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October 26, 2011

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203
Process for Exemptive Relief Applications in Multiple Jurisdictions

Inter-Fund Trades

An investment fund manager, portfolio manager and/or dealer wants relief from self-dealing restrictions in section 13.5(2)(b) of NI 31-103 for trades in portfolio securities between and among investment funds managed by the Filer, pooled funds managed by the Filer, and discretionary accounts managed by the Filer (except for trades among managed accounts) and for those trades to occur at the current market price or the last sale price - Inter-fund trades are consistent with the investment objective of the fund or the managed account; trades are referred to and approved by the fund's IRC or equivalent for pooled funds and comply with any standing instructions; the managed account has authorization for inter-fund trades; the trade will occur at the last sale price or the current market price and complies with paragraphs (c), (d), (f) and (g) of section 6.1(2) of NI 81-107

In Specie Transactions

A portfolio manager wants relief from self-dealing restrictions in section 13.5(2)(b) of NI 31-103 to permit purchases and redemptions between managed accounts and pooled funds of units or shares of a pooled fund using portfolio securities - the managed account client has authorized in specie transactions; none of the portfolio securities are securities of a related issuer of the filer; the next account statement for the managed account describes the portfolio securities and their value; the pooled fund will keep written records of the transaction; the filer does not receive compensation - for an acquisition by a managed account: the pooled fund is permitted to purchase the portfolio securities; the portfolio securities are acceptable to the portfolio manager of the pooled fund and meet the investment criteria; the value of the portfolio securities is equal to the issue price of units in the pooled fund - for redemption by a managed account: the portfolio securities meet the investment criteria of the managed account and are acceptable to the filer; the value of the portfolio securities is equal to the net asset valuation calculation

Applicable Legislative Provisions

National Instrument 31-103, s. 15.1, 13.5(2)(b) *Registration Requirements*

In the Matter of
the Securities Legislation of
British Columbia and Ontario
(the Jurisdictions)

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and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Connor, Clark & Lunn Investment Management Ltd.
and
Connor, Clark & Lunn Private Capital Ltd.
and
Connor, Clark & Lunn Managed Portfolios Inc.
and

Connor, Clark & Lunn Capital Markets Inc.
(the Filers)

Decision

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (each, a Decision Maker) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the restriction against a registered adviser knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase or sell a security from or to the investment portfolio of (i) an associate of a responsible person or (ii) an investment fund for which a responsible person acts as an adviser, to permit:

1. the purchase and sale of securities of any issuer within a portfolio of an NI 81-102 Fund (defined below), a Closed-end Fund (defined below), a Pooled Fund (defined below) and a Managed Account (defined below):
 - (a) between an NI 81-102 Fund and (i) another NI 81-102 Fund, (ii) a Closed-end Fund, (iii) a Pooled Fund or (iv) a Managed Account;
 - (b) between a Closed-end Fund and (i) another Closed-end Fund, (ii) an NI 81-102 Fund, (iii) a Pooled Fund or (iv) a Managed Account;
 - (c) between a Pooled Fund and (i) another Pooled Fund, (ii) a Closed-end Fund, (iii) an NI 81-102 Fund or (iv) a Managed Account; or

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(d) between a Managed Account and (i) an NI 81-102 Fund, (ii) a Closed-end Fund or (iii) a Pooled Fund;

(1.(a), (b), (c) and (d) are collectively hereinafter referred to as Inter-Fund Trades); and

2. the Inter-Fund Trades to occur at the last sale price, as defined in the Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade (the Last Sale Price) or at the relevant price contemplated by the definition of “current market price” as defined in section 6.1(1) of National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107) as required by paragraph (e) of section 6.1(2) of NI 81-107 (the Current Market Price);

(1.(a), (b), (c), (d) and (e) are collectively the Inter-Fund Trade Relief); and

3. the purchase by a CCLIM Managed Account (defined below) of units of or shares in a CCLIM Pooled Fund (defined below), and the redemption of units of or shares in a CCLIM Pooled Fund held by a CCLIM Managed Account, and as payment:

(a) for such purchase, in whole or in part, by the CCLIM Managed Account making good delivery of portfolio securities to the CCLIM Pooled Fund; and

(b) for such redemption, in whole or in part, by the CCLIM Pooled Fund making good delivery of portfolio securities to the CCLIM Managed Account;

