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Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief granted from certain mutual fund reporting requirements and self-dealing prohibitions to permit a Top Fund to invest in securities of Underlying Funds, subject to certain conditions

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 121(2)(b), 123, 126(a) and (d) 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 MACKENZIE FINANCIAL CORPORATION (the
“MANAGER”)**

AND

**IN THE MATTER OF
KEYSTONE REGISTERED CONSERVATIVE INCOME & GROWTH
FUND,
KEYSTONE REGISTERED BALANCED GROWTH & INCOME FUND,
KEYSTONE REGISTERED LONG-TERM GROWTH FUND
AND KEYSTONE REGISTERED MAXIMUM LONG-TERM GROWTH
FUND
(THE “FUNDS”)**

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia, and Newfoundland and Labrador, (the “Jurisdictions”) has received an application from the Manager of the Funds and any other funds managed by the Manager in the future (collectively, the “Top Funds”) for a decision by each

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Decision Maker under the securities legislation of the Jurisdictions (the “Legislation”) that the following provisions of the Legislation (the “Applicable Requirements”) shall not apply to the Top Funds or the Manager in respect of the Top Funds’ investments of a portion or primarily all of their assets in one or more open-end mutual funds which are subject to the provisions of National Instrument 81-101 (“NI 81-101”) and National Instrument 81-102 (“NI 81-102”) (individually an “Underlying Fund” and collectively, the “Underlying Funds”):

1. the restrictions contained in the Legislation that prohibit a mutual fund from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder;
2. the restrictions contained in the Legislation prohibiting a portfolio manager, or in British Columbia, a mutual fund or responsible person, from knowingly causing a mutual fund managed by it to invest in any issuer in which a responsible person or an associate of a responsible person is an officer or director unless the specific fact is disclosed to the client and, if applicable, the written consent of the client to the investment is obtained before the purchase; and
3. the requirements contained in the Legislation that a management company or, in British Columbia, a mutual fund manager, file a report of every transaction of purchase or sale of securities between a mutual fund it manages and any related person or company and any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, a mutual fund is a joint participant with one or more of its related persons or companies.

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

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions;

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

1. Each of the Top Funds will be an open-end mutual fund and will be a reporting issuer in each of the Jurisdictions. Securities of the Top Funds will be qualified for distribution under a simplified prospectus and annual information form filed in each of the Jurisdictions. A preliminary simplified prospectus in respect of certain Top Funds has been filed under SEDAR Project No. 581504.

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2. Each of the Underlying Funds is, or will be, an open-end mutual fund and will be a reporting issuer in each of the Jurisdictions. Securities of the Underlying Funds are, or will be, qualified for distribution under a simplified prospectus and annual information form filed in each of the Jurisdictions.
3. The Manager is a corporation incorporated under the laws of the Province of Ontario. The Manager's head office is located in Toronto, Ontario. The Manager is, or will be, the manager of the Top Funds and the Manager, or an affiliate or associate of the Manager, may be the manager of the Underlying Funds.
4. The Top Funds will be actively managed, and may seek to achieve their respective investment objectives by investing a portion or substantially all of their assets in securities of one or more of the Underlying Funds and may also from time to time make direct investments in equity and fixed income securities. The portfolio manager of each Top Fund will also have the discretion to buy and sell securities of other Underlying Funds to achieve each Top Fund's investment objective as well as alter the percentage holdings in any of the Underlying Funds in which it invests.
5. Except to the extent evidenced by this Decision and specific approvals granted by the Decision Makers pursuant to NI 81-102, the investments by the Top Funds in the Underlying Funds will comply with the investment restrictions of the Legislation and NI 81-102.
6. In the absence of this Decision, the Top Funds would be prohibited from knowingly making or holding an investment in Underlying Funds in which each Top Fund, alone or together with one or more related mutual funds, is a substantial securityholder.
7. In the absence of this Decision, the Manager would be required to file a report of every transaction of purchase or sale by the Top Funds of the securities of the Underlying Funds.
8. In the absence of this Decision, the Top Funds would be prohibited from investing in an issuer in which a responsible person is an officer or director.
9. The Top Funds' investment in securities of the Underlying Funds will represent the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Top Funds.

