



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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VIA SEDAR ONLY

December 8, 2000

Torys
Suite 3000, Maritime Life Tower
Box 270, TD Centre
Toronto, Ontario
M5K 1N2

Attention: Deanna Dobrowsky

Dear Mesdames:

RE: iUnits S&P/TSE 60 Capped Index Fund (the "i60C Fund"), iUnits S&P/TSE Canadian MidCap Index Fund (the "iMidCap Fund"), iUnits S&P/TSE Canadian Energy Index Fund (the "iEnergy Fund"), iUnits S&P/TSE Canadian Information Technology Index Fund (the "iIT Fund"), iUnits S&P/TSE Canadian Gold Index Fund (the "iGold Fund"), and iUnits S&P/TSE Canadian Financials Index Fund (the "iFin Fund") (individually, a "Fund", collectively, the "Funds")

**MRRS Application under National Instrument 81-102 Mutual Funds ("NI 81-102")
SEDAR Project No. 301099 / Application No. 1054/00**

By letter dated September 28, 2000, as supplemented by a subsequent letter dated November 10, 2000 (together, the "Application"), you applied on behalf of the Funds to the regulator or securities regulatory authority in each of the provinces and territories of Canada except Québec (the "Decision Makers") for discretionary relief from certain provisions of NI 81-102.

The units of the Funds will be offered continuously in the jurisdiction of each Decision Maker. For this purpose, a preliminary prospectus dated September 28, 2000 was filed under Sedar Project No. 301092, and is currently under review by staff.

We understand from the representations in the Application and from the disclosure in the proposed (final) prospectus (the "Prospectus") that:

1. Each Fund is a trust established under the laws of Ontario, with Barclays Global Investors Canada ("Barclays") as the trustee of each Fund. Barclays' head office is located in Toronto, Ontario;

2. Each of the Funds seeks to replicate the return of its Applicable Index (hereinafter defined) by investing in and holding baskets of shares (the "Index Shares") of the constituent companies that make up the Applicable Index in approximately the same proportions as they are represented in the Applicable Index. Each Fund's Applicable Index will be as follows:

<u>Fund</u>	<u>Applicable Index</u>
i60C Fund	S&P/TSE 60 Capped Index
iMidCap Fund	S&P/TSE Canadian MidCap Index
iEnergy Fund	S&P/TSE Canadian Energy Index
iIT Fund	S&P/TSE Canadian Information Technology Index
iGold Fund	S&P/TSE Canadian Gold Index
iFin Fund	S&P/TSE Canadian Financials Index

3. Each of the Funds will be passively managed; for this purpose, it may be necessary for the Fund to invest more than 10% of its net assets in shares of a constituent company of the Applicable Index;
4. Each Fund will issue units of beneficial interest ("Units") which will confer on investors a proportionate share of economic benefits similar to those which an investor could obtain through individual investments in the Index Shares;
5. The Core Asset Share Value per Unit of each Fund (i.e. the dollar value of the Index Shares underlying a Unit), to be calculated daily, will equal, as closely as possible, 1/10th of the level of the Applicable Index;
6. Units of the Funds will be listed and posted for trading on the Toronto Stock Exchange (the "TSE"), and will trade at a market price that may not necessarily reflect the Core Asset Share Value per Unit of the Fund;
7. If the Core Asset Share Value per Unit deviates significantly from 1/10th of the level of the Applicable Index, the group of Index Shares constituting a basket will be adjusted or the Fund may cause the number of Units outstanding to be consolidated or split, as necessary, in order to move the Core Asset Share Value per nit closer to 1/10th of the level of the Applicable Index;
8. Units of the Funds may only be subscribed for or purchased directly from the Funds by
 - a. one or more members of the TSE who are registered dealers or brokers and who have entered into an underwriting agreement with the Funds (the "Underwriters"), or
 - b. one or more members of the TSE who are registered dealers or brokers and who have entered into a designated broker agreement with the Funds (the "Designated Brokers"),

and orders may be placed by an Underwriter or Designated Broker only for Units in the prescribed number (the "Prescribed Number") or an integral multiple thereof on any day on which there is a trading session on the TSE;