(each purchase and redemption a CCLIM In Specie Transaction)

(the CCLIM In Specie Relief); and

4. the purchase by a CCLPC Managed Account (defined below) of units of or shares in a CCLPC Pooled Fund (defined below), and the redemption of units of or shares in a CCLPC Pooled Fund held by a CCLPC Managed Account, and as payment:

(a) for such purchase, in whole or in part, by the CCLPC Managed Account making good delivery of portfolio securities to the CCLPC Pooled Fund; and

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(b) for such redemption, in whole or in part, by the CCLPC Pooled Fund making good delivery of portfolio securities to the CCLPC Managed Account;

(each purchase and redemption a CCLPC In Specie Transaction)

(the CCLPC In Specie Relief)

(the Inter-Fund Trade Relief, the CCLIM In Specie Relief, and the CCLPC In Specie Relief, collectively, the Exemption Sought).

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

- (a) the British Columbia Securities Commission is the principal regulator for this application;
- (b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in all of the provinces and territories of Canada, other than British Columbia and Ontario (the Non-Principal Jurisdictions); and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

- ¶ 2 Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, National Instrument 81-102 *Mutual Funds* (NI 81-102) and National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107) have the same meanings if used in this decision, unless otherwise defined.

The following terms have the following meanings:

1. CCLIM means Connor, Clark & Lunn Investment Management Ltd.;
2. CCLPC means Connor, Clark & Lunn Private Capital Ltd.;
3. CCLMPI means Connor, Clark & Lunn Managed Portfolios Inc. or any successor affiliate thereto;

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4. CCLCM means Connor, Clark & Lunn Capital Markets Inc. or any successor affiliate thereto;
5. CC&L Financial Group includes CCLIM, CCLPC, CCLMPI, and CCLCM;
6. CCLIM Pooled Fund means an existing or future investment fund managed by CCLIM, the units of or shares in which are distributed pursuant to exemptions from the prospectus requirement;
7. CCLPC Pooled Fund means an existing or future investment fund managed by CCLPC, the units of or shares in which are distributed pursuant to exemptions from the prospectus requirement;
8. CCLIM Managed Account means an account over which CCLIM has discretionary authority;
9. CCLPC Managed Account means an account over which CCLPC has discretionary authority;
10. CCLIM Sub-advised Fund means a CCLPC Pooled Fund for which CCLIM is not the investment fund manager but has been retained as a portfolio manager as described in Representation 15;
11. Closed-end Funds means the existing or future non-redeemable investment funds that are reporting issuers and managed by CCLCM and for which CCLIM is the portfolio manager;
12. CCLMPI NI 81-102 Funds means the existing and future mutual funds to which NI 81-102 applies and for which CCLIM is a portfolio manager, and CCLMPI is the investment fund manager;
13. CCLCM NI 81-102 Funds means the existing and future mutual funds to which NI 81-102 applies and for which CCLIM is one of the portfolio managers, and CCLCM is the investment fund manager;
14. NI 81-102 Funds means collectively the CCLMPI NI 81-102 Funds and the CCLCM NI 81-102 Funds;
15. Pooled Funds means collectively the CCLIM Pooled Funds and the CCLPC Pooled Funds;
16. Funds means collectively, NI 81-102 Funds, Closed-end Funds and Pooled Funds;

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17. Managed Accounts means collectively the CCLIM Managed Accounts and the CCLPC Managed Accounts;
18. Investment Management Agreements means collectively the CCLIM Investment Management Agreements (defined in Representation 35 below) and the CCLPC Investment Management Agreements (defined in representation 36 below); and
19. certain other defined terms have the meanings given to them below under Representations.

