

# 2007 BCSECCOM 454

June 28, 2007

## Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 81-107, s. 7.1 Independent Review Committee for Investment Funds - A closed-end investment trust wants an exemption from the requirements of Section 3.2 of NI 81-107 to appoint initial members of the Investment Review Committee (IRC) - The fund is a closed-end investment trust; the trust will be wound up before the date on which the fund must fully comply with NI 81-107

## Applicable British Columbia Provisions

National Instrument 81-107, ss. 3.2, 8.2(2) and 7.1

In the Matter of  
the Securities Legislation of  
British Columbia, Alberta, Manitoba, Ontario,  
New Brunswick, Nova Scotia and Northwest Territories  
(the “Jurisdictions”)

and

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

and

In the Matter of  
the GS+A RRSP Fund  
(the “Fund”)

## MRRS Decision Document

## Background

The local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application dated April 20, 2007, from Gluskin Sheff + Associates Inc. (the “Filer”) on behalf of the Fund for a decision under the securities legislation of the Jurisdictions (the “Legislation”) for an exemption from the requirements in section 3.2 and subsection 8.2(2) of National Instrument 81-107 *Independent Review Committee for Investment Funds* (“NI 81-107”) for the manager of the Fund to appoint each member of the Fund’s first independent review committee by May 1, 2007 (the “Requested Relief”).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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- (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**

The decision is based on the following facts represented by the Filer:

1. The Filer is the manager, portfolio manager and trustee of the Fund. The Filer's head office is located at BCE Place, 181 Bay Street, Suite 4600, Toronto, Ontario, Canada.
2. The Fund is an open-ended unincorporated investment trust that was created under the laws of the Province of Ontario pursuant to a declaration of trust dated June 27, 1997, as the same may be amended, supplemented or restated from time to time. The Fund is a reporting issuer in each of the Jurisdictions. Units of the Fund (the "Trust Units") are qualified for distribution in each of the Jurisdictions under a simplified prospectus and annual information form dated June 26, 2006.
3. To the knowledge of the Filer, the Fund is not in default of any of its obligations under applicable securities legislation in the Jurisdictions.
4. Effective May 1, 2007, all investment funds in Canada that are reporting issuers and are subject to the continuous disclosure requirements of applicable Canadian securities laws are required under NI 81-107 to establish an independent review committee ("IRC") to oversee conflict of interest matters that arise with respect to an investment fund.
5. Pursuant to section 3.2 of NI 81-107, the Filer must appoint the first members of the IRC. Pursuant to subsection 8.2(2) of NI 81-107, the Filer must appoint the first members of the IRC by May 1, 2007.
6. The Fund is the only mutual fund managed by the Filer that is currently established as a reporting issuer and therefore subject to compliance with IRC requirements under NI 81-107. All other funds managed by the Filer are pooled funds offered on a private placement basis.

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7. The Filer offers discretionary portfolio management services to individuals, corporations and other entities seeking wealth management or related services through a managed account. Consequently, all investors currently invested in the Fund hold Trust Units through managed accounts fully managed by the Filer.
8. As at May 25, 2007, 152,720,190.069 Trust Units were issued and outstanding with a value of approximately \$419 million to 1606 Fund Unitholders in total.
9. In light of the Fund's size, the types of investors currently invested in the Fund, and the escalating costs of operating the Fund as a reporting issuer, management of the Filer believes that the operation of the Fund as a pooled fund is the preferable means by which the Fund should be operated on an ongoing basis. This would provide operational consistency with all other funds managed by the Filer.
10. The Filer, in its capacity as trustee and manager of the Fund, has considered alternatives for the Fund, and intends to seek the approval of unitholders of the Fund ("Fund Unitholders") to reorganize the Fund by way of merger (the "Merger") with The GS+A RRSP Fund (2007) (the "New Fund"). The Filer will be the manager, portfolio manager and trustee of the New Fund.
11. The New Fund will be an open-ended unincorporated investment trust established under the laws of the Province of Ontario on or about July 1, 2007. The New Fund will be a pooled fund and therefore will not be a reporting issuer in the Jurisdictions. The New Fund will be identical to the Fund in terms of its investment objectives and strategies and in terms of the management fees charged. The Filer intends to change the name of the New Fund to The GS+A RRSP Fund immediately following completion of the Merger.
12. If Fund Unitholders approve the Merger at the special meeting of Fund Unitholders (the "Special Meeting") to be held for that purpose on June 29, 2007, and provided all regulatory approvals are received, the effective date of the Merger will be on or about July 1, 2007, but no later than August 1, 2007.
13. The Fund's Information Circular in connection with the Special Meeting was filed and mailed to Fund Unitholders on June 7, 2007.
14. Given the Filer's intention to dissolve the Fund following the Merger, the potential for conflicts of interest in respect of the Fund during the period from May 1, 2007 to August 1, 2007 is limited. Accordingly, the time and expense

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required to establish and maintain an IRC for that period would exceed the benefits to Fund Unitholders of having an IRC for that period.

### **Decision**

Each of the Decision Makers is satisfied that the test contained in the Legislation that provide 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 the Fund dissolves on or about July 1, 2007, but in any event, not later than August 1, 2007.

Leslie Byberg  
Manager, Investment Funds Branch