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Standard-Setting Activities Digest

February edition

A unique checklist of standard-setting activities in Canada

Prepared as of February 28, 2009

We would like your opinion on this publication. Please take a few minutes to complete this online survey and share your feedback with us.

To our clients, colleagues and friends,

Welcome to the February edition of the Canadian Standard-Setting Activities Digest.

Here are some of the key items that have attracted our attention this last month and that will probably impact your financial information activities:

Consolidated Financial Statements

The AcSB isproposing to replace the existing IFRS consolidation guidance with a new standard recently proposed by the IASB. The new consolidation standard will apply to publicly accountable enterprises at changeover to IFRS

Until next month,

Caroline Rodriguez-Vigouroux and Chantal Rassart

Quick links to:

- Digest
- Standards
- Proposed standards
- Projects

This publication is brought to you by:

Caroline Rodriguez-Vigouroux
Chantal Rassart

Tips and tricks:

- Consult the Index and look for the “New” or “Updated” tags to quickly identify new items.
- Use the effective dates to identify applicable standards to your financial reporting.
- Subscribe to our periodicals to stay informed of recent financial reporting developments.

How to use the Standard-Setting Activities Digest

From time to time, standard-setters and regulators issue new rules and standards that affect your financial reporting.

This document briefly describes these pronouncements and other regulatory and professional developments and indicates their effective date, transition application and entities affected. Items released within the month under review are marked as “New” or “Updated” in the digest and table of contents for easy identification. Clicking on any title in the table of contents will bring you directly to the relevant summary.

At the time of publication, the external links included in this page were active. However, if the documents on the hosting site have been subsequently modified, moved or archived, these external links may no longer work. If you need to locate a specific document and/or external site listed on this page that is no longer active, please contact us.

The structure of the document is as follows:

- A digest is presented at the beginning of the document for each standard-setter (e.g., AcSB, EIC, CSA, OSC, etc.) where you will find a brief description of the standard, proposed standard or project. The digest is designed to help you gain a better understanding of the potential impact of the current issue on your financial reporting.
- The summaries are classified as “Effective standards”, “Proposed standards” and “Projects”. A table of contents is presented at the beginning of each section in order to facilitate your navigation. Quick links to those sections are available at the top of each page.

Accounting Standards Board (AcSB)

Standard	Effective date
Amendments to Section 1000, Financial Statement Concepts	October 1, 2008
Section 1400, Going Concern	January 1, 2008
XFI version of the Handbook • Section 1530, Comprehensive Income , • Section 3051, Investments, • Section 3251, Equity, • Section 3855, Financial Instruments — Recognition and Measurement, • Section 3861, Financial Instruments — Disclosure and Presentation, • Section 3862, Financial Instruments — Disclosures, • Section 3863, Financial Instruments — Presentation, • Section 3865, Hedges The AcSB decided that a private enterprise will not be required to apply the current financial instrument standards, including sections 1530, Comprehensive Income, 1651, Foreign Currency Translation, 3051, Investments, 3251, Equity, 3855, Financial Instruments — Recognition and Measurement, 3862, Financial Instruments — Disclosures, 3863, Financial Instruments — Presentation, and 3865, Hedges.	September 2008
Section 1530, Comprehensive Income	October 1, 2007 for non -publicly accountable enterprises (NPAE) applying the handbook with FI
Section 1582, Business combinations The AcSB issued new Section 1582, Business Combinations, new Section 1602, *Non-Controlling Interests*, and new Section 1601, *Consolidated Financial Statements.*	January 1, 2011
Section 1535, Capital Disclosures This Section has been amended to reduce the disclosure requirements for non-publicly accountable enterprises.	August 1 2008
Section 1601, Consolidated Financial Statements and 1602 Non-Controlling Interests The AcSB has issued new Section 1602, *Non-Controlling Interests*, and replace existing Section 1600, *Consolidated Financial Statements*, with Section 1601 of the same name.	January 1, 2011
Section 3031, Inventories	January 1, 2008
Section 3051, Investments	October 1, 2007 for NPAE applying the handbook with FI
Section 3064, Intangible Assets	October 1, 2008
Section 3251, Equity	October 1, 2007 for NPAE applying the handbook with FI

Accounting Standards Board (AcSB)

	Standard	Effective date
	Section 3855 (modified), Financial Instruments — Reclassification of Financial Assets The purpose of the amendment is to incorporate into the CICA Handbook the same amendments that the IASB made to IAS 39 in October 2008: modified only to reflect pre-existing differences between Canadian standards and IFRSs. The following sections have been amended • Section 3861, Financial Instruments — Disclosure and Presentation (Reclassification of Financial Assets) • Section 3862, Financial Instruments — Disclosures (Reclassification of Financial Assets)	July 1, 2008
	Section 3855, Financial Instruments — Recognition and Measurement.	October 1, 2007 for NPAE applying the handbook with FI
Updated	Section 3861, Financial Instruments — Disclosure and Presentation. Not-for-profit organizations ,Co-operative business enterprises and rate-regulated enterprises that are not public enterprises as defined in Section 1300, *Differential Reporting*, will not be required to apply sections 3862, *Financial Instruments — Disclosures*, and 3863, *Financial Instruments — Presentation*. They would continue to apply Section 3861, *Financial Instruments — Disclosure and Presentation*.	October 1, 2007 for NPAE applying the handbook with FI
	Section 3862, Financial Instruments — Disclosures See Section 3861 for a summary	October 1, 2007
	Section 3863, Financial Instruments — Presentation See Section 3861 for a summary	October 1, 2007
	Section 3865, Hedges	October 1, 2007 for NPAE applying the handbook with FI
	Not-for-Profit Organizations Several amendments have been made to accounting sections for not-for-profit organizations.	January 1, 2009
	Amendments to AcG - 19, Rate-Regulated Operations	January 1, 2009
	Estimating Fair Value of Financial Instruments in Inactive Markets The AcSB staff has issued a financial reporting commentary on estimating fair value of financial instruments in inactive markets.	Immediate (November 2008)
	Statement On Fair Value Accounting: By Paul Cherry, Chair, Canadian Accounting Standards Board The AcSB Accounting Standards Board staff is considering expanding the commentary guidance to cover a larger range of investments.	Immediate
Updated	Asset-Backed Commercial Paper Crisis The AcSB staff has issued a commentary discussing the implementation of the restructuring plan for non-bank-sponsored asset-backed commercial paper.	Alert
	Income Trusts - Adoption of Distributable Cash Guidance A recent survey indicates a high adoption rate for the CICA is recently-issued guidance and demonstrates income trusts' commitment to improved financial reporting. This alert summarizes the survey findings and discusses challenges encountered in applying the guidance.	Alert
	MD&A Disclosures in Volatile and Uncertain Times This CPR alert proposes matters that may need to be discussed in the MD&A to provide the transparent and complete communications that investors will be expecting.	Alert
	The global financial meltdown – Questions for directors to ask This alert highlights key topics that directors should consider to better understand their companies' exposure and their own obligations.	Alert

Accounting Standards Board (AcSB)

Proposed standard	Comment period ends
Adopting IFRS in Canada In November 2008, the AcSB continued to consider comments received on its omnibus exposure draft and expects to issue a second exposure draft in the first quarter of 2009	July 31, 2008
Conceptual Framework The AcSB proposes to incorporate proposed changes to the existing IASB framework of Canadian GAAP for publicly accountable enterprises, private enterprises and not-for-profit organizations.	October 31, 2008
New Consolidated Financial Statements The AcSB has issued an Exposure Draft proposing to replace the existing IFRS consolidation guidance with a new standard recently proposed by the IASB. The new consolidation standard will apply to publicly accountable enterprises at changeover to IFRS.	April 20, 2009
Earnings Per Share The AcSB has issued an exposure draft that proposes to replace Section 3500, *Earnings per Share*, with a new standard that would conform to IAS 33, *Earnings Per Share*, including amendments recently proposed by the IASB.	December 5, 2008
Financial Instruments — Embedded Prepayment Options The AcSB proposes to amend Section 3855, *Financial Instruments — Recognition and Measurement*, to change the basis for determining when a prepayment option embedded in a host debt instrument is closely related to the host instrument.	February 29, 2008
Financial Instruments — Improving Disclosures The AcSB proposes to amend Section 3862, Financial Instruments — Disclosures, for the improvements recently proposed by the IASB to enhance information disclosed on fair value measurements of financial instruments and liquidity risk.	January 12, 2009
Financial Instruments — Effective Interest The AcSB has issued an Exposure Draft that proposes to amend Section 3855, *Financial Instruments — Recognition and Measurement*, to clarify the calculation of interest on a financial asset after recognition of an impairment loss.	February 15, 2009
Joint Arrangements	January 31, 2008

Accounting Standards Board (AcSB)

Projects		Last updated
	Accounting Standards in Canada: New Directions The AcSB pursues separate strategies for each of the major categories of reporting entities — publicly accountable enterprises, non-publicly accountable enterprises and not-for-profit organizations.	
	Publicly accountable enterprises	December 2008
Updated	Non-publicly accountable enterprises	February 2009
	Not-for-profit organizations	January 2009
	Discontinued Operations	January 2009 (abandoned)
	Disclosure Framework — Concepts	January 2005
	Extractive Activities — Concepts	November 2006
	Income Taxes This project is planned to amend Section 3465, *Income Taxes*, to converge with revisions to IAS 12 (same title), to the exception of the accounting treatment to uncertain tax position.	January 2009
	Insurance Contracts	October 2008
	Measurement Objectives — Concepts	December 2007

Emerging Issues Committee (EIC)

Standard	Effective date
EIC-166, Accounting Policy Choice for Transaction Costs	September 30, 2007
EIC-167, Future Income Tax Liabilities — Income Trusts and Other Specified Investment Flow-Throughs	October 1, 2007
EIC-168, Accounting by Pension Plans for Transaction Costs	December 31, 2007
EIC-169 Determining Whether a Contract is Routinely Denominated in a Single Currency EIC 169 provides guidance on how to define or apply the term “routinely denominated in commercial transactions around the world”.	March 31, 2008
EIC - 170, Conversion of an Unincorporated Entity to Corporate Form This abstract provides guidance on accounting issues related to the conversion of an unincorporated entity to a corporation.	April 2, 2008
EIC - 171, Future Income Tax Consequences of Exchangeable Interests in an Income Trust or Specified Investment Flow-Through Future income taxes related to the temporary differences associated with the assets and liabilities attributable to the exchangeable interests should not be recorded prior to the conversion of the exchangeable interest.	August 28, 2008
EIC - 172, Income Statement Presentation of a Tax Loss Carryforward Recognized Following an Unrealized Gain on an Available-for-Sale Financial Asset A company may have prior year tax loss carryforwards that have not been given accounting recognition as future income assets, as it was not considered “more likely than not” that the potential benefits would be realized. The existence of the future income tax liability related to these unrealized gains may allow the recognition of some or all of the tax benefits of loss carryforwards not previously recognized.	September 30, 2008
EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities The Committee reached a consensus that the entity’s own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative instruments.	January 1, 2010

