

October 12, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO (THE "PRINCIPAL JURISDICTION")

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS
IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
THE ROYAL CANADIAN MINT (THE "FILER")

DECISION

Background

The securities regulatory authority or regulator in the Principal Jurisdiction (the "**Principal Regulator**") has received an application from the Filer for a decision under the securities legislation of the Principal Jurisdiction (the "**Principal Legislation**") of the Principal Regulator for relief (the "**Requested Relief**") pursuant to subsection 74(1) of the *Securities Act* (Ontario) (the "**Act**"), and the equivalent provisions of the securities legislation of each of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Yukon, Northwest Territories and Nunavut (collectively, the "**Non-Principal Jurisdictions**"), that the prospectus requirements in subsection 53(1) of the Act, and the equivalent provisions of the securities legislation of each of the Non-Principal Jurisdictions, shall not apply to the Filer in respect of the distribution by the Filer of receipts as described below ("**Receipts**"), including Receipts issuable on the exercise of the right to purchase additional Receipts, to purchasers ("**Purchasers**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the Ontario Securities Commission is the Principal Regulator for this application; and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in each of the Non-Principal Jurisdictions.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a Canadian Crown corporation pursuant to the *Royal Canadian Mint Act* (Canada) (the "**Mint Act**").
2. The head office of the Filer is in Ottawa, Ontario.
3. The Filer is not in default of securities legislation in the Principal Jurisdiction or in any Non-Principal Jurisdiction.
4. The Filer produces circulation, numismatic (or collectable) and bullion coins for the domestic and international markets. In addition to being responsible for the minting and distribution of Canada's circulation coins, the Filer operates other businesses on a commercial basis, including secure-storage, full-service gold and silver refineries, and services such as assaying.
5. On August 30, 2011 and October 3, 2011, the Filer was granted relief by the Principal Regulator, subject to conditions, from certain securities law requirements (together, the "**Prior Decisions**").
6. The Filer is a reporting issuer in the Principal Jurisdiction and each of the Non-Principal Jurisdictions and has been since November 29, 2011 by virtue of the listing of the Filer's gold exchange-traded receipts on the Toronto Stock Exchange (the "**TSX**").
7. Under the Mint Act, all of the equity and voting shares of the Filer are held by the Minister of Finance (the "**Minister**"), in trust for Her Majesty in right of Canada. The Mint Act does not permit the Filer to issue shares in its own capital to the public or to issue debt obligations that would result in the Filer having total outstanding borrowed money exceeding \$75 million.
8. The Filer's external auditor, the Auditor General of Canada, audits the consolidated financial statements of the Filer and reports thereon to the Minister.
9. The securities for which the Requested Relief is sought are Receipts to be issued by the Filer and distributed to Purchasers, each Receipt representing an equal undivided direct legal and beneficial interest in silver bullion to be held in the custody of the Filer (the "**Program**").
10. Each Receipt will also entitle the holder thereof, on the dates that are 12 months and 24 months after the closing of the offering (each a "**Purchase Date**"), to purchase a number of Receipts based on the market price of the underlying silver bullion on such Purchase Date (each a "**Purchase Right**"). The Filer's expenses incurred in connection with each Purchase Right will be borne by the holders of Receipts exercising such right; the Filer will notify

Receipt holders of its estimated expenses sufficiently in advance of the applicable Purchase Date for Receipt holders to make an informed decision regarding the exercise of the corresponding Purchase Right. Following each Purchase Date, the corresponding Purchase Right will expire.

