

July 16, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF MANITOBA AND ONTARIO (the "Jurisdictions")

AND

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

AND

IN THE MATTER OF
THE PROVINCE OF MANITOBA (the "Province") AND
THE MANITOBA HYDRO-ELECTRIC BOARD ("Manitoba Hydro"),
A CROWN CORPORATION
(collectively, the "Filers")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for decisions (the "**Requested Relief**") as follows:

1. a decision (the "**Continuous Disclosure Relief**") under section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**") that the requirements of NI 51-102 (collectively, the "**Continuous Disclosure Requirements**") shall not apply to the Filers;
2. a decision:
 - (a) under section 4.5 of Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**MI 52-109**") that the requirements of MI 52-109 shall not apply to the Filers;
 - (b) under section 8.1 of Multilateral Instrument 52-110 – *Audit Committees* ("**MI 52-110**") that the requirements of section 5.1 of MI 52-110 shall not apply to the Filers;
 - (c) under section 3.1 of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") that the requirements of Part 2 of NI 58-101 shall not apply to the Filers;

- d) under section 7.1 of National Instrument 13-101 – *System for Electronic Document Analysis and Retrieval* ("**SEDAR**") that the requirements of SEDAR shall not apply to the Filers; and
- e) under the Legislation and under section 6.1 of National Instrument 55-102 *System for Electronic Disclosure by Insiders* ("**NI 55-102**") that the insider reporting requirements of the Legislation and the requirement to file an insider profile shall not apply to the Filers (the "Insider Reporting and Insider Profile Relief");

(the "**Consequential Disclosure Relief**").

Under National Policy 12-201 – *Mutual Reliance Review System for Exemptive Relief Applications*:

- (a) The Manitoba Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained 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:

1. The Province, as issuer, is formally described as The Crown in Right of the Province of Manitoba.
2. Manitoba Hydro, as issuer, is formally described as The Manitoba Hydro-Electric Board, a wholly-owned Crown corporation of the Province pursuant to *The Manitoba Hydro Act*, as amended by *The Manitoba Hydro Amendment Act*.
3. The Province and Manitoba Hydro have each been designated as a reporting issuer by The Manitoba Securities Commission as of May 29, 2007.
4. The Province and Manitoba Hydro have been issuing either Manitoba Hydro Savings Bonds or Manitoba Builder Bonds annually since 1989 (the "Bonds"). Shortly after inception of the Bond issues, the Province began listing Bonds without annual redemption features on The Winnipeg Stock Exchange. The practice of listing Bonds without annual redemption features on The Winnipeg Stock Exchange continued each year until The Winnipeg Stock Exchange merged with the TSX Venture Exchange. Such Bonds were thereafter listed on the TSX Venture Exchange until the spring of 2006 when cost considerations caused the Province and Manitoba Hydro to de-list the Bonds.

5. The Province and Manitoba Hydro have received requests from broker dealers in Manitoba to re-instate a listing to facilitate secondary trading of Bonds, and the Province and Manitoba Hydro wish to provide greater liquidity and transparency with respect to such Bonds.
6. Bonds can only be sold to Manitoba residents in the first instance.
7. The securities for which the relief is sought are existing Manitoba Builder Bonds and Manitoba Hydro Bonds (collectively the "**Bonds**"), and future issues of such Bonds, listed on the Canadian Trading and Quotation System (the "CNQ"), and such Bonds will either be direct debt obligations of the Province (in the case of Manitoba Builder Bonds) or obligations guaranteed by the Province (in the case of Manitoba Hydro Bonds). The existing Bonds are as follows:

Bond Series	Bond Type	Maturity Date
Builder Bonds VII	Annual Fixed Rate	June 15, 2008
Builder Bonds VII	Compound Fixed Rate	June 15, 2008
Builder Bonds VII	Annual Floating Rate	June 15, 2008
Builder Bonds VIII	Annual Fixed Rate	June 15, 2009
Builder Bonds VIII	Compound Fixed Rate	June 15, 2009
Builder Bonds VIII	Annual Floating Rate	June 15, 2009
Builder Bonds IX	Annual Fixed Rate	June 15, 2008
Builder Bonds IX	Annual Fixed Rate	June 15, 2010
Builder Bonds IX	Compound Fixed Rate	June 15, 2010
Builder Bonds IX	Annual Floating Rate	June 15, 2010
Hydro Bonds 9	Annual Fixed Rate	June 15, 2009
Hydro Bonds 9	Annual Fixed Rate	June 15, 2011
Hydro Bonds 9	Compound Fixed Rate	June 15, 2011
Hydro Bonds 9	Annual Floating Rate	June 15, 2011
Hydro Bonds 10	Annual Fixed Rate	June 15, 2010
Hydro Bonds 10	Annual Fixed Rate	June 15, 2012
Hydro Bonds 10	Compound Fixed Rate	June 15, 2012
Hydro Bonds 10	Annual Floating Rate	June 15, 2012

All the Bonds in the above table are currently listed on CNQ.

