

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

AND

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

AND

IN THE MATTER OF THE GOLDMAN SACHS GROUP, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, The Yukon Territory, Nunavut and The Northwest Territories (collectively, the "Jurisdictions") has received an application from The Goldman Sachs Group, Inc. ("GS Group") for a decision:

(a) pursuant to the securities legislation of each of the Jurisdictions other than New Brunswick, Prince Edward Island, Yukon Territory, the Northwest Territories and Nunavut (the "Take-Over Bid Requirements Jurisdictions") that the requirements contained in such legislation that regulate take-over bids, including requirements relating to the delivery of an offer and offering circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up and payment for securities tendered to a take-over bid, disclosure, restrictions upon purchases of securities, integration with pre-bid transactions, financing, identical consideration and collateral benefits upon an offer to acquire 20% or more of a class of equity securities of an issuer (the "Take-Over Bid Requirements"),

(b) pursuant to the securities legislation of each of the Take Over Bid Requirements Jurisdictions that the requirements contained in such legislation relating to the filing of an early warning report upon the acquisition of securities constituting 10% or more of a class of equity securities of a reporting issuer (the "Early Warning Requirements"),

(c) pursuant to the securities legislation of each of the Jurisdictions that the requirements contained in such legislation relating to the qualification of a prospectus in respect of the distribution or primary distribution to the public of a security (the "Prospectus Requirements"), and

(d) pursuant to the securities legislation of each of the Take-Over Bid Requirements Jurisdictions that the requirements contained in such legislation relating to the filing of an insider trade report upon the acquisition or disposition of securities of a reporting issuer by an insider of such reporting issuer (the "Insider Reporting Requirements"), shall not apply to acquisitions and/or

dispositions, as the case may be, of securities ("GT Securities") of GT Group Telecom Inc. (the "Issuer") by affiliates and entities wholly owned by GS Group in connection with proposed market making activities and trades on behalf of fully managed accounts or mutual funds managed by such affiliates and entities;

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 GS Group has represented to the Decision Makers as follows:

1. GS Group is a corporation governed by the laws of the State of Delaware. GS Group's principal and executive office is in New York, New York. Through its wholly-owned subsidiaries, Goldman, Sachs & Co. ("GS&Co") and Goldman Sachs Canada Inc. ("GS Canada"), GS Group provides investment banking and securities trading services in the United States and Canada. GS Group's common stock is listed and traded on the New York Stock Exchange (the "NYSE") under the symbol "GS".
2. GS&Co is a partnership governed by the laws of the State of New York and its principal and executive office is in New York, New York. GS&Co is registered in the United States as, among other things, a broker-dealer and investment adviser. In Canada, GS&Co is registered as an international dealer in Ontario and as an investment adviser in Ontario, Alberta and British Columbia.
3. GS Canada is a corporation governed by the laws of Ontario and its principal and executive office is in Toronto, Ontario. GS Canada is registered as an investment dealer in Ontario and British Columbia and as a dealer with an unrestricted practice in Québec.
4. Investment funds controlled by GS Group and its affiliates (the "GS Funds") own or control approximately 24% of the outstanding Class A Voting Shares and 20% of the Class B Non-Voting Shares of the Issuer. The GS Funds consist of five investment funds organized as limited partnerships (or equivalents) under the laws of various jurisdictions. An affiliate of GS Group acts as the general partner (or equivalent) of each of the GS Funds. In addition, GS&Co is the investment manager of each of the GS Funds, pursuant to investment management agreements. In three of the five GS Funds, third parties who are not affiliated with GS Group hold the majority of the limited partnership interests (or equivalents), representing more than 80% of the committed capital of the funds. In the remaining two GS Funds, employees of GS Group are the sole holders of the limited partnership interests (or equivalents). By virtue of GS Group affiliates holding general partnership (or equivalent) interests in, and serving as investment manager of, each of the GS Funds, GS Group, through one or more of its affiliates and subject to any legal or contractual restraints, has the discretion to vote and dispose of all of the securities held by the GS Funds.
5. The Issuer is a corporation governed by the federal laws of Canada and its principal and executive office is in Toronto, Ontario. The Issuer is engaged in the business of marketing and

selling telecommunications services and related products over its owned fibre-optic infrastructure to small and medium sized businesses.

