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Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from registration and prospectus requirements for trades in units of funds established by a French issuer, for trades of shares of the issuer on redemption of units and for first trades made through facilities of a stock exchange outside Canada – manager exempted from adviser registration requirements

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 34, 48, 61 and 76

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA AND NEWFOUNDLAND AND LABRADOR

AND

THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF AVENTIS S.A.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Newfoundland and Labrador, (collectively, the “Jurisdictions”) has received an application from Aventis S.A. (the “Filer”) for a decision under the securities legislation (the “Legislation”) of the Jurisdictions that:

- (i) the prospectus requirements contained in the Legislation shall not apply to trades in units (the “Units”) of two French employee savings funds (fonds communs de placement d’entreprise or “FCPEs”), the Aventis Shares Fund (the “Classic Fund”) and the Aventis Performance 2003 Fund (the “Leveraged Fund” and, together with the Classic Fund, the “Funds”) made pursuant to the Employee Share Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdictions who elect to participate (the “Canadian Participants”) in the Employee Share Offering;

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- (ii) the registration requirements contained in the Legislation shall not apply to trades in Units of the Classic Fund to or with Canadian Participants, nor to trades in Units of the Leveraged Fund to or with Canadian Participants not resident in Ontario or Manitoba;
- (iii) the registration and prospectus requirements shall not apply to the trades of ordinary shares of the Filer (the “Shares”) by the Funds to Canadian Participants upon the redemption of Units by Canadian Participants, nor to the issuance of Units of the Classic Fund to holders of Leveraged Fund Units upon the transfer of the assets of the Leveraged Fund to the Classic Fund at the end of the Hold Period (as defined below);
- (iv) the registration and prospectus requirements shall not apply to the first trade in Shares acquired by Canadian Participants under the Employee Share Offering, where such trade is made through the facilities of a stock exchange outside of Canada; and
- (v) Natexis Epargne Enterprise, the manager of the Funds (the “Manager”) shall be exempt from the adviser registration requirements to the extent that its activities in relation to the Employee Share Offering require compliance with the adviser registration requirements.

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Commission des valeurs mobilières du Québec is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. The Filer is a corporation formed under the laws of France. The Filer is not and has no intention of becoming a reporting issuer (or equivalent) under the Legislation. The Shares of the Filer are listed on the Deutsche Börse, Euronext Paris and the New York Stock Exchange (in the form of American Depositary Shares).
2. The Filer carries on business in Canada through the following affiliated companies: Aventis Pharma Inc., Aventis Pharma Services Inc., Aventis Pasteur Limited, Aventis Behring Canada, Inc and Dermik Laboratories

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Canada Inc. (the “Canadian Affiliates” and, together with the Filer and other affiliates of the Filer, the “Aventis Group”). Each of the Canadian Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and has no intention of becoming, a reporting issuer (or equivalent) under the Legislation.

3. The Filer has established Horizon 2003, a worldwide stock purchase plan for employees of the Aventis Group (the “Employee Share Offering”) which is comprised of two plans: (i) an offering of Shares to be subscribed through the Classic Fund (the “Classic Plan”) and (ii) an offering of Shares to be subscribed through the Leveraged Fund (the “Leveraged Plan”).
4. Only persons who are permanent employees of a member of the Aventis Group at the time of the Employee Share Offering (the “Qualifying Employees”) are eligible to participate in the Employee Share Offering.
5. The Funds are established for the purpose of implementing the Employee Share Offering. The Funds are not and have no intention of becoming reporting issuers (or equivalent) under the Legislation.
6. The Funds are collective shareholding vehicles of a type commonly used in France for the conservation or custodianship of shares held by employee investors. Only Qualifying Employees will be allowed to hold Units of the Funds, and such holdings will be in amounts proportionate to their respective investments in the Funds.
7. Under French law, all Units of either Fund acquired in the Employee Share Offering will be subject to a hold period (the “Hold Period”) of approximately five years, subject to certain exceptions prescribed by French law (such as an earlier release on death, permanent disability, termination of employment or retirement).
8. In the event of an early unwind resulting from the Canadian Participant exercising one of the exceptions to the Hold Period, a Canadian Participant may redeem Units (a) in the Classic Fund in consideration for the underlying Shares or the cash equivalent, or (b) in the Leveraged Fund according to the Redemption Formula (described below) but using the market value of the Shares at the time of unwind to measure the Appreciation Amount (described below), if any, equal to the then-market value of the Shares held by the applicable Fund, to be settled in cash.
9. At the end of the Hold Period, Canadian Participants who wish to redeem their Units may redeem their Units (a) in the Classic Fund in consideration for the underlying Shares, or (b) in the Leveraged Fund according to the Redemption

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Formula (described below), to be settled by delivery of such number of Shares equal to such amount.

