

IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, MANITOBA, SASKATCHEWAN,
ONTARIO, NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND
AND PRINCE EDWARD ISLAND

AND

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

AND

IN THE MATTER OF
GEORGIAN CAPITAL PARTNERS INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Manitoba, Saskatchewan, Ontario, New Brunswick, Nova Scotia, Newfoundland and Prince Edward Island (the "Jurisdictions") has received an application from Georgian Capital Partners Inc. ("Georgian Capital"), as proposed manager and promoter of certain funds (the "Funds") to be established by Georgian Capital (collectively the "Filer"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that: (a) the registration and prospectus requirements contained in the Legislation shall not apply to certain trades in units of the Funds ("the Units") by the Funds to their respective existing unitholders; and (b) the trade reporting requirements contained in the Legislation of the Jurisdictions other than the Province of Manitoba shall not apply to the Funds;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator of this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. Georgian Capital is a corporation incorporated under the Canada Business Corporations Act and is registered under the Securities Act (Ontario) as an advisor in the category of investment counsel and portfolio manager. It has also applied to be registered under the Act as a dealer in the category of limited market dealer;
2. The head office of Georgian Capital is located in the City of Mississauga in the Province of Ontario;
3. Georgian Capital proposes to act as manager and promoter of the Funds. In its capacity as manager of the Funds, Georgian Capital is referred to herein as the "Manager";

4. It is proposed that each of the Funds will be an open-end unit trust and a mutual fund established under the laws of the Province of Ontario by a trust indenture (each a "Trust Indenture"). The assets of each of the Funds will be invested from time to time upon the advice of Georgian Capital based on the objectives, policies and restrictions of such Fund set out in its Trust Indenture;
5. None of the Funds will be a reporting issuer under the applicable securities legislation of any province of Canada;
6. The Units will not be listed or quoted on any exchange or quotation system;
7. TD Trust Company will be the trustee of each of the Funds (the "Trustee");
8. All duties and obligations of the Trustee and the Manager will be set out in the Trust Indentures, which will be executed by both the Trustee and the Manager;
9. Each of the Funds will be authorized to issue an unlimited number of Class A Units and an unlimited number of Class B Units (collectively, the "Units"). The investment objectives will be identical for both Class A Units and Class B Units. The Class A Units of each of the Funds will be subject to a management fee payable to the Manager by such Fund and Class B Units of each of the Funds will be subject to a performance fee payable to the Manager by the holders of the Class B Units;
10. Management fees in respect of the Class A Units of a Fund will be paid to the Manager by such Fund out of the assets of such Fund attributable to the Class A Units. In order to encourage large investments and to offer competitive management fees, it is proposed that the Manager may agree to reduce, or rebate part of, the management fee it would otherwise be entitled to receive from a Fund with respect to a Class A unitholder's investment where such investment has exceeded a threshold amount, provided that any such reduction in the Manager's fee will be distributed by such Fund to such unitholder as a special distribution of Class A Units of such Fund (such distribution of Class A Units being referred to as a Management Fee Rebate Distribution"), unless the unitholder has elected in writing to receive all distributions from such Fund in cash;
11. Performance fees in respect of the Class B Units of a Fund will be paid to the Manager by the Class B unitholders every six months, either in cash or by way of a redemption of Class B Units. Performance fees are equal to a percentage of any gain in the net asset value of the Class B Units of such Fund between January 1 and June 30, and between July 1 and December 31 in each year;
12. The Units of the Funds will not be transferable except by operation of law. A Unit of a Fund will be redeemable at the option of the holder for an amount equal to the net asset value of such Unit, as determined in accordance with the relevant Trust Indenture;
13. Units of each of the Funds will be offered to investors in all the provinces of Canada pursuant to applicable registration and prospectus exemptions under the Legislation. In Qu

Units will initially only be offered to "sophisticated purchasers" pursuant to the exemptions from the registration and prospectus requirements contained in the Securities Act (Qu_顛c);

14. Units will be distributed on a continuous basis;

15. It is proposed that unitholders who initially acquired Units of a Fund pursuant to the private placement exemption set forth by the Legislation of their province of residence and who hold, at the time of any subsequent purchase, Units of such Fund with an aggregate acquisition cost to such holder or an aggregate net asset value of not less than the minimum investment required by the private placement exemption set forth by the Legislation of their province of residence (namely \$150,000 in each of the Provinces of Saskatchewan, Ontario and Nova Scotia; \$100,000 in the Province of Newfoundland; and \$97,000 in each of the Provinces of British Columbia, Alberta, Manitoba, New Brunswick or Prince Edward Island) (such amount in respect of any province being referred to herein as the "Minimum Private Placement Amount" of such province) be permitted to make purchase additional Units (the "Additional Units") in such Fund of not less than \$10,000; and

