

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA,  
ALBERTA, SASKATCHEWAN, MANITOBA, NEW BRUNSWICK, NOVA SCOTIA,  
PRINCE EDWARD ISLAND, NEWFOUNDLAND, YUKON, NORTHWEST TERRITORIES  
AND NUNAVUT

AND

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

AND

IN THE MATTER OF SUN LIFE FINANCIAL SERVICES OF CANADA INC., SUN LIFE  
ASSURANCE COMPANY OF CANADA AND SUN LIFE CAPITAL TRUST

#### MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Yukon, Northwest Territories and Nunavut (the "Jurisdictions") has received an application on behalf of Sun Life Financial Services of Canada Inc. ("Sun Life Financial"), Sun Life Assurance Company of Canada ("Sun Life Assurance") and Sun Life Capital Trust (the "Trust") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that certain intended trades in securities of Sun Life Financial and Sun Life Assurance are exempt from the requirements under the Legislation, to be registered to trade in a security (the "Registration Requirement") and to file and to obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirement");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the British Columbia Securities Commission is the principal regulator for this Application;

AND WHEREAS Sun Life Financial, Sun Life Assurance and the Trust have represented to the Decision Makers that:

1. Sun Life Financial is a holding company of a Canadian insurance company subject to the *Insurance Companies Act* (Canada) and has been a reporting issuer in each province and territory in Canada that provides for a reporting issuer regime since filing a final prospectus on March 23, 2000;
2. Sun Life Financial files its continuous disclosure materials on the System for Electronic Document Analysis and Retrieval with all provinces and territories;
3. to the best of its knowledge, Sun Life Financial is not in default of any requirements of the Legislation;

4. the common shares of Sun Life Financial (the "SLF Common Shares") are listed and posted for trading on the Toronto, New York, London and Philippines stock exchanges;
5. Sun Life Assurance is a Canadian insurance company subject to the *Insurance Companies Act* (Canada) and has been a reporting issuer in Ontario since filing a final non-offering prospectus dated May 7, 1998;
6. Sun Life Assurance became qualified to use the short form prospectus system under National Instrument 44-101 *Short Form Prospectus Distributions* in all provinces and territories on May 24, 2001;
7. in connection with the filing of its initial annual information form under NI 44-101, Sun Life Assurance filed its continuous disclosure materials for the 12 month period ending May 24, 2001 with the Decision Makers in each of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia and Newfoundland;
8. Sun Life Assurance files its continuous disclosure materials on the System for Electronic Document Analysis and Retrieval with all provinces and territories;
9. to the best of its knowledge, Sun Life Assurance is not in default of any requirements of the Legislation;
10. the Trust is an open-end trust established pursuant to a declaration of trust of The Canada Trust Company (the "Trustee"), a wholly owned subsidiary of Sun Life Assurance, under the laws of Ontario; Sun Life Financial, Sun Life Assurance and the Trust have filed a preliminary prospectus dated August 29, 2001 (the "Preliminary Prospectus") in relation to the offering (the "Offering") by the Trust of certain trust units to be called Sun Life Exchangeable Capital Securities (the "SLEECS"); the principal asset of the Trust will be a senior debenture of Sun Life Assurance (the "Sun Life Debenture"), which the Trust will acquire with the proceeds of the Offering, as well as other funds, as described in the Preliminary Prospectus;
11. the Trust will become a reporting issuer under the Legislation in each Jurisdiction that provides for a reporting issuer regime upon a receipt being issued for the prospectus qualifying the Offering;
12. the Offering will provide investors with the opportunity to obtain, through the holdings of SLEECS, a fixed non-cumulative yield payable semi-annually;
13. the SLEECS will be exchangeable for Sun Life Assurance Class A Non Cumulative Preferred Shares Series Z ("SLA Preferred Shares Series Z") at the option of the holder (the "Holder Exchange Right") and will be exchanged automatically (without the consent of the holder) for Sun Life Assurance Class A Non-Cumulative Preferred Shares Series Y ("SLA Preferred Shares Series Y" and, together with the SLA Preferred Shares Series Z, the "SLA Preferred Shares") on the occurrence of certain events (the "Automatic Exchange"); the Trust will be granted the right to convert the Sun Life Debenture into SLA Preferred Shares Series Z

and SLA Preferred Shares Series Y in order to give effect to the Holder Exchange Right and the Automatic Exchange, respectively;