Representations

¶ 3 This decision is based on the following facts represented by the Filers:

CCL Financial Group

1. CCL Financial Group is a partnership formed under the laws of British Columbia which has significant ownership interests in a number of entities in the investment product or investment management business, including CCLIM, CCLPC, CCLMPI and CCLCM;
2. CCLIM is a corporation amalgamated under the laws of British Columbia, with its head office located in Vancouver, British Columbia;
3. CCLIM is registered as an adviser in the category of portfolio manager in each of the Jurisdictions; CCLIM is also registered in Ontario as an adviser in the category of commodity trading manager and in British Columbia as a dealer in the category of exempt market dealer and as an investment fund manager;
4. CCLPC is a corporation incorporated under the laws of British Columbia, with its head office located in Vancouver, British Columbia;
5. CCLPC is registered as an adviser in the category of portfolio manager in each of the Jurisdictions; CCLPC is also registered in British Columbia as a dealer in the category of exempt market dealer and as an investment fund manager;
6. CCLMPI is a corporation established under the laws of Ontario, with its head office located in Toronto, Ontario;
7. CCLMPI is registered as an investment fund manager in Ontario;
8. CCLCM is a corporation established under the laws of Ontario, with its head office located in Toronto, Ontario;

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9. CCLCM is registered as an adviser in the category of portfolio manager and as an investment fund manager in Ontario;
10. CCLIM provides portfolio management services to (i) CCLIM Managed Accounts, (ii) CCLIM Pooled Funds for which CCLIM is also the investment fund manager and (iii) investment funds for which CCLPC, CCLMPI or CCLCM are the investment fund managers;
11. CCLPC provides portfolio management services to (i) CCLPC Managed Accounts, and (ii) CCLPC Pooled Funds for which CCLPC is also the investment fund manager;
12. the NI 81-102 Funds and the Closed-end Funds are reporting issuers and as a result the investment fund manager of such Funds, being either CCLMPI or CCLCM has established an independent review committee (IRC) under NI 81-107; the NI 81-102 Funds and the Closed-end Funds use the same IRC;
13. CCLIM and CCLPC have established an independent review committee (Pooled Funds' IRC), for each of the CCLIM Pooled Funds and the CCLPC Pooled Funds as discussed further below; the Pooled Funds' IRC is the same for each of the Pooled Funds;
14. the Filers, the NI 81-102 Funds, the Closed-end Funds and the Pooled Funds are not in default of securities legislation in any jurisdiction;

The Pooled Funds

15. CCLPC has retained, and may in the future retain, CCLIM to provide portfolio management services to certain CCLPC Pooled Funds (the CCLPC Sub-advised Pooled Funds);
16. each CCLIM Pooled Fund is, or will be, an investment fund established as a trust under the laws of British Columbia;
17. each CCLPC Pooled Fund is, or will be, an investment fund established as a trust under the laws of British Columbia;
18. CCLIM is, or will be, the investment fund manager and portfolio manager of each of the CCLIM Pooled Funds;
19. CCLPC is, or will be, the investment fund manager and portfolio manager of each of the CCLPC Pooled Funds;

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20. the Pooled Funds are not, and will not be, reporting issuers in any of the Jurisdictions or the Non-Principal Jurisdictions;
21. units of or shares in the Pooled Funds are, or will be, distributed pursuant to exemptions from the prospectus requirements in the Jurisdictions and the Non-Principal Jurisdictions;

The NI 81-102 Funds

22. CCLIM is, or will be, retained by CCLMPI as one of the portfolio managers to the CCLMPI NI 81-102 Funds;
23. CCLIM is, or will be, retained by CCLCM as a portfolio manager to the CCLCM NI 81-102 Funds; the CCLCM NI 81-102 funds arise out of the transfer of assets from a flow through limited partnership to a mutual fund governed by NI 81-102; CCLCM is primarily a sponsor of Closed-end Funds;
24. each NI 81-102 Fund is, or will be, an investment fund established as a trust or corporation under the laws of Ontario;
25. the NI 81-102 Funds are, and will be, reporting issuers in the Jurisdictions and the Non-Principal Jurisdictions;
26. units of or shares in the NI 81-102 Funds are, or will be, distributed pursuant to a prospectus and annual information form in the Jurisdictions and the Non-Principal Jurisdictions;

The Closed-end Funds

27. CCLIM is, or will be, retained by CCLCM as a portfolio manager to the Closed-end Funds;
28. each Closed-end Fund is, or will be, an investment fund established as a trust, corporation or limited partnership under the laws of Ontario;
29. the Closed-end Funds are, and will be, reporting issuers in the Jurisdictions and the Non-Principal Jurisdictions;
30. units of or shares in the Closed-end Funds were, or will be, distributed pursuant to a prospectus in the Jurisdictions and the Non-Principal Jurisdictions and are or will be listed on the Toronto Stock Exchange;

