

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

AND

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

AND

IN THE MATTER OF THE TORONTO-DOMINION BANK

AND

IN THE MATTER OF CT FINANCIAL SERVICES INC.

AND

IN THE MATTER OF CANADA TRUSTCO MORTGAGE COMPANY

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, Prince Edward Island, New Brunswick, Yukon, Northwest Territories and Nunavut (individually a "Jurisdiction" and, collectively, the "Jurisdictions") has received an application from The Toronto-Dominion Bank (the "Bank") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus in respect of such security (the "Prospectus Requirement") shall not apply to certain trades in preferred shares and debentures of the Bank in connection with proposed amendments to their terms and to a proposed exchange of certain preferred shares of CT Financial Services Inc. ("CTFSI") and to a proposed exchange of certain debentures of Canada Trustco Mortgage Company ("CT Mortgage");

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 Bank has represented to the Decision Makers that:

1. The Bank is a chartered bank governed by the *Bank Act* (Canada) (the "Bank Act"), is a reporting issuer or the equivalent in each Jurisdiction and is not in default of any requirement of the Legislation;

2. The authorized share capital of the Bank consists of an unlimited number of Common Shares and an unlimited number of Class A First Preferred Shares issuable in series. The Common Shares of the Bank are listed and posted for trading in Canada on the Toronto and Winnipeg stock exchanges as well as on the Canadian Venture Exchange and are listed and posted for trading on the New York, London and Tokyo Stock Exchanges.
3. CTFSI is a corporation governed by the *Canada Business Corporations Act* (the "CBCA"), is a reporting issuer or the equivalent in each Jurisdiction and is not in default of any requirement of the Legislation.
4. The Bank owns 100% of the outstanding common shares of CTFSI. CTFSI also has outstanding 6,000,000 Non-Cumulative First Preference Shares, Series 4 ("Series 4 Shares") and 2,000,000 Non-Cumulative First Preference Shares, Series 5 (the "Series 5 Shares" and, collectively with the Series 4 Shares, the "CTFSI Preferred Shares"). The CTFSI Preferred Shares qualify as Tier 1 Capital of the Bank for Bank Act regulatory purposes.
5. CT Mortgage is a corporation governed by the *Trust and Loan Companies Act* (Canada), is a reporting issuer or the equivalent in each Jurisdiction and is not in default of any requirement of the Legislation;
6. CTFSI owns 100% of the outstanding common shares of CT Mortgage. CT Mortgage has outstanding two series of publicly held Debentures consisting of \$150 million 10.05% Capital Debentures, Series 2 due August 4, 2014 (the "Series 2 Debentures") and \$200 million 9.15% Capital Debentures Series 3 due May 26, 2025 (the "Series 3 Debentures and, collectively with the Series 2 Debentures, the "CT Mortgage Debentures"). The CT Mortgage Debentures qualify as Tier 2 Capital of the Bank for Bank Act regulatory purposes.
7. Each of the Bank, CTFSI and CT Mortgage has its head office in Toronto, Ontario.
8. As part of the Bank's ongoing program to consolidate and streamline the governance and capital structure of the Canada Trust group of companies held by the Bank through CTFSI, CTFSI has called special meetings of the holders of the CTFSI Preferred Shares for the purposes of approving certain amendments to the terms of the CTFSI Preferred Shares (the "CTFSI Share Amendments").
9. The CTFSI Share Amendments, if approved, will result in amendments to the terms of the CTFSI Preferred Shares to include provisions that would enable the Bank, upon delivery of a transfer notice to CTFSI or its transfer agent, to acquire all of the outstanding CTFSI Preferred Shares in exchange for the issuance by the Bank, in the case of each of the Series 4 Shares and Series 5 Shares, of an identical number of newly created Bank preferred shares ("Bank Preferred Shares") substantially the same, in all material respects, to the CTFSI Preferred Shares of the relevant series, except that the Bank Preferred Shares will be convertible into Bank common shares and not CTFSI common shares.
10. CT Mortgage has called meetings of the holders of CT Mortgage Debentures, in accordance with the provisions of a trust indenture dated March 12, 1993 as supplemented (the "Indenture")

governing the issuance of the CT Mortgage Debentures, to approve the exchange (the "CT Mortgage Debenture Exchange") of each \$1000 principal amount of CT Mortgage Debentures for the issuance of an equal principal amount of newly created Debentures of the Bank (the "Bank Debentures") having terms substantially the same, in all material respects, to the CT Mortgage Debentures of the relevant series.

