

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

AND

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

AND

IN THE MATTER OF
HYDROGENICS CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland (the "Jurisdictions") have received an application from Hydrogenics Corporation (the "Corporation") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") exempting the Corporation from the prospectus requirements of the Legislation and permitting the use by the Corporation of the PREP Procedures (as such term is defined in section 4.1 of National Policy Statement 44 - Rules for Shelf Prospectus Offerings and for Pricing of Offerings after the Final Prospectus is Received ("National Policy 44") and similar procedures under the Legislation of Quebec (the "Quebec Procedures")) as if the Corporation was eligible under National Policy 44 and sections 37.5, 37.6 and 37.7 of the *Regulation respecting Securities* under the Legislation of Quebec (the "Quebec Regulation") in connection with the Corporation's proposed initial public offering of common shares (the "Shares");

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

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

1. The Corporation is organized under the laws of Canada with its registered office located at 100 Caster Avenue, Woodbridge, Ontario L4L 5Y9. The Corporation is not a reporting issuer or equivalent in any of the Jurisdictions.
2. The Corporation's proposed offering (the "Offering") will be its initial public offering of the Shares, made concurrently to the public in Canada and the United States.
3. The size of the Offering is currently anticipated to be approximately US\$100 million.

4. The Corporation filed a preliminary long form prospectus dated July 31, 2000 (the "Preliminary Prospectus") on August 1, 2000 with the securities regulatory authorities and filed a registration statement on Form F-1 containing the Preliminary Prospectus (the "Registration Statement") on July 31, 2000 with the United States Securities and Exchange Commission (the "SEC").

5. There is presently no public market for the Shares. However, the Corporation has applied to the Toronto Stock Exchange to list the Shares for trading and to the NASDAQ National Market to have the Shares approved for quotation.

6. In connection with the Offering in the United States, the Corporation plans to use the procedures permitted by Rule 430A under the Securities Act of 1933, pursuant to which the Corporation will be permitted to omit from the Registration Statement certain price-related information and file a form of prospectus containing the previously omitted pricing information after the Registration Statement has been declared effective by the SEC.

7. Use of the PREP Procedures and the Quebec Procedures would permit the Corporation and the underwriters to better co-ordinate the pricing, prospectus delivery, confirmation of purchase and closing processes in Canada with those being used in the United States.

8. Neither the Corporation nor the Shares meet the eligibility criteria which otherwise would enable the Corporation to use the PREP Procedures set forth in National Policy 44 and the Quebec Procedures.

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;

IT IS HEREBY DECIDED by the Decision Makers, pursuant to the Legislation, that the Corporation is hereby exempted from the prospectus requirements of the Legislation with respect to the distribution of Shares under the Offering effected in compliance with the PREP Procedures and the Quebec Procedures insofar as such requirements concern:

1. the form and content of a preliminary prospectus or a prospectus, including the form of prospectus certificates, filed under the Legislation;
2. the filing of an amendment or supplement to a preliminary prospectus or prospectus filed under the Legislation;

provided that:

3. the Preliminary Prospectus is supplemented and amended pursuant to and in accordance with the requirements and procedures set forth in National Policy 44 and the Quebec Regulation, including the filing of amendments complying with the requirements of the Legislation;

4. a prospectus complying with National Policy 44 and the Quebec Regulation is filed under the Legislation pursuant to and in accordance with the requirements and procedures set forth in National Policy 44 and the Quebec Regulation, as if the Corporation was eligible to use the PREP Procedures and the Quebec Procedures; and

5. such prospectus is supplemented and amended pursuant to and in accordance with the requirements and procedures set forth in National Policy 44 and the Quebec Regulation, including the filing of amendments complying with the requirements of the Legislation.

DATED at Toronto this "8th" day of "September", 2000.

Headnote

Section 147 - exempting issuer from eligibility requirements of section 4.1 of National Policy 44, to permit use of the post receipt pricing procedures, in connection with demutualization.

Statutes Cited

Securities Act. R.S.O. 1990, c.S.5, as am., s. 147.

Rules Cited

In The Matter of Rules for Shelf Prospectus Offerings and for Pricing Offerings after the Prospectus is Received (1997) 20 OSCB 1217 (National Policy Statement No. 44).

Policies Cited

National Policy Statement No. 44.

National Policy Statement No. 47.