

2003 BCSECCOM 763

Headnote

Mutual Reliance Review System for Exemptive Relief Application - exemption granted from requirements in the legislation to disclose executive compensation and indebtedness of directors, executive officers and senior officers in connection with the mailing of a proxy circular for a special shareholders' meeting - relief granted because the excluded information had just been publicly disclosed in connection with the issuer's annual meeting, there had been no material change in the excluded information since it was publicly disclosed, and the excluded information was not relevant to the matters under consideration at the special meeting

Applicable British Columbia Provisions

Securities Act, R.S.B.C.1996, c. 418, ss. 117(2) and 119(2)(b)
BC Form 54-901F, Items 6 and 7

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, NEWFOUNDLAND AND LABRADOR, SASKATCHEWAN, ONTARIO AND NOVA SCOTIA

AND

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

AND

IN THE MATTER OF CANBRAS COMMUNICATIONS CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Newfoundland and Labrador, Saskatchewan, Ontario and Nova Scotia (the "Jurisdictions") has received an application from Canbras Communications Corp. ("Canbras") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Canbras be exempted from the requirement to include disclosure in the Proxy Circular (as defined below) regarding executive compensation and indebtedness of directors and officers as otherwise required by the Legislation (collectively, the "Required Disclosure");

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AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission 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 Canbras has represented to the Decision Makers that:

1. Canbras is a corporation continued under the laws of Canada and is a reporting issuer in each of the provinces of Canada in which such concept exists. Canbras is not in default of any of the requirements of the securities legislation in each of the provinces of Canada.
2. The authorized capital of Canbras consists of an unlimited number of common shares (the "Common Shares"). As of October 15, 2003, there were 55,098,071 Common Shares issued and outstanding.
3. The Common Shares of Canbras are listed on the Toronto Stock Exchange under the symbol "CBC".
4. Canbras has entered into a definitive agreement with Horizon Cablevision do Brasil, S.A., a privately-owned Brazilian company ("Horizon"), for the sale of Canbras' broadband communications operating subsidiaries (all Brazilian companies) in the greater metropolitan city of Sao Paulo, in Sao Paulo State, Brazil (the "Horizon Sale").
5. In a related transaction, Canbras has agreed to sell to Cia. Tecnicaa de Engenharia Eletrica, a privately-owned Brazilian company ("Alusa"), all of Canbras' interests in its cable television subsidiaries (all Brazilian companies) operating in Parana State, Brazil (including certain related, non-operating predecessor companies) (the "Alusa Sale").
6. The consummation of the transactions described above are subject to a number of conditions, including the obtaining of all required regulatory approvals from the Brazilian telecommunications regulatory agency and the Brazilian antitrust regulatory agency, other third-party approvals and the approval of the shareholders of Canbras.
7. Canbras intends to call a special meeting of holders of Common Shares (the "Special Meeting") to consider a special resolution approving the sale of substantially all of the assets of Canbras pursuant to the Horizon Sale and the

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Alusa Sale collectively, the "Disposition"); and a special resolution approving the voluntary liquidation and dissolution of Canbras pursuant to the Canada Business Corporations Act (the "Dissolution").

8. To be implemented, each of the Disposition and the Dissolution must be approved by not less than two-thirds of the votes cast by the holders of the Common Shares present in person or represented by proxy at the Special Meeting.
9. The management proxy circular of Canbras (the "Proxy Circular") in connection with the Special Meeting will be mailed to the holders of the Common Shares in early November 2003.
10. The Required Disclosure was provided to the holders of the Common Shares in the management proxy circular dated March 7, 2003 (the "Annual Meeting Circular") that was mailed to shareholders and filed in the Jurisdictions, in connection with the holding of the annual meeting of shareholders on April 28, 2003, and there has been no material change to the Required Disclosure as contained in the Annual Meeting Circular.
11. The Legislation in the Jurisdictions requires that, subject to the relief referred to herein being granted, the Proxy Circular include the Required Disclosure.
12. The Required Disclosure is not relevant to a shareholder's decision whether or not to vote in favour of the Disposition or the Dissolution because the matters to be determined at the Special Meeting do not relate to performance or compensation of the directors or officers of Canbras and would result in an unnecessary expense if required to be included in the Proxy Circular.

AND WHEREAS under 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 Maker pursuant to the Legislation is that Canbras be exempted from the requirement to include the Required Disclosure in the Proxy Circular provided that:

- (a) Canbras includes a statement in the Proxy Circular informing Canbras shareholders that the Required Disclosure can be found in the Annual Meeting Circular; and

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(b) The Annual Meeting Circular is available on SEDAR.

DATED November 14, 2003.

Paul M. Moore

Suresh Thakrar