

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*

National Instrument 81-102 *Mutual Funds* section 5.5(2), 5.7(1)(a) - A mutual fund manager seeks approval of a change of control of the mutual fund manager under the approval requirements in subsection 5.5(2) NI 81-102 - The filer established that the experience and integrity of the person acquiring control of the manager; there are no expected changes to the management, business, operations or affairs of the fund or the manager; securityholders were advised of the change of control

National Instrument 81-102 section 5.8(1)(a), section 19.1(1) – A mutual fund manager seeks an abridgement from the requirement under subsection 5.8(1)(a) of NI 81-102 that securityholders of the Funds be given at least 60 days prior notice of the change of control of the Manager - A press release announcing the change of control transaction was issued; notice was sent to securityholders in advance of the closing of the transaction; securityholders had time before the closing of the transaction to decide if they wanted to continue to hold the fund; the manager will not change the management, administration or portfolio management of the funds for at least 60 days following the date of the notice

Applicable Legislative Provisions

National Instrument 81-102 *Mutual Funds* sections 5.5(2), 5.7(1)(a), 5.8(1)(a) and 19.1(1)

March 14, 2013

In the Matter of
the Securities Legislation of
British Columbia and Ontario
(the Jurisdictions)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
OceanRock Investments Inc.
(the Filer or Manager)

and

the Funds listed in Schedule A
(the Funds)

Decision

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for:

- (a) approval of an indirect change of control of the Manager (the Change of Control of Manager) of the Funds in accordance with section 5.5(2) of National Instrument 81-102 *Mutual Funds* (NI 81-102) (the Approval Sought); and
- (b) an abridgment of the 60 day notice period prescribed by section 5.8(1)(a) of NI 81-102 for delivering notice of the Change of Control of Manager to the unitholders of the Funds to 48 days (the Notice Requirement) (the Exemption Sought);

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the British Columbia Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut and Yukon; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

¶ 2 Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

¶ 3 This decision is based on the following facts represented by the Filer:

The Manager

1. the Manager is incorporated under the Canada Business Corporations Act (CBCA) with its head office in Vancouver, British Columbia;
2. the Manager is the manager, portfolio advisor and trustee of each of the Funds;

3. the Manager is registered as an investment fund manager (IFM) in British Columbia, Alberta, Ontario, Quebec and Newfoundland and Labrador; the Manager is also registered as a portfolio manager (PM) and an exempt market dealer in British Columbia, Alberta and Ontario;
4. the Funds are reporting issuers in each of the provinces and territories of Canada; units of the Funds are qualified for distribution in each of the provinces and territories of Canada pursuant to a multiple simplified prospectus and are distributed through registered dealers in each of the provinces and territories;
5. the Manager and the Funds are not in default of securities legislation in any jurisdiction, except that the Manager is changing the Funds' custodial arrangements to ensure compliance with NI 81-102;

The Transaction

6. the Manager is a wholly-owned subsidiary of Qtrade Canada Inc (Qtrade), a corporation incorporated under the CBCA with its head office located in Vancouver, British Columbia, which provides wealth management services to the retail public as well as financial institutions through its wholly owned subsidiaries, Qtrade Asset Management Inc., a registered mutual fund dealer and exempt market dealer, Qtrade Securities Inc., a registered investment dealer, Qtrade Insurance Solutions Inc., a licensed insurance agency, and the Manager;
7. on February 4, 2013, Qtrade and Desjardins Financial Corporation (Desjardins) entered into an arrangement agreement whereby Desjardins will purchase between 24% and 40% of the issued and outstanding shares of Qtrade on a fully diluted basis from current Qtrade shareholders or optionholders by way of a statutory plan of arrangement under the CBCA (the Arrangement); on the effective date of the Arrangement, all of the common shares of Qtrade purchased by Desjardins will be converted into Class B Voting Shares while all of the other common shares and options to purchase common shares of Qtrade not tendered to Desjardins will be converted into Class A non-voting shares (Class A Shares) or Class C non-voting shares (Class C Shares) or options to purchase Class A Shares or Class C Shares; accordingly, the Arrangement, when effective, will result in an indirect change in control of the Manager;
8. the Arrangement is subject to receipt of all required regulatory, court and shareholder approvals and is expected to become effective on or about March 31, 2013 or on such later date when all of the conditions precedent have been satisfied or waived, and all required approvals have been obtained (the Closing);
9. following the Arrangement, no substantive changes are expected in the operation or management of the Funds by the Manager;

