

2006 BCSECCOM 716

December 4, 2006

Mutual Reliance Review System for Exemptive Relief Applications

Securities Act s. 114(2) Issuer Bids -Exemption from Issuer Bid Requirements - The issuer is making an issuer bid under a modified Dutch auction - It cannot disclose that it will take up and pay for shares deposited on a pro rata basis or the total number of shares it will acquire under the bid - The issuer is disclosing the maximum amount it will spend under the bid, and the minimum and maximum amount it will pay for shares tendered; as a result, the potential for confusion is minimal

Securities Rules s. 162(3) -Exemption from the Valuation Requirements - An issuer wants relief from the requirement to obtain a formal valuation in connection with an issuer bid for its outstanding securities - A liquid market for the issuer's securities exists prior to the bid; after the bid, there will be a market for the issuer's securities that is not materially less liquid than before the bid

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 105(g), 114(2)

Securities Rules, B.C. Reg. 194/97, ss. 162(2) and 162(3)

Form 62-903F, Item 2 & Item 9

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova
Scotia, Newfoundland and Labrador and New Brunswick
(the Jurisdictions)

and

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

and

In the Matter of Aastra Technologies Limited
(the Filer)

2006 BCSECCOM 716

MRRS Decision Document

Background

- ¶ 1 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) that, in connection with the proposed purchase by the Filer of a portion of its outstanding common shares (Shares) pursuant to an issuer bid (the Offer), the Filer be exempt from the requirements in the Legislation:
- (a) to take up and pay for securities proportionately according to the number of securities deposited by each security holder;
 - (b) to provide disclosure in the issuer bid circular (the Circular) of the proportionate take-up and payment;
 - (c) to state the number of securities sought under the Offer (the Number of Securities Requirement); and
 - (d) except in Ontario and Quebec, to obtain a valuation of the Shares and provide disclosure in the Circular of the valuation, or a summary thereof (the Valuation Requirement)
- (collectively, the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications

- (a) the British Columbia Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

- ¶ 2 Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

- ¶ 3 This decision is based on the following facts presented by the Filer:
1. the Filer is a reporting issuer or the equivalent in each of the Jurisdictions;

2006 BCSECCOM 716

2. the Filer is not in default of any requirement of the Legislation and is not on the list of defaulting reporting issuers maintained under the Legislation, where applicable;
3. the Filer was incorporated as Patseek Capital Inc. under the *Canada Business Corporations Act* by articles of incorporation dated April 6, 1995;
4. the Filer's authorized capital consists of an unlimited number of Shares and an unlimited number of preferred shares, of which approximately 16.9 million Shares were issued and outstanding as at November 2, 2006;
5. the Shares are listed and posted for trading on the Toronto Stock Exchange (the TSX);
6. to the best of the Filer's knowledge, no person or company holds more than 10% of the Shares;
7. on November 2, 2006, the closing price of the Shares on the TSX was \$31.00 and on that date the Shares had an aggregate market value of approximately \$524 million, based on the closing price;
8. the Filer intends to conduct the Offer by a modified Dutch auction procedure (the Dutch Auction), as follows:
 - (a) the Circular will specify that the maximum amount the Filer will expend under the Offer is \$64 million (the Specified Amount);
 - (b) the Circular will specify the range of prices within which the Filer is prepared to purchase the Shares (the Price Range);
 - (c) each holder of Shares (collectively, the Shareholders) wishing to tender to the Offer will have the right either to:
 - (i) specify the lowest price within the Price Range at which that Shareholder is willing to sell its tendered Shares (an Auction Tender), or
 - (ii) not specify a price but elect to be deemed to have tendered the Shares purchased at the Purchase Price (determined according to subparagraph 8(e) below) (a Purchaser Price Tender);
 - (d) the aggregate dollar amount the Filer will expend under the Offer will remain variable until the Purchase Price is determined and the pro-rating

2006 BCSECCOM 716

is calculated in accordance with the procedures outlined on subparagraph 8(i) below;