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The Managed Accounts

31. CCLIM is, or will be, the portfolio manager of each of the CCLIM Managed Accounts;
32. CCLIM offers investment management services primarily to pension fund sponsors, capital accumulation plans, corporations, not-for-profit organizations, First Nations, NI 81-102 Funds and foundations (CCLIM Clients) through a CCLIM Managed Account;
33. CCLPC is, or will be, the portfolio manager of each of the CCLPC Managed Accounts;
34. CCLPC offers investment management services primarily to high net worth clients (CCLPC Clients) through a CCLPC Managed Account;
35. each CCLIM Client wishing to receive the investment management services of CCLIM has entered into, or will enter into, a written agreement (the CCLIM Investment Management Agreement) whereby the CCLIM Client appoints CCLIM to act as portfolio manager in connection with an investment portfolio of the CCLIM Client with full discretionary authority to trade in securities for the CCLIM Managed Account without obtaining the specific consent of the CCLIM Client to execute the trade;
36. each CCLPC Client wishing to receive the investment management services of CCLPC has entered into, or will enter into, a written agreement (the CCLPC Investment Management Agreement) whereby the CCLPC Client appoints CCLPC to act as portfolio manager in connection with an investment portfolio of the CCLPC Client with full discretionary authority to trade in securities for the CCLPC Managed Account without obtaining the specific consent of the CCLPC Client to execute the trade;
37. investments in individual securities may not be appropriate in certain circumstances for a CCLIM Client; consequently, CCLIM may, where authorized under the CCLIM Investment Management Agreement, from time to time, invest the CCLIM Client's assets in units of or shares in any one or more of the CCLIM Pooled Funds in order to give the CCLIM Client the benefit of asset diversification and economies of scale regarding minimum commission charges on portfolio trades, and generally to facilitate portfolio management;
38. investments in individual securities may not be appropriate in certain circumstances for a CCLPC Client; consequently, CCLPC may, where

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authorized under the CCLPC Investment Management Agreement, from time to time, invest the CCLPC Client's assets in units of or shares in any one or more of the CCLPC Pooled Funds in order to give the CCLPC Client the benefit of asset diversification and economies of scale regarding minimum commission charges on portfolio trades, and generally to facilitate portfolio management;

39. each CCLIM Investment Management Agreement or other documentation in respect of a CCLIM Managed Account contains, or will contain, the authorization of the CCLIM Client to engage in Inter-Fund Trades and CCLIM In Specie Trades;
40. each CCLPC Investment Management Agreement or other documentation in respect of a CCLPC Managed Account contains, or will contain, the authorization of the CCLPC Client to engage in Inter-Fund Trades and CCLPC In Specie Trades;

Inter-Fund Trades

41. as adviser, CCLIM may desire to cause:
 - (a) an NI 81-102 Fund to engage in an Inter-Fund Trade with (i) another NI 81-102 Fund, (ii) a Closed-end Fund, (iii) a Pooled Fund or (iv) a Managed Account;
 - (b) a Closed-end Fund to engage in an Inter-Fund Trade with (i) another Closed-end Fund, (ii) an NI 81-102 Fund, (iii) a Pooled Fund or (iv) a Managed Account;
 - (c) a Pooled Fund to engage in an Inter-Fund Trade with (i) another Pooled Fund, (ii) a Closed-end Fund, (iii) an NI 81-102 Fund or (iv) a Managed Account; or
 - (d) a Managed Account to engage in an Inter-Fund Trade with (i) an NI 81-102 Fund, (ii) a Closed-end Fund or (iii) a Pooled Fund;
42. as adviser, CCLPC may desire to cause:
 - (a) a CCLPC Pooled Fund to engage in an Inter-Fund Trade with another CCLPC Pooled Fund or a CCLPC Managed Account; or
 - (b) a CCLPC Managed Account to engage in an Inter-Fund Trade with a CCLPC Pooled Fund;

