

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF QUÉBEC, ALBERTA, SASKATCHEWAN,  
MANITOBA, NEW BRUNSWICK, AND NEWFOUNDLAND**

**AND**

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE  
RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF ROCHE HOLDING AG**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities commission regulatory authority or regulator (the "Decision Maker") in each of Québec, Alberta, Saskatchewan, Manitoba, New Brunswick and Newfoundland (the "Jurisdictions") has received an application from Roche Holding AG ("Roche Holding" or the "Company"), a subsidiary of F. Hoffman-La Roche Ltd. ("Roche") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") stating that in all Jurisdictions, the dealer registration requirements of the Legislation with respect to Abacus Corporate Services Limited ("Abacus") and Salomon Smith Barney Inc. ("Salomon") not apply to trades in Genussscheine made by or through Abacus and Salomon on behalf of Roche employees pursuant to the Roche Securities (Genussscheine) Purchase Plan (the "Plan");

**AND WHEREAS** pursuant to the Mutual Reliance Review System for the Exemptive Relief Applications (the "System"), the *Commission des valeurs mobilières du Québec* is the principal regulator for this application;

**AND WHEREAS** Roche Holding has represented to the Decision Makers as follows:

**Roche**

1. Roche is a multinational company incorporated under the laws of Switzerland having its head office in Basel, Switzerland. It is comprised of a group of companies consisting namely of Roche Holding and all its subsidiaries.
2. Its purpose is to hold shares in companies that manufacture and sell pharmaceutical and chemical products of all kinds.

3. Roche has two principal offices in Canada. The pharmaceutical head office is located in Mississauga, Ontario and the head office for Roche Diagnostics is located in Laval, Québec.
4. Roche concentrates its efforts in seven core therapeutic areas and is known for its expertise in hospital markets. These seven areas include oncology, virology, cardiology, obesity, transplantation, dermatology and AIDS.
5. Roche and none of its subsidiaries are, and none of them have any intention of becoming, a reporting issuer under the terms of Canadian securities legislation.

### **Share Capital**

6. Roche's share capital includes 160,000,000 bearer shares fully paid up with a nominal value of 1 Swiss Franc each.
7. In addition, there are 702,562,700 non-voting equity securities (the "Genussscheine"), with no nominal value, issued and outstanding. They are non-voting securities, but they confer the same rights as the bearer shares to participate in the available earnings and in any proceeds from liquidation following repayment of the share and the participation certificate.
8. Roche Genussscheine and bearer shares are quoted on the electronic Swiss Exchange. Genussscheine are also traded over the counter on the London Stock Exchange Limited and on other European exchanges. In July 1992, Roche established an American Depository Receipt Facility for Genussscheine in the United States.

### **Share Purchase Plan**

9. Roche is establishing a securities (Genussscheine) purchase plan for its employees around the world.
10. The purpose of the Plan is to provide employees of Roche with an opportunity to share in the ownership of the company by providing them with a convenient means for regular and systematic purchases of Genussscheine, and thus providing an increased incentive for these employees to contribute to the future success and prosperity of Roche, enhancing the value of Genussscheine for the benefit of the shareholders of Roche, and increasing the ability of Roche to attract, motivate and retain its employees.

## **Administration**

11. Under the Plan, the board of directors of Roche Holding appoints a remuneration committee and an Executive Committee (as defined in the Plan). The Executive Committee administers the Plan and has full power to construe and interpret the Plan, establish and amend rules and regulations for its administration. The Executive Committee appoints administrators responsible for administrative duties pursuant to the Plan.
12. Roche Holding has designated Abacus and Salomon to act as Plan Administrators.
13. Abacus will be responsible for maintaining contribution details and participant entitlement details and for reconciling the contribution details to the cash deposited by each country on a monthly basis.
14. Salomon will be responsible for brokerage and custody services as well as providing participants with customer service facilities through their Benefit ACCESS Internet Web Site and Stock Plan Customer Centres.

## **Genussscheine subject to the Plan**

15. For purposes of satisfying its obligations under the Plan, Roche will purchase Genussscheine in the open market or from third parties. Roche shall not be required to segregate any cash or any Genussscheine to cover its obligations under the Plan and the Plan shall constitute an unfunded Plan of Roche.

## **Eligibility**

16. All employees who are on the payroll of a Participating Company, as defined below, and who are employed by a Participating Company for an indefinite term, are eligible to participate in the Plan, unless provided otherwise in the addendum of the Plan.
17. An employee who goes on a long-term international assignment with Roche will be eligible to participate in the Plan while on assignment only if the host country employer is a Participating Company.

