

IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC,
NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND, NEWFOUNDLAND
AND LABRADOR, 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,
CIBC MELLON TRUST COMPANY
AND CLARICA LIFE INSURANCE COMPANY

MRRS DECISION DOCUMENT

WHEREAS the local Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the "Jurisdictions") has received an application from Sun Life Financial Services of Canada Inc. ("Sun Life") (formerly Sun Life of Canada Holdings Corp.) for a decision pursuant to the securities legislation (the "Legislation") of each of the Jurisdictions that:

(i) paragraph B of the decision (the "Existing Sun Life Decision") dated October 7, 1999 granted to Sun Life and Sun Life Assurance Company of Canada ("Sun Life Assurance") by the Decision Maker in each Jurisdiction, other than Québec, be rescinded; and

(ii) that a new decision be granted by the Decision Makers in each Jurisdiction (including Quebec) which provides relief from the requirement (the "Dealer Registration Requirement") contained in the Legislation, that prohibits a person or company from trading in a security unless the person or company is registered in the appropriate category of registration under the Legislation, to Sun Life, Sun Life Assurance, CIBC Mellon Trust Company ("CIBC Mellon") and Eligible Policyholders (as defined in paragraph 7) (all as provided in the Existing Sun Life Decision) as well as to Former Clarica Service Participants and Electing Clarica Participants (in each case, as defined below), in connection with trades in common shares ("Sun Life Common Shares") of Sun Life made through CIBC Mellon pursuant to a share selling service (the "Sun Life Service") established by Sun Life and administered by CIBC Mellon;

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 Sun Life has represented to the Decision Makers as follows:

Clarica Life Insurance Company

1. Clarica Life Insurance Company ("Clarica") is an insurance company incorporated under the *Insurance Companies Act* (Canada) (the "Federal Act") and is a reporting issuer (or the equivalent) under the Legislation of each Jurisdiction. The common shares ("Clarica Common Shares") of Clarica are listed on The Toronto Stock Exchange (the "TSX").

Sun Life Financial Services of Canada Inc.

2. Sun Life is a holding company incorporated under the Federal Act and is a reporting issuer (or equivalent) under the Legislation of each Jurisdiction. In addition to the TSX, the Sun Life Common Shares are listed on the New York and Philippine stock exchanges.

CIBC Mellon

3. CIBC Mellon is the registrar and transfer agent for the Clarica Common Shares and the Sun Life Common Shares.

The Transaction

4. On December 17, 2001, Clarica and Sun Life entered into a transaction agreement, pursuant to which Sun Life agreed to acquire all of the outstanding Clarica Common Shares (the "Transaction"). The Transaction is proposed to be effected through a reorganization of Clarica's capital structure to provide for the exchange of each outstanding Clarica Common Share, except those Clarica Common Shares beneficially owned by Sun Life as general fund assets, for 1.5135 Sun Life Common Shares, through a series of transactions.

5. The Transaction was approved by holders of Clarica Common Shares and holders of Clarica voting insurance policies at a special meeting held on March 6, 2002. Subject to the satisfaction of all closing conditions and the receipt of all applicable regulatory approvals, it is anticipated that the Transaction will be completed in the second quarter of 2002.

6. Upon the closing of the Transaction, Sun Life will own all of the outstanding Clarica Common Shares and each holder of Clarica Common Shares will become a holder of Sun Life Common Shares.

The Sun Life Share Selling Service

7. In connection with the demutualization of Sun Life Assurance, Sun Life established the Sun Life Service to facilitate the ownership and transfer of Sun Life Common Shares received by certain insurance policyholders of Sun Life Assurance ("Eligible Policyholders") on completion

of the demutualization. The establishment of the Sun Life Service was, among other things, intended to:

- (i) provide a depository for Sun Life Common Shares received by Eligible Policyholders on the demutualization who did not have, or did not want to establish, a brokerage account with an investment dealer; and
- (ii) facilitate the sale of relatively small, and often odd lot, numbers of Sun Life Common Shares which many Eligible Policyholders received pursuant to the demutualization.

In addition, the Sun Life Service reduces the administrative costs to Sun Life of dealing with a large number of registered shareholders, as the Sun Life Common Shares subject to the Sun Life Service are all registered in the name of CIBC Mellon, as nominee.

