

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

AND

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

AND

IN THE MATTER OF
GLOUCESTER CREDIT CARD TRUST

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, New Brunswick, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Gloucester Credit Card Trust (the "Issuer") for a decision pursuant to section 4.5 of Canadian Securities Administrators' National Policy Statement No. 47 ("NP 47") and pursuant to the applicable securities legislation of Quebec, including but not limited to, those provisions set forth in Title II and Title III of the *Securities Act and Regulation (Quebec)* (the "POP Requirements") (and together with National Policy Statement No. 44 ("NP 44") and the applicable securities legislation of Quebec, including but not limited to those provisions set forth in Title II and Title III of the *Securities Act and Regulation (Quebec)* (the "Shelf Requirements"), collectively, the POP Requirements and the Shelf Requirements referred as the "Policies") that the eligibility requirements (the "Eligibility Requirements") contained in the Policies for participation in the Prompt Offering Qualification System (the "POP System"), participation in the shelf system (the "Shelf System"), use of the Shelf Procedures as defined in the Shelf Requirements for proposed offerings of Asset-Backed Securities (as defined below) with an Approved Rating by an Approved Rating Organization (all as defined in the POP Requirements), and for the utilization of annual information forms (each, an "AIF"), a preliminary short form base shelf prospectus ("preliminary Shelf Prospectus") or a preliminary short form prospectus ("preliminary Short Form Prospectus"), a final short form base shelf prospectus ("final Shelf Prospectus") or a final short form prospectus ("final Short Form Prospectus"), shelf prospectus supplements (each, a "Prospectus Supplement") and any necessary supporting documents shall not apply to the Issuer in respect of proposed offerings of Asset-Backed Securities;

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 the Issuer has represented to the Decision Makers that:

1. The Issuer was organized pursuant to a declaration of trust under the laws of Ontario dated December 11, 1998; the Issuer's trustee is CIBC Mellon Trust Company.

2. The Issuer proposes to offer securities that are primarily serviced by the cash flows of a discrete pool of credit card receivables or other financial assets, either fixed or revolving, that by their terms convert into cash within a finite time period, and any rights or other assets designed to assure the servicing or timely distribution of proceeds to security holders ("Asset-Backed Securities"), including notes issuable in series ("Notes"), with an Approved Rating by an Approved Rating Organization under the POP System or Shelf System using the Shelf Procedures, from time to time to the public (the "Offerings"), to finance the purchase by the Issuer from MBNA Canada Bank or its affiliates (the "Seller") of interests ("Ownership Interests") in credit card receivables or a pool thereof.

3. To date, the Issuer has purchased three Ownership Interests and issued Notes to finance each of these purchases. The dollar value of each Ownership Interest purchased by the Issuer and the aggregate value of the Notes issued to finance each such purchase were the same, being \$250,000,000. The closing dates for the three transactions were December 18, 1998, September 23, 1999 and December 3, 1999, respectively. Each issuance of Notes was completed pursuant to private placement transactions involving Canadian purchasers. Pursuant to the applicable agreements, MBNA Canada Bank was appointed the servicer of the applicable pool of credit card receivables. MBNA Canada Bank continues to hold a residual undivided ownership interest in such pool of receivables being the interest not owned by the Issuer.

4. As a special purpose trust, the Issuer will not carry on any activities other than purchasing Ownership Interests, issuing Asset-Backed Securities, including Notes, and activities related thereto.

5. Each Asset-Backed Security of a particular series and class will represent only the right to receive payment of principal and interest and will not represent an interest in the Ownership Interests except as provided by the terms thereof.

6. The proceeds of each proposed Offering will be used by the Issuer to pay the Seller for the purchase of an Ownership Interest.

7. The Issuer would not be eligible to participate in the POP System without this decision of the Decision Makers because it does not satisfy the public float eligibility or reporting issuer history criteria set forth in the POP Requirements.

