

Notice relating to the early adoption of International Financial Reporting Standards published in 2011

1. Scope

This Notice is intended for financial institutions¹ ("institutions") constituted or continued under a law of Québec and subject to any of the following Acts:

- *An Act respecting insurance*, R.S.Q., c. A-32
- *An Act respecting financial services cooperatives*, R.S.Q., c. C-67.3
- *An Act respecting trust companies and savings companies*, R.S.Q., c. S-29.01

2. Introduction

In May and June 2011, the International Accounting Standards Board ("IASB") released a number of new or amended International Financial Reporting Standards ("IFRS") that are effective for fiscal years beginning on or after January 1, 2013. The IASB permits early adoption of these standards as of their publication.

The *Autorité des marchés financiers* (the "AMF") seeks to convey to institutions its guidance regarding the following standards:

- Five standards regarding consolidation and related standards:
 - IFRS 10, Consolidated Financial Statements
 - IFRS 11, Joint Arrangements
 - IFRS 12, Disclosure of Interests in Other Entities
 - IAS 27, Separate Financial Statements (revised in 2011)
 - IAS 28, Investments in Associates and Joint Ventures (revised in 2011)
- IFRS 13, Fair Value Measurement
- IAS 19, Employee Benefits (revised in 2011)
- IAS 1, Presentation of Financial Statements (revised in 2011)

¹ In the case of credit unions members of a federation, the guidance in this Notice applies to the "entity" as defined in the scope of the *Ligne directrice sur les normes relatives à la suffisance du capital de base, Décembre 2011* (Capital Adequacy Guideline for Financial Services Cooperatives). However, the generic term "institution" is used for purposes of applying the guidance.

Given the material impact some of these standards may have on financial statements and the key role of accounting standards in the calculation of capital adequacy requirements, the AMF is maintaining its position of not permitting early adoption of these standards, as set out in the Notice in the Bulletin dated June 4, 2010.²

The AMF adheres to the principles of transparency and comparability of financial reporting of institutions' results and financial position. Refusal to allow early adoption of the above-mentioned standards will reduce information asymmetry and, consequently, optimize the relevance of the financial information disclosed by institutions and used within the purview of the AMF's supervisory activities.

Finally, the AMF believes that the effective date of January 1, 2013 provides institutions with a reasonable timeframe to ensure orderly implementation of the new standards.

Further information

Further information is available from:

Chantale Bégin, CA
Prudential Standards and Commercial Practices Section
Autorité des marchés financiers
Québec City: 418-525-0337, ext. 4595
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² Notice relating to the Application of International Financial Reporting Standards: Accounting Practices and Capital Adequacy Requirements [(2010) Bulletin, Volume 7, No. 22, section 5.1].