

Ontario Headnote

Mutual Reliance Review System for Exemptive Relief Applications – application from German/U.S. automobile manufacturer and Canadian finance subsidiary for relief from the application of Multilateral Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("MI 52-109") and Multilateral Instrument 52-110 – Audit Committees ("MI 52-110") – Canadian finance subsidiary unable to rely upon exemption for credit support issuers in section 13.4 of National Instrument 51-102 Continuous Disclosure Obligations ("NI 51-102") since i) credit supporter parent is not incorporated or organized under U.S. law, ii) the terms of the notes do not expressly entitle holders of notes to receive payment from credit supporter within 15 days of any failure by subsidiary to make a payment; and iii) subsidiary has issued certain commercial paper securities that are not "designated credit support securities" – Relief granted from NI 51-102 under a separate decision document (the "51-102 decision document") provided applicants comply with certain conditions – Relief granted from MI 52-109 and MI 52-110 provided the applicants comply with requirements contained in NI 51-102 decision document.

Applicable National Instruments

National Instrument 51-102 *Continuous Disclosure Obligations*.

Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*.

Multilateral Instrument 52-110 – *Audit Committees*.

June 30, 2005

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,
NEW BRUNSWICK, 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.
AND DAIMLERCHRYSLER AG
(the "Filers")**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the "Legislation") exempting DCCFI from:

(i) 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; and

(ii) the application of Multilateral Instrument 52-110 – *Audit Committees* ("MI 52-110"), pursuant to section 8.1 of MI 52-110.

Under the Mutual Reliance Review System for Exemptive Relief Applications:

(a) the Ontario Securities Commission 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. DCCFI is a corporation incorporated under the laws of Québec by articles of incorporation dated November 8, 1994.

2. DCCFI does not carry on an operating business. DCCFI was formed to access Canadian and foreign capital markets to raise funds, which it lends to the subsidiaries of DaimlerChrysler AG ("DCAG") in Canada through a consolidated funding and cash management system. DCCFI obtains financing through the issuance in Canada and elsewhere of term debt, including medium term notes, and commercial paper.

3. DCCFI is a "reporting issuer" or its equivalent in each Jurisdiction where such status exists and is not included in a list of defaulting reporting issuers maintained by any of the Decision Makers.

4. All of the issued and outstanding voting securities of DCCFI are indirectly owned by DCAG.

5. DCCFI established a medium term note program ("MTN Program") in the Jurisdictions under former National Policy Statement No. 47 and former National Policy Statement No. 44 and

renewed its MTN Program in the Jurisdictions under National Instrument 44-101 - *Short Form Prospectus Distributions* and National Instrument 44-102 - *Shelf Distributions* by way of filing a short form base shelf prospectus dated May 11, 2004 and applicable pricing supplements.

6. As at December 31, 2004, DCCFI had approximately CDN. \$CDN 3,438,828,000 in medium term notes (the "Notes") outstanding under its Canadian MTN Program, approximately CDN \$1,921,420,000 or €1,200,000,000 in medium term notes outstanding under its European medium term note program and approximately CDN. \$732,150,000 in commercial paper outstanding. The medium term notes and the commercial paper are the only securities of DCCFI that are held by the public.

7. DCAG is a credit supporter of DCCFI by virtue of DCAG providing a full and unconditional guarantee of the payments to be made by DCCFI under the Notes, as stipulated in the terms of the Notes, that results in the holder of such Notes being entitled to receive payment from DCAG duly and punctually on demand upon any failure by DCCFI to make a payment.

8. DCCFI does not qualify for the relief for credit support issuers contemplated by section 13.4 (the "Credit Support Issuer Exemption") of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 52-102").

9. Accordingly, pursuant to the MRRS decision document *In the Matter of DaimlerChrysler Canada Finance Inc. and DaimlerChrysler AG* dated June 30, 2005 (the "Previous Decision"), the Decision Makers exempted DCCFI from the application of NI 51-102 and the application of any comparable continuous disclosure requirements under the Legislation of the Jurisdictions that have not yet been repealed or otherwise rendered effective as a consequence of the adoption of NI 51-102.

11. DCCFI is unable to rely upon the exemption for credit support issuers from the requirements of MI 52-109 contained in section 4.4 thereof, since DCCFI does not qualify for the relief contemplated by the Credit Support Issuer Exemption.

12. MI 52-110 applies to DCCFI, since DCCFI does not qualify for the relief contemplated by the Credit Support Issuer Exemption.

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.

The decision of the Decision Makers under the Legislation is that DCCFI be exempted from the requirements of MI 52-109, provided that the Filers are in compliance with the requirements and the conditions set forth in paragraphs (a) through (e) of the decision relating to NI 51-102 of the Previous Decision.

The further decision of the Decision Makers under the Legislation is that DCCFI be exempted from the application of MI 52-110, provided that the Filers are in compliance with the

requirements and the conditions set forth in paragraphs (a) through (e) of the decision relating to NI 51-102 of the Previous Decision.

" John Hughes"

Manager, Corporate Finance
Ontario Securities Commission