

Headnote

Mutual Reliance Review System for Exemptive Relief Applications -- application for an order that the issuer is not a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).

May 4, 2007

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

AND

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

AND

**IN THE MATTER OF
SHELL CANADA LIMITED (THE APPLICANT)**

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Applicant for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that it be deemed to have ceased to be a reporting issuer of the equivalent thereof under the Legislation.

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

- (a) The Alberta Securities Commission is the principal regulator for this application; and

(b) This MRRS decision document evidences the decision of each Decision Maker.

Representations

3. This decision is based on the following facts represented by the Applicant:

(a) The Applicant was incorporated under the laws of Canada in 1925 as the successor to The Shell Company of Canada, Limited, which was incorporated in 1911, and was continued under the Canada Business Corporations Act (the **CBCA**) on May 1, 1978.

(b) The Applicant is currently a reporting issuer in each of the provinces and territories of Canada where such a concept exists and is not on the list of defaulting reporting issuers maintained by any province.

(c) The Applicant is a large integrated petroleum company that operates principally in three industry segments: exploration and production, oil sands and oil products.

(d) The Applicant's head and registered office is located in Calgary, Alberta.

(e) The Applicant's authorized capital consists of an unlimited number of common shares (the Common Shares), an unlimited number of four per cent cumulative redeemable preference shares and an unlimited number of preferred shares. As at March 31, 2007, there were 825,991,825 Common Shares issued and outstanding.

(f) Pursuant to an offer (the Offer) dated February 8, 2007, by Shell Investments Limited (SIL), a wholly-owned subsidiary of Royal Dutch Shell plc, SIL offered to purchase all of the Common Shares (not already owned by it or its affiliates) at a price of Cdn. \$45.00 per Common Share. The Offer was made by way of a formal take-over bid.

(g) As at the date of the Offer, SIL and its affiliates owned approximately 78 percent of the issued and outstanding Common Shares.

(h) As at March 31, 2007, the Applicant had a market capitalization of approximately \$37 billion.

(i) The Offer initially expired on March 16, 2007 and was extended to March 30, 2007. At March 30, 2007, approximately 94.5% of the outstanding Common Shares not already owned by SIL or its affiliates were taken up by SIL and payment for these Common Shares was made on or before April 4, 2007.

(j) Following the completion of the Offer, SIL exercised its right under Section 206 of the Canada Business Corporations Act to acquire the remaining issued and outstanding Common Shares not deposited under the Offer. A notice of compulsory acquisition was sent on April 4, 2007 to persons who had not tendered to the Offer.

(k) SIL has tendered payment to the Applicant in trust for persons who did not tender to the Offer on or before April 24, 2007 and the Applicant issued a share certificate to SIL in respect of the untendered Common Shares such that SIL became the sole shareholder of the Applicant. Pursuant to a request made by the Applicant, the Common Shares were delisted from the Toronto Stock Exchange on April 25, 2007.

(l) The current corporate credit ratings of the Applicant are as follows:

<<AGENCY>>

<<RATING>>

Dominion Bond
Rating Service
Limited

AA (Low)

Standard & Poor's

AA-

The Applicant's corporate credit ratings were classified as "Under Review-Developing" by Dominion Bond Rating Service Limited and "Credit Watch (positive)" by Standard & Poor's subsequent to the Offer.

(m) Other than the Common Shares and approximately \$929 million aggregate principal amount of short term promissory notes (the Commercial Paper) as of April 25, 2007, the Applicant has no other securities outstanding.

(n) Section 2.35 of National Instrument 45-106 Prospectus and Registration Exemptions (NI 45-106) provides an exemption from the dealer registration requirement and prospectus requirement as contained in the Legislation for a trade or distribution of commercial paper maturing not more than one year from the date of issue provided that the commercial paper (a) is not convertible or exchangeable into or accompanied by a right to purchase another security other than a security described in Section 2.35, and (b) has an approved credit rating as defined in National Instrument 81-102 Mutual Funds (NI 81-102) from an approved credit rating organization as defined in NI 81-102.

(o) The current rating of the Commercial Paper is an "approved credit rating", the particulars of which are as follows:

<<AGENCY>>

<<RATING>>

Dominion Bond
Rating Service
Limited

R-1 (Middle)

Dominion Bond Rating Service Limited is an "approved credit rating organization" within the meaning of NI 81-102.

(p) The Applicant's internal procedures provide that the Commercial Paper may be issued with a maturity of up to 90 days, but most of the Commercial Paper is issued with a shorter maturity of between one and 30 days. The Applicant's commercial paper program is currently limited to a maximum of \$2 billion, subject to possible expansion provided the appropriate credit ratings may be maintained.

(q) The Commercial Paper is distributed on the Applicant's behalf by six different dealers with whom the Applicant maintains facilities to backstop 100% of the program's capacity.

(r) The Applicant's current and future issuances of Commercial Paper do and will satisfy the requirements of the exemption contained in section 2.35 of NI 45-106.

(s) The Applicant also has a revolving credit facility from the Canadian Imperial Bank of Commerce and a syndicate of commercial banks in the aggregate amount of up to \$1.5 billion which can be accessed by the issuance of bankers' acceptances. The amount outstanding in bankers' acceptances at March 30, 2007

was approximately \$700 million. These bankers' acceptances have terms of 30, 60 or 90 days, and the \$700 million was issued in three tranches with terms of 30 days each.

(t) The bankers' acceptances are guaranteed obligations of the stamping banks and are separate and apart from the Commercial Paper.

(u) The outstanding securities of the Applicant, except for the Commercial Paper, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada.

(v) Except for the Commercial Paper, no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation. The Commercial Paper is traded in the customary manner among dealers involved in the commercial paper market. This group of dealers may constitute a marketplace under National Instrument 21-101 Marketplace Operation.

(w) The Applicant is not, nor will it be, in default of any of its obligations under the Legislation as a reporting issuer.

(x) On April 26, 2007, the Applicant issued and filed with Decision Makers via SEDAR a news release announcing, in part, that it had submitted an application to the Decision Makers to cease to be a reporting issuer under the Legislation.

(y) The Applicant does not intend to seek public financing by way of an offering of securities other than by the issuance of Commercial Paper.

(z) Upon the grant of the relief requested herein, the Applicant will not be a reporting issuer or the equivalent in any jurisdiction of Canada.

Decision

4. 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.

5. The decision of the Decision Makers under the Legislation is that the Applicant be deemed to have ceased to be a reporting issuer in each of the Jurisdictions.

"Patricia Leeson"
Associate Director, Corporate Finance
Alberta Securities Commission