

## Notice and Request for Comments

### Draft Regulations concordant to Draft Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards

and

### Conforming amendments to certain Policy Statements

#### Introduction

The Autorité des marchés financiers (AMF) and the New Brunswick Securities Commission (NBSC) (together, "we") are publishing the following proposed materials for a 60-day comment period:

- Draft Regulation to amend Regulation 31-103 respecting Registration Requirements and Exemptions;
- Draft amendments to Policy Statement to Regulation 31-103 respecting Registration Requirements and Exemptions;
- Draft Regulation to amend Regulation 33-109 respecting Registration Information;
- Draft Regulation to amend Regulation 41-101 respecting General Prospectus Requirements;
- Draft amendments to Policy Statement to Regulation 41-101 respecting General Prospectus Requirements;
- Draft Regulation to amend Regulation 44-101 respecting Short Form Prospectus Distributions;
- Draft amendments to Policy Statement to Regulation 44-101 respecting Short Form Prospectus Distributions;
- Draft Regulation to amend Regulation 44-102 respecting Shelf Distributions;
- Draft amendments to Policy Statement to Regulation 44-102 respecting Shelf Distributions ("Policy Statement 44-102");
- Draft Regulation to amend Regulation 45-106 respecting Prospectus and Registration Exemptions;
- Draft amendments to Policy Statement to Regulation 45-106 respecting Prospectus and Registration Exemptions;
- Draft Regulation to amend Regulation 51-102 respecting Continuous Disclosure Obligations;
- Draft amendments to Policy Statement to Regulation 51-102 respecting Continuous Disclosure Obligations;
- Draft Regulation to amend Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings;

- Draft amendments to *Policy Statement to Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings*;
- Draft *Regulation to amend Regulation 71-102 respecting Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;
- Draft amendments to *Policy Statement to Regulation 71-102 respecting Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*;
- Draft *Regulation to amend Regulation 81-101 respecting Mutual Fund Prospectus Disclosure*;
- Draft amendments to *Policy Statement to Regulation 81-101 respecting Mutual Fund Prospectus Disclosure*;
- Draft *Regulation to amend Regulation 81-102 respecting Mutual Funds*;
- Draft amendments to *Policy Statement to Regulation 81-102 respecting Mutual Funds* ("Policy Statement 81-102");
- Draft *Regulation to amend Regulation 81-104 respecting Commodity Pools*;
- Draft *Regulation to amend Regulation 81-106 respecting Investment Fund Continuous Disclosure*;
- Draft amendments to *Policy Statement to Regulation 81-106 respecting Investment Fund Continuous Disclosure*.

All proposed materials, except for the draft amendments to Policy Statement 81-102 and Policy Statement 44-102, were published for comment in fall 2009 by the other Canadian Securities Administrators (CSA). The draft amendments to Policy Statement 81-102 and Policy Statement 44-102 are being published for comment today only in Québec and New Brunswick, as they relate only to terminology changes to the French version of International Financial Reporting Standards (IFRS).

The proposed materials relate to the upcoming changeover to IFRS in Canada and must be adopted before January 1, 2011. They address primarily terminology changes resulting from IFRS, but also propose substantive changes. The background to this publication for comment in Québec and New Brunswick of proposed materials, as well as the proposed substantive changes, were presented in the following Notices, published concurrently with the corresponding Notices published in the other CSA jurisdictions:

- Autorité des marchés financiers and New Brunswick Securities Commission Staff Notice on Proposed Changes to: *Regulation 41-101 respecting General Prospectus Requirements; Policy Statement to Regulation 41-101 respecting General Prospectus Requirements; Regulation 44-101 respecting Short Form Prospectus Distributions; Policy Statement to Regulation 44-101 respecting Short Form Prospectus Distributions; Regulation 44-102 respecting Shelf Distributions*. (published on September 25, 2009 for a 90-day comment period tended on December 24, 2009);
- Autorité des marchés financiers and New Brunswick Securities Commission Staff Notice on Proposed Changes to: *Regulation 51-102 respecting Continuous Disclosure Obligations; Policy Statement to Regulation 51-102 respecting Continuous Disclosure Obligations; Regulation 71-102 respecting Continuous Disclosure and Other Exemptions Relating to Foreign Issuers; Policy Statement to Regulation 71-102 respecting Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*. (published on September 25, 2009 for a 90-day comment period ended on December 24, 2009);

