

2011 BCSECCOM 350

July 7, 2011

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (NI 54-101) – s. 2.7 - An issuer is holding a shareholder meeting; there is a mail service disruption; the issuer cannot comply with its obligations to send proxy-related materials to its shareholders within the periods prescribed by securities law due to the disruption of mail service; all matters submitted to the meeting are routine and would be considered to be non-contentious; the issuer has taken reasonable steps to notify shareholders of the meeting and where proxy-related materials are available; the issuer sends the proxy-related materials to shareholders upon resumption of mail service.

Applicable Legislative Provisions

National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* – s. 2.7

In the Matter of
the Securities Legislation of
British Columbia and Ontario
(the Jurisdictions)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
QHR Technologies Inc.
(the Filer)

Decision

Background

- ¶1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under

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the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from provisions of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (NI 54-101) that require the Filer to send proxy-related materials to its beneficial owners holding through Canadian intermediaries (the Beneficial Owners) in connection with the 2011 Meeting (as defined below) within the time periods prescribed by NI 54-101 (the Exemption Sought).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

- (a) the British Columbia Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, and Manitoba (the Passport Jurisdictions); and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

- ¶2 Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

- ¶3 This decision is based on the following facts represented by the Filer:
- 1. the Filer is a corporation incorporated under the *Business Corporations Act* (British Columbia);
 - 2. the Filer's head office is located at Suite 300 – 1620 Dickson Avenue, Kelowna, BC V1Y 9Y2;
 - 3. the authorized capital of the Filer consists of an unlimited number of common shares (the Shares) of which 42,790,621 Shares were issued and outstanding as of June 13, 2011, and an unlimited number of Class A Preference Shares of which no shares were issued and outstanding as of June 13, 2011;
 - 4. the Shares are listed and posted for trading on the TSX Venture Exchange;
 - 5. the Filer is not in default of securities legislation in any jurisdiction in which it is a reporting issuer;

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6. the Filer intends to hold an annual meeting of its shareholders on Monday, July 18, 2011 (the 2011 Meeting); the following matters will be submitted to the meeting:
 - (a) the receiving of the audited financial statements of the Filer for the financial year ended December 31, 2010, and accompanying report of the auditor;
 - (b) the setting of the number of directors of the Filer for the ensuing year at six (6) persons;
 - (c) the election of the directors of the Filer to serve until the next annual general meeting of the shareholders;
 - (d) the appointment of Grant Thornton LLP, Chartered Accountants, as the auditor of the Filer for the fiscal year ending December 31, 2011 and to authorize the directors of the Filer to fix the remuneration to be paid to the auditor for the fiscal year ending December 31, 2011; and
 - (e) the approval of the Filer's Incentive Stock Option Plan, which will be limited to 10% of the issued shares of the Filer at the time of any granting of options.
7. no matter requiring a special resolution of shareholders will be put before the 2011 Meeting and, therefore, the 2011 Meeting will not be considered a "special meeting" for the purposes of NI 54-101;
8. no matter requiring a minority vote pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* will be put before the 2011 Meeting;
9. in the Filer's reasonable opinion, none of the matters to be put before the 2011 Meeting would be considered by a shareholder to be a contentious matter;
10. National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) requires the Filer to deliver proxy materials to registered shareholders (the Registered Shareholders) and NI 54-101 requires the Filer to deliver proxy materials to intermediaries for delivery to those Beneficial Owners that have requested materials for annual meetings;
11. it was the Filer's intention to mail all materials in respect of the 2011 Meeting (the 2011 Meeting Materials) to its Registered Shareholders and to deliver the

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2011 Meeting Materials to intermediaries for delivery to those Beneficial Owners that have requested materials for annual meetings within the periods prescribed by NI 54-101;

12. on June 15, 2011, Canada Post locked out the Canadian Union of Postal Workers (the Postal Lockout) and suspended all mail service in Canada;
13. the Postal Lockout continued until June 27, 2011 and mail service resumed on June 28, 2011;
14. due to the Postal Lockout, the Filer was unable to send the 2011 Meeting Materials to Broadridge Financial Solutions, Inc. (Broadridge) for delivery to Beneficial Owners within the time periods prescribed by NI 54-101;
15. the Filer caused Broadridge to courier the 2011 Meeting Materials to the Beneficial Owners on June 27, 2011, two business days fewer than the three business days required by section 2.12 of NI 54-101;
16. the Filer mailed the 2011 Meeting Materials to its Registered Shareholders upon the resumption of mail service on June 28, 2011;
17. the Filer filed the notification and record dates required by NI 54-101 on May 11, 2011;
18. the Filer has filed the 2011 Meeting Materials on SEDAR as required by NI 51-102; and
19. on June 24, 2011, the Filer filed and disseminated a news release notifying Registered Shareholders, Beneficial Owners, and intermediaries of Beneficial Owners that:
 - (a) the Postal Lockout may disrupt delivery of the 2011 Meeting Materials;
 - (b) the 2011 Meeting Materials, including the information circular, are available to be downloaded from the Filer's issuer profile on SEDAR at <http://www.sedar.com>; and
 - (c) upon request by any Registered Shareholder, Beneficial Owner, or intermediary for any Beneficial Owner, which request may be made by telephone to the Filer at (250) 763-3122, the Filer will make available copies of the 2011 Meeting Materials, including the information circular, by electronic mail or facsimile as requested by the Registered Shareholder,

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Beneficial Owner, or intermediary for any Beneficial Owner, as the case may be.

Decision

- ¶4 Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted, provided that Representations 7, 8, and 9 remain true as at the date of the 2011 Meeting.

Martin Eady, CA
Director, Corporate Finance
British Columbia Securities Commission