

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

AND

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

AND

IN THE MATTER OF SIXTY SPLIT CORP.

AND

IN THE MATTER OF SCOTIA CAPITAL INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, Newfoundland, New Brunswick and Prince Edward Island (the "Jurisdictions") has received an application from Sixty Split Corp. (the "Issuer") and Scotia Capital Inc. ("Scotia Capital") for decisions under the securities legislation (the "Legislation") of the Jurisdictions that the following requirements contained in the applicable Legislation shall not apply to the Issuer and/or Scotia Capital, as applicable, in connection with the initial public offering (the "Offering") of class A capital shares (the "Capital Shares") and class A preferred shares (the "Preferred Shares") of the Issuer;

(a) the requirements contained in the Legislation of each of the Jurisdictions other than Quebec, to file and obtain a receipt for a preliminary prospectus and final prospectus (the "Prospectus Requirements") shall not apply to Market Making Trades (as hereinafter defined) by Scotia Capital in Capital Shares and Preferred Shares of the Issuer;

(b) in the case of the Legislation of each of the Jurisdictions other than Manitoba and Quebec, the prohibitions contained therein prohibiting trading in portfolio shares by persons or companies having information concerning the trading programs of mutual funds (the "Principal Trading Prohibitions") shall not apply to Scotia Capital in connection with the Principal Sales and Principal Purchases (both as hereinafter defined); and

(c) in the case of the Legislation of each of the Jurisdictions other than Manitoba, the restrictions contained therein prohibiting the Issuer from making investments in The Bank of Nova Scotia,

which bank is a substantial security holder of a distribution company of the Issuer (the "Investment Restrictions") shall not apply to the Issuer in connection with the Offering;

subject to certain restrictions;

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 the Issuer has represented to the Decision Makers that:

1. Scotia Capital was incorporated under the laws of Ontario and is a direct, wholly-owned subsidiary of The Bank of Nova Scotia ("BNS") and is registered under the Legislation as a dealer in the categories of "broker" and "investment dealer" and is a member of the Investment Dealers Association of Canada and The Toronto Stock Exchange.
2. Scotia Capital is the promoter of the Issuer and will be establishing a credit facility in favour of the Issuer in order to facilitate the acquisition of the Portfolio Shares (as defined below) by the Issuer.
3. The Issuer was incorporated on January 30, 2001 under the laws of the Province of Ontario and is authorized to issue an unlimited number of Class J Shares.
4. The Issuer has filed with the securities regulatory authorities of the Jurisdictions a preliminary prospectus dated January 30, 2001 (the "Preliminary Prospectus") in respect of the proposed offering (the "Offering") of Capital Shares and Preferred Shares to the public.
5. The Issuer intends to become a reporting issuer under the Legislation by filing a final prospectus (the "Final Prospectus") relating to the Offering. Prior to the filing of the Final Prospectus relating to the Offering, the Articles of the Issuer will be amended so that the authorized capital of the issuer will consist of an unlimited number of Capital Shares, an unlimited number of Preferred Shares, an unlimited number of Class B, Class C, Class D and Class E Capital Shares, issuable in series, and an unlimited number of Class J Shares, having the attributes set forth under the headings "Description of Share Capital" and "Details of the Offerings" commencing on page 20 of the Preliminary Prospectus.
6. The Capital Shares and Preferred Shares may be surrendered for retraction at any time in the manner described in the Preliminary Prospectus.
7. Application will be made to list the Capital Shares and Preferred Shares on The Toronto Stock Exchange (the "TSE").
8. The Class J Shares will be the only voting shares in the capital of the Issuer. There are currently, and will be at the time of filing the Final Prospectus, 100 Class J Shares issued and outstanding. Scotia Capital owns 50 of the issued and outstanding Class J Shares of the Issuer and Sixty Split Holdings Corp. owns the remaining 50 issued and outstanding Class J Shares of

the Issuer. Two employees of Scotia Capital each own 50% of the issued and outstanding common shares of Sixty Split Holdings Corp.