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AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the “Decision”);

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 under the Legislation is that the Applicable Requirements shall not apply so as to prevent the Top Funds from making and holding investments in securities of the Underlying Funds, or require the Manager to file reports relating to the purchase or sale of such securities or investing in an issuer in which a responsible person is an officer or director;

PROVIDED IN EACH CASE THAT:

1. The Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with matters in section 2.5 of NI 81-102.
2. The Decision shall only apply if, at the time each Top Fund makes or holds an investment in the Underlying Funds, the following conditions are satisfied:
 - (a) The Underlying Funds are subject to NI 81-102 and NI 81-101;
 - (b) The securities of the Top Funds and the securities of the Underlying Funds are qualified for distribution in the local jurisdiction;
 - (c) At the time a Top Fund purchases securities of an Underlying Fund, the Underlying Fund does not hold more than 10% of the market value of its net assets in securities of other mutual funds. An Underlying Fund may however, hold more than 10% of the market value of its net assets in securities of other mutual funds where the Underlying Fund (i) is an RSP clone fund, or (ii) purchases or holds securities of a money market fund or securities that are index participation units issued by a mutual fund;
 - (d) Each Top Fund shall disclose in its simplified prospectus under the “Fees and Expenses” section, that there are fees and expenses payable by the Underlying Funds in addition to the fees and expenses payable by the Top Fund;
 - (e) No management fees or incentive fees are payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by the Underlying Funds for the same service and this information is disclosed in the

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simplified prospectus of the Top Fund under the “Fees and Expenses” section;

- (f) No sales fees or redemption fees are payable by a Top Fund in relation to its purchase or redemption of securities of an Underlying Fund if the Underlying Fund is managed by the Manager or an affiliate or associate of the Manager and this information is disclosed in the simplified prospectus of the Top Fund under the “Fees and Expenses” section;
- (g) No sales fees or redemption fees are payable by a Top Fund in relation to its purchase or redemption of securities of the Underlying Funds that, to a reasonable person, would duplicate a fee payable by an investor in the Top Fund and this information is disclosed in the simplified prospectus of the Top Fund under the “Fees and Expenses” section;
- (h) If a Top Fund holds securities of Underlying Funds that are managed by the Manager or an affiliate or associate of the Manager, the Top Fund,
 - 1. shall not vote any of those securities;
 - 2. may, if the Manager so chooses, arrange for all of the securities it holds of the Underlying Funds to be voted by the beneficial holders of securities of the Top Fund; and
 - 3. shall disclose the above information in the simplified prospectus of the Top Fund under the “Organization and Management Details” section;
- (i) Each Top Fund and its Underlying Funds must have dates for the calculation of net asset value that are compatible;
- (j) Each Top Fund shall disclose in its simplified prospectus under the “Investment Strategies” section:
 - 1. whether the Top Fund intends to purchase securities of, or enter into specified derivative transactions for which the underlying interest is based on securities of, one or more Underlying Funds;
 - 2. whether or not the Underlying Funds may be managed by the Manager or an affiliate or associate of the Manager of the Top Fund;

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3. what percentage of net assets of the Top Fund is dedicated to the investment in the securities of, or the entering into of specified derivative transactions for which the underlying interest is based on the securities of, Underlying Funds; and
 4. the process or criteria used to select the Underlying Funds;
- (k) Each Top Fund shall disclose in its simplified prospectus under the “Top Ten Holdings” section, a statement to the effect that the simplified prospectus and other information about the Underlying Funds are available on the internet at www.sedar.com;
- (l) If more than 10% of the securities of the Underlying Funds are held by a Top Fund, the Underlying Funds must disclose under the “Risks” section of their simplified prospectus, the percentage of securities held by the Top Fund as at a date within 30 days of the date of the simplified prospectus of the Top Fund. The Underlying Funds must also disclose the risks associated with a possible redemption requested by the Top Fund;
- (m) If during the year a Top Fund held securities of Underlying Funds that are not managed by the Manager or an affiliate or associate of the Manager, the Top Fund shall provide details in its Annual Information Form under the “Fund Governance” section, on how the Manager exercised its discretion with regard to the voting rights attached to the securities of the Underlying Funds when the securityholders of the Underlying Funds were called upon to vote.

DATED this 26th day of November, 2003

Suresh T'hakrar

Paul K. Bates