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May 19, 2006

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - *Securities Act* s. 169 - Confidentiality - An issuer wants to keep certain information in material contracts confidential - The record provides intimate financial, personal or other information; the disclosure of the information would be detrimental to the person affected by having it disclosed; the information would be of limited value to any investment decision by the public

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 169

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

and

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

and

In the Matter of
Acadian Timber Income Fund
(the “Filer”)

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the “Decision Maker”, and collectively the “Decision Makers”) in each of the Jurisdictions has received an application (the “Application”) from the Filer for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that certain portions of two material contracts of the Filer, namely

- i) the Fibre Supply Agreement between AT Limited Partnership (the “Operating LP”), an indirect subsidiary of the Filer, and Fraser Papers Inc.

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(“Fraser Papers”) entered into on January 31, 2006 (the “Fibre Supply Agreement”); and

- ii) the Crown Lands Services Agreement between the Operating LP and Fraser Papers entered into on January 31, 2006 (the “Crown Lands Services Agreement” and, collectively with the Fibre Supply Agreement, the “Agreements”)

be held in confidence for an indefinite period by the Decision Makers, to the extent permitted by law (the “Requested Relief”).

Under the Mutual Reliance Review System for Exemptive Relief Applications,

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

Interpretation

Unless otherwise defined, the terms herein have the same meaning set out in National Instrument 14-101 *Definitions*.

Representations

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

- 1) The Filer is a reporting issuer, or the equivalent, in each of the Jurisdictions that provides for a reporting issuer regime, and is not in default of any requirements under the Legislation.
- 2) On January 23, 2006, the Filer filed a final long form prospectus dated January 23, 2006 (the “Final Prospectus”) with each of the Jurisdictions. The OSC was designated as the principal jurisdiction for the review of the Final Prospectus.
- 3) Under the Legislation, the Filer is required to file copies of all material contracts with the Final Prospectus on the System for Electronic Document Analysis and Retrieval (“SEDAR”) and is required to make such material contracts available for inspection during the distribution of the securities offered under the Final Prospectus.
- 4) In connection with the filing of the Final Prospectus, the Filer provided an undertaking to each of the Decision Makers that it would file the remaining material contracts following the closing of the offering contemplated by the

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Final Prospectus. On February 3 and 6, 2006, the Filer filed all of the material contracts listed in the Final Prospectus, other than the Agreements.

- 5) Pursuant to the Fibre Supply Agreement, the Operating LP agrees to sell forest products, which are harvested from certain timberlands located in New Brunswick to Fraser Papers at prescribed volumes and according to established specifications.
- 6) Pursuant to the Crown Lands Services Agreement, the Operating LP agrees to provide certain services to Fraser Papers and some sub-licensees in connection with approximately 1.3 million of Crown lands located in the province of New Brunswick licensed to Fraser Papers by the Government of the Province of New Brunswick. These services include: harvest planning, filing and administration of management plan and other compliance requirements, scaling services, management of loadslips, road construction and maintenance and accounting services.
- 7) Certain portions of the Agreements contain financial and commercially sensitive information relating (i) to the products and services to be delivered pursuant to these agreements and (ii) to the agreement reached between the Operating LP and Fraser Papers (collectively, the “Confidential Information”), the public disclosure of which would be unduly detrimental to the interests of the Filer, the Operating LP and Fraser Papers and such disclosure is not necessary in the public interest.
- 8) But for the reasons discussed below, pursuant to Section 15.1 of OSC Rule 41-501, a pre-filing application could have been made requesting relief from any of the requirements of OSC Rule 41-501, including any relief from the requirements in subsection 13.3(1)6 and Section 13.6 of OSC Rule 41-501 at the time of filing the Final Prospectus. A pre-filing application was not made at that time because the Confidential Information was not yet known or finalized, as the Agreements were in the process of being drafted and negotiated, and therefore this Application is being made subsequent to the filing of the Final Prospectus.
- 9) In connection with this Application, the Filer has provided the Decision Makers with (i) redacted versions of the Agreements which are identical to the Agreements, except that the Confidential Information has been removed (the “Redacted Agreements”) as well as (ii) unredacted copies of the Agreements.
- 10) The Filer believes that public access to the Confidential Information would be seriously prejudicial to the interests of the Filer and that it would be in the best

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interests of the Filer's relationship with the Operating LP and Fraser Papers to file the Redacted Agreements on SEDAR.

- 11) The Confidential Information redacted from the Redacted Agreements does not contain information in relation to the Filer or securities of the Filer that would be material to an investor.

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 the Filer files on SEDAR a copy of the Redacted Agreements that will be made public by the Decisions Makers and posted on www.sedar.com.

Iva Vranic
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