10. After the end of the Hold Period and after any redemptions made at that time, the Leveraged Fund will be dissolved and the assets (including Shares) in the Leveraged Fund which Canadian Participants wish to keep invested will be transferred to and held by the Classic Fund. Those Canadian Participants will receive equivalent Units in the Classic Fund.
11. At any time following the end of the Hold Period, Canadian Participants may redeem their Units through the Classic Fund.
12. Under the Classic Plan, Canadian Participants will purchase Units in the Classic Fund, and the Classic Fund will subscribe for an equivalent number of Shares. The purchase price for each Unit will be calculated as the closing price of the Shares on the day of approval of the Employee Share Offering by the board of directors of the Filer (the "Reference Price"), less a 15% discount. Dividends paid on the Shares held in the Classic Fund will be capitalized and investors will be credited with additional Units or fractions of Units.
13. Under the Leveraged Plan, Canadian Participants will subscribe for Units in the Leveraged Fund, and the Leveraged Fund will then subscribe for Shares using the Employee Contribution (as described below) and certain financing made available by a major European bank, Deutsche Bank A.G. (the "Bank").
14. As with the Classic Plan, Canadian Participants in the Leveraged Plan Offering enjoy the benefit of a 15% discount in the Reference Price. Under the Leveraged Plan, the Canadian Participants effectively receive a share appreciation entitlement in the increase in value, if any, of the Shares financed by the Bank Contribution (described below).
15. Participation in the Leveraged Plan represents an opportunity for Qualifying Employees potentially to obtain significantly higher gains than would be available through participation in the Classic Plan, by virtue of the Qualifying Employee's indirect participation in a financing arrangement involving a swap agreement (the "Swap Agreement") between the Leveraged Fund and the Bank. In economic terms, the Swap Agreement effectively involves the following exchange of payments: for each Share which may be purchased by the Qualifying Employee's contribution (the "Employee Contribution") under the Leveraged Plan at the Reference Price less the 15% discount, the Bank will lend to the Fund (on behalf of the Canadian Participant) an amount sufficient to enable the Fund (on behalf of the Canadian Participant) to purchase an

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additional nine Shares (the “Bank Contribution”) at the Reference Price less the 15% discount.

16. At the time the Canadian Participant’s obligations under the Swap Agreement are settled (the “Settlement Date”) (expected to be at the end of the Lock-Up Period, but an early unwind may result from the Canadian Participant satisfying one of the exceptions to the Hold Period) the Canadian Participant will, for each Unit held by the Canadian Participant, be entitled to retain from the proceeds of the ten Shares then held by the Fund (on behalf of the Canadian Participant), an amount equal to:
- (a) the current value of one Share (that would have been purchased by the Employee Contribution); and
 - (b) approximately 50% of the amount of the appreciation in value, if any, of the nine Shares purchased by the Bank Contribution above the Reference Price for such nine Shares (that is, approximately 50% of any increase in the value of such shares over the Reference Price) (the “Appreciation Amount”).

At the Settlement Date, the Leveraged Fund, on behalf of the Canadian Participant, will be required to remit an amount equal to the balance of the proceeds of the ten Shares then owned or deemed to be owned by such Canadian Participant to the Bank. This payment obligation may be satisfied by the transfer of Shares to the Bank by the Leveraged Fund.

17. Canadian Participants who wish to retain all their Shares at the end of the Hold Period, (i.e. the Shares subscribed to by the Leveraged Fund with their Employee Contribution and the corresponding Bank Contribution) may elect to pay to the Leveraged Fund an amount equal to the amount due to the Bank under the Swap Agreement in respect of such Canadian Participant’s investment.
18. Under French law, the Funds, as FCPEs, have limited liability. The risk statement provided to Canadian Participants will confirm that, under no circumstances, will a Canadian Participant in the Leveraged Plan be liable to any of the Leveraged Fund, the Bank or the Filer for any amounts in excess of his or her Employee Contribution under the Leveraged Plan.
19. During the term of the Swap Agreement, dividends paid on the Shares held in the Leveraged Fund will be remitted to the Leveraged Fund, and the Leveraged Fund will remit an equivalent amount to the Bank as partial

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consideration for the obligations assumed by the Bank under the Swap Agreement.

