

2005 BCSECCOM 228

March 16, 2005

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Securities Act, s. 84 - Relief from the requirement in s. 83 of the Securities Act to deliver a prospectus amendment - The filer wants relief from the obligation to deliver an amendment to a prospectus - Although at the time it was filed, the filer believed the amendment was necessary, subsequent events indicated that it was not - It would be misleading to deliver the amendment to purchasers - Delivering an additional amendment to indicate that the first amendment is incorrect would only confuse purchasers further

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 83 and 84

In the Matter of
the Securities Legislation
of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova
Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador,
Yukon, Northwest Territories And Nunavut (the Jurisdictions)

and

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

and

In the Matter of MSP 2005 Resource Limited Partnership (MSP 2005)

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from MSP 2005 for a decision under the securities legislation of the Jurisdictions (the Legislation) that the obligation contained in the Legislation to deliver Amendment No. 1 dated March 3, 2005 to the final prospectus of MSP 2005 dated February 24, 2005 (the Amendment) not apply to MSP 2005 (the Requested Relief) in connection with distribution of units of MSP 2005.

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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 MSP 2005:

1. MSP 2005 is a limited partnership established under the laws of the Province of Ontario.
2. MSP 2005 GP Inc. (GP), the general partner of MSP 2005, is a corporation established under the laws of the Province of Ontario.
3. On February 24, 2005, MSP 2005 filed a final prospectus (the Prospectus) for a distribution of up to 1,600,000 units at a price of \$25 per unit. The net proceeds from the offering are to be used to invest in a diversified portfolio of flow-through shares of resource issuers so that limited partners will be entitled to claim certain deductions and non-refundable investment tax credits for income tax purposes for the 2005 taxation year.
4. Following the issuance of a receipt for the Prospectus, the GP became aware that Finances Québec had recently published a Schedule that illustrated that certain proposals announced in the 2004 Québec budget would restrict the deductibility of certain deductions by a limited partner resident or liable to tax in Québec (the Budget Proposals).
5. Following discussions with its counsel, the agents to the offering and agents' counsel, on March 8, 2005 MSP 2005 filed the Amendment which described the effect of the Budget Proposals on a Québec taxpayer.
6. On March 11, 2005, the Ministère des Finances (Québec) published an Information Bulletin entitled "Changes to the Issuance limit imposed on the deductibility of investment expenses" which indicates that the Budget Proposals which were the subject of the Amendment would not apply to the deductibility of investment expenses by Québec taxpayers investing in units of MSP 2005.

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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 a letter is filed on SEDAR under project number 735667 explaining why the Amendment is inapplicable to investors and is not being delivered.

S. Wolburgh Jenah
Vice Chair
Ontario Securities Commission

Suresh Thakrar
Commissioner
Ontario Securities Commission