

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

AND

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

AND

IN THE MATTER OF
SHOPPERS DRUG MART CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Quebec and Saskatchewan (collectively, the "Jurisdictions") has received an application from Shoppers Drug Mart Corporation ("Shoppers") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to file insider reports shall not apply to certain individuals who are insiders of Shoppers by reason of having the title Vice President;

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 Shoppers has represented to the Decision Makers that:

1. Shoppers is a corporation organized and subsisting under the laws of New Brunswick with its head office located in North York, Ontario;
2. Shoppers is a leading Canadian drug store group. Shoppers' business includes the licensing of retail operations consisting of over 820 drug stores;
3. Shoppers is a reporting issuer (or equivalent) in each province and territory of Canada and its common shares are listed on the Toronto Stock Exchange;
4. Shoppers is not in default of any requirements under the Legislation;
5. Currently, Shoppers has ten directors (one of whom is also the Chairman and Chief Executive Officer), five Executive Vice Presidents, 13 Senior Vice

Presidents and 33 Vice Presidents for a total of 61 persons who are insiders of Shoppers by reason of being a director or officer (the "Insiders");

6. None of the Insiders is exempt from the insider reporting requirements contained in the Legislation by reason of an existing exemption such as National Instrument 55-101("NI 55-101") or a previous decision or order;

7. Shoppers has developed a corporate disclosure policy (the "Disclosure Policy") and a policy and procedures governing insider trading (the "Insider Trading Policy") that apply to all of the Insiders;

8. The objective of the Disclosure Policy is to ensure that communications to the investing public about Shoppers are: timely, factual, accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements;

9. Shoppers has developed the Insider Trading Policy to ensure that its directors, officers and designated employees who are "insiders" under the Legislation are aware of their responsibilities under the Legislation and to assist them in complying with the Legislation;

10. The Disclosure Policy and Insider Trading Policy also apply to other employees of Shoppers who have knowledge of material undisclosed information. Shoppers has also established a disclosure policy committee (the "Disclosure Committee") and a compliance committee (the "Compliance Committee") to oversee administration of the policies;

11. Under the Disclosure Policy and the Insider Trading Policy, the Insiders and other employees with knowledge of material undisclosed information may not trade in securities of Shoppers. In addition, the Insiders may not trade in securities of Shoppers during "black-out" periods around the preparation of financial results or any other "black-out" period as determined by the Disclosure Committee. Outside of the "black-out" periods, the Insiders may only trade in securities of Shoppers upon the prior approval of the General Counsel, the Chief Financial Officer (the "CFO") or the Investor Relations Officer;

12. The Compliance Committee (comprised of the Chief Executive Officer, CFO, General Counsel, Investor Relations Officer and Senior Law Clerk) considered the job requirements and principal functions of the Insiders to determine which of them met the definition of "nominal vice president" contained in Canadian Securities Administrators Staff Notice 55-306 (the "Staff Notice") and has compiled a list of those Insiders who, in the opinion of the Compliance Committee, meet the criteria set out in the Staff Notice (the "Exempted VPs");

13. Each of the Exempted VPs:

(a) is a vice president of Shoppers;

(b) is not in charge of a principal business unit, division or function of Shoppers or a "major subsidiary" of Shoppers (as that term is defined in NI 55-101);

(c) does not in the ordinary course receive or have access to information regarding material facts or material changes concerning Shoppers before the material facts or material changes are generally disclosed; and

(d) is not an insider of Shoppers in any capacity other than as a vice president;

14. The Compliance Committee will assess any future employee of Shoppers who has the title of Vice President on the same basis as set out above, and will re-assess all Exempted VPs who experience a change in job requirements or functions, to determine if such individuals meet, or continue to meet, the definition of "nominal vice president" contained in the Staff Notice;

15. If an individual who is designated as an Exempt VP no longer satisfies the definition of "nominal vice president" contained in the Staff Notice, the Compliance Committee will ensure that the General Counsel, Investor Relations Officer and CFO will not provide prior approval for the trading in securities of Shoppers to such individual without informing him or her of the renewed obligation to file an insider report in respect of such trades;

16. Shoppers has filed with the Decision Makers in connection with this application a copy of the Insider Trading Policy, the Disclosure Policy, and the list of Exempted VPs.

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 the requirement contained in the Legislation to file insider reports shall not apply to the Exempted VPs or any other employee of Shoppers who hereafter is given the title Vice President provided that:

(a) they satisfy the definition of "nominal vice president" contained in the Staff Notice;

(b) Shoppers prepares and maintains a list of all individuals who propose to rely on the exemption granted, submits the list on an annual basis to the board of directors for approval, and files the list with the Decision Makers;

(c) Shoppers files with the Decision Makers a copy of its internal policies and procedures relating to monitoring and restricting the trading activities of its insiders and other persons whose trading activities are restricted by Shoppers; and

(d) the relief granted will cease to be effective on the date when NI 55-101 is amended.

Dated June 3, 2002.

"Harold P. Hands"

"Robert W.Korthals"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief granted to certain vice presidents of a reporting issuer from the insider reporting requirements subject to certain conditions as outlined in CSA Staff Notice 55-306 - *Applications for Relief from the Insider Reporting Requirements by Certain Vice Presidents*.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 107, 108, 121(2)(a)(ii)

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., Part VIII

Rules Cited

National Instrument 55-101 - *Exemption From Certain Insider Reporting Requirements*.