11. In connection with the CTFSI Share Amendments, CTFSI has prepared and mailed a management proxy circular in accordance with applicable CBCA requirements and the Legislation that contains substantially the same information concerning the Bank and the Bank Preferred Shares that a prospectus of the Bank, which is an issuer eligible under the Prompt Offering Qualification System, would provide.

12. In connection with the CT Mortgage Debenture Exchange, CT Mortgage has prepared and mailed a circular in accordance with the requirements of the Indenture and the Legislation, that contains substantially the same information concerning the Bank and the Bank Debentures that a prospectus of the Bank would provide.

13. The issuance of Bank Preferred Shares to holders of CTFSI Preferred Shares in connection with the CTFSI Share Amendments and the issuance of Bank Debentures to holders of CT Mortgage Debentures in connection with the CT Mortgage Debenture Exchange will be subject to the approval of the Superintendent of Financial Institutions (Canada).

14. To be approved, the CTFSI Share Amendments will require the approval of 662/3% of the votes attached to each of the Series 4 Shares and Series 5 Shares, voting separately as a series, present in person or represented by proxy at the special meetings.

15. To be approved, the CT Mortgage Debenture Exchange must be approved by extraordinary resolution of each series of CT Mortgage Debentures, being 662/3% of the votes attached to the CT Mortgage Debentures present in person or represented by proxy at the meetings of holders of CT Mortgage Debentures, voting separately as a series.

16. Holders of CTFSI Preferred Shares will be entitled to exercise rights of dissent under the CBCA in respect of the CTFSI Share Amendments.

17. The terms of the Bank Preferred Shares to be issued to holders of CTFSI Preferred Shares in connection with the CTFSI Share Amendments will be substantially the same, in all material respects, to the terms of the existing CTFSI Preferred Shares.

18. The terms of the Bank Debentures to be issued to holders of CT Mortgage Debentures in connection with the CT Mortgage Debenture Exchange will be substantially the same, in all material respects, to the existing CT Mortgage Debentures.

AND WHEREAS, under the System, this MRRS Decision Document evidences the decisions 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;

THE DECISION of the Decision Makers under the Legislation is that the Registration Requirement and the Prospectus Requirement shall not apply to trades by the Bank in Bank Preferred Shares in connection with the CTFSI Share Amendments and in Bank Debentures in connection with the CT Mortgage Debenture Exchange provided that the first trade by a holder resident in any Jurisdiction in such Bank Preferred Shares or Bank Debentures, as the case may be, shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation ") except where:

- a. at the time of such first trade, the Bank is and has been a reporting issuer or the equivalent under the Applicable Legislation for the 12 months immediately preceding the trade;
- b. no unusual effort is made to prepare the market or create a demand for the Bank Preferred Shares or the Bank Debentures;
- c. no extraordinary commission or other consideration is paid to a person or company in respect of the trade;
- d. disclosure to the Decision Maker in such Jurisdiction as to the initial exempt trade by the Bank has been made; and
- e. if the seller of the securities is an insider or officer of the Bank, the seller has no reasonable grounds to believe that the Bank is in default of any requirement of the Applicable Legislation.

DATED Toronto on this "1st" day of "December, 2000.

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the registration and prospectus requirements in respect of issuance of convertible preferred shares and debentures of parent in exchange for convertible preferred shares and debentures of subsidiaries where the terms of the replacement securities are substantially the same in all material respects as the terms of the securities which they replace - amalgamation/plan of arrangement exemption technically not available - first trade subject to seasoning requirements

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S..5 as am. ss 25, 53, 72(5), 74(1)

Applicable Ontario Rules

Rule 45-501 - *Exempt Distributions*