- Autorité des marchés financiers and New Brunswick Securities Commission Staff Notice on Proposed Changes to: *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings; Policy Statement to Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings*. (published on September 25, 2009 for a 90-day comment period ended on December 24, 2009);
- Autorité des marchés financiers and New Brunswick Securities Commission Staff Notice on Proposed Changes to: *Regulation 45-106 respecting Prospectus and Registration Exemptions; Policy Statement to Regulation 45-106 respecting Prospectus and Registration Exemptions*. (published on October 16, 2009 for a 90-day comment period ended on January 14, 2010);
- Autorité des marchés financiers and New Brunswick Securities Commission Staff Notice on Proposed Changes to: *Regulation 81-106 respecting Investment Fund Continuous Disclosure; Policy Statement to Regulation 81-106 respecting Investment Fund Continuous Disclosure And Related Amendments*. (published on October 16, 2009 for a 90-day comment period ended on January 14, 2010);
- Autorité des marchés financiers and New Brunswick Securities Commission Staff Notice on Proposed Changes to: *Regulation 31-103 respecting Registration Requirements and Exemptions; Policy Statement to Regulation 31-103 respecting Registration Requirements and Exemptions; Regulation 33-109 respecting Registration Information*. (published on October 23, 2009 for a 90-day comment period ended on January 21, 2010).

Since the substantive changes reflected in the proposed materials were part of a previous request for comment in the above Notices, market participants in Québec and New Brunswick are encouraged to comment particularly on French terminology changes.

### **Background**

The regulations and policy statements captured by the proposed materials refer to and rely on references to existing Canadian generally accepted accounting principles (GAAP), which are established by the Canadian Accounting Standards Board (AcSB) and published in the CICA (Canadian Institute of Chartered Accountants) Handbook. Following a period of public consultation, the AcSB adopted a strategic plan 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 CICA Handbook.

### **Substance and Purpose of the Proposed Materials**

The purpose of the proposed changes is to accommodate the transition to IFRS. We are proposing to update the accounting terms and references in the regulations and policy statements contained in the proposed materials to reflect the fact that, for financial years beginning on or after January 1, 2011, Canadian GAAP for publicly accountable enterprises will be IFRS incorporated into the CICA Handbook.

### **Summary of the Proposed Materials**

The proposed materials are a result of Draft *Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards* (Draft Regulation 52-107), published on September 25, 2009 for a 90-day comment period. Draft Regulation 52-107 sets out the accounting principles and auditing standards that apply to financial statements filed in a jurisdiction.

As we discuss below, the proposed materials primarily relate to changes to accounting terms used in the regulations and policy statements captured by the proposed materials.

The proposed materials we are publishing for comment will:

- Replace Canadian GAAP terms and phrases with IFRS terms and phrases;
- Change disclosure requirements in instances where IFRS contemplates different financial statements than existing Canadian GAAP;
- Clarify an existing provision or amend or delete it where part or all of the provision is no longer accurate or appropriate.

#### ***Accounting Terms and Phrases***

The proposed materials include new terms and phrases that are consistent with those used in IFRS and replace terms and phrases used in existing Canadian GAAP.

The proposed materials do not reflect the impact of exposure drafts or discussion papers from the IASB prior to their adoption into IFRS. The proposed definition of IFRS in Draft *Regulation 14-101 respecting Definitions* would take into account amendments made from time to time.

