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Headnote

1996 Securities Act s. 171 - Revoke or Vary Decision - A person who resides in BC wants to advise BC residents - The person will only advise an investment fund; the advice will be about investment in non-liquid securities of private companies; the person has considerable experience in advising and managing similar investment funds; the adviser education requirements may be of minimal benefit because they do not focus on the types of investments about which the person will be advising

Exemption Order

Medical Innovations Management Inc.

Section 48 of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

- ¶ 1 Medical Innovations Management Inc. (the Manager) has applied for relief from the adviser registration requirement of section 34(1)(c) of the Act in connection with providing management services to Altura Growth Fund (EVCC) Inc. (the Fund) under a management agreement dated October 31, 2002 (amended and restated November 18, 2004) (the management agreement);

Representations

- ¶ 2 The Manager represents that:
1. it was incorporated under the *Canada Business Corporations Act* on April 5, 2002;
 2. its head office is located in Vancouver, British Columbia;
 3. the Fund was incorporated under the laws of British Columbia on July 16, 2002 and registered as an employee venture capital corporation under the *Employee Investment Act*, RSBC 1996, c.112 (the EIA) on November 18, 2002;
 4. the Fund is a reporting issuer and offers its Class A shares to residents of British Columbia by prospectus;
 5. the Fund was formed to create and manage a portfolio of investments in small- and medium-sized British Columbia businesses in the health sciences sector that meet EIA criteria, with the objective of maximizing return with an acceptable level of risk;

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6. most of the Fund's investments are long-term investments involving a three-to seven-year investment horizon in illiquid securities of non-public companies;
7. the Fund has retained the Manager under the management agreement to provide management advice and services under the supervision and control of the Fund's Board of Directors;
8. Canadian Venture Capital Management Corp. (CVCMC) holds all the issued and outstanding shares of the Manager;
9. CVCMC is beneficially owned by Dr. Calvin Stiller and MDS Capital Corp. ("MDS Capital");
10. MDS Capital is one of Canada's largest venture capital fund managers, focused exclusively on health and life sciences. MDS Capital and its subsidiaries currently manage or provide investment management or other advisory services to nine funds with aggregate total assets of approximately \$1 billion. As at the date hereof, MDS Capital employs 32 investment professionals who have appropriate qualifications and experience to provide investment management and other advisory services;
11. Dr. Calvin Stiller is Chairman and Chief Executive Officer of Medical Discovery Management Corporation, which is the manager of Canadian Medical Discoveries Fund Inc. and Canadian Medical Discoveries Fund II Inc., both of which are labour-sponsored investment funds based in Ontario. Dr. Stiller is also: (a) a Physician; (b) a Professor of Medicine at the University of Western Ontario; and (c) a member of the Multi-Organ Transplant Unit, University Hospital, London, Ontario;
12. the Manager is responsible for identifying investment opportunities that meet the Fund's objectives and investment strategies, analyzing proposed investments, preparing and making recommendations about investments to the Fund's Board of Directors and structuring and negotiating investments approved by the Fund's Board of Directors;
13. the Manager monitors the Fund's investments, which includes evaluating financial and other key performance indicators and making recommendations as to the timing, terms and methods of realizing on the Fund's investments;
14. the Manager provides value added management services in the form of board participation, business expertise and managerial expertise to the companies the Fund invests in;

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15. the Manager has and will maintain personnel with the necessary business experience and qualifications to competently manage venture capital investments;
16. in providing its services to the Fund under the management agreement, the Manager may be considered to be acting as an adviser under the Act and without this order, could be required to be registered as an adviser under the Act;
17. there are no exemptions from the adviser registration requirement that the Manager can rely on to provide services to the Fund under the management agreement; and
18. the Manager applied for registration as an adviser on January 14, 2005 but has not submitted all documentation reasonably required by the Executive Director to consider the application for registration.

Order

- ¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders under section 48 of the Act that the Manager is exempt from the adviser registration requirement when performing and carrying out its duties under the management agreement until April 30, 2005, provided that the Manager submits all documentation reasonably required by the Executive Director to consider its application for registration as an adviser as follows:
1. all documentation other than financial information, by no later than March 24, 2005; and
 2. financial information, by April 15, 2005.
- ¶ 4 March 23, 2005

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