

2005 BCSECCOM 272

March 30, 2005

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Securities Act s. 171 - Revoke or Vary Decision - Securities Act s. 48, 76 Employees & Consultants - Exemption from s. 34(1)(a) requirement to be registered as a dealer in connection with a trade and s. 61 requirement to file a prospectus in connection with a distribution involving employees, consultants, past employees and similar persons - An issuer wants to vary a previous decision it received to revise the conditions to the relief granted. - The applicant previously obtained relief from certain requirements in securities legislation; the policy reasons for granting that relief have not changed, but certain of the conditions to the relief are no longer appropriate because of a change in the issuer's circumstances; the previous relief would no longer be available to the applicant; alternative conditions can be structured that address the issuer's new circumstances

Applicable British Columbia Provisions

Securities Act, ss. 34(1)(a), 48, 61, 76 and 171

In the Matter of
the Securities Legislation
of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New
Brunswick, Nova Scotia and Newfoundland And Labrador (the Jurisdictions)

and

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

and

In the Matter of Sanofi-Aventis (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

2005 BCSECCOM 272

the securities legislation of the Jurisdictions (the Legislation) for the following variation to decision documents previously issued by the Decision Makers:

- (i) in paragraphs (b) and (c) of the operative section of the 2001 Leveraged Plan Decision (defined below), deleting references to the word “Shares” and replacing them with the words “shares of sanofi-aventis”;
- (ii) in paragraphs (c) and (d) of the operative section of the 2002 Decision (defined below), deleting the word “Shares” and replacing them with the words “shares of sanofi-aventis”; and
- (iii) in paragraphs (c) and (d) of the operative section of the 2003 Decision (defined below), deleting the word “Shares” and replacing them with the words “shares of sanofi-aventis”.

(collectively, the Amendment Relief)

The Filer has also applied for a further decision under the Legislation for the following variation of a decision document previously issued by the Decision Makers (other than the Decision Makers in New Brunswick, Nova Scotia and Newfoundland and Labrador):

- (iv) in paragraph (c) and (d) of the 2001 Classic Plan Decision (defined below), deleting the word “Shares” and replacing those words with “shares of sanofi-aventis”.

(the Classic Plan Amendment Relief)

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 otherwise defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

2005 BCSECCOM 272

1. The Filer is a corporation formed under the laws of the Republic of France. The shares of the Filer are listed on Euronext and on the New York Stock Exchange (in the form of American Depositary Shares). The Filer is not and has no current intention of becoming a reporting issuer (or equivalent) under the Legislation.
2. In 2004, the Filer acquired a controlling majority of the share capital and voting rights of Aventis S.A. (Aventis) through a public tender offer and Aventis became a majority owned subsidiary of the Filer. The Filer also changed its name from Sanofi-Synthélabo SA to sanofi-aventis.
3. The Filer and Aventis entered into a merger agreement dated October 14, 2004 providing for the merger of Aventis with and into the Filer, with the Filer continuing as the surviving company. The merger took effect on December 31, 2004. In the merger, all of the assets and liabilities of Aventis were transferred to the Filer, and Aventis was dissolved.
4. Previously, Aventis had conducted global employee offerings (Offerings) whereby shares of Aventis were issued to French collective employee shareholding vehicles (a *fonds commun de placement d'entreprise* or FCPE, but each referred to here as a Fund) which were registered and approved by the French Autorité des marchés financiers. In exchange for the contribution of Aventis shares to a Fund on behalf of the participants, each participant was issued units (Units) of the relevant Fund. The Funds are not and have no current intention of becoming reporting issuers (or equivalent) under the Legislation.
5. In connection with the global employee offering, Aventis previously obtained from the Decision Makers the following decisions:
 - (a) *In the Matter of Aventis S.A.* dated March 20, 2001 (the 2001 Leveraged Plan Decision) granted by the Decision Maker in each of the Jurisdictions;
 - (b) *In the Matter of Aventis S.A.* dated November 29, 2001 (the 2001 Classic Plan Decision) granted by the Decision Maker in each of the Jurisdictions other than New Brunswick, Nova Scotia and Newfoundland and Labrador;
 - (c) *In the Matter of Aventis S.A.* dated April 18, 2002 (the 2002 Decision) granted by the Decision Maker in each of the Jurisdictions; and
 - (d) *In the Matter of Aventis S.A.* September 19, 2003 (the 2003 Decision) granted by the Decision Maker in each of the Jurisdictions.

2005 BCSECCOM 272

(collectively, the Previous Decision Documents)

6. As described in the Previous Decision Documents, Units are subject to a hold period of approximately five years (the Lock-Up Period), subject to certain exceptions prescribed by French law (such as early release on death or termination of employment). At the end of the Lock-Up Period, Canadian participants are permitted to continue to hold their Units or redeem their Units in consideration for the underlying Aventis shares. The terms of some of the Offerings also allow Canadian participants to redeem their Units for a cash payment equal to the then market value of the Aventis shares represented by their Units.
7. As a result of the tender offer and merger described above, the Funds now hold shares of the Filer instead of Aventis shares.
8. The Filer wishes to vary the Previous Decision Documents to permit the Units to be redeemed for Filer's shares and to allow the first trade of these shares by Canadian participants.
9. It is not expected that there will be any market for the shares or the Units in Canada. The Units are not listed on any exchange.
10. As of the date hereof, Canadian participants do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all shares of the Filer held by the Funds on behalf of Canadian Participants) more than 10 per cent of the Filer's shares and do not represent more than 10 per cent of the total number of holders of the Filer's shares as shown on the books of the Filer.
11. The Filer is in compliance with, and will continue to comply, with the remaining terms and conditions of the Previous Decision Documents.

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 Amendment Relief is granted, provided that the Filer continues to comply with all terms and conditions contained in the 2001 Leveraged Plan, 2002 Decision and the 2003 Decision, except as varied by this decision.

2005 BCSECCOM 272

The further decision of the Decision Makers (other than those in New Brunswick, Nova Scotia and Newfoundland and Labrador) under the Legislation is that the Classic Plan Amendment Relief is granted, provided that the Filer continues to comply with all terms and conditions contained in the 2001 Classic Plan Decision, except as varied by this decision.

Paul Moore, Commissioner
Ontario Securities Commission

Paul Bates, Commissioner
Ontario Securities Commission