

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications – issuer granted an exemption from the prospectus and registration requirements in connection with trades made subsequent to the date of the decision document of negotiable promissory notes or commercial paper – issuer could not meet the "approved credit rating" requirement contained in the commercial paper exemption of National Instrument 45-106 Prospectus Exempt Distributions (NI 45-106) – the definition of an "approved credit rating" requires, among other things, that every rating received by an issuer be at or above a prescribed standard – concern expressed that the requisite rating thresholds in NI 45-106 are not equivalent among the rating agencies and that correlation among ratings are imperfect – there was also concern that the requisite ratings were not appropriate as applied to the commercial paper market – relief granted provided the commercial paper (i) matures not more than one year from the date of issue; (ii) is not convertible or exchangeable into or accompanied by a right to purchase another security other than commercial paper; and (iii) has a rating issued by one of the following rating organizations at or above one of the following rating categories: DBRS "R-1(low)", Fitch "F2", Moody's "P-2" or S&P "A-2" - the relief contains a sunset provision that the decision will terminate on the earlier of 90 days upon an amendment of NI 45-106 or three years from the date of the decision.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c.S.5, as am. ss.25(1), 53(1), and 74(1).

April 11, 2006

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ALBERTA, BRITISH COLUMBIA, MANITOBA, NEW BRUNSWICK,  
NEWFOUNDLAND AND LABRADOR, NOVA SCOTIA, NUNAVUT, NORTHWEST  
TERRITORIES,  
ONTARIO, PRINCE EDWARD ISLAND, QUEBEC, SASKATCHEWAN AND YUKON  
(collectively, the Jurisdictions)

AND

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

AND

IN THE MATTER OF  
JOHN DEERE CREDIT INC. (JDCI)  
AND  
JOHN DEERE LIMITED (JDL)  
(collectively, 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 Jurisdictions (the **Legislation**) that trades of commercial paper/short-term debt (**Commercial Paper**) of the Filers be exempt from the dealer registration and prospectus requirements of the Legislation (the **Requested Relief**).

Under the Mutual Reliance Review System for Exemptive Relief Applications (**MRRS**):

- (a) the Ontario Securities Commission was selected as 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 otherwise defined in this decision.

### Representations

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

1. JDL is a corporation under the *Canada Business Corporations Act* (the CBCA) with a head office and principal business office in Grimsby, Ontario. JDL is not a reporting issuer in any of the Jurisdictions.
2. JDCI is a corporation under the CBCA with a head office and principal business office in Burlington, Ontario. JDCI is a reporting issuer in each of the Jurisdictions, except Nunavut, Yukon and the Northwest Territories.
3. The Filers are not in default of any of their obligations under the Legislation except to the extent of possible non-compliance with the Legislation which may have arisen as a result of trades of Commercial Paper after September 14, 2005 (the date that National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106) came into force).
4. Subsection 2.35(1)(b) of NI 45-106 provides that the exemption from the dealer registration and prospectus requirements of the Legislation for short-term debt (the **Commercial Paper Exemption**) is available only where such short-term debt "has an approved credit rating from an approved credit rating organization". NI 45-106 incorporates by reference the definitions for "approved credit rating" and "approved credit rating organization" that are used in National Instrument 81-102 *Mutual Funds* (NI 81-102).

5. The definition of an "approved credit rating" in NI 81-102, requires, among other things, that (a) the rating assigned to such debt must be "at or above" certain prescribed short-term ratings, and (b) such debt must not have been assigned a rating by any "approved credit rating organization" that is not an "approved credit rating".

6. Each of the Filer's Commercial Paper has an "A-1(low)" from Standard & Poor's, an "R-1(low)" from Dominion Bond Rating Service Limited and an "F1" from Fitch Ratings Ltd., which ratings all meet the prescribed threshold in NI 81-102.

7. The Commercial Paper of each of the Filers does not meet the "approved credit rating" in NI 81-102 because each Filer has a "P-2" rating from Moody's Investor Service which is a lower rating than required by the Commercial Paper Exemption. Accordingly, section 2.35 of NI 45-106 has not been available to the Filers in respect of trades of Commercial Paper.

#### 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 the Requested Relief is granted provided that the Commercial Paper:

(a) matures not more than one year from the date of issue;

(b) is not convertible or exchangeable into or accompanied by a right to purchase another security other than Commercial Paper;

(c) has a rating issued by one of the following rating organizations, or any of their successors, at or above one of the following rating categories (or rating category that replaces a category listed below):

<b>Rating</b>	<b>Organization Rating</b>
Dominion Bond Rating Service Limited	R-1 (low)
Fitch Ratings Ltd.	F2
Moody's Investors Service	P-2
Standard & Poor's	A-2

For each Jurisdiction, this decision will terminate on the earlier of:

(a) 90 days after the coming into force of any rule, other regulation or blanket order or ruling under the Legislation of the Jurisdiction that amends section 2.35 of NI 45-106 or provides an alternate exemption; and

(b) three years from the date of this decision.

"Robert Davis"  
Commissioner  
Ontario Securities Commission

"David Knight"  
Commissioner  
Ontario Securities Commission