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Headnote

Mutual Reliance Review System for Exemption Relief Applications - Issuer granted exemption from GAAP and GAAS reconciliation requirements of NI 44-101, prospectus disclosure requirements of Form 44-101F3, AIF requirements of Ontario, Quebec and Saskatchewan, financial statement requirements, MD&A requirements, material change reporting requirements, proxy requirements and insider reporting requirements, subject to conditions, including filing, under issuer's SEDAR profile, of documents filed by the credit supporter of the issuer with the Securities and Exchange Commission

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 85, 87, 91(1)(b) and 119(2)(b)

Securities Rules, B.C. Reg. 194/97, ss. 144, 145 and 149

National Instrument 44-101 *Short Form Prospectus Distributions*

**IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH
COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,
QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND AND
LABRADOR, PRINCE EDWARD ISLAND, YUKON TERRITORY,
NORTHWEST TERRITORIES AND NUNAVUT**

AND

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

AND

IN THE MATTER OF

CITICORP

AND

ASSOCIATES CAPITAL CORPORATION OF CANADA

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec, Saskatchewan, Yukon Territory, Northwest Territories and Nunavut (the

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Jurisdictions) has received an application from Citicorp and Citicorp's wholly-owned indirect subsidiary, Associates Capital Corporation of Canada (ACCC or the Issuer, together with Citicorp, the Applicant) for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Applicant is exempted from the requirements that:

- (a) ACCC reconcile financial statements of the credit supporter (as defined in National Instrument 44-101 (NI 44-101)) included in a short form shelf prospectus of ACCC and prepared in accordance with generally accepted accounting principles (GAAP) of a foreign jurisdiction to Canadian GAAP (the Canadian GAAP Reconciliation Requirement);
- (b) ACCC provide, where financial statements included in a short form shelf prospectus are audited in accordance with generally accepted auditing standards (GAAS) of a foreign jurisdiction, a statement by the auditor (A) disclosing any material differences in the form and content of the auditor's report as compared to a Canadian auditor's report; and (B) confirming that the auditing standards of the foreign jurisdiction are substantially equivalent to Canadian GAAS (the Canadian GAAS Reconciliation Requirement and together with the Canadian GAAP Reconciliation Requirement, the Reconciliation Requirements);
- (c) ACCC comply with the annual information form requirements in the provinces of Ontario, Québec and Saskatchewan (the AIF Requirements);
- (d) ACCC comply with the requirements of items 12.1(1)1 to 12.1(1)2, items 12.1(1)5 to 12.1(1)8 and items 12.2(1) to 12.2(4) of Form 44-101F3 of NI 44-101 (the Prospectus Disclosure Requirements);
- (e) ACCC file with the Decision Makers, and send to the applicable securityholders of ACCC, annual and interim MD&A, where applicable (the MD&A Requirements);
- (f) ACCC file with the Decision Makers, and send to the applicable securityholders of ACCC, audited annual financial statements, and annual reports, where applicable (the Annual Financial Statement Requirement);
- (g) ACCC file with the Decision Makers, and send to the applicable securityholders of ACCC, unaudited interim financial statements (the Interim Financial Statement Requirement);

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- (h) ACCC issue and file press releases with respect to material changes and file material change reports with the Decision Makers (together, the Material Change Requirements);
- (i) ACCC comply with the proxy and proxy solicitation requirements under the Legislation, including filing an information circular or report in lieu thereof and, if applicable, sending such documents to applicable securityholders of ACCC (the Proxy Requirements); and
- (j) Insiders of ACCC file insider reports with the Decision Makers (the Insider Reporting Requirements);

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 the Applicant has represented to the Decision Makers that:

1. ACCC is engaged in commercial and consumer financing activities. ACCC's commercial finance operations provide a variety of retail financing, leasing and wholesale financing for heavy-duty, medium-duty trucks and truck trailers; heavy-duty construction and material handling equipment, forestry, mining and machine tool equipment; and other industrial, communications and telecommunications equipment. Consumer finance operations consist of a variety of products and services, including home equity lending, personal spending and retail sales financing.
2. ACCC was incorporated under the *Canada Business Corporations Act* on October 19, 1982 and is an indirect wholly-owned subsidiary of Citicorp and Citigroup Inc. (Citigroup). ACCC's head office is located at 201 Queens Avenue, London, Ontario, N6A 1J1.
3. ACCC is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirement under the Legislation of the Jurisdictions.
4. The predecessor in interest of Citicorp was incorporated under the laws of the State of Delaware in 1967 and is a wholly-owned indirect subsidiary of Citigroup.

