

IN THE MATTER OF THE SECURITIES ACT,
S.N.S. 1984, CHAPTER 11, as amended

AND

IN THE MATTER OF CERTAIN
CERTIFICATES FOR GOVERNMENT SECURITIES

RULING
(Subsection 59(1))

UPON the application of certain interested parties to the Nova Scotia Securities Commission (the "Commission") pursuant to subsection 59(1) of the Securities Act, S.N.S. 1984, c. 11, as amended (the "Act");

AND WHEREAS the Commission has been advised that there may be sold in Nova Scotia deposit receipts or other certificates ("Certificates") representing undivided interests in pools of bonds, debentures or other evidences of indebtedness of or guaranteed by the Government of Canada or a province of Canada (the "Underlying Securities") and cash, all of which will be held on behalf of owners of Certificates by a bank or trust company (the "Custodian");

AND WHEREAS the Commission has issued a ruling dated January 13, 1988 effective January 11, 1987 (the "Strip Bond Ruling") which defined "Strip Bonds" to mean bonds, debentures and other evidences of indebtedness referred to in paragraph 21(2)(a)(i) of the Act where the purchaser's sole entitlement is to receive a fixed amount of money at a specific future date, and certificates or receipts representing the same and which exempted trades and distributions of Strip Bonds (as so defined) from the registration and prospectus requirements of the Act;

AND WHEREAS Certificates will entitle owners thereof to receive periodic payments representing their proportionate interest in payments of principal and interest made in respect of the Underlying Securities and, therefore, Certificates would not constitute Strip Bonds for the purposes of the Strip Bond Ruling and trades and distributions of Certificates would not fall within the ambit of the Strip Bond Ruling;

AND WHEREAS Certificates are to be offered on a basis whereby, provided all payments of principal and interest falling due under the Underlying Securities are made to the Custodian in accordance with the terms of the Underlying Securities, the Custodian will, at any given time, be in possession of cash or principal amounts of securities referred to in section 21(2)(a)(i) of the Act sufficient in the aggregate, without

reinvestment, to meet all payments which will fall due under the Certificates prior to the next date upon which the Custodian is entitled to receive a payment of principal or interest falling due under the Underlying Securities;

AND UPON the Commission having determined that it is in the public interest that trades and distributions of Certificates should be exempted from the registration and prospectus requirements of the Act on the same basis as trades and distributions of Strip Bonds;

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS RULED pursuant to subsection 59(1) of the Act that a trade of Certificates is not subject to section 11 of the Act and a distribution of Certificates is not subject to section 38 of the Act, provided that an information document satisfactory to the Registrar under the Act describing the investment attributes of Certificates, including, without limitation, the income tax consequences of investing and trading in Certificates, the anticipated secondary market environment and the custodial arrangements relating to such Certificates, is furnished to, and its receipt is acknowledged by, a first-time purchaser prior to the trade where the vendor is not registered in the categories of investment dealer, broker or securities dealer under the Act, and concurrently with the sending or delivery of confirmation of the trade to first-time purchasers where the vendor is registered in the categories of investment dealer, broker or securities dealer under the Act.

DATED at Halifax, Nova Scotia, this 18th day of January, 1988 to be effective as of the 11th day of January, 1988.

"H. Leslie O'Brien"

Leslie O'Brien, Vice-Chairman

"C. William Gurnham"

William Gurnham, Esq.