6. The Issuer is a reporting issuer (or equivalent) in each of the Jurisdictions.

7. The Issuer's authorized capital consists of an unlimited number of Class A Voting Shares (the "Voting Shares"); an unlimited number of Class B Non-Voting Shares (the "Non-Voting Shares"); an unlimited number of first preference shares issuable in series and an unlimited number of second preference shares issuable in series (collectively, the "Preference Shares").

8. As of June 30, 2001, 80,204,225 Voting Shares, 53,733,973 Non-Voting Shares and no Preference Shares were issued and outstanding.

9. The Voting Shares are listed for trading on The Toronto Stock Exchange under the symbol "GTG.A". The Non-Voting Shares are listed for trading on the TSE under the symbol "GTG.B" and quoted on the Nasdaq National Market under the symbol "GTTLB".

10. The Voting Shares and the Non-Voting Shares have identical rights, other than with respect to voting and certain conversion rights. The Voting Shares have one vote per share. A non-Canadian person may be restricted in its ability to exercise voting rights attached to such shares, due to regulations that require Canadian telecommunications common carriers to be Canadian owned and controlled. The Non-Voting Shares are not entitled to vote, except as specifically required by law. The Non-Voting Shares will be converted automatically into Voting Shares if restrictions on the non-Canadian ownership and control of Canadian telecommunications common carriers are removed.

11. The following table sets forth the principal shareholders of the Issuer as at June 30, 2001:

Shareholder	Voting Shares	Percentage of Class	Non-Voting Shares	Percentage of Class	Percentage of Total Equity
Shaw Communications Inc.	32,096,097	40.02%	Nil	Nil	23.96%
GS Funds	18,999,999	23.69%	11,000,002	20.47%	22.40%
Canadian Imperial Bank of Commerce	7,500,000	9.35%	Nil	Nil	5.60%

12. The GS Funds acquired their Voting Shares and Non-Voting Shares prior to the Issuer's initial public offering, which took place in March 2000, and have no present intention to increase their ownership of GT Securities.

13. As of June 30, 2001, the Issuer had issued and outstanding U.S.\$855,000,000 13% senior discount notes due 2010 (the "Notes") and warrants to purchase 3,942,357 Non-Voting Shares (the "Warrants"). The Notes and Warrants have been registered with the U.S. Securities and Exchange Commission and are traded over-the-counter.

14. The affiliates and entities wholly owned by GS Group that are engaged in broker-dealer activities and investment adviser activities (collectively, the "GS Dealer Affiliates"), principally GS&Co and GS Canada, wish to make a market in GT Securities and to trade such securities for client facilitation purposes (the "Market Making Trades") and to trade GT Securities on behalf of fully-managed accounts or mutual funds managed by GS Dealer Affiliates (the "Advisory Trades").

15. In executing Market Making Trades, the GS Dealer Affiliates would be performing a market making function, as principal or agent, to provide liquidity to clients and/or to maintain an orderly market in GT Securities.

16. In executing Advisory Trades, the GS Dealer Affiliates would be trading on a discretionary basis for various fully-managed accounts, including mutual funds managed by the GS Dealer Affiliates. GT Securities acquired for these fully managed accounts are beneficially owned by the holders of such accounts and the GS Dealer Affiliates would obtain no benefit from the Advisory Trades, other than customary management fees and commissions.

17. While the policies of GS Group do not prohibit the GS Dealer Affiliates from exercising voting rights in respect of securities held by them as principal in their market making accounts, the number or amount of such securities typically held is minimal and they are typically held for very short time periods. Moreover, the GS Dealer Affiliates do not acquire such securities for the purpose of exercising influence or control over issuers.

18. Pursuant to GS&Co's policies, the GS Dealer Affiliates do not vote securities held in fully managed accounts (other than securities held in mutual funds managed by GS Dealer Affiliates, which are voted in accordance with the GS Dealer Affiliates' fiduciary obligations).

19. GS Group and the GS Dealer Affiliates conduct their business through at least three separate business units: the Principal Investment Area, the Trading Group and the Asset Management Division (collectively, the "GS Business Units").

20. The Principal Investment Area structures, manages and harvests a diverse portfolio of private equity and mezzanine investments principally for private equity funds managed by GS&Co and/or its affiliates. The Principal Investment Area manages the GS Funds. The Trading Group engages in trading activity and would conduct the Market Making Trades (as principal or as agent) and Advisory Trades (as agent on behalf of fully managed private client accounts). The Asset Management Division provides investment advice and would conduct Advisory Trades (as agent on behalf of fully managed institutional accounts or mutual funds).

