Business Development Bank of Canada
Banque de développement du Canada

Managed Futures Notes, Series N-5

Information Statement

This Information Statement has been prepared for the sole purpose of assisting potential investors in making an investment decision with respect to Business Development Bank of Canada's Managed Futures Notes, Series N-5 (the ''Notes''). No person has been authorized to give any information or to make any representation not contained in this Information Statement, and Business Development Bank of Canada does not accept any responsibility for any information not contained herein. This Information Statement constitutes an offering of these Notes only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and then only through persons duly qualified to effect such sales. This Information Statement is not, and under no circumstances is to be construed as, a prospectus, offering memorandum or advertisement of these Notes. No securities commission or similar authority in Canada or in any other jurisdiction has reviewed this Information Statement or in any way passed upon the merits of the Notes offered hereunder, and any representation to the contrary is an offence.

The Notes have not been and will not be registered under the United States *Securities Act of 1933,* as amended. Accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any person located in the United States. No action whatsoever is being taken to permit an offering of these Notes or the distribution of this Information Statement in any jurisdiction outside Canada.

IPC Investment Corporation **IPC Securities Corporation**

tricycle
CAPITAL CORPORATION

November 19, 2001

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Summary

The following is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Information Statement. Certain terms used in this summary and elsewhere in this Information Statement are defined in the Glossary that appears at the end of this Information Statement.

A Managed Futures Note, Series N-5 (a ''Note'') evidences indebtedness of Business Development Bank of Canada (''BDC''), a federal Crown corporation and an agent of Her Majesty in right of Canada. If an investor holds a Note to maturity, the investor will receive from BDC at maturity an amount equal to the principal amount evidenced by the Note (the ''Principal Amount''). At maturity, the investor will also receive an amount of yield or return, if any, based on the increase, if any, in the Index Level between the date of issuance of the Notes and the maturity thereof. The Index Level at any particular time will be computed by reference to the assets comprising the actively managed multi-advisor program of trading in Contracts and Permitted Investments established by BDC. BDC may operate the Program itself or may retain others to operate various aspects of the Program. BDC's present intention is to retain the services of a third party to operate the Contracts trading activities of the Program; however, BDC may, at any time during the term of the Notes, terminate any such arrangement with a third party and act as the sole Program Operator. In any case, holders of the Notes will not have, and the Notes will not represent, any proprietary interest whatsoever in the assets acquired or held as part of the Program.

The Notes are not conventional indebtedness in that they have no fixed yield and could produce no yield at maturity. Therefore, the Notes are not suitable investments for investors requiring or expecting certainty of yield. The Notes carry the full faith and credit of the Government of Canada.

Issue Size:	A minimum of $15,000,000 Principal Amount.
Issue Date:	On or about March 29, 2002, subject to BDC reserving the right to discontinue accepting subscriptions and issue the Notes at any time prior thereto if BDC determines in its sole discretion that sufficient subscriptions for Notes have been received to commence operation of the Program.
Maturity Date:	September 30, 2009
Issue Price:	100% of the Principal Amount evidenced by the Note.
Yield at Maturity:	The amount of the yield or return, if any, will be based on the increase, if any, in the Index Level between the Issue Date and the Maturity Date. See ''Calculation of Yield Amount''. The Net Asset Value of the assets comprising the Program is intended to grow by virtue of income to be earned on Permitted Investments (which will generally be held to maturity) as well as from profits in connection with the trading of Contracts. Fees and expenses are payable from the assets comprising the Program: therefore, in order for the Net Asset Value of those assets to increase over the term to maturity of the Notes by virtue of the trading of Contracts alone, such trading would have to generate a positive return of approximately 5% per annum (before fees and expenses but after taking into account all income from Permitted Investments) from the Issue Date to the Maturity Date.
Minimum Investment:	Minimum $2,000 Principal Amount per investor.

Currency:	The Notes will be denominated, and the Principal Amount thereof and all other amounts payable thereon will be payable, in Canadian dollars.
Placement Agents:	IPC Investment Corporation (''IPC''), IPC Securities Corporation (''IPC Securities''), Tricycle Capital Corporation (''Tricycle'') and such other agents as may be appointed by BDC (collectively, the ''Agents'').
Redemption:	Redeemable at the option of the holder on the 30th day of June in each year, or the next business day if such dates are not business days, commencing June 30, 2004 to and including June 30, 2009, for a redemption price equal to the Principal Amount of the Note being redeemed, as adjusted for the performance of the Program during the period from the Issue Date to the date of redemption. See ''Redemption Privilege''. Redemptions on the following early redemption dates will be subject to an early redemption fee on the applicable redemption price, as follows:

Date	Early Redemption Fee
June 30, 2004	4%
June 30, 2005	3%
June 30, 2006	2%
June 30, 2007	Nil
June 30, 2008	Nil
June 30, 2009	Nil

On a redemption prior to maturity, investors could receive less than the Principal Amount evidenced by their Notes.

Ranking:	The Notes will rank *pari passu*, without any preference among themselves, with all other outstanding, direct, unsecured and unsubordinated obligations, present and future (other than obligations preferred by mandatory provisions of law), of BDC. Payment of the principal and interest (if any) on the Notes is a charge on and payable out of the Consolidated Revenue Fund of Canada.
Rating:	As at November 19, 2001, the long-term debt of BDC was rated AAA by Standard & Poors Corporation (''S&P''). A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.
Use of Proceeds:	The proceeds to BDC from the issuance of the Notes will be added to BDC's consolidated general funds and used for general banking purposes.
Tax Consequences:	The interest accrual rules will not ordinarily apply in respect of the holding of a Note. Accordingly, an investor will not ordinarily be required to include in income on an annual basis any imputed yield in respect of a Note held by the investor. Amounts received on maturity in excess of the principal amount will generally constitute income to the holder. Holders who dispose of a Note may realise a capital gain (or capital loss) if the Note constituted capital property to such holder.
Eligibility for Investment:	On the date hereof, the Notes would be eligible for investment under certain statutes and the regulations thereunder as described under ''Eligibility for Investment''. Further, on the date hereof, the Notes would be qualified investments under the *Income Tax Act* (Canada) for trusts governed by a registered retirement savings plan, a registered education savings plan, a registered retirement income fund or a deferred profit sharing plan (other than a trust governed by a deferred profit sharing plan for which any employer is BDC or is a corporation which does not deal at arm's length with BDC), and would not constitute foreign property to an investor under the *Income Tax Act* (Canada).

