

2007 BCSECCOM 221

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. 9.1, 9.2, and 17.1

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

and

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

and

In the Matter of
Stone 2006 Flow-Through Limited Partnership
(The "Filer")

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 Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") exempting

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the Filer from the requirement in Section 9.2 of National Instrument 81-106 (“NI 81-106”) to file an annual information form (the “Requested Relief”).

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 Filer:

1. The Filer is a limited partnership formed on November 28, 2005 pursuant to the provisions of the *Limited Partnerships Act* (Ontario). The head office of the Filer is located in Toronto, Ontario.
2. The primary investment objective of the Filer is to invest in flow-through shares (“Flow-Through Shares”) of resource issuers (“Resource Issuers”) engaged primarily in oil and gas and mineral exploration in Canada with a view to the preservation of capital and achieving capital appreciation of the Filer’s investments.
3. The Filer was granted a decision document, dated January 31, 2006, by the OSC in its capacity as principal regulator under National Policy 43-201 Mutual Reliance Review System for Prospectuses and Annual Information Forms on behalf of itself and the other securities regulatory authority or regulator for each of the provinces of Canada and the Northwest Territories (collectively, the “Applicable Jurisdictions”), which decision document evidences the issue of final receipts for the Filer’s final prospectus dated January 30, 2006 (the “Prospectus”) relating to an offering of up to 2,000,000 limited partnership units (the “Units”) at a price of \$25.00 per unit. As a result of the issuance of prospectus receipts as described above, the Filer is a reporting issuer or the equivalent thereof in the Province of Ontario and each of the other Applicable Jurisdictions.
4. On February 23, 2006 and April 6, 2006, the Filer issued an aggregate of 906,297 and 367,372 Units, respectively under the Prospectus. No additional

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Units have been or may be issued by the Filer. The Units have not been 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.

5. It is the current intention of the Filer, as described in the Prospectus, to transfer its assets (the “Rollover Transaction”) to Stone & Co. Corporate Funds Limited, an open-ended mutual fund corporation incorporated under the laws of Canada, (“SCCFL”), on or about March 24, 2008 on a tax deferred, rollover basis in exchange for redeemable Stone & Co. Resource Plus Class shares (the “Resource Plus Class Shares”) of SCCFL (the “Stone Resource Fund”). Within 60 days following the Rollover Transaction, the Resource Plus Class Shares that the Filer will receive in consideration for the transfer of the Filer’s assets will be distributed to the Limited Partners together with any cash remaining in the Filer on a *pro rata* tax-deferred basis and the affairs of the Filer will be wound-up. In the event that it is not possible for the Filer to complete the Rollover Transaction, it is the current intention of the Filer to dissolve and distribute its net assets *pro rata* to its Limited Partners no later than July 31, 2008 or such later date as may be approved by the Limited Partners by extraordinary resolution.
6. Since its formation on November 28, 2005, the Filer’s activities have been limited to (i) completing the issue of the Units under the Prospectus, (ii) investing its available funds in Flow-Through Shares of Resource Issuers and (iii) incurring expenses as described in the Prospectus.
7. Unless a material change takes place in the business and affairs of the Filer, the Limited Partners will obtain adequate financial information from the Filer’s annual and interim financial statements and management report of fund performance thereon. The Prospectus, the financial statements and management report of fund performance provide sufficient information necessary for a Limited Partner to understand the Filer’s business, its financial position and its future plans, including the Rollover Transaction. If a material change takes place in the business and affairs of the Filer, the Filer will ensure that a timely material change report is filed with the securities regulatory authority or regulator in each of the Jurisdictions.
8. In light of the limited range of business activities to be conducted by the Filer, the nature of the investment of the Limited Partners in the Filer and the fact that the Filer intends to dissolve within 60 days of the Rollover Transaction or in any event no later than July 31, 2008, unless extended by an extraordinary resolution of the Limited Partners, the requirement to file an annual information form may impose a material financial burden on the Filer without producing a corresponding benefit to the Limited Partners.

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

Leslie Byberg
Manager, Investment Funds
Ontario Securities Commission