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July 4, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 81-106, s.17.1 - Continuous Disclosure Requirements for Investment Funds - AIF requirement - A fund wants relief from subsection 9.2 of NI 81-106 that requires a fund that does not have a current prospectus as at its financial year end to prepare an annual information form - The issuer is a short-term vehicle formed solely to invest its available funds in flow-through shares of resource issuers; the issuer's securities are not redeemable and there is no secondary trading in the issuer's securities; the issuer's other continuous disclosure documents will provide all relevant information necessary for investors to understand the issuer's business, financial position and future plans

Applicable British Columbia Provisions

National Instrument 81-106, ss. 9.2, 10.3, 10.4 and 17.1

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario,
Quebec, New Brunswick, Nova Scotia,
Newfoundland and Labrador,
Northwest Territories, Yukon and Nunavut
(the Jurisdictions)

and

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

and

In the Matter of
Acuity 2007 Flow-Through Limited Partnership
(The "Filer" or the "Partnership")

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 requirement in section 9.2 of National Instrument 81-106 *Investment Fund*

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Continuous Disclosure (the “Instrument”) to prepare and file an annual information form (the “AIF”) shall not apply to the Filer (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:

- (i) The Partnership was formed to invest primarily in certain common shares (“Flow-Through Shares”) of companies involved primarily in oil and gas, mining or renewable energy exploration and development (“Resource Companies”) pursuant to agreements (“Resource Agreements”) between the Partnership and the relevant Resource Company. Under the terms of each Resource Agreement, the Partnership will subscribe for Flow-Through Shares of the Resource Company and the Resource Company will agree to incur and renounce to the Partnership expenditures in respect of resource exploration and development which qualify as Canadian exploration expense or as Canadian development expense which may be renounced as Canadian exploration expense to the Partnership.
- (ii) The Filer is a limited partnership formed pursuant to the *Limited Partnerships Act* (Ontario) (the “Act”) on December 19, 2006. It is the current intention of the general partner of the Filer that on or about May 15, 2009, the Filer will enter into an agreement with Natural Resource Fund Ltd. (the “Mutual Fund”), an open-ended mutual fund, whereby assets of the Partnership would be exchanged for redeemable shares of the Mutual Fund. Upon dissolution, the limited partners of the Partnership (the “Limited Partners”) would then receive their pro rata share of the shares of the Mutual Fund.
- (iii) The Partnership is a short-term special purpose vehicle which will be dissolved within approximately 2 years of its formation. The primary

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investment purpose of the Partnership is not to achieve capital appreciation, although this is a secondary benefit, but rather to obtain for the Limited Partners the significant tax benefits that accrue when Resource Companies renounce exploration and development expenditures to the Partnership through the Flow-Through Shares.

- (iv) The limited partnership units of the Partnership (the “Units”) are not and will not be listed or quoted for trading on any stock exchange or market. The Units are not redeemable by the Limited Partners.
- (v) The Filer is a reporting issuer in all of the Jurisdictions.
- (vi) Given the limited range of business activities to be conducted by the Filer, the short duration of its existence and the nature of the investment of the Limited Partners, the preparation and distribution of the AIF by the Filer will not be of any benefit to the Limited Partners and may impose a material financial burden on the Filer. Upon the occurrence of any material change to the Filer, Limited Partners would receive all relevant information from the material change reports the Filer is required to file with the Decision Makers.

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 this exemption shall terminate upon the occurrence of a material change in the affairs of the Filer unless the Filer satisfies the Decision Makers that the exemptions should continue, which satisfaction shall be evidenced in writing.

Leslie Byberg
Manager, Investment Funds Branch
Ontario Securities Commission