



THE MANITOBA  
SECURITIES  
COMMISSION

VIA SEDAR

January 18 , 2002

**Attention: John-David Humphreys**

Dear Mr. Humphreys:

**RE: Working Ventures II Technology Fund Inc.**  
- **Application for Exemption from sections 2.2(1), 2.3(g), 2.4, 2.6(d), 2.6(f), 2.6(g), 5.5(1)(d), 10.2(5) and 10.3 of National Instrument 81-102 Mutual Funds**  
- **SEDAR Project #412222**

---

By letter dated December 21, 2001, you applied to the securities regulatory authorities in Manitoba, British Columbia, Alberta, Saskatchewan, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Yukon, Northwest Territories and Nunavut (the "Decision Makers"), on behalf of Working Ventures II Technology Fund Inc. (the "Fund") for exemption from the above noted sections of National Instrument 81-102 Mutual Funds ("NI 81-102").

In the Application, the Fund represented the following:

1. The Fund is a corporation incorporated under the laws of Canada on October 27, 2000. The head office and principal place of business of the Fund is located in Toronto, Ontario.
2. The Fund is a registered labour-sponsored investment fund corporation in Ontario and a prescribed labour-sponsored venture capital corporation under the *Income Tax Act*(Canada). Purchasers of Class A Shares of the Fund are entitled to a federal tax credit and a provincial tax credit available to residents in Ontario.
3. The Fund does not require relief in Ontario, as the legislation of that province provides that mutual fund policies do not apply to labour sponsored investment fund corporations where the provisions of the mutual fund policies conflict with provisions of the *Labour Sponsored Venture Capital Corporations Act*.
4. The Class A Shares are not listed on any stock exchange and are currently offered for sale in Ontario under a prospectus. The Fund has filed a Preliminary Prospectus dated December 6, 2001 in all other provinces and territories.

► The Manitoba Securities Commission

1130-405 Broadway  
Winnipeg, Manitoba R3C 3L6

Tel [204] 945-2548  
Fax [204] 945-0330

5. Working Ventures Investment Services Inc. (the “Manager”) manages the day to day business and administration of the Fund including managing the investment portfolio, providing investment analysis and recommendations and executing portfolio transactions. The Manager is also responsible for the distribution of the Class A Shares of the Fund.
6. The Fund makes investments in small and medium-sized Canadian technology businesses with the objective of achieving long-term capital appreciation. Investments in the early stages of eligible businesses tend to be illiquid and long-term.
7. The Fund may from time to time also wish to make investments in eligible businesses where further amounts are committed for investment.
8. The Fund may provide guarantees as a funding alternative for portfolio companies.
9. The Fund may make subordinated loans for the purpose of capitalizing the Manager.
10. The Fund may invest in more than 10% of the securities of any one issuer, but it does not normally invest in securities for the purpose of exercising control. Investing less than 10% may not be appropriate since it may not sufficiently capitalize the business to warrant the investment.
11. The Fund may purchase options or rights to acquire additional securities or to sell securities of the entities in which it invests.
12. In any fiscal year, the Fund is not required to, but may at its option, redeem Class A Shares having an aggregate redemption price exceeding 20% of the net asset value of the Class A Shares as at the last day of the preceding fiscal year. If any portion of the Class A Shares which have been submitted for redemption have not been redeemed ( the “Excess Shares”), the Fund is required to redeem such shares in the following fiscal year or earlier in the discretion of the Fund if it has sufficient liquid assets available to do so, before it redeems any other Class A Shares that it has been requested to redeem. Requests to redeem the Excess Shares shall be deemed to have been received by the Fund on the first business day of the following fiscal year on the date redemptions resume in the order that they were originally received by the Fund (the “Deemed Receipt Date”). Consequently, the net asset value of the Excess Shares would be calculated as of the Deemed Receipt Date as opposed to the date the redemption request was actually made.
13. The Fund is required to maintain sufficient liquid assets to enable the Fund to satisfy redemption requests of up to 20% of the net asset value of the Class A Shares.

This letter confirms that based on the information and representations contained in the Application, and for the purposes described in the Application, the Decision Makers hereby grant exemption to the following sections of NI 81-102, with the attached conditions:

Section 2.3(g) – provided that the Fund only purchase or sell options of investee companies provided the purchase or sale of such options is in accordance with the Fund’s investment objective and investment restrictions.

► **The Manitoba Securities Commission**

1130-405 Broadway  
Winnipeg, Manitoba R3C 3L6

Tel [204] 945-2548  
Fax [204] 945-0330

Section 2.4 – provided that the Fund maintain at all times sufficient funds, in liquid assets, to enable it to honour, in any fiscal year, potential redemptions disclosed as available in the prospectus of the Fund. (i.e. up to 20%).

Section 2.6(d) – provided that the terms and conditions of the Fund’s obligations to make additional contributions are known at the time of the original investment.

Section 2.6(f) – provided that the Fund makes subordinated loans, only for the purpose of capitalizing the Manager.

Section 5.5(1)(d) – provided that the Fund only ceases redemptions in situations when the Fund has received redemption requests in any fiscal year having an aggregate price exceeding 20% of the net asset value of Class A Shares as at the last day of the preceding fiscal year and only with respect to redemptions that exceed 20% of the net asset value of Class A Shares as at the last day of the preceding fiscal year.

Section 10.2(5) and 10.3 – only in a situation where the Fund has ceased redemptions as permitted by the relief granted for section 5.5(1)(d).

Sections 2.2(1) and 2.6(g) are granted relief without conditions.

The relief provided herein is also conditional upon the Fund complying with all other applicable provisions of NI 81-102 from which the Fund has not been exempted.

Yours truly,

*“R. B. Bouchard”*

R.B. Bouchard, CA  
Director – Capital Markets