



Ontario  
Securities  
Commission

Commission Des  
valeurs mobilières  
de l'Ontario

PO Box 55, Suite 800  
20 Queen Street West  
Toronto ON M5H 3S8

CP 55, Bureau 800  
20 rue Queen ouest  
Toronto ON M5H 3S8

---

## VIA SEDAR

April 18, 2002

Stikeman Elliott

Attention: Jennifer Northcote

Dear Sirs/Mesdames:

**Re:           The mutual funds which currently comprise (or which may in the future be established as part of) the CIBC Mutual Funds, the CIBC Protected Funds and the Imperial Pools (collectively, the "Funds")**  
**- MRRS application pursuant to Part 19.1 of National Instrument 81-102 Mutual Funds ("NI 81-102") for exemptive relief from section 2.15 of NI 81-102.**  
**- Application #104/02; SEDAR Project #420084, 420088 & 420092**

---

By letter dated February 8, 2002, as amended on March 11, 2002 (the "Application"), you applied to the regulator or the securities regulatory authority in each of the provinces and territories of Canada (the "Decision Makers"), on behalf of the Funds for exemptive relief from the requirements set forth in section 2.15 of NI 81-102 to permit the manager, Canadian Imperial Bank of Commerce ("CIBC"), to act as agent in administering securities lending and repurchase transactions on behalf of the Funds.

From our review of the Application, we understand the relevant facts and representations to be as follows:

1. Each of the Funds is or will be an open-ended mutual fund established under the laws of the Province of Ontario, the securities of which are or will be offered, or in the case of the CIBC Protected Funds, were offered, in each of the provinces and territories of Canada pursuant to a simplified prospectus and annual information form.
2. Canadian Imperial Bank of Commerce ("CIBC") is or will be the manager of each of the Funds. CIBC is a bank listed in Schedule I to the *Bank Act* (Canada). The common shares of CIBC are listed on the Toronto, London and New York stock exchanges.
3. The trustee of the Funds is or will be CIBC Trust Corporation ("CIBC Trust" or the "Trustee") a wholly-owned subsidiary of CIBC.

4. CIBC Mellon Trust Company ("CIBC Mellon") has been or will be retained by the Funds to act as custodian and CIBC Mellon Global Securities Services Company ("GSS") has been or will be retained by the Funds to provide administrative and record keeping services in connection with the custodial functions for the Funds.
5. Neither CIBC Mellon nor GSS is controlled by, or an affiliate of, CIBC. Each of CIBC Mellon and GSS is an associate of CIBC within the meaning of the *Securities Act* (Ontario).
6. The portfolio adviser of each of the Funds is or will be TAL Global Asset Management Inc. a wholly-owned subsidiary of CIBC.
7. CIBC has been administering securities lending, repurchase and reverse repurchase transactions since 1985. CIBC, with the assistance of GSS in respect of certain administration and recordkeeping functions, currently administers a large volume of securities lending, repurchase and reverse repurchase transactions for more than 110 institutional clients, including government agencies, insurance companies, mutual funds and pension funds. These clients represent in excess of \$150 billion of lendable assets. CIBC has over 30 professionals who operate and manage the securities lending, repurchase and reverse repurchase programs. Accordingly, CIBC has the resources and expertise to fulfil the requirements for the Funds in respect of operational matters, including the requirements to daily mark to market collateral and securities lent, sold or purchased, carrying out prompt margin calls and taking prompt action to close out a position (by selling the collateral) to limit any loss if an event of default were to occur.
8. CIBC Trust as trustee and CIBC as manager would retain CIBC as agent for the Funds for securities lending, repurchase and reverse repurchase transactions, as applicable, and in connection therewith, require CIBC to comply with the applicable provisions of NI 81-102. GSS would also be retained as agent to provide certain administrative and reporting services in connection with the securities lending and repurchase program. The agreement (the "Agreement") pursuant to which CIBC and GSS are retained will address those matters set out in subsection 3.7(13) of the companion policy to NI 81-102.
9. Pursuant to the Agreement, GSS will be preparing reports with respect to securities lending, repurchase transactions and reverse repurchase transactions, as applicable, to CIBC, with a copy of such reports being provided to the Trustee. GSS will also, at least annually, confirm to CIBC and the Trustee that the internal controls, procedures, records, credit worthiness and collateral diversification standards for borrowers have been followed and will provide CIBC and the Trustee with such information in order to satisfy the manager's obligations under subsection 2.16 of NI 81-102.
10. While CIBC as manager will be primarily responsible for reviewing internal controls, procedures and records and ensuring compliance with NI 81-102, CIBC will report to the CIBC Trust at least annually with respect to its activities in this respect.

This letter confirms that, based on the information and representations contained in the Application,

including the facts and representations described above, and for the purposes described in the Application, the Decision Makers hereby exempt the Funds from the requirements set forth in section 2.15 of NI 81-102 for securities lending and repurchase transactions, subject to the following conditions:

- (i) The Funds shall not enter into securities lending and repurchase transactions unless CIBC has established and maintains appropriate internal controls, procedures and records for securities lending and repurchase transactions;
- (ii) CIBC shall not enter into securities lending and repurchase transactions on behalf of the Funds until it enters into a written agreement with the Funds which
  - (a) provides instructions on the parameters to be followed by CIBC in entering into the securities lending and repurchase transactions;
  - (b) CIBC agrees to comply with the rules relating to securities lending and repurchase transactions in NI 81-102, accepts the standard of care referred to in subsection 2.15(5) of NI 81-102 and agrees to ensure that all transactions entered into by it on behalf of the Funds will comply with NI 81-102; and
  - (c) CIBC agrees to provide to the Funds regular, comprehensive and timely reports summarizing the Funds' securities lending and repurchase transactions.
- (iii) CIBC, in administering the securities lending and repurchase transactions of the Funds, shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

In accordance with section 19.1 of NI 81-102, the above relief is hereby granted by the Decision Makers of all of the provinces and territories of Canada.

Yours truly,

"Paul A. Dempsey"  
Paul A. Dempsey  
Manager, Investment Funds  
Capital Markets