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Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief granted from the registration and prospectus requirements for trades to a defined group involved in the travel industry, subject to conditions

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 34(1)(a), 48, 61, 76
Multilateral Instrument 45-102 Resale of Securities, s. 2.5

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA AND
ONTARIO

AND

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

AND

IN THE MATTER OF TRAVEL T-COMM INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia and Ontario (the "Jurisdictions") has received an application from Travel T-Comm Inc. (the "Applicant") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation that prohibits a person or company from:

(a) trading in a security unless the person or company is registered in the appropriate category of registration under the Legislation (the "Registration Requirement"); and

(b) distributing a security unless a preliminary prospectus and prospectus for the security have been filed and receipts therefor obtained (the "Prospectus Requirement");

shall not apply to trades of common shares (the "Common Shares") of the Applicant to Members, Eligible Transferees and Approved Candidates (as such terms are defined below), subject to certain conditions;

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

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

1. The Applicant was incorporated on May 3, 2001 as a corporation pursuant to the *Business Corporations Act* (Ontario).
2. The registered office of the Applicant is in Mississauga, Ontario.
3. The Applicant has been incorporated to carry on the same activities as were previously carried on by an existing, not-for-profit corporation, T-Comm, A Travel Communication Association Inc. (the "Predecessor Corporation").

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4. The Predecessor Corporation was created as a not-for-profit corporation by the grant of a charter by letters patent on December 13, 1983 pursuant to the *Canada Corporations Act*.
5. The principal objects of the Predecessor Corporation are, and the principal objects of the Applicant will be, to foster and advance the interests of the members through, *inter alia*, representing the members in matters pertaining to the travel industry, negotiating agreements on their behalf, providing continuing education to members, and disseminating to the media information on behalf of the membership.
6. The existing members of the Predecessor Corporation (the "Members") are independent small businesses which carry on business as retail travel agents. The Predecessor Corporation has 133 Members located in Ontario and two Members located in British Columbia.
7. Neither the Predecessor Corporation nor the Applicant is a reporting issuer (or the equivalent) in any province or territory in Canada, nor has any present intention of becoming a reporting issuer in any jurisdiction. Neither the Predecessor Corporation's shares, nor the Common Shares are listed or quoted on any stock exchange or market.
8. The authorized capital of the Applicant consists of an unlimited number of Common Shares. Currently, no Common Shares are issued and outstanding.
9. The Applicant desires to offer each of the Members of the Predecessor Corporation the opportunity to subscribe for one Common Share for a subscription price of \$1.00. The Applicant further desires to be able to offer, from time to time, the same opportunity to subscribe for one Common Share on similar terms to candidates approved for membership in the Applicant ("Approved Candidates") by the board of directors of the Applicant (the "Board of Directors").
10. To be eligible to be a shareholder (a "Shareholder") of the Applicant, the Shareholder, either as an individual, partnership, or corporation, must engage, full time, in operating a travel agency (the business of offering the sale of travel services to the public) and must be in compliance with provincial legislation and regulations relating to travel agents.
11. In addition, each Shareholder will be required to enter into a shareholders agreement (the "Shareholders' Agreement"), a copy of which has been filed with the Decision Makers. The Shareholders' Agreement contains restrictions on the transferability of the Common Shares, and sets out the circumstances under which the Applicant is entitled to redeem or cancel any Shareholder's Common Shares.
12. No Shareholder may own more than one Common Share. Ownership of Common Shares entitles the Shareholder to one vote for the election of directors and on other matters relating to the affairs of the Applicant as may be submitted to a vote of the Shareholders. Only holders of Common Shares are entitled to a vote. Each Shareholder has an equal vote in the election of directors and on other matters.
13. The Common Shares may be transferred only with the consent of the Board of Directors and only to a person or company (each an "Eligible Transferee") as follows:
 - (i) the Applicant,
 - (ii) a spouse, child, daughter-in-law, or son-in-law of a Shareholder;
 - (iii) to a holding corporation wholly owned by the Shareholder; or

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(iv) to an Approved Candidate as part of the sale of the Shareholder's business, or shares in a corporate Shareholder, in its entirety.

14. Upon the occurrence of any event of termination as described in the bylaws of the Applicant (the "By-Laws"), the Board of Directors, may, by resolution, determine that a Shareholder is no longer eligible to be a Shareholder. An event of termination includes the Shareholder becoming ineligible to be a Shareholder for any reason. Upon such determination the Board of Directors may redeem the Shareholder's Common Share in accordance with the Articles of Incorporation dated May 3, 2001, as amended by Articles of Amendment dated July 25, 2001 (collectively the "Articles") and By-Laws at the price paid by the Shareholder to purchase the Common Share, and thereafter the Shareholder shall cease to be a Shareholder and shall cease to have voting rights.

15. The Applicant will prepare and send to each of its Shareholders annual unaudited financial statements. The Applicant intends to seek a written consent from all the Shareholders to waive the audit requirements of the *Business Corporations Act* (Ontario), and accordingly does not currently anticipate that it will be required to prepare and send audited financial statements to the Shareholders.

AND WHEREAS under 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 tests contained in the Legislation that provide such Decision Maker with the jurisdiction to make the Decision have been met;

THE DECISION of the Decision Makers under the Legislation is that the Registration Requirement and the Prospectus Requirement shall not apply to a trade of Common Shares made to a Member, an Eligible Transferee or to an Approved Candidate provided that:

(a) prior to the initial trade of any Common Shares to a Member or an Approved Candidate pursuant to this Decision, the Applicant delivers to the Member or Approved Candidate, as the case may be, a copy of:

(i) the Articles of the Applicant;

(ii) a copy of the By-laws;

(iii) a copy of the Shareholders' Agreement;

(iv) the most recent annual financial statements of the Applicant, if such have then been prepared;

(v) this Decision; and

(vi) A statement that, as a consequence of this Decision, certain protections, rights and remedies provided by the Legislation, including statutory rights of rescission or damages, will not be available to Shareholders acquiring Common Shares pursuant to this Decision;

(b) the first trade in a Common Share acquired pursuant to this Decision to a person or company who is not an Eligible Transferee shall be deemed to be a distribution or a primary distribution to the public unless the conditions in subsections (2) or (3) of section 2.5 of Multilateral Instrument 45-102 are satisfied;

(c) The Common Share certificates shall be engrossed with a legend disclosing the restrictions on the transfer of the shares; and

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(d) The exemptions contained in this Decision cease to be effective if any of the provisions of the Articles relevant to the exemptions granted herein are amended in any material respect.

DATED this 28th day of January, 2002.

Paul Moore

K.D. Adams