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March 30, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – National Instrument 81-106, s.17.1 - Continuous Disclosure Requirements for Investment Funds - AIF requirement - A fund wants relief from subsection 9.2 of NI 81-106 that requires a fund that does not have a current prospectus as at its financial year end to prepare an annual information form - The issuer is a short-term vehicle formed solely to invest its available funds in flow-through shares of resource issuers; the issuer's securities are not redeemable and there is no secondary trading in the issuer's securities; the issuer's other continuous disclosure documents will provide all relevant information necessary for investors to understand the issuer's business, financial position and future plans

Applicable British Columbia Provisions

National Instrument 81-106, ss. 9.2 and 17.1

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New
Brunswick, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions")

and

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

and

In the Matter of
Creststreet 2006 Limited Partnership ("C2006LP"),
Creststreet 2006 (II) Limited Partnership ("C2006(II)LP"), and
Creststreet 2007 Limited Partnership ("C2007LP")
(collectively, the "Filers")

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 Filers for a decision under the securities legislation of the Jurisdictions (the "Legislation") for an exemption from the annual information form (AIF) filing requirement in Section 9.2 of National Instrument 81-106 – Investment Funds Continuous Disclosure ("NI 81-106") pursuant to section 17.1 thereof (the "Requested Relief").

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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 Filers:

The Filers

1. The Filers were formed to invest in a diversified portfolio of equity securities, comprised principally of flow through shares (“Flow-Through Shares”) of issuers engaged in oil and gas, mining or renewable energy exploration and development in Canada or that invest in securities of entities engaged in such activities (“Resource Issuers”) pursuant to agreements (“Flow-Through Agreements”) between each Filer and the relevant Resource Issuer. Under the terms of each Flow-Through Agreement, the relevant Filer will subscribe for Flow-Through Shares of the Resource Issuer and the Resource Issuer will agree to incur and renounce to the Filer, in amounts equal to the subscription price of the Flow-Through Shares, expenditures in respect of resource exploration and development which qualify as Canadian exploration expense or as Canadian development expense which may be renounced as Canadian exploration expense to the Filer.
2. Each Filer is a reporting issuer, or the equivalent, in each of the Jurisdictions.
3. The principal office of each Filer is located at 70 University Avenue, Suite 1450, Toronto, Ontario M5J 2M4.
4. The limited partnership units of each Filer (the “Units”) are not and will not be listed or quoted for trading on any stock exchange or market. The Units are also not redeemable by the limited partners of each Filer. Generally, Units are not transferred by Limited Partners since Limited Partners must be holders of the Units on the last day of each fiscal year of the Filer in order to obtain the desired tax deduction.

C2006LP

5. C2006LP is a limited partnership formed pursuant to the provisions of the *Limited Partnerships Act* (Ontario) (the “Act”) on December 22, 2005. C2006LP received a final receipt dated February 13, 2006 issued on behalf of each of the Decision Makers for C2006LP’s (final) prospectus dated February 10, 2006 offering for sale up to 4,000,000 Units of C2006LP at a price of \$10 per Unit. On February 24, 2006, C2006LP completed the issue of 4,000,000 Units under its prospectus.
6. It is the current intention of C2006LP, as described in its prospectus, to transfer its assets to Creststreet Mutual Funds Limited (“CMFL”), an open-ended public mutual fund corporation incorporated under the laws of Canada, on or about January 18, 2008 on a tax deferred basis in exchange for redeemable resource class shares of CMFL (the “Creststreet Resource Fund”). Upon the dissolution of C2006LP, which will occur immediately following such transfer, such shares of the Creststreet Resource Fund will be distributed to the partners of C2006LP on a *pro rata* basis. Such transaction is subject, *inter alia*, to any necessary regulatory approvals and in event that it is not possible to complete the transaction, it is the current intention of C2006LP to dissolve and distribute its net assets *pro rata* to its partners no later than September 30, 2008 or such later date as may be approved by the limited partners of C2006LP by extraordinary resolution.