Delivery:	The Notes will **not** be available for delivery to investors in physical form and no investor will be entitled to a certificate or other instrument from BDC or the Canadian Depository for Securities Limited (''CDS'') evidencing the investor's ownership of the Principal Amount of the Notes. One or more definitive global notes evidencing the Notes will be issued on the Issue Date to CDS or its nominee, as the only registered holder thereof. Investors will hold their interests in Notes through their client accounts with an Agent or a member of the selling group (the ''Selling Group'') which may be formed by the Agents to assist in the marketing of the Notes to investors or other CDS Participants, and any transfers of Notes will be effected through the records maintained by CDS (with respect to the interests of CDS Participants) and on the records of CDS Participants (with respect to the interests of investors). Except in the limited circumstances described under ''Subscriptions, Transfers and Payments – Registration and Transfer'', no person other than CDS will be entitled to receive any note or other instrument evidencing Notes.
Market for Notes:	There is currently no market for the Notes, and there can be no assurance that a market will develop. If a market develops, there can be no assurance that it will be liquid. The Agents have agreed with BDC that they will use their reasonable efforts to assist investors in Notes to locate potential buyers if they wish to re-sell their Notes.
Program Fees and Expenses:	All fees and expenses incurred in the ordinary course of the conduct of the Program, including all management and incentive fees and a flat monthly amount which will fund, among other things, all brokerage fees and commissions and administrative expenses, will be paid from the assets comprising the Program. Such flat amount and/or management and incentive fees will also fund the payment to the Agents or members of the Selling Group (if such a group is formed by the Agents) of certain fees for their agency activities. See ''Program Fees and Expenses'' and ''Interests of the Agents''.
Calculation of Index Level:	BDC will be solely responsible for computing, on a daily basis, the Net Asset Value of the assets comprising the Program, as well as determining the Index Level from time to time. BDC may retain the services of third parties to make these calculations. No independent auditor will be retained on behalf of investors to make or confirm these determinations.

Prior to making an investment decision, investors should carefully consider the risks of acquiring and holding the Notes, including those factors described under the heading ''Investment Risks and Considerations''.

The examples provided in this Information Statement are included for purposes of illustration only and do not purport to be, and should not be relied upon as, estimates, forecasts or projections of the Index Level, the yield or return (if any) to be paid on a Note, the redemption price of a Note or any other amount or value.

BUSINESS DEVELOPMENT BANK OF CANADA MANAGED FUTURES NOTES, SERIES N-5

OVERVIEW

A Note evidences direct, unsecured and unsubordinated indebtedness of BDC. The Notes will be denominated, and the Principal Amount thereof and all other amounts payable thereon will be payable, in Canadian dollars. If an investor holds a Note to maturity, the investor will receive from BDC at maturity an amount equal to the Principal Amount of the Note. The amount of the yield or return, if any, that the investor will receive at maturity in addition to the Principal Amount will be based on the increase, if any, in the Index Level between the Issue Date and the Maturity Date. The Index Level at any particular time will be computed by reference to the assets comprising the actively managed multi-advisor program of trading in Contracts and Permitted Investments established by BDC (the ''Program''). BDC may operate the Program itself or may retain others to operate various aspects of the Program. BDC's present intention is to retain the services of a third party to operate the Contracts trading activities of the Program; however, BDC may, at any time during the term of the Notes, terminate any such arrangement with a third party and act as the sole Program Operator. **In any case, holders of the Notes will not have, and the Notes will not represent, any proprietary interest whatsoever in the assets acquired or held as part of the Program.**

The Notes will be direct, unsecured and unsubordinated obligations of BDC, a federal Crown corporation and an agent of Her Majesty in right of Canada, and will rank *pari passu*, without any preference among themselves, with all other outstanding, direct, unsecured and unsubordinated obligations, present and future (other than obligations preferred by mandatory provisions of law), of BDC. Payment of the principal and yield or return (if any) on the Notes is a charge on and payable out of the Consolidated Revenue Fund of Canada. As at November 19, 2001, the long-term debt of BDC was rated AAA by S&P. A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.

IPC, IPC Securities, Tricycle and such other agents as may be approved by BDC (collectively, the ''Agents'') will act as BDC's agents in placing the Notes with investors. While no placement agency fee will be paid directly by BDC to the Agents in connection with their agency activities, the Agents will be paid fees for their agency activities and participation in relation to the Program as described under ''Program Fees and Expenses'' and ''Interests of the Agents'' below. The Agents may form a Selling Group to assist in the marketing of the Notes to investors. If a Selling Group is formed by the Agents, the members of the Selling Group will also receive fees for their agency activities.

All Notes to be issued as contemplated in this Information Statement will collectively evidence indebtedness of BDC of up to $100 million. Prior to the Issue Date, BDC may, in its discretion and by notice to the Agents, increase the maximum Principal Amount to be evidenced by the Notes. BDC reserves the right to discontinue accepting subscriptions and issue the Notes at any time prior to March 29, 2002, if BDC determines, in its sole discretion, that sufficient subscriptions for Notes have been received to commence operation of the Program. BDC may from time to time issue indebtedness to be evidenced by additional series of Managed Futures Notes, which may or may not resemble the Notes. BDC and/or one or more of its affiliates may acquire Notes as principal in the open market or by private agreement. The offering of Notes may be terminated at any time by BDC in its discretion for any reason, including if all Notes subscribed for would evidence an aggregate Principal Amount of less than $15 million. The offering may also be terminated by the Agents on the basis of their assessment of the state of the financial markets, and in certain other circumstances.

The examples provided in this Information Statement are included for purposes of illustration only and do not purport to be, and should not be relied upon as, estimates, forecasts or projections of the Index Level, the yield or return (if any) to be paid on a Note, the redemption price of a Note or any other amount or value.

Federal laws of Canada preclude payments of interest or other amounts in respect of an advance of credit at effective rates in excess of 60% per annum. In the event that any payment is to be made to an investor in respect of the yield or return payable at maturity on a Note, or in respect of the portion of the redemption price representing amounts in excess of the Principal Amount thereof, the payment of a portion of such amount may be deferred to ensure compliance with such laws. Interest shall be paid in respect of each such deferred payment at the time such deferred payment is made, and shall be calculated at the rate that is the average of the rates posted by three Schedule A banks selected by BDC as at the Maturity Date or the date of redemption, as the case may be, for term deposits maturing as close as possible to the date of the deferred payment.

THE PROGRAM

The Program will consist of an actively managed multi-advisor program of trading in Contracts and Permitted Investments established by BDC. BDC may operate the Program itself or may retain others to operate various aspects of the Program. BDC's present intention is to retain the services of a third party to operate the Contracts trading activities of the Program; however BDC may, at any time during the term of the Notes, terminate any such arrangement with a third party and act as the sole Program Operator.

To achieve diversification across markets and asset classes, as well as an exposure to several different trading styles, the Program Operator will retain the services of several experienced commodity trading advisors (''CTAs''), who may be located within or outside of Canada. A portion of the funds assigned by the Program Operator to the trading of Contracts as part of the Program will be allocated to each CTA. The amount of funds to be allocated to, and re-allocated between, CTAs, the timing of such allocations, the identities of the CTAs and the timing of their retention will be in the sole discretion of the Program Operator.

Contracts traded within the Program will consist solely of (a) commodity and financial futures contracts, (b) interbank foreign exchange contracts, and (c) options on such contracts, all of which will be traded on established commodity futures exchanges around the world or through the international interbank currency trading system. Without limiting the foregoing, the Contracts traded within the Program may include futures contracts and options on such contracts relating to any of the following: metals, such as gold, silver, copper and aluminum; grains, such as wheat, corn, soybean complex and barley; softs, such as cocoa, coffee, sugar and orange juice; livestock, such as hogs and cattle; energy items, such as crude oil, heating oil and natural gas; and financial instruments and indices (including but not limited to Eurodollars, U.K. Gilts, government bonds, stock indices and currencies).