8. Under the Sun Life Service, Eligible Policyholders resident in Canada who received Sun Life Common Shares on the demutualization of Sun Life Assurance and who hold these Sun Life Common Shares (the "Initial Service Shares") through CIBC Mellon as nominee are able to sell the Initial Service Shares simply by contacting CIBC Mellon, the administrator of the Sun Life Service, through written instructions or by telephone. Under the Sun Life Service, CIBC Mellon has established an account with a registered dealer (the "Dealer") and, through the Dealer, arranges to sell Initial Service Shares on behalf of Eligible Policyholders on a pooled basis and remit the proceeds, less applicable fees, to the applicable Eligible Policyholders.

9. The Dealer is registered as a dealer under the Legislation of each of the Jurisdictions in the category of broker and investment dealer (or the equivalent).

10. As required under the Existing Sun Life Decision, the Sun Life Service is now only offered to Eligible Policyholders and only in respect of the Initial Service Shares that were received by them on the demutualization of Sun Life Assurance.

11. Under the Sun Life Service, only sell orders at the market price are accepted by CIBC Mellon and no advice regarding the decision to sell or hold Sun Life Common Shares is offered to any Eligible Policyholder. Neither Sun Life nor Sun Life Assurance subsidizes the costs of selling Sun Life Common Shares under the Sun Life Service, although Eligible Policyholders benefit from any reduced commission that can be negotiated with the Dealer. In addition to paying the corresponding charged commission, an Eligible Policyholder in Canada is required to pay a flat fee (currently Cdn.\$15.00) to CIBC Mellon for each sale of Sun Life Common Shares made on behalf of the Eligible Policyholder under the Sun Life Service. Any Eligible Policyholder who wishes to sell Sun Life Common Shares held on their behalf by CIBC Mellon under the Sun Life Service, otherwise than through the Sun Life Service, is free to do so by transferring the Sun Life Common Shares to another dealer or otherwise withdrawing the Sun Life Common Shares from the Sun Life Service. Any information distributed to Eligible Policyholders regarding the Sun Life Service does not contain any investment advice as to the desirability of Eligible Policyholders holding or selling their Sun Life Common Shares. The

Dealer does not open individual accounts or engage in "know-your-client" procedures with respect to individual Eligible Policyholders using the Sun Life Service.

12. In connection with the establishment of the Sun Life Service, Sun Life and Sun Life Assurance applied for and, together with CIBC Mellon, as administrator pursuant to the Sun Life Service, and Eligible Policyholders, were granted relief pursuant to the Existing Sun Life Decision from the Dealer Registration Requirement under the Legislation of each Jurisdiction other than Quebec in respect of trades in Sun Life Common Shares pursuant to the Sun Life Service.

13. Sun Life and Sun Life Assurance also obtained a decision document dated August 23, 2000 containing an extract of the minutes of a meeting held by the Commission des valeurs mobilières du Québec on March 15, 2000 (the "Existing Quebec Decision"), pursuant to which the Commission des valeurs mobilières du Québec, under section 263 of the *Securities Act* (Quebec), granted relief from registration requirements in connection with the establishment and administration of the Sun Life Service.

The Clarica Share Selling Service

14. In connection with the demutualization of The Mutual Life Assurance Company of Canada (which is now Clarica), Clarica established a share selling service (the "Clarica Service"), administered by CIBC Mellon, to primarily facilitate the ownership and transfer of Clarica Common Shares received by certain insurance policyholders of The Mutual Life Assurance Company of Canada on completion of the demutualization.

15. In connection with the establishment of the Clarica Service, Clarica, CIBC Mellon and shareholders of Clarica were granted relief from the Dealer Registration Requirement of the Legislation of each Jurisdiction by a decision dated December 23, 1998 (reference (1999) 22 OSCB 474) (the "Existing Clarica Decision"). The Clarica Service has been administered similarly to the Sun Life Service except that:

(i) holders of Clarica Common Shares who participate in the Clarica Service are the registered holders of such Clarica Common Shares whereas the Initial Service Shares are registered in the name of CIBC Mellon, as nominee;

(ii) participants in the Clarica Service are currently permitted to increase their holdings of Clarica Common Shares in the Clarica Service, whereas Eligible Policyholders participating in the Sun Life Service are not permitted to increase the number of Sun Life Common shares held by them in the Sun Life Service; and

(iii) any holders of Clarica Common Shares can elect to participate in the Clarica Service at any time, whereas participation in the Sun Life Service was restricted to Eligible Policyholders.