21. The Principal Investment Area is separated from the Trading Group and the Asset Management Division by a "Chinese Wall". In addition, the Asset Management Division is separated from the rest of the GS Group by additional informational barriers. The relationships among these groups are set forth below:

"Confidential & Proprietary Side of the Wall"

C

"Trading and Sales Side of the Wall"

<u>Principal Investment Area</u>		<u>Trading Group</u>
- Manages the GS Funds	H I N E S E	- Would conduct Market Making Trades (as principal or agent) and would conduct Advisory Trades (as agent on behalf of fully-managed private client accounts)

	W A L L	<u>Asset Management Division</u> - Would conduct Advisory Trades (as agent on behalf of fully-managed institutional accounts or mutual funds)

22. GS Group's "Chinese Wall" policies and procedures are designed to prevent personnel engaged in research, sales, trading or other market-related activities, including the Trading Group, from gaining access to confidential information that GS Group may have acquired or developed in connection with investment banking or other advisory activities, including activities of the Principal Investment Area. The Chinese Wall policies and procedures generally enable (absent restrictions imposed by GS Group) the Trading Group to engage in transactions or make recommendations with respect to securities, when investment banking or the Principal Investment Area possesses material non-public information relating to such security or its issuer.

23. GS Group and the GS Dealer Affiliates wish to rely on the aggregation relief (the "Aggregation Relief") under section 5.1 of National Instrument 62-103 ("NI 62-103") in connection with the Market Making Trades and Advisory Trades. Reliance on the Aggregation Relief would permit each of the GS Business Units to comply with the Take-Over Bid Requirements, the Early Warning Requirements, the Prospectus Requirements and the Insider Reporting Requirements on the basis that GT Securities owned or controlled by it may be disaggregated from GT Securities owned or controlled by each of the other GS Business Units.

24. The Goldman Sachs Trust Co. ("GS Trustco") is a wholly-owned subsidiary corporation of GS Group and is an "eligible institutional investor" within the meaning of NI 62-103 by virtue of being a "financial institution" as defined in NI 62-103. Specifically, GS Trustco is engaged in financial services activities and is supervised and regulated under the banking, insurance, trust or similar laws of, and incorporated in, the United States.

25. GS Group and the GS Dealer Affiliates would be permitted to rely on the Aggregation Relief in respect of the Market Making Trades and Advisory Trades but for the fact that GS&Co is organized in the form of a partnership and not in the form of a corporation and, therefore, is not an "affiliate" of GS Trustco as that term is used in the Legislation.

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 in the Take-Over Bid Requirements Jurisdictions is that GS Group and the GS Dealer Affiliates shall be exempt from the Take-Over Bid Requirements, the Early Warning Requirements and the Insider Reporting Requirements in respect of Market Making Trades and Advisory Trades in GT Securities by GS Dealer Affiliates, provided that GS Group and the GS Dealer Affiliates would have been exempt from such requirements by relying on the Aggregation Relief except for the fact that one or more GS Dealer Affiliates was organized as a partnership and not as a corporation and, accordingly, was not an "affiliate" of an "eligible institutional investor" as those terms are used in NI 62-103.

THE DECISION of the Decision Makers in each of the Jurisdictions is that GS Group and the GS Dealer Affiliates shall be exempt from the Prospectus Requirements in respect of Market Making Trades and Advisory Trades in GT Securities by GS Dealer Affiliates, provided that GS Group and the GS Dealer Affiliates would have been exempt from such requirements by relying on the Aggregation Relief except for the fact that one or more GS Dealer Affiliates was organized as a partnership and not as a corporation and, accordingly, was not an "affiliate" of an "eligible institutional investor" as those terms are used in NI 62-103.

DATED this 13th day of September, 2001.

"Paul M. Moore"

"R. Stephen Paddon"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from take-over bid, early warning, prospectus and insider reporting requirements in connection with market making activities and trades on behalf of fully managed accounts and mutual funds - Investment dealer holding 24% of the voting securities of the issuer - Investment dealer's affiliates proposing to make a market in equity and debt securities of the issuer - investment dealer's affiliates proposing to trade equity and debt securities of the issuer on behalf of fully managed accounts and mutual funds - Aggregation relief in NI 62-103 not available where partnership not technically an "affiliate" of eligible institutional investor.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 53(1), 74(1), 89(1), 94, 95, 96, 97, 98, 99, 100, 101 and 104(2)(c).

National Instrument 62-103 - The Early Warning System and Related Take-Over Bid and Insider Reporting Issues