Emerging Issues Committee (EIC)

Proposed standard		Comment period ends
New	D78, Accounting by Mining Enterprises for Exploration Costs When an Impairment Test Is Required This Draft Abstract proposes changes to EIC-126, *Accounting by Mining Enterprises for Exploration Costs*, to provide additional guidance for mining exploration enterprises on when an impairment test is required.	March 16, 2009

Public Standard Accounting Board (PSAB)

Standard		Effective date
	PS 1000, Financial Statement Concepts	January 1, 2009
	PS 1100, Financial Statement Objectives	January 1, 2009
	PS 1200, Financial Statement Presentation - Local Government	January 1, 2009
Updated	PS 1300 (revised), Government Reporting Entity PSAB agreed to extend the effective date in the transitional provisions permitting the use of modified equity accounting from fiscal years beginning on or after April 1, 2008 to April 1, 2009.	April 1, 2009
	PS 3150 Tangible Capital Assets - Public Sector revised	January 1, 2009
	Introduction to Statements of Recommended Practice The PSAB has issued amendments to this introduction. The changes are intended to clarify the purpose and change the scope of SORPs.	August 1, 2008
	SORP 2, Performance Reporting	N/A
	SORP, Assessment of Tangible Capital Assets This SORP provides guidance to governments or government organizations that choose to prepare and present a report on the physical condition of their tangible capital assets, including leased tangible capital assets.	N/A
	Not-for-Profit Organizations Several amendments have been made to accounting sections for not-for-profit organizations.	January 1, 2009
	Financial Reporting by First Nations This report recommends that First Nations adopt full accrual accounting and the reporting model for governments as prescribed by PSAB.	Report

Public Standard Accounting Board (PSAB)

	Proposed standard	Comment period ends
	Financial Instruments	December 3, 2007
	Government Transfers This project was started to develop amendments to Section PS 3410, *Government Transfers*, to address application and interpretation issues raised by the government community.	October 1, 2007
	Tax Revenue This proposed standard provides principles for the recognition, measurement and disclosure of tax revenue in government financial statements.	April 15, 2008
	Indicators of Financial Condition This proposed standard encourages the provision of narrative information that would include analysis of indicators, trend information and comparative information.	October 24, 2008
	Introduction to Public Sector Accounting Standards The objective of this project is to clarify which GAAP government organizations should apply when preparing their own financial statements.	April 16, 2008
	PSAB Project Priority Survey The purpose of the Survey is to determine the relative importance of various topics for PSAB’s technical agenda.	February 9, 2009
New	Application of IFRS by some government organizations The PSAB issued an Invitation to Comment on the breadth of application of IFRSs to Government Business Enterprises (GBEs) and Government Business-Type Organizations (GTBOs).	April 17, 2009
	Financial Reporting by Not-for-Profit Organizations The Invitation to comment (ITC) asks crucial questions about the future of financial reporting by not-for-profit organizations. In particular, it raises issues affecting how accounting standards will deal with the special needs of such organizations.	June 30, 2009

Public Standard Accounting Board (PSAB)

Projects		Last updated
Updated	Liability for Remediation and Mitigation of Contaminated Sites (formerly Environmental Liabilities) The draft SOP addresses recognition of a liability by a government including when a government is responsible for contamination, and provides guidance on measurement and disclosure requirements.	February 2009
	Foreign Currency Translation	April 2007
	Identifying and Reporting Performance Indicators	September 2007
	Application of IFRS to government business enterprises and government business-type organizations	December 2008

Assurance and Advisory Standard Board (AASB)

Standard	Effective date
Internal Control Certification	January 1, 2008

Office of the Superintendent of Financial Institutions of Canada (OSFI)

Standard		Effective date
	Securitization – Expected Practices This Advisory expands on two principles in existing securitization guidelines that relate to prudent risk management practices. First, a federally regulated entity (FRE) should understand the inherent risks of the activity and be competent in structuring and managing such transactions. Second, OSFI expects a FRE to manage its exposure to, and hold appropriate capital for, risk arising from its relationship with a securitization special purpose entity.	Effective immediately (October 2008)
	Guideline B-8 – Deterring and Detecting Money Laundering and Terrorist Financing This guideline sets out OSFI's expectations for federally regulated financial institutions with respect to anti-money laundering and anti-terrorist financing risk management and compliance controls.	Effective immediately (December 2008)
	Adoption of International Financial Reporting Standards In October 2008, the OSFI followed up on two of the matters discussed in that letter: 1. Canadian Securities Administrators disclosure requirements: Federally Regulated Financial Institutions (FRFIs) not subject to CSA requirements will not be expected to file the CSA specified disclosures with OSFI. 2. IFRS Progress Reviews: this letter provides further guidance setting out OSFI's expectations with respect to the content of such reports Download the letter In April 2008, the OSFI issued guidance addressing its views on three areas relating to the conversion to IFRS in 2011. 1. All FRFIs are considered to have fiduciary responsibilities and are therefore publicly accountable. They must adopt IFRS as required in AcSB's plan for fiscal years beginning on or after January 1, 2011. 2. No early adoption will be allowed for FRFIs because of significant impacts to various areas of OSFI (e.g., systems changes). 3. All FRFIs must submit a semi-annual progress review on their plan to adopt IFRS to OSFI within 30 days of the end of the period. The progress review will include a discussion on the institution's assessment of its readiness to adopt IFRS in 2011, any challenges it envisions and steps it plans to take on resolving these issues. Download the guidance	Alert
	Asset-Backed Commercial Paper Issued in April 2008, the OSFI further clarified its role in the ongoing Asset-Backed Commercial Paper (ABCP) issue.	Alert
	Optional Accounting Policy Changes Arising From the Adoption of IFRS 4 "Insurance Contracts" This letter provides guidance on OSFI's views on certain financial reporting implications of the interim adoption of IFRS 4 "Insurance Contracts" in 2011, and in particular, the accounting policies for insurance contracts, as defined in IFRS 4, during this interim period.	
New	Amended Accounting Disclosure Guidelines due to new Section 3862 As a result of this new accounting standard, OSFI has made consequential amendments to its series of Annual Disclosures Guidelines (D-1, D-1A and D-1B) and to Guideline D-6 Derivatives Disclosure to ensure they are consistent with the disclosure requirements and terminology of the new standard.	

Office of the Superintendent of Financial Institutions of Canada (OSFI)

Proposed standard	Comments period ends
Draft version of Guideline E-6 - Materiality Criteria for Related Party Transactions This draft guideline establishes criteria for determining whether a transaction with a related party is nominal or immaterial for the purposes of the legislation governing federally regulated financial institutions.	October 15, 2008
Proposed Consequential Amendments to OSFI Accounting Disclosure Guidelines due to new Canadian Financial Instrument Accounting Standards As a result of the new financial instrument accounting standard, OSFI is considering making consequential amendments to certain guidelines to ensure they are consistent with the disclosure requirements and terminology of the new standard.	Not indicated

Canadian Securities Administrators (CSA)

Standard	Effective date
Multilateral Instrument 11-102, Passport System The rule will allow someone to clear a prospectus or obtain a discretionary exemption from their home regulator, and have that clearance or exemption apply automatically in all other passport provinces and territories.	March 17, 2008
National Instrument 51-101, Disclosure for Oil and Gas Activities The amendments provide revised standards for the disclosure of resources. The amendments also modify, and in some instances, streamline annual filing requirements and other requirements of NI 51-101.	December 28, 2007
National Instrument 51-102 (amended), Continuous Disclosure Obligations Amendments have been made to: National Instrument 51-102 Continuous Disclosure Obligations; Form 51-102F3 Material Change Report; National Instrument 52-108 Auditor Oversight; and National Instrument 81-106 Investment Fund Continuous Disclosure.	July 4, 2008
National Instrument 51-102, Continuous Disclosure Obligations	December 31, 2007
Form 51-102F6, Statement of Executive Compensation These amendments will result in better communication of payments and awards to certain executive officers or directors. Improved disclosure will help investors understand how decisions about executive compensation are made and provide insight into executive compensation as a key aspect of the overall stewardship and governance of a reporting issuer.	December 31, 2008
National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings The purpose of the new materials is to improve the quality and reliability of reporting issuers' annual and interim disclosure. The CSA believe that this, in turn, will help to maintain and enhance investor confidence in the integrity of our capital markets.	December 15, 2008
National Policy 48, Future-Oriented Financial Information (revoked)	December 31, 2007
Staff Notice 33-313 - International Financial Reporting Standards and Registrants Based on this notice, any non-SRO registrant that holds or has access to any client assets will be required to deliver financial statements prepared in accordance with IFRS to the Canadian securities regulatory authorities for financial years commencing on or after January 1, 2011.	January 1, 2011
Staff Notice 51-326, Continuous Disclosure Review Program Activities for Fiscal 2008 This notice summarizes the results of the continuous disclosure review program for the fiscal year ended March 31, 2008.	
Staff Notice 51-328, Continuous Disclosure Considerations Related to Current Economic Conditions The notice highlights some specific areas for which clear disclosure will be important to help investors understand the risks and circumstances facing issuers.	Immediately (Issued January 2009)

Canadian Securities Administrators (CSA)

Proposed standard	Comments period ends
National Policy 11-204 Process for Registration in Multiple Jurisdictions This proposal aims to streamline the process for registration in multiple jurisdictions. CSA expects to implement proposed NP 11-204, the proposed amendments to NP 11-202 and NP 11-203, and the proposed repeals when we implement NI 31-103, which are currently expected for the first half of 2009.	September 17, 2008
CSA Concept Paper 52-402, Possible Changes to Securities Rules Relating to International Financial Reporting Standards The CSA is considering the need for amendments to National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency. CSA Staff Notice 52-320 also provides guidance to an issuer on disclosure of expected changes in accounting policies relating to an issuer's changeover to International Financial Reporting Standards (IFRS) as the basis for preparing its financial statements. CSA Staff Notice 52-321 (June 2008) updates the market on CSA staff's views on the issues addressed in CSA Concept Paper 52-402.	April 13, 2008
Framework 81-406: Point of Sale Disclosure for Mutual Funds and Segregated Funds This proposed new disclosure regime should ensure investors have meaningful information about a mutual fund or segregated fund before they make their decision to invest.	December 23, 2008
National Policy 58-201, *Corporate Governance Principles* and National Instrument 58-101, *Disclosure of Corporate Governance Practices* (Proposed amendments) The Proposed Materials are intended to enhance the standard of governance and confidence in the Canadian capital markets.	April 20, 2009

