

IN THE MATTER OF THE  
SECURITIES LEGISLATION  
OF ALBERTA, BRITISH COLUMBIA, MANITOBA, NEW BRUNSWICK,  
NEWFOUNDLAND, NOVA SCOTIA, ONTARIO, PRINCE EDWARD ISLAND,  
QUEBEC AND SASKATCHEWAN

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, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan (the "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 "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation that:

- (a) ACCC comply with the requirement (the "Canadian GAAP Reconciliation Requirement") to reconcile the Citicorp financial statements included in a short form shelf prospectus and prepared in accordance with generally accepted accounting principles ("GAAP") of a foreign jurisdiction to Canadian GAAP;
- (b) ACCC comply with the requirement (the "Canadian GAAS Reconciliation Requirement" and together with the Canadian GAAP Reconciliation Requirement, the "Reconciliation Requirements") to 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;
- (c) ACCC comply with the annual information form requirements in the provinces of Ontario, Quebec and Saskatchewan (the "AIF Requirements");

- (d) ACCC file with the Decision Makers, and send to the applicable securityholders of ACCC, annual and interim MD&A (the "MD&A Requirements");
- (e) 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");
- (f) ACCC file with the Decision Makers, and send to the applicable securityholders of ACCC, unaudited interim financial statements (the "Interim Financial Statement Requirement");
- (g) ACCC issue and file with the Decision Makers press releases, and file with the Decision Makers material change reports (together, the "Material Change Requirements");
- (h) 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");
- (i) Insiders of ACCC file insider reports with the Decision Makers (the "Insider Reporting Requirements"); and
- (j) ACCC comply with the requirements (the "Prospectus Disclosure 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;

shall not apply;

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 Filer has represented to the Decision Makers that:

1. ACCC's primary business is to provide commercial and consumer financial services in Canada. ACCC's commercial operations offer finance, leasing and related services primarily to dealers and purchasers of heavy-duty and medium-duty trucks and truck trailers, heavy-duty industrial equipment, vendor equipment and communications equipment. ACCC's consumer operations offer home equity loans, personal loans and retail sales finance products.
2. ACCC was incorporated under the *Canada Business Corporations Act* on October 19, 1982 and is an indirect wholly-owned subsidiary of Citicorp. ACCC's head office is located at 201 Queens Avenue, London, Ontario, N6A 1J1.

3. ACCC became a reporting issuer or the equivalent in each of the Jurisdictions at various dates between May 14, 1970 and January 31, 1997 and is not in default of any requirement under the Legislation of the Jurisdictions.

4. Citicorp was incorporated under the laws of the State of Delaware in 1967 and is a wholly-owned indirect subsidiary of Citigroup Inc. Citicorp is a reporting issuer or the equivalent in each of the Jurisdictions except Newfoundland and Manitoba and is not in default of any requirement under the Legislation in such Jurisdictions.

5. 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.

6. Citicorp is a diversified financial services company that serves individuals, businesses, governments and financial institutions in over 100 countries and territories.

7. On November 30, 2000, Citigroup Inc. completed the acquisition of Associates First Capital Corporation ("AFCC") and its subsidiaries, including ACCC (the "Associates Acquisition"). Subsequent to the Associates Acquisition, AFCC was contributed to and became a wholly-owned subsidiary of Citicorp and Citicorp issued a full and unconditional guarantee (the "Citicorp Guarantee") of the outstanding long-term debt securities and commercial paper of, among other subsidiaries, ACCC.

8. Under a short form shelf prospectus dated November 16, 1999, as thereafter supplemented (the "1999 MTN Program"), ACCC may issue an aggregate principal amount of up to Cdn.\$3,000,000,000 (or the equivalent thereof in other currencies) of non-convertible medium term notes (the "First Series Notes"). As of the date hereof, Citicorp and AFCC have unconditionally guaranteed the payment of principal and interest due under the First Series Notes.