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43. when CCLIM or CCLPC engages in an Inter-Fund Trade, it will follow the following procedures:
- (a) the portfolio manager of CCLIM or CCLPC, including CCLIM as sub-adviser to a CCLPC Sub-advised Pooled Fund, will deliver the trade instructions in respect of a purchase or sale of a portfolio security by a Fund or Managed Account (Portfolio A) to a trader on a trading desk with a registered dealer;
 - (b) the portfolio manager of CCLIM or CCLPC, including CCLIM as sub-adviser to a CCLPC Sub-advised Pooled Fund, will deliver the trade instructions in respect of a sale or purchase of a portfolio security by another Fund or Managed Account (Portfolio B) to a trader on a trading desk with a registered dealer;
 - (c) the trader on the trading desk will be required to execute the trade on a timely basis as an Inter-Fund Trade between Portfolio A of the relevant Fund or relevant Managed Account on the one hand, and Portfolio B of the other Fund or Managed Account on the other hand, at the Last Sale Price of the security prior to execution of the trade or at the Current Market Price, as instructed by CCLIM or CCLPC, as the case may be;
 - (d) the portfolio manager of CCLIM or CCLPC, including CCLIM as sub-adviser to a CCLPC Sub-advised Pooled Fund, will instruct the individual trader on the trading desk that all Inter-Fund Trade orders will remain open for a period not to exceed 30 days unless the individual portfolio manager cancels the order sooner; and
 - (e) the trader on the trading desk will advise the portfolio manager of CCLIM or CCLPC, including CCLIM as sub-adviser to a CCLPC Sub-advised Pooled Fund, for Portfolio A and Portfolio B of the price at which the Inter-Fund Trade occurred;
44. at the time of an Inter-Fund Trade, the Filers will have in place policies and procedures to enable the Pooled Funds and Managed Accounts to engage in Inter-Fund Trades;
45. the Pooled Funds' IRC is composed of independent members (who are not the same as the members of the IRC) in accordance with section 3.7 of NI 81-107 and will comply with the standard of care set out in section 3.9 of NI 81-107; the Pooled Funds' IRC is an oversight committee, parallel to the IRC but the mandate of the Pooled Funds' IRC will be limited to approving, on behalf of a

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Pooled Fund, purchases and sales of securities between a Pooled Fund and a Managed Account or between a Pooled Fund and a Fund; the Pooled Funds' IRC will not approve an Inter-Fund Trade between a Pooled Fund and a Managed Account or between a Pooled Fund and a Fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107; the Pooled Funds' IRC may issue standing instructions in respect of Inter-Fund Trades in compliance with section 5.4 of NI 81-107;

46. if the Pooled Funds' IRC becomes aware of an instance where the Filer, as manager of the Pooled Fund, did not comply with the terms of this decision or a condition imposed by the Pooled Funds' IRC in its approval, the Pooled Funds' IRC will, as soon as practicable, notify in writing the securities regulatory authority or regulator in the jurisdiction under which the Pooled Fund is organized;
47. as CCLIM is, or will be, the adviser of a Fund and of the CCLIM Managed Accounts, CCLIM would be considered a "responsible person" and an "associate" of a responsible person within the meaning of the applicable provisions of the Legislation; accordingly, absent the granting of the Exemption Sought, CCLIM would be prohibited from engaging In Inter-Fund Trades; and
48. as CCLPC is, or will be, the adviser of a CCLPC Fund and of the CCLPC Managed Accounts, CCLPC would be considered a "responsible person" and an "associate" of a responsible person within the meaning of the applicable provisions of the Legislation; accordingly, absent the granting of the Exemption Sought, CCLPC would be prohibited from engaging in Inter-Fund Trades;

CCLIM In Specie Transactions

49. CCLIM desires to enter into a CCLIM In Specie Transactions between a CCLIM Managed Account and a CCLIM Pooled Fund;
50. CCLIM desires to be able to enter into CCLIM In Specie Transactions between a CCLIM Pooled Fund and a CCLIM Managed Account that permit payment, in whole or in part, for units of or shares in a CCLIM Pooled Fund purchased by a CCLIM Managed Account to be made by making good delivery of portfolio securities, held by such CCLIM Managed Account, to a CCLIM Pooled Fund, provided those portfolio securities meet the investment criteria of the CCLIM Pooled Fund;

