

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

AND

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

AND

IN THE MATTER OF
THE TORONTO-DOMINION BANK AND
CT FINANCIAL SERVICES INC.

MRRS DECISION DOCUMENT

WHEREAS The Toronto-Dominion Bank (the "Filer") proposes to make a take-over bid (the "Offer") to acquire all of the issued and outstanding common shares (the "Common Shares") of CT Financial Services Inc. ("CT Financial Services");

AND WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Ontario, British Columbia, Alberta, Manitoba, Saskatchewan, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the employment agreement (the "Employment Agreement") which the Filer has entered into, or may hereafter enter into, with Edmund Clark ("Clark") currently an employee of CT Financial Services, (the "Key Principal") in respect of the Key Principal's employment with the Filer following successful completion of the Offer is made for reasons other than to increase the value of the consideration paid to the Key Principal for his Common Shares and that the Employment Agreement may be entered into notwithstanding the requirement contained in the Legislation which prohibits, in the context of a takeover bid, the entering into of any collateral agreement with any holder of the offeree issuer that has the effect of providing to the holder a consideration of greater value than that offered to the other holders of the same class of securities;

AND WHEREAS under the Mutual Reliance System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers as follows:

1. The Filer is a Canadian chartered bank existing under the *Bank Act* (Canada). The Filer is a reporting issuer or the equivalent in all provinces of Canada and its common shares are listed for trading on the Toronto, Canadian Venture, Winnipeg, London, New York and Tokyo stock exchanges. The head office of the Filer is located in Toronto, Ontario.

2. On January 10, 2000, the Filer made an all-cash offer to acquire all of the issued and outstanding Common Shares at \$67.00 per Common Share.
3. The Offer was made by way of a take-over bid circular prepared in accordance with applicable securities laws, which was sent to all shareholders of CT Financial Services on or about January 10, 2000. The Offer is conditional upon, among other things, there being validly deposited under the Offer and not withdrawn at the expiry time at least 90% of the Common Shares to which the Offer relates (calculated on a fully diluted basis).
4. CT Financial Services, a holding company, oversees a group of companies which together operate as a Canadian personal financial services institution under the brand name "Canada Trust". CT Financial Services was continued under the *Canada Business Corporations Act* on November 5, 1987.
5. The authorized capital of CT Financial Services consists of an unlimited number of Common Shares, an unlimited number of first preference shares and an unlimited number of second preference shares, of which there were 119,372,551 Common Shares, 6,000,000 first preference shares and 2,000,000 second preference shares were outstanding as at December 31, 1998. The Common Shares are listed and posted for trading on the Toronto Stock Exchange.
6. Imasco Limited ("Imasco") currently holds indirectly 98.2% of all Common Shares (the "Imasco Shares"). Pursuant to a transaction proposal agreement entered into between Imasco and British American Tobacco p.l.c. ("BAT") dated August 2, 1999, as amended and restated, BAT has agreed to acquire, subject to certain conditions, all of the outstanding shares of Imasco. Subject to successful completion of that agreement, BAT has agreed to cause one of its wholly owned indirect subsidiaries to deposit all of the Imasco Shares to the Offer.
7. The Key Principal holds less than 1% of the outstanding Common Shares on a fully-diluted basis.
8. The principal terms of the Employment Agreement, which becomes effective upon the consummation of the Offer, will be substantially the same as the Key Principal's existing employment terms with CT Financial Services, with the following modifications:
 - a. in lieu of continued participation in CT Financial Services long-term incentive plan, the Key Principal will participate in the Filer's stock option plan; and
 - b. the Key Principal will receive awards of units in one of the Filers long-term incentive programs. These units will mature in three years, provided the Key Principal remains employed throughout that period, at which time the Key Principal will be entitled to receive, for each unit, an amount equal to the 90 day average trading price of the Filer's common shares on The Toronto Stock Exchange.
9. Under current arrangements with CT Financial Services, the Key Principal is entitled to certain severance benefits if he chooses to resign on the change of control or within three years

thereafter. These arrangements provide for payment of two years compensation in such circumstances. The Filer has agreed that if the Key Principal voluntarily resigns at any time within three years after completion of the acquisition, the severance entitlements will continue to be honoured.

10. The Filer believes that the Key Principal has been an integral part of the successful development of the CT Financial Services business and has substantial and valuable experience and expertise in the financial services industry. The Filer views the retention of the Key Principal as critical to making the Offer, as the Key Principal has contributed to the development of the CT Financial Services business and has performed significant work on CT Financial Services' current business products and services. The Employment Agreement will be entered into primarily for the purpose of ensuring the Key Principal's continued participation in the successful management and development of the CT Financial Services business within the Filer's operations following the consummation of the Offer.

11. The Employment Agreement has been negotiated with the Key Principal at arm's length and has been made on terms and conditions that are commercially reasonable. The salary entitlement for the Key Principal is commensurate with the salary entitlement of a Filer's employee with similar levels of responsibility.

12. In the context of the Offer, where 98.2% of the Common Shares are committed to the Filer, there is no incentive for the Filer to provide any minority shareholders with consideration for his or her Common Shares which is greater than that provided to other holders of Common Shares.

13. The Employment Agreement is to be entered into for valid business reasons unrelated to the Key Principal's holdings of Common Shares and not for the purpose of conferring an economic or collateral benefit on the Key Principal that the other Shareholders do not enjoy, and is being made for reasons other than to increase the value of the consideration to be paid to the Key Principal pursuant to the Offer.

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 Maker under the Legislation is that the Employment Agreement is being made for reasons other than to increase the value of the consideration to be paid to the Key Principal for his Common Shares, and that the Employment Agreement may be entered into despite the requirement contained in the Legislation that prohibits, in the context of a take-over bid, the entering into of any collateral agreement with any holder of the offeree issuer that has the effect of providing to the holder a consideration of greater value than that offered to the other holders of the same class of securities.

DATED January "27th", 2000.

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Takeover bid -
Employment agreement entered into between offeror and selling security holder who is a senior officer of offeree

- Decision granted that employment agreement is being made for reasons other than to increase the value of the consideration paid to the selling security holder for his shares and that the employment agreement may be entered into despite the prohibition against collateral benefits.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 97(2) and 104(2)(a).