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Headnote

Mutual Reliance Review System for Exemptive Relief Application – relief from the registration and prospectus requirements for an employee share offering through a fund in accordance with French law

Applicable British Columbia Provisions

Securities Act, R.S.B.C.1996, c. 418, ss. 34(1)(a), 48, 61 and 76

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, ONTARIO, QUÉBEC, MANITOBA AND NEW BRUNSWICK

AND

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

AND

IN THE MATTER OF THOMSON, TSA AND THOMSON GESTION

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Ontario, Québec, Manitoba and New Brunswick (the “Jurisdictions”) has received an application from Thomson (the “Issuer”) and its former controlling shareholder, TSA (the “Selling Shareholder”), for a decision pursuant to Canadian securities legislation of the Jurisdictions (the “Legislation”) that:

- (i) in Québec, the prospectus requirement shall not apply to
 - (A) trades by the Selling Shareholder of ordinary shares of the Issuer (“Shares”) to Qualifying Employees (defined in paragraph 4 below) who choose to participate (the “Canadian Participants”) in the Issuer’s global employee share offering (“THOM Invest 2003”) and are resident in Québec or to the subsequent transfer of such Shares to Thomson Gestion, a French employee savings fund (the “Fund”, *a fonds commun de placement d’entreprise* or “FCPE”);

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- (B) certain trades of Shares by the Fund to Canadian Participants resident in Québec upon the redemption of Units by Canadian Participants resident in Québec; and
- (C) the first trade (alienation) in any Shares acquired by Canadian Participants resident in Québec under THOM Invest 2003 where such trade is made through the facilities of a stock exchange outside of Canada; and
- (ii) the registration requirement shall not apply to the trades described in paragraph (i) to or by Canadian Participants resident in the Jurisdictions; and
- (iii) the registration requirement and the prospectus requirement shall not apply to certain trades of the securities of the Fund (the “Units”) made to or with Canadian Participants resident in the Jurisdictions pursuant to THOM Invest 2003;
- (iv) the manager of the Fund (the “Manager”) is exempt from the adviser registration requirements to the extent that its activities in relation to THOM Invest 2003 require compliance with the adviser registration requirements.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Commission des valeurs mobilières du Québec is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;

AND WHEREAS the Issuer and the Selling Shareholder have represented to the Decision Makers as follows:

1. The Issuer is a corporation formed under the laws of the Republic of France. The ordinary shares of the Issuer are listed on Euronext Paris S.A. and on the New York Stock Exchange (in the form of American Depositary Shares). The Issuer is not and has no current intention of becoming a reporting issuer (or equivalent) under the Legislation.
2. Thomson Multimedia Ltd. and other Canadian affiliates of the Issuer (the “Canadian Affiliates”, together with the Issuer, the Selling Shareholder and other affiliates of the Issuer, the “Thomson Group”) are direct or indirect

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controlled subsidiaries of the Issuer and are not or have no current intention of becoming reporting issuers (or equivalent) under the Legislation.

3. The Selling Shareholder is a corporation formed under the laws of the Republic of France and is wholly owned by the French state. The Selling Shareholder is currently approximately a 2.3% shareholder of the Issuer. Prior to a recent share sale to institutional investors on November 4, 2003 under French privatization law and as part of a combined offering, consisting of the share sale to institutional investors and THOM Invest 2003, the Selling Shareholder held approximately 20.8% of the outstanding Shares of the Issuer. The Selling Shareholder is not and has no current intention of becoming a reporting issuer (or equivalent) under the Legislation.
4. Current employees of the Thomson Group and former employees of the group who have been employed for at least five years (the “Former Employees”, and together with the current employees of the Thomson Group, the “Qualifying Employees”) are invited to participate in THOM Invest 2003, pursuant to a French ministerial order enacted under French privatization law.
5. The Fund is a French employee share fund (“*fonds commun de placement d’entreprise*”) established by the Thomson Group and the Fund Manager to facilitate the participation of Qualifying Employees in THOM Invest 2003 and to simplify custodial arrangements for such participation. The Fund is not and has no current intention of becoming a reporting issuer (or equivalent) under the Legislation. The Fund is a collective shareholding vehicle of a type commonly used in France for the conservation of shares held by employee investors and has been registered and approved by the French Commission des Opérations de Bourse (the “COB”). Only Qualifying Employees are allowed to hold Units of the Fund, and such holdings will be in an amount proportionate to the number of Shares held by the Fund on behalf of the Canadian Participants.
6. Effective November 24, 2003, the COB has been replaced by the Autorité des Marchés Financiers (the “AMF”) and until implementation by the AMF of the new general regulation, the COB rules remain applicable.
7. The Manager is an asset management company governed by the laws of the Republic of France. The Manager has been registered with the COB to manage French investment funds and complies with the rules of the COB. The Manager is not and has no current intention of becoming a reporting issuer (or equivalent) under the Legislation.