Ontario Securities Commission (OSC)

Standard	Effective date
OSC Staff Notice 51-706 - Corporate Finance Report This report highlights the OSC activities and outlines issues that it considers to be of interest to issuers and their advisors.	N/A
OSC Staff Notice 51-716, Environmental Reporting The notice summarizes key findings following a review of 35 Ontario-based reporting issuers. Overall, staff identified several areas of deficient disclosure. In particular, the OSC staff has identified environmental liabilities and risks as areas of concern.	N/A
OSC Staff Notice 81-709, Report on Staff's Continuous Disclosure Review of Investment Funds (2008) This notice focuses on issues identified during the course of the review, aiming to assist preparers of financial statements and management reports of fund performance (MRFP) in improving their future continuous disclosure.	N/A

Other

Proposed standards	Comments period ends
Bill S-214, An Act to regulate securities and to provide for a single securities commission for Canada This enactment provides for a single regulatory regime for securities in Canada to replace the provincial regulatory regimes and establishes the Canadian Securities Commission to administer that regulatory regime.	N/A

Effective standards

		Effective date
AcSB		
	Statement On Fair Value Accounting: By Paul Cherry, Chair, Canadian Accounting Standards Board	Immediate
	Amendments to Section 1000, Financial Statement Concepts	October 1, 2008
	Section 1400, Going Concern	January 1, 2008
	XFI version of the Handbook	September 2008
	Section 1530, Comprehensive Income	October 1, 2007(NAPE)
	Section 1535, Capital Disclosures	NPAE: August 1, 2008
	Section 1582, Business Combinations	January 1, 2011
	Sections 1601 and 1602, Non-Controlling Interests	January 1, 2011
	Section 3031, Inventories	January 1, 2008
	Section 3051, Investments	October 1, 2007 (NAPE)
	Section 3064, Intangible Assets	October 1, 2008
	Section 3251, Equity	October 1, 2007 (NAPE)
	Section 3855 (modified), Financial Instruments — Reclassification of Financial Assets	July 1, 2008
	Section 3855, Financial Instruments — Recognition and Measurement	October 1, 2007 (NAPE)
Updated	Section 3861, Financial Instruments — Disclosure and Presentation	October 1, 2007 (NAPE)
	Section 3862, Financial Instruments — Disclosures	October 1, 2007
	Section 3863, financial Instruments — Presentation	October 1, 2007
	Section 3865, Hedges	October 1, 2009 (NAPE)
	Amendments to AcG - 19, Rate-Regulated Operations	January 1, 2009
EIC		
	EIC-166, Accounting Policy Choice for Transaction Costs	September 30, 2007
	EIC-167, Future Income Tax Liabilities — Income Trusts and Other Specified Investment Flow-Throughs	October 1, 2007
	EIC-168, Accounting by Pension Plans for Transaction Costs	December 31, 2007
	EIC-169, Determining Whether a Contract is Routinely Denominated in a Single Currency	March 31, 2008
	EIC 170, Conversion of an Unincorporated Entity to Corporate Form	April 2, 2008
	EIC 171, Future Income Tax Consequences of Exchangeable Interests in an Income Trust or Specified Investment Flow-Through	August 28, 2008
	EIC 172, Income Statement Presentation of a Tax Loss Carryforward Recognized Following an Unrealized Gain on an Available-for-Sale Financial Asset	September 30, 2008
	EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities	January 1, 2010
PSAB		
	PS 1000, Financial Statement Concepts	January 1, 2009

Effective standards (Continued)

		Effective Date
PSAB (Continued)		
	PS 1100, Financial Statement Objectives	January 1, 2009
	PS 1200, Financial Statement Presentation - Local Government	January 1, 2009
Updated	PS 1300 (revised), Government Reporting Entity	April 1, 2009
	PS 3150 Tangible Capital Assets - Public Sector (revised)	January 1, 2009
	SORP 2, Performance Reporting	N/A
	SORP, Assessment of Tangible Capital Assets	N/A
	Introduction to Statements of Recommended Practice	August 1, 2008
	Not-for-Profit Organizations	January 1, 2009
Alerts		
	Estimating Fair Value of Financial Instruments in Inactive Markets	Immediately
Updated	Asset-Backed Commercial Paper Crisis	N/A
	Income Trusts - Adoption of Distributable Cash Guidance	N/A
	MD&A Disclosures in Volatile and Uncertain Times	N/A
	The Global Financial Meltdown – Questions for Directors to Ask	N/A
AASB		
	Internal Control Certification	January 1, 2008
OSFI		
	Optional Accounting Policy Changes Arising From the Adoption of IFRS 4 “Insurance Contracts”	
	Securitization – Expected Practices	Immediately
	Guideline B-8 – Deterring and Detecting Money Laundering and Terrorist Financing	Immediately
New	Amended Accounting Disclosure Guidelines due to new Section 3862	
CSA		
	Multilateral Instrument 11-102, Passport System	March 17, 2008
	National Instrument 51-101, Disclosure for Oil and Gas Activities	December 28, 2007
	National Instrument 51-102 (Amended), Continuous Disclosure Obligations	July 4, 2008
	National Instrument 51-102, Continuous Disclosure Obligations	December 31, 2007
	Form 51-102F6, Statement of Executive Compensation	December 31, 2008
	National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings	December 15, 2008
	National Policy 48, Future-Oriented Financial Information (Revoked)	December 31, 2007
	Staff Notice 33-313 - International Financial Reporting Standards and Registrants	January 1, 2011
	Staff Notice 51-326, Continuous Disclosure Review Program Activities for Fiscal 2008	N/A
	Staff Notice 51-328, Continuous Disclosure Considerations Related to Current Economic Conditions	N/A

Effective standards (Continued)

	Effective Date
OSC	
OSC Staff Notice 51-706 - Corporate Finance Report	N/A
OSC Staff Notice 51-716, Environmental Reporting	N/A
OSC Staff Notice 81-709, Report on Staff's Continuous Disclosure Review of Investment Funds	N/A

Fair Value Accounting

Effective immediately

Standard: Financial Instrument Accounting Framework

Effective date: Immediate

Published by: CICA's AcSB

Issued September 2008

Applicable to: All entities

Summary:

Reproduced from the Statement on Fair Value Accounting: By Paul Cherry, Chair, Canadian Accounting Standards Board

The clarification issued this week by the U.S. Securities and Exchange Commission's Office of the Chief Accountant and the staff of the Financial Accounting Standards Board in relation to fair value accounting requirements is consistent with Canadian accounting standards.

In Canada, the Accounting Standards Board has already issued three staff commentaries to help companies apply fair value accounting requirements when dealing with this country's own liquidity crunch. These commentaries provided companies with guidance on how to report to investors on their holdings of Asset-Backed Commercial Paper (ABCP). The first was issued almost a year ago.

- Non-Bank-Sponsored Asset-Backed Commercial Paper—Staff commentary (February 2009)
- Income Trusts — Financial Statement Commentary
- Commentary on Non-Bank-Sponsored Asset-Backed Commercial Paper
- Non-Bank-Sponsored Asset-Backed Commercial Paper: Year-End Reporting Issues

Accounting Standards Board staff is considering expanding the commentary guidance to cover a larger range of investments.

Generally Accepted Accounting Principles require many investments in stocks and bonds to be measured at fair value. Investments carried at cost must be assessed for impairment at the time of reporting and, if determined to be impaired, must be written down to their estimated fair value as at the balance sheet date. Basically, Canadian companies are being asked to make a realistic estimate of the holding's fair value as at the balance sheet date and then clearly explain to investors how that figure was determined. In determining a holding's fair value, companies must estimate the price that market participants would sell for, or buy at, in an active liquid market, if there were one.

In times of financial crisis, it is natural to ask: "What went wrong?" Some people blame the current crisis on the increased use of fair value accounting for financial instruments. Yes, measuring fair value in turbulent times can be very difficult, but the huge swings in market prices reflect the reality of the marketplace. Do we really want financial statements based on management's guess as to what market prices might be in "normal" conditions at some point in the future? There is a growing realization that the accounting requirements are not to blame. Fair value accounting tells investors and the public "the way it is".

Available resources and links

- Non-Bank-Sponsored Asset-Backed Commercial Paper—Staff commentary (February 2009)
- Income Trusts — Financial Statement Commentary
- Commentary on Non-Bank-Sponsored Asset-Backed Commercial Paper
- Non-Bank-Sponsored Asset-Backed Commercial Paper: Year-End Reporting Issues

Financial Statement Concepts

Effective October 1, 2008

Standard: Amended Section 1000, Financial Statement Concepts

Effective date: The new requirements are applicable to all entities and are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

Published by: CICA's AcSB

Issued February 2007

Applicable to: All entities

Summary:

This Section has been amended to clarify the criteria for recognition of an asset.

The following amendments were made:

- Deleted paragraph 1000.26 and amended paragraph 1000.46 to remove a reference to recognition of items as assets and liabilities solely on the basis of matching of net income items.
- Added paragraph 1000.31A to clarify the relationship between incurring expenditures and creating assets.
- Amended paragraph 1000.45 to clarify application of the future economic benefit criterion necessary for recognition of an asset.
- Amended paragraphs 1000.50-.52 and added paragraphs 1000.51A-.51B to clarify the timing of expense recognition.

Available resources and links

- CICA Handbook, amended Section 1000

Going Concern

Effective January 1, 2008

Standard: Section 1400, Going Concern

Effective date: The new requirements are applicable to all entities and are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. Earlier adoption is encouraged.

Published by: CICA's AcSB

Issued June 2007

Applicable to: All entities

Summary:

This Section has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern.

Paragraphs 1400.08A-.08C. were added:

- When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. When financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern. [JAN. 2008]
- In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the balance sheet date. The degree of consideration depends on the facts in each case. When an entity has a history of profitable operations and ready access to financial resources, a conclusion that the going concern basis of accounting is appropriate may be reached without a detailed analysis. In other cases, management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

For a not-for-profit organization, a history of revenues received in excess of costs of the organization's service delivery activities and ready access to financing may demonstrate that the going concern basis of accounting is appropriate without detailed analysis. In other cases, management of a not-for-profit organization may need to consider a wide range of factors relating to its cash flow requirements to continue providing services, and to discharge its stewardship responsibilities. These factors would include other potential funding arrangements.

Available resources and links

- CICA Handbook, Section 1400

XFI version of the Handbook

Effective September 2008

Standard: All related Financial instruments standards

Effective date: September 2008

Published by: CICA's AcSB

September 2008

Applicable to: private enterprises

Summary:

September 2008

The AcSB decided that a private enterprise will not be required to apply the current financial instruments standards, including sections 1530, Comprehensive Income, 1651, Foreign Currency Translation, 3051, Investments, 3251, Equity, 3855, Financial Instruments — Recognition and Measurement, 3862, Financial Instruments — Disclosures, 3863, Financial Instruments — Presentation, and 3865, Hedges.