9. Each Underwriter or Designated Broker who subscribes for Units of the Funds on the first day on which the Funds accept subscriptions must deliver to the Funds, in respect of each Prescribed Number of units to be issued, a basket of Index Shares together with an amount in cash equal to a specified percentage, as set out in the Funds' Prospectus, of the value of the basket of Index Shares delivered;
10. Every subscription for the Prescribed Number of Units of a Fund, subsequent to the first day on which such Fund accepts subscriptions, must be paid for by delivery of a basket of Index Shares and cash in an amount sufficient so that the value of the basket of Index Shares and the cash delivered is equal to the net asset value of the Fund Units next determined following the receipt of the subscription order;
11. Upon notice given by Barclays from time to time and, in any event, not more than once quarterly, a Designated Broker will subscribe for Units in an amount not to exceed 0.15% of the net asset value of the applicable Fund next determined following delivery of the notice of subscription to that Designated Broker;
12. Investors may purchase Units of the Funds from the Underwriters or Designated Brokers or through the facilities of the TSE;
13. While Unitholders who wish to dispose of their Units may generally do so by selling their Units on the TSE, a Unitholder who holds a Prescribed Number of Units or an integral multiple thereof may exchange such Units for a basket of Index Shares and cash; Unitholders may also redeem their Units for cash at a redemption price equal to 95% of the closing price of the Units on the TSE on the date of redemption;
14. As trustee, Barclays will be entitled to receive a fixed annual fee from each Fund which will be capped at a ratio equal to a fixed percentage of the net asset value of each Fund, as disclosed in the Prospectus and in the Declaration of Trust for each Fund. Barclays will be responsible for the payment of all expenses of the Funds, except for the trustee fee, and applicable income and withholding taxes;
15. Each of the Funds will engage in securities lending activities and, for this purpose, will appoint Barclays Global Investors, N.A. ("BGINA"), an affiliate of Barclays, as its lending agent, pursuant to a Securities Lending Authorization Agreement ("SLAA") that
 - a. requires the Funds' securities lending transactions to be made only with borrowers that have signed a securities lending agreement with the lending agent;
 - b. provides for the right of the lending agent to terminate any securities lending transaction at any time and to oblige the borrower to return the loaned securities within the customary settlement period;

- c. requires the Funds' securities lending transactions to be secured by collateral consisting of cash and securities issued or guaranteed by the Government of Canada or a province thereof or by the United States government or its agencies;
- d. requires the collateral for loaned securities to have a market value of not less than 105% of the market value of the loaned securities;
- e. requires the collateral for loaned securities to be delivered by the borrower concurrently with the delivery of the loaned securities to the borrower;
- f. requires the daily marking to market of the value of the loaned securities and the collateral;
- g. provides for the investment of cash collateral in money market and other short and medium term investments;
- h. provides for the obligation of the lending agent to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances; and
- i. requires all securities lending agreements entered into by the lending agent on behalf of the Fund to be consistent with the terms and conditions of the SLAA.

This letter confirms that, based on the information and representations contained (and for the purposes described) in the Application and the Prospectus, the Decision Makers hereby grant exemptions from the following requirements of NI 81-102:

- A. subsection 2.1(1) - to enable each Fund to invest more than 10% of its net assets in shares of any company included in the Applicable Index, for the purpose of tracking such Applicable Index;
- B. clause 2.6(f) - to enable each Fund to engage in securities lending activities, provided that
 - (i) this particular exemption, 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 the Decision Maker that prescribes the terms and conditions under which mutual funds will be permitted to engage in securities lending activities, and
 - (ii) each Fund carries out its securities lending activities in the manner described in paragraph 15 above and also in the Prospectus;
- C. sections 9.1 and 10.2 - to enable the purchase and sale of the Funds on the TSE, which precludes the transmission of purchase or redemption orders to the Fund;
- D. subsection 9.4(2) - to permit the payment for the issuance of Units of the Funds to the Underwriters or Designated Brokers to be made partially in cash and partially in securities,

provided that the acceptance of securities as payment is made in accordance with clause 9.4(2)(b) of NI 81-102;

- E. clause 17.2(1)(b) - to relieve each Fund from the requirement to disclose its management expense ratio in its annual and interim financial statements.

Yours very truly,

Paul A. Dempsey

Paul A. Dempsey
Assistant Manager / Senior Legal Counsel
Investment Funds, Capital Markets