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December 3, 2004

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 51-101, s. 8.1 - Exemption from disclosure requirements in NI 51-101 - A reporting issuer wants relief from all the requirements of NI 51-101 - The issuer is an “SEC foreign issuer” as defined in National Instrument 71-102 - The issuer is subject to and complies with the disclosure requirements of US securities laws in connection with its oil and gas activities - Canadian residents own less than 10% of the issuer's securities and represent less than 10% of the issuer's total number of security holders

Applicable British Columbia Provisions

National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, s. 8.1

In the Matter of
the Securities Legislation of
Alberta, Ontario, Quebec, and British Columbia

and

In the Matter of
The Mutual Reliance Review System
For Exemptive Relief Applications

and

In the Matter of BG Group plc

MRRS Decision Document

Background

1. The local securities regulatory authority or regulator (the “Decision Maker”, and collectively the “Decision Makers”) in each of Alberta, Ontario, Quebec, and British Columbia (collectively, the “Jurisdictions”) has received an application on behalf of BG Group plc (“BG Group”), for a decision under the securities legislation of the Jurisdictions (the “Legislation”) for:
 - 1.1 an exemption from the requirement to file interim certificates (“Interim Certificates”) with the Decision Makers, other than British Columbia and Quebec, under section 3.1 of Multilateral

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Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("MI 52-109");

- 1.2 an exemption from paragraph 4.1(1)(b) of MI 52-109 insofar as it imposes the condition, for eligibility to rely on subsection 4.1(1) of MI 52-109, that annual certificates be filed on SEDAR;
- 1.3 an exemption from the requirement to file continuous disclosure that complies with the standards of disclosure for oil and gas activities under National Instrument 51-101 *Standards for Disclosure for Oil and Gas Activities* ("NI 51-101); and
- 1.4 an exemption from the requirement to comply with the oil and gas reporting requirements in Quebec under National Policy Statement No. 2-B *Guide for Engineers and Geologists Submitting Oil and Gas Reports to Canadian Provincial Security Administrators* ("NP 2-B") until such time as NI 51-101 comes into force in Quebec;

(the "Requested Relief").

2. Under the Mutual Reliance Review System for Exemptive Relief Applications (the "System")
 - 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 represented by BG Group:
 - 4.1 BG Group is a reporting issuer in each of the Jurisdictions;
 - 4.2 BG Group is a public company incorporated under the laws of England and Wales;
 - 4.3 BG Group's principal office is located at 100 Thames Valley Park Drive, Reading, Berkshire, United Kingdom;

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- 4.4 The management team of BG Group is located in the United Kingdom;
- 4.5 BG Group's ordinary shares are listed on the London Stock Exchange and its American Depositary Shares ("ADSs") are listed on the NYSE;
- 4.6 BG Group does not have any of its securities listed on any stock exchange in Canada;
- 4.7 The BG Group shareholders resident in Canada currently number 1109 and the number of BG Group ordinary shares and ADSs owned by resident Canadians is 506,113, which is less than 0.015% of BG Group's issued and outstanding ordinary shares and ADSs;
- 4.8 Under National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* ("NI 71-102"), BG Group is classified as an "SEC foreign issuer";
- 4.9 Under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* ("NI 13-101"), BG Group is a "foreign issuer (SEDAR)". As a result, BG Group is not required to comply with NI 13-101. BG Group does not file documents on SEDAR and has no current plan to commence doing so;
- 4.10 Pursuant to previous exemption orders granted to British Gas plc dated August 20, 1996, October 1, 1996, August 9, 1996 and September 3, 1996 from relevant Canadian securities regulators in the Jurisdictions (collectively, the "Previous Decision Makers") and thereafter extended to BG Group in 2000 (the "Previous Orders"), BG Group is exempted, on certain terms and conditions, from the requirements of the securities legislation in the Jurisdictions concerning the preparation, filing and delivery of current and annual reports (including annual audited financial statements) so long as BG Group complies with the applicable provisions of the US securities laws relating thereto and files all materials filed with the SEC and with the New York Stock Exchange ("NYSE") with each Previous Decision Maker;
- 4.11 The Previous Orders from Ontario and Alberta ceased to be operative upon NI 71-102 coming into force on March 30, 2004;

