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March 28, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Securities Act s. 3.2(1) - Designation as a Reporting Issuer - An issuer wants to be designated as a reporting issuer - The issuer structured its acquisition and subsequent combination with the target by way of a take-over bid followed by a plan of arrangement; the issuer automatically becomes reporting once it takes up and pays for securities under the bid; the issuer has provided comprehensive disclosure about itself in the takeover bid circular; the issuer is applying for conditional listing approval on the TSX for the shares issued under the take-over bid

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 1(1) and 3.2(1)

In the Matter of
the Securities Legislation of
Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario and
Saskatchewan
(the “Jurisdictions”)

and

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

and

In the Matter of
James Richardson International Limited
(the “Filer”)

MRRS Decision Document

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”) that the Filer is a reporting issuer in each of the Jurisdictions upon filing a securities exchange take-over bid circular (the “Take-Over Bid Circular”) in each Jurisdiction in connection with the securities exchange take-over bid to be made by the Filer for all issued and outstanding Limited Voting Common Shares (the “Common Shares”) and the Series A Convertible Preferred Shares (the “Preferred

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Shares”, and, together with the Common Shares and Preferred Shares, the “Securities”) of United Grain Growers Limited, carrying on business as Agricore United (“Agricore”) (the “Requested Relief”).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) The Manitoba 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:

1. The Filer is a corporation amalgamated under the *Canada Business Corporations Act* (the “CBCA”), with its head office in Winnipeg, Manitoba.
2. The Filer is not a reporting issuer in any jurisdiction that recognizes the concept of reporting issuer status.
3. All of the common shares of the Filer (the “JRI Shares”) are currently owned by James Richardson & Sons, Limited (“JRSL”).
4. Agricore was continued under the *United Grain Growers Act* in 1992 and has its head office in Winnipeg, Manitoba.
5. To the knowledge of the Filer, Agricore is a reporting issuer in each of the Jurisdictions that recognizes the concept of reporting issuer status.
6. The Common Shares and the Preferred Shares are listed and posted for trading on the Toronto Stock Exchange.
7. The Filer intends to make offers to acquire all of the outstanding Securities (the “Offers”).
8. The consideration offered for each of the Securities under the Offers will be:
 - (a) \$6.50 per Common Share, plus 0.509 of a JRI Share; and

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- (b) \$24.00 per Preferred Share, plus any accrued and unpaid dividends.
9. The Offers will be conditional upon the JRI Shares being approved for listing on the Toronto Stock Exchange and the Filer becoming a reporting issuer in each province of Canada that has such concept.
 10. The Take-Over Bid Circular will describe the terms and conditions attaching to the JRI Shares and will contain prospectus-level disclosure regarding the Filer. Upon filing of the Take-Over Bid Circular, it will be necessary for the Filer to comply with Canadian continuous disclosure requirements as it will be a reporting issuer in Québec and Newfoundland and Labrador (the “RI Jurisdictions”) and, provided the Filer takes up and pays for the Common Shares under the Offers, in British Columbia, Manitoba and Saskatchewan (the “Take-up and Pay Jurisdictions”) as well.
 11. By virtue of the definitions of ‘reporting issuer’ contained in the securities legislation of the RI Jurisdictions, after the filing of the Take-Over Bid Circular, the Filer will become a reporting issuer in such RI Jurisdictions. The Filer will become a reporting issuer in the Take-up and Pay Jurisdictions only after the Filer takes up and pays for the Common Shares tendered to the Offers in accordance with the Take-Over Bid Circular, while the Filer will not become a reporting issuer in the remaining provinces as a result of the filing of the Take-Over Bid Circular or any subsequent taking up and subsequent payment for Common Shares.
 12. Agricore has agreed to:
 - (a) call a special meeting (the “Continuance Meeting”) of shareholders of Agricore (the “Shareholders”) to approve the continuance of Agricore under the CBCA; and
 - (b) call a special meeting of Shareholders (the “Arrangement Meeting”) to approve a plan of arrangement (the “Plan of Arrangement”) that would provide for the acquisition by the Filer of the Securities on terms identical to those contained in the Offers and the subsequent amalgamation of the Filer and Agricore.
 13. The consideration paid to the Shareholders for their Securities that are acquired under the Plan of Arrangement will be identical to the consideration offered to the Shareholders under the Offers: \$6.50 in cash plus 0.509 of a JRI Share in exchange for each Common Share held and \$24.00 per Preferred Share plus any accrued and unpaid dividends.

