

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief under subsection 179(2)(c) of the Act from the issuer bid requirements contained in subsection 166(i) of the Act, subsection 171(2) of the Rules and Item 9 of Form 34 of the Rules in connection with an issuer bid to be conducted using a "Dutch Auction" procedure

Applicable Alberta Statutory Provisions

Securities Act, R.S.A., 2000, c.S-4, ss. 166(i) and 179(2)(c).
Alberta Securities Commission Rules, ss. 171(2) and Form 34.

Citation: TVA Group Inc., 2005 ABASC 496 **Date:** 20050610

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
TVA Group 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) that, in connection with the proposed purchase by the Filer of a portion of its outstanding participating Class B non-voting shares without par value (the Shares) by way of an issuer bid (the Offer), the Filer be exempt from the following requirements in the Legislation (the Requested Relief):

1.1 to take up and pay for Shares on a pro rata basis according to the number of securities deposited by each shareholder,

1.2 to provide disclosure in the issuer bid circular (the Circular) of the proportionate take up and payment, and

1.3 except in Ontario and Québec, to obtain a formal valuation of the Shares.

2. Under the Mutual Reliance Review System for Exemptive Relief Applications

2.1 the Alberta Securities Commission is the principal regulator for this application, and

2.2 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 presented by the Filer:

4.1 The Filer is a company governed by Part IA of the Companies Act (Quebec).

4.2 The Filer's head office and registered office is located in Montreal, Quebec.

4.3 The authorized share capital of the Filer consists of:

4.3.1 an unlimited number of Class A common voting shares (the Class A Shares), without par value,

4.3.2 an unlimited number of Shares, without par value, and

4.3.3 an unlimited number of preferred shares, with a par value of \$10, each issuable in series.

4.4 The Filer has the following securities issued and outstanding:

4.4.1 4,320,000 Class A Shares, and

4.4.2 26,203,647 Shares.

4.5 The Shares are listed on the Toronto Stock Exchange (the TSX). On May 18, 2005, the closing price of the Shares on the TSX was \$19.50 per Share. Based upon such closing price, the Shares had an aggregate market value of approximately \$511 million on such date.

4.6 The Filer is a reporting issuer or the equivalent in each of the Jurisdictions, is not in default of any requirement of the Legislation and is not on the list of defaulting reporting issuers maintained pursuant to such Legislation, where applicable.

4.7 To the knowledge of the Filer, no person or company beneficially owns or exercises control or direction over more than 10% of any class of voting shares of the Company other than Quebecor Media Inc (Quebecor Media) which owns 4,316,034 Class A Shares, representing 99.92% of all outstanding Class A Shares, as well as 7,910,583 Shares, representing 30.19% of all issued and outstanding Shares.

4.8 The Filer has been informed by Quebecor Media that it does not intend to deposit any of its Shares pursuant to the Offer.

4.9 The Filer proposes to acquire up to 3,500,000 Shares under the Offer (the Specified Number of Shares), representing approximately 13.36% of the outstanding Shares.

4.10 The Offer will be made pursuant to a modified "Dutch auction" procedure (the Procedure) as follows:

4.10.1 the Filer will offer to purchase up to the Specified Number of Shares,

4.10.2 the price per Share (the Clearing Price) to be paid to holders of Shares (the Shareholders) will be anywhere from \$19.50 to \$22.00 per Share, being the range of prices (the Range) specified in the Circular,

4.10.3 Shareholders wishing to deposit Shares under the Offer will have the right to either:

4.10.3.1.1 specify the lowest price within the Range that they are willing to sell all or a portion of their Shares (an Auction Tender), or

4.10.3.1.2 elect to be deemed to have deposited some or all of their Shares at the Clearing Price determined in accordance with subparagraph 4.10.5 below (a Purchase Price Tender),

4.10.4 all Shares deposited by Shareholders who fail to specify any deposit price for such deposited Shares and fail to indicate that they have deposited such Shares pursuant to a Purchase Price Tender will be considered to have been deposited pursuant to a Purchase Price Tender,

4.10.5 the Clearing Price will be the lowest price that will enable the Filer to purchase the Specified Number of Shares and will be determined based upon the number of Shares deposited and not withdrawn pursuant to an Auction Tender at each price within the Range and deposited and not withdrawn pursuant to a

Purchase Price Tender, with each Purchase Price Tender being considered a deposit at the lowest price within the Range for the purpose of calculating the Clearing Price,

4.10.6 the aggregate amount that the Filer will expend pursuant to the Offer will not be ascertained until the Clearing Price is determined,

4.10.7 the Filer will take up and pay for all Shares tendered at or below the Clearing Price at the Clearing Price, calculated to the nearest whole Share so as to avoid the creation of fractional Shares and subject to proration as described in paragraph 4.10.10 below if the number of Shares tendered at or below the Clearing Price exceeds the Specified Number of Shares,

4.10.8 all Shares deposited and not withdrawn at prices above the Clearing Price will be returned to the depositing Shareholders,

