

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

AND

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

AND

IN THE MATTER OF  
INDUSTRIAL-ALLIANCE LIFE INSURANCE COMPANY

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, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (collectively, the "Jurisdictions") has received an application (the "Application") from Industrial-Alliance Life Insurance Company (the "Company") for a waiver, pursuant to section 4.5 of National Policy Statement 47 ("NP 47"), from a requirement of subsection 4.2(1) of NP 47 to enable the Company to be eligible to participate in the prompt offering qualification system (the "POP System");

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for the Application;

AND WHEREAS the Company has represented to the Decision Makers that:

1. The predecessor to the Company was a mutual life insurance company incorporated under *An Act respecting insurance* (Qu<sub>é</sub>bec), as amended, and resulted from several amalgamations.
2. The predecessor to the Company became a reporting issuer in all ten provinces upon completion of its June 1996 offering of subordinated debentures and was therefore a reporting issuer in such jurisdictions for over three years.
3. Between June 1999 and February 2000 the predecessor to the Company undertook the process of demutualization, which led to the completion on February 10, 2000 of the initial public offering by the Company of 24,075,000 common shares (the "Common Shares") and 3,000,000 series 1 preferred shares (the "Preferred Shares") and the issuance of letters patent confirming the demutualization.

4. The Company's financial year end is December 31.
5. The Common Shares are currently listed and posted for trading on The Toronto Stock Exchange (the "TSE").
6. As of the date hereof, no Person (as defined in NP 47), either alone or together with his/her affiliates and Associates (as defined in NP 47), beneficially owns or exercises control or direction over more than 10% of the issued and outstanding Common Shares.
7. The Company's authorized share capital consists of 100 million Common Shares, without par value, issuable for an aggregate consideration not exceeding \$1 billion and 10 million Preferred Shares with a par value of \$25 each, issuable in series. As of July 20, 2000, 24,075,000 Common Shares and 3,000,000 Preferred Shares were issued and outstanding.
8. The Company would be eligible to participate in the POP System pursuant to the eligibility criteria in section 4.2 but for the fact that the Company has not completed its first financial year and therefore cannot meet the \$75 million public float requirement in paragraph 4.1(1)(c) calculated in accordance with subsection 4.1(2).
9. The aggregate market value of the Common Shares listed and posted for trading on the TSE as of the date of the Application was well in excess of \$300 million.
10. The Company would presently be eligible to participate in the POP System upon the filing and acceptance of its initial annual information form ("Initial AIF") if Proposed National Instrument 44-101 ("NI 44-101") was effective, as the Company would be able to meet the substantial Canadian issuer eligibility requirements of section 2.3 of NI 44-101. Similar to section 4.2 of NP 47, section 2.3 of NI 44-101 requires that an issuer have a public float of at least \$300 million on any date within sixty (60) days before the filing of the issuer's preliminary short form prospectus. However, unlike section 4.2 of NP 47, section 2.3 of NI 44-101 does not require an issuer to meet the \$75 million public float requirement as of the end of its last completed financial year.
11. To its knowledge, the Company is not in default of any requirement of the securities legislation in the Jurisdictions.
12. The Company may, in the future, wish to avail itself of the POP System.

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 securities legislation of the applicable Jurisdiction that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers, pursuant to section 4.5 of NP 47, is that the requirement in subsection 4.2(1) that the issuer meet the requirement of paragraph 4.1(1)(c) shall be waived to enable the Company to be eligible to participate in the POP System, provided that:

(a) the Company complies in all other respects with the requirements of NP 47;

(c) the eligibility certificate to be filed in respect of the Company's Initial AIF shall state that the Applicant satisfies the eligibility criteria set out in section 4.2 except for the criterion in paragraph 4.1(1)(c), and shall make reference to this waiver; and

(d) this waiver terminates on the earlier of:

(i) 140 days after the end of the Company's financial year ended December 31, 2000; and

(ii) the date of filing of a Renewal AIF (as defined in NP 47) by the Company in respect of its financial year ended December 31, 2000.

DATED at Toronto this 28th day of September, 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 to enable issuer to participate in the POP System when it did not meet the "public float" test in the last calendar month of its most recent financial year-end in respect of which its Initial Annual Information Form will be filed provided that it does meet the "public float" test at a date within 60 days before the filing of its preliminary short form prospectus.

National Policies Cited

National Policy Statement No. 47 Prompt Offering Qualification System, ss. 4.1 and 4.5.

National Instruments Cited

Proposed National Instrument 44-101 Short Form Prospectus Distributions