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Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief to permit funds to file reports of exempt distribution within 30 days of each fund’s financial year end

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 45(2)(5), 74(2)(4) and 76

Securities Rules, B.C. Reg. 194/97, s. 139

Multilateral Instrument 45-103 *Capital Raising Exemptions*, ss. 5.1 and 7.1

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA AND SASKATCHEWAN

AND

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

AND

IN THE MATTER OF ARROW HEDGE PARTNERS INC.

MRRS DECISION DOCUMENT

- ¶ 1 WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta and Saskatchewan (the “Jurisdictions”) has received an application (the “Application”) from Arrow Hedge Partners Inc. (the “Filer”) for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that trades in privately-placed units (the “Units”) of mutual funds established or to be established by the Filer (the “Funds”) are not subject to the requirements of the Legislation relating to the filings of forms and the payment of fees within certain prescribed time periods (the “Reporting Requirements”);
- ¶ 2 AND WHEREAS under to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the British Columbia Securities Commission is the principal regulator for this application;

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- ¶ 3 AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;
- ¶ 4 AND WHEREAS the Filer has represented to the Decision Makers that:
1. the Filer is a corporation incorporated under the laws of Ontario, has its head office in Ontario and is registered with the Ontario Securities Commission as a dealer in the category of limited market dealer and as an adviser in the categories of investment counsel and portfolio manager;
 2. each of the Funds is, or when established will be, an open-end mutual fund trust established under the laws of Ontario;
 3. the Filer is or will be the manager of each of the Funds;
 4. the Units will not be offered by prospectus, however, an offering memorandum containing applicable prescribed rights of action and rescission will be delivered to prospective investors in respect of each of the Funds;
 5. none of the Funds is or currently intends to become a "reporting issuer" as defined in the Legislation;
 6. trades in Units are, or will be, effected in the Jurisdictions through a registered dealer or in reliance on an exemption from the dealer registration requirement of the Legislation;
 7. Units are, or will be, distributed to investors in the Jurisdictions in reliance on certain exemptions from the prospectus requirement of the Legislation, including the "private placement exemption" (the "Private Placement Exemption") and, where available, the "accredited investor exemption" (the "Accredited Investor Exemption");
 8. where Units are, or will be, distributed to investors in reliance on the Private Placement Exemption, the minimum initial investment by a resident of any Jurisdiction will not be less than the prescribed amount in that Jurisdiction;
 9. following an initial investment under the Private Placement Exemption, a Fund may distribute additional Units to existing holders in increments of less than the amount prescribed by the Legislation in reliance on an exemption (the "Additional Units Exemption") from the prospectus requirement of the Legislation, provided the existing holder holds Units of such Fund having an aggregate acquisition cost or aggregate net asset value of not less than the

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amount prescribed by the Legislation in the Jurisdiction where the holder is resident;

10. Units of the Funds will not be transferable; and

11. the Legislation of the Jurisdictions has a Reporting Requirement in respect of distributions under the Private Placement Exemption, the Accredited Investor Exemption and the Additional Units Exemption.

¶ 5 AND WHEREAS under the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

¶ 6 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;

¶ 7 THE DECISION of the Decision Makers under the Legislation is that the Reporting Requirement contained in the Legislation does not apply to a trade in Units of a Fund under the Accredited Investor Exemption, the Private Placement Exemption or the Additional Units Exemption, provided that within 30 days after each financial year end of each Fund, such Fund:

(a) files with the applicable Decision Maker a report in respect of all trades in Units of that Fund required to be reported during such financial year, in the form prescribed by the applicable Legislation; and

(b) remits to the applicable Decision Maker the fee prescribed by the applicable Legislation.

¶ 8 January 7, 2003

Brenda Leong
Director