



Ontario  
Securities  
Commission

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**VIA FACSIMILE**

January 2, 2002

Borden Ladner Gervais LLP

**Attention: Carol Derk**

Dear Sirs/Mesdames:

**Re: Fidelity Investments Canada Limited (“Fidelity”) and each of Fidelity RSP American Opportunities Fund, Fidelity RSP Growth America Fund, Fidelity RSP European Growth Fund, Fidelity RSP Far East Fund, Fidelity RSP International Portfolio Fund, Fidelity RSP Japanese Growth Fund, Fidelity RSP Overseas Fund, Fidelity RSP Focus Financial Services Fund, Fidelity RSP Focus Health Care Fund, Fidelity RSP Focus Technology Fund, Fidelity RSP Focus Telecommunications Fund and Fidelity RSP Global Asset Allocation Fund (collectively, the “Existing RSP Funds”) and any other mutual fund established and managed by Fidelity which has an investment objective or strategy linked to the returns of an underlying fund while remaining 100% eligible for registered plans (the “New RSP Funds” and together with the Existing RSP Funds, the “RSP Funds”)**  
**- Confidential MRRS Application pursuant to Section 19.1 of National Instrument 81-102 Mutual Funds (“NI 81-102”) dated April 18, 2001**  
**- Application No. 410/01; SEDAR Project #417482**

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By letters dated April 18, 2001, as supplemented by letters or other correspondence dated June 25, August 3, October 9, November 8 and December 6, 2001 (collectively, the “Application”), you have applied to the local securities regulatory authority or regulator (collectively, the “Decision Makers”) in each of the provinces of Canada, on behalf of Fidelity, for exemptive relief pursuant to section 19.1 of NI 81-102 from certain provisions of NI 81-102 to permit the RSP Funds to implement a deposit note-linked structure as described in the Application.

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

1. The RSP Funds and their corresponding underlying funds (collectively, the “Underlying Funds”) are or will be open-ended mutual fund trusts established under the laws of the Province of Ontario. Fidelity is a corporation continued under the laws of the Province of Ontario. Fidelity is or will be the trustee, manager and promoter of each of the RSP Funds and the Underlying Funds.
2. The RSP Funds and the Underlying Funds are or will be reporting issuers. The units of the RSP Funds and the Underlying Funds are or will be qualified under a prospectus and the investment objective of each of the RSP Funds and the Underlying Funds is or will be described in the

prospectus. Each of the RSP Funds and the Underlying Funds currently offer or will offer Series A, Series F and Series O units and one of the Underlying Funds also currently offers Series T units.

3. Each of the RSP Funds is or will be a registered investment such that its units are or will be “qualified investments” for tax-deferred retirement savings plans (“Registered Plans”) and do not and will not constitute foreign property in a Registered Plan. Their primary investment strategy involves or will involve the RSP Funds entering into one or more forward contracts or other derivative instruments with one or more financial institutions (the “Counterparty” or “Counterparties”). Each of the Existing RSP Funds has previously applied for and obtained exemptive relief under NI 81-102 and under applicable securities legislation with respect to its investment in forward contracts. The New RSP Funds have applied for the same exemptive relief. Some or all of the RSP Funds will also achieve their primary investment strategy by entering into bank deposit transactions, as described below, with one or more Counterparties.
4. In addition to the derivative instruments, each of the RSP Funds also invests or will invest a portion of its assets directly in units of the Underlying Fund that has corresponding investment objectives, which constitute foreign property under the *Income Tax Act* (Canada)(the “Tax Act”). In order to ensure that an RSP Fund does not become subject to tax under Part XI of the Tax Act, the portion invested in units of an Underlying Fund does not or will not exceed the maximum amount of foreign property permitted for Registered Plans.
5. The objective of these investment strategies is for an RSP Fund to closely track the performance of the corresponding Underlying Fund.
6. In addition to investing its assets directly in the corresponding Underlying Fund and in money market instruments and cash, which latter investments constitute cash cover under the forward contracts and are also available to pay the Counterparties’ fees, some of the assets of an RSP Fund will be deposited with one or more Counterparties (the “Deposit”). The Deposit will mature monthly for a maturity amount equal to the principal amount of the Deposit plus or minus the investment return on an equivalent dollar amount of Series O units of the corresponding Underlying Fund during the period that the Deposit is outstanding.
7. Simultaneously with the Counterparty issuing the Deposit, the Counterparty will enter into a note (the “Note”) and a total return swap (the “Swap”) transaction with a special purpose trust (the “SPT”). The activities of the SPT will be limited solely to those necessary under the Note, the Swap and related transactions and the SPT will not be permitted to incur any other liabilities. The combination of the Note and the Swap will provide the Counterparty with a return based on the net asset value of Series O units of the corresponding Underlying Fund. Like the Deposit, both the Note and the Swap will mature monthly.
8. In order to hedge its obligations under the Swap, the SPT may purchase Series O units of the corresponding Underlying Fund in an amount equal to the Deposit under a standing purchase order.
9. The Counterparty will have the right to put the corresponding Note and Swap to the RSP Fund if either units of the Underlying Fund cannot be redeemed for next day settlement for a continuing period of ten business days or under certain other limited circumstances.
10. The SPT will unconditionally guarantee the payment by the Counterparty under the Deposit.

