

AMENDMENTS TO POLICY STATEMENT TO REGULATION 31-103 RESPECTING REGISTRATION REQUIREMENTS AND EXEMPTIONS

1. Sections 10.5 and 10.6 of *Policy Statement to Regulation 31-103 respecting Registration Requirements and Exemptions* are amended by replacing, in the French text of the third point of the paragraph under the title “Supporting documentation”, the words “vérifiés” and “du vérificateur” with, respectively, the words “audités” and “de l’auditeur”.

2. Part 11 of the Policy Statement is amended by replacing, in the French text of the fourth paragraph under the title “General business practices – outsourcing”, the word “vérificateurs” with the word “auditeurs”.

3. The Policy Statement is amended by inserting, after section 12.6, the following:

“12.10. Annual financial statements

Changeover to International Financial Reporting Standards

Registrants are required to deliver financial statements and interim financial information prepared in accordance with *Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards* (Regulation 52-107). Regulation 52-107 contains transition provisions to address Canada’s changeover from Canadian generally accepted accounting principles to International Financial Reporting Standards (IFRS). Depending on the financial year, a registrant will look to different parts of Regulation 52-107 to determine which accounting principles and auditing standards apply:

- Part 3 of Regulation 52-107 applies for financial years beginning on or after January 1, 2011
- Part 4 of Regulation 52-107 applies to financial years beginning before January 1, 2011.

Under Part 3 of Regulation 52-107, a registrant is required to prepare its annual financial statements and interim financial information, if applicable, in accordance with Canadian GAAP applicable to publicly accountable enterprises. This is IFRS as incorporated into the Handbook of the Canadian Institute of Chartered Accountants (the Handbook) as Part I. Registrants will be required to prepare their financial statements and interim financial information on a non-consolidated basis; they must account for investments in subsidiaries, jointly controlled entities and associates in the manner specified for separate financial statements in Canadian GAAP for publicly accountable enterprises as set out in the Handbook.

Under Part 4 of Regulation 52-107, a registrant is required to prepare its annual financial statements and interim financial information in accordance with Canadian GAAP for public enterprises, which is Canadian GAAP as it existed before the mandatory effective date for the adoption of IFRS, included in the Handbook as Part IV. Section 4.2(2) of Regulation 52-107 specifies that financial statements and interim financial information delivered by a registrant must be prepared on a non-consolidated basis.

When preparing annual financial statements, interim financial information or Form 31-103F1 for a financial year beginning in 2011 or for interim periods relating to a financial year beginning in 2011, registrants may rely on the exemption in subsection 12.15(1) to exclude comparative information for the preceding financial year. If a registrant relies on this exemption, its date of transition to IFRS will be the first day of its financial year beginning in 2011.

Canadian GAAP for publicly accountable enterprises (which is IFRS incorporated into the Handbook) requires financial statements contain comparative information for the preceding financial year. For periods beginning in 2011, subsection

3.2(4) of Regulation 52-107 provides an exemption from the Canadian GAAP requirement to provide comparative information for the preceding financial year. The exemption in Regulation 52-107 requires specific disclosure to be included in the annual financial statements when a registrant is relying on this exemption.”.

4. Section 13.4 of the Policy Statement is amended, in the French text:

(1) by replacing, in the second point of the first paragraph under the title “Controlling conflicts of interest”, the words “la verification” with the words “l’audit”;

(2) by replacing, in the first paragraph under the title “Relationships with other issuers”, the words “structures d’accueil” with the words “entités ad hoc”.

5. These amendments only apply to periods relating to financial years beginning on or after January 1, 2011.