8. In connection with each proposed Offering by the Issuer:

(a) the Issuer will have a current AIF;

(b) at the time of the filing of its most recent AIF or preliminary Shelf or Short Form Prospectus or final Shelf or Short Form Prospectus, as the case may be, the Issuer will not be in default of any requirement of securities legislation;

(c) at the time of the filing of its most recent AIF or preliminary Shelf or Short Form Prospectus or final Shelf or Short Form Prospectus, as the case may be, the Asset Backed Security to be distributed will:

(i) have received an Approved Rating on a provisional basis;

(ii) have not been the subject of an announcement by an Approved Rating Organization of which the issuer is or ought reasonably to be aware that the Approved Rating given by the organization may be downgraded to a rating category that would not be an Approved Rating; and

(iii) have not received a provisional or final rating lower than an Approved Rating from any Approved Rating Organization; and

(d) if the Issuer is filing a preliminary short form prospectus more than 90 days after the end of its most recently completed financial year, the Issuer will have filed financial statements for that year.

9. Each AIF of the Issuer will be prepared in accordance with Appendix A of NP 47, with the following amendments:

(a) the disclosure in AIFs filed by the Issuer will be modified to reflect the special nature of its business, and

(b) if the Issuer has Asset-Backed Securities outstanding which were issued by prospectus, the AIF will disclose:

(i) a description of any events, covenants, standards or preconditions that are dependant or based on the economic performance of the underlying pool of financial assets and that may impact on the timing or amount of payments or distributions to be made under the Asset-Backed Securities;

(ii) for the past two completed financial years of the Issuer or such lesser period commencing on the first date on which the Issuer had Asset-Backed Securities outstanding, information on the underlying pool of financial assets relating to:

(A) the composition of the pool as of the end of the financial year or partial period;

(B) income and losses from the pool, on at least a quarterly basis;

(C) the payment, prepayment and collection experience of the pool on a quarterly basis; and

(D) any significant variances experienced in the matters referred to in subclauses (A), (B) and (C);

(iii) if any of the information disclosed under clause (b)(ii) of this paragraph 9 has been audited, the existence and results of the audit;

(iv) the investment parameters applicable to investments of any cash flow surpluses;

(v) the amount of payments made in respect of principal and interest or capital and yield, each stated separately, on Asset-Backed Securities of the Issuer outstanding during the most recently completed financial year or such lesser period commencing on the first date on which it had Asset-Backed Securities outstanding;

(vi) the occurrence of any events that have led or with the passage of time could lead to the accelerated payment of principal or capital of Asset-Backed Securities; and

(vii) the identity of any principal obligors for the outstanding Asset-Backed Securities of the Issuer at the end of the most recent financial year or partial period, the percentage of the underlying pool of financial assets represented by obligations of each principal obligor and whether the principal obligor, if any, has filed an AIF in any jurisdiction or a Form 10-K or Form 20-F in the United States.

10. The preliminary Shelf or Short Form Prospectus, as the case may be, and final Shelf or Short Form Prospectus, as the case may be, of the Issuer will be prepared in accordance with Appendix B of NP 47 and Schedule IV to the regulation made under the *Securities Act (Quebec)*, with such amendments in connection with the Shelf System as are specified in subsection 2.3(b), Section 3 and Appendix B of NP 44 and Section III.1 of Division III of Chapter 1 of Title II to the regulation under the *Securities Act (Quebec)*, and with the following additional amendments:

(a) the disclosure in the preliminary Shelf or Short Form Prospectus, as the case may be, and final Shelf or Short Form Prospectus, as the case may be, filed by the Issuer will be modified to reflect the special nature of its business;

(b) the preliminary Shelf or Short Form Prospectus, as the case may be, and final Shelf or Short Form Prospectus, as the case may be, will describe or set out:

(i) the material attributes and characteristics of the Asset-Backed Securities to be offered, including details on:

(A) the rate of interest or stipulated yield and any premium;