9. The Issuer has a board of directors which currently consists of three directors. All of the directors are employees of Scotia Capital. Also, the offices of President/Chief Executive Officer and Chief Financial Officer/Secretary of the Issuer are held by employees of Scotia Capital. Prior to filing the Final Prospectus, it is contemplated that at least two additional directors, independent of Scotia Capital, will be appointed to the board of directors of the Issuer.

10. Pursuant to an agreement (the "Agency Agreement") to be made between the Issuer and Scotia Capital and such other agents as may be appointed after the date of this application (collectively, the "Agents" and individually, an "Agent"), the Issuer will appoint the Agents, as its agents, to offer the Capital Shares and Preferred Shares of the Issuer on a best efforts basis and the Final Prospectus qualifying the Offering will contain a certificate signed by each of the Agents in accordance with the Legislation.

11. The Issuer is considered to be a mutual fund as defined in the Legislation, except in Quebec. Since the Issuer does not operate as a conventional mutual fund, it has made application for a waiver from certain requirements of National Instrument 81-102 in the applicable Jurisdictions.

12. The Issuer is a passive investment company whose principal undertaking will be to invest the net proceeds of the Offering in a portfolio (the "Portfolio") of publicly listed common shares (the "Portfolio Shares") of the companies that make up the S&P/TSE 60 Index in order to generate dividend income for the holders of Preferred Shares and to enable holders of Capital Shares to participate in capital appreciation in the Portfolio Shares after payment of administrative and operating expenses and a portion of the fixed distribution on the Preferred Shares.

13. BNS is included in the companies which make up the S&P/TSE 60 Index and, subject to the receipt of all necessary regulatory approvals, the Issuer will purchase BNS Shares.

14. The Final Prospectus will disclose the acquisition cost of the Portfolio Shares and selected information with respect to the dividend and trading history of the Portfolio Shares.

15. The Portfolio Shares are listed and traded on the TSE.

16. The Issuer is not, and will not upon the completion of the Offering, be an insider of the issuers of the Portfolio Shares within the meaning of the Legislation.

17. Scotia Capital's economic interest in the Issuer and in the material transactions involving the Issuer are disclosed in the Preliminary Prospectus and will be disclosed in the Final Prospectus under the heading "Interest of Management and Others in Material Transactions" and include the following:

- (a) agency fees with respect to the Offering;
- (b) an administration fee under the Administration Agreement;

(c) commissions in respect of the disposition of Portfolio Shares to fund a redemption or retraction, or the purchase for cancellation, of the Capital Shares and Preferred Shares or to fund a portion of the fixed distribution on the Preferred Shares;

(d) interest and reimbursement of expenses, in connection with the acquisition of Portfolio Shares; and

(e) amounts in connection with Principal Sales and Principal Purchases (as described in paragraphs 21 and 28 below).

18. The net proceeds from the sale of the Capital Shares and Preferred Shares under the Final Prospectus, after payment of commissions to the Agents, expenses of issue and carrying costs relating to the acquisition of the Portfolio Shares, will be used by the Issuer to:

(a) pay the acquisition cost (including any related costs or expenses) of the Portfolio Shares; and

(b) pay the initial fee payable to Scotia Capital for its services under the Administration Agreement (as defined below).

19. All Capital Shares and Preferred Shares outstanding on a date approximately 10 years from the closing of the Offering will be redeemed by the Issuer on such date and Preferred Shares will be redeemable at the option of the Issuer on any Annual Retraction Payment Date (as described in the Preliminary Prospectus).

20. Pursuant to an agreement (the "Securities Purchase Agreement") to be entered into between the Issuer and Scotia Capital, Scotia Capital will purchase, as agent for the benefit of the Issuer, Portfolio Shares in the market on commercial terms or from non-related parties with whom Scotia Capital and the Issuer deal at arm's length. Subject to receipt of all necessary regulatory approvals, Scotia Capital may, as principal, sell Portfolio Shares to the Issuer (the "Principal Sales"). The aggregate purchase price to be paid by the Issuer for the Portfolio Shares (together with carrying costs and other expenses incurred in connection with the purchase of Portfolio Shares) will not exceed the net proceeds from the Offering.