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51. similarly, following a redemption of units of or shares in a CCLIM Pooled Fund by a CCLIM Managed Account, CCLIM desires to be able to enter into CCLIM In Specie Transactions that permit payment, in whole or in part, of redemption proceeds to be satisfied by making good delivery of portfolio securities held in the investment portfolio of a CCLIM Pooled Fund to such CCLIM Managed Account, provided those portfolio securities meet the investment criteria of the CCLIM Managed Account;
52. CCLIM will value the portfolio securities under a CCLIM In Specie Transaction using the same values that are used to calculate the net asset value for the purpose of the issue price or redemption price of units of or shares in the CCLIM Pooled Fund;
53. the portfolio securities transferred in a CCLIM In Specie Transaction will meet the investment criteria of the CCLIM Pooled Fund or CCLIM Managed Account, as the case may be, acquiring the portfolio securities;
54. none of the portfolio securities which are the subject of each CCLIM In Specie Transaction will be securities of related issuers of CCLIM;
55. the CCLIM Pooled Funds will keep written records of each CCLIM In Specie Transaction, including records of each purchase and redemption of portfolio securities and the terms thereof for a period of five years commencing after the end of the financial year in which the trade occurred, the most recent two years in a reasonably accessible place;
56. the only cost which will be incurred by a CCLIM Pooled Fund or a CCLIM Managed Account for a CCLIM In Specie Transaction is a nominal administrative charge levied by the custodian of the CCLIM Pooled Fund in recording the trades and/or any commission charged by the dealer executing the trade;
57. CCLIM has obtained, or will obtain, the prior written consent of the relevant CCLIM Client before it engages in any CCLIM In Specie Transactions in connection with the purchase or redemption of units of or shares in the CCLIM Pooled Funds for the CCLIM Managed Account;
58. at the time of a CCLIM In Specie Transaction, CCLIM will have in place policies and procedures to enable the CCLIM Pooled Funds and CCLIM Managed Accounts to engage in a CCLIM In Specie Transactions with CCLIM Pooled Funds and CCLIM Managed Accounts;
59. as CCLIM is, or will be, the adviser of the Funds and the adviser of the CCLIM Managed Accounts, CCLIM would be considered a “responsible

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person” and an “associate” of a responsible person within the meaning of the applicable provisions of the Legislation; accordingly, absent the granting of the Exemption Sought, CCLIM would be prohibited from engaging in CCLIM In Specie Transactions;

CCLPC In Specie Transactions

60. CCLPC desires to enter into a CCLPC In Specie Transactions between a CCLPC Managed Account and a CCLPC Pooled Fund;
61. CCLPC desires to be able to enter into CCLPC In Specie Transactions between a CCLPC Pooled Fund and a CCLPC Managed Account that permit payment, in whole or in part, for units of or shares in a CCLPC Pooled Fund purchased by a CCLPC Managed Account to be made by making good delivery of portfolio securities, held by such CCLPC Managed Account, to a CCLPC Pooled Fund, provided those portfolio securities meet the investment criteria of the CCLPC Pooled Fund;
62. similarly, following a redemption of units of or shares in a CCLPC Pooled Fund by a CCLPC Managed Account, CCLPC desires to be able to enter into CCLPC In Specie Transactions that permit payment, in whole or in part, of redemption proceeds to be satisfied by making good delivery of portfolio securities held in the investment portfolio of a CCLPC Pooled Fund to such CCLPC Managed Account, provided those portfolio securities meet the investment criteria of the CCLPC Managed Account;
63. CCLPC will value the portfolio securities under a CCLPC In Specie Transaction using the same values that are used to calculate the net asset value for the purpose of the issue price or redemption price of units of or shares in the CCLPC Pooled Fund;
64. the portfolio securities transferred in a CCLPC In Specie Transaction will meet the investment criteria of the CCLPC Pooled Fund or CCLPC Managed Account, as the case may be, acquiring the portfolio securities;
65. none of the portfolio securities which are the subject of each CCLPC In Specie Transaction will be securities of related issuers of CCLPC;
66. the CCLPC Pooled Funds will keep written records of each CCLPC In Specie Transaction, including records of each purchase and redemption of portfolio securities and the terms thereof for a period of five years commencing after the end of the financial year in which the trade occurred, the most recent two years in a reasonably accessible place;