C2006(II)LP

7. C2006(II)LP is a limited partnership formed pursuant to the provisions of the Act on July 14, 2006. C2006(II)LP received a final receipt dated August 4, 2006 issued on behalf of each of the Decision Makers for C2006(II)LP’s (final) prospectus dated August 4, 2006 offering for sale up to 4,000,000 Units of C2006(II)LP at a price of \$10 per Unit. On August 16, 2006, C2006(II)LP completed the issue of 4,000,000 Units under its prospectus.
8. It is the current intention of C2006(II)LP, as described in its prospectus, to transfer its assets to CMFL on or about January 18, 2008 on a tax deferred basis in exchange for redeemable shares of the Creststreet Resource Fund. Upon the dissolution of C2006(II)LP, which will occur immediately following such transfer, such shares of the Creststreet Resource Fund will be distributed to the partners of C2006(II)LP on a *pro rata* basis. Such transaction is subject, *inter alia*, to any necessary regulatory approvals and in event that it is not possible to complete the transaction, it is the current intention of C2006(II)LP to dissolve and distribute its net assets *pro rata* to its partners no later than

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September 30, 2008 or such later date as may be approved by the limited partners of C2006(II)LP by extraordinary resolution.

C2007LP

9. C2007LP is a limited partnership formed pursuant to the provisions of the Act on November 20, 2006. C2007LP received a final receipt dated January 31, 2007 issued on behalf of each of the Decision Makers for C2007LP's (final) prospectus dated January 30, 2007 offering for sale up to 10,000,000 Units of C2007LP at a price of \$10 per Unit. On February 15, 2007, C2007LP completed the issue of 3,574,600 Units under its prospectus. On March 15, 2007, C2007LP completed the issue of an additional 565,100 Units under its prospectus. C2007LP has not completed any additional issuances of Units since that date. Up to 5,860,300 additional Units may be issued pursuant to C2007LP's prospectus at any time on or before December 31, 2007.
10. It is the current intention of C2007LP, as described in its prospectus, to transfer its assets to CMFL on or about January 23, 2009 on a tax deferred basis in exchange for redeemable shares of the Creststreet Resource Fund. Upon the dissolution of C2007LP, which will occur immediately following such transfer, such shares of the Creststreet Resource Fund will be distributed to the partners of C2007LP on a *pro rata* basis. Such transaction is subject, *inter alia*, to any necessary regulatory approvals and in event that it is not possible to complete the transaction, it is the current intention of C2007LP to dissolve and distribute its net assets *pro rata* to its partners no later than September 30, 2009 or such later date as may be approved by the limited partners of C2007LP by extraordinary resolution.

The Filing of AIFs

11. The financial year end of each Filer is December 31.
12. Under section 9.2 of NI 81-106, an investment fund must file an AIF if the investment fund does not have a current prospectus as at its financial year end. Under section 9.3 of NI 81-106, an investment fund must file an AIF no later than 90 days after the end of its most recently completed financial year.
13. Under section 18.4 of NI 81-106, an investment fund filing its first AIF may file it within 120 days of its most recently completed financial year. Since C2006LP and C2006(II)LP will be filing their first AIF, they have to file their AIF by April 30, 2007 (120 days after their financial year end). As C2007LP only became a reporting issuer in 2007, C2007LP may file its first AIF by April 30, 2008 (120 days after its financial year end).

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14. Since their formation, the activities of the Filers have primarily been limited to (i) completing the issue of the Units under their respective prospectuses, (ii) investing their respective available funds in Flow-Through Shares of Resource Issuers and (iii) incurring expenses as described in their respective prospectuses.
15. The prospectus, financial statements and management reports of fund performance of each Filer provide sufficient information necessary for a limited partner to understand the Filer's business, its financial position and its future plans, including its dissolution and the transaction with CMFL.
16. Given the foregoing, the limited range of business activities carried on by the Filers, the short duration of their existence and the nature of the investment of the limited partners, management of the Filers is of the view the preparation and distribution of an annual information form by the Filers would impose a material financial burden on the Filers without producing a corresponding benefit to the limited partners.
17. Upon the occurrence of any material change to a Filer, limited partners of the Filer would receive all relevant information from the material change report the Filer is required to file with the Decision Makers.

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 this exemption shall terminate in respect of a Filer upon the occurrence of a material change in the affairs of the Filer unless the Filer satisfies the Decision Makers that the exemptions should continue, which satisfaction shall be evidenced in writing.

Leslie Byberg
Manager, Investment Funds Branch
Ontario Securities Commission