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Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from registration and prospectus requirements for trades involving employees and former employees pursuant to an employee stock option plan - issuer bid relief for certain acquisitions of securities by the issuer under the plan

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 34(1)(a), 48, 61, 76, 105-110 and 114(2)(c)

IN THE MATTER OF THE SECURITIES LEGISLATION OF ONTARIO, ALBERTA AND BRITISH COLUMBIA

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF TOMMY HILFIGER CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of Ontario, Alberta, and British Columbia (the “Jurisdictions”) has received an application from Tommy Hilfiger Corporation (“THC” or the “Company”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that (i) the requirements contained in the Legislation to be registered to trade in a security (the “Registration Requirements”) and to file and obtain a receipt for a preliminary prospectus and a prospectus (the “Prospectus Requirements”) (collectively, the “Registration and Prospectus Requirements”) will not apply to certain trades in securities of THC made in connection with the THC 2001 Stock Plan (the “Plan”); (ii) the Registration Requirements will not apply to first trades of shares acquired under the Plan executed on an exchange or market outside of Canada; and (iii) the requirements contained in the Legislation relating to the delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, take-up and payment for securities tendered to an issuer bid, disclosure, restrictions upon purchases of securities, financing, identical consideration, collateral benefits, and form filing (the “Issuer Bid Requirements”) will not apply to certain acquisitions by the Company of shares pursuant to the Plan in each of the Jurisdictions;

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AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS THC has represented to the Decision Makers as follows:

1. THC is a corporation organized under the laws of the British Virgin Islands, is not a reporting issuer or the equivalent under the Legislation and has no present intention of becoming a reporting issuer or the equivalent under the Legislation;
2. The authorized share capital of THC consists of 150,000,000 shares with a par value of \$0.01 per share (the “Shares”) of which 89,492,507 are issued and outstanding and 5,000,000 preference shares with a par value of \$0.01 per preference share of which none are issued and outstanding;
3. THC is subject to the requirements of the Securities Exchange Act of 1934, as amended, of the United States (“U.S.”), including the reporting requirements thereof;
4. Subject to adjustment as described in the Plan, the total number of Shares that may be delivered pursuant to awards under the Plan will not exceed 3,500,000;
5. The purpose of the Plan is to aid the Company and its affiliates (collectively, the “THC Companies”) in securing and retaining employees (“Employees”) of outstanding ability and to motivate such Employees to exert their best efforts on behalf of the THC Companies by providing incentives through the granting of stock options (“Options”), stock appreciation rights (“SAR”s), restricted shares, unrestricted shares, awards (valued in reference to or based upon Shares or factors that influence the value of Shares) and dividend equivalents (collectively, the “Awards”);
6. Shares offered under the Plan are registered with the Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended, of the United States;
7. The Shares are listed for trading on the New York Stock Exchange (“NYSE”) under the symbol “TOM”;
8. Under the Plan, THC may grant Awards to any Employee or member (each a “Director”) of the board of directors of THC (the “Board”) or of any THC Company;

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9. Awards are not transferable otherwise than by will or the laws of intestacy or by an optionee to a member of the optionee's immediate family which is defined in the Plan as a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, or in-law (the "Immediate Family");
10. THC or the THC Companies will identify Employees or Directors to be granted Awards under the Plan, including such persons resident in the Jurisdictions (the "Canadian Service Providers"). As of January 11, 2001, there are approximately 6, 8 and 131 Canadian Service Providers resident in Alberta, British Columbia and Ontario, respectively, eligible to participate in the Plan;
11. THC intends to engage the services of an agent(s) (the "Agent") in connection with the administration and operation of the Plan. The current Agent under the Plan is Salomon Smith Barney Inc. ("SSB");
12. The current Agent is, and any additional or replacement Agent will be, either a corporation registered under applicable United States securities or banking legislation or a registrant in the Jurisdictions;
13. SSB is not a registrant in any of the Jurisdictions (except as an International Dealer in Ontario) and, if replaced, the replacement Agent is not expected to be a registrant in any of the Jurisdictions;
14. The Agent's role in the Plan will involve various administrative functions and may include: (i) holding Shares on behalf of participants; (ii) facilitating Award exercises (including cashless exercises and stock swap exercises) under the Plan; (iii) maintaining accounts on behalf of participants under the Plan; and (iv) facilitating the resale of Shares acquired under the Plan through the NYSE;
15. Participation in the Plan by Canadian Service Providers is voluntary and such persons are not induced to participate in the Plan or to exercise their Awards by expectation of employment or continued employment with the THC Companies;
16. A committee appointed by the Board of THC (the "Committee") will establish procedures governing the exercise of Options and other Awards that are capable of being exercised. Generally, in order to exercise an Option (or other Award), the option holder must submit to the Agent a written notice of exercise identifying the Option (or other Award) and the number of Shares