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67. the only cost which will be incurred by a CCLPC Pooled Fund or a CCLPC Managed Account for a CCLPC In Specie Transaction is a nominal administrative charge levied by the custodian of the CCLPC Pooled Fund in recording the trades and/or any commission charged by the dealer executing the trade;
68. CCLPC has obtained, or will obtain, the prior written consent of the relevant CCLPC Client before it engages in any CCLPC In Specie Transactions in connection with the purchase or redemption of units of or shares in the CCLPC Pooled Funds for the CCLPC Managed Account;
69. at the time of a CCLPC In Specie Transaction, CCLPC will have in place policies and procedures to enable the CCLPC Pooled Funds and CCLPC Managed Accounts to engage in a CCLPC In Specie Transactions with CCLPC Pooled Funds and CCLPC Managed Accounts;
70. as CCLPC is, or will be, the adviser of the Funds and the adviser of the CCLPC Managed Accounts, CCLPC would be considered a “responsible person” and an “associate” of a responsible person within the meaning of the applicable provisions of the Legislation; accordingly, absent the granting of the Exemption Sought, CCLIM would be prohibited from engaging in CCLPC In Specie Transactions; and
71. the Filers have determined that effecting in specie transactions of securities between a Pooled Fund and a Managed Account will allow the Filers to manage each asset class more effectively and reduce transaction costs for the CCLIM Client or CCLPC Client, as applicable, and the Pooled Fund; for example, in specie transactions reduce market impact costs, which can be detrimental to CCLIM Clients and CCLPC Clients and/or Pooled Funds; in specie transactions also allow a portfolio manager to retain within its control institutional-size blocks of securities that otherwise would need to be broken and re-assembled.

Decision

- ¶ 4 Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

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Inter-Fund Trades

1. in connection with Inter-Fund Trades:
 - (a) the Inter-Fund Trade is consistent with the investment objective of the Fund or the Managed Account, as applicable;
 - (b) a Filer refers the Inter-Fund Trade that involves a Fund to the IRC, and in the case of a Pooled Fund, the Pooled Funds' IRC, in the manner contemplated by section 5.1 of NI 81-107 and the Filer and the Fund comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC or Pooled Funds' IRC provides in connection with the Inter-Fund Trade;
 - (c) if the transaction is with a Fund or between two Funds, the IRC, and in the case of a Pooled Fund, the Pooled Funds' IRC, has approved the Inter-Fund Trade in respect of that Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;
 - (d) if the transaction is with a Managed Account, the Investment Management Agreement or other documentation in respect of the Managed Account contains the authorization of the CCLIM Client or CCLPC Client for CCLIM or CCLPC, respectively, to engage in Inter-Fund Trades; and
 - (e) for exchange-traded securities, the Inter-Fund Trade is executed at the Last Sale Price or the Current Market Price of the security and the Inter-Fund Trade complies with paragraphs (c), (d), (f) and (g) of subsection 6.1(2) of NI 81-107;

CCLIM In Specie Transactions

2. in connection with a CCLIM In Specie Transaction where a CCLIM Managed Account acquires units of or shares in a CCLIM Pooled Fund:
 - (a) the CCLIM Investment Management Agreement or other documentation in respect of the CCLIM Managed Account contains the authorization of the CCLIM Client for CCLIM to engage in the CCLIM In Specie Transactions;
 - (b) the CCLIM Pooled Fund would, at the time of payment, be permitted to purchase the portfolio securities;

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- (c) the portfolio securities are acceptable to the portfolio manager of the CCLIM Pooled Fund and meet the investment criteria of the CCLIM Pooled Fund;
 - (d) the value of the portfolio securities is equal to the issue price of the units of or shares in the CCLIM Pooled Fund for which they are used as payment, valued as if the units of or shares in were portfolio assets of that CCLIM Pooled Fund;
 - (e) none of the portfolio securities which are the subject of the CCLIM In Specie Transaction will be securities of related issuers of CCLIM;
 - (f) the account statement next prepared for the CCLIM Managed Account will describe the portfolio securities delivered to the CCLIM Pooled Fund and the value assigned to such units of or shares in securities; and
 - (g) the CCLIM Pooled Fund will keep written records of each CCLIM In Specie Transaction in a financial year of the CCLIM Pooled Fund, reflecting details of the portfolio securities delivered to the CCLIM Pooled Fund and the value assigned to such portfolio securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;
3. in connection with a CCLIM In Specie Transaction where a CCLIM Managed Account redeems units of or shares in a CCLIM Pooled Fund:
- (a) the CCLIM Investment Management Agreement or other documentation in respect of the CCLIM Managed Account contains the authorization of the CCLIM Client for CCLIM to engage in the CCLIM In Specie Transactions and such authorization has not been revoked;
 - (b) the portfolio securities meet the investment criteria of the CCLIM Managed Account acquiring the portfolio securities and are acceptable to CCLIM;
 - (c) the value of the portfolio securities is equal to the amount at which those securities were valued by the CCLIM Pooled Fund in calculating the net asset value per security used to establish the redemption price;
 - (d) none of the portfolio securities which are the subject of the CCLIM In Specie Transaction will be securities of related issuers of CCLIM;