The proposed materials are not intended to substantively alter securities law requirements. For example, we are proposing to replace the existing Canadian GAAP term "results of operations" with the corresponding IFRS term "financial performance". This is intended to be a change in terminology only.

#### **Appendices**

The appendices with this Notice contain the following and are organized as follows:

- a list of French and English terms modified in the proposed materials to reflect IFRS terminology (Appendix A),
- a list of French terms modified in the proposed materials to adopt IFRS or CAS terminology (Appendix B),
- a list of other terms, in French only or in French and English, modified in the proposed materials (primarily based on IFRS terminology) (Appendix C).

#### **Request for Comments**

We request your comments on the proposed materials outlined above. Please provide your comments in writing by May 11, 2010. If you are not sending your comments by email, an electronic file containing the submissions should also be provided (Windows format, Word).

Deliver your comments only to the following address. Your comments will be distributed to the other participating CSA member jurisdictions.

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## Questions

Please refer your questions to any of:

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## Appendix A

### French and English terms modified in the proposed materials to reflect IFRS terminology

The following table presents the English and French terms that have been replaced in the proposed materials with corresponding IFRS terms. The French terms are derived from Part I of the *CICA Handbook – Accounting* published on January 20, 2010.

Modified English term	Corresponding French term
cash flow from operating activities (replaces operating cash flow)	flux de trésorerie provenant des activités opérationnelles (replaces flux de trésorerie provenant des activités d'exploitation)
finance lease (replaces capital lease)	location-financement (replaces location-acquisition)
financial performance (replaces results of operations)	performance financière (replaces résultats d'exploitation)
functional currency (replaces measurement currency)	monnaie fonctionnelle (replaces monnaie de mesure)
impairment loss (replaces impairment charge)	perte de valeur (replaces moins-value passée en charges)
interim financial report (replaces interim financial statements)	rapport financier intermédiaire (replaces états financiers intermédiaires)
modified opinion (replaces reservation of an (audit) opinion)	opinion modifiée (replaces restriction)
non-current (replaces long-term)	non courant (replaces à long terme)
present value of defined benefit obligation (replaces accrued obligation)	valeur actuelle de l'obligation au titre des prestations définies (replaces obligation au titre des prestations constituées)
profit or loss (replaces earnings/net earnings/income/net income, as appropriate)	résultat net (replaces bénéfice(s)/bénéfice net, le cas échéant)
publicly accountable enterprise (replaces public enterprise)	entreprise ayant une obligation d'information du public <sup>1</sup> (replaces société ouverte)
reportable segment (replaces segment)	secteur à présenter (replaces secteur/secteur isolable/unité d'exploitation)
retrospective application (replaces retroactive application)	application rétrospective (replaces application rétroactive)
revenue (replaces revenues/operating revenues/sales/net sales, as appropriate)	To be determined <sup>2</sup> (existing terms: produits/produits d'exploitation/ventes/ventes nettes)
special purpose entity (replaces special purpose vehicle/variable interest entity)	entité ad hoc (replaces structure d'accueil/entité à détenteurs de droits variables)
statement of cash flows (replaces cash flow statement)	tableau des flux de trésorerie (replaces état des flux de trésorerie)

<sup>1</sup> French term approved by the CICA that was modified after publication of Draft *Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards*. This term will be modified accordingly in the final version of this Draft Regulation.

<sup>2</sup> Since the corresponding IFRS French term is not yet final, further to consultation with the CICA, it was decided not to modify the current French terms at this time.

statement of changes in equity (replaces statement of retained earnings)	état des variations des capitaux propres (replaces état des bénéfices non répartis)
statement of comprehensive income (replaces income statement/statement of operations)	état du résultat global (replaces état des résultats)
statement of financial position (replaces balance sheet/statement of net assets)	état de la situation financière (replaces bilan/état de l'actif net)
summarized financial information (replaces summarized information)	information financière résumée <sup>3</sup> (replaces résumé de l'information)

<sup>3</sup> The IFRS French term is plural. The AMF has opted for the singular form for consistency with predominant usage of the term "information," which is in the singular in securities legislation.