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8. The sale of Shares by the Selling Shareholder will be made through a combined offering, consisting of a global institutional offering in France and elsewhere and THOM Invest 2003.
9. The purchase price for the Shares in THOM Invest 2003 has been determined with reference to the French institutional offering price (the "Reference Price"), less a 20% discount. The Reference Price, as determined by a French ministerial order, was €18.25 per Share. Consequently, the discounted share price offered to Qualifying Employees is €14.60 per Share.
10. Payment for the Shares may be made upon delivery, or, in the case of certain Canadian Participants, in four instalments over a three-year period (20% upon delivery of the Shares, 20% at the end of year one, 30% at the end of year two and 30% at the end of year three);
11. Pursuant to the terms of the French privatization law under which THOM Invest 2003 is being conducted, in the event of a Canadian Participant's default in payment at the time of subscription, the purchase order will be immediately cancelled. Non-payment of any instalment under THOM Invest 2003 will result in the rescission of the sale. Upon the occurrence of a default for non-payment in these circumstances, the Shares will revert to the Selling Shareholder and will be sold on a stock exchange. The proceeds of the sale will be applied to repay (i) any amounts owed to the Selling Shareholder by the Canadian Participant and (ii) the expenses incurred in connection with the sale, including any applicable administrative fees. The balance of the proceeds from such sale, if any, will be paid to the Canadian Participant. If the proceeds from the sale are insufficient to cover the amount due, the Canadian Participant will be liable for the outstanding amount. Such default in payment procedure is disclosed in the information package provided to employees referred to under paragraph 27.
12. The Shares subscribed for by the Canadian Participants will be contributed to the Fund and the Canadian Participant will receive one Unit for each contributed Share.
13. Subject to a future implementation of a dividend reinvestment plan, dividends paid on the Shares will be distributed directly to Canadian Participants.
14. The Shares cannot be sold for a period of two or three years depending upon the payment method of the purchase price for such Shares (the "Hold Period").

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15. At the end of the Hold Period, a Canadian Participant may (i) redeem Units with the Fund in exchange for the Shares or cash; or (ii) continue to hold the Units and redeem them at a later date.
16. In the event of an over-subscription of the Shares available under THOM Invest 2003, the French Minister of the Economy, Finance and Industry will reduce the number of Shares which should be allocated to each subscriber in approximate proportion to the amount of his or her initial subscription.
17. The Fund will be established for the purpose of implementing THOM Invest 2003. The Fund's portfolio will consist exclusively of Shares and, from time to time, a minor percentage of the Fund's assets will be in cash or cash equivalents which are held for purposes of facilitating Unit redemptions. The Fund will not engage in any of the investment practices described in sections 2.3 through 2.6 of National Instrument No. 81-102 except as described herein.
18. Shares issued under THOM Invest 2003 will be deposited in the Fund through BNP Paribas Securities Services (the "Custodian"), a French bank subject to French banking legislation. Under French law, the Custodian must be selected by the Manager from among a limited number of companies identified on a list by the French Minister of the Economy, Finance and Industry and its appointment must be approved by the AMF. The Custodian carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow the Fund to exercise the rights relating to the securities held in its portfolio.
19. The Manager's asset management activities in connection with THOM Invest 2003 and the Fund is limited to receiving the Shares from the Custodian on behalf of the Canadian Participants, and selling such Shares as necessary in order to fund redemption requests. The Manager is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of the Fund. The Manager's activities in no way affect the underlying value of the Shares, and the Manager will not be involved in providing advice to any Canadian Participants.
20. The initial value of a Unit in the Fund corresponds to the market price for the Shares when the Shares are transferred to the Fund. The Unit value of the Fund will be calculated on a daily basis and reported to the AMF, based on the net assets of the Fund divided by the number of Units outstanding. In the future, the number of Units may be adjusted to reflect any dividend reinvestments contributed to the Fund for the benefit of Canadian participants, effective from the first date on which the net asset value is calculated and

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whenever Shares are contributed to the Fund for this purpose. Upon such adjustments being made, a holder will be credited with additional Units.

