

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, NOVA SCOTIA, MANITOBA, ONTARIO PRINCE
EDWARD ISLAND AND QUÉBEC

AND

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

AND

IN THE MATTER OF MERRILL LYNCH CANADA INC.

AND

MERRILL LYNCH VENTURES INTERNATIONAL L.P. 2001

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Nova Scotia, Manitoba, Ontario, Prince Edward Island and Québec (the "Jurisdictions") has received an application from Merrill Lynch Canada Inc. ("Merrill Lynch Canada") and Merrill Lynch Ventures, LLC (the "General Partner") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the applicable Legislation:

- (i) to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Registration and Prospectus Requirement"); and
- (ii) to be registered as an adviser under the Legislation where such a person or company engages in or holds himself, herself or itself out as engaging in the business of advising others as to the investing in or the buying and selling of securities (the "Adviser Registration Requirement")

shall not apply in connection with the proposed offering (the "Offering") of limited partnership units (the "Units") in the Merrill Lynch Ventures International L.P. 2001 (the "Partnership") to certain employees, officers and non-employee directors of Merrill Lynch Canada subject to certain conditions.

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 Merrill Lynch Canada and the General Partner have represented to the Decision Makers that:

- (1) Merrill Lynch Canada is a corporation existing under the *Business Corporations Act* (Canada). Its head office is located in Toronto, Ontario. It is not a reporting issuer in any of the Jurisdictions or in any other province in Canada. It is registered as an investment dealer or its equivalent under the Legislation in each of the Jurisdictions.
- (2) The Partnership is a limited partnership formed and registered in the Cayman Islands.
- (3) The Partnership is an investment vehicle formed, managed and advised by affiliates of Merrill Lynch & Co., Inc. ("ML&Co."). The Partnership is not, and has no intention of becoming, a reporting issuer under the Legislation.
- (4) The General Partner of the Partnership, a Delaware limited liability company, will be the sole general partner of the Partnership and an indirect wholly-owned subsidiary of ML&Co. The General Partner is a newly formed entity with no other operations, and is not a reporting issuer under the Legislation nor registered in any capacity under the Legislation.
- (5) An offering memorandum (the "Offering Memorandum") has been prepared in connection with the Offering which contains disclosure concerning the Partnership, the Units, the Merrill Lynch Ventures L.P. 2001 (the "Ventures Partnership") and limited partnership units thereof ("Ventures Units").
- (6) Merrill Lynch Canada will offer the Units in Canada to certain of its employees, officers and non-employee directors, and it is expected that affiliates of ML & Co. will offer Ventures Units in approximately thirty-five (35) other countries to high-income employees of ML & Co. and its affiliates ("Merrill Lynch").
- (7) The Partnership has been organized to permit certain qualified employees and non-employee directors of Merrill Lynch Canada who meet certain suitability standards (each, a "Canadian Eligible Investor") to purchase Units.
- (8) Each Canadian Eligible Investor will fall within one or more of the following categories:
 - (a) an individual currently registered, or who meets the proficiency requirements and other qualifications to be registered, under the Legislation in the Jurisdiction where he or she resides as an adviser;

(b) an individual who has completed an undergraduate or postgraduate university degree in business administration or commerce and/or who generally has five years or more of continuous relevant experience providing either retail or institutional clients with a full range of services related to investment advice, money management, and/or investment banking; or

(c) an individual that holds one of the following titles with Merrill Lynch Canada: Managing Director, Senior Vice-President, Executive Vice-President or Director.

(9) There will be no more than 190 Canadian Eligible Investors resident in Canada. The distribution of such Canadian Eligible Investors across Canada is as follows: 23 residents of Alberta, 15 residents of British Columbia, five residents of Nova Scotia, one resident of Manitoba, 118 residents of Ontario, 27 residents of Quebec, and one resident of Prince Edward Island.

(10) The Partnership has been structured to hold Ventures Units in the Ventures Partnership in order to avoid certain potential U.S. tax consequences to Canadian Eligible Investors.

(11) Ventures Units in the Ventures Partnership will not be distributed in Canada.

(12) Merrill Lynch Canada will provide each Canadian Eligible Investor with a copy of the Offering Memorandum and a subscription agreement describing the subscription terms. The Offering Memorandum will provide additional disclosure relevant to Canadian Eligible Investors including a statement to the effect that a right of action for rescission or damages for misrepresentations in the Offering Memorandum will be provided. Canadian Eligible Investors will also be provided with a copy of the Partnership limited partnership agreement and the Ventures Partnership limited partnership agreement.

