

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, NOVA
SCOTIA, NEW BRUNSWICK AND PRINCE EDWARD ISLAND

AND

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

AND

IN THE MATTER OF
COMPASS GROUP PLC

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Makers") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia, New Brunswick and Prince Edward Island (the "Jurisdictions") has received an application from Compass Group plc ("Compass") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to register 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") shall not apply to certain trades to be made in stock appreciation rights and ordinary shares of Compass pursuant to the Compass Group plc 1999 Stock Bonus Plan for Canadian Employees (the "Bonus Plan") and shall not apply to the first trade in such shares, subject to conditions;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System") the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS Compass has represented to the Decision Makers that:

1. Compass is a public limited company incorporated under the laws of England and Wales.
2. Compass is subject to the requirements of the *Financial Services Act, 1986 of the United Kingdom of Great Britain and Northern Ireland*, as amended, and Compass is not a "reporting issuer" or its equivalent under the Legislation in any of the Jurisdictions and does not have any present intention of becoming a "reporting issuer" or its equivalent under the Legislation in any of the Jurisdictions.
3. Compass' authorized capital consists of 25 million pounds sterling, divided into 1.0 billion ordinary shares (the "Compass Shares") of 2.5 pence par value. As at December 31, 1999, there were 680,583,825 Compass Shares issued and outstanding with a market capitalization of 5.4 billion pounds sterling.

4. The Compass Shares are quoted on the London Stock Exchange Limited (the "LSE").
5. The purpose of the Bonus Plan will be to provide employment incentive and to encourage stock ownership by all eligible Canadian employees, including officers, of the Canadian subsidiaries of Compass (the "Canadian Subsidiaries") in order to increase their proprietary interest in Compass' success and to encourage them to remain in the employ of a Canadian Subsidiary.
6. As at December 31, 1999, there were approximately 2,700 employees of the Canadian Subsidiaries resident in Canada in the provinces of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, New Brunswick and Prince Edward Island, of which 1,738 were eligible to participate in the Bonus Plan.
7. Each employee of the Canadian Subsidiaries eligible to participate in the Bonus Plan (an "Eligible Employee") will notify the administrator of the Bonus Plan if such Eligible Employee wishes to participate in the Bonus Plan and, if so, such Eligible Employee will be given the right (a "SAR") to receive the appreciation in the price of Compass Shares payable in Compass Shares (the "Bonus Shares"), and not in cash. SARs are not transferable or assignable except as provided by will or applicable laws of descent or distribution.
8. Each Eligible Employee who elects to participate in the Bonus Plan (a "Participant") will be required to save a portion of the Participant's annual compensation (the "Savings") earned during the period established by a committee appointed to administer the Bonus Plan (the "Savings Period"). If a Participant has saved the prescribed amount of his or her earnings at the end of the savings period, then the Participant will automatically receive that number of Bonus Shares calculated on the basis of the appreciation in the price of Compass Shares. Each Participant who elects to participate in the Bonus Plan is entitled the return of his or her Savings, plus interest, at the end of each Savings Period, or at such earlier time as may be permitted by the terms of the Bonus Plan.
9. The Bonus Shares will be either issued directly to the Participant or issued to an agent, to be appointed under the Bonus Plan, who will act on behalf or for the benefit of Participants (the "Participant Agent") in connection with the sale or other disposition of Bonus Shares. If the Bonus Shares are issued to the Participant Agent, and upon receipt of instructions by a Participant who desires to sell all or a portion of his or her Bonus Shares, the Participant Agent will sell the Bonus Shares on behalf of such Participant on the LSE.
10. If a Participant's employment with a Canadian Subsidiary terminates due to retirement with the consent of such Canadian Subsidiary, then such Participant (a "Retired Participant") will have the right, at any time, within 30 days thereafter to request and receive a pro-rata portion of such Participant's Bonus Shares. If a Participant becomes medically disabled or dies while in the employment of a Canadian Subsidiary during a savings period, then the estate, personal representative or beneficiary of such Participant (a "Participant Legal Representative") will have the right, at anytime, within 30 days from the date of the Participant's medical disability or death, but not later than five business days prior to the applicable transfer date, to request and receive a pro-rata portion of the Bonus Shares.

