

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

AND

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

AND

IN THE MATTER OF  
MERRILL LYNCH & CO., INC. AND  
MERRILL LYNCH CANADA FINANCE COMPANY

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Newfoundland, Nova Scotia and Prince Edward Island (the "Jurisdictions") has received an application from Merrill Lynch & Co., Inc. ("ML&Co") and Merrill Lynch Canada Finance Company (the "Issuer") for a decision pursuant to the Canadian securities legislation of the Jurisdictions (the "Legislation") that the requirements contained therein that:

- (a) the Issuer file with the securities regulatory authority in each Jurisdiction (collectively, the "Commissions") and send to its shareholders audited annual financial statements (the "Annual Financial Statement Requirement");
- (b) the Issuer file with the Commissions and send to its shareholders unaudited interim financial statements (the "Interim Financial Statement Requirements");
- (c) the Issuer issue and file with the Commissions press releases and file with the Commissions material change reports (collectively, the "Material Change Requirements");
- (d) the insiders of the Issuer file with the Commissions insider reports (the "Insider Reporting Requirements"); and
- (e) the Issuer file with the Commissions annual reports (the "Annual Report Requirements");

shall not apply to the Issuer, subject to certain terms and conditions;

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 ML&Co and the Issuer have represented to the Decision Makers that:

1. ML&Co was incorporated under the laws of Delaware on March 27, 1973 and has been a reporting issuer in Québec since August 26, 1998, and in Alberta and Saskatchewan since August 26, 1999;
2. ML&Co is a reporting company under the *Securities Exchange Act* of 1934, as amended (the "1934 Act") and, since the date it first became a reporting company, ML& Co. has filed with the Securities and Exchange Commission (the "SEC") annual and quarterly reports under Form 10-K and Form 10-Q, respectively, in accordance with the filing obligations set out in the 1934 Act;
3. as at June 25, 1999, ML&Co had approximately US\$56.5 billion in long term debt outstanding, all of which is currently rated "AA-" by Standard & Poor's and "Aa3" by Moody's Investors Service;
4. ML&Co satisfies the criteria set forth in paragraph 3.1(a) of National Instrument 71-101("NI 71-101") and is eligible to use the multi-jurisdictional disclosure system ("MJDS") (as set out in NI 71-101) for the purpose of distributing its securities in Canada based on compliance with United States ("U.S.") prospectus requirements with certain additional Canadian disclosure;
5. the Issuer was incorporated under the laws of Nova Scotia on August 25, 1999 and is an indirect wholly-owned subsidiary of ML&Co;
6. the Issuer has been incorporated solely for the purpose of undertaking financing activities, including the issuance of medium term notes ("Notes"), to raise funds for ML&Co's Canadian operations, and will not carry on any operating or other business activities;
7. the Notes will be qualified for distribution by means of a short form prospectus (a "Prospectus") filed in each of the Jurisdictions in accordance with the procedures set out in National Policy Statement No. 44 ("NP 44");
8. the Notes may be offered from time to time (each such offering an "Offering") under prospectus supplements ("Prospectus Supplements"), in an initial aggregate amount of \$1,500,000,000, during the two year period a Prospectus, including any amendments thereto, is valid pursuant to National Policy Statement No. 47 ("NP 47") or a successor instrument and the applicable securities legislation of Québec, including but not limited to, the provisions set forth in Title II and III of the *Securities Act* (Québec) (the "QSA") (the "POP Requirements") and pursuant to National Policy Statement No. 44 ("NP 44") or a successor instrument and the applicable securities legislation of Québec, including but not limited to, the provisions set forth in Title II and III of the QSA (the "Shelf Requirements");

9. subject to ML&Co having complied or complying with subparagraph 12(a) hereof, the Issuer will be eligible to issue securities by way of a Prospectus pursuant to the POP Requirements and the Shelf Requirements on the basis of the eligibility of ML&Co (as guarantor of the Offering) under the POP Requirements;

10. as a result of the Offering, the Issuer will become a reporting issuer or the equivalent in each Jurisdiction;

11. except for the fact that the Issuer is not incorporated under US law, the Offering would comply with the alternative eligibility criteria for offerings of non-convertible debt having an approved rating under the MJDS as set forth in paragraphs 3.1 and 3.2 of NI 71-101;

12. In connection with the Offering:

(a) prior to the filing of a Prospectus for an Offering, ML&Co will file with the Commission its initial annual information form ("AIF") and will file, to the extent it has not already done so, the documents that it has filed with the Commission des valeurs mobilières du Québec during the last 12 calendar months immediately preceding the date of filing its AIF, being ML&Co's 1998 annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K disclosing a material change in ML&Co's affairs;

(b) the Prospectus and Prospectus Supplements will comply with the POP Requirements and the Shelf Requirements, provided that the disclosure required by:

(i) item 16 of Appendix B of NP 47, section 3.4 of NP 44 and item 11 of Schedule IV to the regulation made under the QSA will be addressed by incorporating by reference ML&Co's public disclosure documents; and

