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Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the requirement that a mutual fund manager report purchases or sales by a mutual fund through a related person, provided that certain disclosure is made in the statement of portfolio transactions for each mutual fund

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 126(c) and 130

**IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH
COLUMBIA, ALBERTA, SASKATCHEWAN, ONTARIO, NOVA SCOTIA
AND NEWFOUNDLAND AND LABRADOR**

AND

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

IN THE MATTER OF ALTAMIRA MANAGEMENT LTD.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland and Labrador (the “Jurisdictions”) has received an application (the “Application”) from Altamira Management Ltd. (the “Applicant”) for a decision by each decision maker (the “Decision”) pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that the provisions of the Legislation requiring a management company of a mutual fund, or in British Columbia a mutual fund manager, to file a report, within 30 days after each month end and in respect of each mutual fund for which it provides services, relating to every purchase or sale effected by such mutual fund through any related person or company with respect to which the related person or company received a fee from the mutual fund or from the other party to the transaction or both (the “Reporting Requirement”) not apply to purchases and sales effected by funds established or to be established for which the Applicant acts as investment

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manager (the “Funds”) through National Bank Financial Inc. (the “Related Company”).

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Ontario Securities Commission is the principal regulator for this Application;

AND WHEREAS the Applicant has represented to the Decision Makers that:

1. The Applicant is a corporation continued under the laws of the Province of Ontario and is a wholly-owned subsidiary of National Bank of Canada (“NBC”).
2. The Applicant is registered as an adviser in the category of investment counsel and portfolio manager with the securities regulatory authorities in each province and territory except Quebec where it is registered as an advisor.
3. The Applicant is the investment manager of the Funds, and is responsible for managing the investment portfolios of the Funds.
4. Each of the Funds is or will be an open-end mutual fund trust formed under the laws of Ontario, except for Altamira Capital Growth Fund Limited, which is an open-end mutual fund corporation governed by the Business Corporations Act (Ontario), and AltaFund Investment Corp., and Altamira Dividend Fund Inc., which are each an open-end mutual fund corporation governed by the *Canada Business Corporations Act*.
5. The Applicant, in its capacity as investment manager, may effect portfolio transactions through the Related Company which is also a wholly-owned subsidiary of NBC.
6. The Applicant has disclosed in the Funds’ annual information form that the Related Company receives brokerage commissions on portfolio transactions from the Funds. The Applicant will disclose in the Funds’ annual information form that portfolio transactions of the Funds may be executed by the Related Company provided such transactions are made on terms and conditions comparable to those offered by unrelated brokers and dealers.
7. The Applicant has discretion to allocate brokerage business in a manner that they believe to be in a Fund’s best interests. The purchase and sale of securities effected through the Related Company represents the business judgment of responsible persons uninfluenced by considerations other than the

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best interests of the Funds. In allocating brokerage, consideration is given to commission rates and to research, execution and other services offered.

8. The Applicant has disclosed and will continue to disclose in the Funds' annual financial statements the amount of brokerage commissions paid by each Fund on trades with the Related Company.
9. The Related Company is registered in Ontario as a dealer in the category of broker/investment dealer, is a member of the Investment Dealers Association and is an approved participant on The Toronto Stock Exchange and The Montreal Exchange.
10. In the absence of this Decision, the Legislation requires the Applicant to file a report on a monthly basis in respect of every purchase or sale of securities effected through the Related Company stating the issuer of the securities purchased or sold, the class or designation of the securities, the amount or number of securities, the consideration, the name of the Related Company receiving the fee, the name of the person that paid the fee to the Related Company and the amount of the fee received by the Related Company.
11. It would be costly and time consuming for the Applicant to provide the information required by the Legislation on a monthly and segregated basis.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker;

AND WHEREAS 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 pursuant to the Legislation is that the Reporting Requirement shall not apply so as to require the Applicant to file a report on a monthly basis in respect of every purchase and sale of securities by a Fund which is effected through the Related Company and with respect to which the Related Company received a fee from the Fund or from the other party to the transaction or both,

PROVIDED THAT the Decision shall only apply if the statement of portfolio transactions prepared and filed for each Fund in accordance with the Legislation discloses, in respect of every class or designation of securities of an issuer bought or sold during the period to which the statement of portfolio transactions relates:

- (a) the name of the Related Company;

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- (b) the amount of fees paid to the Related Company; and
- (c) the person or company that paid the fees.

DATED January 29, 2003.

Howard I. Wetston

Robert W. Davis