20. For Canadian federal income tax purposes, the Canadian Participants will be deemed to receive all dividends paid on the Shares financed by either the Employee Contribution or the Bank Contribution, at the time such dividends are paid to the Leveraged Fund, notwithstanding the actual non-receipt of the dividends by the Canadian Participants by virtue of the terms of the Swap Agreement. Consequently, Canadian Participants will be required to fund the tax liabilities associated with the dividends without recourse to the actual dividends.
21. The declaration of dividends on the Shares remains at the sole discretion of the board of directors of the Filer. The Filer has not made any commitment to the Bank as to any minimum payment in respect of dividends.
22. To respond to the fact that, at the time of the initial investment decision relating to participation in the Leveraged Plan, Canadian Participants will be unable to quantify their potential income tax liability resulting from such participation, the Filer will indemnify Canadian Participants in the Leveraged Plan for all tax costs to the Canadian Participants associated with the payment of dividends in excess of a specified amount per Share during the Hold Period such that, in all cases, a Canadian Participant will, at the time of the original investment decision, be able to quantify, with certainty, his or her maximum tax liability in connection with dividends received by the Leveraged Fund on his or her behalf under the Leveraged Plan.
23. At the time the Canadian Participant's obligations under the Swap Agreement are settled (expected to occur on the Settlement Date at the end of the Hold Period), the Canadian Participant will realize a capital gain (or capital loss) by virtue of having participated in the Swap Agreement to the extent that amounts received by the Leveraged Fund, on behalf of the Canadian Participant, from the Bank exceed (or are less than) amounts paid by the Leveraged Fund, on behalf of the Canadian Participant to the Bank. To the extent that dividends on Shares that are deemed to have been received by a Canadian Participant are paid by the Leveraged Fund on behalf of the Canadian Participant to the Bank, such payments will reduce the amount of any capital gain (or increase the amount of any capital loss) to the Canadian Participant under the Swap Agreement. Capital losses (gains) realized by a Canadian Participant under the Swap Agreement may be offset against (reduced by) any capital gains (losses) realized by the Canadian Participant on a disposition of the Shares, in accordance with the rules and conditions under the *Income Tax Act* (Canada) or comparable provincial legislation (as applicable).

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24. The Swap Agreement will terminate at the end of the Hold Period. After the final swap payments are made, the Canadian Participant may elect to redeem the Leveraged Fund Units in consideration for a payment of an amount equal to the value of the Canadian Participant's Employee Contribution and the Canadian Participant's portion of the Appreciation Amount, if any, to be settled by delivery of such number of Shares equal to such amount (the "Redemption Formula"). Following these redemptions, all assets (including Shares) remaining in the Leveraged Fund will be transferred to the Classic Fund. New Units of the Classic Fund will be issued to the applicable Canadian Participants in recognition of the assets transferred to the Classic Fund. The Canadian Participants may redeem the new Units whenever they wish.
25. The Manager is an asset management company governed by the laws of France. The Manager is registered with the French Commission des Opérations de Bourse (the "COB") to manage French investment funds and complies with the rules of the COB. The Manager is not and has no intention of becoming a reporting issuer (or equivalent) under the Legislation.
26. The Manager may, for the Fund's account, acquire, sell or exchange all securities in the portfolio of each Fund. Each Fund's portfolio will principally include Shares. The Classic Fund's Portfolio will also include, from time to time, cash in respect of dividends paid on the Shares. The Leveraged Fund's Portfolio will include the Swap Agreement. The portfolio of either Fund may include cash or cash equivalents which the Funds may hold pending investments in Shares and for purposes of Unit redemptions. The Manager's portfolio management activities in connection with the Employee Share Offering and the Funds are limited to purchasing Shares from the Filer in accordance with the Classic Plan and the Leveraged Plan, fulfilling redemption requests, and such activities as may be necessary to give effect to the Swap Agreement.
27. Any redemption charges will be charged to the holder of the Units and will accrue to the relevant Fund. All management charges relating to a Fund will be paid from the Fund's assets.
28. The Manager is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of each Fund. The Manager's activities in no way affect the underlying value of the Shares.
29. Shares issued in the Employee Share Offering will be deposited in the relevant Fund through Natexis Banques Populaires (the "Depository"), a French commercial bank subject to French banking legislation.