11. To prevent the duplication of management fees and operating expenses charged with respect to the investment by any of an RSP Fund, the Counterparties or the SPT in units of the corresponding Underlying Fund, the RSP Funds, the Counterparties and the SPT will purchase Series O units of the Underlying Funds and the Deposit and the Swap will be based on Series O units of the Underlying Funds. Fidelity will agree that no duplicate fees or expenses will be paid with respect to the Series O units bought by the RSP Funds, the Counterparties and the SPT.

## **Decision**

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 RSP Funds from the following regulatory requirements of NI 81-102:

1. subsection 2.1(1) - to enable each RSP Fund to invest more than 10 percent of its net assets in the Deposit and to permit each RSP Fund, through the Deposit, to obtain exposure to its corresponding Underlying Fund with respect to more than 10% of the RSP Fund's net assets;
2. section 2.3(g) - to permit each RSP Fund to purchase the Deposit, a debt-like security that is a specified derivative, on condition that the Deposit is in compliance with sections 2.7 to 2.11 except to the extent that relief has been granted from sections 2.7(4) and 2.8(1)(f) by this decision;
3. section 2.4 - to permit each RSP Fund to:
  - (i) invest more than 10 percent of its net assets in the Deposit, an illiquid asset, and to hold such investment throughout the term of the Deposit even if the Deposit represents more than 15 percent of the RSP Fund's net assets; and
  - (ii) hold its investment in the Swap and the Note,
    - (a) if the Swap and the Note are put to the RSP Fund by the Counterparty because the RSP Fund's corresponding Underlying Fund has suspended the rights of unitholders to redeem units of the Underlying Fund, for the period of time of such suspension; or
    - (b) if the Swap and the Note are put to the RSP Fund by the Counterparty for any other reason, for the period of time that the RSP Fund requires to take reasonable steps to close out its position in the Swap and the Note in an orderly and timely fashion;
4. subsection 2.7(2) - to enable each RSP Fund to maintain its investment in the Swap,
  - (i) if the Swap is put to the RSP Fund by the Counterparty because the RSP Fund's corresponding Underlying Fund has suspended the rights of unitholders to redeem units of the Underlying Fund, for the period of time of such suspension; or
  - (ii) if the Swap is put to the RSP Fund by the Counterparty for any other reason, the RSP

Fund shall take reasonable steps to close out its position in the Swap in an orderly and timely fashion;

5. subsection 2.7(4) - to permit the mark-to-market value of each RSP Fund's exposure to the Counterparty through the investment in the Deposit to exceed 10 percent of the net assets of the RSP Fund; and
6. clause 2.8(1)(f) - to enable each RSP Fund to maintain the investment in the Swap for the period of time permitted under paragraphs 3 and 5 above on the condition that the RSP Fund retains the Note issued by the SPT as cover for the Swap.

The Decision Makers grant the exemption to permit the RSP Funds to gain exposure to their corresponding Underlying Funds through the use of Deposits, subject to the following conditions:

- (a) there is no duplication of fees or sales charges to the RSP Funds' unitholders as a result of gaining exposure to the Underlying Funds through Deposits;
- (b) where the RSP Funds and the Underlying Funds are qualified for sale under different disclosure documents, the unitholders of the RSP Funds receive the prospectus and annual information form and financial statements of the Underlying Funds if they ask for these documents in connection with their acquisition of units of the RSP Funds; the availability of these documents must be disclosed in the Prospectus of the RSP Funds;
- (c) unitholders of the RSP Funds will receive all other continuous disclosure relating to the Underlying Funds, including notice of securityholder meetings; and
- (d) the Prospectus of the RSP Funds contains full disclosure of:
  - (i) the investment objectives and strategies of the Underlying Funds, and
  - (ii) the fact that, other than with respect to any units of the Underlying Funds held directly by the RSP Funds, unitholders of the RSP Funds have no voting rights in respect of any changes, whether fundamental or otherwise, that may be proposed to the Underlying Funds.

Yours truly,

"Paul A. Dempsey"  
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