(B) the date for repayment of principal or return of capital and any circumstances in which payments of principal or capital may be made before such date, including any redemption or pre-payment obligations or privileges of the Issuer and any events that may trigger early liquidation or amortization of the underlying pool of financial assets;

(C) provisions for the accumulation of cash flows to provide for the repayment of principal or return of capital;

(D) provisions permitting or restricting the issuance of additional securities and any other material negative covenants applicable to the Issuer;

(E) the nature, order and priority of the entitlements of holders of Asset-Backed Securities and any other entitled persons or companies to receive cash flows generated from the underlying pool of financial assets; and

(F) any events, covenants, standards or preconditions that are dependant or based on the economic performance of the underlying pool of financial assets and that may impact on the timing or amount of payments or distributions to be made under the Asset-Backed Securities;

(ii) information on the underlying pool of financial assets, for the period from the date as at which the following information was presented in the Issuer's current AIF to a date not more than 90 days before the date of the issuance of a receipt for the preliminary Shelf or Short Form Prospectus, as the case may be, relating to:

(A) the composition of the pool as of the end of the period;

(B) income and losses from the pool for the period, on at least a quarterly basis; and

(C) the payment, prepayment and collection experience of the pool for the period, on at least a quarterly basis;

(iii) the type or types of the financial assets, the manner in which the financial assets originated or will originate and, if applicable, the mechanism and terms of the agreement governing the transfer of the financial assets comprising the underlying pool to or through the Issuer, including the consideration paid for the financial assets;

(iv) any person or company who

(A) originated, sold or deposited a material portion of the financial assets comprising the pool, or has agreed to do so;

(B) acts, or has agreed to act, as a trustee, custodian, bailee or agent of the Issuer or any holder of the Asset-Backed Securities, or in a similar capacity;

(C) administers or services a material portion of the financial assets comprising the pool or provides administrative or managerial services to the Issuer, or has agreed to do so, on a conditional basis or otherwise, if (1) finding a replacement provider of the services at a cost comparable to the cost of the current provider is not reasonably likely, (2) a replacement provider of the services is likely to achieve materially worse results than the current provider, (3) the current provider of the services is likely to default in its service obligations because of its current financial condition, or (4) the disclosure is otherwise material;

(D) provides a guarantee, alternative credit support or other credit enhancement to support the obligations of the Issuer under the Asset-Backed Securities or the performance or some or all of the financial assets in the pool, or has agreed to do so; or

(E) lends to the Issuer in order to facilitate the timely payment or repayment of amounts payable under the Asset-Backed Securities, or has agreed to do so;

(v) the general business activities and material responsibilities under the Asset-Backed Securities of a person or company referred to in clause (b)(iv) of this paragraph 10;

(vi) the terms of any material relationships between (A) any of the persons or companies referred to in clause (b)(iv) of this paragraph 10 or any of their respective affiliates, and (B) the Issuer;

(vii) any provisions relating to termination of services or responsibilities of any of the persons or companies referred to in clause (b)(iv) of this paragraph 10 and the terms on which a replacement may be appointed; and

(viii) any risk factors associated with the Asset-Backed Securities, including disclosure of material risks associated with changes in interest rates or prepayment levels, and any circumstances where payments on the Asset-Backed Securities could be impaired or disrupted as a result of any reasonably foreseeable event that may delay, divert or disrupt the cash flows dedicated to service the Asset-Backed Securities;

provided that if any of the foregoing information will be disclosed in a final Prospectus Supplement, it may be omitted from the corresponding Shelf Prospectus;

(c) the final Shelf Prospectus will contain a statement that the Issuer undertakes that it will not distribute Asset-Based Securities of a type that at the time of distribution have not previously been distributed by prospectus in Ontario ("Novel Asset-Backed Securities") without pre-clearing with the Decision Makers the disclosure to be contained in any Prospectus Supplement pertaining to the distribution of such Novel Asset-Based Securities; and

(d) the preliminary Shelf or Short Form Prospectus and final Shelf or Short Form Prospectus, as the case may be, will disclose any factors or considerations identified by the Approved Rating Organization as giving rise to unusual risks associated with the securities to be distributed.

