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March 31, 2005

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 51-102, s. 13.1 - Continuous Disclosure Obligations – Securities Act s. 91 – All Continuous Disclosure - Exemption from filing all continuous disclosure materials including financial statements, annual reports, quarterly reports, and insider reports - Securities Act s. 171 – An exchangeable share issuer wants an exemption from having to file continuous disclosure documents to permit it to rely on the continuous disclosure documents of its parent issuer, and relief for its insiders from having to file insider reports - The issuer is an exchangeable share issuer that complies with all of the conditions for continuous disclosure relief in section 13.3 of National Instrument 51-102 Continuous Disclosure Obligations except that its parent issuer is not an SEC issuer; the parent issuer is subject to the reporting requirements of The London Stock Exchange and the United Kingdom List Authority; the parent issuer will send copies of all of its documents to the securityholders of the exchangeable share issuer and explain the reasons the information sent to them relates to the parent, rather than the exchangeable share issuer; the exchangeable share issuer will remain a subsidiary of the parent issuer, and will not issue any securities other than exchangeable shares or debt instruments to certain parties

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 91 and 171

National Instrument 51-102 *Continuous Disclosure Obligations*, s. 13.1

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

and

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

and

In the Matter of
Psion Canada Inc. (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 under the securities legislation of the Jurisdictions (the Legislation) for:

- (a) the revocation of paragraph 4 of the Original Decision (as defined in paragraph 5 below);
- (b) except in Northwest Territories, an exemption from the application of National Instrument 51-102 – *Continuous Disclosure* (NI 51-102) pursuant to section 13.1 of NI 51-102 and in Québec by a revision of the general order that will provide the same result as an exemption order, and an exemption from any comparable continuous disclosure requirements under the Legislation that have not yet been repealed or otherwise rendered ineffective as a consequence of the adoption of NI 51-102 (collectively, the Continuous Disclosure Requirements);
- (c) except in British Columbia and Québec, an exemption from the application of Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* (MI 52-109) pursuant to section 4.5 of MI 52-109; and
- (d) except in Northwest Territories, an exemption from the requirements under the Legislation for an insider of a reporting issuer to file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer (the Insider Reporting Requirements).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities 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 Filer:

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1. The Filer is a corporation that was incorporated under the *Canada Business Corporations Act*. Its head office is located in Mississauga, Ontario.
2. The Filer is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirement of the Legislation.
3. The Filer is an indirect, wholly-owned subsidiary of PSION P.L.C. (PSION), a public company in the United Kingdom whose ordinary shares are listed on The London Stock Exchange (the LSE). PSION is subject to the reporting requirements of the LSE and the United Kingdom List Authority (the UKLA) and is not a reporting issuer or the equivalent thereof under the Legislation. None of PSION's outstanding securities are registered under the securities legislation of the United States.
4. The Filer was incorporated for the purpose of implementing the merger of PSION with Teklogix International Inc. (a company incorporated under the laws of the province of Ontario) by way of plan of arrangement. Pursuant to the plan of arrangement, the shareholders of Teklogix International Inc. were provided with the opportunity to receive shares of the Filer that are exchangeable into ordinary shares of PSION, subject to certain terms and conditions (the Exchangeable Shares). The Exchangeable Shares are listed on the Toronto Stock Exchange and are, in all material respects (without taking into account tax effects), equivalent to PSION's ordinary shares.
5. On September 15, 2000, the Filer obtained a decision from the Decision Makers (the Original Decision) which, among other things, exempted the Filer from certain continuous disclosure requirements of the Legislation subject to certain conditions, including that PSION send to all holders of Exchangeable Shares resident in Canada all disclosure material furnished to holders of PSION's ordinary shares resident in the United Kingdom and that PSION file with the local securities regulatory authority or regulator in each of the Jurisdictions copies of all documents required to be filed by it with the LSE and UKLA.
6. Once all of the current holders of Exchangeable Shares exchange such securities for PSION ordinary shares, the current holders of Exchangeable Shares will own less than 0.5% of PSION's outstanding ordinary shares.
7. Since the date of the Original Decision, the Filer has become subject to certain requirements contained in NI 51-102 and MI 52-109 from which the Original Decision does not provide exemption.

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8. The Filer cannot rely upon the exemption contained in section 13.3 of NI 51-102 because PSION is not an 'SEC issuer' (as defined in NI 51-102). As a result of the foregoing, the Filer also cannot rely upon the exemption contained in section 4.3 of MI 52-109.

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 the Original Decision is amended by deleting paragraph 4 of the decision.

AND THE FURTHER DECISION of the Decision Makers (other than the Decision Maker in Northwest Territories) under the Legislation is that the Insider Reporting Requirements shall not apply to any insider of the Filer in respect of Exchangeable Shares so long as:

- (a) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning PSION before the material facts or material changes are generally disclosed;
- (b) the insider is not an insider of PSION in any capacity other than by virtue of being an insider of the Filer;
- (c) PSION is the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the Filer; and
- (d) the Filer has not issued any securities, other than:
 - (i) the Exchangeable Shares;
 - (ii) securities issued to PSION; or
 - (iii) debt securities issued to PSION or to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions.

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AND THE FURTHER DECISION of the Decision Makers (other than the Decision Maker in Northwest Territories) under the Legislation is that the Continuous Disclosure Requirements shall not apply to the Filer provided that:

- (a) PSION remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the Filer;
- (b) the Filer does not issue any securities other than (i) Exchangeable Shares; (ii) securities issued, directly or indirectly, to PSION; and (iii) debt securities issued to banks, loan corporations, treasury branches, credit unions, insurance companies or other financial institutions;
- (c) the Filer files copies of all documents that PSION is required to file with the LSE and UKLA at the same time as, or as soon as practicable after, the filing by PSION of those documents with the LSE or UKLA;
- (d) the Filer concurrently sends to all registered and beneficial holders of Exchangeable Shares, in the manner and at the time required by the laws of the United Kingdom and the requirements of the LSE and UKLA, all disclosure materials that are sent to the holders of PSION's ordinary shares;
- (e) PSION is in compliance with the laws of the United Kingdom and the requirements of the LSE and UKLA in respect of making public disclosure of material information on a timely basis, and immediately issues in Canada and files any news release that discloses a material change in its affairs;
- (f) the Filer issues in Canada a news release and files a material change report in accordance with Part 7 of NI 51-102 for all material changes in respect of the Filer's affairs that are not also material changes in PSION's affairs; and
- (g) PSION includes in all mailings of proxy solicitation materials to registered and beneficial holders of Exchangeable Shares a clear and concise statement that (i) explains the reason the mailed material relates solely to PSION; (ii) indicates that the Exchangeable Shares are the economic equivalent to PSION's ordinary shares; and (iii) describes the voting rights associated with the designated exchangeable securities.

AND THE FURTHER DECISION of the Decision Makers (other than the Decision Makers in British Columbia and Québec) under the Legislation is that the requirements of MI 52-109 shall not apply to the Filer provided that the Filer

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is in compliance with the conditions set out in paragraphs (a) through (g) of the Decision above.

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