In addition to Contracts, the Program may acquire, hold and sell Permitted Investments. Permitted Investments will consist of (a) bonds, debentures or other evidences of indebtedness issued or guaranteed as to the full and timely payment of all amounts due thereon by the Government of Canada or of the United States of America, (b) interest-bearing deposits (whether held in deposit accounts or otherwise) in or with, or bankers' acceptances issued by, any deposit-taking institution organized under the laws of Canada or a province thereof which at the date of investment has net assets in excess of $50 million, and (c) other debt instruments or obligations which have, at the time of investment, the highest rating available for their category from S&P.

BDC will be solely responsible for computing, on a daily basis, the Net Asset Value of the assets comprising the Program (following the methodology set forth in the Glossary under ''Net Asset Value''), as well as determining the Index Level from time to time. BDC may retain the services of third parties to make these calculations. No independent auditor will be retained on behalf of investors to make or confirm these determinations. On a monthly basis, BDC will disclose or cause to be disclosed to the registered holders of Notes the Index Level as at the close of business not more than two business days prior to the last business day of the most recently completed calendar month, as well as the initial Index Level. BDC expects that investors will receive this information on the regular client statements provided to them by the Agents, members of the Selling Group or other CDS Participants through whom they hold their interests.

CALCULATION OF YIELD AMOUNT

The amount, if any, payable at maturity to an investor in a Note on account of the yield thereof or a return thereon will be equal to the positive dollar amount, if any, obtained according to the following formula:

$$\text{Yield Amount} = \frac{\text{Index Level}_M - \text{Index Level}_O}{\text{Index Level}_O} \times \text{PA},$$

where:

Index $Level_M$ is the Index Level at the close of business on the business day of the Maturity Date;

Index $Level_O$ is the Index Level at the opening of business on the business day immediately following the Issue Date; and

PA is the Principal Amount of the Note.

Example 1

Assumptions:

- Principal Amount of Note = \$ 2,000
- Index $Level_M$ = 125
- Index $Level_O$ = 100

In this case, the Yield Amount would be:

$$\frac{125-100}{100} \times \$2{,}000 = 0.25 \times \$2{,}000 = \$500$$

Thus, on a \$2,000 investment, the total return based on the foregoing assumptions would be \$500, or 25%, over the term to maturity (approximately seven years and six months). This return would be equivalent to a return over such period of time of approximately 2.995% per annum, compounded semi-annually.

The Net Asset Value of the assets comprising the Program is intended to grow by virtue of income to be earned on Permitted Investments (which will generally be held to maturity) as well as from profits in connection with the trading of Contracts. Fees and expenses are payable from the assets comprising the Program; therefore, in order for the Net Asset Value of those assets to increase over the term to maturity of the Notes by virtue of the trading of Contracts alone, such trading would have to generate a positive return of approximately 5% per annum (before fees and expenses but after taking into account all income from Permitted Investments) from the Issue Date to the Maturity Date.

DETERMINATION OF INDEX LEVEL

The Index Level at any particular time will be determined by reference to the Net Asset Value of the assets comprising the Program (as the same may be adjusted from time to time), which will be calculated net of fees and expenses (see ''The Program''). The formula for calculating the Index Level at any particular time will be the following:

$$\text{Index Level} = \frac{NAV_T}{NAV_O} \times 100,$$

where:

NAV_T is the Net Asset Value of the assets comprising the Program at the time the Index Level is being determined; and

NAV_O is the Net Asset Value of the assets comprising the Program at the opening of business on the business day immediately following the Issue Date (as the same may be adjusted from time to time).

Therefore, the Index Level at the opening of business on the business day immediately following the Issue Date will be 100.

__Example 2__

Assumptions:

- NAV_T = \$80,000,000
- NAV_O = \$50,000,000

In this case, the Index Level at the time of determination (i.e. when NAV_T is \$80,000,000) would be:

$$\frac{\$80{,}000{,}000}{\$50{,}000{,}000} \times 100 = 1.6 \times 100 = 160$$

Thus, in the above example, and based on the specified assumptions, the Index Level will increase by 60% (i.e. from 100 to 160) when the Net Asset Value of the assets comprising the Program increases by 60% from \$50,000,000 to \$80,000,000.

ADJUSTMENTS TO FUNDS ALLOCATED TO PROGRAM

From time to time, BDC may increase or decrease the funds allocated to the Program (other than as a result of the investment and trading activities of the Program) in connection with future issuances by BDC of Managed Futures Notes of other series or redemptions of Managed Futures Notes of any series. In the event that the funds allocated to the Program are increased or decreased at any time in this manner, then, in order to ensure that the Index Level continues to be determined on a consistent basis, the Net Asset Value of the assets comprising the Program will also be increased or decreased at the same time by an equal amount, and the Net Asset Value at the time of issuance of the Notes will be deemed for all purposes to have been increased or decreased in the same proportion. The formula for calculating the deemed increase or decrease in the Net Asset Value at the time of issuance of the Notes will be the following:

$$Y = \frac{X}{NAV_T / NAV_O},$$

where:

Y is the amount of the deemed increase or decrease in the Net Asset Value of the assets comprising the Program at the opening of business on the business day immediately following the Issue Date;

X is the actual amount of the increase or decrease in the funds allocated to the Program by the Program Operator;

NAV_T is the Net Asset Value of the assets comprising the Program immediately prior to the increase or decrease in the funds allocated; and

NAV_O is equal to the Net Asset Value of the assets comprising the Program at the opening of business on the business day immediately following the Issue Date, calculated before the adjustment is made by this formula.

__Example 3__

Assumptions:

- Additional funds allocated to the Program = \$ 750,000
- Net Asset Value immediately prior to the allocation of additional funds = \$1,500,000
- Net Asset Value at the opening of business on the business day immediately following the Issue Date = \$1,000,000

In this case, the deemed increase in the Net Asset Value at the opening of business on the business day immediately following the Issue Date will be:

$$\frac{\$750{,}000}{\$1{,}500{,}000/\$1{,}000{,}000} = \frac{\$750{,}000}{1.5} = \$500{,}000$$

Thus, in this example, if the funds allocated to the Program are increased by 50%, the Net Asset Value at the opening of business on the business day immediately following the Issue Date will be deemed to have been increased by 50% as well.

Example 4

Assumptions:

- Decrease in funds allocated to the Program = $ 500,000
- Net Asset Value immediately prior to the removal of funds = $2,000,000
- Net Asset Value at the opening of business on the business day immediately following the Issue Date = $1,000,000

In this case, the deemed decrease in the Net Asset Value at the opening of business on the business day immediately following the Issue Date will be:

$$\frac{\$500{,}000}{\$2{,}000{,}000/\$1{,}000{,}000} = \frac{\$500{,}000}{2} = \$250{,}000$$

Thus, in this example, if the funds allocated to the Program are decreased by 25%, the Net Asset Value at the opening of business on the business day immediately following the Issue Date will be deemed to have been decreased by 25% as well.