Private enterprises may choose to apply the requirements of the XFI version of the Handbook. The AcSB agreed to waive exposure of the Handbook changes giving effect to this decision. New financial instrument standards will be included in the proposed set of GAAP standards for private enterprises expected to be exposed early in 2009.

Available resources and links

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Comprehensive Income

Effective October 1, 2007

Standard: Section 1530, Comprehensive Income

Effective date: This Section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. An entity adopting this Section for a fiscal year beginning before October 1, 2006 also adopts Section 3855, Financial Instruments - Recognition and Measurement, Section 3865, Hedges, and Section 1530, Comprehensive Income.

For non-publicly accountable enterprises (entities eligible for differential reporting), the standards will become effective for financial statements related to fiscal years beginning on or after October 1, 2007. No deferral is allowed for not-for profit entities.

Published by: CICA's AcSB

Applicable to: All entitles applying the handbook with financial instruments

Summary:

March 2006

This Section establishes standards for reporting and display of comprehensive income. It does not address issues of recognition or measurement for comprehensive income and its components. This Section does not apply to not-for-profit organizations.

Available resources and links

- CICA Handbook, Section 1530
- AcSB presentation to assist in understanding the Section 1530, Comprehensive Income
- Financial Instruments Implementation Guidance

Capital Disclosures

Effective October 1, 2007

Standard: Section 1535, Capital Disclosures

Effective date: The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Earlier adoption is encouraged.

Non-publicly accountable enterprises: the amendments apply to interim and annual financial statements relating to fiscal years beginning on or after August 1, 2008. Earlier adoption is encouraged.

Published by: CICA's AcSB

Updated June 2008

Applicable to: All entities

Summary:

June 2008

This Section has been amended to reduce the disclosure requirements for non-publicly accountable enterprises. The amendments apply to interim and annual financial statements relating to fiscal years beginning on or after August 1, 2008. Earlier adoption is encouraged.

Initial release

This new Section establishes standards for disclosures about capital. The main features of the new Section are:

- Requirements for an entity to disclose qualitative information about its objectives, policies and processes for managing capital.
- A requirement for an entity to disclose quantitative data about what it regards as capital.
- A requirement for an entity to disclose whether it has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance.

Available resources and links

- CICA Handbook, Section 1535

Business Combinations

Effective January 1, 2011

Standard:

New Section 1582, Business Combinations, new Section 1602, Non-Controlling Interests, new Section 1601, Consolidated Financial Statements

Effective date:

This Section shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2011. Earlier application is permitted. If an entity applies this Section before 1 January 2011, it shall disclose that fact and apply CONSOLIDATED FINANCIAL STATEMENTS, Section 1601, and NON-CONTROLLING INTERESTS, Section 1602, at the same time.

Published by:

CICA's AcSB

January 2009

Applicable to:

All entities

Summary:

This Section, which replaces the former BUSINESS COMBINATIONS, Section 1581, establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3, "Business Combinations" (January 2008).

This Section shall be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2011. Earlier application is permitted. If an entity applies this Section before 1 January 2011, it shall disclose that fact and apply CONSOLIDATED FINANCIAL STATEMENTS, Section 1601, and NON-CONTROLLING INTERESTS, Section 1602, at the same time.

Assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this Section shall not be adjusted upon application of this Section.

An entity, such as a mutual entity, that has not yet applied BUSINESS COMBINATIONS, Section 1581, and had one or more business combinations that were accounted for using the purchase method shall apply the transition provisions in paragraphs 1582.B68-.B69.

Key changes (as per the proposal)

Section 1582 is based on the following fundamental principles:

- The acquirer obtains control of the acquiree at the acquisition date and, therefore, becomes responsible and accountable for all of the acquiree's assets, liabilities and activities, regardless of the percentage of its ownership in the acquiree.
- The acquirer accounts for the acquisition at the fair value of the acquiree as a whole.
- The identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values on the date control is obtained.

In summary, the main changes are as follows:

Section 1582 would not apply to:

- the formation of joint ventures;
- combinations involving only enterprises or businesses under common control; and
- combinations between not-for-profit organizations or the acquisition of a for-profit business by a not-for-profit organization.

Measurement of the acquisition

Section 1582 would require that all business acquisitions be measured at the fair value of the acquired entity at the acquisition date even if the business combination is achieved in stages, or if less than 100 percent of the equity interest in the acquiree is owned at the acquisition date.

Business Combinations

Summary:

Equity instruments issued as part of the purchase consideration are measured at fair value on the acquisition date rather than on the date the terms of the business combination are agreed to and announced.

Accounting for assets acquired and liabilities assumed

Section 1582 proposes that all assets acquired and liabilities assumed be measured at fair value, with the following exceptions (the Section in which the relevant guidance is found is indicated after each item):

- Future Income Tax Assets and Future Income Tax Liabilities (Section 3465).
- Employee Future Benefits (Section 3461).
- Leases (Section 3065).
- Assets Held for Sale (Section 3475).
- Intangible Assets That Do Not Meet Criteria For Separate Recognition (Section 1582).
- Goodwill (Section 1582).

Measurement period

Section 1582 would provide for a measurement period after the acquisition date during which the acquirer may adjust any provisional amounts that were recognized at the acquisition date to their subsequently determined acquisition-date fair values. The measurement period ends "as soon as the acquirer receives the necessary information about facts and circumstances that existed as of the acquisition date or learns the information is not obtainable. However, the measurement period does not exceed one year from the acquisition date."

Available resources and links

- CICA handbook Section 1582

Non-Controlling Interests

Effective January 1, 2011

Standard:

New Section 1582, Business Combinations, new Section 1602, Non-controlling Interests, new Section 1601, Consolidated Financial Statements

Effective date:

This Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. An entity adopting this Section for a fiscal year beginning before January 1, 2011 also adopts BUSINESS COMBINATIONS, Section 1582, and CONSOLIDATED FINANCIAL STATEMENTS, Section 1601

Published by:

CICA's AcSB

Issued January 2009

Applicable to:

All entities

Summary:

Consolidated financial statements, Section 1601

This Section, which, together with new Section 1602, replaces the former CONSOLIDATED FINANCIAL STATEMENTS, Section 1600, establishes standards for the preparation of consolidated financial statements.

The Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. An entity adopting this Section for a fiscal year beginning before January 1, 2011 also adopts BUSINESS COMBINATIONS, Section 1582, and NON-CONTROLLING INTERESTS, Section 1602.

Non-controlling interests, Section 1602

This new Section establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements" (January 2008).

This Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. An entity adopting this Section for a fiscal year beginning before January 1, 2011 also adopts BUSINESS COMBINATIONS, Section 1582, and CONSOLIDATED FINANCIAL STATEMENTS, Section 1601.

Non-Controlling Interests

Summary:

Key changes (as initially proposed)

Section 1602

- Non-controlling interests in subsidiaries are presented in the consolidated balance sheet within equity, separate from the parent shareholders' equity, rather than as liabilities or as "mezzanine" items between liabilities and equity.
- The non-controlling interest in income is not deducted in arriving at consolidated net income. Rather, consolidated net income is allocated to the controlling interest and the non-controlling interest according to their percentage ownership.
- Losses are attributed to the non-controlling interest even if they exceed its carrying amount.
- Any acquisitions or disposals of non-controlling interests that do not result in a change of control are accounted for as equity transactions.
- The gain or loss on a transaction resulting in loss of control of a subsidiary is calculated as the difference between:
    - the fair value of the consideration received plus the fair value of any shares retained; and
    - the carrying amount of the subsidiary's net assets net of the carrying amount of the non-controlling interest (i.e., debit balances net of credit balances).

The AcSB also decided against including the disclosure requirements of IAS 27 in proposed Section 1602 as they are similar in nature and extent to those in existing Handbook sections.

Section 1601

Proposed Section 1601 would amend Section 1600 by removing:

- all guidance on accounting for non-controlling interests that would be replaced by proposed Section 1602;
- guidance on preparing consolidated financial statements at the date of a business combination to the extent replaced by guidance in Section 1582; and
- all illustrative examples. Examples are available in both IFRSs and US GAAP that would be appropriate in applying Canadian GAAP.

Available resources and links

- CICA handbook Sections 1601 and 1602

Inventories (replaces of Section 3030, Inventories)

Effective January 1, 2008

Standard: Section 3031, Inventories in replacement of Section 3030, Inventories

Effective date: Section 3031 will apply to fiscal years beginning on or after January 1, 2008 with earlier application encouraged.

Published by: CICA's AcSB

Issued March 2007

Applicable to: All entities

Summary:

This Section, which replaces the former Inventories, Section 3030, establishes standards for the measurement and disclosure of inventories. It provides the Canadian equivalent to International Financial Reporting Standard IAS 2, "Inventories."

The main features of the new Section are:

- Measurement of inventories at the lower of cost and net realizable value, with guidance on the determination of cost, including allocation of overheads and other costs to inventory. Exceptions are certain inventories of not-for-profit organizations and inventories scoped out of the measurement requirements.
- Allocation of fixed production overhead based on normal capacity levels, with unallocated overhead expensed as incurred.
- Cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects, assigned by using a specific identification of their individual costs.
- Consistent use (by type of inventory with similar nature and use) of either first-in, first-out (FIFO) or weighted average cost formula to measure the cost of other inventories.
- Reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories.
- Disclosure of the accounting policies used, carrying amounts, amounts recognized as an expense, write-downs, and the amount of any reversal of any write-downs recognized as a reduction in expenses.

The scope of the Section excludes:

- contracts accounted for using percentage-of-completion accounting in accordance with Section 3400, Revenue; and
- agricultural inventories, including biological assets and agricultural produce, (from the measurement provisions of the standard only).

Available resources and links

- CICA Handbook, Section 3031

Investments (replaces Section 3050, Long-Term Investments)

Effective October 1, 2007

Standard: Section 3051, Investments (replaces Section 3050, Long-Term Investments)

Effective date: This Section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. An entity adopting this Section for a fiscal year beginning before October 1, 2006 also adopts Section 3855, Financial Instruments - Recognition and Measurement, Section 3865, Hedges, and Section 1530, Comprehensive Income.

Non-publicly accountable enterprises may defer application of this Section to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Published by: CICA's AcSB

Applicable to: All entitles applying the handbook with financial instruments

Summary:

April 2005

Section 3051 continues to establish standards for accounting for investments subject to significant influence and for measuring and disclosing certain other non-financial instrument investments. However, portfolio investments are now accounted for in accordance with new Section 3855.

