

**IN THE MATTER OF THE SECURITIES ACT
R.S.N. 1990, CHAPTER S-13 (the "Act")**

AND

**IN THE MATTER OF
THE MANDATORY INVESTMENT
OF DIVIDENDS OR DISTRIBUTIONS
IN SHARES OR UNITS OF MUTUAL FUNDS**

**BLANKET RULING
(Subsection 75(1))**

UPON the application of certain interested parties to the Director of Securities (the "Director") pursuant to the powers conferred on the Director by section 146 of the Act for a blanket ruling pursuant to subsection 75(1) of the Act with respect to trades in shares or units of mutual funds made to shareholders or unitholders of mutual funds upon the mandatory, automatic investment of dividends or distributions of income or capital gains attributable to the shares or units of such shareholders or unitholders in additional shares or units;

AND UPON it appearing to the Director that:

1. many mutual funds require that dividends or distributions of income or capital gains attributable to the shares or units issued by such mutual funds (the "Units") be reinvested in additional Units of the same class or having the same attributes as the Units in respect of which the dividends or distributions of income or capital gains are attributable, such an arrangement being herein referred to as a "Mandatory Reinvestment Plan";
2. the Act and the regulations made thereunder do not generally exempt trades in units issued pursuant to Mandatory Reinvestment Plans from the requirements of section 26 or 54 of the Act; and
3. the costs to a mutual fund of complying with section 72 of the Act by mailing a copy of its current prospectus to holders of Units who acquire additional Units pursuant to a Mandatory Reinvestment Plan significantly outweigh the benefit to such Unitholders of receiving the prospectus;

AND UPON the Director being satisfied that to so rule would not be prejudicial to the public interest;

IT IS RULED pursuant to subsection 75(1) of the Act that sections 26 and 54 of the Act do not apply to a trade by a mutual fund of a Unit pursuant to a Mandatory Reinvestment Plan provided that no sales charge is payable in respect of the trade.

DATED at St. John's, Newfoundland this 4th day of August, 1992.

GEORGE F. KENNEDY
Director of Securities