental to its principal business. The restricted trading activity includes trades by Fidelity to a participant in an employer-sponsored registered plan or other savings plan until the earlier of: (i) the assumption of such trading activity by Fidelity Retirement Services Company of Canada Limited ("New Fidelity"), a wholly-owned subsidiary of Fidelity; and (ii) July 2, 2002.
4. Fidelity intends on transferring its group plan administration of the Program to New Fidelity no later than July 2, 2002.
5. Dow Canada, a corporation incorporated under the laws of Canada, is not a reporting issuer (or the equivalent under the Legislation of the Jurisdictions) in any of the Jurisdictions.
6. Dow Canada develops, manufactures and markets products for pest management, agricultural production and other biotechnology products.
7. Dow Canada is a subsidiary of Dow U.S., a corporation incorporated under the laws of the State of Delaware.
8. Dow U.S. is a science and technology company that provides chemical, plastic and agricultural products and services to consumer markets.
9. Dow U.S. is not a reporting issuer (or the equivalent under the Legislation of the Jurisdictions) in any of the Jurisdictions.
10. The Common Shares are registered with the Securities and Exchange Commission in the United States of America (the "USA") under the Securities Exchange Act of 1934 and Dow U.S. is subject to the reporting requirements thereunder.
11. The Common Shares are listed and posted for trading on the New York Stock Exchange (the "NYSE").
12. Under the Program, Dow Canada selects mutual funds that persons (each an "Employee") who are employees of Dow Canada or designated affiliates of Dow Canada, and who participate in the Program, may purchase through payroll deductions or through lump sum payments.
13. Investments made by Employees under the Program are made through the following plans:

(i) an "employees profit sharing plan" (the "EPSP"), as defined in the *Income Tax Act* (Canada) (the "Tax Act"), that has been established for the benefit of persons who are Employees;

(ii) "registered retirement savings plans" (each, an "Employee RRSP"), as defined in the Tax Act, that have been established by or for the benefit of persons who are Employees;

(iii) "registered retirement savings plans" (each, an "Employee Spouse RRSP"), as defined in the Tax Act, that have been established by or for the benefit of persons (collectively, "Spouses") who are legally married to or are the "common law partners" (as defined in the Tax Act) of persons who are Employees;

14. Under the Program, Spouses of Employees are also permitted to invest amounts in their Employee Spouse RRSPs in certain mutual funds offered through Fidelity.

15. Under the Program, Dow Canada proposes to permit Employees to purchase Common Shares through the EPSP, their Employee RRSPs and their Employee Spouse RRSPs, and, to permit Spouses of Employees to purchase Common Shares through their Employee Spouse RRSPs.

16. Dow Canada also proposes to match a specified portion of an Employee's purchases of Common Shares under the Program. These matching contributions from Dow Canada are allocated by the Employee to the Employee RRSP, Employee Spouse RRSP or EPSP and may be invested as directed by the Employee in the mutual funds available in the Program and in Common Shares.

17. Under the Program, it is proposed that Fidelity carry out the following activities:

(i) receive orders from Employees to purchase Common Shares (including Common Shares to be purchased with Dow Canada matching contributions or upon the automatic reinvestment of dividends paid in respect of Common Shares) on behalf of Employees through the EPSP or for their Employee RRSPs or for their Employee Spouse RRSPs;

(ii) receive orders from Spouses of Employees to purchase Common Shares (including Common shares to be purchased upon the automatic reinvestment of dividends paid in respect of Common Shares) for their Employee Spouse RRSPs;

(iii) receive orders from Employees, and from persons ("Former Employees") that were, but have since ceased to be, Employees, to sell Common Shares held on their behalf in the EPSP or through their Employee RRSPs;

(iv) receive orders from Spouses of Employees or Former Employees to sell Common Shares held through their Employee Spouse RRSPs;

(v) "match" the orders to purchase Common Shares, referred to in subparagraphs (i) or (ii), against orders to sell Common Shares, referred to in subparagraphs (iii) or (iv), with the offsetting purchases and sales (a "Matching Transaction") effected by way of book entries in the corresponding accounts maintained by Fidelity under the Program and the funds received in respect of the purchase remitted by Fidelity to the vendor;

(vi) transmit orders to purchase or sell Common Shares, referred to above, which are not effected in a Matching Transaction, either:

(a) for execution in a Jurisdiction through a registered dealer that is registered under the Legislation, in each of the Jurisdictions where the order is received and executed, as a dealer in a category that permits it to act as a dealer for the subject trade; or

(b) for execution through the facilities of the NYSE or another stock exchange outside of Canada through a person or company that is appropriately licensed to carry on the business of a broker/dealer under the applicable securities legislation in the jurisdiction where the trade is executed;

(vii) maintain books and records in respect of the foregoing, reflecting, among other things: all related payments, receipts, account entries and adjustments.

18. Records of Common Shares held under the Program on behalf of Employees, Former Employees, Spouses of Employees, Spouses of Former Employees, the EPSP, Employee RRSPs and Employee Spouse RRSPs (collectively, "Program Participants") will be maintained by Fidelity, and the Common Shares will be held by a custodian that is not affiliated with Fidelity, Dow U.S. or Dow Canada.