11. Final Prospectus Supplements will be prepared in accordance with the Shelf Requirements, and will include all of the shelf information pertaining to the distribution of Asset-Backed Securities which was omitted from the Shelf Prospectus.

AND WHEREAS pursuant to the System this 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 Policies is that the Eligibility Requirements set forth in the POP Requirements shall not apply to the Issuer in connection with the Offerings and that the Issuer may participate in the POP System and the Shelf System to distribute Asset-Backed Securities with an Approved Rating from time to time, and for the purposes of any such distribution to utilize AIFs, a preliminary Shelf or Short Form Prospectus, as the case may be, a final Shelf or Short Form Prospectus, as the case may be, Prospectus Supplements and any necessary supporting documents, with such amendments from the form requirements of the Policies, as applicable, as are set forth herein, provided that:

- (i) the Issuer complies with paragraphs 8, 9, 10, and 11 hereof;
- (ii) except as provided herein, the Issuer complies with all of the filing requirements and procedures set out in the POP Requirements and the Shelf Requirements;
- (iii) the Issuer files an undertaking before or concurrently with its preliminary Shelf Prospectus, if utilized, which states that:
 - (a) the Issuer will not distribute under the final Shelf Prospectus Novel Asset-Backed Securities without pre-clearing the disclosure pertaining to the distribution of such Novel Asset-Backed Securities in any Prospectus Supplement with the Decision Makers; and
 - (b) specifically, the Issuer will not distribute such Novel Asset-Backed Securities unless:
 - (i) the draft Prospectus Supplements pertaining to the distribution of such Novel Asset-Backed Securities have been delivered to the Decision Makers in substantially final form; and
 - (ii) either:
 - (A) the Decision Makers have confirmed their acceptance of each draft Prospectus Supplement in substantially final form or in final form; or

(B) 21 days has elapsed since the date of delivery of each draft Prospectus Supplement in substantially final form to the Decision Makers and the Decision Makers have not provided written comments on the draft Prospectus Supplement;

(iv) at the time of the filing of its preliminary Shelf or Short Form Prospectus, the Issuer:

(a) has received confirmation from at least one Approved Rating Organization that the Asset-Backed Securities to be distributed thereunder will receive an Approved Rating, subject to final determination of the specific attributes of the Asset-Backed Securities; and

(b) has not been informed by any Approved Rating Organization of an intention to provide a rating, whether on a provisional or final basis, of the Asset-Backed Securities that is lower than an Approved Rating;

(v) instead of filing an eligibility certificate with its initial AIF, the Issuer files with its preliminary Shelf or Short Form Prospectus, an eligibility certificate, executed on behalf of the Issuer by an officer of its administrative agent certifying that the Issuer satisfies the eligibility requirements set out in subparagraphs 8(b) and 8(c) hereof, and which makes reference to this Decision; and

(vi) this Decision will automatically expire upon the later of proposed National Instrument 44-101 and proposed National Instrument 44-102 coming into force and being adopted as a rule in each of the Jurisdictions.

DATED April 14th, 2000.

"Iva Vranic"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Waiver granted pursuant to section 4.5 of National Policy Statement No. 47 (and equivalent Quebec legislation) to enable issuer to participate in the POP System and the Shelf System (as contemplated in National Policy Statement No. 44 (and equivalent Quebec legislation) to distribute asset-backed securities in accordance with proposed National Instruments 44-101 and 44-102.

Applicable National Policies

National Policy Statement No. 47 - Prompt Offering Qualification System.

National Policy Statement No. 44 - Rules for Shelf Prospectus Offerings and for Pricing Offerings After the Final Prospectus is Received.

Proposed National Instruments

Proposed National Instrument 44-101 Prompt Offering Qualification System (1998), 21 OSCB 1148.

Proposed National Instrument 44-102 Shelf Distribution (1998), 21 OSCB 6206.