

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

AND

**IN THE MATTER OF
THE AUTOMATIC 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 who wish the dividends or distributions of income or capital gains attributable to their shares or units to be automatically invested in additional shares or units;

AND UPON it appearing to the Director that:

- A. many mutual funds permit holders of their shares or units ("Unitholders") to have the dividends or distributions of income and/or capital gains ("Distributions") attributed to the shares or units ("Units") held by them automatically invested in additional Units of the same mutual fund or section of the mutual fund as the Units to which the Distributions are attributable, such an arrangement being herein referred to as a "Reinvestment Plan";
- B. some mutual funds require Unitholders wishing to participate in their Reinvestment Plans to indicate, in writing, that they wish to do so whereas other mutual funds are established so that their Reinvestment Plans apply to all Unitholders unless they advise the funds, in writing, that they do not wish to participate in the Reinvestment Plans; and
- C. the Act and the regulations made thereunder do not generally exempt trades in units issued pursuant to Reinvestment Plans from the requirements of section 26 or 54 of the Act;

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 plan made available by a mutual fund to all holders of Units of the mutual fund which plan permits the Distributions payable in respect of Units of the mutual fund, either at the direction of the unitholder or automatically

unless the unitholder otherwise directs, to be applied to the purchase from the mutual fund of Units having the same attributes as those Units on account of which such Distributions are payable provided that:

1. no sales charge is payable in respect of the trade; and
2. each participant in the plan receives annually:
 - (i) notice of the right to withdraw from participation in the plan; and
 - (ii) (a) notice that a copy of a prospectus of the mutual fund for which a receipt has been issued pursuant to section 54 of the Act within the previous twelve months is available upon request from the mutual fund at the address specified; or
 - (b) notice that such a prospectus is not available together with a statement of the reason therefor.

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

GEORGE F. KENNEDY
Director of Securities