

July 16, 2010

**In the Matter of
The Securities Legislation of
Manitoba and Ontario (the Jurisdiction)**

And

**In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions**

And

**In the Matter of
Wellington West Capital Inc. /Capital Wellington Ovest ("Wellington Securities")**

And

**Wellington West Financial Services Inc.
("Wellington Financial") (collectively with Wellington Securities, the "Filers")**

And

**Wellington West Asset Management Inc.
(the "Manager")**

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions ("**Decision Maker**") has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for an exemption under section 9.1 of National Instrument 81-105 *Mutual Fund Sales Practices* ("**NI 81-105**") exempting the Filers and any other future dealer subsidiaries of Wellington West Holdings Inc. (collectively, the "**Wellington Dealers**") and their representatives from the prohibition contained in subsection 7.1(3) of NI 81-105 prohibiting the Filers and their representatives from paying to a securityholder all or any part of a fee or commission payable by the securityholder on the redemption of securities of a mutual fund that occurs in connection with the purchase by the securityholder of securities of another mutual fund that is not in the same mutual fund family (a "**commission rebate**") where either of the Filers is a member of the organization of the mutual fund the securities of which are being acquired (the "**Requested Relief**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) The Manitoba Securities Commission is the principal regulator for this application;
- (b) The Filers and Counsel have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in British Columbia, Alberta, Saskatchewan, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories Nunavut and the Yukon Territory; and
- (c) The decision is the decision of the principal regulator and evidences the decision of the securities regulator in Ontario.

Interpretation

Defined terms contained in NI 81-105 and in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filers and the Manager:

1. Wellington Financial is registered in all provinces and territories of Canada as a dealer in the category of mutual fund dealer (or equivalent). Wellington Financial is also registered with the Ontario Securities Commission as an exempt market dealer. Wellington Financial is a member of the Mutual Fund Dealers Association of Canada.
2. Wellington Securities is registered in all provinces, but not in any of the territories, of Canada as a dealer in the category of investment dealer. Wellington Securities is a member of the Investment Industry Regulatory Organization of Canada.
3. The Filers and the Manager are wholly owned subsidiaries of Wellington West Holdings Inc ("WWHI"). The Manager is the manager of the NxT Group of Funds, a family of open-ended mutual funds (individually, a "**Fund**", and collectively, the "**NxT Funds**") whose securities are offered under a simplified prospectus in all provinces and territories of Canada except Quebec.
4. WWHI is not a reporting issuer. WWHI has a total of 417 holders of common shares. Included in the 417 share holders, 199 are dealing representatives of Wellington Securities and 42 are dealing representatives of Wellington Financial, all of whom hold shares directly or indirectly through a registered plan, and including family trusts and family holding corporations (the "Dealer Representative Shareholders")
5. The 199 Dealer Representative Shareholders with Wellington Securities currently own 55% of the issued and outstanding shares of WWHI. Of the 199 Dealer Representatives, 194 own 2% or less of the outstanding shares of WWHI, 4 own more than 2% and up to 5%, and 1 owns more than 5% (Charlie Spiring, who owns just under 20%).
6. The 42 Dealer Representative Shareholders with Wellington Financial currently own 3% of the issued and outstanding shares of WWHI.

7. None of the Dealer Representative Shareholders have a direct equity interest in the Manager. The Manager is 100% owned subsidiary of WWHI, which gives the Dealer Representative Shareholders an indirect interest in the Manager.
8. The Filers are the principal distributors for the NxT Funds and, therefore, the Filers are members of the organization of the NxT Funds pursuant to NI 81-105.
9. The Filers may in the future become a member of the organization of other mutual funds, since the parent company of the Filers may acquire interests in corporations that are managers of mutual funds ("Future Affiliated Funds").
10. The simplified prospectus of the NxT Funds and of any Future Affiliated Funds will contain disclosure concerning the Filers, WWHI and the Manager, including information concerning the aggregate equity interests of the Dealer Representative Shareholders in WWHI.
11. The Filers are participating dealers for many mutual funds offered for sale in Canada that are managed by unrelated fund managers.
12. The Filers and their representatives are free to choose which mutual funds to recommend to their clients and consider recommending the NxT Funds or Future Affiliated Funds to their clients in the same way as they consider recommending other third party mutual funds. The Filers and their representatives comply with their obligations at law and only recommend mutual funds that they believe would be suitable for their clients and in accordance with the clients' investment objectives. In the event that any participating dealers sell securities of NxT Funds to their clients, the NxT Funds will provide the Filers with compensation described in the simplified prospectus of the Funds and in the same manner as NxT Funds will for any such participating dealer.
13. All compensation and sales incentives paid to the Filers by NxT Funds and Future Affiliated Funds comply with NI 81-105. The Filers also comply with NI 81-105 and, in particular, with Part 4 of NI 81-105, in their compensation practices with their sales representatives.
14. Neither the Filers nor the representatives of the Filers are, or will be, subject to quotas (whether express or implied) in respect of selling securities of the NxT Funds or Future Affiliated Funds.
15. Except as permitted by NI 81-105, none of the Filers or any other member of the organization of the NxT Funds or Future Affiliated Funds provides or will provide any incentive (whether express or implied) to any representative or to the Filers (as applicable) to encourage the representatives to recommend to clients the NxT Funds or Future Affiliated Funds over third party mutual funds.
16. Subsection 7.1(3) of NI 81-105 prohibits the Filers or representatives of the Filers from reimbursing their clients for any fees or commissions incurred by such clients when they decide to switch into a NxT Fund or Future Affiliated Funds from another mutual fund. Section 7.1 allows the Filers and their representatives to pay commission rebates when the client decides to

switch from one third party fund to another third party fund, provided the disclosure and consent procedure established in Section 7.1 is followed.

