

**CSA Staff Notice 52-321**  
**Early adoption of International Financial Reporting Standards,**  
**use of US GAAP and reference to IFRS-IASB**

**Purpose**

This notice updates the market on CSA staff's views on the issues addressed in CSA Concept Paper 52-402 *Possible changes to securities regulations relating to International Financial Reporting Standards* (the "concept paper"), published on February 13, 2008, namely:

- use of International Financial Reporting Standards ("IFRS") by a domestic issuer<sup>1</sup> before January 1, 2011,
- use of US generally accepted accounting principles ("US GAAP") by a domestic issuer that is an SEC issuer, and
- reference to IFRS as issued by the International Accounting Standards Board ("IFRS-IASB") instead of Canadian generally accepted accounting principles ("Canadian GAAP").

**Background**

We have reviewed the 42 comment letters and other feedback received in response to the concept paper. Based on that input, staff have further developed their views on the three issues addressed in the paper.

**Early adoption of IFRS**

Staff recognize that some issuers might want to prepare their financial statements in accordance with IFRS for periods beginning prior to January 1, 2011, the mandatory date for changeover to IFRS for Canadian publicly accountable enterprises<sup>2</sup>. Staff are prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to prepare its financial statements in accordance with IFRS-IASB for financial periods beginning before January 1, 2011.

We expect an issuer contemplating the possibility of adopting IFRS before 2011 would carefully assess the readiness of its staff, board of directors, audit committee, auditors, investors and other market participants to deal with the change. An issuer should also consider the implications of adopting IFRS before 2011 on its obligations under securities legislation including those relating to CEO and CFO certifications, business acquisition reports, offering documents, and previously released material forward-looking information.

A domestic issuer may have previously filed financial statements prepared in accordance with Canadian GAAP or US GAAP for interim periods in the first year that the issuer proposes to adopt IFRS. In such cases, staff will recommend as a condition of the exemptive relief that the issuer file revised interim financial statements prepared in accordance with IFRS-IASB, revised interim management discussion and analysis, and new interim certificates.

**Domestic issuers' use of US GAAP**

Staff propose retaining the existing option in Regulation 52-107 for a domestic issuer that is also an SEC issuer to use US GAAP.

---

<sup>1</sup> The term "domestic issuer" in this notice refers to a reporting issuer that is not a "foreign issuer" as defined in Regulation 52-107 respecting *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (the "Regulation 52-107"). Most domestic issuers are incorporated or organized in a Canadian jurisdiction. Depending on its circumstances, an issuer incorporated or organized in a foreign jurisdiction may not meet the definition of "foreign issuer" and would therefore be considered a "domestic issuer."

<sup>2</sup> Following a period of public consultation, the Canadian Accounting Standards Board (AcSB) has adopted a strategic plan to move financial reporting for Canadian publicly accountable enterprises to IFRS as issued by the IASB. The AcSB recently confirmed January 1, 2011 as the changeover date; publicly accountable enterprises will be required to prepare their financial statements in accordance with IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

## **Reference to IFRS-IASB instead of Canadian GAAP**

Staff have concluded that it is preferable for securities regulations to require a domestic issuer to prepare its financial statements in accordance with IFRS-IASB after the mandatory changeover date, rather than Canadian GAAP, and require an audit report on such annual financial statements to refer to IFRS-IASB. However, we continue to consider issues relating to the availability of an appropriate French translation of IFRS and reference to both IFRS-IASB and Canadian GAAP.

### **Questions**

Please refer your questions to any of the following people:

Sylvie Anctil-Bavas  
Chef comptable  
Autorité des marchés financiers  
(514) 395-0337 ext. 4291  
[sylvie.anctil-bavas@lautorite.qc.ca](mailto:sylvie.anctil-bavas@lautorite.qc.ca)

Benoît Crowe  
Chef du Service de l'information financière  
Autorité des marchés financiers  
(514) 395-0337 ext. 4331  
[benoit.crowe@lautorite.qc.ca](mailto:benoit.crowe@lautorite.qc.ca)

Carla-Marie Hait  
Chief Accountant  
British Columbia Securities Commission  
(604) 899-6726 or (800) 373-6393 (if calling from B.C. or Alberta)  
[chait@bcsc.bc.ca](mailto:chait@bcsc.bc.ca)

Fred Snell  
Chief Accountant  
Alberta Securities Commission  
(403) 297-6553  
[fred.snell@seccom.ab.ca](mailto:fred.snell@seccom.ab.ca)

Jennifer Wong  
Associate Chief Accountant  
Alberta Securities Commission  
(403) 297-3617  
[jennifer.wong@seccom.ab.ca](mailto:jennifer.wong@seccom.ab.ca)

John Carchrae  
Chief Accountant  
Ontario Securities Commission  
(416) 593-8221  
[jcarchrae@osc.gov.on.ca](mailto:jcarchrae@osc.gov.on.ca)

Marion Kirsh  
Associate Chief Accountant  
Ontario Securities Commission  
(416) 593-8282  
[mkirsh@osc.gov.on.ca](mailto:mkirsh@osc.gov.on.ca)

**June 27, 2008**