18. A Participating Company means a Roche company which has been identified as a Participating Company by the Executive Committee and whose employees are eligible to participate in the Plan. Hoffman-La Roche Limited, its Canadian Subsidiary, is a Participating Company.

## **Participation**

19. There are currently approximately 712 Roche employees in Canada, distributed by province as follows:

Alberta	49
British Columbia	34
Ontario	345
Manitoba	10
New Brunswick	10
Newfoundland	5
Nova Scotia	19
Québec	236
Saskatchewan	4

## **Submissions**

20. Neither Roche nor any of its subsidiaries is a reporting issuer under the Legislation and has no present intention of becoming a reporting issuer under the legislation.
21. Roche Genussscheine are listed on several European stock exchanges.
22. Under the Plan, the board of directors of Roche Holding appoints a remuneration committee and an Executive Committee (as defined in the Plan). The Executive Committee administers the Plan and has full power to construe and interpret the Plan, establish and amend rules and regulations for its administration. The Executive Committee appoints administrators responsible for administrative duties pursuant to the Plan.
23. Roche Holding has designated Abacus and Salomon to act as Plan Administrators.
24. Abacus will be responsible for maintaining contribution details and participant entitlement details and for reconciling the contribution details to the cash deposited by each country on a monthly basis. It may act as "record keeper", report information back to Roche employees and to Roche management and allocate Roche Shares to Roche employees.

25. Salomon will be responsible for brokerage and custody services as well as providing participants with customer service facilities through their Benefit ACCESS Internet Web Site and Stock Plan Customer Centres. The role of Salomon may include (a) maintaining accounts on behalf of Roche employees; (b) holding Roche Shares on behalf of Roche employees; and (c) facilitating resales of Roche Shares acquired under the Roche Plan through the facilities of European stock exchanges.
26. Salomon is registered under the *Securities Act* (Ontario) as an international dealer and as an international adviser in the categories of international investment counsel and portfolio manager. It is not a registrant in any other Canadian province.
27. An eligible employee may elect to participate in the Plan by filing with the Plan Administrator, in accordance with such terms and conditions as the Executive Committee in its sole discretion may impose, an Enrolment Form (as defined in the Plan) for such purpose. Such Enrolment Form authorizes regular contributions to the Plan from Base Salary (as defined in the Plan). Roche and the Plan Administrator will make every effort to begin the deductions from Base Salary with the first Pay Period (as defined in the Plan) which begins in the month following the month in which the Enrolment Form has been received by the Plan Administrator. The participation in the Plan continues until the employee either (i) has ceased making contributions under the Plan and has withdrawn all Genussscheine purchased on its behalf from the Custody Account (as defined in the Plan) or (ii) ceases to be eligible to participate in the Plan due to termination of employment according to the Plan.
28. Participation in the Plan on the part of the employee is voluntary and such participation is not a condition of employment nor does participation in the Plan entitle a participant to be retained as an employee. Further, the employee will not receive any compensation if he or she chooses not to participate in the Plan.
29. Canadian employees who wish to sell Genussscheine purchased through the Plan may do so through Salomon.
30. There are eligible employees in all Canadian provinces except Prince Edward Island. The aggregate number of Genussscheine held by Canadian employees will be less than 10% of the issued and outstanding Genussscheine and the number of registered Canadian employees holding Genussscheine will not be more than 10% of the total number of holders of issued and outstanding Genussscheine.
31. Eligible employees in Canada will have the same information as all other employees and will therefore have all the information they need in order to make an informed investment decision.

32. Because there is no market for the Genussscheine in Canada and none is expected to develop in any Canadian province, any resale of Genussscheine acquired under the Plan will be effected through the facilities of European exchanges in accordance with their rules and regulations.
33. The Legislation of the Jurisdictions do not contain exemptions from the Registration Requirements for certain trades in Genussscheine made by Abacus and Salomon on behalf of Eligible employees.

**AND WHEREAS** pursuant to the System, this 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 Makers with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers pursuant to the Legislation is that:

- a) the registration requirements contained in the Legislation of the Jurisdictions shall not apply to any trades of Genussscheine under the Plan, made by Salomon or Abacus on behalf of Eligible employees, provided that the trades are made through an exchange or market outside of Canada.

August 20th, 2002.

Mark Rosenstein

Micheline Brochu