8. All securities of the Province and Manitoba Hydro issued and outstanding in Canada, including the Bonds, are exempt securities which qualify pursuant to the exemption available in s. 2.34(2) of National Instrument 45-106 *Prospectus and Registration Exemption*. Except for the Bonds, which are listed or will be listed on CNQ, none of the securities of The Province or Manitoba Hydro are listed or

proposed to be listed on any stock exchange in Canada except that in 2002 the Province of Manitoba issued promissory notes maturing August 8, 2007, whose performance was linked to the Standard and Poor Index (the "S&P Notes"), listed those S&P Notes on the Toronto Stock Exchange and obtained a local order from the Ontario Securities Commission designating the Province of Manitoba as a non-reporting issuer to comply with securities regulatory requirements at that time. The S&P Notes are still listed as at the date of this Decision.

9. Manitoba Hydro does not have any securities issued to the public except Manitoba Hydro Savings Bonds.
10. Manitoba Builder Bonds are direct obligations of the Province and Manitoba Hydro Savings Bonds are unconditionally guaranteed as to principal and interest by the Province.
11. The Bonds rank *pari passu* with all other debt issues of the Province of Manitoba.
12. No Bonds other than those that rank *pari passu* will be issued in the future.
13. The Bonds are currently rated based upon the long term debt rating assigned to the Province.
14. Long term direct debt obligations of the Province or debt obligations guaranteed by the Province are rated as follows by the following rating agencies:

Standard & Poors:	"AA-"
Moody's:	"Aa1"
DBRS:	"A (high)"
15. Financial information concerning the Filers is available as follows:
 - a. Disclosure sources for the Province, which includes budget information and the public accounts of the Province, are available at:

<http://www.gov.mb.ca/finance/financialreports.html>
 - b. and for Manitoba Hydro, which includes annual and interim financial statements, are available at:

http://www.hydro.mb.ca/about_us/annual_report.shtml,
<http://www.gov.mb.ca/finance/financialreports.html>, and
http://www.hydro.mb.ca/about_us/quarterly_reports.shtml
16. In connection with the listing, the CNQ web site will provide a "home" page for the Bond issues of the Province and Manitoba Hydro where web links, as described above, to the disclosure information for the Province and for Manitoba Hydro will appear, and where the Bond ratings of the Province and Manitoba Hydro will also appear.
17. Changes in the debt rating of the Province will be reported on the Province of Manitoba "home" page on CNQ and the links to disclosure information on that

same page will provide updated information about the Province and Manitoba Hydro as it becomes available.

18. The Bonds must maintain a minimum "investment grade" rating to continue being listed on CNQ, being the following or better:

Standard & Poors:	"BBB"
Moody's:	"Baa"
DBRS:	"BBB"

19. The Bonds will not be listed on any other exchange or marketplace except CNQ.

Decision

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 the Requested Relief is granted provided that

- (a) The Bonds are to be listed on CNQ and will not be listed on any other exchange except CNQ, and no other securities of the Filers, apart from the Bonds and the S&P Notes, are to be listed or traded on an exchange or marketplace as defined in National Instrument 21-101 *Marketplace Operation* in Canada.
- (b) Changes in the debt rating of the Province are reported on the Province of Manitoba "home" page on CNQ on a timely basis and the links to disclosure information on that same page are maintained to provide updated information about the Province and Manitoba Hydro as it becomes available.
- (c) The Bonds are fully guaranteed by the Province and maintain a minimum "investment grade" rating as described in paragraph 18.
- (d) All future debt issued by the Filers will rank *pari passu* or be subordinate to the Bonds.
- (e) The Bonds and any other securities issued by the Filers are or will be issued on a basis which is exempt from the prospectus requirements of the Legislation and only issued relying upon s. 2.34(2) of National Instrument 45-106 – *Prospectus and Registration Exemptions*.



Deputy Director
The Manitoba Securities Commission