9. As at September 30, 2001, ACCC had issued Cdn. \$1,279,250,000 aggregate principal amount of First Series Notes and had approximately Cdn. \$2,815,250,000 in total outstanding long term debt. ACCC's First Series Notes are rated "AA" by Dominion Bond Rating Service and "AA-" by Standard & Poor's.

10. Upon the expiry of the two year effective period of the 1999 MTN Program on November 16, 2001, the offering of the First Series Notes will be completed with no further issuances of First Series Notes thereunder.

11. As at June 30, 2001, Citicorp had approximately US\$86,583 million in consolidated third party long term debt outstanding.

12. 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 in Canada based

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

13. Except for the fact that ACCC is not incorporated under United States law, the distribution of Second Series 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 sections 3.1 and 3.2 of NI 71-101.

14. In lieu of renewing the 1999 MTN Program, ACCC proposes to establish a new medium term note program pursuant to National Instrument 44-101 ("NI 44-101") and National Instrument 44-102 to provide for the issuance of up to an aggregate principal amount of Cdn.\$3,000,000,000 only through the issuance of notes (the "Second Series Notes") under a short form base shelf prospectus (the "2001 Prospectus") from time to time over a twenty-five month period. The Second Series Notes will be fully and unconditionally guaranteed by Citicorp as to payment of principal and interest. The Second Series Notes will have an approved rating (as defined in NI 44-101)(an "Approved Rating") and will be rated by a recognized security evaluation agency in one of the categories determined by the Commission des valeurs mobilières du Québec.

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 securities regulatory authority or securities regulator in each of Ontario, Québec and Saskatchewan is that the AIF Requirements shall not apply to ACCC provided that (i) both ACCC and Citicorp comply with all of the requirements of each of the Decisions below and (ii) Citicorp complies with the AIF requirements of NI 44-101 as if it is the Issuer.

DATED November 14, 2001.

*"Iva Vranic"*

AND THE FURTHER DECISION of the Decision Makers under the Legislation is that the Reconciliation Requirements shall not apply to financial statements of Citicorp included or incorporated by reference in the 2001 Prospectus provided that:

(a) the Citicorp financial statements that are included or incorporated by reference in the 2001 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 Citicorp audited annual financial statements, such financial statements are audited in accordance with United States GAAS;

(b) the Second Series Notes maintain an Approved Rating;

(c) Citicorp maintains direct or indirect beneficial ownership of all of the voting shares of ACCC;

(d) Citicorp continues to satisfy the eligibility criteria set forth in section 3.1 of NI 71-101 (or any applicable successor provision) for using 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

(e) Citicorp continues to fully and unconditionally guarantee payment of the principal and interest on the Second Series Notes.

DATED November 14, 2001

*"Iva Vranic"*

AND THE FURTHER DECISION of the Decision Makers under the Legislation is that the Prospectus Disclosure Requirements shall not apply to the 2001 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 2001 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 Citicorp's public disclosure documents, including Citicorp'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 and the disclosure required by item 7 of Form 44-101F3 being addressed by disclosure with respect to Citicorp 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 2001 Prospectus will be the summary financial information disclosure specified in paragraphs (i) and (j) of the Further Decision below;

(d) the 2001 Prospectus includes all material disclosure concerning the Issuer;

(e) the 2001 Prospectus incorporates by reference disclosure made in Citicorp's most recent Form 10-K (as filed under the 1934 Act) together with all Form 10-Qs and Form 8-Ks filed under the 1934 Act in respect of the financial year following the year that is the subject of Citicorp's most recently filed Form 10-K and incorporates by reference any documents of the foregoing type filed after the date of the 2001 Prospectus and prior to termination of the distribution of the Second Series Notes;

- (f) Citicorp continues to fully and unconditionally guarantee the Second Series Notes as to the payments required to be made by the Issuer to holders of the Second Series Notes;
- (g) the Second Series Notes maintain an Approved Rating;
- (h) Citicorp signs the 2001 Prospectus as credit supporter;
- (i) Citicorp remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer;
- (j) Citicorp 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) Citicorp undertakes to file with the Decision Makers, in electronic format under the Issuer's SEDAR profile, all documents that it files under Sections 13 and 15(d) of the 1934 Act until such time as the Second Series Notes are no longer outstanding.

