

IN THE MATTER OF  
THE SECURITIES LEGISLATION  
OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,  
ONTARIO, Québec AND NOVA SCOTIA

AND

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

AND

IN THE MATTER OF  
MOSAID TECHNOLOGIES INCORPORATED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec and Nova Scotia (the "Jurisdictions") has received an application from MOSAID Technologies Incorporated ("MOSAID" or, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the filing of an Initial AIF (as defined in National Policy Statement No. 47 ("NP 47")), the requirement contained in NP 47 and in the applicable securities legislation of Québec, including, but not limited to, those set forth in Title II and Title III of the *Securities Act and Regulation (Québec)* (the "POP System") to calculate the arithmetic average of the closing prices of the Equity Securities (as defined under NP 47) for each trading day during the last calendar month of the financial year in respect of which an Initial AIF is filed, shall not apply to MOSAID in respect of a contemplated offering of its securities pursuant to a short form prospectus;

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

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

1. MOSAID was incorporated under the laws of Ontario on May 1, 1991, and became a reporting issuer, or its equivalent, in each of the Jurisdictions on September 27, 1993.
2. MOSAID's registered and principal executive offices are located at 11 Hines Road, Kanata, Ontario, K2K 2X1.
3. MOSAID is and has been a reporting issuer, or its equivalent, in each of the Jurisdictions for more than 12 months and is not in default under any requirement of the applicable securities legislation of any of the Jurisdictions.

4. MOSAID's financial year-end is April 30.
5. MOSAID's authorized capital consists of an unlimited number of common shares (the "Common Shares").
6. The Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE") under the symbol "MSD".
7. As at April 30, 1999, MOSAID's most recent financial year end, 7,147,064 Common Shares were issued and outstanding, and the aggregate market value of the Common Shares as calculated in accordance with the POP System was \$43,046,766.47 (based on the arithmetic average of the closing price of \$6.023).
8. As at November 30, 1999, MOSAID had 7,318,019 Common Shares issued and outstanding, and the aggregate market value of the Common Shares as calculated in accordance with the POP System was \$103,403,608.47 (based on the arithmetic average of the closing price of \$14.13).
9. MOSAID would be eligible to participate in the POP System, but for the fact that the aggregate market value of the Common Shares as calculated in accordance with the POP System for the month of April 1999 was less than \$75,000,000.
10. MOSAID proposes to file an Initial AIF pursuant to the POP System in respect of its fiscal year ended on April 30, 1999.
11. MOSAID may wish to avail itself of the POP System prior to the end of its current financial year and considers that a short form prospectus would be an appropriate vehicle for an offering or qualification of its securities in the circumstances.
12. MOSAID would be eligible to continue to participate in the POP System upon the filing of its Initial AIF under proposed National Instrument 44-101 which would replace the current calculations of market value of an issuer's equity securities under NP 47 with a calculation as of a date within sixty (60) days before the filing of the issuer's short form prospectus.

AND WHEREAS under 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 under the Legislation is that the requirement under the POP System to calculate the arithmetic average of the closing prices of the Equity Securities for each trading day during the last calendar month of the financial year in respect of which an Initial AIF is filed, shall not apply to MOSAID provided that:

- (i) MOSAID complies with the filing requirements and procedures and each of the other eligibility requirements of the POP System;
- (ii) the aggregate market value of the Common Shares of MOSAID, calculated in accordance with the POP System, is \$75,000,000 or more on a date within sixty (60) days before the date of the filing of MOSAID's preliminary short form prospectus;
- (iii) the eligibility certificate to be filed in respect of the MOSAID's Initial AIF shall state that MOSAID satisfies the requirements of the POP System, and shall make reference to this Decision; and
- (iv) this Decision shall terminate on the earlier of:
  - (a) 140 days after the end of MOSAID's financial year ended April 2000; and
  - (b) the date of filing a Renewal AIF (as defined in NP 47) by MOSAID in respect of its financial year ended April 30, 2000.

DATED at Toronto this 28<sup>th</sup> day of January, 2000

*"Margo Paul"*

Margo Paul  
Manager, Corporate Finance

#### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - waiver granted pursuant to section 4.5 of National Policy Statement No. 47 to enable issuer to participate in the POP System when it did not meet the "public float" test in the last calendar month of the 1999 financial year in respect of which its Initial AIF is filed provided that it does meet the "public float" test at a date within 60 days before the filing of its preliminary short form prospectus - waiver reflects the revised eligibility criteria set out in proposed National Instrument 44-101.

#### Applicable Ontario Statutory Provisions

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

#### Rules Cited

*In the Matter of the Prompt Offering Qualification System* (1997), 20 OSCB 1217.

Proposed Rule implementing proposed National Instrument 44-101 - *Prompt Offering Qualification System* (1998), 21 OSCB 1138.

Policies Cited

National Policy Statement No. 47 - *Prompt Offering Qualification System*, ss. 4.1 and 4.5.