

2008 BCSECCOM 198

March 28, 2008

Headnote National Instrument 81-106 *Continuous Disclosure Requirements for Investment Funds*, s.17.1 – requirements to deliver audited annual financial statements and file MRFP - A fund wants relief from the requirement in s. 4.2 of NI 81-106 to prepare and file an annual management report of fund performance (MRFP) for a particular year - The filer filed a final prospectus with audited financial statements dated before its year end; the filer had limited operations between the date of the audited financial statements and its year end; because of its limited operations, the filer cannot discuss changes in risk, the result of operations, or economic trends and market conditions that affect the filer in the annual MRFP for its first financial year

Applicable British Columbia Provisions

National Instrument 81-106, s. 4.2

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

(the Jurisdictions)

and

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

and

In the Matter of
Lawrence Asset Management Inc.
(Lawrence or the Manager)

and

In the Matter of
Lawrence India Fund (the Fund)
(the Manager and the Fund, collectively, the Filer)

MRRS Decision Document

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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 the securities legislation (the Legislation) of the Jurisdictions for an exemption, pursuant to section 17.1 of National Instrument 81-106 *Investment Funds Continuous Disclosure* (NI 81-106), from the requirement in subsection 4.2 of NI 81-106 to file a management report of fund performance (MRFP) for the Fund for the period ended December 31, 2007 (the Requested Relief).

Under the Mutual Reliance Review System 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:

1. The Manager is a corporation operating under the laws of the Province of Ontario with its head office in Toronto, Ontario.
2. The Fund became a reporting issuer on December 6, 2007, the date on which a receipt for the final simplified prospectus in respect of the Fund (the "Prospectus") was issued by the Decision Makers.
3. The fiscal year end of the Fund is December 31. Pursuant to section 4.2 of NI 81-106, the Fund must prepare an annual MRFP for the period ended December 31, 2007.
4. The Fund first issued units under the Prospectus on December 17, 2007. No securities, other than 70,802 units for gross proceeds of \$705,440, have been issued between December 6, 2007 and December 31, 2007. All of the proceeds have been held by the Fund in cash throughout the reporting period. Accordingly, there are no measures of performance to report on in the management discussion portion of the MRFP for the reporting period.

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5. The limited activities of the Fund for the reporting period do not provide any meaningful information in the financial highlights for the purposes of the preparation of an MRFP.
6. Form 81-106F1 – Contents of Annual and Interim Management Report of Fund Performance, requires that an MRFP contain a discussion of how changes to the investment fund over the financial year affected the overall level of risk associated with an investment in the investment fund, a summary of the results of operations of the investment fund for the financial year in which the management discussion of fund performance pertains, a discussion of the recent developments affecting the investment fund, a discussion of any transactions involving related parties to the investment fund, disclosure of selected financial highlights for the investment fund to which the MRFP pertains. Given the minimal business carried on by the Fund and the fact that the Fund filed its final simplified prospectus 17 business days prior to its fiscal year end, no disclosure on these items can be meaningfully provided in the MRFP.
7. The expense to the Fund of preparing and filing an MRFP would not be justified relative to any benefit to be derived from receiving the MRFP.
8. The Fund will prepare and file annual audited financial statements for the Fund as required by NI 81-106.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers 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.

Rhonda Goldberg
Manager, Investment Funds Branch
Ontario Securities Commission