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14. The Continuance Meeting and the Arrangement Meeting will be held on the business day following the initial expiry time under the Offers or on such other business day following the receipt of the regulatory approvals required in connection with the Offers as may be agreed by the Filer, JRSL and Agricore.
15. The Filer has elected to structure its acquisition and subsequent combination with Agricore by way of take-over bid followed by a plan of arrangement (rather than simply by way of plan of arrangement) for strategic reasons and in order to achieve a timely acquisition of 100% of the Common Shares if the proposed transactions are successful.
16. The first trade of the JRI Shares issued to the Shareholders in the Jurisdictions (other than Manitoba) will be subject to Section 2.6 of National Instrument 45-102 – *Resale of Securities* (“NI 45-102”), with the result that such JRI Shares would be subject to a four month seasoning period following the Filer becoming a reporting issuer in those jurisdictions, unless an exemption from the requirements of that Section is available.
17. Pursuant to Section 2.11 of NI 45-102, first trades that would otherwise be subject to Section 2.6 of NI 45-102 are exempt from the seasoning period provided that, among other things, a securities exchange take-over bid circular relating to the distribution of the security was filed by the offeror on SEDAR and the offeror was a reporting issuer on the date the securities of the offeree issuer were first taken up under the take-over bid.
18. The differences between the definitions of reporting issuer in the RI Jurisdictions and the Jurisdictions in conjunction with the exemption under Section 2.11 of NI 45-102 results in the Shareholders holding Common Shares in the RI Jurisdictions receiving JRI Shares that are freely-tradable (i.e., not subject to a four-month seasoning period) whereas the Shareholders receiving Common Shares in the Jurisdictions, other than Manitoba to which Sections 2.6 of NI 45-102 does not apply, (the “Seasoning Period Jurisdictions”) will receive JRI Shares that are subject to the seasoning period under Section 2.6 of NI 45-102.
19. Section 2.9 of NI 45-102 provides favourable resale treatment for transactions that are structured as arrangements or amalgamations by allowing selling securityholders to include the period of time that one of the parties to the amalgamation or arrangement was a reporting issuer immediately before the amalgamation or arrangement for the purposes of calculating the seasoning period under Section 2.6 of NI 45-102. As noted in paragraph 12, the Filer has

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elected to structure its transaction as a take-over bid to be followed by an arrangement. As a result, the exemption under Section 2.6 of NI 45-102 would be available to Shareholders that acquire JRI Shares under the Plan of Arrangement, but not to those Shareholders in the Seasoning Period Jurisdictions that acquire JRI Shares pursuant to the Offers.

20. Some of the Common Shares may be acquired as an initial step by the Filer pursuant to the Offers, while the balance would be subsequently acquired under the Plan of Arrangement. Absent the Requested Relief being granted, the consideration received by Shareholders holding Common Shares in the Seasoning Period Jurisdictions pursuant to the Offers would be subject to different resale treatment than the consideration received by the other Shareholders holding Common Shares, notwithstanding the fact that such consideration is identical and the fact that all Shareholders will receive the same prospectus-level disclosure regarding the Filer and the JRI Shares.
21. Except to the extent that the Requested Relief is granted and relief from the identical consideration requirement for take-over bids is granted in the Jurisdictions and in Québec and Newfoundland and Labrador, the Offers will be made in compliance with the requirements under the Legislation governing take-over bids.

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, in connection with the Offers, the Requested Relief is granted so that the Filer is a reporting issuer in each of the Jurisdictions with the effective date being the date upon which the Filer files the Take-Over Bid Circular provided that at such time the Filer has received conditional approval for the listing of its common shares on the Toronto Stock Exchange.

Chris Besko
Deputy Director
The Manitoba Securities Commission