



Ontario
Securities
Commission

Commission des
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de l'Ontario

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VIA SEDAR ONLY

November 5, 2002

Ogilvy Renault
Suite 2100
Royal Trust Tower, TD Centre
Toronto, Ontario M5K 1H1

Attention: Cathy Singer

Dear Sirs/Mesdames:

**RE : TAL Global Asset Management Inc. ("TAL"), TD Asset Management Inc.,
Altamira Management Ltd., Natcan Investment Management Inc. ("Natcan"), RBC
Global Investment Management Inc., and Dynamic Mutual Funds Ltd.
(collectively, the "Applicants" or "Dealer Managers")**

- **MRRS Application under National Instrument 81-102, Mutual Funds ("N1 81-102")**
 - **Sedar Proj. Nos. 488588, 488594, 488599, 488603, 488608, 488615, 489511, 489516, 489845, 489850 and 490353; Our App. No. 953/02**
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By letter dated October 25, 2002 and amended on October 31, 2002 and November 1, 2002 (the "Application"), you applied on behalf of the Applicants to the regulator or securities regulatory authority in each province and territory of Canada (collectively, the "Decision Makers") for discretionary relief from subsection 4.1(1) of N1 81-102. Each Applicant caused the Application to be made on behalf of the mutual funds named in Schedule "A" (the "Funds" or "Dealer Managed Funds") for which the Applicant acts as manager or portfolio adviser or both.

Subsection 4.1(1) of N1 81-102 prohibits a dealer managed mutual fund from knowingly making an investment in a class of securities of an issuer, during the distribution of the issuer's securities (the "Distribution") or for 60 days thereafter (the "60-Day Period") (the Distribution period and the 60-Day Period together, the "Prohibition Period"), if the dealer manager or any of its associates or affiliates acts as underwriter of the Distribution (the "Investment Prohibition"). However, it does not apply if the dealer manager or any of its associates or affiliates only acts as a member of a selling group distributing five percent or less of the underwritten securities.

You have requested discretionary relief from the Investment Prohibition to enable the Dealer Managed Funds of the Dealer Managers to invest in common shares (the "TSX Shares") of TSX Group Inc. (the "Issuer"), during the Prohibition Period, notwithstanding that the Dealer Managers or their associates or affiliates (collectively, the "Related Underwriters") act or have acted as underwriters in the initial public offering (the "TSX IPO") of the TSX Shares. The

TSX IPO will be made pursuant to a prospectus that will be filed in accordance with the securities legislation of the provinces and territories of Canada (collectively, the “Jurisdictions”).

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

1. Each Applicant is a "dealer manager" with respect to the Funds, and each Fund is a "dealer managed mutual fund", as such terms are defined in section 1.1 of N1 81-102.
2. Except for TAL and Natcan, the head office of each Dealer Manager is in Toronto, Ontario. The head office of TAL and Natcan is in Montreal, Quebec.
3. The securities of the Dealer Managed Funds are qualified for distribution in one or more Jurisdictions pursuant to simplified prospectuses and annual information forms that have been prepared and filed in accordance with their respective securities legislation.
4. The Issuer is currently a subsidiary of TSX Inc. (the “TSX”), of which the Related Underwriters are participating organizations. The TSX operates the Toronto Stock Exchange (the “Exchange”). Prior to the closing of the TSX IPO, there will be a restructuring of the Issuer and the TSX that will result in the Issuer becoming the parent company of TSX.
5. The Related Underwriters currently hold common shares of TSX, and will hold TSX Shares prior to the closing of the TSX IPO, as follows:

(a)	CIBC World Markets Inc. (“CIBC World”)	2.26%
(b)	TD Securities Inc. (“TDSI”)	2.26%
(c)	National Bank Financial Inc. (“NBFI”)	5.26%
(d)	RBC Dominion Securities Inc. (“RBC DS”)	5.26%
(e)	RBC Private Counsel Inc. (“PRBC PCI”)	0.75%
(f)	Dundee Securities Corporation (“Dundee”)	0.75%
6. In connection with the TSX IPO, the Issuer has filed a preliminary prospectus dated September 12, 2002 and an amended restated preliminary prospectus dated October 10, 2002 (the “Restated Prospectus”) with all the Jurisdictions. It is expected that the Issuer would file its (final) base PREP prospectus on November 4, 2002 and its supplemented PREP prospectus shortly thereafter.
7. It is also expected that the TSX Shares will be conditionally listed and posted for trading on a when-issued basis on the TSX, on the business day following the filing of the supplemented PREP prospectus. During the when-issued trading period (up to closing), the TSX Shares will trade through brokers. Quotes on those trades will be reported in the usual manner, but will be subject to special settlement procedures that require settlement to occur after closing.

