

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  
STRATOS GLOBAL CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (collectively, the "Jurisdictions") has received an application (the "Application") from Stratos Global Corporation (the "Applicant") for a decision under section 4.5 of National Policy 47 ("NP 47") and section 263 of the *Securities Act* (Quebec) for a waiver from the provisions in subparagraph 4.1(2)(b)(i) of NP 47 and section 169 of the Regulation Respecting Securities (Quebec) ("QRRS") (collectively, the "Legislation") to permit the Applicant to be eligible to participate in the prompt offering qualification system (the "POP System");

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

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

1. The Applicant is a corporation continued under the *Canada Business Corporations Act* on May 28, 1996.
2. The Applicant's principal executive offices are located at 40 King Street West, Suite 3600, Scotia Plaza, Toronto, Ontario M5H 3Z5.
3. The Applicant has been a reporting issuer in the Province of Newfoundland since February 3, 1989, in the Province of Ontario since June 14, 1989 and in the provinces of Alberta, British

Columbia, Saskatchewan, Québec and Nova Scotia since July 6, 1999 and the Applicant is not in default of any requirement of the securities legislation of such jurisdictions.

4. The Applicant's financial year end is December 31.

5. The authorized capital of the Applicant consists of an unlimited number of common shares (the "Equity Securities") and an unlimited number of preference shares issuable in series.

6. The outstanding Equity Securities of the Applicant are listed on the Toronto Stock Exchange (the "TSE") under the symbol "SGB".

7. As at December 31, 1999, the Applicant's most recent financial year end, there were 22,646,703 Equity Securities issued and outstanding as fully paid and non-assessable. Of the Equity Securities outstanding, 14,720,357 were beneficially owned by Aliant Inc. ("Aliant"), the Applicant's controlling shareholder. Aliant is the only Person who beneficially owns, directly or indirectly, or exercises control or direction over, alone or together with its affiliates or associates, more than 10% of the issued and outstanding Equity Securities.

8. The arithmetic average of the closing price of the Equity Securities on the TSE for each of the trading days in December was \$4.14.

9. The aggregate market value of the Equity Securities, as calculated in accordance with the Legislation (which excludes the value of the Equity Securities beneficially owned, directly or indirectly, or subject to the control or direction of Aliant), was approximately \$32,815,072, based on the arithmetic average of the closing price of the Equity Securities for each of the trading days in December 1999.

10. On April 7, 2000, the Applicant issued and sold 15,000,000 special warrants (the "Special Warrants") to purchasers resident in Ontario, British Columbia, Manitoba, Québec, New Brunswick and the United States for gross proceeds of \$153,750,000. Each Special Warrant entitles the holder to receive, subject to adjustments, one Equity Security.

11. As of April 25, 2000 there were 23,322,082 Equity Securities issued and outstanding, the aggregate market value of which was approximately \$98,693,340, based on the closing price of the Equity Securities on the TSE on April 24, 2000 of \$11.90.

12. The arithmetic average of the closing price of the Equity Securities on the TSE for each of the trading days in April 2000 was \$11.98.

13. The aggregate market value of the Equity Securities, as calculated in accordance with the Legislation, was approximately \$99,336,091, based on the arithmetic average of the closing price of the Equity Securities for each of the trading days in April 2000.

14. The Applicant would be eligible to participate in the POP System but for the fact that the aggregate market value of the Equity Securities based on the month of December 1999 was less than \$75,000,000.

15. Proposed National Instrument 44-101 ("proposed NI 44-101") would replace the current calculations of the market value of an issuer's equity securities under the Legislation by a calculation as of a date within 60 days before the date of the filing of an issuer's preliminary short form prospectus, as a result of which the Applicant would be qualified to file a short form prospectus upon the filing and acceptance of its initial annual information form (an "Initial AIF").

16. The Applicant intends to file a short form prospectus qualifying the distribution of the Equity Securities issuable upon conversion of the Special Warrants.

17. The Applicant proposes to file an Initial AIF pursuant to the provisions of the Legislation in respect of its financial year ended December 31, 1999 as soon as practicable after this relief is granted.

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

AND WHEREAS each Decision Maker 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 in the Jurisdictions pursuant to the Legislation is that the Decision Makers waive the requirements of subparagraph 4.1(2)(b)(i) of NP 47 and section 169 of the QRRS (as the case may be) in respect of the Applicant so that the Applicant is eligible to participate in the POP System provided that:

(a) the Applicant complies in all other respects with the requirements of NP 47 and the QRRS;

(b) the aggregate market value of the Equity Securities, calculated in accordance with the POP System is \$75,000,000 or more on a date within 60 days before the date of the filing of the Applicant's preliminary short form prospectus;

(c) the eligibility certificate to be filed in respect of the Applicant's Initial AIF shall state that the Applicant satisfies the eligibility criteria of the POP System, and shall make reference to this waiver; and

(d) this waiver terminates on the earlier of (i) 140 days after the end of the Applicant's financial year ended December 31, 2000; and (ii) the date of filing of the Renewal AIF (as defined by NP 47 and the QRRS) by the Applicant in respect of its financial year ended December 31, 2000.

DATED at Toronto this 24<sup>th</sup> day of May, 2000.

*"Margo Paul"*

Margo Paul

Manager, Corporate Finance

### Headnote

Prompt Offering Qualification System - 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 its most recent financial year-end in respect of which its Initial Annual Information form will be 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

Proposed National Instrument 44-101 "Short Form Prospectus Distributions" (1999), 22 OSCB (POP Supp. 2), s. 2.2.

### Policies Cited

National Policy Statement No. 47 "Prompt Offering Qualification System", ss. 4.1, 4.5.