21. Under the Securities Purchase Agreement, Scotia Capital may receive commissions at normal market rates in respect of its purchase of Portfolio Shares, as agent on behalf of the Issuer, and the Issuer will pay any carrying costs or other expenses incurred by Scotia Capital, on behalf of the Issuer, in connection with its purchase of Portfolio Shares as agent on behalf of the Issuer. In respect of the Principal Sales made to the Issuer by Scotia Capital as principal, Scotia Capital may realize a financial benefit to the extent that the proceeds received from the Issuer exceed the aggregate cost to Scotia Capital of such Portfolio Shares. Similarly, the proceeds received from the Issuer may be less than the aggregate cost to Scotia Capital of the Portfolio Shares and Scotia Capital may realize a financial loss, all of which is described in the Preliminary Prospectus and will be described in the Final Prospectus.

22. The Preliminary Prospectus discloses and the Final Prospectus will disclose that any Principal Sale will be made in accordance with the rules of the applicable stock exchange and the price paid to Scotia Capital (inclusive of all transaction costs, if any) will not be greater than the price which would have been paid (inclusive of all transaction costs, if any) if the acquisition had been made through the facilities of the principal stock exchange on which the Portfolio Shares are listed and posted for trading at the time of the purchase from Scotia Capital.

23. Scotia Capital will not receive any commissions from the Issuer in connection with the Principal Sales and all Principal Sales will be approved by at least two independent directors of the Issuer.

24. For the reasons set forth in paragraphs 22 and 23 above, and the fact that no commissions are payable to Scotia Capital in connection with the Principal Sales, in the case of the Principal Sales, the interests of the Issuer and the shareholders of the Issuer may be enhanced by insulating the Issuer from price increases in respect of the Portfolio Shares.

25. None of the Portfolio Shares to be sold by Scotia Capital as principal to the Issuer have been acquired, nor has Scotia Capital agreed to acquire, any Portfolio Shares while Scotia Capital had access to information concerning the investment program of the Issuer, although certain of the Portfolio Shares to be held by the Issuer may be acquired or Scotia Capital may agree to acquire such Portfolio Shares on or after the date of this Decision Document.

26. It will be the policy of the Issuer to hold the Portfolio Shares and to not engage in any trading of the Portfolio Shares, except:

- (a) to fund retractions or redemptions of Capital Shares and Preferred Shares;
- (b) to fund a portion of the fixed distribution on the Preferred Shares; or
- (c) in certain other limited circumstances as described in the Preliminary Prospectus, including to track changes to the constituent companies in the S&P/TSE 60 Index.

27. Pursuant to an administration agreement (the "Administration Agreement") to be entered into, the Issuer will retain Scotia Capital to administer the ongoing operations of the Issuer and will pay Scotia Capital a fee equal to:

- (a) monthly fee determined with reference to the market value of the Portfolio Shares held in the Portfolio; and
- (b) any interest income earned by the Issuer during the term of the Administration Agreement excluding interest earned on any investment of surplus dividends received on the Portfolio Shares.

28. In connection with the services to be provided by Scotia Capital to the Issuer pursuant to the Administration Agreement, Scotia Capital may sell Portfolio Shares to fund retractions of

Capital Shares and Preferred Shares prior to the Redemption Date, to fund a portion of the fixed distribution on the Preferred Shares and upon liquidation of the Portfolio Shares prior to the Redemption Date. These sales will be made by Scotia Capital as agent on behalf of the Issuer, but in certain circumstances, such as where a small number of Capital Shares and Preferred Shares have been surrendered for retraction, Scotia Capital may purchase Portfolio Shares as principal (the "Principal Purchases") subject to receipt of all regulatory approvals.