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- (e) the account statement next prepared for the CCLIM Managed Account will describe the portfolio securities received from the CCLIM Pooled Fund and the value assigned to such securities;
 - (f) the CCLIM Pooled Fund will keep written records of each CCLIM In Specie Transaction in a financial year of the CCLIM Pooled Fund, reflecting details of the portfolio securities delivered by the CCLIM Pooled Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place; and
4. CCLIM does not receive any compensation in respect of any CCLIM In Specie Transaction and, in respect of any delivery of portfolio securities further to a CCLIM In Specie Transaction, the only charges paid by the CCLIM Managed Account or the applicable CCLIM Pooled Fund is the commission charged by the dealer executing the trade (if any) and/or any administrative charges levied by the custodian;
- CCLPC In Specie Transaction*
5. in connection with a CCLPC In Specie Transaction where a CCLPC Managed Account acquires portfolio securities of a CCLPC Pooled Fund:
- (a) the CCLPC Investment Management Agreement or other documentation in respect of the CCLPC Managed Account contains the authorization of the CCLPC Client for CCLPC to engage in the CCLPC In Specie Transactions;
 - (b) the CCLPC Pooled Fund would, at the time of payment, be permitted to purchase the portfolio securities;
 - (c) the portfolio securities are acceptable to the portfolio manager of the CCLPC Pooled Fund and meet the investment criteria of the CCLPC Pooled Fund;
 - (d) the value of the portfolio securities is equal to the issue price of the units of or shares in of the CCLPC Pooled Fund for which they are used as payment, valued as if the portfolio securities were portfolio assets of that CCLPC Pooled Fund;
 - (e) none of the portfolio securities which are the subject of the CCLPC In Specie Transaction will be securities of related issuers of CCLPC;

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- (f) the account statement next prepared for the CCLPC Managed Account will describe the portfolio securities delivered to the CCLPC Pooled Fund and the value assigned to such securities; and
 - (g) the CCLPC Pooled Fund will keep written records of each CCLPC In Specie Transaction in a financial year of the CCLPC Pooled Fund, reflecting details of the portfolio securities delivered to the CCLPC Pooled Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place;
- 6. in connection with a CCLPC In Specie Transaction where a CCLPC Managed Account redeems units of or shares in a CCLPC Pooled Fund:
 - (a) the CCLPC Investment Management Agreement or other documentation in respect of the CCLPC Managed Account contains the authorization of the CCLPC Client for CCLPC to engage in the CCLPC In Specie Transactions and such authorization has not been revoked;
 - (b) the portfolio securities meet the investment criteria of the CCLPC Managed Account acquiring the portfolio securities and are acceptable to CCLPC;
 - (c) the value of the portfolio securities is equal to the amount at which those securities were valued by the CCLPC Pooled Fund in calculating the net asset value per security used to establish the redemption price;
 - (d) none of the portfolio securities which are the subject of the CCLPC In Specie Transaction will be securities of related issuers of CCLPC;
 - (e) the account statement next prepared for the CCLPC Managed Account will describe the portfolio securities received from the CCLPC Pooled Fund and the value assigned to such securities;
 - (f) the CCLPC Pooled Fund will keep written records of each CCLPC In Specie Transaction in a financial year of the CCLPC Pooled Fund, reflecting details of the portfolio securities delivered by the CCLPC Pooled Fund and the value assigned to such securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place; and
- 7. CCLPC does not receive any compensation in respect of any CCLPC In Specie Transaction and, in respect of any delivery of portfolio securities

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further to a CCLPC In Specie Transaction, the only charges paid by the CCLPC Managed Account or the applicable CCLPC Pooled Fund is the commission charged by the dealer executing the trade (if any) and/or any administrative charges levied by the custodian.

Martin Eady, CA
Director, Corporate Finance
British Columbia Securities Commission