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being exercised, and deliver full payment for the Shares underlying the Options (or other Award) to THC. The Award exercise price may be paid in cash or where permitted by the Committee by way of a stock swap exercise or cashless exercise or by such other method permitted by the Committee from time to time;

17. Following the termination of a Canadian Service Provider's relationship with the THC Companies, a former Canadian Service Provider, a beneficiary of an Award or Shares by will or the laws of intestacy and their legal representatives, or an Immediate Family member (where the Award has been transferred by a Canadian Service Provider to an Immediate Family member) (collectively, "Non-Employee Participants") may continue to have rights in respect of such Shares and Awards ("Post-Termination Rights"). Post-Termination Rights may include, among other things, the right of a Non-Employee Participant to exercise an Award for a specified period and the right to sell Shares acquired under the Plan through the Agent;
18. A copy of the U.S. prospectus relating to the Plan will be delivered to each Canadian Service Provider who is granted an Award under the Plan. The annual reports, proxy materials and other materials THC is required to file with the SEC, will be provided to persons who acquire Shares under the Plan in the same manner as the documents are provided to U.S. shareholders;
19. Canadian Service Providers and Non-Employee Participants who wish to sell Shares acquired under the Plan, may do so through the Agent;
20. At the time of any grant of Awards under the Plan, holders of Shares whose last address as shown on the books of THC was in Canada will not hold more than 10% of the outstanding Shares and will not represent in number more than 10% of the total number of holders of Shares;
21. Because there is no market for the Shares in Canada and none is expected to develop, any resale of the Shares acquired under the Plan will be effected through the facilities of, and in accordance with the rules and laws applicable to, a stock exchange or organized market outside of Canada on which the Shares may be listed or quoted for trading;
22. The Legislation of certain Jurisdictions does not contain exemptions from the Registration and Prospectus Requirements for Award exercises by Canadian Service Providers and Non-Employee Participants through the Agent where the Agent is not a registrant;

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23. Where the Agent sells Shares on behalf of Canadian Service Providers, or Non-Employee Participants, none of the Canadian Service Providers, Non-Employee Participants or the Agent is able to rely on the exemption from the Registration Requirements contained in the Legislation of certain Jurisdictions to effect such sales;
24. The Legislation of certain Jurisdictions deems any trade in Shares acquired under the Plan to be a distribution unless, among other things, THC is a reporting issuer and has been a reporting issuer for a prescribed period of time preceding the trade;
25. The exemptions in the Legislation from the Issuer Bid Requirements are not available for certain acquisitions by the Company of its Shares from Canadian Service Providers or Non-Employee Participants in accordance with the terms of the Plan, since acquisitions relating to stock-swap exercises may occur at a price that is not calculated in accordance with the “market price”, as that term is defined in the Legislation; under the Plan, the Company will acquire such tendered Shares at their fair market value, as determined in accordance with the Plan;

AND WHEREAS pursuant to the System, 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;

THE DECISION of the Decision Makers pursuant to the Legislation is that:

- (a) the Registration Requirements and Prospectus Requirements will not apply to any trade or distribution of Awards or Shares made in connection with the Plan, including trades or distributions involving THC, the THC Companies, the Agent, Canadian Service Providers or Non-Employee Participants, provided that the first trade in Shares acquired under the Plan pursuant to this Decision will be deemed to be a distribution under the Legislation unless the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 *Resale of Securities* are satisfied;
- (b) the first trade by Canadian Service Providers or Non-Employee Participants in Shares acquired pursuant to this Decision, including first trades effected through the Agent, will not be subject to the Registration Requirements, provided such first trade is executed through a stock exchange or market outside of Canada; and

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- (c) the Issuer Bid Requirements of the Legislation will not apply to the acquisition by THC of Shares or Awards from Canadian Service Providers or Non-Employee Participants in connection with stock-swap exercises, made in connection with the provisions of the Plan.

DATED April 15th, 2002.

M.T. McLeod

H. Lorne Morphy