

# 2007 BCSECCOM 225

April 5, 2007

## Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 81-106 *Continuous Disclosure Requirements for Investment Funds*, s.17.1 – NAV calculation requirements - An investment fund wants relief from the requirement in s.14.2(3)(b) of National Instrument 81-106 to calculate its net asset value at least once every business day - The fund is a closed-end investment fund that allows redemptions or retractions no more frequently than once per month; units of the fund are listed or to be listed on a stock exchange and unitholders can buy or sell shares of the fund through the exchange; the fund calculates its net asset value on a regular basis and makes that calculation available to the public on request

## Applicable British Columbia Provisions

National Instrument 81-106, ss. 14.2(3)(b) 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  
Brompton Lifeco Split Corp.  
(the “Filer”)

## 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 s. 17.1 of National Instrument 81-106 – *Investment Funds Continuous Disclosure* (the “Legislation”) for an exemption from the requirement to calculate

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net asset value (“NAV”) at least once every business day contained in paragraph 14.2(3)(b) of the Legislation (the “Requested Relief”).

Under the Mutual Reliance Review System (“MRRS”) 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:

The Filer

1. The Filer is a mutual fund corporation established under the laws of Ontario.
2. Brompton Funds Management Limited (the “Manager”) is the promoter and manager of the Filer and will perform administrative services on behalf of the Filer.

The Offering

3. The Filer will be making an offering (the “Offering”) to the public of preferred shares (the “Preferred Shares”) and class A shares (the “Class A Shares”) (together, referred to as the “Shares”). One Class A Share and one Preferred Share will together make one notional unit (a “Unit”).
4. The Offering of Shares by the Filer is a one-time offering and the Filer will not continuously distribute the Shares.
5. The Filer’s investment objectives are: (i) to provide holders of Preferred Shares with fixed cumulative preferential quarterly cash distributions in the amount of \$0.13125 per Preferred Share representing a yield on the issue price of the Preferred Shares of 5.25% per annum; (ii) to provide holders of Class A Shares with regular monthly cash distributions targeted to be \$0.075 per Class A Share representing a yield on the issue price of the Class A Shares of 6.0%

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per annum; (iii) to return the original issue price to holders of Preferred Shares at the time of redemption of shares on April 30, 2014; and (iv) to provide holders of Class A Shares with the opportunity for growth in net asset value per Class A Share.

6. The net proceeds from the Offering will be invested in an equally weighted portfolio consisting of common shares of the four publicly traded Canadian life insurance companies (the “Portfolio”).
7. The Filer may from time to time selectively write covered call options on the Shares included in the Portfolio in order to generate additional distributable income for the Filer.
8. A preliminary prospectus of the Filer dated February 22, 2007 (the “Preliminary Prospectus”) has been filed with the securities regulatory authorities in each of the Provinces and Territories of Canada.

### The Shares

9. The Shares are expected to be listed and posted for trading on the Toronto Stock Exchange (the “TSX”). An application requesting conditional listing approval has been made by the Filer to the TSX.
10. The Preferred Shares will be retractable at the option of the holder on a monthly basis and a holder of a Preferred Share may concurrently retract an equal number of Preferred Shares and Class A Shares on an annual basis at a price computed by reference to the value of a proportionate interest in the net assets of the Filer. As a result, the Filer will be a “mutual fund” under applicable securities legislation.
11. The description of the retraction process in the Preliminary Prospectus contemplates that the retraction price for the Shares will be determined as of the valuation date, being the second last business day of the month (the “Retraction Date”).
12. The retraction procedures described in the Preliminary Prospectus provide that shareholders will receive payment on or before the tenth business day of the month following the Retraction Date.
13. The NAV per Unit and NAV per Class A Share will be calculated weekly. The Filer will make available to the financial press for publication on a weekly basis the NAV per Class A Share as well as through the Internet at [www.bromptongroup.com](http://www.bromptongroup.com).

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### **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:

- (a) the final prospectus of the Filer discloses that the NAV per Unit and NAV per Class A Share will be provided by the Manager to the public on request and further discloses that the NAV per Unit and NAV per Class A Share are accessible to the public on the Internet at [www.bromptongroup.com](http://www.bromptongroup.com);
- (b) the Shares are listed on the TSX; and
- (c) the Filer calculates its NAV per Unit and NAV per Class A Share at least weekly.

Leslie Byberg  
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Ontario Securities Commission