29. In connection with any Principal Purchases, Scotia Capital will comply with the rules, procedures and policies of the applicable stock exchange of which it is a member and in accordance with orders obtained from all applicable securities regulatory authorities. The Preliminary Prospectus discloses and the Final Prospectus will disclose that Scotia Capital may realize a gain or loss on the resale of such securities.

30. The Administration Agreement will provide that Scotia Capital must take reasonable steps, such as soliciting bids from other market participants or such other steps as Scotia Capital, in its discretion, considers appropriate after taking into account prevailing market conditions and other relevant factors, to enable the Issuer to obtain the best price reasonably available for the Portfolio Shares so long as the price obtained (net of all transaction costs, if any) by the Issuer from Scotia Capital is at least as advantageous to the Issuer as the price which is available (net of all transaction costs, if any) through the facilities of the applicable stock exchange at the time of the trade.

31. Scotia Capital will not receive any commissions from the Issuer in connection with Principal Purchases and, in carrying out the Principal Purchases, Scotia Capital shall deal fairly, honestly and in good faith with the Issuer.

32. Scotia Capital will be a significant maker of markets for the Capital Shares and Preferred Shares, although it is not anticipated that Scotia Capital will be appointed the registered pro-trader by the TSE with respect to the Issuer. As a result, as discussed above Scotia Capital will, from time to time, purchase and sell Capital Shares and Preferred Shares as principal and trade in such securities as agent on behalf of its clients, the primary purpose of such trades (the "Market Making Trades") being to provide liquidity to the holders of Capital Shares and Preferred Shares. All trades made by Scotia Capital as principal will be recorded daily by the TSE.

33. BNS is a substantial security holder of Scotia Capital, which is a distribution company of the Issuer.

34. As Scotia Capital owns 50% of the Class J Shares of the Issuer, Scotia Capital will be deemed to be in a position to effect materially the control of the Issuer and consequently, each Market Making Trade will be a "distribution" or "a primary distribution to the public" within the meaning of the Legislation.

35. By virtue of Scotia Capital's relationship with the Issuer, including the fact that three of the directors of the Issuer and all of the officers of the Issuer are employees of Scotia Capital and Scotia Capital is the promoter of the Issuer, the Issuer is a connected issuer (or its equivalent) and/or related issuer (or its equivalent) of Scotia Capital under the Legislation.

36. Although Scotia Capital will be lead underwriters of the Offering, respectively, it is not known at this time what proportions of the Offering will be sold by agents other than Scotia Capital.

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 pursuant to the Legislation is that:

A. The Prospectus Requirements shall not apply to the Market Making Trades by Scotia Capital in the Capital Shares and Preferred Shares provided that at the time of each Market Making Trade, Scotia Capital and its affiliates do not beneficially own or have the power to exercise control or direction over a sufficient number of voting securities of the issuers of the Portfolio Shares, securities convertible into voting securities of the issuers of the Portfolio Shares, options to acquire voting securities of the issuers of the Portfolio Shares, or any other securities which provide the holder with the right to exercise control or direction over voting securities of the issuers of the Portfolio Shares which in the aggregate, permit Scotia Capital to affect materially the control of the issuers of the Portfolio Shares and without limiting the generality of the foregoing, the beneficial ownership of or the power to exercise control or direction over securities representing in the aggregate, 20% or more of the votes attaching to all the then issued and outstanding voting securities of the issuers of the Portfolio Shares shall, in the absence of evidence to the contrary, be deemed to affect materially the control of the issuers of the Portfolio Shares.

B. The Principal Trading Prohibitions shall not apply to Scotia Capital in connection with the Principal Sales and Principal Purchases.

C. The Investment Restrictions shall not apply to the Issuer in connection with investments in BNS shares for the purposes of the Offering as described in the Preliminary Prospectus.

DATED this "6th" day of March, 2001.