(ii) the disclosure required by item 9 of Appendix B of NP 47, section 3.6 of NP 44 and item 8 of Schedule IV to the regulation made under the QSA will be addressed by fixed charge coverage ratio disclosure with respect to ML&Co in accordance with US requirements;

(c) the Prospectus will include all material disclosure concerning the Issuer;

(d) the Prospectus will incorporate by reference disclosure made in ML&Co's most recent Form 10-K (as filed under the 1934 Act) together with all Form 10-Q's and Form 8-K's disclosing a material change in ML&Co's affairs and interim financial information filed subsequently under the 1934 Act and will state that purchasers of the Notes will not receive separate continuous disclosure information regarding the Issuer;

(e) the Notes will be fully and unconditionally guaranteed by ML&Co as to payment of principal, interest and all other amounts, in each case to the extent due thereunder;

(f) the Notes will have an Approved Rating (as defined in the POP Requirements);

(g) ML&Co will undertake to file with the Commissions all documents that it files under sections 13 and 15(d) of the 1934 Act until such time as the Notes are no longer outstanding; and

(h) the disclosure required by 3.6(b) of NP 44 (or any successor provision) will be addressed by providing purchasers of Notes fixed charge coverage ratio disclosure with respect to ML&Co in accordance with U.S. requirements and as currently provided to ML&Co's security holders;

AND WHEREAS pursuant to 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 pursuant to the Legislation is that, provided each of ML&Co and the Issuer complies with paragraph 12 hereof in connection with the issuance of the Notes:

A. the Annual Financial Statement Requirement shall not apply to the Issuer, provided that (i) ML&Co files with the Commissions two copies of the annual reports on Form 10-K filed by it with the SEC promptly after they are filed with the SEC; and (ii) such documents are provided to security holders whose last address as shown on the books of the Issuer is in Canada (Canadian security holders) in the same manner and at the same time as would be required by applicable U.S. law if the Canadian security holders were holders of debt securities of ML&Co resident in the U.S.;

B. the Interim Financial Statement Requirements shall not apply to the Issuer, provided that (i) ML&Co files with the Commissions two copies of the quarterly reports on Form 10-Q filed by it with the SEC promptly after they are filed with the SEC; and (ii) such documents are provided to security holders whose last address as shown on the books of the Issuer is in Canada (Canadian security holders) in the same manner and at the same time as would be required by applicable U.S. law if the Canadian security holders were holders of debt securities of ML&Co resident in the U.S.;

C. the Material Change Requirements shall not apply to the Issuer, provided that (i) ML&Co files with the Commissions two copies of each of the current reports on Form 8-K relating to the financial condition of, or disclosing a material change in the affairs of, ML&Co which are filed by it with the SEC forthwith after the earlier of the date the report is filed with the SEC and the date it is required to be filed with the SEC; (ii) complies with the requirements of the New York Stock Exchange in respect of making public disclosure of material information on a timely basis and forthwith issues in each Jurisdiction any press release issued in this regard; and (iii) forthwith issues in each Jurisdiction and files with the Commissions any press release which discloses a material change in ML&Co's affairs;

D. the Insider Reporting Requirements shall not apply to insiders of the Issuer, provided that each insider (as defined in the Legislation) files with the SEC on a timely basis the reports, if any, required to be filed with the SEC pursuant to subsection 16(a) of the 1934 Act and the rules and regulations thereunder; and

E. the Annual Report Requirements shall not apply to the Issuer, provided that ML&Co files with the Commissions two copies of the proxies and proxy solicitation materials prepared in connection with any meeting of ML&Co's security holders and filed by it with the SEC promptly after they are filed by it with the SEC;

for so long as

(i) the Notes maintain an Approved Rating;

(ii) ML&Co remains the direct or indirect sole beneficial owner of the voting shares, and any other securities not referred to in (iii) below, of the Issuer issued and outstanding from time to time;

(iii) all debt securities of the Issuer which are offered to the public and are issued and outstanding from time to time, including the Notes, shall at all times be fully and unconditionally guaranteed by ML&Co as to payment of principal, interest and all other amounts, in each case to the extent due thereunder;

(iv) ML&Co maintains a class of securities registered pursuant to section 12 of the 1934 Act;

(v) ML&Co continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing its securities in Canada based on compliance with U.S. prospectus requirements with certain additional disclosure; and

(vi) the Issuer carries on no other business than set out in paragraph 6 hereof.

DATED at Toronto, Ontario this 18<sup>th</sup> day of October, 1999.

"J.A. Geller"

"Morley P. Carscallen"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - reporting issuer exempted from continuous disclosure requirements, subject to certain conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 38(3), 75, 77, 78, 79, 80(b)(iii), 81(2), 107, 108, 109 and 121(2)(a)(ii).

Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 5.

Applicable Ontario Rules

National Policy Statement No. 44, ss. 3.4 and 3.6.

National Policy Statement No.47, ss. 4.3(1)(b), 5.4, 7.3 and Appendix B.

National Instrument 71-101, s. 3.