

2007 BCSECCOM 430

June 26, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Securities Act s. 76 - Exemption from s. 61 requirement to file a prospectus in connection with a distribution - An issuer wants relief from prospectus requirements in connection with the use of electronic roadshow materials during the waiting period for a prospectus offering - The issuer is offering securities by prospectus in Canada and the US; the electronic roadshow will comply with U.S. offering rules; all sales to Canadian investors will be made through a Canadian registrant; if the electronic roadshow materials contain a misrepresentation, any Canadian investor who views the materials and subsequently purchases under the Canadian prospectus has a right to sue the issuer and the Canadian underwriters

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 61, 76 and 78

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec,
Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward
Island, Yukon, Northwest Territories and Nunavut
(the Jurisdictions)

and

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

and

In the Matter of
Lululemon Corp. (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 under the securities legislation of the Jurisdictions (the Legislation) for a ruling exempting the posting of certain roadshow materials on the website of www.retailroadshow.com during the “waiting period” from the prospectus requirement and, except in British Columbia where registration relief is not

2007 BCSECCOM 430

required, the registration requirement under the Legislation (collectively, the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) Ontario is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decisions 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 represented by the Filer:

1. The Filer was incorporated under the Delaware General Corporation Law on November 21, 2005.
2. The principal office of the Filer is located at 2285 Clark Drive, Vancouver, British Columbia, V5N 3G9.
3. On April 30, 2007, the Filer filed a preliminary base PREP prospectus in respect of the offering (the Offering) of the Filer's shares of common stock (the Offered Shares) and contemporaneously filed a registration statement with the United States Securities and Exchange Commission (the SEC) in respect of the Offering to register the Offered Shares under the U.S. Securities Act of 1933, as amended (the 1933 Act).
4. The Filer intends to file an amended and restated preliminary base PREP prospectus (the Amended Prospectus) in connection with the Offering in Canada after comments to the preliminary base PREP prospectus and the registration statement are received from the British Columbia Securities Commission and the SEC, respectively, and such comments have been addressed by the Filer. The Filer intends to commence the marketing of the Offering after the Amended Prospectus is filed and an MRRS decision document is obtained therefor.
5. Prior to the filing and issuance of an MRRS decision document for a final base PREP prospectus (such period typically being called the waiting period), the Filer intends to utilize electronic roadshow materials (the Website Materials)

2007 BCSECCOM 430

as part of the marketing efforts for the Offering, as is now typical for an initial public offering in the United States.

6. Rule 433(d)(8)(ii) under the 1933 Act, which came into effect in December 2005, requires the Filer to either file the Website Materials with the SEC or make them “available without restriction by means of graphic communication to any person...”
7. Compliance with applicable U.S. securities laws thus requires either making the Website Materials available in a manner that affords unrestricted access to the public, or filing the Website Materials on the SEC’s EDGAR system, which will have the same effect of affording unrestricted access; however, this is inconsistent with Canadian securities laws, in particular, the prospectus requirement and waiting period which when applied together require that access to the Website Materials be controlled by the Filer or the underwriters by such means as password protection and otherwise as suggested by National Policy 47-201 – *Trading Securities Using the Internet and Other Electronic Means*.
8. The Filer wishes to comply with applicable U.S. securities laws by posting the Website Materials on the website www.retailroadshow.com without any restriction thereon such as password protection.
9. The securities laws of the Jurisdictions do not, absent relief, allow the Filer to post the Website Materials during the waiting period in a manner that would allow them to be accessible to all prospective investors in Canada without restriction.
10. The Website Materials will contain a statement that information conveyed through the Website Materials does not contain all of the information in the Amended Prospectus, or any subsequently amended preliminary prospectus, or the final base PREP prospectus or any amendment thereto, or the supplemented PREP prospectus (the Final Prospectus), and that prospective purchasers should review all of those documents, in addition to the Website Materials, for complete information regarding the Offered Shares.
11. The Website Materials will also contain a hyperlink to the documents referred to in the foregoing paragraph, at and after such time as a particular document is filed.
12. The Website Materials, as well as the Amended Prospectus, and any further amendments thereto, and the Final Prospectus will state that Canadian purchasers of the Offered Shares will have a contractual right of action against

2007 BCSECCOM 430

the Filer and the underwriters in connection with the information contained in the Website Materials posted on www.retailroadshow.com.

13. At least one underwriter signing the Amended Prospectus, any subsequently amended preliminary prospectus and the Final Prospectus will be registered in each of the Jurisdictions.
14. Canadian purchasers will only be able to purchase shares of common stock of the Filer through an underwriter that is registered in the Jurisdiction of residence of the purchaser.
15. The Filer acknowledges that the Requested Relief relates only to the posting of the Website Materials on the website www.retailroadshow.com and not in respect of the Amended Prospectus and the Final Prospectus.

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 Amended Prospectus, and any further amendments thereto, and the Final Prospectus state that Canadian purchasers of the Filer's shares of common stock have a contractual right of action against the Filer and the Canadian underwriters, substantially in the following form:

"We may make available certain materials describing the offering (the "Website Materials") on the website www.retailroadshow.com under the heading "Lululemon Corp. (IPO)" in accordance with U.S. securities law during the period prior to obtaining a final MRRS decision document for the final base PREP prospectus in connection with this offering (the "Prospectus") from the Canadian securities regulatory authorities. In order to give Canadian purchasers the same unrestricted access to the Website Materials as provided to U.S. purchasers, we have applied for exemptive relief from the securities regulatory authority in each of the provinces and territories of Canada. Pursuant to the terms of that exemptive relief, we and each of the underwriters signing the certificate contained in the Prospectus (the "Canadian Underwriters") will agree that, in the event that the Website Materials contained any untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made (a "misrepresentation"), a purchaser resident in a province or territory of Canada who purchases shares of our common stock pursuant to the Prospectus during

2007 BCSECCOM 430

the period of distribution shall have, without regard to whether the purchaser relied on the misrepresentation, rights against us and each Canadian Underwriter with respect to such misrepresentation as are equivalent to the rights under section 130 of the *Securities Act* (Ontario) or the comparable provision of the securities legislation of each of the other provinces and territories of Canada, as if such misrepresentation was contained in the Prospectus.”

Wendell S. Wigle
Commissioner

David Knight
Commissioner