11. Pursuant to section 3(2) of the Mint Act, the objects of the Filer are "to mint coins in anticipation of profit and to carry out other related activities." In carrying out its objects, the Filer has the rights, powers and privileges and the capacity of a natural person.
12. The distribution of Receipts by the Filer is consistent with the powers and objects of the Filer. In compliance with its objects, the Filer will not engage in any activity, including any capital markets activity, unless it is related to its core business of minting coins.
13. The Filer will offer the Receipts to Purchasers in each of the provinces and territories of Canada through registered dealers and, possibly, in certain jurisdictions outside of Canada. The Filer may, from time to time, issue additional Receipts under the Program to the public, through registered dealers, and to accredited investors (as that term is defined in National Instrument 45-106 *Prospectus and Registration Exemptions*) either directly or through registered dealers.
14. Subject to obtaining the requisite listing approval, the Receipts will be listed and traded on the TSX.
15. The Filer may, subject to applicable law and the requirements of the TSX or such other stock exchange on which the Receipts are listed for trading, purchase Receipts in the open market from time to time. Receipts purchased by the Filer may be cancelled, held or reissued by the Filer.
16. The Receipts will be priced on the basis of the market price of silver bullion, therefore the value of a Receipt will be unrelated to changes in the business, operations or financial condition of the Filer or the Government of Canada.
17. The net proceeds of the offering of Receipts will be applied on behalf of the Purchasers to the purchase of silver bullion from third party suppliers for delivery to the Filer's storage facilities on the closing date of the offering.
18. The Filer will act as custodian of the silver bullion on behalf of the Purchasers and will hold the silver bullion on an unallocated basis in its facilities. Legal and beneficial ownership of the silver bullion will at all times remain with the Purchasers.
19. The Receipts will be redeemable for silver bullion or cash at the election of the holder.
20. The Filer's obligations under the Receipts are to securely store the underlying silver bullion and, on redemption or termination, to make available for physical delivery the applicable amount of silver bullion upon the request of a holder of a Receipt or to deliver the cash redemption amount. The Filer will at all times maintain in its storage facilities silver bullion in an amount that is equal to or exceeds the amount owned in aggregate by holders of the

Receipts. The Filer is not currently engaged in silver lending and has no intention to lend out the unallocated silver bullion underlying the Receipts.

21. The Filer is for all purposes an agent of Her Majesty in right of Canada. The Receipts will constitute direct unconditional obligations of the Filer and as such will constitute direct unconditional obligations of Her Majesty in right of Canada. Accordingly, the Filer's obligations under the Receipts will be backed by the full faith and credit of the Government of Canada. If the Filer fails to deliver silver bullion or cash in connection with a redemption, or cash at the termination of the Program, the holders of the Receipts would be able to enforce their rights against the Government of Canada.

22. The distribution of the Receipts by the Filer will be made pursuant to an information statement (the "**Information Statement**") that contains disclosure of or includes, as the context requires (the "**Information Statement Disclosure**"):
 - (a) aspects of the Filer's business that relate to the Receipts, such as its silver bullion storage business;
 - (b) the use of the proceeds from the sale of Receipts;
 - (c) the terms of the Receipts (including the issue price);
 - (d) the terms of the Purchase Rights;
 - (e) the plan of distribution of the Receipts;
 - (f) the fact that the Receipts will be listed and traded on the TSX, subject to obtaining the requisite listing approval;
 - (g) the risks that relate to (i) the Program and the Receipts, (ii) the silver market, and (iii) the Filer;
 - (h) material contracts of the Filer insofar as they establish the terms of the Receipts or impose fees upon holders of Receipts;
 - (i) historical silver price performance;
 - (j) the manner in which notices will be given to holders of Receipts;
 - (k) information relating to the transfer agent and registrar;
 - (l) tax consequences to holders of Receipts;
 - (m) all fees associated with the Receipts, including:
 - (i) fees payable to the registered dealers offering Receipts;
 - (ii) expenses of the offering;

- (iii) service fees payable by Receipt holders;
 - (iv) deductions and fees payable by Receipt holders in connection with cash and physical redemption fee; and
 - (v) any other relevant fees and expenses; and
 - (n) a certificate signed by a senior officer of the Filer which states "The contents of this Information Statement have been approved by the Board of Directors of the Royal Canadian Mint. This Information Statement constitutes full, true and plain disclosure of all material facts relating to the [Receipts] and includes the information required by [this decision]."
23. In the event that the terms of the Receipts or the Program differ materially from those described in an Information Statement pre-cleared by the Principal Regulator in connection with the application by the Filer for the Requested Relief, the Filer will not distribute additional Receipts pursuant to this decision unless:
- (a) the revised Information Statement has been delivered to the Principal Regulator in substantially final form; and
 - (b) either (i) the Principal Regulator has confirmed its acceptance of the revised Information Statement or (ii) 10 business days have elapsed since the date of delivery of the revised Information Statement to the Principal Regulator and the Principal Regulator has not provided comments on such revised Information Statement.