DISCONTINUANCE OF CONTRACT TRADING

If:

(a) the Index Level (ignoring for this purpose, changes in the value of and any accretions to Permitted Investments) declines at any time prior to the Maturity Date, as a result solely of the diminution in the value of the Contracts comprising part of the Program or losses incurred by virtue of buying and selling Contracts within the Program, to a level that is equal to or less than 77.5,

(b) the Net Asset Value of the assets comprising the Program diminishes in connection with redemptions at any time prior to the Maturity Date to an amount that is equal to or less than $15 million (or other amount below which it is inefficient, in the opinion of BDC, to continue the trading of Contracts through more than one CTA), such that BDC, in its absolute discretion, determines that all trading of Contracts should be discontinued, or

(c) BDC, in its absolute discretion, determines that all trading of Contracts should be discontinued as a result of any change in any laws affecting BDC, the Program Operator and/or their respective affiliates or the issuance of any judgment, order, ruling, decree, administrative guideline or policy of or by any court or governmental authority or administrative body or tribunal of competent jurisdiction or any change in law, in each case which prohibits or renders unlawful or, in BDC's discretion, inadvisable the maintenance of the Program or the trading of Contracts by or on behalf of BDC as aforesaid,

then all trading of Contracts will be discontinued, and all Contracts then held as part of the Program will be liquidated in an orderly fashion. If discontinuance occurs in this manner, the Index Level and the Net Asset Value of the assets comprising the Program, in each case determined at any time following the discontinuance, will be determined as if the sole asset held as part of the Program following the discontinuance (in addition to any Permitted Investments held immediately prior to the time of discontinuance) were a conventional Government of Canada debt instrument issued at the time of the discontinuance with all the proceeds of the liquidation of the Contract positions (and having a principal amount equal to such proceeds) and which matures on the Maturity Date.

If discontinuance occurs as aforesaid, BDC will forthwith notify investors in Notes with respect thereto in the manner specified under ''Subscriptions, Transfers and Payments – Notification''.

REDEMPTION PRIVILEGE

Each registered holder of a Note will have the right, by notice (the ''Redemption Notice'') to the payment and transfer agent, to redeem such registered holder's Notes in whole or in part as described below. BNY Trust Company of Canada will act as the initial payment and transfer agent, and any Redemption Notice should be addressed to it at 4 King Street West, Suite 1101, Toronto, Ontario, M5H 1B6, Attention: Senior Trust Officer, and delivered to such address (accompanied by the notes evidencing the Notes to be redeemed) no later than the 10th business day preceding the 30th day of June in each year, commencing June 30, 2004 and to and including June 30, 2009, to require BDC, on such June 30 (the ''Redemption Date''), unless such dates are not business days in which case the Redemption Date shall be the next business day, to redeem such registered holder's Notes in whole or in part as described below.

BDC will be required to redeem Notes of any registered holder delivering a Redemption Notice only if the Redemption Notice applies to all of the registered holder's Notes, or if, following the redemption, the registered holder would hold Notes in an aggregate Principal Amount of at least $2,000. If less than all of a registered holder's Notes are redeemed, BDC will issue to the holder, in accordance with the holder's directions, one or more notes in authorized denominations evidencing the unredeemed balance of the holder's Notes. So long as CDS or its nominee is the only registered holder, such notes will be issued only to CDS or a nominee of CDS.

If a Redemption Notice is properly delivered and is accompanied by the notes or other instrument evidencing the Notes to be redeemed, BDC will be required, on the applicable Redemption Date, to redeem such Notes for a redemption price that will be equal to the Principal Amount of Notes being redeemed, as adjusted for the performance of the Program during the period from the Issue Date to the Redemption Date, calculated in accordance with the formula set forth below. The redemption price shall be paid to the registered holder no later than 15 business days following the Redemption Date. **A redemption on the following early redemption dates will be subject to an early redemption fee on the redemption price as follows:**

Date	Early Redemption Fee
June 30, 2004	4%
June 30, 2005	3%
June 30, 2006	2%
June 30, 2007	Nil
June 30, 2008	Nil
June 30, 2009	Nil

As indicated under ''Subscriptions, Transfer and Payments'', CDS or its nominee will be the only registered holder of Notes and, except in the limited circumstances described under that heading, no person other than CDS will be entitled to receive any note or other instrument evidencing Notes. INVESTORS IN NOTES WILL BE ENTITLED TO REDEEM THEIR NOTES BY PROVIDING THE APPROPRIATE INSTRUCTIONS TO THE AGENTS, MEMBERS OF THE SELLING GROUP OR OTHER CDS PARTICIPANTS THROUGH WHOM THEY HOLD THEIR INTERESTS AT LEAST 15 BUSINESS DAYS PRIOR TO THE REDEMPTION DATE. ANY SUCH REDEMPTION MUST COMPLY WITH THE PRINCIPAL AMOUNT RESTRICTIONS DESCRIBED ABOVE.

The formula pursuant to which the redemption price (before the deduction of the early redemption fee, if applicable) will be determined is the following:

$$\text{Redemption Price} = \frac{\text{Index Level}_T}{\text{Index Level}_O} \times \text{PA},$$

where:

Index $Level_T$ is the Index Level at the close of business on the Redemption Date or if the Redemption Date is not a business day, the last business day preceding the Redemption Date;

Index $Level_O$ is the Index Level at the opening of business on the business day immediately following the Issue Date; and

PA is the aggregate Principal Amount of the Notes being redeemed.

The amount of the redemption price will depend entirely on the relative Index Levels calculated at the appropriate times as described above. If a holder of Notes elects to exercise the redemption privilege rather than to hold the Notes to maturity, the holder could receive an amount significantly less than the Principal Amount of the Notes being redeemed.

Example 5

Assumptions:

- Principal Amount of Notes being redeemed = $ 2,000
- Index $Level_T$ = 120
- Index $Level_O$ = 100
- Redemption Date is June 30, 2004

In this case, the redemption price (before deduction of the 4% early redemption fee) would be:

$$\frac{120}{100} \quad x \quad \$2,000 \quad = \quad 1.2 \quad x \quad \$2,000 \quad = \quad \$2,400$$

After deduction of the 4% early redemption fee (as the redemption date is assumed to be June 30, 2004), the proceeds to the investor in connection with the redemption on the basis of the foregoing assumptions would be $2,304, representing a repayment of the $2,000 Principal Amount of the Notes plus a return of $304.

Example 6

Assumptions:

- Principal Amount of Notes being redeemed = $2,000
- Index $Level_T$ = 85
- Index $Level_O$ = 100
- Redemption Date is June 30, 2004

In this case, the redemption price (before deduction of the 4% early redemption fee) would be:

$$\frac{85}{100} \quad x \quad \$2,000 \quad = \quad 0.85 \quad x \quad \$2,000 \quad = \quad \$1,700$$

After deduction of the 4% early redemption fee (as the redemption date is assumed to be June 30, 2004), the proceeds to the investor in connection with the redemption on the basis of the foregoing assumptions would be $1,632, which would be less than the Principal Amount of the Notes.

Subscriptions, Transfers and Payments

Subscription

Investors will offer to subscribe for Notes by delivering to the Agents or a member of the Selling Group (if such a group is formed by the Agents) cheque(s) payable to ''Business Development Bank of Canada, In Trust'' or cheque(s) payable to the Agent who will, in turn make payment to Business Development Bank of Canada, In Trust, for the full amount of the Notes for which the investor offers to subscribe (the ''Offered Amount'') along with an originally executed Subscription Agreement or in such other manner as may be determined by BDC. Orders received on or before March 19, 2002, will be deposited in an account with TD Bank and held for the benefit of the investor. These funds will be invested in fixed income investments, all of which will mature on or prior to the Issue Date. Upon acceptance of the Subscription Agreement by BDC, the Offered Amount and all accretions thereto will be used on the Issue Date to subscribe for Notes. Orders for Notes may be accepted in whole or in part, and BDC reserves the right to allot to any investor Notes in an amount less than that subscribed for by the investor, subject to the condition that any acceptance of a partial subscription or any partial allotment shall not be for less than $2,000 Principal Amount per investor. BDC also reserves the right to discontinue accepting subscriptions and issue the Notes at any time prior thereto if BDC determines in its sole discretion that sufficient subscription for Notes have been received to commence operation of the Program.