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5. Citicorp is a reporting issuer or the equivalent in Alberta, British Columbia, Nova Scotia, Ontario, Québec and Saskatchewan and is not in default of any requirement under the Legislation in such Jurisdictions.
6. Citicorp is also a reporting company under the Securities Exchange Act of 1934, as amended (the 1934 Act). Citicorp files with the United States Securities and Exchange Commission (the SEC) annual reports on Form 10-K and quarterly reports on Form 10-Q in accordance with the filing obligations set out in Sections 13 and 15(d) of the 1934 Act.
7. Citicorp is a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers in over 100 countries and territories.
8. As at December 31, 2002, Citicorp had approximately US\$78,372 million in consolidated third party long term debt outstanding.
9. Citigroup was incorporated under the laws of the State of Delaware in 1988.
10. Citigroup is a reporting issuer or the equivalent in Ontario, Québec and Saskatchewan.
11. Citigroup is also a reporting company under the 1934 Act. Citigroup files with the SEC the filings required to be made with the SEC under the 1934 Act.
12. Citigroup common stock is traded on the New York Stock Exchange, the Pacific Exchange and the Mexican Stock Exchange.
13. As at March 31, 2003, Citigroup had approximately US\$133,125 million in consolidated third party long term debt outstanding.
14. Citigroup is a diversified global financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers with some 200 million customer accounts in over 100 countries and territories.
15. Each of Citigroup and Citicorp satisfies the criteria set forth in paragraph 3.1(a) of National Instrument 71-101 (NI 71-101) and is eligible to use the multi-jurisdictional disclosure system (MJDS) (as set out in NI 71-101) for the purpose of distributing approved rating non-convertible debt

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in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.

16. Except for the fact that ACCC is not incorporated under United States law, the distribution of 2001 Notes (as defined below) would comply with the alternative eligibility criteria for non-convertible debt having an approved rating under the MJDS as set forth in section 3.2 of NI 71-101.
17. Pursuant to the short form base shelf prospectus of the Issuer dated November 26, 2001 (the 2001 Prospectus), ACCC may distribute up to Cdn. \$3,000,000,000 (or the equivalent thereof in foreign currencies) aggregate principal amount of non-convertible Medium Term Notes (2001 Series) (the 2001 Notes) created and issued under a trust indenture dated November 26, 2001 among ACCC, Citicorp and CIBC Mellon Trust Company (the Trust Indenture). As of April 26, 2003, ACCC had issued an aggregate of Cdn.\$2,480,000,000 aggregate principal amount of 2001 Notes.
18. The 2001 Notes are rated "AA" by Dominion Bond Rating Service Limited and "AA-" by Standard & Poor's Corporation. The Issuer's obligations under the 2001 Notes are fully and unconditionally guaranteed by Citicorp. However, subject to the terms and conditions of the trust indenture governing the 2001 Notes, it is possible that in the future ACCC's obligations under the 2001 Notes may be fully and unconditionally guaranteed directly by Citigroup, which indirectly wholly-owns Citicorp, in lieu of Citicorp. In this Decision Document, Guarantor means whichever of Citicorp and Citigroup is the guarantor under the 2001 Notes from time to time.
19. ACCC proposes to renew its medium term program (the 2001 MTN Program) in respect of the distribution of the 2001 Notes, which was established pursuant to the 2001 Prospectus and the Trust Indenture, pursuant to NI 44-101 and National Instrument 44-102 (collectively, the Shelf Requirements) by obtaining an MRRS Decision Document in respect of a short form base shelf prospectus (the 2003 Prospectus) qualifying the distribution of up to a fixed aggregate principal amount of 2001 Notes from time to time over a twenty-five month period.
20. In connection with the 2001 MTN Program, the Applicants obtained from the Decision Makers a Decision Document (the 2001 ACCC Decision) dated November 14, 2001 providing exemptive relief to the Applicants from the Reconciliation Requirements, the AIF Requirements, the MD&A Requirements, the Annual Financial

