

2006 BCSECCOM 401

May 29, 2006

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 81-106 *Continuous Disclosure Requirements for Investment Funds*, s. 17.1 - net asset value calculation requirements - NAV calculation - 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 on a stock exchange and unitholders can buy or sell units 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
Big Bank Big Oil 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 (the Application) from the Filer for a decision under Section 17.1 of National Instrument 81-106 - Investment Funds Continuous Disclosure (the “Legislation”) for an exemption from the requirement, contained in Section 14.2(3)(b) of the Legislation, to calculate net asset value at

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least once every business day if the Filer uses specified derivatives (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. Claymore Investments, Inc. (the Manager) is the promoter and manager of the Filer and will perform administrative services on behalf of the Filer.

The Offerings

3. The Filer will be issuing class A preferred shares (the Preferred Shares) and class A capital shares (the Capital Shares, and together with the Preferred Shares, the Shares).
4. The offerings of Preferred Shares and Capital Shares (the Offerings) by the Filer are 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 return the original issue price to holders of Preferred Shares at the time of redemption of such shares on December 30, 2011; (iii) to provide holders of Capital Shares with regular monthly cash distributions targeted to be \$0.05 per Capital Share representing

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a yield on the issue price of the Capital Shares of 4.00% per annum; and (iv) to provide holders of Capital Shares with the opportunity for growth in net asset value per Capital Share.

6. The net proceeds from the Offerings will be invested in an equally weighted portfolio consisting of common shares of the six largest Canadian banks and common shares of the ten largest Canadian oil and gas companies (the Portfolio).
7. The Filer will, from time to time, selectively write covered call options in respect of all or part of the securities in its Portfolio.
8. A preliminary prospectus of the Filer dated April 28, 2006 (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).
10. The Shares will be retractable at the option of the holder on a monthly and 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 within ten business days of the month following the Retraction Date.
13. The net asset value per Unit (a notional unit consisting of one Preferred Share and one Capital Share), the net asset value per Preferred Share and the net asset value per Capital Share will be calculated weekly. The Filer will make available to the financial press for publication on a weekly basis the net asset value per Unit, the net asset value per Preferred Share and the net asset value per Capital Share as well as through the Internet at www.claymoreinvestments.ca.

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14. Shareholders will have the opportunity to trade their Shares on the TSX and, as such, will not have to rely on the retraction features to provide liquidity for their Shares.

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 the prospectus discloses:

- (a) that the net asset value calculation per Unit, per Preferred Share and per Capital Share is available to the public upon request;
- (b) a toll-free number or website that the public can access to obtain the net asset value per Unit, per Preferred Share and per Capital Share;

for so long as:

- (c) the Shares are listed on the TSX; and
- (d) the Filer calculates its net asset value per Unit, per Preferred Share and per Capital Share at least weekly.

Rhonda Goldberg
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Ontario Securities Commission