Each Agent or member of the Selling Group (if such a group is formed by the Agents) who accepts orders for Notes will mail, no later than the third business day following the Issue Date, to each initial investor who places an order a confirmation of the aggregate Principal Amount of Notes issued to the investor. The sales of the Notes to the initial investors will settle on or before the third business day following the Issue Date. Any subscription funds provided by an investor which are not used to acquire Notes for any reason whatsoever will be promptly refunded to the investor without deduction.

Registration and Transfer

On the Issue Date, one or more definitive global notes (the ''Global Note'') evidencing the aggregate Principal Amount of Notes to be issued to investors will be delivered to CDS registered in the name of CDS or its nominee. Absent the circumstances referred to below, CDS or its nominee will be the only registered holder of Notes. Notes will not be available for delivery to investors in physical form and no investor will be entitled to a certificate or other instrument from BDC or CDS evidencing the investor's ownership of the Principal Amount of the Notes. Investors will hold their Notes through their client accounts with an Agent, a member of the Selling Group or other CDS Participant. CDS will be responsible for establishing and maintaining book-entry account and entries for the CDS Participants having interests in the Global Notes. Transfers of ownership of interests in the Global Notes will be effected through records maintained by CDS (with respect to the interests of CDS Participants) and on the records of CDS Participants (with respect to the interests of investors).

Definitive notes evidencing the Notes will be issued to CDS Participants in the event that (i) CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Notes and BDC is unable to engage a qualified successor depository system; or (ii) BDC elects to terminate the use of the Book Entry Only System in respect of the Notes. In either event, upon the surrender by CDS of the Global Notes evidencing the aggregate Principal Amount of Notes then outstanding, BDC will issue, in the appropriate denominations, definitive notes to the CDS Participants appearing on the records maintained by CDS at the time of or immediately prior to such surrender.

Notes will be issuable to investors, subject to a minimum $2,000 Principal Amount per investor. Notes will be transferable provided that no such transfer will entitle an investor to hold a Principal Amount of Notes of less than $2,000. Until and unless notes evidencing the Notes are issued to CDS Participants as described above, CDS or its nominee will be the only registered holder recorded in such register, and its interest as shown therein will reflect the Global Notes. No Global Note may be transferred except as a whole by CDS to a nominee of CDS or by a nominee of CDS to CDS or another nominee of CDS.

INVESTORS IN NOTES WILL BE ENTITLED TO TRANSFER THEIR NOTES IN A MANNER CONSISTENT WITH THE FOREGOING (INCLUDING WITH RESPECT TO AUTHORIZED TRANSFER

DENOMINATIONS) BY PROVIDING THE APPROPRIATE INSTRUCTIONS TO THE AGENTS, MEMBERS OF THE SELLING GROUP OR OTHER CDS PARTICIPANTS THROUGH WHOM THEY HOLD THEIR INTERESTS.

Payment Mechanics

All amounts payable in respect of the Global Notes will be made available by BDC on the relevant payment dates through CDS or its nominee in accordance with arrangements between BDC and CDS. CDS or its nominee will, upon receipt of any such amount, immediately facilitate payment to the applicable CDS Participants or credit the accounts of such CDS Participants, in amounts proportionate to their respective interests in the amount made available by BDC to CDS or its nominee, as shown on the records of CDS maintained in connection with the Book Entry Only System.

BDC expects that payments by CDS Participants to investors holding interests in the Global Notes through such CDS Participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in ''street name'', but, in any event, such payments will be made to investors within 15 business days of the date of receipt by the relevant CDS Participant, and will be the responsibility of such CDS Participants. The responsibility and liability of BDC in respect of Notes represented by the Global Notes is limited to making payments of the amounts due in respect of the Global Notes to CDS or its nominee. BDC will not have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership of Notes represented by the Global Notes or for maintaining, supervising or reviewing any records relating to any such ownership.

In the event that definitive notes evidencing the Notes are issued to CDS Participants as contemplated above, payment of all amounts payable in respect of the Notes will be made by BDC on the relevant payment dates to the CDS Participants as their interest may appear in the aforementioned register. In such event, the CDS Participants will be responsible for making the appropriate payments to investor in Notes in the manner described above.

BDC retains the right, as a condition to the payment of the Principal Amount of any definitive note evidencing Notes, to require the surrender for cancellation of such note.

Neither BDC nor CDS will be bound to see to the execution of any trust affecting the ownership of any Notes or be affected by notice of any equity that may be subsisting with respect to any Notes.

Notification

All general notices to investors regarding the Notes will be valid and effective if published once in a national Canadian newspaper of general circulation distributed daily, and once in a daily French language newspaper of general circulation in Montreal.

Amendment to the Notes

The Global Note may be amended without the consent of the investors by agreement between BDC and the Agents if, in the reasonable opinion of BDC and the Agents, the amendment would not materially and adversely affect the interests of the holders of the Notes. In other cases, the Global Note may be amended if the amendment is approved by a resolution passed by the favourable votes of the investors holding not less than 66⅔% of the Notes represented at a meeting convened for the purpose of considering the resolution. Each investor in Notes is entitled to one vote per Note held by such Investor for the purposes of voting at meetings. The Notes do not carry the right to vote in any other circumstances.

SUITABILITY FOR INVESTMENT

An investment in Notes is speculative in nature. The Agents consider the Notes to be appropriate investments only for those investors willing to hold them to maturity. Such investors should be able to tolerate a significant degree of risk, as it is conceivable that the yield or return on the Notes could be nil. A person should reach a decision to invest in the Notes after carefully considering, with his or her advisors, the suitability of these investments in light of his or her investment objectives and the information set out in this Information Statement. The Notes are not conventional indebtedness in that they have no fixed yield and could produce no yield at maturity. Therefore, the Notes are not suitable investments for investors requiring or expecting certainty of yield.

PROGRAM FEES AND EXPENSES

All fees and expenses incurred in the ordinary course of the conduct of the Program will be paid from the assets comprising the Program. These fees and expenses will include (a) management fees, calculated and payable in arrears to each Manager, (b) incentive fees, calculated and payable in arrears to Managers who are profitable in a Calendar Quarter (regardless of whether or not the Program is profitable overall in that quarter), and (c) a flat monthly amount of up to ½ of 1% of the amount allocated to the trading of Contracts in connection with the Program as at the end of the immediately preceding month (which will fund, among other things, all commissions and brokerage fees on the purchase and sale of Contracts and Permitted Investments, and all custodial, payment and transfer agent, audit, processing, legal, tax, administrative and other similar fees and expenses).

