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Headnote

1996 Securities Act s. 48,76 Employees & Consultants - Exemption from s. 34(1)(a) requirement to be registered as a dealer in connection with a trade and s. 61 requirement to file a prospectus in connection with a distribution involving employees, consultants, past employees and similar persons - Trades by an issuer in units of French investment funds that were established as part of the issuer's employee investment plan. - Employee voluntarily enters into the issuer's employee investment plan; the units of the fund are the economic equivalent of the issuer's shares; the units can be redeemed for a cash payment of an amount equal to the value of the securities of the issuer represented by each unit and cannot be redeemed for shares in the issuer; the fund's sole purpose is to hold securities of the issuer for the benefit of plan participants; the employee will receive an information package which includes a summary of the terms of the offering; upon request the employee can receive copies of the French reference document filed with the French AMF in respect of the issuer's shares and a copy of the relevant fund's rules; the issuer is not a reporting issuer anywhere in a Canada; the issuer has a de minimis connection to Canada.

Applicable Legislative Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 48 and 76

**In the Matter of
The Securities Legislation
of British Columbia, New Brunswick, Ontario and Quebec
(the Jurisdictions)**

and

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

and

**In the Matter of Imerys S.A.
(the Filer)**

MRRS Decision Document

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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:

- (1) an exemption from the dealer registration requirements and the prospectus requirements of the Legislation so that such requirements do not apply to trades in units (“Units”) of two French collective employee shareholding vehicles (the “Intermediary Fund” and the “Fund”, collectively the “Funds”, each a *fonds commun de placement d’entreprise* or “FCPE”) made pursuant to the global employee share offering of the Filer (the “Employee Offering”) to or with Qualifying Employees (as defined below) resident in the Jurisdictions who elect to participate in the Employee Offering (the “Canadian Participants”); and
 - (2) an exemption from the adviser registration requirements and dealer registration requirements of the Legislation so that such requirements do not apply to the manager of the Funds, BNP Paribas Asset Management SAS (the “Manager”), to the extent that its activities described in paragraph 10 hereof require compliance with the adviser registration requirements and dealer registration requirements,
- (collectively, the “Requested Relief”).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Autorité des marchés financiers is selected as 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 otherwise defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation formed under the laws of France. The shares, par value 2€ per share, of the Filer (the “Shares”) are listed on the Eurolist market of Euronext Paris. It is not and has no current intention of becoming a reporting issuer (or equivalent) under the Legislation.

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2. Imerys Canada LP, Timcal Canada Inc. and “WM Canada Inc. (the “Canadian Affiliates”, together with the Filer and other affiliates of the Filer, the “Imerys Group”) are direct or indirect controlled subsidiaries of the Filer and are not and have no current intention of becoming reporting issuers under the Legislation.
3. Only persons who are employees of a member of the Imerys Group for a minimum of three (3) months prior to the closing date of the subscription period for the Employee Offering (the “Qualifying Employees”) are invited to participate in the Employee Offering.
4. The Funds are FCPEs established by the Manager and the Depositary (as defined below in paragraph 9) to facilitate the participation of Qualifying Employees in the Employee Offering and to simplify custodial arrangements for such participation. The Funds are not and have no current intention of becoming reporting issuers under the Legislation. The Funds are collective shareholding vehicles of a type commonly used in France for the conservation of shares held by employee-investors and must be approved by the French Autorité des marchés financiers (the “French AMF”) in order to be created. Only Qualifying Employees are allowed to hold Units of the Funds.
5. The Manager is a portfolio management company governed by the laws of France. The Manager is registered with the French AMF to manage French investment funds and complies with the rules of the French AMF. The Manager is not and has no current intention of becoming a reporting issuer under the Legislation.
6. Qualifying Employees will be invited to participate in the Employee Offering under the following terms:
 - (a) Canadian Participants will be issued Units of the Intermediary Fund, which will subscribe for Shares of the Filer on behalf of the Canadian Participants, at a subscription price that is equal to the average of the opening price of the Shares on the Eurolist market of Euronext Paris on the 20 trading days ending on the date preceding the date of approval of the transaction by the board of directors of the Filer (the “Reference Price”), less a 20% discount;
 - (b) the Shares will be held in the Intermediary Fund and the Canadian Participant will receive Units in the Intermediary Fund;
 - (c) after completion of the Employee Offering, the Intermediary Fund will be merged with the Fund and Units of the Intermediary Fund held by

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Canadian Participants will be replaced with Units of the Fund. Units of the Intermediary Fund will be exchanged for Units of the Fund on a pro rata basis and the Shares subscribed for under the Employee Offering will be held in the Fund;

