

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – issuer granted exemption from the prospectus and registration requirements in connection with trades of short-term debt or commercial paper- sufficient to obtain one credit rating at or above a revised category from an approved credit rating agency, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.A., 2000, c. S-4, sections 75, 110 and 144

Citation: TransCanada PipeLines Limited, 2008 ABASC 444

Date: 20080722

In the Matter of
the Securities Legislation of
Alberta and Ontario (the **Jurisdictions**)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
TransCanada PipeLines Limited (the **Filer**)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that trades of commercial paper/short-term debt of the Filer (**Commercial Paper**) be exempt from the dealer registration and prospectus requirements of the Legislation (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the Alberta Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in each of British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Nunavut, Northwest Territories, Prince Edward Island, Québec, Saskatchewan and Yukon Territory; and

- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision unless otherwise defined.

Representations

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

1. The Filer is a corporation under the *Canada Business Corporations Act* with a head office in Calgary, Alberta. The Filer is a reporting issuer in each of the Jurisdictions.
2. The Filer is not in default of any of its 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 June 24, 2008 (the date that the credit rating of the Commercial Paper was downgraded by Moody's Investor Service).
3. Subsection 2.35(1)(b) of National Instrument 45-106 (**NI 45-106**) provides that exemptions 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 of "approved credit rating" and "approved credit rating organization" in National Instrument 81-102 *Mutual Funds* (**NI 81-102**).
4. The definition of an "approved credit rating" in NI 81-102 requires, among other things, that (a) the rating assigned to such debt be "at or above" certain prescribed short-term ratings, and (b) such debt not have been assigned a rating by any "approved credit rating organization" that is not an "approved credit rating".
5. The Commercial Paper has an "R-1(low)" rating from DBRS Limited, which rating constitutes an "approved credit rating" under NI 81-102.
6. The Commercial Paper does not meet the definition of "approved credit rating" in NI 81-102 because as of June 24, 2008 the Commercial Paper was downgraded from a "P-1" rating to a "P-2" rating by Moody's Investors Service. This rating of P-2 is a lower rating than required by the Commercial Paper Exemption. Accordingly, the Commercial Paper Exemption is not available to the Filer in respect of trades of Commercial Paper.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought 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; and
- (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):

Rating Organization	Rating
DBRS Limited	R-1 (low)
Fitch Ratings Ltd.	F1
Moody's Investors Service	P-2
Standard & Poor's	A-1 (low)

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

- (a) 90 days after the coming into force of any rule, regulation or blanket order or ruling under the Legislation that amends section 2.35 of NI 45-106 or provides an alternate exemption; and
- (b) three years from the date of this decision.

“original signed by”

Glenda A. Campbell, QC
Alberta Securities Commission

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Alberta Securities Commission