11. The following trades to be made in connection with the Bonus Plan require relief from the Registration Requirements and Prospectus Requirements, since exemptions from such requirements are not available under the Legislation in all the Jurisdictions in respect of:

(a) the issuance by Compass of a SAR to a Participant; and

(b) the issuance by Compass of Bonus Shares to a Participant, a Retired Participant, a Participant Legal Representative, or to a Participant Agent acting on behalf of or for the benefit of any of the foregoing persons.

12. The acts of the Canadian Subsidiaries in furtherance of the trades referred to in subparagraphs 11(a) and 11(b) above, will require relief from the Registration Requirements since exemptions from such requirements are not available under the Legislation in all Jurisdictions in respect of such trades.

13. First trades to be made in connection with the Bonus Plan require relief from the Registration Requirements and Prospectus Requirements, since exemptions from such requirements are not available under the Legislation in all the Jurisdictions in respect of the first trade in Bonus Shares by a Participant, a Retired Participant, a Participant Legal Representative, or a Participant Agent acting on behalf of or for the benefit of any of the foregoing persons.

14. Relief from the Registration Requirements and Prospectus Requirements for the trades described in paragraphs 11,12 and 13 is required in a number of the Jurisdictions, but the trades that require relief differ from Jurisdiction to Jurisdiction due to the differing availability of exemptions from such requirements under the Legislation in such Jurisdictions.

15. Participation of the Eligible Employees in the Bonus Plan, including the receipt of SARs and the receipt of Bonus Shares, will be voluntary and no Eligible Employee will be induced to participate by expectation of employment or continued employment.

16. As at December 31, 1999, persons or companies whose last address as shown in the books of Compass was in the Jurisdictions, and who held Compass Shares, held less than one percent of the outstanding Compass Shares and such persons or companies represented in number less than one percent of the total number of holders of Compass Shares.

17. All disclosure material relating to Compass furnished to security holders resident in the United Kingdom and Northern Ireland will be furnished contemporaneously and in the same manner to Participants in the Jurisdictions who receive Bonus Shares under the Bonus Plan.

18. There is presently no market in any of the Jurisdictions for the Compass Shares and no such market is expected to develop in any of the Jurisdictions.

AND WHEREAS under the System this MRRS 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 under the Legislation is that:

(1) the Registration Requirements and Prospectus Requirements shall not apply to:

(a) the issuance by Compass of a SAR to a Participant and the issuance by Compass of Bonus Shares to a Participant, a Retired Participant, a Participant Legal Representative or to a Participant Agent acting on behalf of or for the benefit of any of the foregoing persons, provided that the first trade in Bonus Shares acquired pursuant to this paragraph (a) shall be a distribution subject to the Prospectus Requirements; and

(b) the first trade in Bonus Shares acquired under the Bonus Plan pursuant to this Decision by a Participant, a Retired Participant, a Participant Legal Representative or a Participant Agent acting on behalf of or for the benefit of any of the foregoing persons, provided that:

(i) at the time of the acquisition of a SAR, Compass was not a reporting issuer or its equivalent under the Legislation of the Jurisdiction of residence of such person;

(ii) at the time of the acquisition of a SAR, persons or companies whose last address as shown on the books of Compass was in the Jurisdiction of residence of such person and who held Compass Shares did not hold more than 10% of the outstanding Compass Shares and did not represent in number more than 10% of the total number of holders of Compass Shares;

(iii) at the time of the acquisition of a SAR, persons or companies who were resident in the Jurisdiction of residence of such person and who beneficially owned Compass Shares did not beneficially own more than 10% of the outstanding Compass Shares and did not represent in number more than 10% of the total number of holders of Compass Shares; and

(iv) such trade is executed on The Stock Exchange Automated Quotation System of the London Stock Exchange Limited; and

(2) the Registration Requirements shall not apply to the acts of the Canadian Subsidiaries in furtherance of the trades referred to in subparagraph 11(a) and 11(b).

DATED at Toronto on this "29th" day of April, 2000.

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuance of stock appreciation rights and bonus share pursuant to foreign issuer's stock bonus plan to employees of Canadian subsidiaries, including retired employees, not subject to prospectus and registration requirements - first trade by employees or foreign agent on behalf of employees, including retired employees, not subject to prospectus and registration requirements, subject to conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am, ss. 25, 35(1), 53, 74(1)

Rules Cited

Rule 45-503 - Trades to Employees, Executives and Consultants, (1998) 21 OSCB 6559

Rule 72-501 - Prospectus Exemption for First Trade Over a Market Outside Ontario, (1998) 21 OSCB 2318