Section 3051 also contains new guidance on when an other-than-temporary decline in value of an investment remaining subject to the Section has occurred.

Available resources and links

- CICA Handbook, Section 3051

Intangible Assets

Effective October 1, 2008

Standard: Section 3064, Intangible Assets

Effective date: These changes are effective for fiscal years beginning on or after October 1, 2008, with earlier adoption permitted.

Published by: CICA's AcSB

Issued February 2008

Applicable to: All entities

Summary:

The main features of the Section are as follows:

- Section 1000, Financial Statement Concepts
  - removal of material interpreted by some as permitting the recognition of assets that would not otherwise meet the definition of an asset or the recognition criteria.
  - addition of guidance from the International Accounting Standards Board (IASB) "Framework for the Preparation and Presentation of Financial Statements" clarifying the distinction between assets and expenses.
- Section 3064, Goodwill And Intangible Assets
  - inclusion of guidance from International Financial Reporting Standard IAS 38, "Intangible Assets," on the definition of an intangible asset and the recognition of internally generated intangible assets.
- Section 3450, Research And Development Costs
  - withdrawal of this Section, since assets developed as a result of research and development activities would be included within the scope of Section 3064.

The changes required a number of amendments to other standards, among them:

- amendments to Accounting Guideline AcG-11, Enterprises in the Development Stage, to ensure consistency with new Section 3064.

Available resources and links

- CICA Handbook, Section 3064

Equity

Effective October 1, 2007

Standard: Section 3251, Equity

Effective date: This Section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. Earlier adoption is permitted only as of the beginning of a fiscal year ending on or after December 31, 2004. An enterprise that has previously issued interim financial statements prepared in accordance with generally accepted accounting principles for a period within a particular fiscal year is precluded from adopting this Section until the beginning of its next fiscal year. An enterprise adopting this Section for a fiscal year beginning before October 1, 2006 also adopts Section 1530, Comprehensive Income, Section 3855, Financial Instruments - Recognition and Measurement, and Section 3865, Hedges.

Non-publicly accountable enterprises may defer application of this Section to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Published by: CICA's AcSB

Updated September 2008

Applicable to: All entitles applying the handbook with financial instruments

Summary:

April 2005

Section 3251 establishes standards for the presentation of equity and changes in equity during the reporting period. The requirements of this Section are in addition to those in Section 1530, Comprehensive Income, Section 3240, Share Capital, and Section 3260, Reserves. This Section need not be applied by open-ended investment companies.

Available resources and links

- CICA Handbook, Section 3251

Fair Value Measurement

Effective immediately

Standard: Financial Reporting Commentary

Effective date: Immediately

Published by: CICA's AcSB

Published November 2008

Applicable to: All enterprises

Summary:

Canadian generally accepted accounting principles (GAAP) require many financial instruments to be measured at fair value. Financial assets carried at cost or amortized cost, or classified as “available for sale,” must be assessed for impairment at the time of reporting and, if determined to be impaired, must be written down, often to their estimated fair value, as at the balance sheet date. For most financial instruments for which fair value measurement on the balance sheet is not required, fair value must be disclosed. Basically, Canadian companies are required to make a realistic estimate of fair value as at the balance sheet date and clearly explain to investors how that figure was determined. In determining fair value, companies must estimate the price that market participants would sell for, or buy at, in an active liquid market, if there were one.

Current market conditions, in which some financial instruments lack an active market, make it difficult, but not impossible, to estimate fair value. This commentary seeks to assist preparers, auditors and investors in addressing fair value measurement questions arising in the current credit and liquidity environment.

The guidance in this commentary focuses on derivative instruments and debt and equity investments. It does not deal with loans and accounts receivable or particular circumstances of financial liabilities such as the treatment of an entity’s own credit risk.

In this commentary, the AcSB staff responds to the following questions:

- Do all aspects of existing Canadian GAAP apply to financial instruments, given the considerable uncertainties associated with some of these instruments under current circumstances?
- How should an entity estimate fair value when markets are inactive?
- Can management’s internal assumptions (e.g., expected cash flows from a financial asset) be used to measure fair value when relevant market evidence does not exist?
- What factors should an entity incorporate when using a valuation technique to estimate fair value?
- How should the use of “market” quotes (e.g., broker quotes) be considered when assessing the mix of information available to measure fair value?
- Can transactions in an inactive market affect fair value measurements?
- Are there any circumstances in which current market prices are not relevant to the estimation of fair value?
- Can fair values be estimated based solely on management’s expectation of recovery of future cash flows?
- Is it possible under Canadian GAAP to take the view that it is inappropriate or impossible to estimate the fair value of a financial instrument, on the grounds that insufficient information is available to make a reliable estimate?
- Is it appropriate for an entity to assess whether there is an impairment in a financial asset that has been classified as available for sale or held to maturity on the basis of its expectation that it will hold it for the long-term and, by so doing, will recover the investment, including all principal and interest?

Fair Value Measurement

Summary:

- What factors should be considered in determining whether objective evidence exists that a financial asset is impaired?
- What factors should be considered in determining whether an investment is "other-than-temporarily" impaired?

Available resources and links

- Download the financial reporting commentary

Reclassification of Financial Assets

Effective July 1, 2008

Standard: Section 3855 (modified), Financial Instruments — Recognition and Measurement

Effective date: These amendments are effective for reclassifications made on or after July 1, 2008, but only for periods for which annual or interim financial statements have not been issued previously.

Published by: CICA's AcSB

October 2008

Applicable to: Publicly accountable enterprises

Summary:

In October 2008, the AcSB reviewed recent developments in response to the current credit environment. The AcSB decided on the following actions:

Reclassification of Financial Instruments

The AcSB approved, subject to a written ballot, amendments to sections 3855, *Financial Instruments — Recognition and Measurement*, and 3862, *Financial Instruments — Disclosures*. The amendments are based closely on those that the IASB recently made to corresponding provisions in IAS 39, *Financial Instruments: Recognition and Measurement*, and IFRS 7, *Financial Instruments: Disclosures*. The intention is to incorporate into sections 3855 and 3862 the same amendments that the IASB made to IAS 39 on October 13, 2008, modified only to reflect pre-existing differences between Canadian standards and IFRSs.

These amendments are effective for reclassifications made on or after July 1, 2008, but only for periods for which annual or interim financial statements have not been issued previously.

Recognizing the urgent need for these amendments to ensure consistency of Canadian GAAP with International Financial Reporting Standards (IFRSs) and US GAAP on this matter, the AcSB agreed to waive formal exposure. A typescript of approved amendments to Section 3855, *Financial Instruments – Recognition and Measurement*, and Section 3862, *Financial Instruments – Disclosure*, has been released on October 24, 2008.

Ongoing Monitoring

AcSB staff has issued three staff commentaries to help companies apply fair value accounting requirements when dealing with this country's own liquidity environment. These commentaries provided companies with guidance on how to report to investors on their holdings of asset-backed commercial paper (ABCP). AcSB staff is presently preparing a fourth commentary on ABCP, dealing with accounting for the restructuring of that paper. In addition, AcSB staff is considering expanding the commentary guidance to cover a larger range of investments.

Disclosures about Fair Value Measurements and Liquidity Risk

The AcSB deferred, until its next meeting, consideration of possible actions relating to disclosures about liquidity risk and fair value measurement, being developed by the IASB.

Available resources and links

- Download the AcSB typescript
- Review the ABCP staff commentaries

Financial Instruments — Recognition and Measurement

Effective October 1, 2007

Standard: Section 3855, Financial Instruments — Recognition and Measurement

Effective date: The mandatory effective date is for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. Earlier adoption is permitted only as of the beginning of a fiscal year ending on or after December 31, 2004.

For non-publicly accountable enterprises (entities eligible for differential reporting), the standards will become effective for financial statements related to fiscal years beginning on or after October 1, 2007. No deferral is allowed for not-for profit entities.

Published by: CICA's AcSB

Updated October 2008

Applicable to: All entitles applying the handbook with financial instruments

Summary:

October 2008

In light of enquiries received regarding the AcSB's September 2008 decision that a private enterprise will not be required to apply the current financial instruments standards, the AcSB decided that:

- Not-for-profit organizations ,Co-operative business enterprises and rate-regulated enterprises that are not public enterprises as defined in Section 1300, *Differential Reporting*, will not be required to apply sections 3862, *Financial Instruments — Disclosures*, and 3863, *Financial Instruments — Presentation*. They would continue to apply Section 3861, *Financial Instruments — Disclosure and Presentation*. This decision recognizes that many not-for-profit organizations, co-operative business enterprises and rate-regulated enterprises may qualify to adopt the proposed set of standards for private enterprises that the AcSB is currently developing, which are expected to require significantly reduced disclosures about financial instruments..

September 2008

The AcSB decided that a private enterprise will not be required to apply the current financial instruments standards, including sections 1530, Comprehensive Income, 1651, Foreign Currency Translation, 3051, Investments, 3251, Equity, 3855, Financial Instruments — Recognition and Measurement, 3862, Financial Instruments — Disclosures, 3863, Financial Instruments — Presentation, and 3865, Hedges.

Private enterprises may choose to apply the requirements of the XFI version of the Handbook. The AcSB agreed to waive exposure of the Handbook changes giving effect to this decision. New financial instruments standards will be included in the proposed set of GAAP standards for private enterprises expected to be exposed early in 2009.

Financial Instruments — Recognition and Measurement

Effective October 1, 2006

Summary (continued):

June 2008

This Section has been amended to allow non-publicly accountable enterprises and not-for-profit organizations accounting policy choices on the recognition of non-financial contracts as derivatives and on the recognition of derivatives embedded in non-financial contracts, leases and insurance contracts. This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after August 1, 2008. Earlier adoption is encouraged.

The Section has also been amended to allow non-publicly accountable enterprises to elect the date of adopting Section 3855 as the transition date for recognizing embedded derivatives.

Initial release

On April 1, 2005, the AcSB issued the following new Handbook Sections:

- Section 1530, Comprehensive Income;
- Section 3855, Financial Instruments — Recognition and Measurement; and
- Section 3865, Hedges.

Background information and basis for conclusions documents are now available for each of the three sections.

The AcSB also issued significant additional Handbook amendments consequential to the issue of these new Sections. Typescript copies of the new Handbook material were previously issued on January 27, 2005.

In some cases, the new standards will require an entity to make significant accounting changes.

The AcSB has addressed certain issues that have arisen on initial implementation of Section 3855, Financial Instruments — Recognition and Measurement, and Section 3865, Hedges. The following is a record of changes made to the standards since their initial introduction into the Handbook. Handbook Revisions Releases provide for further details.