Management fees and incentive fees will be payable at rates that are usual and competitive in the futures industry for similar programs. The aggregate management fees payable to all Managers in respect of any particular period will not exceed 4% per annum of the sum of (a) the amount of capital allocated to all Managers since the commencement of the trading of Contracts, plus (b) net profits generated by the trading of Contracts. It is anticipated that the aggregate incentive fees that will be paid to all Managers in connection with the Program for any particular period for which incentive fees will be paid to such Managers will approximate 22.5% of (a) the net profits generated during such period, less (b) all net profits in relation to which incentive fees have previously been calculated and paid.

The Net Asset Value of the asset comprising the Program is intended to grow by virtue of income to be earned on Permitted Investments (which will generally be held to maturity) as well as from profits in connection with the trading of Contracts. Fees and expenses are payable from the assets comprising the Program; therefore, in order for the Net Asset Value of those assets to increase over the term to maturity of the Notes by virtue of the trading of Contracts alone, such trading would have to generate a positive return of approximately 5% per annum (before fees and expenses but after taking into account all income from Permitted Investments) from the Issue Date to the Maturity Date.

INTERESTS OF THE AGENTS

The Program Operator will be, collectively, BDC and any persons retained by BDC to operate any aspect of the Program. IPC, Tricycle and/or one or more of their respective affiliates may be retained as Program Operators or CTAs or introducing, executing or clearing brokers in connection with the Program. To the extent that the services provided by any such entity are those of a Manager, management and incentive fees will be payable to such entity in connection with the services provided as described under ‘‘Program Fees and Expenses’’. To the extent that any such entity provides services as described above other than those of a Manager, including, in the case of IPC and Tricycle, their services as agents in placing the Notes with investors and advisory services provided in respect of the Program, it shall be compensated from the monthly amount charged to the assets of the Program as described under ‘‘Program Fees and Expenses’’ and/or from the management and incentive fees described above. The Agents also have acted as agents of BDC and/or in the other capacities described above in connection with previous offerings by BDC of Managed Futures Notes, and may continue to receive fees in respect of services provided in connection with previous series of Managed Future Notes.

The terms of the Notes and the decision to issue them have been arrived at on an arm’s length basis between the Agents and BDC.

USE OF PROCEEDS

The Notes will be direct, unsecured and unsubordinated indebtedness of BDC and the proceeds to BDC from the issuance of the Notes will be added to BDC’s consolidated general funds and used for general banking purposes.

Market for Notes

The Notes are designed primarily for investors who wish to hold them to maturity. There is currently no market for the Notes, and there can be no assurance that a market will develop. If a market develops, there can be no assurance that it will be liquid. The Agents have agreed with BDC that they will use their reasonable efforts to assist investors in Notes to locate potential buyers if they wish to sell their Notes.

Eligibility for Investment

In the opinion of Heenan Blaikie, counsel to the Agents, if the Notes were outstanding on the date hereof, they would be eligible investments, in each case subject to general investment provisions and prudent investment requirements and standards, and the satisfaction of additional requirements relating to investment or lending policies, standards, procedures or goals, under or by the following statutes and, where applicable, the regulations thereunder:

Cooperative Credit Associations Act (Canada)
Insurance Companies Act (Canada)
Pension Benefits Standards Act, 1985 (Canada)
Trust and Loan Companies Act (Canada)
Financial Institutions Act (British Columbia)
Pension Benefits Standards Act (British Columbia)
Loan and Trust Corporations Act (Alberta)
The Pension Benefits Act, 1992 (Saskatchewan)
The Pension Benefits Act (Manitoba)
Loan and Trust Corporations Act (Ontario)
Pension Benefits Act (Ontario)
An Act respecting insurance (Québec)
An Act respecting trust companies and savings companies (Québec)
Supplement Pension Plans Act (Québec)
Pension Benefits Act (Nova Scotia)
Pension Benefits Act (New Brunswick)
Pension Benefits Act, 1997 (Newfoundland)

Further, in the opinion of Heenan Blaikie, if the Notes were outstanding on the date hereof, they would be qualified investments under the *Income Tax Act* (Canada) for trusts governed by a registered retirement savings plan, a registered education savings plan, a registered retirement income fund or a deferred profit sharing plan (other than a trust governed by a deferred profit sharing plan for which any employer is BDC or is a corporation which does not deal at arm's length with BDC), and would not constitute foreign property to an investor under the *Income Tax Act* (Canada).

Investment Risks and Considerations

Prior to making an investment decision, investors should carefully consider the risks associated with acquiring and holding Notes, including the following factors:

1. *No Recourse to Program Assets*. The obligation to make payments to holders of the Notes in accordance with the terms thereof is an obligation of BDC. Holders of the Notes will not have, and the Notes will not represent, any proprietary interest whatsoever in the assets acquired or held as part of the Program. Accordingly, investors in Notes will have no recourse whatsoever to the assets of the program to satisfy amounts owing to them under the Notes, nor will they be entitled in any way to influence the Program Operator's management of the Program, including with respect to the choice of CTAs used.

2. *Uncertain Yield*. The yield or return, if any, to be realized by investors on maturity will depend upon the performance of the Program, and therefore the increase, if any, in the Index Level (as determined by reference to the Net Asset Value of the assets comprising the Program) between the Issue Date and the Maturity Date. There can be no assurance that the Program will generate positive returns over such period. Depending on the performance of the Program, investors may receive only the Principal Amount of their Notes on maturity, without any yield or return thereon.

3. *Early Redemption*. The amount of the redemption price to be paid to an investor who desires to redeem any Notes prior to maturity will depend entirely on the relative Index Levels calculated at the appropriate times as

described under ‘‘Redemption Privilege’’. If any investor in Notes elects to exercise the redemption privilege rather than to hold the Notes to maturity, the investor could receive an amount significantly less than the Principal Amount of the Notes being redeemed. In addition, redemptions on the following early redemption dates will be subject to an early redemption fee on the applicable redemption price as follows:

Date	Early Redemption Fee
June 30, 2004	4%
June 30, 2005	3%
June 30, 2006	2%
June 30, 2007	Nil
June 30, 2008	Nil
June 30, 2009	Nil

This will reduce the proceeds of redemption.

4. *Non-Conventional Indebtedness*. The Notes are not conventional indebtedness in that they do not provide investors with a return or income stream prior to maturity, or a return at maturity calculated by reference to a fixed or floating rate of interest that is determinable prior to maturity. Investors in Notes will not have an opportunity to reinvest any income generated by their investments prior to maturity, nor will they be able, prior to maturity, to determine the amount of the yield or return, if any, that they will receive on their Notes at maturity.

5. *Value of Notes*. The value at any particular time of an investor’s Notes will be determined in part by reference to the Net Asset Value of the assets comprising the Program at such time, which will consist of both Contracts and Permitted Investments. The Net Asset Value of the assets comprising the Program will fluctuate from time to time. As such, the value of any Notes will also fluctuate. Also, the value of Notes will be affected by prevailing interest rates.

6. *Calculation of Index Level*. BDC will be solely responsible for computing, on a daily basis, the Net Asset Value of the assets comprising the Program, as well as determining the Index Level from time to time. BDC may retain the services of third parties to make these calculations. No independent auditor will be retained on behalf of Investors to make or confirm these determinations.

7. *Exchange Rates*. The Net Asset Value of the assets comprising the Program will be calculated from time to time in Canadian dollars. The assets comprising the Program may be invested and held in other currencies. Accordingly, the Net Asset Value may be affected by fluctuations in the value of the Canadian dollar against such other currencies in which the assets of the Program are invested or held.

