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Headnote

Mutual Reliance Review System for Exemptive Relief Application – relief from the requirements of NI 51-102 – issuer not eligible for exemption under section 13.4 of NI 51-102 because it prepares a non-classified balance sheet

Applicable British Columbia Provisions

National Instrument 51-102 *Continuous Disclosure Obligations*, ss. 13.1, 13.4

**IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA,
BRITISH COLUMBIA, MANITOBA, NEWFOUNDLAND AND
LABRADOR, NEW BRUNSWICK, NOVA SCOTIA, ONTARIO, QUÉBEC,
AND SASKATCHEWAN**

AND

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

AND

**IN THE MATTER OF
CATERPILLAR FINANCIAL SERVICES CORPORATION AND
CATERPILLAR FINANCIAL SERVICES LIMITED**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the “Decision Maker”) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, and Newfoundland and Labrador (the “Jurisdictions”) has received an application (the “Application”) from Caterpillar Financial Services Corporation (“Caterpillar Financial”) and its subsidiary Caterpillar Financial Services Limited (the “Issuer”, and together with Caterpillar Financial, the “Filer”) for a decision under securities legislation of each Jurisdiction (the “Legislation”) that the Issuer (i) be exempted from the application of National Instrument 51-102 *Continuous Disclosure Obligations* (“NI 51-102”) pursuant to section 13.1 of NI 51-102 and in Québec by a revision of the general order that will provide the same result as an exemption order, and (ii) except in British Columbia and Québec, be exempted from the application of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* (“MI 52-109”) pursuant to section 4.5 of MI 52-109;

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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, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;

AND WHEREAS, the Filer has represented to the Decision Makers as follows:

1. Caterpillar Financial was incorporated under the laws of the State of Delaware in 1981 and is not a reporting issuer or the equivalent in any of the Jurisdictions.
2. Caterpillar Financial has been a reporting company under the 1934 Act since 1994 with respect to its debt securities. Caterpillar Financial has filed with the SEC all filings required to be made with the SEC under sections 13 and 15(d) of the 1934 Act since it first became a reporting company.
3. As at December 31, 2003, Caterpillar Financial had approximately US\$11.718 billion in medium term notes outstanding. All of Caterpillar Financial’s outstanding long-term debt is rated “A” by Standard & Poor’s and “A2” by Moody’s Investors Service.
4. The common stock in the capital of Caterpillar Financial is owned by Caterpillar Inc. (“Caterpillar”), a publicly owned Delaware corporation.
5. Caterpillar Financial provides retail financing choices to customers of Caterpillar and its subsidiaries and to dealers world-wide for Caterpillar and non-competitive related equipment. Caterpillar Financial also provides wholesale financing to Caterpillar dealers and purchases short-term dealer receivables from Caterpillar. Caterpillar Financial’s total assets at December 31, 2003 were US\$19.759 billion and its net profit for the year ended December 31, 2003 was US\$256 million.
6. The registered and principal office of the Issuer is in Ontario.
7. The Issuer was incorporated under the *Business Corporations Act* (Ontario) on December 12, 1985, and is an indirect wholly-owned subsidiary of Caterpillar Financial.
8. The Issuer is a direct wholly-owned finance subsidiary of Caterpillar Financial Nova Scotia Corporation (“Caterpillar Nova Scotia”), which is a direct wholly-owned subsidiary of Caterpillar Financial. Caterpillar Financial has no

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present intention of commencing any operations out of Caterpillar Nova Scotia or to sell any of its interest in the shares of Caterpillar Nova Scotia. The Issuer provides retail and wholesale financing of Caterpillar earthmoving, construction, and materials handling machinery, compact construction equipment and engines sold in Canada. The equipment financed or used as collateral is generally insured against physical damage.

9. The Issuer became a reporting issuer or its equivalent in the Jurisdictions by virtue of it filing a base shelf prospectus dated July 17, 2001 in each of the Jurisdictions in connection with the establishment of a prior offering of medium term notes. The Issuer is not in default of any of its obligations under the Legislation.
10. As of November 30, 2003, the Issuer had approximately Cdn. \$725 million of medium term notes outstanding.
11. Because the Issuer prepares its balance sheet without segregating its assets and liabilities between current and non-current (a "Non-Classified Balance Sheet"), it cannot provide the information required by subsection 13.4(2)(g) of NI 51-102. Consequently, the Issuer cannot rely upon the exemption from NI 51-102 contained in section 13.4 of that instrument.
12. Because the Issuer cannot rely upon the exemption in section 13.4 of NI 51-102, the Issuer cannot rely upon the exemption from MI 52-109 contained in section 4.4 of that instrument.

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 the requirements of NI 51-102 shall not apply to the Issuer provided that:

- (a) the Issuer is in compliance with the requirements and conditions of section 13.4 of NI 51-102, other than the requirements in subsection 13.4(2)(g);
- (b) the Issuer files, in electronic format, within 120 days of the Issuer's then most recently completed financial year beginning on or after January 1, 2004, annual comparative selected financial information for such

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completed financial year and the financial year immediately preceding such financial year derived from its financial statements, prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and accompanied by a specified procedures report of the auditors to the Issuer;

- (c) the Issuer’s annual comparative selected financial information referred to in paragraph (b), above, shall 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) total assets;
 - (v) commercial paper;
 - (vi) term debt;
 - (vii) all other liabilities; and
 - (viii) total shareholders’ equity;
- (d) the Issuer files, in electronic format, within 60 days of its then most recently completed interim period for financial years beginning on or after January 1, 2004, interim comparative selected financial information for such interim period and for items (i) and (ii) of paragraph (e) below the corresponding interim period in the previous financial year and for items (iii) through to and including (viii) of paragraph (e) below, as at the end of the previous financial year, with all such information derived from its financial statements, prepared in accordance with GAAP;
- (e) the Issuer’s interim comparative selected financial information referred to in paragraph (d) above shall include the following line items:
 - (i) total revenues;

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- (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) total assets;
 - (v) commercial paper;
 - (vi) term debt;
 - (vii) all other liabilities; and
 - (viii) total shareholders' equity; and
- (f) the Issuer is a "venture issuer" within the meaning of NI 51-102; and
- (g) this relief will remain in effect for so long as the Issuer's presentation of a Non-Classified Balance Sheet remains permissible under GAAP;

AND THE FURTHER DECISION of the Decision Makers (other than the Decision Maker in British Columbia and Québec) is that MI 52-109 shall not apply to the Issuer provided that:

- (a) the Issuer is compliance with the conditions set out in paragraph (a) through (f) of the Decision above; and
- (b) this relief will remain in effect for so long as the Issuer's presentation of a Non-Classified Balance Sheet remains permissible under GAAP.

DATED May 21, 2004

Charlie MacCready