

2003 BCSECCOM 234

Headnote

Relief granted to a fund, that is not a mutual fund, from the requirement to deliver its interim and annual financial statements to its security holders who indicate they do not want to receive copies, subject to conditions.

Exemption Order

Working Opportunity Fund (EVCC) Ltd.

Section 91(1) of the *Securities Act*, R.S.B.C 1996, c. 418

Background

- ¶ 1 Working Opportunity Fund (EVCC) Ltd. (WOF) applied for an exemption under section 91(1) of the Act from the requirements in section 149 of the *Securities Rules* to send annual and interim financial statements to its direct security holders and indirect security holders.

Representations

- ¶ 2 WOF represents that:
1. it was incorporated under the laws of British Columbia on November 5, 1991;
 2. it is a reporting issuer under the Act and is not in default of any requirement of the Act or the Rules;
 3. it is registered as an employee venture capital corporation under the *Employee Investment Act*, R.S.B.C. 1996, c. 112 (the EIA) which provides certain tax credits to eligible purchasers of WOF's shares (the Shares);
 4. it is a widely held venture capital investment fund that makes venture capital investments, conforming to the eligible investment criteria required by the EIA, in a variety of small and medium sized British Columbia businesses with the objective of achieving long-term capital appreciation in its portfolio of investments;
 5. any individual who is a resident of British Columbia may purchase the Shares;
 6. the net asset value of WOF and the net asset value per Share is calculated at the end of each valuation period determined by a Valuation Committee (currently weekly, but which may not be less than monthly) and is published after the end of

2003 BCSECCOM 234

each valuation period in two newspapers of general circulation in British Columbia;

7. its Shares have been and are qualified investments for trusts governed by RRSPs and RRIFs for the 1992 and subsequent taxation years;
8. a shareholder may require WOF to redeem his or her Shares at a price equal to the net asset value per Share at any time after eight years after the date of issue of the Shares, or earlier if the shareholder dies, becomes bankrupt, becomes disabled and permanently unfit for work, or suffers an involuntary loss of employment;
9. it has been and is treated as a mutual fund corporation for income tax purposes;
10. while not a mutual fund under the Act, WOF's offering has been and is analogous to an offering of shares or units by a mutual fund;
11. under the EIA, WOF Shares may only be issued if they are registered in the name of each security holder that purchases them, or in the name of a trustee if the shares are held by a trustee for the benefit of that security holder; as a result, WOF always knows the identity of its security holders, and is able to contact them directly;
12. it proposes to send to security holders who hold securities of WOF an annual notice (the Notice) advising them that they will not receive annual or interim financial statements of WOF unless they request same, and providing them with a request form to send back if they wish to receive the annual or interim financial statements;
13. the Notice will advise the security holders that the annual and interim financial statements may be found on the SEDAR website or on WOF's website www.wof.com and downloaded;
14. the manager (the Manager) of WOF will send financial statements to a security holder who requests them in response to the Notice or who subsequently requests them using a toll-free number or email; and
15. there will be a substantial cost savings if WOF is not required to print and mail annual and interim financial statements to those security holders who do not want them.

2003 BCSECCOM 234

Order

¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders under section 91(1) of the Act that WOF is exempt from the requirements under s. 149 of the *Securities Rules* to send annual and interim financial statements to its direct security holders and indirect security holders if the Manager:

- (a) annually sends to both its direct and indirect security holders,
 - (i) a notice informing them they will not receive annual or interim financial statements of WOF after the date of the notice, unless they request them,
 - (ii) a form that they can use to request the annual or interim financial statements, and
 - (iii) information about where they should send their request forms,
- (b) files on SEDAR, under the annual financial statements category, confirmation it complied with (a), within 90 days of sending, and
- (c) within three business days of the later of
 - (i) filing the financial statements, or
 - (ii) receiving a request from a direct security holder or indirect security holder,

sends the annual or interim financial statements to the security holders who requested them,

¶ 4 March 27, 2003

Noreen Bent
Manager