

THE SECURITIES ACT

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Order No. 2773

)

Section 20

)

January 20th, 2000

INTERWAVE COMMUNICATIONS INTERNATIONAL LTD.

WHEREAS:

(A) Application has been made by Interwave Communications International Ltd. (the "Applicant") to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of *The Securities Act*, R.S.M. 1988 c. S50 (the "Act"):

(1) exempting Interwave from sections 6 and 37 of the Act with respect to the offering of shares of common stock of the Applicant ("Common Stock") to one individual resident in the Province of Manitoba, which individual (the "Individual") is a close friend of a certain employee (the "Vice- President of Sales") of Interwave; and

(2) exempting Salomon Smith Barney Inc. ("Salomon") from Section 6 of the Act with respect to the distribution of shares of Common Stock to the Individual and the alienation of such securities on an organized market outside Manitoba by the Individual;

as part of an underwritten offering in the United States of shares of Common Stock (the "Offering").

(B) It has been represented to the Commission by the Applicant that:

1. The Applicant is organized under the laws of Bermuda.
2. The Applicant is not, and has no intention of becoming, subject to the continuous disclosure requirements of the Act.
3. Subject to the terms and conditions of an underwriting agreement (the "Underwriting Agreement") entered into among the Applicant, on the one hand, and Salomon Smith Barney Inc., Banc of America Securities LLC and SG Cowen Securities Corporation (collectively the "Underwriters"), on the other hand, the Underwriters have, subject to conditions in the Underwriting Agreement, severally agreed to purchase from the Applicant the shares of Common Stock offered pursuant to the Offering. Prior to the Offering, there will have been no public market for the Common Stock. An application has been made for listing on the Nasdaq National Market ("Nasdaq").

4. Up to 5% of the shares of Common Stock offered pursuant to the Underwriting Agreement may be reserved for sale to certain officers, directors, employees, customers, vendors, family members and close friends of the Applicant and its subsidiaries (collectively the "Related Investors") at a price equal to the initial public offering price per share (the "Related Investor Offering"). The number of shares available for sale to the general public will be reduced to the extent Related Investors purchase such reserved shares. Any reserved shares not purchased will be offered by the Underwriters to the general public on the same terms as the other shares offered under the Underwriting Agreement.

5. The Applicant is not offering the Common Stock to the Related Investors by way of a stock purchase plan, but has merely allotted a portion of the Offering for the Related Investors' discretionary purchase.

6. The Individual is the only Related Investor resident in Manitoba.

7. The Individual will not be induced to purchase the Common Stock by expectation of employment or continued employment of the Vice-President of Sales.

8. The sale to the Individual will not be effected by the Applicant, but rather by Salomon Smith Barney Inc. which is not registered under the Act.

9. The Offering will be effected in compliance with Bermuda laws and the United States *Securities Act of 1933*, as amended, and the regulations thereunder (the "Applicable U.S. Laws"). The Applicant has filed a registration statement on Form S-1 with the United States Securities and Exchange Commission. The prospectus contained therein will be distributed to all Related Investors purchasing Common Stock, including the Individual. A document describing the nature of the Offering and a subscription form will be remitted to Related Investors. The Individual will have the same rights at law, in respect of the Common Stock as shareholders of the Applicant with addresses in the United States.

10. The Applicant wishes to enable the Individual to benefit from the same advantages as all of the other Related Investors and the Applicant wishes that the disclosure documentation to be transmitted to the Individual be the same as the disclosure documentation that will be sent to all the Related Investors.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to issue the order requested.

IT IS ORDERED:

1. THAT, pursuant to subsection 20(1) of the Act, the Applicant shall be exempt from Section 6 and Section 37 of the Act and Salomon Smith Barney Inc. shall be exempt from Section 6 of the

Act with respect to the offering and distribution of shares of Common Stock pursuant to the Related Investor Offering to the Individual and the alienation of such securities on an organized market outside Manitoba by the Individual, subject to the following conditions:

- (1) The Individual will not be induced to purchase the Common Stock by expectation of employment or continued employment of the Vice- President of Sales.
- (2) The disclosure documentation to be transmitted to the Individual shall be the same as the disclosure documentation that will be sent to all the Related Investors.
- (3) The sale of shares of Common Stock to the Individual shall be made in a manner consistent with the offering of the reserved shares to the Related Investors of the Applicant and its subsidiaries in the other jurisdictions where such persons are located.
- (4) The first trade by the Individual or for the account of the Individual in shares acquired under the Related Investor Offering shall be a primary distribution to the public unless such first trade by the individual or on account of the Individual is executed on or through the facilities of the Nasdaq National Market in accordance with all laws and rules applicable to Nasdaq.

2. THAT the fee for this order shall be \$650.00.

BY ORDER OF THE COMMISSION

Director, Legal and Enforcement