- Used to assess its effectiveness. See Revisions Release No. 41, September 2006.
- The transitional provisions of Section 3865 were amended by way of three Board Notices dated April 25, 2006, October 18, 2006 and December 15, 2006. The objective of the transitional provisions is to put an entity as close as possible to the position it would have been in had the Section always been in place. See revisions release No. 43, March 2007.
- Mandatory implementation by non-publicly accountable enterprises of Section 3855 and Section 3865 and related provisions in other Sections was postponed to fiscal years beginning on or after October 1, 2007. See Revisions Release No. 39, June 2006.
- An example illustrating the carrying amount transfer of an available-for-sale financial asset between related parties was added to Section 3855. See Revisions Release No. 39, June 2006.

Paragraph 3865.54 was deleted by way of a Board Notice dated July 31, 2006 to avoid a possible misinterpretation that the same method must be used to measure ineffectiveness in a cash flow hedge as the method

- Paragraphs 3855.51A-.51C were added by way of a Board Notice dated October 2, 2006 to clarify the treatment of fees and costs incurred on the exchange or modification of a financial liability. See Revisions Release No. 42, December 2006.

Available resources and links

- CICA Handbook, Section 3855
- AcSB presentation to assist in understanding the Section 3855, Financial Instruments — Recognition and Measurement
- Financial Instruments Implementation Guidance
- Private entity: Financial Instruments — Mountain or Molehill

Financial Instruments — Disclosure and Presentation

Effective October 1, 2007

Standard: Section 3861, Financial Instruments — Disclosure and presentation (Replaces Section 3860)

Effective date: For non-publicly accountable enterprises (entities eligible for differential reporting), the standards will become effective for financial statements related to fiscal years beginning on or after October 1, 2007. No deferral is allowed for Not-for profit entities.

Published by: CICA's AcSB

Updated Updated February 2009

Applicable to: All entities

Summary:

February 2009

Board Notice

On February 26, the AcSB clarified that non-publicly accountable enterprises that apply the new financial instruments suite of standards should choose between applying Section 3861 and applying Sections 3862 and 3863.

The AcSB has decided to amend paragraph .93 of Section 3861, *Financial Instruments — Disclosure and Presentation*, to read as follows:

(.93) A non-publicly accountable enterprise, as defined in DIFFERENTIAL REPORTING, paragraph 1300.02, applies this Section in accordance with paragraph 3861.92 if and when it adopts FINANCIAL INSTRUMENTS — RECOGNITION AND MEASUREMENT, Section 3855

October 2008

Reclassification of Financial Instruments

The AcSB approved, subject to written ballot, amendments to Sections 3855, *Financial Instruments — Recognition and Measurement*, and 3862, *Financial Instruments — Disclosures*. The amendments are based closely on those that the IASB recently made to corresponding provisions in IAS 39, *Financial Instruments: Recognition and Measurement*, and IFRS 7, *Financial Instruments: Disclosures*. The intention is to incorporate into Sections 3855 and 3862 the same amendments that the IASB made to IAS 39 on October 13, 2008, modified only to reflect pre-existing differences between Canadian standards and IFRSs.

These amendments are effective for reclassifications made on or after July 1, 2008, but only for periods for which annual or interim financial statements have not been issued previously.

Initial release

This Section establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. The presentation paragraphs deal with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The disclosure paragraphs deal with information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments. This Section also deals with disclosure of information about the nature and extent of an entity's use of financial instruments, the business purposes they serve, the risks associated with them and management's policies for controlling those risks.

Available resources and links

- CICA Handbook, Section 3861
- Financial Instruments Implementation Guidance

Financial Instruments — Disclosures

Effective October 1, 2007

Standard: Section 3862, Financial Instruments — Disclosures

Effective date: This Section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Earlier adoption is encouraged. An entity may choose to adopt this Section, together with Section 3863, Financial Instruments — Presentation in place of Section 3861, Financial Instruments — Disclosure And Presentation before that date. If it does, it discloses that fact. An entity adopting this Section and Section 3863 also adopts Section 3855, Financial Instruments - Recognition and Measurement, Section 3865, Hedges, and Section 1530, Comprehensive Income. Comparative information for the disclosures required by paragraphs 3862.31-.42 about the nature and extent of risks arising from financial instruments is not required in the year this Section is adopted.

Published by: CICA's AcSB

Updated December 2008

Applicable to: Publicly accountable enterprises

Summary:

Not for profit organization

Not-for-profit organizations ,Co-operative business enterprises and rate-regulated enterprises that are not public enterprises as defined in Section 1300, *Differential Reporting*, will not be required to apply sections 3862, *Financial Instruments — Disclosures*, and 3863, *Financial Instruments — Presentation*. They would continue to apply Section 3861, *Financial Instruments — Disclosure and Presentation*

October 2008: Reclassification of Financial Instruments

The AcSB approved, subject to written ballot, amendments to sections 3855, *Financial Instruments — Recognition and Measurement*, and 3862, *Financial Instruments — Disclosures*. The amendments are based closely on those that the IASB recently made to corresponding provisions in IAS 39, *Financial Instruments: Recognition and Measurement*, and IFRS 7, *Financial Instruments: Disclosures*. The intention is to incorporate into sections 3855 and 3862 the same amendments that the IASB made to IAS 39 on October 13, 2008, modified only to reflect pre-existing differences between Canadian standards and IFRSs. These amendments are effective for reclassifications made on or after July 1, 2008, but only for periods for which annual or interim financial statements have not been issued previously.

September 2008

The AcSB decided that a private enterprise will not be required to apply the current financial instruments standards, including sections 1530, Comprehensive Income, 1651, Foreign Currency Translation, 3051, Investments, 3251, Equity, 3855, Financial Instruments — Recognition and Measurement, 3862, Financial Instruments — Disclosures, 3863, Financial Instruments — Presentation, and 3865, Hedges. Private enterprises may choose to apply the requirements of the XFI version of the Handbook. The AcSB agreed to waive exposure of the Handbook changes giving effect to this decision. New financial instruments standards will be included in the proposed set of GAAP standards for private enterprises expected to be exposed early in 2009.

Previous release

The objective of this Section is to require entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity's financial position and performance; and
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks.

The principles in this Section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments – Recognition and Measurement, Section 3863, Financial Instruments – Presenta-

Available resources and links

- CICA Handbook, Section 3862
- CICA Handbook, Implementation guidance to Section 3862; Financial Instruments Implementation Guidance

Financial Instruments — Presentation

Effective October 1, 2007

Standard: Section 3863, Financial Instruments — Presentation

Effective date: This Section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Earlier adoption is encouraged.

An entity may choose to adopt this Section, together with Section 3862, Financial Instruments — Disclosures, in place of Section 3861, Financial Instruments — Disclosure And Presentation, before that date. If it does, it discloses that fact. An entity adopting this Section and Section 3862 also adopts Section 3855, Financial Instruments - Recognition and Measurement, Section 3865, Hedges, and, Section 1530, Comprehensive Income.

Published by: CICA's AcSB

Updated December2008

Applicable to: Publicly accountable enterprises

Summary:

Not for profit organization

Not-for-profit organizations ,Co-operative business enterprises and rate-regulated enterprises that are not public enterprises as defined in Section 1300, *Differential Reporting*, will not be required to apply sections 3862, *Financial Instruments — Disclosures*, and 3863, *Financial Instruments — Presentation*. They would continue to apply Section 3861, *Financial Instruments — Disclosure and Presentation*

September 2008

The AcSB decided that a private enterprise will not be required to apply the current financial instruments standards, including sections 1530, Comprehensive Income, 1651, Foreign Currency Translation, 3051, Investments, 3251, Equity, 3855, Financial Instruments — Recognition and Measurement, 3862, Financial Instruments — Disclosures, 3863, Financial Instruments — Presentation, and 3865, Hedges.

Private enterprises may choose to apply the requirements of the XFI version of the Handbook. The AcSB agreed to waive exposure of the Handbook changes giving effect to this decision. New financial instruments standards will be included in the proposed set of GAAP standards for private enterprises expected to be exposed early in 2009.

December 2006

The purpose of this Section is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows.

This Section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. Section 3855, Financial Instruments - Recognition and Measurement, provides standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Section 3862, Financial Instruments — Disclosures provides standards for disclosures

Available resources and links

- CICA Handbook, Section 3863
- Financial Instruments Implementation Guidance

Hedges

Effective October 1, 2006

Standard: Section 3865, Hedges

Effective date: The mandatory effective date is for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. Retroactive application is not permitted. Earlier adoption is permitted only as of the beginning of a fiscal year that ends on or after December 31, 2004. An entity that has previously issued interim financial statements prepared in accordance with generally accepted accounting principles for a period within a particular fiscal year is precluded from adopting this Section until the beginning of its next fiscal year.

An enterprise adopting this Section for a fiscal year beginning before October 1, 2006 also adopts Section 1530, Comprehensive Income and Section 3855, Financial Instruments - Recognition and Measurement.

For non-publicly accountable enterprises (entities eligible for differential reporting), the standards will become effective for financial statements related to fiscal years beginning on or after October 1, 2007. No deferral is allowed for not-for profit entities.

Disclosures not required in financial statements for periods before the date of adoption of this Section need not be provided on a comparative basis.

Published by: CICA's AcSB

Updated September 2008

Applicable to: Publicly accountable enterprises

Summary:

September 2008

The AcSB decided that a private enterprise will not be required to apply the current financial instruments standards, including sections 1530, Comprehensive Income, 1651, Foreign Currency Translation, 3051, Investment, 3251, Equity, 3855, Financial Instruments — Recognition and Measurement, 3862, Financial Instruments — Disclosures, 3863, Financial Instruments — Presentation, and 3865, Hedges.

Private enterprises may choose to apply the requirements of the XFI version of the Handbook. The AcSB agreed to waive exposure of the Handbook changes giving effect to this decision. New financial instruments standards will be included in the proposed set of GAAP standards for private enterprises expected to be exposed early in 2009.

February 2007

This Section establishes standards for when and how hedge accounting may be applied. Hedge accounting is optional. This Section is based on the same four fundamental decisions that serve as cornerstones to Section 3855, Financial Instruments - Recognition and Measurement above:

Accordingly,

- this Section does not affect whether a financial instrument or other derivative is reported in the financial statements.
- the special accounting permitted by this Section does not affect the requirement that all derivative financial instruments be measured at fair value.
- this Section generally does not permit gains or losses on hedging items to be deferred in the balance sheet as if they were assets or liabilities.
- this Section contains requirements that specify when a hedge may qualify for special accounting.