DATED November, 2001.

*"Iva Vranic"*

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

- (a) Citicorp files with each of the Decision Makers, in electronic format under the Issuer's SEDAR profile, copies of all documents filed by it with the SEC under Sections 13 and 15(d) of the 1934 Act, within one business day of filing with the SEC including, but not limited to, copies of any Form 10-K, Form 10-Q, Form 8-K (including press releases) and proxy statements, proxies and proxy solicitations in connection with Citicorp'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) Citicorp remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of the Issuer;

(d) Citicorp maintains a class of securities registered pursuant to section 12 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 Citicorp, 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 Citicorp;

(f) Citicorp continues to fully and unconditionally guarantee the Second Series Notes as to the payments required to be made by the Issuer to holders of the Second Series Notes;

(g) the Issuer does not issue additional securities other than the Second Series Notes (or any other series of notes which hereinafter may be issued), debt securities ranking *pari passu* to the Second Series Notes, any debentures issued in connection with any security granted by the Issuer to the holders of Second Series Notes or debt ranking *pari passu* with the Second Series Notes, and those securities currently issued and outstanding, other than to Citicorp or to wholly-owned subsidiaries of Citicorp;

(h) if notes of another series of debt securities ranking *pari passu* with the Second Series Notes are hereinafter issued by the Issuer, Citicorp 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;

(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 Second Series Notes maintain an Approved Rating;

(l) Citicorp 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 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, provided that the first required filing to be made by the Issuer under clause (j) shall be in respect of the third quarter ended September 30, 2001 and the first required filing to be made by the Issuer under clause (i) shall be in respect of the financial year ending December 31, 2001, and provided further that the Issuer shall be entitled to incorporate in the 2001 Prospectus such selected financial information in respect of the second quarter ended June 30, 2001 (if the Issuer is not required by the Legislation to incorporate in the 2001 Prospectus financial information for the period ended September 30, 2001) and the financial year ended December 31, 2000; and

(o) all filing fees that would otherwise be payable by the Issuer in connection with the Continuous Disclosure Requirements are paid.

DATED November 14, 2001.

*"Paul M. Moore"*

*"Robert W. Korthals"*

#### Headnote

Mutual Reliance Review System for Exemption Relief Applications - Director grants exemption from GAAP Reconciliation Requirement and GAAS Reconciliation Requirement of NI 44-101 - Director grants exemption from certain Prospectus Disclosure Requirements of Form 44-101F3 - Director grants exemption from AIF Requirements of Ontario, Quebec and Saskatchewan - Commission grants exemptions from MD&A Requirements, Material Change Requirements, Proxy Requirements and Insider Reporting Requirements subject to conditions, including filing, under issuer's SEDAR profile, of documents filed by the credit support of the issuer with the Securities and Exchange Commission.

#### Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 75, 80(b)(iii), 77, 78, 107, 108, 109 and 121(2)(a)(ii).

#### National Instruments Cited

National Instrument 44-101 *Short Form Prospectus Distributions*, s. 7.1, 7.4, and 7.5.

Form 44-101F3 to National Instrument 44-101, Items 7, 12.1(1)1 to 12.1(1)2, 12.1(1)5 to 12.1(1)8, 12.2(1) to 12.2(4), and 13.1(1)2.

National Instrument 44-102 *Shelf Distributions*.

National Instrument 71-101 *Multijurisdictional Disclosure System*, s. 3.1, 3.2 and 3.3.

Ontario Rules Cited

Rule 51-501 *AIF and MD&A*, s. 5.1.