2008 BCSECCOM 53

January 10, 2008

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 issuers are a short-term vehicles formed solely to invest their available funds in flow-through shares of resource issuers; the issuers' securities are not redeemable and there is no secondary trading in the issuers' securities; the issuers' other continuous disclosure documents will provide all relevant information necessary for investors to understand the issuers' business, financial position and future plans

Proxy voting record - A fund wants relief from subsections 10.3 and 10.4 of NI 81-106 that requires a fund to maintain a proxy voting record and annually to post the proxy voting record on its website - The issuers are short-term vehicles formed solely to invest their available funds in flow-through shares of resource issuers; the issuers' securities are not redeemable and there is no secondary trading in the issuers' securities; the issuers' other continuous disclosure documents will provide all relevant information necessary for investors to understand the issuers' business, financial position and future plans

Applicable British Columbia Provisions
National Instrument 81-106, ss. 9.2, 10.3, 10.4 and 17.1

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

and

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

and

In the Matter of

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Brompton 2007 Flow-Through LP (The "2007 Partnership")
and Brompton Funds Management Limited ("Brompton")
(collectively, the "Filers")

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 Filers on behalf of the 2007 Partnership and each future limited partnership that is identical to the 2007 Partnership in all material respects (the "Future Partnerships", and together with the 2007 Partnership, the "Partnership Filers") for a decision under the securities legislation of the Jurisdictions (the "Legislation") granting an exemption from:

(i) the requirement in Section 9.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure* ("NI 81-106") to prepare and file an annual information form ("AIF");

(ii) the requirement in Section 10.3 of NI 81-106 to maintain a proxy voting record (the "Proxy Voting Record"); and

(iii) the requirements in Section 10.4 of NI 81-106 to prepare a Proxy Voting Record on an annual basis for the period ending June 30 of each year, to post the Proxy Voting Record on Brompton's website no later than August 31 of each year, and to send the Proxy Voting Record to the limited partners of the Partnership Filers (the "Limited Partners") upon request.

((i), (ii) and (iii) are collectively, the "Requested Relief").

Under the Mutual Reliance Review System for Exemptive Relief Applications ("MRRS"):

(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, as applicable to Brompton and the Partnership Filers.

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 Filers:

1. The principal office of the Filers is located at Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Toronto, Ontario, M5J 2T3.

2. Brompton is the manager of the 2007 Partnership and will also act as manager to the Future Partnerships. In its capacity as manager, Brompton will provide or arrange for the provision of all administrative services required by the Partnership Filers. Brompton is a member of the Brompton Group of Companies, which provides specialized financial products and services to clients.

3. Morrison Williams Investment Management LP ("Morrison Williams") has been engaged by Brompton as the portfolio manager to the 2007 Partnership (the "Portfolio Manager"). Brompton may engage portfolio managers other than Morrison Williams to act as portfolio manager to the Partnership Filers.

4. The Partnership Filers were or will be formed to provide Limited Partners with the opportunity for capital appreciation by investing, on a tax-advantaged basis, in a diversified portfolio of companies involved primarily in oil and gas and mining exploration and development ("Resource Issuers") engaged in the oil and gas and mining sectors. Each Partnership Filer will seek to achieve its investment objective by investing in certain flow-through securities ("Flow-Through Securities") and other securities of Resource Issuers such that Limited Partners will be entitled to claim certain deductions from their taxable income. The Partnership Filers are not, and will not be, operating businesses. Each Partnership Filer is or will be a short-term special purpose vehicle that will be dissolved within approximately two years of its formation. Investors generally purchase limited partnership units of the Partnership Filers (the "Units") primarily to obtain the significant tax benefits that accrue to the Limited Partners when Resource Issuers renounce resource exploration and development expenditures to the Partnership Filer through the Flow-Through Securities.