- (d) the Units will be subject to a hold period of approximately five years (the “Lock-Up Period”), subject to certain exceptions prescribed by French law (such as a release on death or termination of employment);
 - (e) the Units are non-transferable;
 - (f) any dividends paid on the Shares held in the Fund will be paid to the Fund. The reinvestment of dividends will result in the increase of the value of the Units;
 - (g) at the end of the Lock-Up Period, or in the event of an early unwind resulting from the Canadian Participant exercising one of the exceptions to the Lock-Up Period prescribed by French law, a Canadian Participant may (i) redeem Units in the Fund in consideration for a cash payment per Unit equal to the net assets of the Fund divided by the number of Units outstanding, or (ii) continue to hold Units in the Fund and redeem those Units at a later date; and
 - (h) a Canadian Participant may not redeem Units for Shares.
7. Under the Employee Offering, the Canadian Participants will subscribe for Units of the Intermediary Fund which will in turn subscribe for Shares of the Filer and during the offering period the subscription price of one (1) Unit by the Canadian Participants will be equal to the subscription price of one (1) Share by the Intermediary Fund. The Units issued by the Funds will not be listed on any stock exchange.
8. The Funds are established for the purpose of providing Qualifying Employees with the opportunity to indirectly hold an investment in the Shares as co-owners. Each fund’s portfolio will consist exclusively of Shares of the Filer and, from time to time, cash in respect of dividends paid on the Shares. From time to time, the portfolios may include cash or cash equivalents that the Funds may hold pending investments in Shares and for purposes of Unit redemptions.
9. Shares issued in the Employee Offering will be held in the Funds through BNP Paribas Securities Services (the “Depository”). Under French law, the Depository must be selected by the Manager from among a limited number of companies identified on a list by the French Minister of the Economy, Finance

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and Industry and its appointment is one of the elements taken into consideration by the French AMF to approve the setting-up of the Funds. The Depositary carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow the Funds to exercise the rights relating to the securities held in its portfolio.

10. The Manager's portfolio management activities in connection with the Employee Offering and the Funds are limited to purchasing Shares from the Filer and selling such Shares as necessary in order to fund redemption requests. The Manager is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of the Funds. The Manager's activities will in no way affect the underlying value of the Shares. The Manager will not be involved in providing advice to any Canadian Participant.
11. The initial value of a Unit of the Intermediary Fund is equal to the subscription price of a Share under the Employee Offering. The Unit value of the applicable fund will be calculated and reported to the French AMF on a regular basis, based on the net assets of such fund divided by the number of Units outstanding.
12. Subject to the Lock-Up Period described above, the Funds will redeem Units at the request of the Canadian Participants. The Canadian Participant will be paid on the basis of the Unit value calculated as indicated in paragraph 11 above for the number of redeemed Units, and will be settled by payment in cash only.
13. All management fees and expenses in connection with the Funds will borne by the Filer.
14. There are approximately 84 employees resident in Canada, in the provinces of British Columbia (3), Ontario (1), Quebec (79) and New Brunswick (1), who represent in the aggregate approximately 0.52% of the number of employees worldwide.
15. Canadian Participants will not be induced to participate in the Employee Offering by expectation of employment or continued employment. The total amount invested by a Canadian Participant in the Employee Offering cannot exceed 25% of his or her estimated gross annual compensation for 2006. In addition, each Canadian Participant would be able to subscribe to a maximum of 30 Units.

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16. Pursuant to the Employee Offering, Canadian Participants will have the right to pay for the Units:
 - a) in full on the acquisition date of the Units; or
 - b) in equal monthly instalments over a 12 month period following the acquisition of the Units.
17. None of the Filer, the Manager or any of their employees, agents or representatives will provide investment advice to the Qualifying Employees with respect to an investment in the Shares or the Units.
18. The Canadian Participants will receive an information package in the French or English language, as applicable, which will include a summary of the terms of the Employee Offering and a description of the relevant Canadian income tax consequences. The enrolment form will contain a statement that, as a consequence of this decision, the Units being granted to the Canadian Participants will be subject to the resale restrictions under applicable securities laws. The enrolment form will also contain an acknowledgement by the Canadian Participants that they are aware of the risks involved in purchasing the Units and that they are able to withstand any loss associated with the purchase of the Units. Canadian Participants may consult the 2005 Annual Report posted on the Filer's website (which is the Document de Référence filed with the French AMF on April 6, 2006) and will have continuous access to all materials that the Filer puts at the disposal of its shareholders on its website. In addition, upon request, a copy of the Funds' rules (which are analogous to company statutes) will be available to participating employees.
19. The Units will not be listed on any stock exchange.
20. As of the date hereof and after giving effect to the Employee Offering, Canadian residents do not and will not beneficially own more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of the Shares as shown on the books of the Filer.

Decision

Each of the Decision Makers is satisfied that the text 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:

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1. the first trade in any Units acquired by Canadian Participants pursuant to this Decision in a Jurisdiction is deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction unless the following conditions are met:
 - (a) the issuer of the security
 - (i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or
 - (ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;
 - (b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada
 - (i) did not own directly or indirectly more than 10 percent of the outstanding securities of the class or series, and
 - (ii) did not represent in number more than 10 percent of the total number of owners directly or indirectly of securities of the class or series; and
 - (c) the trade is made
 - (i) through an exchange, or a market, outside of Canada, or
 - (ii) to a person or company outside of Canada.
2. in Quebec, the required fees are paid in accordance with Section 271.6(1.1) of the Securities Regulation (Quebec), V-1.1, r.1.

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