For greater certainty, the terms of the Receipts or the Program will differ materially from those in the Information Statement pre-cleared by the Principal Regulator where (i) the attributes of the Receipts differ materially, or (ii) the structure and contractual arrangements underlying the Receipts differ materially.

24. The Filer will maintain, by way of continuous disclosure (the "**Program Website Disclosure**"), a website for the Program on which it will post:
- (a) the Information Statement and a copy of the global certificate representing the Receipts;
 - (b) a daily calculation of the per Receipt entitlement to silver, calculated as a fraction of one fine troy ounce of silver on the date of issuance and reduced daily by a management, storage and custodial fee charged by the Filer;
 - (c) a daily calculation of the adjusted net asset value of the Receipts;
 - (d) the current trading price of the Receipts;
 - (e) the historical trading prices of the Receipts;
 - (f) the daily London Fix silver price;

- (g) the fees associated with the Receipts for the last three years (or period available) and any changes to such fees, for which there will be not less than ten days' advance notice in the event of a decrease in such fees and not less than 90 days' advance notice in respect of any other change;
 - (h) material change reports, being reports of any change in the business, operations or capital of the Filer or, if known by the Filer, the Government of Canada, that would reasonably be expected to have a significant effect of the market price of value of the Receipts ("**Material Change Reports**"); and
 - (i) any notice or document that the Filer delivers to holders of Receipts and any other communication to all holders of Receipts, including press releases disseminated by the Filer relating to the Program or the Receipts.
25. The Information Statement, a copy of the global certificate representing the Receipts, Material Change Reports and the documents referred to in paragraph 24(i) will also be available under the Filer's profile on the *System for Electronic Document Analysis and Retrieval*.
26. Notice of any change to the fees associated with the Receipts will also be delivered to the transfer agent and registrar for the Receipts on behalf of the holders of Receipts.

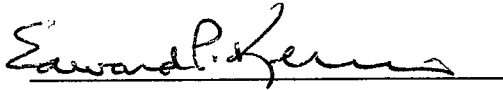
Decision

The Principal Regulator is satisfied that the decision meets the test set out in the Principal Legislation for the Principal Regulator to make the decision.

The decision of the Principal Regulator under the Principal Legislation is that the Requested Relief is granted, provided that the following conditions are satisfied:

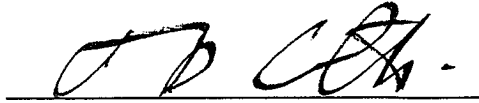
- (a) the Filer continues to be a Crown corporation pursuant to the Mint Act;
- (b) the Filer provides each Purchaser (other than a Purchaser pursuant to a Purchase Right) with a copy of an Information Statement, prior to or at the time of an agreement of purchase and sale being entered into in respect of the Receipts, that includes the Information Statement Disclosure;
- (c) the Filer maintains a website on which it posts the Program Website Disclosure; and
- (d) notwithstanding the Prior Decisions, the Filer:
 - (i) files on SEDAR
 - (A) the Information Statement concurrently with or prior to the Information Statement being provided to Purchasers;
 - (B) a copy of the global certificate representing the Receipts, the Information Statement, and the documents referred to in paragraph 24(i) as soon as practicable;

- (C) each Material Change Report as soon as practicable, and in any event within 10 days of the date on which a material change of the type described in paragraph 24(h) occurs; and
 - (D) within 45 days of the end of each financial quarter of the Filer, a report which includes a compilation of the information referred to in paragraphs 24(b) to 24(g), inclusive, as reported in such financial quarter; and
- (ii) pays participation fees as determined pursuant to section 2.7 of OSC Rule 13-502 *Fees*.



Name: Edward P. Kerwin
Title: Commissioner

Ontario Securities Commission



Name: James D. Carnwath
Title: Commissioner

Ontario Securities Commission