8. *Discontinuance of Contract Trading*. In the circumstances described under ‘‘Discontinuance of Contract Trading’’, the trading of Contracts in connection with the Program will be discontinued and all Contracts held as part of the Program will be liquidated in an orderly fashion. In such event, the Index Level and the Net Asset Value of the assets comprising the Program, in each case determined at any time following the discontinuance, will be determined as if the sole asset held as part of the Program following the discontinuance (in addition to any Permitted Investments held immediately prior to the time of discontinuance) were a conventional Government of Canada debt instrument issued at the time of the discontinuance with all the proceeds of the liquidation of the Contract positions (and having a principal amount equal to such proceeds) and which matures on the Maturity Date.

9. *Commodity Futures Trading*. The performance of the Program will be subject to, and therefore the yield or return (if any) to be realized by investors will be affected by, risks associated with trading in Contracts. Generally, futures trading is speculative, highly leveraged and volatile. At times, trading in the Contracts may be illiquid and may be adversely affected by exchange regulations such as speculative position limits. Also, trading in certain types of Contracts, such as interbank foreign exchange contracts, may be subject to additional risks of counterparty default, absence of regulation and illiquidity due to an absence of secondary trading. Risks associated with options on

commodity and financial futures Contracts and with the Contracts themselves will differ from the risks associated with the underlying assets. The Program will also be subject to the risk of failure of any of the exchanges on which its CTAs trade, or of their clearing houses, if any.

10. *Trading by CTAs*. While the Program Operator will have evaluated the performance record of each CTA and determined which CTAs are suitable for the Program's trading policies, and investment objectives, past performance of any CTA will not necessarily be indicative of future results. Furthermore, each CTA will have exclusive responsibility for making trading decisions with respect to the portion of the funds of the Program allocated to it. There can be no assurance that the respective trading systems and strategies utilized by the CTAs will prove successful under all or any market conditions.

11. *Market for Notes*. There is currently no market for the Notes, and there can be no assurance that a market will develop. If a market develops, there can be no assurance that it will be liquid.

12. *Suitability for Investment*. An investment in Notes is speculative in nature and is suitable only for investors who meet certain criteria and have certain investment objectives and are willing to hold the Notes to maturity. A person should reach a decision to invest in the Notes after carefully considering, with his or her advisors, the suitability of these investments in light of his or her investment objectives and the information set out in this Information Statement. See ''Suitability for Investment''.

13. *Credit Risk*. Because the obligation to make payments to holders of the Notes is an obligation of BDC, a federal Crown corporation and an agent of Her Majesty in right of Canada, the likelihood that such holders will receive the payments owing to them in connection with the Notes will be dependent upon the financial health and creditworthiness of the Government of Canada.

14. *Notes Purchased in Secondary Market.* The Principal Amount of a Note is guaranteed by BDC at maturity, however, BDC does not guarantee the payment at maturity of any premium paid by a holder in the secondary market in excess of the Principal Amount.

Tax Considerations for Canadian Residents

The following is a summary of the principal Canadian federal income tax considerations generally applicable to the investor who acquires Notes pursuant to this offering and who, for purposes of the *Income Tax Act* (Canada) (the ''Tax Act''), is resident in Canada at all relevant times. This summary is based on the current provisions of the Tax Act and the regulations thereunder (the ''Regulations'') in force as of the date hereof, upon counsel's understanding of the current administrative and assessing policies of the Canada Customs and Revenue Agency and upon all specific proposals (the ''Tax Proposals'') to amend the Tax Act and Regulations announced or released by the Minister of Finance (Canada) prior to the date hereof. There is no certainty that the Tax Proposals will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, government or judicial decision or action, nor does it take into account provincial or foreign tax considerations which may differ significantly from those discussed herein.

The Tax Act contains certain provisions relating to securities held by certain financial institutions, which are generally known as the ''Mark-to-Market Rules''. This summary does not take into account these Mark-to-Market Rules, and taxpayers that are financial institutions as defined for purposes of those rules should consult their own tax advisors.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular investor. No representation with respect to Canadian federal income tax considerations to any particular investor is made herein. Accordingly, prospective investors should consult their own tax advisors with respect to their individual circumstances, including the characterization of any gain (or loss) for income tax purposes.

The interest accrual rules will not ordinarily apply in respect of the holding of a Note. Accordingly, an investor will not ordinarily be required to include in income on an annual basis any imputed yield in respect of a Note held by the investor. On a redemption of Notes prior to maturity, holders will realize income (or a trading loss) to the extent that the proceeds payable exceed (are less than) the Principal Amount of the redeemed Notes. Holders whose Notes are redeemed may also realize a capital gain (or capital loss) if the redeemed notes constitute a capital property to such holder. The proceeds of disposition for the purpose of calculating any capital gain (or capital loss) would be reduced by the portion of the redemption proceeds that are included in income, as described above. A disposition of a Note prior to maturity may give rise to a capital gain (or capital loss) or an income gain (or loss) depending on the circumstances relating to the holder. If Notes are inventory or a speculative investment to a particular holder then there may be no capital gain (or capital loss) and any gain or loss resulting from a redemption or other disposition would be on income account. Income treatment could also arise if Notes are disposed of shortly before, and in contemplation of, maturity.

See also ''Eligibility for Investment''.

GLOSSARY

For the purposes of this Information Statement, the following terms have the respective meanings set forth below:

‘‘**Agents**’’ means IPC, Tricycle, IPC Securities and/or such other agents that may be appointed by BDC.

‘‘**Book Entry Only System**’’ means the record-entry securities transfer and pledge system administered by CDS in accordance with the Operating Rules and Procedures of the Securities Settlement Service of such corporation.

‘‘**business day**’’ means any day other than a Saturday or Sunday on which commercial banks in Toronto, Ontario and Chicago, Illinois are generally open for business.

‘‘**Calendar Quarter**’’ means a period of three calendar months (or a shorter period, if the context so requires) that ends on the last day of March, June, September or December in any calendar year.

‘‘**CDS**’’ means The Canadian Depository for Securities Limited.

‘‘**CDS Participant**’’ means any broker, dealer, bank or other financial institution or other entity that participates in or as a member of the Book Entry Only System.

‘‘**Contracts**’’ means contracts traded within the Program, which shall consist solely of (a) commodity and financial futures contracts, (b) interbank foreign exchange contracts, and (c) options on such contracts, all of which will be traded on established commodity futures exchanges around the world or through the international interbank currency trading system.

‘‘**CTA**’’ means a commodity trading advisor retained by the Program Operator in connection with the Program.

‘‘**Global Note**’’ has the meaning ascribed to that term under the heading ‘‘Subscriptions, Transfers and Payments – Registration and Transfer’’.

‘‘**Index**’’ means the managed futures index that will be computed from time to time by reference to the Net Asset Value of the assets comprising the Program. See ‘‘Determination of Index Level’’.

‘‘**Index Level**’’ means the level of the Index, determined as described under ‘‘Determination of Index Level’’. The Index Level at the opening of business on the business day immediately following the Issue Date will be 100.

‘‘**investor**’’ means, unless the context otherwise requires, a person who owns, through a CDS Participant (who in turn may hold through the Book Entry Only System) an interest in a Note.