8. Based on the disclosure in the Restated Prospectus, the size of the TSX IPO is 18,978,238 TSX Shares, which translates to a market capitalization for TSX Shares of between \$573 million and \$641 million.
9. The Canadian exchange or securities market industry, in which the TSX is the dominant player, is an emerging investment sector. On completion of the TSX IPO, the Issuer will be the first in this investment sector to become a public issuer.
10. The Related Underwriters, together with ten other dealers, will be parties to the underwriting agreement with the Issuer for the purpose of the TSX IPO. Scotia Capital Inc. and Goldman Sachs Canada Inc. are the joint lead underwriters of the TSX IPO.
11. In connection with the TSX IPO process, CIBC World and TDSI will not sell any of their holdings, NBFi, RBC DS and Dundee will sell one-half of their holdings, and RBC PCI will sell all of its holdings, of TSX Shares. On completion of the TSX IPO, the percentage of outstanding TSX Shares that the Related Underwriters will continue to hold will be as follows:

(a)	CIBC World	2.26%
(b)	TDSI	2.26%
(c)	NBFi	2.63%
(d)	RBC DS	2.63%
(e)	Dundee	0.38%
12. Despite the affiliation between the Dealer Managers and Related Underwriters, they operate independently of each other. In particular, the investment banking and related dealer activities of the Related Underwriters and the investment portfolio management activities of the Dealer Managers are separated by “chinese” walls. Accordingly, no information flows from one to the other concerning their respective business operations or activities generally, except in the following or similar circumstances:
 - (a) the compliance person of each Dealer Manager receives on an ongoing basis from its Related Underwriter the names of issuers for which the dealer is acting or proposes to act as underwriter, so that the compliance person can keep the Dealer Manager's restricted-issuer list up to date; and
 - (b) the Dealer Managers and their Related Underwriters entities might share general market information such as discussion on general economic conditions, bank rates etc.
13. The Dealer Managers may cause their Dealer Managed Funds to invest in the TSX Shares during the Prohibition Period. Such investment would be consistent with the investment objectives, and in the best interests, of the Dealer Managed Funds.

14. To the extent that the same portfolio manager or team of portfolio managers of each Dealer Manager manages two or more Dealer Managed Funds or other client accounts that are managed on a discretionary basis (the “Managed Accounts”) TSX Shares purchased for them will be allocated
- (a) in accordance with the allocation factors or criteria stated in the written policies or procedures put in place by the Dealer Manager for its Dealer Managed Funds and Managed Accounts, and
 - (b) taking into account the amount of cash available to each Dealer Managed Fund for investment.

Decision

This letter confirms that, based on the information provided in the Application, the facts and representations above, and for the purposes described in the Application, the Decision Makers hereby grant exemption from subsection 4.1(1) of N1 81-102, so that a Dealer Managed Fund of each Dealer Manager may make an investment in TSX Shares during the Prohibition Period, notwithstanding that a Related Underwriter acts or has acted as underwriter in the TSX IPO, provided that,

- (1) at the time of each purchase (the "Purchase") of TSX Shares by a Dealer Managed Fund pursuant to this Decision, the following conditions are satisfied:
 - a. the Purchase
 - (i) represents the business judgment of the Dealer Manager uninfluenced by considerations other than the best interests of the Dealer Managed Fund, or
 - (ii) is, in fact, in the best interests of the Dealer Managed Fund;
 - b. the Purchase is consistent with, or is necessary to meet, the investment objective of the Dealer Managed Fund as disclosed in its simplified prospectus;
 - c. the Dealer Managed Fund does not place the order to purchase, on a principal or agency basis, with a Related Underwriter;
- (2) prior to effecting any Purchase pursuant to this Decision, the Dealer Managed Fund has in place written policies or procedures to ensure that,
 - a. there is compliance with the conditions of this Decision; and
 - b. in connection with any Purchase,
 - (i) there are stated factors or criteria for allocating TSX Shares purchased for two or more Dealer Managed Funds and other Managed Accounts, and