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Statement Requirement, the Interim Financial Statement Requirement, the Material Change Requirements, the Proxy Requirements and the Prospectus Disclosure Requirements. Such exemptive relief related to the 2001 Prospectus.

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 pursuant to the Legislation is that, in connection with the issue of the 2001 Notes, the AIF Requirements shall not apply to the Issuer, provided that (i) the Guarantor complies with the AIF requirements of NI 44-101 as if it is the Issuer; and (ii) the Issuer and the Guarantor comply with all of the conditions in the Decisions below.

DATED at Toronto, this 26th day of June, 2003.

John E. Hughes
Manager, Continuous Disclosure
Corporate Finance

AND THE FURTHER DECISION of the Decision Makers under the Legislation is that the Reconciliation Requirements shall not apply to financial statements of the Guarantor included or incorporated by reference in the 2003 Prospectus provided that:

- (a) the Issuer complies with all of the filing requirements and procedures set out in NI 44-101, except as varied by the Decision or as permitted by National Instrument 44-102;
- (b) the Guarantor's financial statements that are included or incorporated by reference in the 2003 Prospectus are prepared in accordance with United States GAAP and otherwise comply with the requirements of United States law, and in the case of the Guarantor's audited annual financial statements, such financial statements are audited in accordance with United States GAAS;
- (c) the 2003 Prospectus is prepared pursuant to NI 44-101 and NI 44-102 and complies with the requirements set out in Form 44-101F3, with the disclosure required by item 12 of Form 44-101F3 being addressed by

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incorporating by reference the Guarantor's public disclosure documents, including the Guarantor's 10-K, with the summary financial information disclosure required by item 13.1(1)2 in respect of the Issuer being made in the manner specified in paragraph (i) of the Further Decision below in respect of the Continuous Disclosure Requirements and the disclosure required by item 7 of Form 44-101F3 being addressed by disclosure with respect to the Guarantor in accordance with United States requirements;

- (d) the 2003 Prospectus includes all material disclosure concerning the Issuer;
- (e) the 2003 Prospectus incorporates by reference disclosure made in the Guarantor's most recent annual report on Form 10-K (as filed under the 1934 Act) together with all quarterly reports on Form 10-Q and the mandatory reports on Form 8-K relating to the financial condition of or disclosing a material change in the affairs of the Guarantor filed under the 1934 Act in respect of the financial year following the year that is the subject of the Guarantor's most recently filed annual report on Form 10-K and incorporates by reference any documents of the foregoing type filed after the date of the 2003 Prospectus and prior to termination of the distribution of the 2001 Notes thereunder;
- (f) the Guarantor continues to fully and unconditionally guarantee the 2001 Notes as to the payments required to be made by the Issuer to holders of the 2001 Notes;
- (g) the 2001 Notes maintain an Approved Rating (as defined in NI 44-101);
- (h) the Guarantor signs the 2003 Prospectus as credit supporter;
- (i) the Guarantor remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer;
- (j) the Guarantor continues to satisfy the criteria set forth in section 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure; and
- (k) the Guarantor undertakes to file with the Decision Makers, in electronic format under the Issuer's SEDAR profile, all documents that it files under Sections 13 (other than sections 13(d), (f) and (g) which relate, inter alia,

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to holdings by the Guarantor of securities of other public companies) and 15(d) of the 1934 Act (provided that the Form 8-K's to be filed will include only the mandatory reports on Form 8-K relating to the financial condition of or disclosing a material change in the affairs of the Guarantor) until such time as the 2001 Notes are no longer outstanding.

