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## Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the registration and prospectus requirements trades in connection with a foreign issuer's stock ownership plan - issuer bid relief for acquisition by the issuer of its shares under stock ownership plan - issuer with *de minimis* Canadian presence

## Applicable British Columbia Provisions

*Securities Act*, R.S.B.C. 1996, c. 418, ss. 34(1)(a), 48, 61, 76, 105-108, 110 and 114(2)(c)

## IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, MANITOBA, ONTARIO, QUEBEC AND NOVA SCOTIA

AND

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

AND

## IN THE MATTER OF MINNESOTA MINING AND MANUFACTURING COMPANY

## MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Manitoba, Ontario, Quebec and Nova Scotia (the "Jurisdictions") has received an application from Minnesota Mining and Manufacturing Company ("3M") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that certain trades in securities of 3M made in connection with the operation of the 3M 2002 Management Stock Ownership Program, as such plan may be amended, supplemented, superseded or re-enacted from time to time (the "Plan"), including shares of common stock of 3M (the "Shares") to be acquired upon the optional reinvestment of dividends payable by 3M (the "Dividend Reinvestments"):

- (i) shall not be subject to the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements")

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- (collectively, the “Registration and Prospectus Requirements”);  
and  
(ii) shall not be subject to the requirements contained in the  
Legislation pertaining to bids to acquire or redeem securities of an  
issuer made by an issuer (the “Issuer Bid Requirements”);

AND WHEREAS pursuant to the Mutual Reliance System for Exemptive Relief Applications (the “System”), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS 3M has represented to the Decision Makers as follows:

1. 3M is a corporation incorporated under the laws of Delaware, is not a reporting issuer under the Legislation and has no present intention of being a reporting issuer under the Legislation. 3M’s executive offices are located in St. Paul, Minnesota. The majority of the directors and senior officers of 3M are resident outside Canada.
2. The share capital of 3M consists of shares of common stock having \$0.01 par value per share of which 1.5 billion shares are authorized and 391,303,636 are issued as of December 31, 2001, and shares of preferred stock without par value of which 10 million are authorized but none are issued.
3. 3M is subject to the requirements of the Securities Exchange Act of 1934, as amended, of the United States, and the Shares are listed and posted for trading on the New York Stock Exchange (“NYSE”).
4. The purposes of the Plan are to help 3M and its subsidiaries attract and retain outstanding employees (“Employees”) and to promote the growth and success of 3M’s business by aligning the financial interests of these Employees with the other stock holders of 3M.
5. Under the Plan, eligible Employees are granted stock options (“Options”), appreciation rights, restricted stock or other stock awards (collectively, “Awards”) which are non-transferable other than to a permitted transferee (a “Permitted Transferee”) by will (or other death beneficiary designation), the law of descent and distribution or certain other exemptions.
6. The Plan is administered by a committee (the “Committee”) of three non-employee members of the board of directors of 3M.
7. 3M proposes to use the services of an agent (the “Plan Broker”) in connection with the Plan and the Dividend Reinvestments. Currently the Plan Brokers are

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Strong Investments Inc. and Salomon Smith Barney Inc., each of which is registered as a broker under applicable legislation in the United States, but neither of which are registered as securities dealers in any of the Jurisdictions.

8. The Plan Brokers will administer the operation of the Plan, including the exercise of Awards by Employees, former Employees and the legal representatives of Employees and former Employees (collectively, the “Participants”) resident in the Jurisdictions, and the sale by the Participants of any Shares acquired under the Plan or upon Dividend Reinvestment.
9. The Plan provides that no more than 22,700,000 Shares may be issued as a result of Awards and no Participant may be granted Awards with respect to more than 2,000,000 Shares.
10. Shares issued to Participants upon the exercise of Options granted under the Plan will be authorized and unissued Shares or issued Shares reacquired by 3M.
11. The exercise price for each Option will be determined by the Committee but in any event will not be less than 100% of the fair market value of the Shares on the date the Option is granted which is defined in the Plan as the average of the high and low prices for the Shares as reported by the New York Stock Exchange Composite Transactions, rounded up to the nearest U.S. \$0.05.
12. Payment (“Payment”) by a Participant in connection with an Award is payable to 3M in cash or by tendering previously acquired Shares valued at the fair market value at the time of Payment.
13. As at December 31, 2001 there were approximately 282 Canadians eligible to participate in the Plan, of which there were 16 Employees in British Columbia, 7 Employees in Alberta, 2 Employees in Manitoba, 241 Employees in Ontario, 15 Employees in Quebec and 1 Employee in Nova Scotia.
14. As at December 4, 2001 residents of Canada did not own, directly or indirectly, more than ten percent of the outstanding Shares and did not represent more than ten percent of the number of owners, direct or indirect, of Shares. If at any time during the currency of the Plan Canadian shareholders of 3M hold, in aggregate, greater than 10% of the total number of issued and outstanding Shares or if such shareholders constitute more than 10% of all shareholders of 3M, 3M will apply to the Jurisdictions for an order with respect to further trades to and by Participants in the Jurisdictions in respect of Shares acquired under the Plan.

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15. Employees will not be induced to participate in the Plan by expectation of employment or continued employment.
16. All disclosure material relating to 3M that 3M is required to file with the Securities and Exchange Commission in the United States will be provided or made available upon request to the Participants who acquire Shares pursuant to Awards, at the same time, and in the same manner, as such materials are provided or made available upon request to holders of Shares who are resident in the United States.
17. The purchase of Shares from a Participant by 3M in connection with a Payment may constitute an “issuer bid” as defined under the Legislation of each of the Jurisdictions. Exemptions from the Issuer Bid Requirements may not be available for such purchases, since the formula under the Plan for establishing market value will not necessarily establish a price that is equal to or less than market value as prescribed under the Legislation. Furthermore, such exemptions are not available for purchases from legal representatives of Canadian Employees.
18. Since there is no market for the Shares in Canada and none is expected to develop, any resale of the Shares acquired under the Plan will be effected through the facilities of, and in accordance with the rules applicable to, a stock exchange or market outside of Canada on which the Shares may be listed or quoted for trading.
19. The Legislation of each of the Jurisdictions does not contain exemptions from the Registration and Prospectus Requirements for all of the potential trades in Awards under the Plan.

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:

20. the Registration and Prospectus Requirements will not apply to any trade or distribution of Awards made in connection with the Plan, including trades and distributions involving 3M and its Canadian affiliates, the Plan Brokers, the Participants and Permitted Transferees, provided that;

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- (a) except in Quebec, the first trade in Shares acquired through the Plan pursuant to this Decision will be deemed a distribution or primary distribution to the public under the Legislation unless the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 Resale of Securities are satisfied; and
  - (b) in Quebec, the first trade in Shares acquired through the Plan pursuant to this Decision will be deemed a distribution unless the alienation (resale) is made outside Quebec;
- 21. the first trade by Participants or Permitted Transferees, in Shares acquired pursuant to the Plan including first trades effected through the Plan Brokers, will not be subject to the Registration Requirement, provided such first trade is executed through a stock exchange or market outside of Canada; and
- 22. the Issuer Bid Requirements of the Legislation shall not apply to purchases of Shares from Canadian Participants by 3M provided such purchases of Shares are made in accordance with the terms of the Plan.

DATED this 11<sup>th</sup> day of June, 2002.

Paul M. Moore

Harold P. Hands