

# 2002 BCSECCOM 994

## Headnote

Relief granted from the registration and prospectus requirements to permit an issuer to issue securities to employees, directors and officers of a 50/50 joint venture

## Exemption Order

### Norske Skog Canada Limited

#### Sections 48 and 76 of the *Securities Act*, R.S.B.C. 1996, c. 418

## Background

- ¶ 1 Norske Skog Canada Limited (the Issuer) applied for an exemption from the requirement to be registered to trade in a security and to file and obtain receipts for a preliminary prospectus and prospectus in sections 34(1)(a) and 61(1) of the Act, respectively (the registration and prospectus requirements).

## Representations

- ¶ 2 The Issuer represents that:
1. it is a reporting issuer under the Act and is not in default of any requirement under the Act or the *Securities Rules*, B.C. Reg. 194/97;
  2. its single largest shareholder is Norske Skogindustrier ASA (NSI) of Norway, holding approximately 30.6% of the Issuer's outstanding shares;
  3. its shares are listed on The Toronto Stock Exchange;
  4. under a joint venture agreement (the agreement), the Issuer and NSI each hold 50% of the voting securities of Norske Skog North America LLC (NSNA), a limited liability corporation incorporated under the laws of Delaware which markets paper products produced by the Issuer and NSI, and have equal representation on NSNA's board;
  5. the agreement requires that any resolution of the NSNA board be approved by a majority of its directors;
  6. it has established a 1995 Stock Option Plan (the plan) for the benefit of its employees, and which is also available to employees, directors and officers of NSNA (eligible persons);
  7. participation by the eligible persons in the plan is voluntary; and

## 2002 BCSECCOM 994

8. it cannot rely on the registration and prospectus exemptions in BC Instrument 45-507 *Trades to Employees, Executives and Consultants* to issue securities under the plan to eligible persons because NSNA is not an “affiliate” of the Issuer.

### **Order**

- ¶ 3 Because it is not prejudicial to the public interest, the Executive Director orders:
1. under sections 48 and 76 of the Act that trades by the Issuer in securities to eligible persons under the plan are exempt from the registration and prospectus requirements, provided that the Issuer files a Form 45-902F and pays the required fee on or before the 10<sup>th</sup> day after the distribution or within the time contemplated in section 139(4) of the Rules, and
  2. under section 76 of the Act, any trade in securities acquired by an eligible person under this order is deemed to be a distribution unless the conditions in subsection 2.6(3) or (4) of Multilateral Instrument 45-102 *Resale of Securities* are satisfied.

¶ 4 December 11, 2002

Derek E. Patterson  
Manager