Hedges

Effective October 1, 2006

Standard: Section 3865, Hedges

Summary (continued):

- The AcSB has agreed to delete paragraph 3865.54. This paragraph was intended to clarify paragraph 3865.08 to the effect that the assumptions used for assessing the effectiveness of the hedging relationship prospectively must be consistent with those used for measuring the ineffectiveness of the relationship throughout its term, but that it is not necessary to use the same method.
- The AcSB has agreed to amend Section 3865, Hedges, paragraph .71(e), to read as follows (addition is underlined): For a fair value hedge, any adjustment to the carrying amount of either the hedged item or the hedging item is recognized in the balance of retained earnings at the beginning of the fiscal year in which this Section is initially applied.

Available resources and links

- CICA Handbook, Section 3865
- Financial Instruments Implementation Guidance

Rate-Regulated Operations

Effective January 1, 2009

Standard: Amendments to AcG19, Rate-Regulated Operations

Effective date: The amendments to sections 1100 and 3465 will apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009, and will result in consistency between all Handbook sections providing guidance relating specifically to rate-regulated operations and the corresponding guidance under US GAAP. The amendment to Section 1100 will apply prospectively, as per paragraph 1100.33. The amendment to Section 3465 will apply retrospectively without re-statement. Any necessary cumulative catch-up adjustment would be made to opening retained earnings in the year of change.

Published by: CICA's AcSB

December 2007

Applicable to: All entities

Summary:

The changes are as follows:

- Deleted the last sentence in paragraph 3 to reflect the removal of the temporary exemption previously in Section 1100 for assets and liabilities arising from rate regulation.
- Deleted paragraph 7 to remove the specific identification of the causes of possible differences between the manner in which entities subject to rate regulation account for transactions and events and how they would do so in the absence of rate regulation, and amended the statement in paragraph 8 that such differences may occur.
- Removed from the Illustrative Example the scenario under which an entity does not recognize future income taxes, to reflect amended paragraph 3465.102.

Available resources and links

- CICA Handbook, amended AcG—19

Accounting Policy Choice for Transaction Costs

Effective September 30, 2007

Standard:	EIC-166, Accounting Policy Choice for Transaction Costs
Effective date:	The accounting treatment in this Abstract should be applied retrospectively to transaction costs accounted for in accordance with Section 3855 in financial statements issued for interim and annual periods ending on or after September 30, 2007. Earlier adoption is encouraged.
Published by:	Emerging Issues Committee of the CICA (EIC) Issued June 2007
Applicable to:	All entities

Summary:

Paragraph 3855.57, Financial Instruments - Recognition and Measurement, requires that when an entity acquires a financial asset or incurs a financial liability classified other than as held for trading, it adopts an accounting policy for transaction costs of either:

- recognizing all transaction costs in net income; or
- adding transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability to the amount determined in accordance with paragraph 3855.55 (its initial carrying amount).

The issue is whether the entity must make one accounting policy choice that applies to all financial assets and financial liabilities classified other than as held for trading. Alternatively, can transaction costs be recognized in net income for certain of these financial assets and liabilities and added to the carrying amount for other financial assets and liabilities?

The EIC reached a consensus that the same accounting policy choice should be made for all similar financial instruments classified as other than held for trading, but that a different accounting policy choice might be made for financial instruments that are not similar.

Available resources and links

- CICA Handbook, EIC 166

Future Income Tax Liabilities — Income Trusts and Other Specified Investment

Effective October 1, 2007

Standard: EIC-167, Future Income Tax Liabilities — Income Trusts and Other Specified Investment Flow-Throughs

Effective date: The accounting in this Abstract should be applied to interim and annual financial statements issued after the date of this Abstract (October 1, 2007). Application should be retrospective with restatement of prior periods commencing with the period that includes the date of substantive enactment of the changes to the Income Tax Act."

Published by: Emerging Issues Committee of the CICA (EIC)

Issued September 2007

Applicable to: All entities

Summary:

Certain types of trusts, such as mutual fund trusts, real estate investment trusts (REITs), royalty trusts and income trusts, that meet certain criteria in the Canadian Income Tax Act qualify for special income tax treatment that permits a tax deduction by the trust for distributions paid to the trust's unitholders.

In 2007, legislation was enacted that would effectively impose an income tax for income trusts (including royalty trusts and certain REITs) and specified investment flow-throughs (SIFTs) for taxation years beginning in 2011.

In accordance with EIC-107, Application of CICA Section 3465 to Mutual Funds, Real Estate Investment Trusts, Royalty Trusts and Income Trusts, prior to the 2007 legislation, many trusts had not recorded future income tax liabilities for some or all of their temporary differences.

The issues are:
- When should a future income tax asset or liability be recognized as a result of the changes to the Income Tax Act?
- Is the recognition of a future income tax asset or liability a charge to income or a charge to equity?
- How should the future income tax asset or liability be measured?
- What disclosures should be made?

Available resources and links

- CICA Handbook, EIC—167

Accounting by Pension Plans for Transaction Costs

Effective December 31, 2007

Standard: EIC-168, Accounting by Pension Plans for Transaction Costs

Effective date: The accounting treatment in this Abstract should be applied retrospectively, without restatement of prior periods, for all annual reporting periods ending on or after December 31, 2007. Earlier adoption is encouraged.

Published by: Emerging Issues Committee of the CICA (EIC)

Issued September 2007

Applicable to: All entities

Summary:

PENSION PLANS, paragraph 4100.10, requires that pension plans measure investment assets at fair value at the date of the statement of net assets available for benefits. Fair value is defined by paragraph 4100.05(j) as follows: "Fair value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act."

Section 4100 does not specifically address the accounting for transaction costs associated with investments.

The issue is whether transaction costs should be included in the fair value measurement of pension plan investment assets.

The Committee reached a consensus that pension plans should not include transaction costs in the fair value of investments. Transaction costs should be included in the statement of changes in net assets in the period incurred.

The Committee noted that the definition of fair value is: "the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act." Consideration is the amount paid by the buyer to the seller for the goods or services purchased. It does not include amounts paid by either party to a third party.

For example, an amount paid by the purchaser to a third party for assistance in the transaction is not received by the seller and thus is not consideration. It is also not an amount agreed upon by the purchaser and seller since only the purchaser is involved — the seller has no involvement in the purchaser's transaction costs.

The Committee also noted that transaction costs do not meet the definition of an asset and should not be recognized in the statement of net assets available for benefits as an asset separate from investments.

Available resources and links

- CICA Handbook, EIC—168

Contract Routinely Denominated in a Single Currency

Effective March 31, 2008

Standard: EIC-169, Determining Whether a Contract is Routinely Denominated in a Single Currency

Effective date: The accounting treatment in this Abstract should be applied retrospectively to embedded foreign currency derivatives in host contracts that are not financial instruments accounted for in accordance with Section 3855 in financial statements issued for interim and annual periods ending on or after March 15, 2008. Earlier adoption is encouraged.

Published by: Emerging Issues Committee of the CICA (EIC)

Issued January 2008

Applicable to: All entities

Summary:

Paragraph .37 of Section 3855, Financial Instruments — Recognition And Measurement, requires an embedded derivative to be separated from the host contract and accounted for as a derivative if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract. An exception is made in paragraph 3855.A34(d) for an embedded foreign currency derivative in a host contract that is not a financial instrument (such as a contract for the purchase or sale of a non-financial item where the price is denominated in a foreign currency) where the embedded derivative is not leveraged, does not contain an option feature, and requires payments denominated in “the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world (such as the U.S. dollar for crude oil transactions).”

Section 3855 does not provide any guidance on how to define the term “routinely denominated in commercial transactions around the worlds”.

How should the term “routinely denominated” in paragraph 3855.A34(d) be interpreted?

The Committee reached a consensus that “routinely denominated in commercial transactions around the world” should be interpreted to mean that a large majority of similar transactions all around the world, not just in one local area, are based on a particular currency.

What factors can be used to determine whether a contract for the purchase or sale of a non-financial item such as a commodity is routinely denominated in a particular currency in commercial transactions around the world?

The Committee reached a consensus that the following factors should be considered in determining whether there is a currency in which a good or service is routinely denominated in commercial transactions around the world.

- For certain types of commodity transactions, contracts may be based on a dominant currency (such as the U.S. dollar) but may be denominated in local currencies in certain markets for regulatory or other reasons where such local currency transactions are based on the dominant currency price of that commodity translated at the spot rate into local currencies (a “convenience translation” mechanism).
- The existence of an organized commodity exchange where a commodity is traded in a single currency provides a useful starting point in determining the dominant currency in which transactions in that commodity are denominated and, accordingly, whether such a commodity can be considered to be “routinely denominated” in that particular currency.

Available resources and links

- CICA Handbook, EIC—169

Conversion of an Unincorporated Entity to Corporate Form

Effective April 2, 2008

Standard: EIC—170, Conversion of an Unincorporated Entity to Corporate Form

Effective date: The accounting treatment in this Abstract should be applied prospectively to all conversions completed after April 2, 2008

Published by: Emerging Issues Committee of the CICA (EIC)

Issued April 2008

Applicable to: All entities

Summary:

An unincorporated entity may convert into an incorporated form of business in response to changes in the Income Tax Act, such as the imposition of taxes on distributions of income trusts or for other business reasons.

Conversion from an unincorporated into an incorporated entity may be accomplished in any one of several alternative approaches. In the simplest scenario, the entity that was a trust or other form of unincorporated entity remains in substance the identical reporting entity and there is no other change in its relationships with its equity holders. In other circumstances, the conversion may be accompanied by a contemporaneous injection (and/or redemption) of equity interests.

Depending on the terms of the conversion transaction, the entity may be party to a reverse takeover transaction, as an acquirer of a pre-existing public entity, or it may be the acquiree in a business combination. Transactions may also involve the investment of new equity into an incorporated entity that simultaneously acquires the net assets of or ownership interests of the unincorporated entity. Alternatively, the issuance of new equity may occur after the conversion transaction.

In the post-conversion era, there are several matters that are not directly addressed by existing accounting standards.

The issues are:

- 1.How should the incorporation of a previously unincorporated entity be reflected for financial reporting purposes? Are there other facts and circumstances relevant to the conversion, such as the introduction of new equity interests or the liquidation of some previous equity interests, that may change the accounting treatment of the transaction?
- 2.How should any redemption of equity interests in the course of a conversion transaction be presented?
- 3.How should the initial recognition of previously unrecognized tax liabilities or changes in tax balances as a consequence of the conversion transaction be recorded in the converted entity? Specifically, how does paragraph 3465.68 apply?
- 4.How should transaction costs be presented?
- 5.When should comparative statements be prepared for converted entities? In comparative statements, how should matters such as equity balances and comparative per unit / per share earnings be presented?
- 6.How should the retained earnings of converted entities be presented? How should the accumulated other comprehensive income be presented?
- 7.How should post-conversion dividends in excess of retained earnings be reported?
- 8.What are the financial reporting consequences of changes in contracts, such as derivatives used in transactions accounted for as hedges and equity compensation schemes that are made in the course of a conversion transaction?