(13) The Units have not been and will not be registered under the *Securities Act of 1933*, as amended, and the Partnership is not and does not intend to become registered under the *Investment Company Act of 1940*, as amended.

(14) The principal investment objective of the Ventures Partnership is long-term capital appreciation. It is expected that a significant portion of its assets will be invested in privately-offered equity investments in U.S. and non-U.S. (other than Australian) issuers. The Ventures Partnership's investments may include securities issued in venture capital financings, financings of companies in an early stage of development, investments in growth equities, leveraged buyout transactions and transactions involving financial restructurings or recapitalizations of operating companies.

(15) The minimum investment for each Canadian Eligible Investor is ten Units (US\$10,000) and additional Units may be purchased in increments of US\$5,000.

(16) Within 180 days after the end of the Partnership's fiscal year, or as soon thereafter as practicable, the General Partner will send to each person who was a partner in the Partnership (a "Limited Partner") at any time during the fiscal year then ended, annual reports including financial statements of the Partnership audited by a certified public accountant, including the portfolio valuation as of the end of said fiscal year, and a report of the investment activities of the Ventures Partnership during that year.

(17) Under the limited partnership agreement governing the Partnership, the Units are non-redeemable, non-transferable and non-assignable, except for transfers to another Canadian Eligible Investor, transfers to a member of the Limited Partner's immediate family which means any parent, spouse of a parent, child, spouse of a child, spouse, brother, or sister, and includes step and adoptive relationships (the "Immediate Family") or transfers resulting from operation of law. No transfer can occur without the prior written consent of the General Partner.

(18) Canadian Eligible Investors will participate in the Offering on a voluntary basis and are not being induced to purchase Units by expectation of employment or continued employment with Merrill Lynch Canada, or any of its affiliates.

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 under the Legislation is that:

A. The Registration and Prospectus Requirements shall not apply to a trade in the Units made by the Partnership to a Canadian Eligible Investor, provided that:

(a) the Canadian Eligible Investor is not induced to purchase Units by expectation of employment or continued employment with Merrill Lynch Canada, or any of its affiliates, and acquires the Units voluntarily; and

(b) a copy of the Offering Memorandum is provided to the Canadian Eligible Investor and filed with the local securities authority in the Jurisdiction of the trade.

B. The first trade in Units acquired pursuant to the Decision or a trade in Units by any person or company referred to in this paragraph in a Jurisdiction shall be deemed to be a distribution or a primary distribution to the public, unless such trade is made to any of the following:

- (a) the General Partner or a Limited Partner;
- (b) an affiliate of the General Partner;
- (c) a member of the Limited Partner's Immediate Family;
- (d) a corporation controlled by a Limited Partner and/or any member of his or her Immediate Family where the Limited Partner is an officer or director of the corporation and where all the shares are owned at all times by any combination of the Limited Partner, members of his or her Immediate Family, the children of any of them or the offspring of such children;
- (e) a trust where all the beneficiaries are any combination of the Limited Partner, members of his or her Immediate Family, the children of any of them or the offspring of such children and at least one of the trustees is the Limited Partner;
- (f) a registered retirement savings plan and/or personal holding company of the Limited Partner; or
- (g) a person or company acquiring Units by operation of law.

C. The Adviser Registration Requirement of the applicable Legislation shall not apply to the General Partner or its designees for the purposes of providing investment advice to the Partnership and the Ventures Partnership, so long as:

- (a) the Canadian Eligible Investors are the only persons to whom Units are distributed in Canada; and
- (b) where the General Partner or its designees act as advisers to the Partnership or the Ventures Partnership in respect of securities of Canadian issuers, such advice is incidental to their acting as an adviser to the Partnership or the Ventures Partnership in respect of securities of foreign issuers.

DATED in Toronto this 18th day of January, 2001.

"J.A. Geller"

Stephen Adams

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – trade in units of limited partnership formed by U.S. investment dealer to certain qualified employees, officers and non-employee directors who meet certain suitability standards not subject to dealer registration and prospectus requirements of the Legislation, subject to certain conditions – subsidiary of U.S. investment dealer providing investment advice to limited partnerships that are not registrants

under the Legislation not subject to the advisor registration requirements of the Legislation, subject to certain conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25(1)(a), 25(1)(c), 53, 74(1).

Other Statutes Cited

United States Securities Act of 1933, as amended.