‘‘**IPC**’’ means IPC Investment Corporation, a company in the business of providing financial planning advice, registered under the *Securities Act* (Ontario) as a mutual fund dealer and a limited market dealer.

‘‘**IPC Securities**’’ means IPC Securities Corporation, a company registered under the *Securities Act* (Ontario) as an investment dealer.

‘‘**Issue Date**’’ means the date on which the Notes will be issued, which is expected to be on or about March 29, 2002, subject to BDC reserving the right to discontinue accepting subscriptions and issue the Notes at any time prior thereto if BDC determines, in its sole discretion, that sufficient subscriptions for Notes have been received to commence operation of the Program.

‘‘**Manager**’’ means the Program Operator and each CTA, to the extent any such entity is involved with the management of the Program or the assets thereof.

‘‘**Maturity Date**’’ means September 30, 2009, the date on which the Principal Amount evidenced by the Notes, and the yield or return (if any) thereon, will become due and payable.

‘‘**Net Asset Value**’’ of the assets comprising the Program as of any business day (a ‘‘Valuation Day’’) will be computed by subtracting the aggregate value of the liabilities relating to the Program from the aggregate value of the assets held in connection with the Program, all as determined in accordance with generally accepted accounting principles, consistently applied under the accrual method of accounting, except as set forth below. The Net Asset Value will be calculated in such manner as BDC shall reasonably determine from time to time, provided that:

(a) the assets held in connection with the Program shall include:

(i) all liquid assets, which means cash or its equivalent (including cash of other countries if conversion into Canadian currency can be readily effected), on hand, on deposit or on call, including any accrued interest thereon;

(ii) all Contracts, debt obligations, Permitted Investments and other property held or contracted for in connection with the Program together with all unrealized profit or loss on open Contract positions;

(iii) all bills, notes and accounts receivable held in connection with the Program;

(iv) all cash and other distribution to be received in respect of Permitted Investments and Contracts held in connection with the Program and not yet received but declared to be payable to holders of record on a date on or before the Valuation Day as of which the Net Asset Value is being determined;

(v) all interest accrued on any fixed interest-bearing Permitted Investments held in connection with the Program which is not included in the quoted price of such Permitted Investments; and

(vi) all other property of every kind and nature, including prepaid expenses, held in connection with the Program;

(b) the value of such assets will be determined as follows:

(i) all cash on hand, on deposit or on call, bills, notes and accounts receivable, prepaid expenses, cash and other distributions and interest declared or accrued as aforesaid and not yet received, will be valued at the full amount thereof unless BDC or its agent shall have determined that any of the foregoing is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as BDC or its agent reasonably believes to be the fair value thereof;

(ii) all open Contract positions will be valued at their market value on the applicable Valuation Day, which means, with respect to any open Contract position, the settlement price for the particular Contract position as determined by the exchange on which the transaction is effected on the applicable Valuation Day; provided that if the particular Contract position could not be liquidated on such day due to the operation of daily limits or other rules of the exchange upon which that position is traded or otherwise, the market value of such position for such day will be deemed to be such value as BDC or its agent reasonably believes to be the fair value thereof. As used herein, ‘‘settlement price’’ for a Contract position on a United States exchange includes, but is not limited to, the settlement price on the commodity futures exchange on which the related Contract is traded;

(iii) Permitted Investments traded on an over-the-counter market will be valued at the average of the closing bid and ask prices, all as reported by the financial press or an industry standard quotation system;

(iv) Permitted Investments consisting of ‘‘strip bonds’’ or ‘‘zero coupon bonds’’ or equivalents will be valued at their market value, having reference to the market value of similar debt obligations with rating, yields to maturity and maturity dates similar to such Permitted Investments;

(v) all currency Contracts will be valued at their market value and any difference resulting from a change in such market value will be treated as an unrealized gain or loss on investment; and

(vi) the value of any asset for which a market quotation is not readily available or to which, in the opinion of BDC or its agent, the above principles cannot be applied shall be the lesser of its cost to the

Program and the fair value thereof determined in such manner as BDC or its agent shall from time to time reasonable determine;

provided that, notwithstanding the foregoing;

(vii) the value of any asset shall be determined in accordance with applicable law; and

(viii) BDC or its agent may employ one or more independent pricing services to assist with the valuation of Contracts and other assets held in connection with the Program. All values assigned to Contracts and other assets held in connection with the Program by BDC, its agent or an independent pricing service employed by BDC or its agent, shall be final and conclusive and shall be binding on all parties;

(c) the liabilities relating to the Program shall be deemed to include;

(i) all bills, notes and accounts payable relating to the Program;

(ii) all management fees, incentive fees and other amounts to be charged to the assets comprising the Program on account of brokerage commissions or administrative or operating expenses, in each case whether payable or accrued or both;

(iii) all contractual obligations for the payment of money or property;

(iv) all allowances authorized or approved by BDC for contingencies; and

(v) all other liabilities of whatsoever kind and nature relating to the Program;

(d) the following liabilities will be calculated in the manner set out below;

(i) interest, if any, shall be accrued at least monthly; and

(ii) brokerage commissions on open positions shall be considered accrued in full (i.e. on a ''round-turn'' basis) as a liability relating to the Program; and

(e) all Contracts and other assets held in connection with the Program valued in terms of foreign currency, funds on deposit and contractual obligations payable to the Program in foreign currency will be translated into Canadian currency at the closing exchange rate as quoted by customary banking sources on the applicable date.

''**Note**'' means an instrument (including a Global Note) that evidences indebtedness of BDC and that is designated a ''Business Development Bank of Canada Managed Futures Notes, Series N-5'', or an interest therein, as the context may require.

''**Permitted Investment**'' means those investments which may be acquired, held and sold in connection with the Program and consists of (a) bonds, debentures or other evidences of indebtedness issued or guaranteed as to the full and timely payment of all amounts due thereon by the Government of Canada or of the United States of America, (b) interest-bearing deposits (whether held in deposit accounts or otherwise) in or with, or bankers' acceptances issued by, any deposit-taking institution organized under the laws of Canada or a province thereof which at the date of investment has net assets in excess of $50 million, and (c) other debt instruments or obligations which have, at the time of investment, the highest rating available for their category from S&P.

''**Principal Amount**'' means, with respect to a Note, the amount of indebtedness evidenced thereby, which shall be equal to the issue price thereof.

''**Program**'' means the actively managed multi-advisor program of trading in Contracts and Permitted Investments established by BDC, as described under ''The Program''.

''**Program Operator**'' means collectively, BDC and any persons retained by BDC to operate any aspect of the Program.

''**Redemption Date**'' has the meaning ascribed to that term under ''Redemption Privilege''.

‘‘**Redemption Notice**’’ has the meaning ascribed to that term under ‘‘Redemption Privilege’’.

‘‘**S&P**’’ means Standard & Poors Corporation.

‘‘**Selling Group**’’ means the members of a selling group which may be formed by the Agents to offer the Notes to the general public and, for greater certainty, shall exclude the Agents.

‘‘**Subscription Agreement**’’ means that particular subscription agreement between an investor and BDC.

‘‘**Tricycle**’’ means Tricycle Capital Corporation, a company registered under the *Securities Act* (Ontario) as a limited market dealer.