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Headnote

Automatic conversion of an issuer's securities for other securities of the issuer - The convertible securities are issued to investors; the securities may be converted without the consent of the issuer or the investor; no commissions or remuneration is paid or given to others for the conversion trades except for administration or professional services or for services performed by a registered dealer

Exemption Order

**Noranda Inc.
Falconbridge Limited
Noranda Acquisition Inc.**

Sections 48 and 76 of the *Securities Act*, R.S.B.C. 1996, c. 418

Background

- ¶ 1 Noranda Inc. (Noranda), Falconbridge Limited and Noranda Acquisition Inc. (Acquisition) applied for an exemption from the requirements to be registered to trade and to file and obtain receipts for a preliminary prospectus and prospectus in sections 34(1)(a) and 61 of the Act (the registration and prospectus requirements) for certain intended trades.

Representations

- ¶ 2 Noranda, Falconbridge and Acquisition represent that:
1. Noranda is governed by the *Business Corporations Act* (Ontario) (the OBCA), is a reporting issuer under the Act and is not in default of any requirement of the Act or the *Securities Rules*, B.C. Reg. 194/97;
 2. Falconbridge is governed by the OBCA, is a reporting issuer under the Act and is not in default of any requirement of the Act or the Rules;
 3. Acquisition is governed by the OBCA, is not a reporting issuer under the Act, is a wholly-owned subsidiary of Noranda, and is not in default of any requirement of the Act or the Rules;
 4. Noranda was exempted from the registration and prospectus requirements for certain trades of preferred shares (Noranda preferred shares) on the automatic conversion of its other preferred shares;

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5. Falconbridge was exempted from the registration and prospectus requirements for certain trades of preferred shares (Falconbridge preferred shares) on the automatic conversion of its other preferred shares;
6. Noranda, Falconbridge and Acquisition propose an amalgamation of either Noranda and Falconbridge, or Falconbridge and Acquisition, to form an amalgamated corporation;
7. if Noranda and Falconbridge amalgamate, the outstanding Noranda preferred shares and Falconbridge preferred shares will be converted into series of convertible preferred shares (the amalco preferred shares) of the amalgamated corporation, having the same attributes as the Noranda preferred shares and Falconbridge preferred shares;
8. if Falconbridge and Acquisition amalgamate, the outstanding Falconbridge preferred shares will be converted into amalco preferred shares, having the same attributes as the Falconbridge preferred shares;
9. the amalco preferred shares of each series will be convertible into amalco preferred shares of another series at the option of the holders;
10. if the amalgamated corporation determines that there would be less than a specified minimum amalco preferred shares of a series outstanding after taking into account all the amalco preferred shares of the series tendered for conversion, then all of the remaining outstanding amalco preferred shares of that series will automatically be converted into amalco preferred shares of another series on a one-for-one basis;
11. the conversion of the amalco preferred shares of one series into amalco preferred shares of another series at the option of the shareholder is exempt from the registration and prospectus requirements under sections 45(2)(12)(iii)(A) and 74(2)(11)(iii)(A) of the Act; and
12. there may be no similar exemptions under the Act for the automatic conversion of the amalco preferred shares of one series into amalco preferred shares of another series (the trades).

Order

¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders

1. under sections 48 and 76 of the Act, the trades are exempt from the registration and prospectus requirements, provided that no commission or other remuneration is paid or given to any person in respect of the trades

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except for administrative or professional services or for services performed by a registered dealer; and

2. under section 76 of the Act, the first trade in amalco preferred shares acquired under this order is deemed to be a distribution unless the conditions in sections 2.6 or 2.10 of Multilateral Instrument 45-102 *Resale of Securities* are satisfied.

¶ 4 June 16, 2005

Noreen Bent
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British Columbia Securities Commission