16. It is proposed that the net income and net realized capital gains distributed by a Fund to a unitholder be automatically reinvested in further Units of such Fund (the "Reinvestment Plan"), unless the unitholder has elected in writing to receive all distributions from such Fund in cash;

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

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;

The Decision of the Decision Makers pursuant to the Legislation is that:

(a) the registration and prospectus requirements contained in the Legislation shall not apply to:

(i) the issuance of Units of a Fund pursuant to a Management Fee Rebate Distribution provided that

(1) no sales commission or other charge in respect of such an issuance of Units is payable, and

(2) each unitholder who receives Units pursuant to a Management Fee Rebate Distribution has received, not more than 12 months before each issuance of Units, a statement describing (A) the details of any deferred or contingent sales charge or redemption fee that is payable at the time of the redemption of a Unit, (B) any right that the unitholder has to make

an election to receive cash instead of Units on the payment of the Management Fee Rebate Distribution, (C) instructions on how the right referred to in subclause (B) can be exercised, and (D) the fact that no prospectus is available for the Fund as Units are offered pursuant to prospectus exemptions only;

(ii) the issuance of Units pursuant to the automatic reinvestment of the amount of net income or net realized capital gains distributed by a Fund, regardless of the amount distributed, provided that

(1) no sales commission or other charge in respect of such an issuance of Units is payable, and

(2) each unitholder who receives Units pursuant to a Reinvestment Plan has received, not more than 12 months before each issuance of Units, a statement describing (A) the details of any deferred or contingent sales charge or redemption fee that is payable at the time of the redemption of a Unit, (B) any right that the unitholder has to make an election to receive cash instead of Units on the payment of the net income or net realized capital gains distributed by the Fund, (C) instructions on how the right referred to in subclause (B) can be exercised, and (D) the fact that no prospectus is available for the Fund as Units are offered pursuant to prospectus exemptions only; and

(iii) a unitholder's purchase of Additional Units of a Fund with an aggregate acquisition cost to such holder of not less than \$10,000, provided that

(1) at the time of the purchase, Georgian Capital is registered in Ontario as an adviser in the category of investment counsel and portfolio manager and as a dealer in the category of limited market dealer or such other dealer categories that permit Georgian Capital to trade in Units, and such registration is in good standing at the time;

(2) at the time of the purchase, the unitholder holds Units of that same Fund with an aggregate acquisition cost to such holder or net asset value of not less than the Minimum Private Placement

Amount prescribed by the Legislation of the applicable Jurisdiction; and

(3) this clause (iii) will cease to be in effect with respect to a Jurisdiction 90 days after the coming into force of any legislation, regulation or rule in such Jurisdiction relating to the distribution of Additional Units of pooled funds;

(b) the requirements contained in the Legislation of the Jurisdictions other than the Province of Manitoba to file a report of a trade in Units within 10 days of such trade shall not apply to distributions of Units made pursuant to this Decision by a Fund, provided that within 30 days after each financial year end of that Fund, it:

(i) files with the applicable Decision Maker a report in respect of trades in its Units during such financial year, in the form prescribed by the applicable Legislation; and

(ii) remits the fees prescribed by the Legislation to the Decision Makers of the applicable Jurisdictions.

DATED at Toronto, Ontario this 8th day of December, 1999.

Sd/ JA Geller

Sd/ Theresa McLeod

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Subsection 74(1) - trades by pooled fund of additional units to existing Unitholders (in Ontario, holding units having an aggregate net asset value of not less than \$150,000) exempted from section 25 and 53 of the Act subject to certain conditions - trades to existing Unitholders pursuant to reinvestment plan whereby dividends and management fee distributions automatically reinvested by manager on behalf of investor in additional Units exempted from section 25 and 53 of the Act subject to certain conditions.

Mutual Reliance Review System for Exemptive Relief Applications - subsection 72(3) - trades in units of pooled fund not subject to requirement to file report of trade within 10 days provided prescribed report filed and fee paid.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 25, 53, &2(3), &4(1)