



Shell Energy North America (Canada) Inc.  
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**via email only**

April 10, 2012

Alberta Securities Commission  
Autorité des marchés financiers  
British Columbia Securities Commission  
Manitoba Securities Commission  
New Brunswick Securities Commission  
Nova Scotia Securities Commission  
Ontario Securities Commission  
Saskatchewan Financial Services Commission

In care of:

Mr. John Stevenson, Secretary  
Ontario Securities Commission  
20 Queen Street West, Suite 1900  
Toronto, Ontario M5H 3S8  
[jstevenson@osc.gov.on.ca](mailto:jstevenson@osc.gov.on.ca)

and Me Anne-Marie Beaudoin, Secrétaire de l’Autorité  
Autorité des marchés financiers  
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Montéal, Québec H4Z 1G3  
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**Re: Canadian Securities Administrators (“CSA”)  
Consultation Paper 91-404 Derivatives: Segregation and Portability in OTC Derivatives  
Clearing (“the Paper”)**

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Shell Energy North America (Canada) Inc. (“Shell Energy”) and Shell Trading Canada (“STC”) (collectively, “Shell Trading”) make this submission to comment on the Paper issued by the CSA considering segregation and portability of collateral related to indirectly cleared over-the-counter (“OTC”) derivative transactions in Canada. Shell Trading supports the goal of harmonizing the Canadian approach with international practices where practical and necessary and agrees with the need to reform federal and provincial laws to implement the changes.

### **Description of Shell Trading**

The Shell Trading companies are indirect subsidiaries of Royal Dutch Shell, plc which is impacted by, and participating in, the global efforts to reform financial markets regulation. Shell Energy markets and trades natural gas, electricity, and environmental products, including the natural gas produced by its affiliates in Canada. STC trades various grades of crude oil, refinery feed stocks,

bio-components, and finished oil-related products, including such commodities that are produced, manufactured, or imported by affiliates. Both entities also participate in the Canadian energy derivatives markets. Together, they manage risk and optimize value across physical and financial, exchange-traded and OTC markets.

## **Comments**

Shell Trading appreciates the detailed analysis within the Paper and supports or accepts (without prejudice to future comments) the recommendations and proposals made as they pertain to indirectly cleared OTC derivative transactions.

Shell Trading supports the comments filed by BP Canada Energy Group ULC related to the Paper.

As additional consultation papers are released by the CSA and international reforms continue to evolve, Shell Trading urges the CSA to adopt an approach that ultimately presents stakeholders with a comprehensive framework for further comment. Stakeholders and regulators will need such a comprehensive view in order to assess the full scope of proposed reforms and their implications as they are tailored to the needs of the Canadian markets while endeavouring to achieve alignment with international standards where appropriate.

Shell Trading appreciates the opportunity to provide these comments, and would welcome the opportunity to work more closely with the CSA on the future regulation of energy commodity derivatives and the critically important treatment of affiliates and commercial energy firms within the reforms.

Please contact me at (416) 227-7312 if you have any questions regarding these comments or would like to explore any of the issues further.

Respectfully submitted,

*Submitted electronically*

Paul Kerr  
General Manager – Market Affairs  
Shell Energy North America (Canada) Inc.