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30. Under French law, the Depositary must be selected by the Manager from among a limited number of companies identified on a list by the French Minister of the Economy, and its appointment must be approved by the COB. The Depositary carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow each Fund to exercise the rights relating to the securities held in its respective portfolio.
31. The Qualifying Employees resident in Canada will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.
32. The total amount invested by a Canadian Participant in the Employee Share Offering, including the Canadian Participant's investment in the Classic Plan and both the Employee Contribution and Bank Contribution in the Leveraged Plan, may not exceed 25% of his or her gross annual compensation, although a lower limit may be established by the Canadian Affiliates.
33. None of the Filer, the Manager, the Canadian Affiliates or any of their employees, agents or representatives will provide investment advice to the Qualifying Employees with respect to an investment in the Units.
34. The Filer will retain a securities dealer registered as a broker/investment dealer under the Legislation of Ontario and Manitoba (the "Registrant") to provide advisory services to any Canadian Participants resident in Ontario or Manitoba who have expressed an interest in the Leveraged Plan, to assist them in determining the suitability of the proposed Leveraged Plan investment based on their particular financial circumstances. The Registrant would establish accounts for, and would receive the initial account statements from the Leveraged Fund on behalf of such Canadian Participants.
35. Units of the Leveraged Fund will be issued to Canadian Participants resident in Ontario or Manitoba solely through the Registrant. The Units will be evidenced by account statements issued by the Leveraged Fund.
36. The Canadian Participants will receive an information package in the French or English language, at their option, that will include:
 - (a) a summary of the terms of the Employee Share Offering,
 - (b) a tax notice relating to the relevant Fund containing a description of the Canadian income tax consequences of subscribing for and holding the

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Units in the Funds, and redeeming Units at the end of the Hold Period, and

- (c) a risk statement describing certain risks associated with an investment in Units pursuant to the Leveraged Plan and a tax calculation document illustrating the general Canadian federal income tax consequences of participating in the Leveraged Plan.
37. Upon request, Canadian Participants may receive copies of the Filer's annual report on Form 20-F filed with the United States Securities and Exchange Commission (the "SEC") and/or the French *Document de Référence* filed with the COB in respect of the Shares and a copy of the relevant Fund's rules (which are analogous to company by-laws). The Canadian Participants will also receive copies of the continuous disclosure materials relating to the Filer furnished to shareholders generally.
38. The Filer will provide contractual rights of action to those Canadian Participants who participate in the Leveraged Plan if the offering documents provided to the Canadian Participants contain a material misrepresentation in respect of the Leveraged Plan Offering.
39. It is not expected that there will be any market for the Units or Shares in Canada.
40. There are approximately 1,814 Qualifying Employees resident in Canada, in the provinces of British Columbia (36), Alberta (34), Saskatchewan (6), Manitoba (11), Ontario (1,118), Québec (583), New Brunswick (6), Nova Scotia (15) and Newfoundland and Labrador (5) who represent in the aggregate less than 5.0% of the number of Qualifying Employees worldwide.
41. As of the date hereof and after giving effect to the Employee Share Offering, Canadian Participants do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Funds on behalf of Canadian Participants) more than 10 per cent of the Shares and do not and will not represent in number more than 10 per cent of the total number of holders of the Shares as shown on the books of the Filer.

AND WHEREAS pursuant to the MRRS this Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS 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;

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THE DECISION of the Decision Makers under the Legislation is that:

- (a) the prospectus requirements shall not apply to trades in Units of the Funds made pursuant to the Employee Share Offering to or with the Canadian Participants, provided that the first trade in Units acquired by Canadian Participants pursuant to this Decision, in a Jurisdiction, shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction;
- (b) the registration requirements shall not apply to:
 - (i) trades in Units of the Classic Fund made pursuant to the Employee Share Offering to or with Canadian Participants; and
 - (ii) trades in Units of the Leveraged Fund made pursuant to the Employee Share Offering to or with Canadian Participants not resident in Ontario and Manitoba;
- (c) the registration and prospectus requirements shall not apply to:
 - (i) trades of Shares by the Funds to the Canadian Participants upon the redemption of Units by Canadian Participants pursuant to the Employee Share Offering; and
 - (ii) the issuance of Units of the Classic Fund to holders of Leveraged Fund Units upon the transfer of the assets of the Leveraged Fund to the Classic Fund;

provided that the first trade in any such Shares or Units acquired by a Canadian Participant pursuant to this Decision, in a Jurisdiction, shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction;
- (d) the registration and prospectus requirements shall not apply to the first trade in any Shares acquired by a Canadian Participant under the Employee Share Offering provided that such trade is:
 - (i) made through a person or company who/which is appropriately licensed to carry on business as a broker/dealer (or the equivalent) under the applicable securities legislation in the foreign jurisdiction where the trade is executed; and

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- (ii) executed through the facilities of a stock exchange outside of Canada; and
- (e) the Manager shall be exempt from the adviser registration requirements, where applicable, in order to carry out the activities described in paragraphs 26 and 28 hereof.

DATED September 19th, 2003.

Josée Deslauriers
Directrice du marché des capitaux