

2005 BCSECCOM 751

November 28, 2005

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - *Securities Act* s. 88 - Cease to be a reporting issuer in BC - The securities of the issuer are beneficially owned by more than 50 persons and are not traded through any exchange or market - As a result of an arrangement, the issuer became a reporting issuer with more than 50 shareholders; except for its parent company and its affiliates, all of the shareholders have a close connection to the issuer or its affiliates; the shareholders were advised that the issuer would cease to be a reporting issuer following the arrangement, and so would not be subject to continuous disclosure requirements; the issuer is required to deliver copies of its financial statements to the shareholders; the shares will not be listed or quoted on any market

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 88

In the Matter of
the Securities Legislation
of Saskatchewan, Québec and British Columbia (the Jurisdictions)

and

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

and

In the Matter of FirstService Acquisitionco Inc. (Acquisitionco)
and CMN Holdco Inc. (Holdco)
(collectively, the Filers)

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 Filers for a decision under the securities legislation of the Jurisdictions (the Legislation) that:

2005 BCSECCOM 751

- Acquisitionco be deemed to have ceased to be a reporting issuer under the securities legislation of Saskatchewan (the Acquisitionco Requested Relief); and
- Holdco be deemed to have ceased to be a reporting issuer under the Legislation (the Holdco Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications

- (a) the Saskatchewan Financial Services Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision 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 Filers:

1. Each of the Filers is a corporation incorporated for the purposes of an arrangement under the laws of Ontario with its registered and head office located in Toronto, Ontario;
2. FirstService Corporation (FirstService) is a corporation incorporated under the laws of Ontario with its registered and head office located in Toronto, Ontario;
3. FirstService is a reporting issuer in the each of the provinces of Canada and a reporting company under applicable United States federal securities laws;
4. FirstService securities are listed on the Toronto Stock Exchange and are quoted on the Nasdaq National Market;
5. On November 30, 2004 CMN International Inc. (CMN) entered into an arrangement agreement (the Arrangement) with FirstService, Acquisitionco and Holdco pursuant to which Holdco acquired all of the issued and outstanding common shares of CMN (the CMN Common Shares);
6. As a result of the Arrangement Acquisitionco became a reporting issuer in Saskatchewan and Holdco became a reporting issuer in the Jurisdictions;
7. CMN was deemed to have ceased to be a reporting issuer in the all the provinces in Canada that it was a reporting issuer, including the Jurisdictions,

2005 BCSECCOM 751

by MRRS Decision Document dated December 24, 2004 and a notice filed pursuant to BC Instrument 11-502;

8. All of the outstanding securities of Acquisitionco are owned by FirstService;
9. None of the securities of Acquisitionco are, or ever have been, listed or posted for trading on any exchange or marketplace;
10. The authorized capital of Holdco consists of an unlimited number of class A common shares (the Holdco Class A Shares) and an unlimited number of class B common shares (the Holdco Class B Shares). As of November 30, 2004, there were 4,534,389 Holdco Class A Shares and 1,765,506 Holdco Class B Shares issued and outstanding;
11. All of the outstanding Holdco Class A Shares, representing approximately 71.8 percent of the equity in Holdco, are owned by Acquisitionco and all of the Holdco Class B Shares, representing approximately 28.2 percent of the equity in Holdco, are, and will continue to be owned by, senior management, brokers, consultants and employees of CMN;
12. Holdco currently has 5 shareholders resident in Québec holding, in the aggregate, approximately 1.40% of the outstanding Holdco Class B Shares;
13. Holdco currently has 5 shareholders resident in Saskatchewan holding, in the aggregate, approximately 0.07% of the outstanding Holdco Class B Shares;
14. Holdco currently has 17 shareholders resident in British Columbia holding, in the aggregate, approximately 10.70% of the outstanding Holdco Class B Shares;
15. None of the securities of Holdco are, or ever have been, listed or posted for trading on any exchange or marketplace;
16. Each of the Filers is not in default of its obligations under the Legislation as a reporting issuer;
17. Each of the Filers does not presently intend to seek public financing by way of an offering of securities; and
18. All disclosure materials required to be filed by FirstService, including information about the Filers, will be available to the public and all financial statements required to be prepared and sent to shareholders of Holdco under

2005 BCSECCOM 751

applicable corporate laws will be continued to be prepared and sent to shareholders of Holdco.

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:

- (a) in Saskatchewan, the Acquisitionco Requested Relief is granted; and
- (b) in the Jurisdictions, the Holdco Requested Relief is granted.

Dave Wild
Chair
Saskatchewan Financial Services Commission