## Appendix B

### Terms modified in French only in proposed materials to adopt IFRS or CAS terminology

The following table presents the terms replaced in the proposed materials, in French only, with corresponding terms from Part I of the *CICA Handbook – Accounting* published on January 20, 2010.

English terms	Corresponding French terms
accounting policy	méthode comptable (replaces convention comptable) – IAS 8
audit	audit (replaces vérification) – Canadian auditing Standards (CAS)
audit report	rapport d'audit (replaces rapport de vérification) – CAS
auditing standards	normes d'audit (replaces normes de vérification) – CAS
auditor	auditeur (replaces vérificateur) – CAS
contingent consideration	contrepartie éventuelle (replaces contrepartie conditionnelle) – IFRS 3
current	courant (replaces à court terme) – IAS 1
defined benefit plan	régime à prestations définies (replaces plan à prestations déterminées) – IAS 19
defined contribution plan	régime à cotisations définies (replaces plan à cotisations déterminées) – IAS 19
earnings per share	résultat par action (replaces bénéfice par action) – IAS 33
equity method	méthode de la mise en équivalence (replaces comptabilisation à la valeur de consolidation) – IAS 28
equity security	titre de capitaux propres (replaces titre de participation) – IAS 34
GAAS	NAGR (replaces NVGR) – ISA
gross profit	marge brute (replaces marge bénéficiaire brute) – IAS 1
income taxes	impôts sur le résultat (replaces impôts sur les bénéfices) – IAS 12
measurement	évaluation (replaces mesure) – Framework
notes (to the financial statements)	notes (des états financiers) (replaces notes afférentes aux états financiers)
operating costs	coûts opérationnels (replaces frais d'exploitation) – IAS 1
operating expenses	charges opérationnelles (replaces frais d'exploitation/charges d'exploitation) – IAS 40
operating segment	secteur opérationnel (replaces secteur d'exploitation) – IFRS 8



separate financial statements	états financiers individuels (replaces états financiers distincts) – IAS 27
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### Appendix C

#### Other terms modified, in French only or in French and English, in proposed materials (primarily based on IFRS terminology)

The following table presents the English and French terms that are not derived from IFRS, but which have been modified in French only (or in French and English) in the proposed materials primarily, in most cases, for consistency with the terminology used in Part I of the *CICA Handbook – Accounting* published on January 20, 2010.

English terms	Corresponding French terms
debt instrument/debt security	titre de créance (replaces titre d'emprunt)
earnings coverage	couverture par le résultat (replaces couverture par le bénéfice)
equity compensation plan	plan de rémunération fondé sur des titres de capitaux propres (replaces plan de rémunération à base de titres de participation)
equity incentive plan and non-equity incentive plan	plan incitatif fondé sur des titres de capitaux propres and plan incitatif non fondé sur des titres de capitaux propres (replaces plan incitatif à base d'actions and plan incitatif autre qu'à base d'actions)
equity investee	entreprise mise en équivalence (replaces entité émettrice comptabilisée à la valeur de consolidation)
foreign disclosure requirements	règles étrangères sur l'information à fournir (replaces règles d'information étrangères)
operating income	résultat opérationnel (replaces bénéfice d'exploitation)
operating statement	compte de résultat opérationnel (replaces état des résultats d'exploitation)
option-based award	attribution fondée sur des options (replaces attribution à base d'options)
pro forma income statement	compte de résultat pro forma (replaces état des résultats pro forma)
share-based award	attribution fondée sur des actions (replaces attribution à base d'actions)
share option	option sur actions (replaces option d'achat d'actions)
statement of changes in financial position (replaces statement of changes in net assets)	état des variations de la situation financière (replaces état de l'évolution de l'actif net)