Desjardins

10. Desjardins is incorporated under the laws of Québec with its head office located in Lévis, Québec, and is an indirect wholly-owned subsidiary of the Fédération des caisses Desjardins du Québec (Fédération), a reporting issuer in the Province of Québec having assets of approximately \$200 billion as at December 31, 2012; shares of the Fédération are not listed on any stock exchange; the Class F shares have been distributed under a prospectus to members of the members of the Fédération and are freely tradeable among the shareholders; the remaining classes of shares have been distributed under a private placement exemption and are not freely tradeable;

Change of Control of Manager

11. in respect of the impact of the Change of Control of Manager on the Manager and the management and administration of the Funds:

- (a) Qtrade and Desjardins have confirmed that there is no current intention:
 - (i) to make any substantive changes as to how the Manager operates or manages the Funds;
 - (ii) to merge the Manager with any other IFM;
 - (iii) immediately following the Closing, to change the Manager to Desjardins or an affiliate of Desjardins; and
 - (iv) within a foreseeable period of time, to change the Manager to Desjardins or an affiliate of Desjardins;
- (b) Qtrade and Desjardins currently intend to maintain the Funds as separately managed fund families with the Manager as their IFM and PM;
- (c) the Closing is not expected to have any material impact on the business, operations or affairs of the Funds or the unitholders of the Funds;
- (d) following the Closing, the directors and officers of the Manager will be unchanged and the Manager will retain the management teams and supervisory personnel that were in place immediately prior to the Closing;
- (e) it is not expected that there will be any change in the management of the Funds, including investment objectives and strategies of the Funds, or the expenses that are charged to the Funds as a result of the Closing;
- (f) there is no current intention to change the name of the Manager or the names of the Funds as a result of the Arrangement, immediately after the Closing;

- (g) the Arrangement is only expected to benefit the Manager and will not adversely affect the Manager's financial position or its ability to fulfill its regulatory obligations; and
- (h) upon the Change of Control of Manager, the members of the Manager's Independent Review Committee (IRC) will cease to be IRC members by operation of section 3.10(1)(c) of National Instrument 81-107 *Independent Review Committee for Investment Funds*; immediately following the Change of Control of Manager, the IRC will be reconstituted;

Notice Requirement

- 12. the notice to the unitholders of the Funds with respect to the Arrangement in accordance with Section 5.8(1)(a) of NI 81-102 (Notice) was mailed to the unitholders on February 7, 2013 (Notice Date), which means that if the Closing occurs on March 31, 2013 such unitholders will have received the Notice approximately 48 days in advance of the Change of Control of Manager; and
- 13. it would not be prejudicial to the unitholders of the Funds to abridge the notice period prescribed by section 5.8(1)(a) of NI 81-102 from 60 days to not less than 48 days for the following reasons:
 - (a) while the Arrangement will result in the Change of Control of Manager, as noted above, there is not expected to be any change in how the Manager administers or manages the Funds;
 - (b) the Arrangement will not have any impact on the unitholders' interest in the Funds;
 - (c) the unitholders of the Funds will still be able to redeem their units of the Funds prior to the Closing; and
 - (d) the Arrangement has been well publicized since February 5, 2013 and copies of the press release disclosing the Arrangement and the Notice have been posted on the Funds' website such that most unitholders of the Funds are probably already aware of the Arrangement.

Decision

- ¶ 4 Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that:

- (a) the Approval Sought is granted; and
- (b) the Exemption Sought is granted provided that:

- (i) the unitholders of the Funds are given at least 48 days' notice of the Change of Control of Manager; and
- (ii) no material changes will be made to the management, operations or portfolio management of the Funds for at least 60 days following the Notice Date.

Paul C. Bourque, Q.C.
Executive Director
British Columbia Securities Commission

Schedule A

List of Funds

Meritas Money Market Fund	OceanRock Canadian Equity Fund
Meritas Canadian Bond Fund	OceanRock U.S. Equity Fund
Meritas Monthly Dividend and Income Fund	OceanRock International Equity Fund
Meritas Jantzi Social Index [®] Fund	OceanRock Income Portfolio
Meritas U.S. Equity Fund	OceanRock Income & Growth Portfolio
Meritas International Equity Fund	OceanRock Balanced Portfolio
Meritas Income Portfolio	OceanRock Growth & Income Portfolio
Meritas Income & Growth Portfolio	OceanRock Growth Portfolio
Meritas Balanced Portfolio	OceanRock Maximum Growth Portfolio
Meritas Growth & Income Portfolio	
Meritas Growth Portfolio	
Meritas Maximum Growth Portfolio	