

**IN THE MATTER OF THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, ONTARIO,  
NOVA SCOTIA AND NEWFOUNDLAND**

**AND**

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

**AND**

**IN THE MATTER OF  
TEMPLETON MANAGEMENT LIMITED (ATEMPLETON®)**

**AND**

**Franklin U.S. Large Cap Growth RSP Fund  
Franklin U.S. Aggressive Growth RSP Fund  
Franklin World Health Sciences and Biotech RSP Fund  
Franklin World Telecom RSP Fund  
Franklin Technology RSP Fund  
Franklin World Growth RSP Fund  
(together the "Franklin RSP Funds")**

**Franklin U.S. Large Cap Growth Fund  
Franklin U.S. Aggressive Growth Fund  
Franklin World Health Sciences and Biotech Fund  
Franklin World Telecom Fund  
Franklin Technology Fund  
(together the "Franklin Underlying Funds")**

**Bissett American Equity RSP Fund  
Bissett Multinational Growth RSP Fund  
(together the "Bissett RSP Funds")**

**Bissett American Equity Fund  
Bissett Multinational Growth Fund  
(together the "Bissett Underlying Funds")**

**MRRS DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the **ADecision Maker**) in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the **AJurisdictions**) has received an application from Templeton as manager and promoter of the Franklin RSP Funds, and as indirect owner of Bissett & Associates Investment Management Ltd. (**ABissett**), the manager and promoter of the Bissett RSP Funds, and other mutual funds managed by Templeton or Bissett after the date of this Decision having an investment objective or strategy that is linked to the returns or portfolio of another specified Templeton or Bissett mutual fund (collectively referred to as the **ARSP Funds**) for a decision by each Decision Maker (collectively, the **ADecision**) under the securities legislation of the Jurisdictions (the **ALegislation**) that the following provisions of the Legislation (the **AApplicable Legislation**) shall not apply to the RSP Funds or Templeton or Bissett, as the case may be, in respect of certain investments to be made by the RSP Funds in the Franklin Underlying Funds, Bissett Underlying Funds or other applicable corresponding Templeton or Bissett mutual fund from time to time (the funds in which such investments are to be made being collectively referred to as the **AUnderlying Funds**):

1. the restrictions contained in the Legislation prohibiting a mutual fund from knowingly making and holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and
2. the requirements contained in the Legislation requiring the management company to file a report relating to a purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the **ASystem**), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS it has been represented by the Manager to the Decision Makers that:

1. Each of the Franklin RSP Funds and Franklin Underlying Funds are or will be an open-ended mutual fund trust established under the laws of the Province of Ontario. Templeton is a corporation established under the laws of the Province of Ontario and for each of the Franklin RSP Funds and the Franklin Underlying Funds will be the trustee, manager and promoter. The head office of Templeton is in Toronto, Ontario.
2. Each of the Bissett RSP Funds and Bissett Underlying Funds are or will be an open-ended mutual fund trust established under the laws of the Province of Alberta. Bissett is a corporation established under the laws of the Province of Alberta and for each of

the Bissett RSP Funds and the Bissett Underlying Funds will be the trustee, manager and promoter. The head office of Bissett is in Calgary, Alberta. Templeton indirectly owns all of the shares of, and controls, Bissett.

3. Each of the RSP Funds and Underlying Funds is or will be a reporting issuer. The securities of each of the RSP Funds and Underlying Funds will be qualified under simplified prospectuses and annual information forms (collectively, the AProspectus@).
4. Each of the RSP Funds seeks or will seek to achieve its investment objective while ensuring that securities of the RSP Fund do not constitute Aforeign property@ for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and similar plans (ARegistered Plans@).
5. The Prospectus will contain disclosure with respect to the investment objective, investment practices and restrictions of the Funds. The investment objective of the RSP funds is generally to provide returns similar to those of the corresponding Underlying Funds through investment in forward contracts or other specified derivatives that are linked to the returns of the Underlying Funds.
6. To achieve its investment objective, each of the RSP Funds will invest its assets in securities such that its units will, in the opinion of tax counsel to the RSP Funds, be Aqualified investments@ for Registered Plans and will not constitute foreign property in a Registered Plan. This will be achieved primarily through the implementation of a derivative strategy that links the returns to the Underlying Funds. However, each RSP Fund also intends to invest a portion of its assets directly in securities of the corresponding Underlying Fund. This investment by the RSP Funds will at all times be below the maximum foreign property limit prescribed for Registered Plans (the APermitted Limit@).
7. The investment objectives of the Underlying Funds are or will be achieved through investment primarily in foreign securities.
8. The direct investments by the RSP Funds in the Underlying Funds will be within the Permitted Limit (the APermitted RSP Fund Investments@). Templeton, Bissett and the RSP Funds will comply with the conditions of this Decision in respect of such investments. The amount of direct investment by each RSP Fund in its corresponding Underlying Fund will be adjusted from time to time so that, except for transitional cash, the aggregate of derivative exposure to, and direct investment in, the Underlying Fund will equal 100% of the assets of the RSP Fund.
9. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Instrument 81-102, the investments by the RSP Funds in the Underlying Funds have been or will be structured to comply with the investment restrictions of the Legislation and National Instrument 81-102.