14. the Trust will have the right to subscribe, if necessary, following maturity of the Sun Life Debenture, for SLA Preferred Shares Series Z and SLA Preferred Shares Series Y, as the case may be, to enable the Trust to give effect to the Holder Exchange Right and the Automatic Exchange, respectively (the "Subscription Right");

15. beginning on June 30, 2012, the SLA Preferred Shares Series Y and the SLA Preferred Shares Series Z will be exchangeable for Sun Life Financial common shares (the "SLF Common Share Exchange Right");

16. Sun Life Assurance will have the right to redeem SLA Preferred Shares Series Y and SLA Preferred Shares Series Z and to pay the redemption price by delivering SLF Common Shares to holders of SLA Preferred Shares Series Y and SLA Preferred Shares Series Z called for redemption (the "SLA Preferred Share Redemption Right");

17. Sun Life Financial, Sun Life Assurance, the Trust and CIBC Mellon Trust Company, as Exchange Trustee, will enter into a Share Exchange Agreement providing, among other things, for the Subscription Right, SLF Common Share Exchange Right and SLA Preferred Share Redemption Right;

18. application has been made to list the SLEECs, the SLA Preferred Shares Series Y and the SLA Preferred Shares Series Z on The Toronto Stock Exchange;

19. there may be no registration or prospectus exemptions available under the Legislation for certain of the trades (the "Trades") resulting from the Holder Exchange Right, the Automatic Exchange, the Subscription Right, the SLA Preferred Share Redemption Right and the SLF Common Share Exchange Right;

AND WHEREAS, pursuant to the System, this 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:

1. the Registration Requirement and the Prospectus Requirement shall not apply to the Trades;
2. the first trade in SLA Preferred Shares Series Y, SLA Preferred Shares Series Z or SLF Common Shares acquired under this Decision Document shall be deemed to be a distribution or a primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") unless:

(a) in British Columbia, Alberta and Saskatchewan, the Trust, Sun Life Financial and Sun Life Assurance has filed and obtained a receipt for a final prospectus qualifying the SLEECs under the Applicable Legislation; or

(b) (i) in all other Jurisdictions, Sun Life Financial or Sun Life Assurance, as the case may be, is a reporting issuer or the equivalent under the Applicable Legislation and has either been so for the 12 months immediately preceding the trade or has filed 12 months of continuous disclosure materials immediately preceding the trade on the System for Electronic Document Analysis and Retrieval;

(ii) if the seller is an insider or officer of Sun Life Financial or Sun Life Assurance, the seller has no reasonable grounds to believe that Sun Life Financial or Sun Life Assurance, as the case may be, is in default of any requirement of the Applicable Legislation;

(iii) no unusual effort is made to prepare the market or create demand for the securities;

(iv) no extraordinary commission or consideration is paid in respect of the trade; and

(v) except in Québec, the first trade is not from the holdings of a person or company who holds a sufficient number of the voting rights attached to all outstanding voting securities of Sun Life Financial or Sun Life Assurance to affect materially the control of Sun Life Financial or Sun Life Assurance, or each person or company in a combination of persons or companies, acting in concert by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of the voting rights attached to all outstanding voting securities of Sun Life Financial or Sun Life Assurance to affect materially the control of Sun Life Financial or Sun Life Assurance, and, if a person or company or combination of persons or companies holds more than 20% of the voting rights attached to all outstanding voting securities of Sun Life Financial or Sun Life Assurance, the person or company or combination of persons or companies is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of Sun Life Financial or Sun Life Assurance.

DATED October 18, 2001.

*"Brenda Leong"*  
Director

Headnote:

Mutual Reliance Review System for Exemptive Relief Applications – Relief from registration and prospectus requirements for securities underlying trust units being qualified by prospectus. Underlying securities to be issued by other companies. Relief granted for first trade of underlying securities provided prospectus qualifying trust units is filed and receipted.

Applicable British Columbia Provisions

*Securities Act*, R.S.B.C. 1996, c. 418, ss. 34(1)(a), 45(2)(12)(iii), 48, 61, 74(2)(11)(iii) and 76.