- (ii) there is full documentation of the reasons for any allocation to a Dealer Managed Fund or Managed Account that departs from the stated allocation factors or criteria;
- (3) the Dealer Manager does not encourage or entertain solicitations by a Related Underwriter for the Purchase of TSX Shares for the Dealer Managed Fund;
- (4) each Purchase during the 60-Day Period is made on the Exchange;
- (5) the Dealer Manager files a certified report on SEDAR in respect of each Dealer Managed Fund, no later than 30 days after the end of the Prohibition Period, that contains
 - a. the following particulars of each Purchase:
 - (i) the number of common shares of the Issuer purchased by the Dealer-Managed Fund,
 - (ii) the date of the purchase and the purchase price,
 - (iii) whether the joint lead underwriters or syndicate managers had indicated their intention (if any) to engage in market stabilization activities in respect of the TSX Shares,
 - (iv) if TSX Shares were purchased for two or more Dealer Managed Funds and other Managed Accounts of the Dealer Manager, the aggregate amount so purchased and the percentage of such aggregate amount that was allocated to each Dealer Managed Fund, and
 - (v) the dealer from whom the Dealer Managed Fund purchased the TSX Shares, and the fees or commissions (if any) paid by the Dealer Managed Fund in respect of such Purchase; and
 - b. a certification by the Dealer Manager that the Purchase
 - (i) represented the business judgment of the Dealer Manager uninfluenced by considerations other than the best interest of the Dealer Managed Fund, or
 - (ii) was, in fact, in the best interests of the Dealer Managed Fund.

Yours truly,

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

SCHEDULE "A"
to the Exemption Letter dated _____

Sedar Proj. No. 488603

Altamira Balanced Fund
Altamira Growth & Income Fund
Altamira Canadian Value Fund
AltaFund Investment Corp.
Altamira Equity Fund
Altamira Capital Growth Fund Limited
Altamira Special Growth Fund
Altamira Global Financial Services Fund
Altamira Dividend Fund Inc.

Sedar Proj No. 488608

CIBC Core Canadian Equity Fund
CIBC Capital Appreciation Fund
CIBC Global Equity Fund
CIBC Financial Companies Fund
Canadian Imperial Equity Fund
CIBC Canadian Small Companies Fund

Sedar Proj. No. 489516

CIBC Balanced Fund

Sedar Proj. No. 490353

Dynamic Power Canadian Growth Class
Dynamic Power International Growth Class
Dynamic Power Canadian Growth Fund
Dynamic Partners Fund
Dynamic Power Balanced Fund

Sedar Proj. No. 489511

Imperial Canadian Equity Pool

Sedar Proj. No. 488599

National Bank Dividend Fund
National Bank Retirement Balanced Fund
National Bank Conservative Diversified Fund
National Bank Moderate Diversified Fund
National Bank Aggressive Diversified Fund
National Bank Intrepid Diversified Fund
National Bank Canadian Equity Fund
National Bank Canadian Opportunities Fund
National Bank Canadian Index Fund
National Bank Canadian Index Plus Fund
National Bank Small Capitalisation Fund
National Bank Global Equity Fund
National Bank Protected Retirement Balanced Fund
National Bank Protected Growth Balanced Fund
National Bank Canadian Equity Fund

Sedar Proj. No. 489845

RBC Advisor Blue Chip Canadian Equity Fund
RBC Advisor Global Titans Class
RBC Advisor Global Financial Services Class
RBC Advisor Global Balanced Class

Sedar Proj. No. 489850

Royal Balanced Fund
Royal Canadian Equity Fund
Royal Monthly Income Fund
Royal Dividend Fund
Royal Tax Managed Return Fund
Royal Canadian Value Fund
Royal Balanced Growth Fund
Royal Canadian Growth Fund
Royal Global Balanced Fund
O'Shaughnessy Canadian Equity Fund
Royal Global Titans Fund
Royal Global Financial Services Sector Fund

Sedar Proj. No. 490353

StrategicNova Canadian Asset Allocation Fund
StrategicNova Canadian Large Cap Growth Fund
StrategicNova Canadian Small Cap Fund
StrategicNova Canadian Aggressive Balanced Fund
StrategicNova Canadian Midcap Growth Fund

Sedar Proj. No. 488615

Talvest Cdn. Equity Leaders Fund
Talvest Millennium Next Generation Fund
Talvest Millennium High Income fund
Talvest Cdn. Equity Growth Fund
Talvest Dividend Fund
Talvest Cdn Asset Allocation Fund

Talvest Global Asset Allocation Fund
Talvest Small Cap Cdn Equity Fund

Sedar Proj. No. 488588

TD Canadian Equity Fund
TD Canadian Value Fund

Sedar Proj. No. 488594

TD Private Canadian Equity Growth Fund