

Notice of publication

Regulation to amend Regulation 31-103 respecting Registration Requirements and Exemptions

Amendments to Policy Statement to Regulation 31-103 respecting Registration Requirements and Exemptions

Regulation to amend Regulation 33-109 respecting Registration Information

Introduction

We, the Canadian Securities Administrators (the CSA or we), are implementing amendments to:

- *Regulation 31-103 respecting Registration Requirements and Exemptions* (Regulation 31-103),
- *Policy Statement to Regulation 31-103 respecting Registration Requirements and Exemptions* (Policy Statement 31-103), and
- *Regulation 33-109 respecting Registration Information* (Regulation 33-109).

This notice forms part of a series of notices that address changes to securities legislation arising from the upcoming changeover to International Financial Reporting Standards (IFRS).

Background

Regulation 31-103 provides a harmonized registration regime across Canada. Regulation 31-103 sets out when a person must be registered and the obligations a person must meet once registered, including financial reporting requirements. All registered firms must deliver audited annual financial statements. In addition, all investment fund managers and registered dealers, other than exempt market dealers, must deliver unaudited interim financial information. All financial statements and interim financial information delivered under Regulation 31-103 must comply with *Regulation 52-107 respecting Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (Regulation 52-107).

Regulation 52-107 requires domestic registrants to prepare financial statements in accordance with Canadian generally accepted accounting principles (Canadian GAAP) applicable to public enterprises. The Canadian Accounting Standards Board (AcSB) establishes Canadian GAAP and publishes it in the Canadian Institute of Chartered Accountants Handbook (the Handbook). Following a period of public consultation, the AcSB adopted a strategic plan in 2006 to move financial reporting for Canadian publicly accountable enterprises to IFRS as issued by the International Accounting Standards Board (IASB). For financial years beginning on or after January 1, 2011, Canadian GAAP for publicly accountable enterprises will be IFRS incorporated into the Handbook.

The CSA is replacing Regulation 52-107 with a new *Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards* (new Regulation 52-107) that reflects Canada's changeover to IFRS. The implementation of new Regulation 52-107 is described in a separate notice (the Regulation 52-107 Notice).

Substance and Purpose of the Amendments

The primary purpose of the Amendments is to reflect the transition to IFRS. We have updated the accounting terms and references in Regulation 31-103, Policy Statement 31-103 and Regulation 33-109 to reflect the fact that, for financial years beginning on or after January 1, 2011, Canadian GAAP for publicly accountable enterprises will be IFRS as incorporated into the Handbook.

Registrants will transition to IFRS for financial years beginning on or after January 1, 2011. Accordingly, the amendments only apply to periods relating to financial years beginning on or after January 1, 2011. Registrants delivering financial statements and interim financial information relating to financial years beginning before January 1, 2011 will be required to comply with the current versions of Regulation 31-103 and Regulation 33-109, which contain the existing Canadian GAAP terms and phrases.

Summary of Written Comments Received by the CSA

The CSA, except the Autorité des marchés financiers and the New Brunswick Securities Commission, published the Amendments for comment on October 23, 2009. The comment period ended on January 21, 2010. We did not receive any comments on the Amendments. However, we did receive comments with respect to provisions in new Regulation 52-107 that apply to financial statements and interim financial information delivered by registrants. The names of those commenters and a summary of their comments, together with our responses, are in Appendices A and B of the Regulation 52-107 Notice.

The Autorité des marchés financiers and the New Brunswick Securities Commission published the Amendments for comment on March 12, 2010. No comments were received.

We thank the commenters for their comments.

Summary of Changes since Publication for Comment

The Amendments published for comment included a revision to the note in Form 31-103F1 *Calculation of Excess Working Capital* relating to the requirement for registrants to prepare financial statements and interim financial information on a non-consolidated basis. We changed the wording of that note to conform with the wording in the corresponding requirement in new Regulation 52-107. We made similar changes to section 12.10 of Policy Statement 31-103.

Also in Form 31-103F1, we replaced the term “balance sheet” used in Line 11 with “statement of financial position”, the comparable term used in IFRS.

We also added cross-references in Policy Statement 31-103 to the requirements in new Regulation 52-107 and related guidance in *Policy Statement to Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards* that address the financial reporting framework required for financial statements and interim financial information delivered by a registrant.

In section 13.4 of Policy Statement 31-103, we replaced the term “special purpose vehicle” with “special purpose entity”, the comparable term used in IFRS.

Implementation

In some jurisdictions, Ministerial approval is required for the Amendments. Provided all necessary approvals are obtained, the Amendments will come into force on January 1, 2011.

Questions

Please refer your questions to any of:

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