21. Upon redemption of the Units, the Canadian Participant may choose to receive the underlying Shares or be paid in cash on the basis of the net market price of the Shares corresponding to the Canadian Participant's Units, less the applicable redemption charges. All management charges relating to the Fund will be paid by the Issuer.
22. The Shares may be resold by the Canadian Participants following the Hold Period through the facilities of any of the stock exchanges on which the Shares are then traded.
23. There are approximately 1,357 Qualifying Employees resident in Canada in the provinces of British Columbia (13), Alberta (12), Ontario (408), Québec (913), Manitoba (6) and New Brunswick (5) all of whom together account for less than 3% of the Qualifying Employees worldwide.
24. The Canadian-resident Qualifying Employees will not be induced to subscribe for Shares by expectation of employment or continued employment.
25. The total amount invested by a Qualifying Employee cannot exceed €145,912.40 (approximately C\$227,302.40), although a lower limit may be established for Canadian Participants by the Canadian Affiliates.
26. None of the Issuer, the Selling Shareholder, the Manager or any of their employees, agents or representatives will provide investment advice to the Qualifying Employees with respect to an investment in the Shares or the Units.
27. The Canadian-resident Qualifying Employees will receive an information package in the French or English language, as applicable, which will include a summary of the terms of THOM Invest 2003 and a description of relevant Canadian income tax consequences. Upon request, Canadian-resident Qualifying Employees may receive copies of a prospectus filed with the United States Securities and Exchange Commission (the "SEC") and/or the French *Document de Référence* and *Note d'opération* filed with the COB in respect of the Shares, as well as the Update of the *Document de Référence* filed with the AMF and a copy of the Fund's rules (which are analogous to company by-laws).
28. Canadian-resident Qualifying Employees will also receive copies of the continuous disclosure materials relating to the Issuer furnished to shareholders

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resident in the United States by virtue of the registration of the Shares with the SEC.

29. It is not expected that there will be any market for the Shares or the Units in Canada. The Units will not be listed on any exchange.
30. As of the date hereof and after giving effect to THOM Invest 2003, Canadian-resident holders of Shares do not and will not beneficially own more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of Shares as shown on the books of the Issuer.

AND WHEREAS pursuant to 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 pursuant to the Legislation is that:

- (a) in Québec, the prospectus requirement shall not apply to the following trades made pursuant to THOM Invest 2003:
- (1) trades in Shares by the Selling Shareholder to Canadian Participants resident in Québec; and
 - (2) trades in Shares by Canadian Participants resident in Québec to the Fund; and
 - (3) trades of Shares by the Fund to Canadian Participants resident in Québec upon the redemption of Units by Canadian Participants resident in Québec;

provided that, in each case, the first trade (alienation) in any such Share acquired pursuant to this Decision to a person or a company, other than a trade in Shares enumerated in this paragraph, shall be deemed a distribution or a primary distribution to the public under the Legislation in Québec;

- (b) in Québec, the prospectus requirement shall not apply to the first trade (alienation) in Shares acquired by a Canadian Participant resident in Québec pursuant to THOM Invest 2003 provided that such trade is executed through the facilities of a stock exchange outside of Canada;

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- (c) the registration requirement shall not apply to the following trades made pursuant to THOM Invest 2003
 - (1) trades in Shares by the Selling Shareholder to Canadian Participants; and
 - (2) trades in Shares by Canadian Participants to the Fund; and
 - (3) trades of Shares by the Fund to Canadian Participants upon the redemption of Units by Canadian Participants; and
 - (4) a trade in Shares acquired by a Canadian Participant pursuant to THOM Invest 2003 provided that such trade is executed through the facilities of a stock exchange outside of Canada;
- (d) the registration requirement and prospectus requirement shall not apply trades of the Units of the Fund made to or with Canadian Participants, provided that the first trade (alienation) in any such Unit acquired pursuant to this Decision to a person or company, other than a trade in Units enumerated in this paragraph, shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction; and
- (e) the Manager shall be exempt from the adviser registration requirement, where applicable, in order to carry out the activities described in paragraph 19 above.

DATED at Montréal, Québec on January 26th, 2004.

Eve Poirier
La chef du Service du financement des sociétés