Extension of the Sun Life Share Selling Service to Clarica Shareholders

16. The Existing Sun Life Decision was granted based on representations that the Sun Life Service was only made available to Eligible Policyholders and only in respect of the Initial Service Shares that were received by them on the demutualization of Sun Life Assurance.

17. It is proposed that holders of Clarica Common Shares who hold Clarica Common Shares in the Clarica Service (the "Clarica Service Shares") as at the date of the Transaction, will, upon receiving Sun Life Common Shares ("Replacement Service Shares") in exchange for the Clarica Service Shares pursuant to the Transaction, have the Replacement Service Shares registered in the name of CIBC Mellon and held on their behalf under the Sun Life Service. The holders of Replacement Service Shares (the "Former Clarica Service Participants") will be eligible to participate, in respect of the Replacement Service Shares, in the Sun Life Service on the same basis, and subject to the same restrictions, as Eligible Policyholders in respect of Initial Service Shares that they hold through the Sun Life Service.

18. In addition, persons and companies ("Clarica Non-Service Holders") who are registered holders of Clarica Common Shares and hold such Clarica Common Shares outside of the Clarica Service as at the date of the Transaction and receive Sun Life Common Shares in exchange for these Clarica Common Shares pursuant to the Transaction will be given the option of registering these Sun Life Common Shares in the name of CIBC Mellon to be held on their behalf under the Sun Life Service (the Sun Life Common Shares so registered being referred to herein as the "Elected Service Shares" and the electing Clarica Non-Service Holders being referred to as the "Electing Clarica Participants"). Electing Clarica Participants will be able to participate in the Sun Life Service, in respect of the Elected Service Shares, on the same basis as Eligible Policyholders in respect of Initial Service Shares, and Former Clarica Service Participants, in respect of Replacement Service Shares.

19. Clarica Non-Service Holders, who have not, as of the date of the Transaction, made an election to participate in the Sun Life Service in respect of any Sun Life Common Shares received in exchange for Clarica Common Shares pursuant to the Transaction, will be informed by Sun Life of the terms under which they can elect, after the Transaction, to participate in the Sun Life Service in accordance with the terms of this Decision.

20. Sun Life believes it is more efficient and cost effective to provide one share selling service to all of its shareholders who choose to participate in such a service, rather than administering two separate share selling services. As well, Sun Life believes that, because of the large number of small, registered shareholders that both Sun Life and Clarica have, it is more efficient and cost effective to deal with these shareholders if they hold their shares through the Sun Life Share Selling Service.

AND WHEREAS under the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

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

IT IS THE DECISION of the Decision Makers of each Jurisdiction, other than Quebec, that paragraph B of the Existing Sun Life Decision is rescinded as of the date hereof;

AND IT IS THE DECISION of the Decision Makers of each Jurisdiction that the Dealer Registration Requirement shall not apply to any of Sun Life, Sun Life Assurance, CIBC Mellon, Eligible Policyholders, Former Clarica Service Participants or Electing Clarica Participants in respect of either

(A) the placing of unsolicited orders ("Sale Orders") with CIBC Mellon by Eligible Policyholders to sell Initial Service Shares, by Former Clarica Service Participants to sell Replacement Service Shares and by Electing Clarica Participants to sell Elected Service Shares, in accordance with the Sun Life Service, or

(B) the execution by CIBC Mellon of the Sale Orders through a Dealer, in accordance with the Sun Life Service,

PROVIDED THAT:

(i) in the case of the placement of any Sale Order by an Electing Clarica Participant or the execution of such Sale Order by CIBC Mellon, the Electing Clarica Participant became an Electing Clarica Participant within 90 days of the Transaction;

(ii) CIBC Mellon is, at the relevant time, appropriately licensed or otherwise legally authorized to carry on the business of a trust company in the Jurisdiction; and

(iii) for the purposes hereof, a Sale Order shall not be considered "solicited" by reason of Sun Life distributing to any person or company that is or was eligible to participate in the Sun Life Service disclosure documents, notices, brochures or similar documents advising of the availability of the Sun Life Service or by reason of Sun Life or CIBC Mellon informing such person or company of the details of the operation of the Sun Life Service in response to an enquiry.

"May 23, 2002"

"Paul M. Moore"

"Robert L. Shirriff"