

2002 BCSECCOM 844

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief to permit funds to file reports of exempt distribution within 30 days of each funds' financial year end

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 76

Securities Rules, B.C. Reg. 194/97, s. 139

IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA AND BRITISH COLUMBIA

AND

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

AND

IN THE MATTER OF HILLSDALE INVESTMENT MANAGEMENT INC.

MRRS DECISION DOCUMENT

- ¶ 1 WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of Alberta and British Columbia (the “Jurisdictions”) has received an application from Hillsdale Investment Management Inc. (the “Manager”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that certain trades in units in respect of certain investment trusts (individually a “Fund” and collectively the “Funds”) are not subject to the requirements of the Legislation relating to the filing of forms and the payment of fees within certain prescribed time periods (the “Reporting Requirements”);
- ¶ 2 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;

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

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

1. the Manager is a corporation incorporated pursuant to the laws of Ontario and is registered under the *Securities Act* (Ontario) as an adviser in the category of investment counsel portfolio manager and as a dealer in the category of limited market dealer;
2. the Manager has established the Funds as open-end investment trusts pursuant to trust indentures and a trust agreement between the Manager and a trust company incorporated and licensed under the laws of Canada, which acts as the trustee of the Funds;
3. the Manager may establish additional Funds as open-end investment trusts in the future;
4. each of the Funds is, or is expected to be, a “mutual fund” as such term is defined in the Legislation;
5. none of the Funds is, nor is it expected that any of the Funds will become, a “reporting issuer” as such term is defined in the Legislation;
6. units of the Funds will be distributed on a continuous basis on the terms described in an offering memorandum which will be distributed in connection with the sale of units;
7. units of the Funds will be distributed to investors in reliance on the “accredited investor” (the “Accredited Investor Exemption”) and “private placement” (the “Private Placement Exemption”) exemptions from the dealer registration requirement and prospectus requirement of the Legislation;
8. where units in any of the Funds are distributed to a purchaser in reliance on the Private Placement Exemption, the minimum initial investment by a resident of any Jurisdiction will not be less than the prescribed amount (the “Prescribed Amount”) in that Jurisdiction; and
9. following an initial investment, a Fund may distribute additional units to existing holders in increments of less than the Prescribed Amount in reliance on an exemption (the “Additional Units Exemption”) from the dealer registration requirement and prospectus requirement of the Legislation,

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provided the existing holder holds units of such Fund having an aggregate acquisition cost or aggregate net asset value of not less than the Prescribed Amount;

10. units of the Funds will not be transferable, but will be redeemable upon the request of the investor;

¶ 5 AND WHEREAS under the System, the MRRS Decision Document evidences the decision of the Decision Makers (collectively, the “Decision”);

¶ 6 AND WHEREAS 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;

¶ 7 THE DECISION of the Decision Makers pursuant to the Legislation is that the Reporting Requirements will not apply to trades by a Fund under the Accredited Investor Exemption, the Private Placement Exemption or the Additional Units Exemption, provided that within 30 days after each financial year end of each Fund, such Fund:

(a) files with the applicable Decision Maker a report in respect of all such trades in units of that Fund during such financial year, in the form prescribed by the applicable Legislation, and

(b) remits to the applicable Decision Maker the fee prescribed by the applicable Legislation.

¶ 8 DATED October 4, 2002.

Brenda Leong
Director