

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, NOVA SCOTIA AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF
MERRILL LYNCH INTERNET STRATEGIES RSP FUND
ATLAS ASSET MANAGEMENT INC.

DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Atlas Asset Management Inc. ("Atlas"), as manager and trustee of the Merrill Lynch Internet Strategies RSP Fund (the "RSP Fund") for a decision by each Decision Maker (collectively, the "Decision") under the securities legislation of the Jurisdictions (the "Legislation") that the following provisions of the Legislation (the "Applicable Requirements") shall not apply to the RSP Fund or Atlas, as the case may be, in respect of certain investments to be made by the RSP Fund in Merrill Lynch Internet Strategies Fund (the "Underlying Fund"):

1. the provisions requiring a security holder to issue a news release and file a report where its aggregate holdings of securities of a reporting issuer exceed ten percent of the outstanding voting or equity securities of the reporting issuer, and to refrain from acquiring or offering to acquire additional voting or equity securities of the reporting issuer for a specified period of time after the securityholder's holdings exceed the 10% level;
- ii. the provisions requiring the management company of a mutual fund to file a report relating to the purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies;
- iii. the provisions prohibiting a mutual fund from knowingly making and holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial security holder;

iv. the provision prohibiting a mutual fund from knowingly making and holding an investment in an issuer in which any person or company who is a substantial security holder of the mutual fund, its management company or distribution company has a significant interest; and

v. the provision prohibiting a portfolio manager from knowingly causing an investment portfolio managed by it to invest in any issuer in which a "responsible person" (as that term is defined in the Legislation) is an officer or director, unless the specific fact is disclosed to the client and, if applicable, the written consent of the client to the investment is obtained before the purchase.

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

AND WHEREAS Atlas has represented to the Decision Makers as follows:

1. Atlas is a corporation incorporated under the laws of Canada and its head office is located in Ontario. Atlas will be the manager, trustee, promoter and the portfolio manager of the RSP Fund and the Underlying Fund (collectively, the "Funds").

2. The Funds will be open-end mutual fund trusts established under the laws of Ontario. A preliminary simplified prospectus and a preliminary annual information (together the "Preliminary SP") have been filed and are currently being reviewed in all of the provinces and territories of Canada (the "Prospectus Jurisdictions") to qualify the distribution of units of the Funds in the Prospectus Jurisdictions.

3. Once a receipt is issued for the (final) simplified prospectus and annual information form (together the "Prospectus") of the Funds, the Funds will become reporting issuers under the Legislation of each of the Prospectus Jurisdictions (other than those jurisdictions which do not recognize reporting issuers).

4. Atlas has retained Merrill Lynch Asset Management LP as the portfolio sub-adviser of the Funds.

5. There may be directors and/or officers of Merrill Lynch Canada Inc. ("Merrill Lynch") and its affiliates that are also directors and/or officers of Atlas and its affiliates.

6. The RSP Fund may enter into forward contracts with Merrill Lynch or its affiliates (the "Related Counterparties") as counterparty.

7. The Prospectus will contain disclosure with respect to the investment objective, investment practices and restrictions of the Funds. The investment objective of the RSP Fund is to seek long term growth of capital as a result of exposure to equity securities of issuers, located throughout the world, that use the Internet as a component of their business strategy through investment in forward contracts or other specified derivatives that are linked to the returns of the Underlying Fund. The RSP Fund will invest in money market instruments and other securities, cash and bank deposits and will enter into forward contracts or other specified derivatives based on the portfolio securities of the Underlying Fund or the units of the Underlying Fund. As part of its

investment strategy, the RSP Fund may invest in units of the Underlying Fund. All purchases of units of the Underlying Fund will be made through Atlas as principal distributor of the Underlying Fund.

8. The RSP Fund will make investments such that its units will be "qualified investments" for registered retirement savings plans, registered retirement income funds and deferred profit sharing plans (collectively, the "Registered Plans") under the *Income Tax Act* (Canada) (the "Tax Act") and, based on an opinion of counsel to Atlas, will not constitute "foreign property" to a Registered Plan.

9. The direct investment by the RSP Fund in units of the Underlying Fund will be in an amount not to exceed the amount prescribed from time to time as the maximum permitted amount which may be invested in "foreign property" under the Tax Act without the imposition of tax under Part XI of the Act (the "Foreign Property Maximum").

10. The direct investments by the RSP Fund in the Underlying Fund will be within the Foreign Property Maximum (the "Permitted RSP Fund Investments"). The amount of direct investment by the RSP Fund in the Underlying Fund will be adjusted from time to time so that, except for transitional cash, the aggregate of derivative exposure to, and direct investment in the Underlying Fund will equal 100% of the net assets of the RSP Fund.

11. The investment objective of the Underlying Fund is achieved through investment primarily in foreign securities.

12. Except to the extent evidenced by this Decision Document and specific approvals granted by the securities regulatory authorities or regulators under National Instrument NI 81-102 ("NI 81-102"), the investments by the RSP Fund in the Underlying Fund have been structured to comply with the investment restrictions of the Legislation and NI 81-102.

13. In the absence of this Decision, as soon as the aggregate holdings by the RSP Fund of units of the Underlying Fund exceed 10% of the outstanding units of the RSP Fund, the RSP Fund would be required to comply with the reporting and other requirements of the Legislation.

14. In the absence of this Decision, the RSP Fund is prohibited from knowingly making and holding an investment in the Underlying Fund in which the RSP Fund alone or together with one or more related mutual funds, is a substantial securityholder.

15. In the absence of this Decision, the RSP Fund is prohibited from knowingly making and holding an investment in securities of Merrill Lynch or any of its affiliates.

16. In the absence of this Decision, Atlas is required to file a report on every purchase or sale of securities of Merrill Lynch or any of its affiliates.

