
November 9, 2000

VIA SEDAR

Borden Ladner Gervais LLP

Attention: Ralf Hensel

Dear Sirs/Mesdames:

Re: Templeton Management Limited ("Templeton" or the "Manager"), 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, Bissett American Equity RSP Fund and Bissett Multinational Growth RSP Fund (collectively, the "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, Franklin World Growth Fund, Bissett American Equity Fund and Bissett Multinational Growth Fund (collectively, the "Underlying Funds")

**MRRS Application for Exemptive Relief under National Instrument 81-102
Mutual Funds ("NI 81-102")
SEDAR No. 300039; Application #1032/00**

By letter dated September 21, 2000, as amended October 19, 2000 (collectively, the "Application"), you applied to the regulator or securities regulatory authority (the "Decision Maker") in each of the provinces and territories of Canada, on behalf of the Manager, the 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 the Underlying Funds or another specified Templeton or Bissett mutual fund (collectively referred to as the "Underlying Funds") while remaining 100% eligible for registered plans (collectively referred to as the "RSP Funds"), for exemptions from the following provisions of NI 81-102:

- subsection 2.1(1),
- subsection 2.2(1),
- clause 2.5(1)(a), and
- clause 2.8(1)(d).

A preliminary, pro forma and amended and restated simplified prospectus and annual information form dated October 17, 2000 with respect to the RSP Funds and the Underlying Funds (as well as other Templeton, Bissett, Franklin and Mutual series mutual funds) has been filed under SEDAR project #305042 (the "Prospectus").

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

Application, and for the purposes described in the Application, the Decision Makers hereby grant exemptions from the following requirements of NI 81-102:

- (a) subsection 2.1(1) - to permit an RSP Fund to obtain exposure, through the use of forward contracts and other specified derivatives, to a specified Underlying Fund beyond the prescribed limits, as determined under subsections 2.1(3) and (4);
- (b) subsections 2.1(1) and 2.2(1) and clause 2.5(1)(a) - to permit an RSP Fund to invest directly in securities of its Underlying Fund beyond the prescribed limits and up to the maximum amount (the "Permitted Limit") that can be invested in foreign property under the Income Tax Act (Canada) for registered tax savings plans (the "Permitted RSP Fund Investment"); and
- (c) clause 2.8(1)(d) - to permit an RSP Fund, in respect of each exposure under forward contracts or other specified derivatives, to have a shortfall in its cash cover position for a period not to exceed one business day.

The Decision Makers grant the exemptions to permit an RSP Fund to gain exposure to its Underlying Fund through the use of forward contracts and other specified derivatives, subject to the following conditions:

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

The Decision Makers grant the exemptions to permit an RSP Fund to invest directly in securities of its Underlying Fund, subject to the following conditions:

1. this 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 foregoing 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 Underlying Funds' securities 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 the Underlying Funds is compatible with the fundamental investment objective of the RSP Funds;
 - 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 its 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 RSP Fund will not invest in an Underlying Fund whose investment objective includes investing directly or indirectly in other mutual funds.

Yours truly,

Paul A. Dempsey

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