19. When an Employee becomes a Former Employee, the Former Employee, the EPSP in respect of the Former Employee, the Employee RRSP of the Former Employee, the Spouse of the Former Employee, and the corresponding Employee Spouse RRSP will not be permitted to make further purchases of Common Shares under the Program, other than Common Shares to be purchased upon the automatic reinvestment of dividends paid in respect of Common Shares, but, subject to time limitations in certain cases, the foregoing will be permitted to continue to hold, through the Program, Common Shares previously purchased on their behalf under the Program, to instruct Fidelity from time to time to sell Common Shares then held on their behalf by Fidelity, or to transfer such Common Shares to an account with another dealer.

20. To participate in the Program, Employees and Spouses of Employees must enrol through Fidelity by application, which may be completed: in writing; on the telephone, by way of a recorded call; or, through the Internet, by way of secure access to Fidelity's website.

21. Employees and Spouses of Employees who enrol in the Program on or after the effective date of this MRRS Decision will be required when completing the enrolment application to

acknowledge that Fidelity will not be performing any "suitability" analysis with respect to any purchase or sale of Common Shares on their behalf, or on behalf of their spouse, under the Program: by signing the application form, where the application is completed in writing; orally, where the application is completed on the telephone; or, by making the appropriate selection on Fidelity's website, where the application is completed on the Internet.

22. Employees and Spouses of Employees that are enrolled in the Program and whose enrolment in the Program occurred on or prior to the effective date of this MRRS Decision will be sent, not less than 5 days before the effective date of this MRRS Decision, written or electronic notice from Fidelity (or Dow Canada on behalf of Fidelity) that Fidelity will not perform "suitability" analysis with respect to any purchase or sale of Common Shares on their behalf under the Program.

23. No Program Participant will be charged any trading commissions, fees, costs or other expenses in respect of the purchase or sale of any Common Shares on behalf of the Program Participant under the Program.

24. Except for ascertaining the "suitability" of trades made under the Program, Fidelity will comply with all other conditions or other requirements under the Legislation of each Jurisdiction that would be applicable to it as a mutual fund dealer if the Common Shares were shares or units of a mutual fund, with respect to any purchase, sale or holding of Common Shares, by Fidelity on behalf of Program Participants under the Program, including requirements relating to, but not limited to: capital requirements; record keeping; account supervision; segregation of funds and securities; confirmations of trades; "know your client"; and statements of account.

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

THE MRRS DECISION of the Decision Makers under the Legislation of each Jurisdiction is that on or after August 31, 2001 the following trades in a Jurisdiction shall not be subject to the Dealer Registration Requirement under the Legislation of the Jurisdiction:

(a) trades that are described in:

- (i) paragraph 17 (i) or (ii),
- (ii) paragraph 17 (iii) or (iv), and
- (iii) paragraph 17 (v);

(b) trades that are described in:

- (i) paragraph 17 (i) or (ii), and
- (ii) paragraph 17 (vi)(a);

(c) trades that are described in:

- (i) paragraph 17 (iii) or (iv), and
- (ii) paragraph 17 (vi)(a);

(d) trades that are described in:

- (i) paragraph 17(i) or (ii), and
- (ii) paragraph 17(vi)(b); and

(e) trades that are described in:

- (i) paragraph 17 (iii) or (iv), and
- (ii) paragraph 17 (vi)(b),

PROVIDED THAT:

1. in the case of each trade in a Jurisdiction referred to in the above paragraphs (a) to (e), Fidelity is, at the time of the trade, registered under the Legislation of the Jurisdictions as a dealer in the category of "mutual fund dealer", and, the trade is made on behalf of Fidelity by a person that is registered under the Legislation to trade mutual funds on behalf of Fidelity as a salesperson or officer;

2. in the case of the trades described in clause (e):

- (i) at the time of the trade, Dow U.S. is not a reporting issuer (or the equivalent) under the Legislation of the Jurisdiction;
- (ii) at the time of the acquisition of the subject Common Shares by the selling Program Participant there was a *de minimis* market in the Jurisdiction (as defined below); and
- (iii) the trade is executed:
 - (a) through the facilities of a stock exchange outside of Canada;
 - (b) on the Nasdaq Stock Market; or
 - (c) on the Stock Exchange Automated Quotation System of the London Stock Exchange Limited;

where, for the purposes of the above paragraph (ii) there shall be a *de minimis* market in a Jurisdiction if, at the relevant time:

(a) persons or companies whose last address as shown on the books of Dow U.S. was in the Jurisdiction and who held Common Shares:

(i) did not hold Common Shares representing more than 10 per cent of the outstanding Common Shares; and

(ii) did not represent in number more than 10 per cent of the total number of holders of the Common Shares; or

(b) persons or companies who were in the Jurisdiction and who beneficially owned Common Shares:

(i) did not beneficially own more than 10 per cent of the outstanding Common Shares; and

(ii) did not represent in number more than 10 per cent of the total number of holders of Common Shares;

3. this MRRS Decision will terminate upon the earlier of:

(i) the assumption of the activity referred to in paragraph 17 of the above MRRS Decision by New Fidelity; and

(ii) July 2, 2002.

DATED at Toronto, Ontario this "1st" day of "August", 2001.

Randee Pavalow
Director, Capital Markets Branch