

**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 SYSTEM FOR  
EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
HARDOF WOLF GROUP INC. AND  
DYLEX LIMITED**

**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 Hardof Wolf Group Inc. (the "Acquiror") for a decision, pursuant to the securities legislation (the "Legislation") of the Jurisdiction that the requirement of 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 (the "Registration Requirement"), shall not apply to the transfer to the Acquiror of Special Shares (as defined below) of Dylex Limited ("Dylex"), to be made by the holders in connection with a proposed acquisition of Dylex by the Acquiror;

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

**AND WHEREAS** the Acquiror has represented to the Decision Makers that:

1. The Acquiror is a private company incorporated pursuant to the laws of the Province of Nova Scotia.
2. Dylex is a corporation incorporated under the *Canada Business Corporations Act* (the "CBCA") with its registered and principal office in the Province of Ontario.

3. Dylex is a reporting issuer, or the equivalent, in each of the provinces and territories of Canada and the common shares (the "Common Shares") of Dylex are listed and posted for trading on the Toronto Stock Exchange (the "TSE").

4. On April 25, 2001, the closing price of the Common Shares on the TSE was \$1.24.

5. Dylex's authorized capital consists of an unlimited number of Common Shares, of which 51,881,799 were issued and outstanding on March 27, 2001.

6. On March 27, 2001, the Acquiror and Dylex entered into an acquisition agreement (the "Acquisition Agreement") pursuant to which the Acquiror may acquire all of the outstanding Common Shares of Dylex, at \$1.30 per Common Share, payable in cash, in a transaction (the "Proposed Transaction") that will take the form of a capital reorganization, to be voted on by the holders of Common Shares at a meeting (the "Meeting") scheduled to be held on May 15, 2001. Following the completion of the Proposed Transaction, Dylex will be a wholly owned subsidiary of the Acquiror.

7. The Proposed Transaction will consist of the following principal steps:

(a) Subject to approval of the Dylex shareholders at the Meeting, the articles of Dylex will be amended by way of special resolution so as to change the provisions attaching to the existing Common Shares (such shares being referred to after the change as "Special Shares") to provide for the transfer of such Special Shares to the Acquiror, upon delivery of a notice (the "Transfer Notice") by Dylex to its transfer agent;

(b) Upon delivery of the Transfer Notice, each holder of the Special Shares shall be deemed to have transferred to the Acquiror all of the holder's right, title and interest in the Special Shares;

(c) The Acquiror shall deposit with the transfer agent sufficient funds to pay to the holders of the Special Shares \$1.30 per Special Share, upon deposit by the holder of the certificate representing their Special Shares.

**AND WHEREAS** pursuant to the MRRS this Decision Document evidences the decision of each of the Decision Makers (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 the Registration Requirement in the Legislation shall not apply to any trades in Special Shares made by the holders to the Acquiror as described in paragraph 7, above.

May 11, 2001.

"Paul M. Moore"

"Robert W. Korthals"

**Headnote**

Relief granted pursuant to section 74(1) from registration requirement in section 25 for trades made by shareholders of one issuer in connection with a capital reorganization and acquisition.

**Statutes Cited**

Canada Business Corporations Act, R.S.C. 1985, c. C-44.

Securities Act, R.S.O. 1990, c.S.5, as am., s. 25, s. 74.