

2007 BCSECCOM 386

June 5, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – *Securities Rules* s. 162(3) - Exemption from the Valuation Requirements - An issuer wants relief from the requirement to obtain a formal valuation in connection with an issuer bid for its outstanding securities - A liquid market for the issuer's securities exists prior to the bid; after the bid, there will be a market for the issuer's securities that is not materially less liquid than before the bid

Applicable British Columbia Provisions

Securities Rules, B.C. Reg. 194/97, ss. 162(2) and 162(3)

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia, and
Newfoundland and Labrador (the "Jurisdictions")

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Loring Ward International Ltd. (the "Filer")

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Filer for a decision (the "Decision") under the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the proposed purchase by the Filer of a portion of its outstanding common shares (the "Common Shares") pursuant to an issuer bid (the "Offer"), the Filer be exempt from the requirements in the Legislation (the "Requested Relief") to obtain a formal valuation of the Common Shares and provide disclosure in the Circular of the valuation, or a summary thereof (the "Valuation Requirement").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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- (a) the Manitoba Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the Decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this Decision unless they are defined in this Decision.

Representations

This Decision is based on the following facts presented by the Filer:

1. The Filer was incorporated under the *Canada Business Corporations Act* on November 18, 2002. The Filer was amalgamated by articles of amalgamation dated November 12, 2003.
2. The Filer is authorized to issue an unlimited number of Common Shares. As of May 3, 2007, the Filer had outstanding 9,026,432 issued and outstanding Common Shares.
3. The Filer is a reporting issuer or the equivalent in each of the Jurisdictions and is not on the list of defaulting reporting issuers maintained pursuant to such Legislation, where applicable.
4. The Common Shares of the Filer are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the trading symbol "LW". Over the period beginning with the listing of the Common Shares on the TSX on February 5, 2007 and ending on April 30, 2007, the Common Shares traded on the TSX in a range between \$7.50 and \$11.45 per Share.
5. As at May 10, 2007, to the knowledge of the Filer, the only holders of Common Shares (each, a "Shareholder") that hold greater than 10% of Common Shares are: (i) Eli Reinhard, who owns 1,444,645 Common Shares, and (ii) Farallon Partners, L.L.C., which owns 1,067,011 Common Shares, representing approximately 16.0% and 11.8% of the issued and outstanding Common Shares, respectively.
6. The Filer intends to acquire up to 750,000 Common Shares pursuant to the Proposed Issuer Bid, representing only 8.3% of the outstanding Common Shares.

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7. The board of directors of the Filer has approved a purchase of \$15.25 for Common Shares tendered pursuant to the Proposed Issuer Bid (the “Purchase Price”).
8. The intention to make the Proposed Issuer Bid and certain anticipated details of the Proposed Issuer Bid were announced on May 1, 2007 (the “Announcement Date”).
9. During the period of 12 months before the Announcement Date:
 - (a) the number of outstanding Common Shares was at all times at least 5,000,000, excluding Common Shares beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties of the Filer and Common Shares that were not freely tradeable;
 - (b) the aggregate trading volume of the Common Shares on the TSX was approximately 2,460,579;
 - (c) there were at least 1,000 trades in Common Shares on the TSX; and
 - (d) the aggregate trading value based on the price of the trades referred to in clause (c) above was approximately \$26,526,287.
10. The market value of the Common Shares on the TSX, as determined in accordance with Ontario Securities Commission Rule 61-501 (“Rule 61-501”) and Quebec Regulation Q-27 (“Regulation Q-27”) was approximately \$103,206,282 for the calendar month preceding the Announcement Date.
11. The Filer has determined that it is reasonable to conclude that, following completion of the Proposed Issuer Bid, there will be a market for the beneficial owners of the Common Shares who do not tender to the Proposed Issuer Bid that is not materially less liquid than the market that exists at the time the Proposed Issuer Bid is made, and the Filer intends to rely upon the exemptions from the Valuation Requirement contained in Sections 3.4(3) of Rule 61-501 and Regulation Q-27, respectively, (such exemptions being the “Presumption of Liquid Market Exemption”)
12. In accordance with Rule 61-501 and Regulation Q-27, the Filer will disclose in the Circular the figures in paragraphs 9 and 10 calculated above, with reference to the Announcement Date, the facts supporting the conclusion that the Common Shares meet the test for a “liquid market” as set out above and

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that the Filer believes that it is reasonable to conclude that, following the completion of the Proposed Issuer Bid, there will be a market for beneficial owners of the Common Shares who do not tender to the Proposed Issuer Bid that is not materially less liquid than the market that existed at the time that the Proposed Issuer Bid was made.

13. The Offer will, in the applicable Jurisdictions, be subject to the Decision being obtained.

Decision

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 Requested Relief is granted provided that the Filer can rely on the Presumption of Liquid Market Exemptions.

Chris Besko
Deputy Director
The Manitoba Securities Commission