

# 2007 BCSECCOM 387

June 12, 2007

## Headnote

Mutual Reliance Review System for Exemptive Relief Applications – *Securities Rules* s. 162(3) - Exemption from the Valuation Requirements - An issuer wants relief from the requirement to obtain a formal valuation in connection with an issuer bid for its outstanding securities - A liquid market for the issuer's securities exists prior to the bid; after the bid, there will be a market for the issuer's securities that is not materially less liquid than before the bid

## Applicable British Columbia Provisions

*Securities Rules*, B.C. Reg. 194/97, ss. 162(2) and 162(3)  
Form 62-903F, Item 21

In the Matter of  
the Securities Legislation of  
British Columbia, Alberta, Saskatchewan, Manitoba, 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  
Pyxis Capital Inc. (the Filer)

## MRRS Decision Document

## Background

1. 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) for a waiver from the valuation requirements of the Legislation (the Requested Relief) in connection with the proposed purchase by the Filer of its outstanding dividend shares (the Shares) by way of an issuer bid (the Offer).
2. Under the Mutual Reliance Review System for Exemptive Relief Applications

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- (a) the Alberta Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

### **Interpretation**

- 3. Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

### **Representations**

- 4. This decision is based on the following facts represented by the Filer:
  - (a) The Filer is a corporation subsisting under the Business Corporations Act (Ontario).
  - (b) The Filer's head office and principal place of business is located at The Exchange Tower, P.O. Box 427, 130 King St. West, Suite 1800, Toronto Ontario, M5X 1E3.
  - (c) The Filer is authorized to issue an unlimited number of Shares, an unlimited number of preferred shares issuable in series, an unlimited number of non-voting shares, and an unlimited number of common shares. As at May 14, 2007, 27,063,450 Shares, 69,791,896 non-voting shares and 20,824,073 common shares were issued and outstanding.
  - (d) The Filer is a reporting issuer in all of the Provinces and Territories of Canada and, to the knowledge of the Filer, is not in default of any requirement of the securities legislation of the Jurisdictions and is not on the list of defaulting reporting issuers maintained pursuant to the legislation of the Jurisdictions.
  - (e) The Shares are listed and posted for trading on the Toronto Stock Exchange under the trading symbol "PYX.E".
  - (f) The Shares are not equity securities, as they do not carry a residual right to participate in the earnings of the Filer or, on liquidation or winding up of the Filer, in its assets. The following are the relevant rights attaching to the Shares:
    - (i) in the event of a liquidation, dissolution or winding-up (a Distribution) holders of Shares are entitled to payment of \$11.75, together with an amount equal to accrued but unpaid dividends

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thereon calculated up to the date thereof. The Shares do not confer a right to any further participation in the property of the Filer on a Distribution;

- (ii) the holders of the Shares are not entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Filer; and
  - (iii) the holders of the Shares are entitled to receive, as and when declared by the board of directors of the Filer out of the assets of the Filer properly applicable to the payment of dividends, cumulative preferential cash dividends per share payable semi-annually on June 30 and December 31 in an amount equal to one-half of the product obtained by multiplying \$11.75 by 70% of the prime rate, and are not entitled to any dividends other than or in excess of the above-noted dividends.
- (g) The Filer intends to acquire up to 27,063,450 Shares (representing 100% of the issued and outstanding Shares) pursuant to the Offer made by way of a circular (the Circular) at the Offer price of \$10.50 per Share. Such acquisition is subject to satisfaction or waiver of certain conditions disclosed in the Circular including receipt of this exemptive relief from the Decision Makers.
- (h) As disclosed in the Circular, the terms of the Offer are as follows:
- (i) the Filer intends to purchase, pursuant to the terms and conditions of the Offer, up to 27,063,450 Shares at a price of \$10.50 per Share;
  - (ii) all Shares tendered pursuant to the terms and conditions of the Offer will be taken up and paid for following expiration of the Offer on June 19, 2007, unless the Offer is extended or terminated by the Filer in accordance with the terms of the Offer; and
  - (iii) all Shares not deposited under the Offer in accordance with the terms and conditions of the Offer or withdrawn prior to the expiration of the Offer will not be purchased by the Filer.
- (i) The Filer is relying on the “non-equity security” exemption from the valuation requirements in connection with the Offer pursuant to subsection 3.4(2) of Rule 61-501 in Ontario and subsection 3.4(2) of Q-27 in Québec as the Shares are not equity securities and are not directly or indirectly convertible into equity securities of the Filer, and the Circular discloses the Filer’s reliance on such valuation exemptions.

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- (j) The Circular discloses the mechanics for the take up of and payment for, or the return of, Shares as summarized in paragraph (h) above.

### **Decision**

- 5. 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.
- 6. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that Shares deposited under the Offer and not withdrawn are taken up and paid for, or returned to shareholders, in the manner described in the Offer.

Agnes Lau, CA  
Associate Director, Corporate Finance  
Alberta Securities Commission