5. The 2007 Partnership is a limited partnership formed pursuant to the provisions of the *Limited Partnerships Act* (Ontario) on August 21, 2007. The 2007 Partnership became a reporting issuer in each Jurisdiction on September 28, 2007, the date of the receipt for its (final) prospectus dated September 27, 2007 (the "Prospectus"), offering for sale up to 1,200,000 limited partnership units at a price of $25.00 per Unit. On or about September 30, 2009, the 2007

Partnership will be dissolved and its limited partners will receive their *pro rata* share of the net assets of the 2007 Partnership.

6. It is the current intention of Brompton and Brompton Flow-Through Management Limited, the general partner of the 2007 Partnership (the "General Partner") that the 2007 Partnership will transfer its assets to an existing mutual fund corporation or one to be created prior to September 30, 2009 (the "Mutual Fund Corporation") in exchange for redeemable shares of the Mutual Fund Corporation (the "Rollover Transaction"). The Mutual Fund Corporation will be established and managed by the Manager and is expected to be advised by the Portfolio Manager. Within 60 days after such transfer, upon the dissolution of the 2007 Partnership, the shares of the Mutual Fund Corporation will be distributed to Limited Partners, *pro rata*, on a tax-deferred basis. The Rollover Transaction is subject, *inter alia*, to the necessary regulatory and other approvals, and in the event that it is not implemented prior to September 30, 2009, the 2007 Partnership may: (i) be dissolved and its net assets distributed *pro rata* to the Limited Partners; or (ii) subject to approval by extraordinary resolution of the Limited Partners, the 2007 Partnership may choose to pursue a liquidity alternative that is proposed by the General Partner. It is Brompton's current intention that any Future Partnership will be terminated approximately two years after it was formed on the same basis as the 2007 Partnership.

7. The Units are not and will not be listed or quoted for trading on any stock exchange or market. The Units are not redeemable by the Limited Partners. Generally, Units are not transferred by Limited Partners since Limited Partners must be holders of the Units on the last day of each fiscal year of a Partnership Filer in order to obtain the desired tax deduction.

8. Since its formation, the 2007 Partnership's activities have been limited to (i) completing the issue of the Units under its prospectus, (ii) investing its available funds in accordance with its investment objectives and (iii) incurring expenses as described in its prospectus. Any Future Partnerships will be structured in a similar fashion.

9. By subscribing for Units offered by the 2007 Partnership under the Prospectus, each of the Limited Partners has agreed to the irrevocable power of attorney contained in Article 3.5 of the Amended and Restated Limited Partnership Agreement dated as of November 19, 2007. The power of attorney authorizes the General Partner to apply for exemptions from reporting obligations under the Legislation.

10. Given the limited range of business activities to be conducted by the Partnership Filers, the short duration of their existence and the nature of the investment of the Limited Partners, the preparation and filing of an AIF by the Partnership Filer will not be of any benefit to the Limited Partners and may impose a material financial burden on the Partnership Filer. Upon the occurrence of any material change to the Partnership Filer, Limited Partners would receive all relevant information from the material change reports the Partnership Filer is required to file with the Decision Makers.

11. Pursuant to NI 81-106, investors purchasing Units of the Partnership Filer were provided with a prospectus containing written policies on how the Flow-Through Securities held by the Partnership Filer are voted (the "Proxy Voting Policies"), and had the opportunity to review the Proxy Voting Policies before deciding whether to invest in Units.

12. The Proxy Voting Policies prescribe that the Partnership Filer exercise its voting rights in respect of securities of Resource Issuers with a view to the best interests of the Partnership Filer and its Limited Partners.

13. Given the short lifespan of the Partnership Filer, the production of a Proxy Voting Record would provide Limited Partners with very little opportunity for recourse if they disagreed with the manner in which the Partnership Filer exercised or failed to exercise its proxy voting rights, as the Partnership Filer would likely be dissolved by the time any potential change could materialize.

14. Preparing and making available to Limited Partners a Proxy Voting Record will not be of any benefit to Limited Partners and may impose a material financial burden on the Partnership Filer.

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.

Vera Nunes
Assistant Manager, Investment Funds
Ontario Securities Commission