10. In the absence of this Decision, pursuant to the Legislation, each of the RSP Funds is or would be prohibited from (a) knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and (b) knowingly holding an investment referred to in subsection (a) hereof.
11. In the absence of this Decision, the Legislation requires Templeton and Bissett to file a report on every purchase or sale of securities of the Underlying Funds by the RSP Funds.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the ADecision@);

AND WHEREAS 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 pursuant to the Legislation is that the Applicable Legislation shall not apply to the RSP Funds or Templeton or Bissett, as the case may be, in respect of investments to be made by the RSP Funds in securities of the Underlying Funds.

**PROVIDED IN EACH CASE THAT:**

1. the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with the matters in subsection 2.5(1) of National Instrument 81-102; and
2. the Decision shall only apply in respect of investments in, or transactions with, the Underlying Funds that are made by the RSP Funds in compliance with the following conditions:
  - a) the RSP Funds and Underlying Funds are under common management and the securities of both are offered for sale in the jurisdiction of the Decision Maker pursuant to a prospectus which has been filed with and accepted by the Decision Maker;
  - b) each RSP Fund restricts its aggregate direct investment in its corresponding Underlying Fund to a percentage of its assets that is within the Permitted Limit;
  - c) the investment by the RSP Funds in its corresponding Underlying Fund is compatible with the fundamental investment objective of the RSP Fund;
  - d) the Prospectus will describe the intent of the RSP Funds to invest in a specified

Underlying Fund;

- e) the RSP Funds may change the Permitted RSP Fund Investments only if they change their fundamental investment objectives in accordance with the Legislation;
- f) no sales charges are payable by the RSP Funds in relation to their purchases of securities of the Underlying Funds;
- g) there are compatible dates for the calculation of the net asset value of the RSP Funds and the Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;
- h) no redemption fees or other charges are charged by the Underlying Funds in respect of the redemption by the RSP Funds of securities of the Underlying Funds owned by the RSP Funds;
- i) the arrangements between or in respect of the RSP Funds and the Underlying Funds are such as to avoid the duplication of management fees;
- j) no fees and charges of any sort are paid by a RSP Fund or by an Underlying Fund or by the manager or principal distributor of a RSP Fund or an Underlying Fund or by any affiliate or associate of any of the foregoing entities to anyone in respect of a RSP Fund's purchase, holding or redemption of the securities of the Underlying Fund;
- k) in the event of the provision of any notice to securityholders of the Underlying Funds, as required by the constating documents of the Underlying Funds or by the laws applicable to the Underlying Funds, such notice will also be delivered to the securityholders of the RSP Funds; all voting rights attached to the securities of the Underlying Funds that are owned by the RSP Funds will be passed through to the securityholders of the RSP Funds; in the event that a securityholders' meeting is called for an Underlying Fund, all of the disclosure and notice material prepared in connection with such meeting will be provided to the securityholders of the corresponding RSP Fund and such securityholders will be entitled to direct a representative of the RSP Fund to vote that RSP Fund's holding in the Underlying Fund in accordance with their direction; and the representative of the RSP Fund will not be permitted to vote the RSP Fund's holdings in the Underlying Fund except to the extent the securityholders of the RSP Fund so direct;
- l) in addition to receiving the annual and, upon request, the semi-annual financial statements, of the RSP Funds, securityholders of the RSP Funds will receive the annual and, upon request, the semi-annual financial statements, of the Underlying Funds in either a combined report, containing both the RSP Funds'

and Underlying Funds= financial statements, or in a separate report containing the Underlying Funds= financial statements;

- m) to the extent that the RSP Funds and the Underlying Funds do not use a combined simplified prospectus and annual information form and financial statements containing disclosure about the RSP Funds and the Underlying Funds, copies of the simplified prospectus, annual information form and annual and semi-annual financial statements relating to the Underlying Funds may be obtained upon request by a securityholder of the RSP Funds; and
- n) each of the RSP Funds will not invest in an underlying Fund whose investment objective includes investing directly or indirectly in other mutual funds.

DATED at Toronto, Ontario this November 9, 2000.

Morley P. Carscallen

R.W. Davis

**Headnote:**

Investment by mutual funds in securities of another mutual fund that is under common management by specified purpose exempted from the requirements of clause 111(2)(b), subsection 111(3), and clauses 117(1)(a) and 117(1)(d) subject to certain specified conditions.

**Statutes Cited:**

Securities Act (Ontario), R.S.O. 1990 c.S.5 as am. ss. 111(2)(b), 111(3), 113, 117(1)(a), 117(1)(d), 117(2), and 121(2)(a)(ii).