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- 4.12 BG Group has been relying on NI 71-102 in Ontario and Alberta since March 30, 2004;
- 4.13 BG Group has filed a notice with the applicable securities regulatory authorities or regulators under section 13.2(2) of National Instrument 51-102 *Continuous Disclosure Obligations* stating that it intends to rely on the Previous Orders in British Columbia and Quebec to the same extent and on the same conditions as contained in the Previous Orders of British Columbia and Quebec;
- 4.14 BG Group files annual CEO and CFO certifications (“US Annual Certificates”) pursuant to sections 302 and 906 of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”) and is not required to file interim certificates under US securities laws and Sarbanes-Oxley (“US Interim Certificates”);
- 4.15 The exemptions from MI 52-109 in Part 4 of MI 52-109 do not apply to BG Group;
- 4.16 The Previous Order of Quebec and NI 71-102 in Ontario and Alberta exempt BG Group from making interim and annual financial statement filings that comply with the requirements of the Jurisdictions, provided that BG Group files its current and annual reports with each of the Jurisdictions that comply with the US securities laws and the SEC disclosure requirements, and in the case of Ontario and Alberta, BG Group otherwise complies with the requirements of NI 71-102, and therefore, it would not be meaningful or relevant for BG Group to have to make and file its own Interim Certificates in Alberta and Ontario;
- 4.17 Under subsection 4.1(1) of MI 52-109, BG Group would be exempt from the requirement to file Annual Certificates under MI 52-109 if (a) it was in compliance with U.S. federal securities laws implementing the annual report certification requirements in section 302(a) of Sarbanes-Oxley and (b) its signed certificates relating to its annual report for its most recently completed financial year are filed through SEDAR as soon as reasonably practicable after they are filed with the SEC. As indicated in section 4.9 above, BG Group does not and will not satisfy the latter condition;

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- 4.18 As a result of being a SEC foreign issuer under NI 71-102, the certification exemption for foreign issuers in section 4.2 of MI 52-109 is not available to BG Group; and
- 4.19 BG Group prepares consolidated reserve data and oil and gas disclosure in accordance with the requirements of the 1934 Act and the rules and regulations of the SEC and the NYSE (collectively, the “US Rules”).

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 the following conditions are met:
 - 6.1 the requirement to file Interim Certificates and to use SEDAR to file Annual Certificates with the Decision Makers in the Jurisdictions, other than British Columbia and Quebec, shall not apply to BG Group for so long as:
 - 6.1.1 BG Group remains a reporting issuer, or the equivalent, under the Legislation;
 - 6.1.2 less than 10% of the number of registered and beneficial holders of BG Group ordinary shares and ADSs are resident in Canada;
 - 6.1.3 less than 10% of the aggregate of the outstanding BG Group ordinary shares and ADSs are held by residents of Canada;
 - 6.1.4 BG Group is in compliance with U.S. federal securities law implementing the certification requirements in section 302(a) of Sarbanes-Oxley applicable to BG Group;
 - 6.1.5 BG Group files with the Decision Makers in the Jurisdictions, other than British Columbia and Quebec, the US Interim Certificates, if any, that it files with the SEC, as soon as reasonably practicable after they are filed with the SEC;

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- 6.1.6 BG Group files with the Decision Makers in the Jurisdictions, other than British Columbia and Quebec, the US Annual Certificates that it files with the SEC as soon as reasonably practicable after they are filed with the SEC; and
- 6.1.7 BG Group pays all filing fees that are payable by BG Group in connection with the filing of the documents referred to in this Decision;
- 6.2 NI 51-101 shall not apply to BG Group for so long as:
 - 6.2.1 less than 10% of the number of registered and beneficial holders of BG Group ordinary shares and ADSs are resident in Canada;
 - 6.2.2 less than 10% of the aggregate of the outstanding BG Group ordinary shares and ADSs are held by residents of Canada;
 - 6.2.3 BG Group complies with NI 71-102 in Ontario and Alberta and the Previous Orders in British Columbia and Quebec, including any amendments thereto;
 - 6.2.4 BG Group is subject to and complies with the disclosure requirements of the US Rules in connection with its oil and gas activities; and
 - 6.2.5 BG Group files in Canada what it is required to file under the US Rules in connection with its oil and gas activities.
- 6.3 in Quebec, until such time as NI 51-101 comes into force in Quebec, BG Group is exempt from the requirements of NP 2-B and may satisfy requirements under the Legislation of Quebec that refer to NP 2-B by complying with the requirements of NI 51-101 as varied by this Decision. After NI 51-101 comes into force in Quebec, BG Group is exempt from the requirements of NI 51-101 as set out above.

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

Stephen R. Murison, Vice-Chair
Alberta Securities Commission