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November 6, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – *Securities Act* s. 91 Insiders - Exemption from the requirement to file insider reports - A reporting issuer wants relief from the requirement to file insider reports for securities of its own issue that it acquires - The issuer is a closed-end investment trust; under its declaration of trust, the issuer is required to repurchase for cancellation up to 1.25% of its outstanding trust units per calendar quarter in certain situations; the issuer has publicly disclosed its intention to repurchase a portion of its trust units for cancellation from time to time in compliance with the requirements of its declaration of trust; instead of filing insider reports for each purchase for cancellation, the issuer will file within 10 days after the end of a month an insider report disclosing all purchases during that month

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 91

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario,
Québec, New Brunswick, Nova Scotia
and Newfoundland and Labrador
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Oil Sands Sector Fund
(the Filer)

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer be exempt from the requirement under the Legislation to file an insider report (the Insider Report) in the prescribed format within 10 days of a purchase of its own

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units (the Units) in connection with the Filer's obligation to purchase for cancellation its Units in accordance with the terms of its declaration of trust (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

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

1. The Filer is a closed-end investment trust established under the laws of Ontario pursuant to a declaration of trust dated as of February 24, 2006 (the Declaration of Trust).
2. Markland Street Asset Management Inc. (the Manager), a corporation incorporated pursuant to the *Canada Business Corporations Act*, is the manager and trustee of the Filer.
3. The head and principal office of the Filer and the Manager is located in Toronto, Ontario.
4. The Filer is a reporting issuer in each of the Jurisdictions.
5. To its knowledge, the Filer is not in default of any requirements under the Legislation.
6. The Units are listed and posted for trading on the Toronto Stock Exchange (the TSX) under the trading symbol "OSF.UN". As of December 31, 2006, 42,640,100 Units were issued and outstanding.
7. Each Unit represents an equal, undivided beneficial interest in the net assets of the Filer.

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8. The Filer's objective is to invest in securities of issuers that are active in the oil-sands sector and the broader energy sector.
9. Pursuant to the Filer's Declaration of Trust and subject to compliance with any applicable regulatory requirements, the Filer is obligated to purchase Units for cancellation (the Mandatory Market Purchase Program or MMPP) on and subject to the following terms:
 - (a) if, on any business day the closing price of the Units on the TSX (or such other exchange or market on which the Units are then listed if the Units are no longer listed on the TSX) is less than 95% of the net asset value of the Filer (the NAV) per Unit on such business day, on the following business day the Filer will offer to purchase for cancellation certain of the Units listed on the TSX (or such other exchange or market on which the Unit are then listed if the Units are no longer listed on the TSX) at prices that are less than 95% of the latest NAV per Unit in one or more trades;
 - (b) commencing with the first full calendar year, the maximum number of Units that the Filer shall purchase pursuant to the Mandatory Market Purchase Program in any three-month calendar quarter will be 1.25% of the number of Units outstanding at the beginning of such period; and
 - (c) the Filer shall not be required to purchase Units pursuant to the Mandatory Market Purchase Program if:
 - (i) in the opinion of the Manager, the Filer lacks the cash, debt capacity or other resources to make such purchases;
 - (ii) in the opinion of the Manager, such market purchases would adversely affect the ongoing activities of the Filer or the remaining Unitholders; or
 - (iii) the Manager reasonably believes that the Filer would be required to make an additional distribution in respect of the year to Unitholders of record on the last business day of December of such year in order that the Filer will generally not be liable to pay income tax after the making of such purchase.
10. The Filer's intention to purchase for cancellation its own Units under the MMPP has been publicly disclosed on numerous occasions, including in the Filer's preliminary long form prospectus dated January 27, 2006, in the final long form prospectus dated February 24, 2006, in the marketing of the Filer's initial public offering to investors and in the Declaration of Trust filed on

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SEDAR pursuant to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (NI 13-101).

11. The Filer, as an insider under the Legislation, must file an Insider Report in each of the Jurisdictions, except Nova Scotia, within 10 days of each purchase of its own Units.
12. National Instrument 55-101 – *Insider Reporting Exemptions* (NI 55-101), provides for exceptions to the requirement to file an Insider Report to reflect a change in direct or indirect beneficial ownership of or control over securities of a reporting issuer within 10 days of the date such change takes place which permits monthly filing of insider trading reports for acquisitions by an issuer of its own securities under a normal course issuer bid (the NCIB).
13. The obligation of the Filer to purchase for cancellation its own trust Units is comparable to an NCIB as the Filer is acquiring securities of its own issue to a maximum in any calendar quarter of 1.25% of the number of Units outstanding at the beginning of that calendar quarter.
14. The Filer wishes to be permitted to file an Insider Report within 10 days after the end of the month in which the purchase and cancellation of Units by the Filer occurred, rather than being required file an Insider Report within 10 days after each such purchase and cancellation.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that:

- (a) the relief shall only relieve the Filer, as an insider of the Filer, from its obligation under the Legislation to report its purchase and cancellation of its own Units pursuant to its Declaration of Trust within 10 days of the date the purchase and cancellation takes place, and will not apply to any other insider transaction of the Filer;
- (b) the purchase and cancellation of Units by the Filer will be carried out in accordance with the terms and conditions of the Declaration of Trust;
- (c) the Filer remains the direct and beneficial owner of the Units between the date of purchase from unitholders and the date the Units are cancelled;

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- (d) the Filer files an Insider Report, disclosing each acquisition of Units by it under the Declaration of Trust, within 10 days of the end of the month in which each acquisition of Units under the MMPP occurs;
- (e) the Filer remains a reporting issuer in each of the Jurisdictions and remains an electronic filer under NI 13-101; and
- (f) the Filer continues to comply with all other continuous disclosure and insider reporting requirements under the Legislation and files all other documents required to be filed by the Legislation.

Wendell S. Wigle
Commissioner
Ontario Securities Commission

Margot C. Howard
Commissioner
Ontario Securities Commission