17. In the absence of this Decision, the portfolio manager is prohibited from causing the RSP Fund to invest in securities of Merrill Lynch or any of its affiliates unless the specific fact is

disclosed to investors and, if applicable, the written consent of investors is obtained before the purchase.

18. The RSP Fund's investment in or redemption of units of the Underlying Fund or investment in forward contracts issued by Merrill Lynch or any of its affiliates represents the business judgment of responsible persons, uninfluenced by considerations other than the best interests of the RSP Fund.

AND WHEREAS under the System, this Decision Document evidences the Decision of each Decision Maker;

AND WHEREAS each Decision Maker is satisfied that the tests contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision have been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Requirements shall not apply to the RSP Fund, Atlas or a portfolio sub-adviser, as the case may be, in respect of the investments to be made by the RSP Fund in units of the Underlying Fund, or in forward contracts issued by Merrill Lynch or any one of its affiliates;

PROVIDED THAT IN RESPECT OF the investment by the RSP Fund in units of the Underlying Fund:

1. the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with the matters in section 2.5 of National Instrument 81-102; and

2. the Decision shall apply only to investments in, or transactions with, the Underlying Fund that are made by the RSP Fund in compliance with the following conditions:

(a) the RSP Fund and the Underlying Fund are under common management, and the units of both are offered for sale in the jurisdiction of each Decision Maker, pursuant to a prospectus that has been filed with and accepted by the Decision Maker;

(b) the RSP Fund restricts its aggregate direct investment in units of the Underlying Fund to a percentage of its assets that is within the Foreign Property Maximum;

(c) the investment by the RSP Fund in units of the Underlying Fund is compatible with the fundamental investment objectives of the RSP Fund;

(d) the Prospectus discloses the intent of the RSP Fund to invest in units of the Underlying Fund;

(e) the RSP Fund may change the Permitted RSP Fund Investment if it changes its fundamental investment objective in accordance with the Legislation;

(f) no sales charges are payable by the RSP Fund in relation to purchases of units of the Underlying Fund;

(g) there are compatible dates for the calculation of the net asset value of the RSP Fund and the Underlying Fund for the purpose of issuing and redeeming units of both mutual funds;

(h) no redemption fees or other charges are charged by the Underlying Fund in respect of the redemption by the RSP Fund of units of the Underlying Fund owned by the RSP Fund;

(i) the arrangements between or in respect of the RSP Fund and the Underlying Fund are such as to avoid the duplication of management fees;

(j) no fees and charges of any sort are paid by the RSP Fund, the Underlying Fund, the manager or principal distributor of the RSP Fund or the Underlying Fund, or by any affiliate or associate of any of the foregoing entities to anyone in respect of the RSP Fund's purchase, holding or redemption of the units of the Underlying Fund;

(k) in the event of the provision of any notice to unitholders of the Underlying Fund, as required by applicable laws or the constating documents of the Underlying Fund, the notice will also be delivered to the unitholders of the RSP Fund; all voting rights attached to the units of the Underlying Fund that are owned by the RSP Fund will be passed through to the unitholders of the RSP Fund;

(l) in the event that a meeting of the unitholders of the Underlying Fund is called, all of the disclosure and notice material prepared in connection with such meeting and received by the RSP Fund will be provided to the unitholders of the RSP Fund; each securityholder will be entitled to direct a representative of the RSP Fund to vote that securityholder's proportion of the RSP Fund's holding in the Underlying Fund in accordance with his or her direction; and the representative of the RSP Fund will not be permitted to vote the RSP Fund's holdings in the Underlying Fund except to the extent the unitholders of the RSP Fund so direct;

(m) in addition to receiving the annual and (upon request) the semi-annual financial statements of the RSP Fund, unitholders of the RSP Fund will receive the annual and (upon request) semi-annual financial statements of the Underlying Fund, either in a combined report containing the financial statements of both the RSP Fund and the Underlying Fund, or in a separate report containing the financial statements of the Underlying Fund;

(n) to the extent that the RSP Fund and the Underlying Fund do not use a combined simplified prospectus, annual information form and financial statements containing disclosure about the RSP Fund and the Underlying Fund, copies of the simplified prospectus, annual information form and financial

statements relating to the Underlying Fund may be obtained upon request by a securityholder of the RSP Fund.

AND PROVIDED THAT IN RESPECT OF the investment by the RSP Fund in forward contracts, the Decision applies to the investments in forward contracts of Merrill Lynch, or an affiliate of Merrill Lynch, as counterparty that are made in compliance with the following conditions:

- (a) the pricing terms offered by the Related Counterparties to the RSP Fund under the forward contracts are at least as favourable as the terms committed by the Related Counterparties to other third parties, which are of similar size as the RSP Fund;
- (b) prior to the RSP Fund entering into a forward contract transaction with a Related Counterparty, the independent auditors of the RSP Fund will review the pricing offered by the Related Counterparty to the RSP Fund against the pricing offered by the Related Counterparty to other fund groups offering RSP funds of similar size, to ensure that the pricing is at least as favourable;
- (c) the review by the independent auditors will be undertaken not less frequently than on a quarterly basis and, in addition, on every renewal or pricing amendment to each forward contract, during the term of such contract;
- (d) the RSP Fund's Prospectus (and each renewal thereof) discloses the independent auditors' role and their review of the forward contracts, as well as the involvement of the Related Counterparties; and
- (e) the RSP Fund will enter into forward contracts with Related Counterparties only once confirmation of favourable pricing is received from the independent auditors of the RSP Fund.

DATED at Toronto, Ontario, on March 28, 2000.

'J. A. Geller'
J. A . Geller

'R. Stephen Paddon'
R. Stephen Paddon