DATED at Toronto, this 26th day of June, 2003.

John E. Hughes
Manager, Continuous Disclosure
Corporate Finance

AND THE FURTHER DECISION of the Decision Makers under the Legislation is that the Prospectus Disclosure Requirements shall not apply to the 2003 Prospectus provided that:

- (a) the Issuer complies with all of the other requirements of NI 44-101, except as varied in paragraph (b) below;
- (b) the 2003 Prospectus is prepared pursuant to NI 44-101 and NI 44-102 and complies with the requirements set out in Form 44-101F3, with the disclosure required by item 12 of Form 44-101F3 being addressed by incorporating by reference the Guarantor's public disclosure documents, including the Guarantor's 10-K, with the summary financial information disclosure required by item 13.1(1)2 in respect of the Issuer being made in the manner specified in paragraph (i) of the Further Decision below in respect of the Continuous Disclosure Requirements and the disclosure required by item 7 of Form 44-101F3 being addressed by disclosure with respect to the Guarantor in accordance with United States requirements;
- (c) the only continuous disclosure filings to be made by ACCC with the Decision Makers and incorporated by reference in the 2003 Prospectus will be the summary financial information disclosure specified in paragraphs (i) and (j) of the Further Decision below;
- (d) the 2003 Prospectus includes all material disclosure concerning the Issuer;
- (e) the 2003 Prospectus incorporates by reference disclosure made in the Guarantor's most recent annual report on Form 10-K (as filed under the 1934 Act) together with all quarterly reports on Form 10-Q and the mandatory reports on Form 8-K relating to the financial condition of or disclosing a material change in the affairs of the Guarantor filed under

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the 1934 Act in respect of the financial year following the year that is the subject of the Guarantor's most recently filed annual report on Form 10-K and incorporates by reference any documents of the foregoing type filed after the date of the 2003 Prospectus and prior to termination of the distribution of the 2001 Notes thereunder;

- (f) the Guarantor continues to fully and unconditionally guarantee the 2001 Notes as to the payments required to be made by the Issuer to holders of the 2001 Notes;
- (g) the 2001 Notes maintain an Approved Rating;
- (h) the Guarantor signs the 2003 Prospectus as credit supporter;
- (i) the Guarantor remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer;
- (j) the Guarantor continues to satisfy the criteria set forth in section 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure; and
- (k) the Guarantor undertakes to file with the Decision Makers, in electronic format under the Issuer's SEDAR profile, all documents that it files under Sections 13 (other than sections 13(d), (f) and (g) which relate, inter alia, to holdings by the Guarantor of securities of other public companies) and 15(d) of the 1934 Act (provided that the Form 8-K's to be filed will include only the mandatory reports on Form 8-K relating to the financial condition of or disclosing a material change in the affairs of the Guarantor) until such time as the 2001 Notes are no longer outstanding.

DATED at Toronto, this 26th day of June, 2003.

John E. Hughes
Manager, Continuous Disclosure
Corporate Finance

AND THE FURTHER DECISION of the Decision Makers under the Legislation is that the Annual Financial Statement Requirement, the Interim Financial Statement Requirement, the MD&A Requirements, the Material Change Requirements, the Proxy Requirements and the Insider Reporting Requirements

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(collectively, the Continuous Disclosure Requirements), where applicable, shall not apply to the Issuer or any insider of the Issuer, so long as:

- (a) the Guarantor files with each of the Decision Makers, in electronic format under the Issuer's SEDAR profile, copies of the following documents filed by it with the SEC under Sections 13 and 15(d) of the 1934 Act promptly following filing with the SEC: the annual reports on Form 10-K, the quarterly reports on Form 10-Q, the mandatory reports on Form 8-K relating to the financial condition of or disclosing a material change in the affairs of the Guarantor (including press releases that disclose material information and which are required to be issued in connection with the mandatory Form 8-K requirements applicable to the Guarantor), proxy statements and proxies and proxy solicitations in connection with the Guarantor's annual meetings and in accordance with the 1934 Act, if any;
- (b) the documents referred to above are provided to debt security holders whose last address as shown on the books of the Issuer is in Canada in the manner, at the time and only if required by applicable United States law;
- (c) the Guarantor remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer;
- (d) the Guarantor maintains a class of securities registered pursuant to section 12 of the 1934 Act or is required to file reports under Section 15(d) of the 1934 Act;
- (e) if there is a material change in respect of the business, operations or capital of the Issuer that is not a material change in respect of the Guarantor, the Issuer will comply with the requirements of the Legislation to issue a press release and file a material change report notwithstanding that the change may not be a material change in respect of Guarantor;
- (f) the Guarantor continues to fully and unconditionally guarantee the 2001 Notes as to the payments required to be made by the Issuer to holders of the 2001 Notes;
- (g) the Issuer does not issue additional securities other than the 2001 Notes (or any other series of notes which hereinafter may be issued), debt securities ranking pari passu to the 2001 Notes, any debentures issued in connection with any security granted by the Issuer to the holders of 2001

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Notes or debt ranking pari passu with the 2001 Notes, and those securities currently issued and outstanding, other than to the Guarantor or to wholly-owned subsidiaries of the Guarantor;

- (h) if notes of another series of debt securities ranking pari passu with the 2001 Notes are hereinafter issued by the Issuer, the Guarantor shall fully and unconditionally guarantee such notes or debt securities as to the payments required to be made by the Issuer to holders of such notes or debt securities;
- (i) the Issuer files, in electronic format, annual comparative selected financial information derived from the Issuer's audited consolidated financial statements for its most recently completed financial year and the financial year immediately preceding such financial year, prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP), accompanied by a specified procedures report of the auditors to the Issuer. The Issuer's annual comparative selected financial information shall define and include the following line items:
 - (i) total revenues;
 - (ii) income/loss from continuing operations (if applicable), income/loss from discontinued operations (if applicable) and net income/loss;
 - (iii) finance receivables, together with a descriptive note on the dollar amount of the allowance for credit losses;
 - (iv) operating agreements and customer lists, net of accumulated amortization;
 - (v) goodwill, net of accumulated amortization;
 - (vi) total assets;
 - (vii) commercial paper;
 - (viii) term debt;
 - (ix) all other liabilities; and
 - (x) total shareholders' equity;

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- (j) the Issuer files, in electronic format, interim comparative selected financial information derived from the Issuer's consolidated unaudited financial statements for its most recently completed interim period and the corresponding interim period in the previous financial year, prepared in accordance with Canadian GAAP. The Issuer's interim comparative selected financial information shall define and include the following line items:
 - (i) total revenues;
 - (ii) income/loss from continuing operations (if applicable), income/loss from discontinued operations (if applicable) and net income/loss;
 - (iii) finance receivables, together with a descriptive note on the dollar amount of the allowance for credit losses;
 - (iv) operating agreements and customer lists, net of accumulated amortization;
 - (v) goodwill, net of accumulated amortization;
 - (vi) total assets;
 - (vii) commercial paper;
 - (viii) term debt;
 - (ix) all other liabilities; and
 - (x) total shareholders' equity;
- (k) the 2001 Notes maintain an Approved Rating;
- (l) the Guarantor continues to satisfy the eligibility criteria set forth in section 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure;
- (m) each insider of ACCC (as defined under the Legislation) files with the SEC on a timely basis the reports, if any, required to be filed with the

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SEC pursuant to Section 16(a) of the 1934 Act and the rules and regulations thereunder;

- (n) such filings of selected financial information as are referred to in (i) and (j) above are to be made within the time limits required by the Legislation in respect of such financial information; and
- (o) all filing fees that would otherwise be payable by the Issuer in connection with the Continuous Disclosure Requirements are paid.

DATED at Toronto, this 26th day of June, 2003.

Robert L. Shirriff

Robert W. Korthals