4.10.9 if the number of Shares tendered at or below the Clearing Price is greater than the Specified Number of Shares, the Filer will purchase Shares tendered at or below the Clearing Price on a pro rata basis, except that:

4.10.9.1.1 the Filer intends to first accept Shares deposited by any Shareholder who owns in the aggregate less than 100 Shares as at the close of business on the expiration date of the Offer (the Expiration Date) fewer than 100 Shares (an Odd Lot), who deposits all of the Shareholder's Shares at or below the Clearing Price, and who checks the Odd Lots box in the letter of transmittal or the notice of guaranteed delivery accompanying the Circular, and

4.10.9.1.2 the proration will be adjusted without further action by a Shareholder in order to avoid creating Odd Lots as a result of proration, by increasing the number of Shares purchased by the Filer from each Shareholder so that Shares returned as a result of proration will only be returned in whole multiples of 100 Shares or, if proration would result in the return of less than 100 Shares, the Filer will purchase all the Shareholder's tendered Shares at the Clearing Price,

4.10.10 multiple tenders of Shares at or below the Clearing Price by the same Shareholder will be aggregated for the purposes of paragraph 4.10.9,

4.10.11 all Shares deposited and not withdrawn by Shareholders who specify a deposit price for such deposited Shares that falls outside the Range will be considered to have been improperly deposited, will be excluded from the determination of the Clearing Price, will not be purchased by the Filer and will be returned to the depositing Shareholders,

4.10.12 depositing Shareholders who make either an Auction Tender or a Purchase Price Tender but fail to specify the number of Shares that they may wish to deposit to the Offer will be considered to have deposited all Shares held by such Shareholder, and

4.10.13 if the aggregate number of Shares validly deposited, or deemed to have been deposited, under the Offer at or below the Clearing Price and not withdrawn is less than or equal to the Specified Number of Shares, the Filer will purchase all Shares so deposited.

4.11 Prior to the Expiration Date, all information regarding the number of Shares deposited and the prices at which such Shares are deposited will be kept confidential, and the depositary under the Offer will be directed by the Filer to maintain such confidentiality until the Clearing Price is determined.

4.12 Since the Offer is for less than all the Shares, if the number of Shares deposited to the Offer at or below the Clearing Price and not withdrawn exceeds the Specified Number of Shares, the Legislation would require the Filer

4.12.1 to take up and pay for deposited Shares proportionately, according to the number of Shares deposited by each Shareholder, and

4.12.2 disclose in the Circular that the Filer will take up Shares deposited proportionately according to the number of Shares deposited by each Shareholder to the Offer if the number of Shares deposited to the Offer exceeded the Specified Number of Shares.

4.13 During the 12 months ended May 18, 2005:

4.13.1 the number of outstanding Shares was at all times at least 5,000,000, excluding Shares that either were beneficially owned, directly or indirectly, or over which control or direction was exercised, by related parties to TVA Group or were not freely tradeable,

4.13.2 the aggregate trading volume of the Shares on the TSX was at least 1,000,000, Shares,

4.13.3 there were at least 1,000 trades in Shares on the TSX, and

4.13.4 the aggregate trading value based on the price of the trades referred to in paragraph 4.13.3 above was at least \$15,000,000.

4.14 The market value of the Shares on the TSX, as determined in accordance with Ontario Securities Commission Rule 61-501 (61-501) and Quebec Local Policy Statement Q-27 (Q-27), was at least \$75,000,000 for the month of April 2005.

4.15 As a result of the information contained in subsections 4.13 and 4.14 above and because it is reasonable to conclude that, following completion of the Offer, there will be a market for the beneficial owners of Shares who do not tender to the Offer that is not materially less liquid than the market that exists at the time the Offer is made, the Filer intends to rely upon the exemptions from the Valuation Requirement contained in subsection 3.4(3) of both Q-27 and 61-501 (the Presumption of Liquid Market Exemptions).

4.16 The Circular:

4.16.1 specifies that the number of Shares that the Filer intends to purchase under the Offer will be up to the Specified Number of Shares,

4.16.2 discloses the mechanics of the take-up and payment for, or return of, Shares as described in section 4.11 above,

4.16.3 explains that, by depositing Shares at the lowest price in the Range or pursuant to a Purchase Price Tender, a Shareholder can reasonably expect that Shares so deposited will be purchased at the Clearing Price, subject to proration as described in section 4.10 above,

4.16.4 describes the effect that the Offer, if successful, will have on the direct or indirect voting and equity interests of Quebecor Media in the Filer,

4.16.5 discloses the facts supporting the Filer's reliance on the Presumption of Liquid Market Exemptions, calculated with reference to the date of the announcement of the Offer, and

4.16.6 except to the extent exemptive relief is granted by this decision, contains the disclosure prescribed by the Legislation for issuer bids.

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 accordance with the Procedure.

"original signed by"

Glenda A. Campbell, Q.C., Vice-Chair
Alberta Securities Commission

"original signed by"

Stephen R. Murison, Vice-Chair
Alberta Securities Commission