

# **2004 BCSECCOM 476**

## **Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - relief from certain requirements of Section 8.2 of NI 81-105 to permit disclosure of “equity interests” on the basis that a member of a mutual fund organization is a reporting issuer whose shares are listed on a Canadian Stock Exchange

## **Applicable British Columbia Provisions**

National Instrument 81-105 *Mutual Fund Sales Practice*, s. 9.1

**IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC, NOVA SCOTIA, NEW BRUNSWICK, PRINCE EDWARD ISLAND, NEWFOUNDLAND AND LABRADOR, NORTHWEST TERRITORIES, YUKON TERRITORY AND NUNAVUT TERRITORY**

**AND**

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF NATIONAL INSTRUMENT 81-105 MUTUAL FUND SALES PRACTICES (the “NATIONAL INSTRUMENT”)**

**AND**

**IN THE MATTER OF THE HARTFORD CANADIAN VALUE FUND  
THE HARTFORD GROWTH AND INCOME FUND  
THE HARTFORD CANADIAN EQUITY INCOME FUND (the “New Funds”)**

**AND**

**IN THE MATTER OF HARTFORD INVESTMENTS CANADA CORP. (the “Manager”) AND ANY OTHER FUNDS MANAGED BY THE MANAGER  
IN THE FUTURE**

## **MRRS DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of the provinces and territories of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince

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Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut (the “Jurisdictions”) has received an application from the Manager, the New Funds, and any other funds managed by the Manager in the future for a decision pursuant to Section 9.1 of National Instrument 81-105 Mutual Fund Sales Practices (the “National Instrument”) to permit equity interests in The Hartford Financial Services Group, Inc. (“HFSG”) to be calculated and disclosed for the purposes of the National Instrument as if HFSG is a reporting issuer, the securities of which are listed on a Canadian stock exchange;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;

AND WHEREAS the Manager has represented to the Decision Makers that:

1. A preliminary prospectus dated July 5, 2004 (the “Preliminary Prospectus”) was filed with the Jurisdictions to qualify the units of the New Funds. The Principal Regulator for the Preliminary Prospectus is Ontario.
2. The Manager is an indirect, wholly-owned subsidiary of HFSG such that HFSG is considered to be a member of the organization of the New Funds for purposes of the National Instrument. The Manager is the proposed manager, principal adviser, trustee and promoter of each of the New Funds.
3. The Preliminary Prospectus was initially receipted on July 6, 2004. Upon the issuance of a final receipt for the Preliminary Prospectus, each New Fund will be a reporting issuer in the Jurisdictions and will be subject to the provisions of the National Instrument.
4. Section 8.2 of the National Instrument requires, among other things, that a mutual fund disclose in its prospectus or simplified prospectus the amount of any “equity interest” that either a member of the organization of the mutual fund has in a participating dealer, or the “equity interest” that a participating dealer, its associates, any representatives of the participating dealer or any associates of the representative has in any member of the organization of the mutual fund.
5. The term “equity interest” is a defined term in the National Instrument and has a different meaning depending on whether the relevant member of the

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organization of a mutual fund is a reporting issuer whose securities are listed on a Canadian stock exchange or not.

6. For a member of the organization of a mutual fund that is a reporting issuer in any jurisdiction and whose securities are listed on a Canadian stock exchange, the threshold for disclosure of an equity interest by a participating dealer or a representative of a participating dealer or their respective associates is more than ten percent (10%) of any class of securities of that member whereas for all other issuers, *any* equity interest by a participating dealer or a representative of a participating dealer or their respective associates of any class of securities of that member must be disclosed.
7. While HFSG is not a reporting issuer in any jurisdiction, and none of its securities are listed on a Canadian stock exchange, HFSG is a corporation incorporated under the laws of the State of Delaware in the United States of America (the “U.S.”) and is subject to the requirements of the Securities Exchange Act of 1934 of the U.S. (the “1934 Act”) and is not exempt from the requirements of the 1934 Act pursuant to Rule 129, 3-2 made under the 1934 Act.
8. The shares of common stock of HFSG are listed on The New York Stock Exchange and are widely held with no single shareholder owning 10% or more of its issued and outstanding shares. As at July 7, 2004, HFSG had approximately 290,000,000 shares of common stock issued and outstanding with a market capitalization of approximately U.S. \$19.75 billion.

HFSG is a substantial financial services corporation with many subsidiaries including, indirectly, the Manager. The operations of the Manager do not currently and will not in the foreseeable future have any material impact or effect on HFSG or the value of its securities.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively the “Decision”);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the National Instrument that provides the Decision Makers with the jurisdiction to make the Decision has been met;

THE DECISION OF THE DECISION MAKERS IN THE JURISDICTIONS under section 9.1 of the National Instrument is that, for each of the Manager, the New Funds, and any other funds managed by the Manager in the future, for the purposes of the National Instrument, equity interests in HFSG may be calculated

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and disclosed as if HFSG is a reporting issuer, the securities of which are listed on a Canadian stock exchange.

DATED August 10, 2004

Susan Wolburgh Jenah

Paul Bates