

2006 BCSECCOM 353

May 3, 2006

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 44-101 *Short Form Prospectus Distributions*, s. 15.1 - requirement to have current annual financial statements - Qualification - An issuer wants relief from the qualification criteria in NI 44-101 so it can file a short form prospectus - National Instrument 44-102 *Shelf Distributions*, s. 11.1 - requirement to have current annual financial statements; lapse date for receipt of base shelf prospectus - An issuer wants relief from the qualification criteria in NI 44-102 so it can file a shelf prospectus - A credit support issuer that previously received relief from certain requirements needs relief from the requirement that it must have current annual financial statements; the issuer will comply with all the conditions of the previous relief; the issuer's prospectus will incorporate by reference the current annual financial statements of its credit supporter

Applicable British Columbia Provisions

National Instrument 44-101, ss. 2.3(1)(d)(i) and 15.1

National Instrument 44-102, ss. 2.3(1)(a), 2.3(3)(b)(i) and (ii) and 11.1

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New
Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador,
Yukon Territory, Northwest Territories and Nunavut
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
DaimlerChrysler Canada Finance Inc.
(the Filer)

MRRS Decision Document

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Background

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) exempting the Filer, pursuant to section 8.1 of National Instrument 44-101 - *Short Form Prospectus Distributions* (NI 44-101) and section 11.1 of National Instrument 44-102 - *Shelf Distributions* (NI 44-102), from:

- (i) the requirements contained in NI 44-101 and NI 44-102 that the Filer has, in at least one jurisdiction in which it is a reporting issuer, current annual financial statements in order to qualify to file a prospectus in the form of a short form prospectus for a distribution of non-convertible securities with an approved rating in the Jurisdictions; and
- (ii) the application of subparagraphs 2.3(3)(b)(i) and (ii) of NI 44-102,

(collectively, the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Autorité des marchés financiers is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101- *Definitions* have the same meaning in this decision unless they are defined this decision.

Representations

This decision is based on the following facts represented by the Filers:

1. The Filer is a corporation incorporated under the laws of Québec by articles of incorporation dated November 8, 1994. DaimlerChrysler AG (DCAG) is a corporation incorporated on May 6, 1998 under the laws of the Federal Republic of Germany.
2. The Filer was formed to access Canadian and foreign capital markets to raise funds, which it lends to the DCAG subsidiaries in Canada through a consolidated funding and cash management system. The Filer obtains financing through the issuance in Canada and elsewhere of term debt, including medium term notes, and commercial paper. DCAG and its

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subsidiaries develop, manufacture, distribute and sell a wide range of automotive products, mainly passenger cars, light trucks and commercial vehicles.

3. DCAG is the indirect beneficial owner of all of the issued and outstanding voting securities of the Filer.
4. The Filer has established a medium term note program and has filed a prospectus in the form of a short form base shelf prospectus for a distribution of non-convertible medium term notes (Notes) with an approved rating under NI 44-101 and NI 44-102 in the Jurisdictions. All of the Notes are unconditionally and irrevocably guaranteed as to payment of principal and interest by DCAG.
5. By decision document dated June 30, 2005, entitled *In the Matter of DaimlerChrysler Canada Finance Inc. and DaimlerChrysler AG*, as varied by MRRS Decision dated April 10, 2006, (together the Original Decision), the Filer is exempt from the application of National Instrument 51-102 – *Continuous Disclosure Obligations* (NI 51-102), including the requirement to file annual financial statements.
6. The Filer is a reporting issuer or its equivalent in each of the Jurisdictions, however it is exempt from the application of NI 51-102 by the Original Decision. The Filer is not, to its knowledge, included in a list of defaulting reporting issuers maintained by the Decision Makers.
7. In order to continue to qualify to file a prospectus in the form of a short form base shelf prospectus for a distribution of Notes with an approved rating under NI 44-101 and NI 44-102 in the Jurisdictions, the Filer requires relief from the new requirement of NI 44-101 that an issuer of approved rating non-convertible securities has, in at least one jurisdiction in which it is a reporting issuer, current annual financial statements.
8. Other than the requirement that the Filer has, in at least one jurisdiction in which it is a reporting issuer, current financial statements, the Filer either satisfies or is exempt from the other alternative qualification criteria for issuers of non-convertible securities with an approved rating under NI 44-101 and NI 44-102.

Decision

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.

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The decision of the Decision Makers under the Legislation is that the Requested Relief is hereby granted, provided that the Filer complies with the conditions of the Original Decision.

Louis Auger
Chef du Service du financement des sociétés
Autorité des marchés financiers