17. Payment of commission rebates by the Filers and their representative benefit the client so that the client does not incur costs in switching from one fund to another.

Decision

Each of the Decision Makers is satisfied that the decision meets the test contained in the Legislation that for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:

1. The Filers and their representatives will comply with the informed written consent provisions of paragraph 7.1(1)(a) of NI 81-105.

2. The NxT Funds or a Future Affiliated Fund will comply with the disclosure provisions of Part 8 of NI 81-105. The simplified prospectus for the NxT Funds or a Future Affiliated Fund will include disclosure in the form attached as appendix A to this decision, including:

(a) that the Filers have obtained the relief set out in this decision document;

(b) the relationship as between WWHI, the Filers, the Manager, NxT Funds and the Future Affiliated Funds ;

(c) the aggregated equity interest of the Dealer Representative Shareholders in WWHI as at the date of the simplified prospectus.

3. The client of the Filers and their representatives will be advised in writing and in advance of finalizing the switch that any commission rebate proposed to be made available in connection with the purchase of a NxT Fund or Future Affiliated Funds will:

(a) be available to the client regardless of which NxT Fund, Future Affiliated Fund, or unrelated third party fund the redemption proceeds are to be invested in;

(b) not be conditional upon the purchase of the securities of a NxT Fund or a Future Affiliated Fund; and

(c) in all cases, be not more than the amount of the gross sales commission earned by the Filers on the client's purchase of a NxT Fund or a Future Affiliated Fund;.

4. The actual amount of the commission rebate paid in respect of the switch will not be more than the amount referred to in paragraph 3. (c) above.

5. The Filers or their representatives that provide a commission rebate will not be reimbursed directly or indirectly in respect of that commission rebate in connection with a switch to a NxT

Fund or a Future Affiliated Fund by any member of the organization of the NxT Funds or any member of the organization of the Future Affiliated Funds.

6. The Filers' compliance policies and procedures that relate to this Decision will emphasize that any commission rebate agreed to be paid to a client by a representative cannot be conditional on the client acquiring a NxT Fund or a Future Affiliated Fund and will be made available to the client if the client wishes to switch to an unrelated third party fund.

7. This Decision shall cease to be operative with respect to a Decision Maker following the coming into force of a rule of that Decision Maker which replaces or amends section 7.1 of NI 81-105.

"Robert Bouchard"

Robert B Bouchard

Director - Corporate Finance

The Manitoba Securities Commission

Appendix A ***Additional Prospectus Disclosure***

Each of WWCI and WWFS has obtained exemptive relief from applicable securities regulatory authorities to permit it or its representatives (or their associates) to pay, on behalf of an investor in the Funds, the commissions associated with the redemption of mutual funds of other mutual fund families in connection with the purchase of NxT Funds on conditions which include, among other things, that this simplified prospectus of the Funds discloses the relationship between Wellington West Holdings Inc. ("**WWHI**"), WWCI, WWFS, and the Manager and NxT Funds, including the indirect equity interests in the Manager held by representatives of WWCI and WWFS.

Relationship between WWHI, WWCI, WWFS, the Manager and NxT Funds

The Manager is the manager of NxT Funds. WWCI and WWAM and the Manager are affiliated companies, as they are each a wholly owned subsidiary of WWHI. Further information about these corporate relationships is contained in the annual information form of the NxT Funds.

Equity Interests of WWCI and WWFS Representatives in WWAM.

As at the date of this simplified prospectus, there were approximately ? common shares ("**WWHI Shares**") of WWHI outstanding. To the extent that a person owns WWHI, they will have an equity interest in the Manager.

As at the date of this simplified prospectus, the representatives of WWCI (either directly or through a registered plan, and inclusive of family holding corporations and family trusts of such representatives) held approximately ? WWHI Shares, or approximately ?% of the outstanding Shares on such date. The representatives of WWFS (either directly or through a registered plan, and inclusive of family holding corporations and family trusts of such representatives) held approximately ? WWHI Shares, or approximately ?% of the outstanding WWHI Shares. The following representatives of WWCI and/or WWFS (either directly or through a registered plan and inclusive of family holding corporations and family trusts of such representative(s)) own 5% or more of WWHI Shares as at the date of this simplified prospectus:

Representative Name	Number of WWHI Shares owned	% of WWHI Shares owned
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While their level of ownership will change over time, it is not expected that their holdings will exceed 80% of the outstanding WWHI Shares.