- (e) the price per Share (Purchase Price) for the Shares tendered to the Offer and not withdrawn will be the lowest price that will enable the Filer to purchase the maximum number of Shares that may be purchased with the Specified Amount, and it will be determined based upon the number of Shares tendered and not withdrawn pursuant to an Auction Tender at each price within the Price Range and tendered and not withdrawn pursuant to a Purchase Price Tender, with each Purchase Price Tender being considered a tender at the lowest price within the Price Range for the purpose of calculating the Purchase Price;
- (f) all Shares tendered at prices above the Purchase Price will be returned to the appropriate Shareholders;
- (g) all Shares tendered at or below the Purchase Price will be taken up and paid for at the Purchase Price;
- (h) all Shares tendered and not withdrawn by Shareholders who fail to specify any tender price for those tendered Shares or fail to indicate that they have tendered their Shares pursuant to a Purchase Price Tender will be considered to have been tendered pursuant to a Purchase Price Tender;
- (i) if the aggregate Purchase Price for Shares validly tendered to the Offer and not withdrawn exceeds the Specified Amount, the Filer will purchase the tendered Shares on a *pro rata* basis, except that, to prevent “Odd Lot” deposits, the Filer will first purchase and not pro-rate, the Shares properly deposited by each Shareholder who owns fewer than 100 Shares and who properly tenders all those Shares at or below the Purchase Price;
- (j) if the Offer is under-subscribed by the initial expiration date but all the terms and conditions thereof have been complied with except those waived by the Filer, the Filer may extend the Offer for at least 10 days, but the Legislation would require the Filer to first take up and pay for all Shares deposited and not withdrawn. All Shares tendered at that time and not withdrawn will be taken up and paid for at the Purchase Price, which would also be the price applicable for the Offer during the extended bid period; and

2006 BCSECCOM 716

- (k) by the time any extended bid period is over, the Offer may be over-subscribed, in which case the Filer intends to pro-rate only among the tendered Shares received during the extension and after the original expiration date (and subject to the exception relating to “Odd Lots” described in (i) above).
- 9. before the expiry of the Offer, all information regarding the number of Shares tendered and the prices at which those Shares are tendered will be kept confidential by the depositary under the Offer, and the depositary will be directed by the Filer to maintain confidentiality until the Purchase Price has been determined;
- 10. since the Offer is for less than all the Shares, if the number of Shares tendered to the Offer exceeds the Specified Amount worth of Shares, the Legislation would require the Filer to:
 - (a) take up and pay for deposited Shares proportionately, according to the number of Shares deposited by each Shareholder; and
 - (b) disclose in the Circular that the Filer would, if Shares tendered to the Offer exceeded the Specified Amount worth of Shares, take up the Shares proportionately according to the number of Shares tendered by each Shareholder.
- 11. during the 12-month period before October 31, 2006:
 - (a) the number of issued and outstanding Shares was at all times at least 5,000,000, excluding Shares beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties of the Filer and Shares that were not freely tradeable;
 - (b) the aggregate trading volume of the Shares on the TSX was at least 1,000,000 Shares;
 - (c) there were at least 1,000 trades in Shares on the TSX;
 - (d) the aggregate trading value based on the price of the trades referred to in clause (c) was at least \$15,000,000; and
 - (e) the market value of the Shares on the TSX was at least \$75,000,000 for the month of October 2006.

2006 BCSECCOM 716

12. the \$64 million of its Shares that the Filer wishes to repurchase represents approximately 12.2% of the market capitalization on November 2, 2006, which is only slightly more than twice the average monthly trading value on the TSX;
13. the Filer has determined it is reasonable to conclude that, following completion of the Offer, there will be a market for the beneficial owners of Shares who do not tender to the Offer that is not materially less liquid than the market that exists at the time the Offer is made and the Filer intends to rely on the exemptions from the Valuation Requirement in section 3.4(3) of Ontario Securities Commission Rule 61-501 and Regulation Q-27 (the Presumption of Liquid Market Exemptions);
14. the Filer cannot comply with the Number of Securities Requirement because it cannot specify the number of Shares it will acquire under the procedure described in paragraph 8 above; and
15. the Circular will:
 - (a) disclose the mechanics for the take-up of and payment for, or the return of, Shares as described in paragraph 8 above;
 - (b) explain that, by tendering Shares at the lowest price in the Price Range or under a Purchase Price Tender, a Shareholder can reasonably expect that the Shares so tendered will be purchased at the Purchase Price, subject to pro ration as described in paragraph 8 above;
 - (c) disclose the facts supporting the Filer's reliance on the Presumption of Liquid Market Exemptions as updated to the date of the announcement of the Offer; and
 - (d) except to the extent exemptive relief is granted by this decision, contain the disclosure prescribed by the Legislation for issuer bids.

Decision

- ¶ 4 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:

2006 BCSECCOM 716

- (a) Shares deposited under the Offer and not withdrawn are taken up and paid for, or returned to Shareholders, in the manner described in paragraph 8; and
- (b) for the Valuation Requirement, the Filer can rely on the Presumption of Liquid Market Exemptions.

Martin Eady, CA
Director, Corporate Finance
British Columbia Securities Commission