The Committee reached a consensus on the first issue that a conversion transaction that is not a business combination transaction should be treated as a change in business form and should be accounted for as a continuity of interests. If there is a change in the control of the entity that would constitute a business combination transaction, the transaction would be treated in accordance with the relevant guidance for business combinations at the time of the transaction.

Conversion of an Unincorporated Entity to Corporate Form

Effective April 2, 2008

Summary (continued):

The Committee reached a consensus on the second issue that if a conversion transaction results in the redemption of ownership interests, that element of the transaction should be treated as a capital transaction. This principle would be followed whether or not such redemption results from a pre-existing right or is only the result of the transaction.

The Committee reached a consensus on the third issue that for the purposes of interpreting paragraph 3465.68, changes in tax balances would be included in tax expense if the transaction involves the conversion of prior equity interests into shareholders' interests without a change in control. This interpretation would apply even if the transaction required unitholder or shareholder approval. The effect would be recorded in the period that the conversion occurred. Given the potential sensitivity of income tax matters to the timing of conversion, care should be taken to establish in which fiscal period the conversion does in fact occur.

The Committee reached a consensus on the fourth issue that when no change in control has occurred, transaction costs should be treated as an expense in the period in which they are incurred.

The Committee reached a consensus on the fifth issue that comparative statements should be provided for all conversion transactions that are not business combinations. Comparative statements are extremely useful to the user. They enable users to establish whether underlying trends in the assets, liabilities, revenues and expenses of the entity are being maintained or changed by business conditions beyond those reflected in the conversion transaction. Such comparative information is considered sufficiently important to users that it is required by the Handbook in similar circumstances.

The Committee reached a consensus on the sixth issue that if the converted entity had a retained earnings balance under the application of GAAP (i.e., the entity had applied Section 3251), the retained earnings of the converted entity should be the retained earnings balance of the pre-conversion entity carried forward. This balance may be negative (i.e., a deficit).

The Committee reached a consensus on the seventh issue that post-conversion dividends in excess of retained earnings at the date the dividend is declared should be recorded as charges to retained earnings. Such dividends should not be allocated to contributed surplus or any other account. Any distributions or changes in shareholders' equity that have the effect of distributing amounts in excess of accumulated retained earnings carried forward would be reported as a deficit.

The Committee reached a consensus on the eighth issue that, as a general principle, changes in contractual arrangements should reflect the substance of the change. For example, upon a conversion transaction, an entity may change the party to certain derivative contracts to simply reflect the change in the legal status of the entity. The "renovated" contract provides the entity with the exact same economic benefits it received under the cancelled contract as at the conversion date.

Available resources and links

- Download EIC - 170

Future Income Tax Consequences of Exchangeable Interests in an Income Trust or Specified Investment Flow-Through

Effective August 28, 2008

Standard: EIC—171, Future Income Tax Consequences of Exchangeable Interests in an Income Trust or Specified Investment Flow-Through

Effective date: The Committee reached a consensus that the accounting in this Abstract should be applied to interim and annual financial statements issued after the date of this Abstract. Application should be retrospective with restatement of prior periods commencing with the period that includes the date of substantive enactment of the changes to the Income Tax Act.

Published by: Emerging Issues Committee of the CICA (EIC)

Issued August 2008

Applicable to: All entities

Summary:

August 2008

Abstract approved.

July 2008

Revised draft abstract issued.

June 2008

As a result of concerns raised by constituents, the Committee agreed that future income taxes associated with exchangeable interests presented either as a liability, as part of unitholders' equity, or as a non-controlling interest and initially recorded at the exchange amount, should all be accounted for in the same manner. The Committee decided that future income taxes related to the assets and liabilities attributable to these exchangeable interests should not be recorded prior to the conversion of the exchangeable interest. The Committee decided that on conversion, future income taxes should be accounted for as a capital transaction. For exchangeable interests presented as a non-controlling interest and initially recorded in a manner consistent with the carrying value in the subsidiarie's financial statements, the additional future income taxes would be accounted for at the time of conversion as part of the cost of the step acquisition. The Committee agreed to develop a revised Draft Abstract and to issue this for comment.

Initial release

A common income trust structure has the income trust control in a business through a limited partnership. The partnership also has other partners who have the right to exchange their partnership interest for units of the income trust. EIC-151,"Exchangeable Securities Issued by Subsidiaries of Income Trusts," provides guidance on accounting for exchangeable securities.

The Committee discussed and approved a proposed Draft Abstract on the future income tax consequences of exchangeable interests in an income trust or specified investment flow-through. The accounting for the future income taxes will depend on how the exchangeable interest is presented in the consolidated balance sheet, in accordance with EIC-151:

Future Income Tax Consequences of Exchangeable Interests in an Income Trust or Specified Investment Flow-Through

Summary (continued):

- Presented as part of unitholders' equity? The future income taxes are recorded in full when the change in legislation is substantively enacted without distinguishing between units of the public income trust and the exchangeable interests, and are reported in income tax expense.
- Presented as a non-controlling interest and initially recorded at the exchange amount? Future income taxes related to the assets and liabilities attributable to the exchangeable interest are not recorded prior to the conversion of the exchangeable interest. On conversion, future income taxes related to the assets and liabilities attributable to the exchangeable interest are recorded and accounted for as a capital transaction as part of the roll-over of the non-controlling interest to unitholders' equity.
- Presented as a non-controlling interest and initially recorded in a manner consistent with the carrying value in the subsidiary's financial statements? The conversion of the exchangeable interest is a step acquisition. The additional future income tax would be recorded at the time of the conversion and is part of the cost of the step acquisition.
- Presented as a liability? The future income taxes should be recorded in full in accordance with EIC-167, "Future Income Tax Liabilities? Income Trusts and Other Specified Investment Flow-Throughs," when the change in legislation is substantively enacted.

Available resources and links

- Download the EIC - 171 Abstract

Income Statement Presentation of a Tax Loss Carryforward Recognized Following an Unrealized Gain on an Available-for-Sale Financial Asset

Effective September 30, 2008

Standard:

EIC—172, Income Statement Presentation of a Tax Loss Carryforward Recognized Following an Unrealized Gain on an Available-for-Sale Financial Asset

Effective date:

The Committee reached a consensus that the accounting treatment in this Abstract should be applied retrospectively, with restatement of prior periods from the date of adoption of Section 3855, for all interim and annual reporting periods ending on or after September 30, 2008. Earlier adoption is encouraged.

Published by:

Emerging Issues Committee of the CICA (EIC)

Issued January 2009

Applicable to:

All entities

Summary:

The issue is whether the tax benefit from the recognition of tax loss carryforwards consequent to the recording of unrealized gains in other comprehensive income, such as unrealized gains on available-for-sale financial assets, should be recognized in net income or in other comprehensive income.

The Committee reached a consensus that the tax benefit from the recognition of previously unrecognized tax loss carryforwards, consequent to the recording of unrealized gains on available-for-sale financial assets in other comprehensive income, should be recognized in net income.

- The Committee noted that paragraph 56 of the Background Information and Basis for Conclusions for INCOME TAXES, Section 3465, states, in part:

"The benefit associated with an unused tax loss or income tax reduction recognized in the period of the loss is recognized in the same manner as the related loss. However, when the benefit of an unused tax loss or income tax reduction is not recognized until a period following the loss, that benefit is recognized as part of income tax expense in the determination of net income before discontinued operations and extraordinary items, regardless of the classification of the loss in prior periods. The only exception is the benefit of an unused tax loss or income tax reduction related to a business combination or financial reorganization but which was not recognized at the time of the business combination or financial reorganization."

The Committee also noted that the consensus in this Abstract would apply in other circumstances when an unrealized gain is recognized in other comprehensive income.

The Committee reached a consensus that the accounting treatment in this Abstract should be applied retrospectively, with restatement of prior periods from the date of adoption of Section 3855, for all interim and annual reporting periods ending on or after September 30, 2008. Earlier adoption is encouraged.

Available resources and links

- CICA Handbook EIC - 172

Credit risk

Effective Immediately

Standard: EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

Effective date: Retrospective application without restatement of prior periods should be applied (see below)

Entities that do not apply Section 3855 may defer application of the accounting treatment in this Abstract to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2010.

Published by: Emerging Issues Committee of the CICA (EIC)

Issued January 2009

Applicable to: All entities

Summary:

The issue is whether an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments, for presentation and disclosure purposes.

The Committee discussed the fair value measurement of financial assets and financial liabilities. It noted that, in particular, there has been diversity in practice as to whether an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative instruments. The Committee reached a consensus that these risks should be taken into account and agreed to issue this consensus as a final Abstract.

The Committee noted that retrospective application without restatement of prior periods should be applied as follows. Entities would remeasure the financial assets and financial liabilities, including derivative instruments, as at the beginning of the period of adoption, to take into account both own credit risk and counterparty credit risk. Any resulting difference would be recorded as an adjustment to retained earnings, except that:

1. for derivatives in a fair value hedging relationship accounted for by the "shortcut method", a resulting difference would adjust the basis of the hedged item; and
2. for derivatives in cash flow hedging relationships, a resulting difference would be recorded in accumulated other comprehensive income.

The Committee also reached a consensus that entities that do not apply Section 3855 may defer application of the accounting treatment in this Abstract to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2010.

Available resources and links

• Download EIC - 173 Abstract

Financial Statement Concepts

Effective January 1, 2009

Standard: PS 1000, Financial Statement Concepts

Effective date: This Section applies to fiscal years beginning on or after January 1, 2009.

Published by: CICA's PSAB

Issued January 2007

Applicable to: Public sector

Summary:

This Section outlines the conceptual framework for accounting by governments and other public sector entities applying the CICA Public Sector Accounting Handbook.

This Section also:

- provides a definition of "revenue";
- defines the users of public sector financial statements and provides the qualitative characteristics that financial statements should have;
- defines assets, liabilities, revenues and expenses from an economic resources perspective; and
- provides recognition and measurement guidance.

Available resources and links

- CICA PS Handbook, Section PS 1000

Financial Statement Objectives

Effective January 1, 2009

Standard:	PS 1100, Financial statement objectives
Effective date:	This Section applies to fiscal years beginning on or after January 1, 2009.
Published by:	CICA's PSAB Issued January 2007
Applicable to:	Public sector

Summary:

This Section sets out the objectives related to the scope of government financial statements, reporting financial position, annual results, changes in net debt and cash flows, and objectives related to legislative control and financial accountability. This Section also identifies the unique characteristics of governments and the related reporting implications.

As a consequence, Section PS 1700 Objectives of Financial Statements — local governments is withdrawn.

Available resources and links

- CICA PS Handbook, Section PS 1100

Financial Statement Presentation—Local Government

Effective January 1, 2009

Standard: PS 1200, Financial Statement Presentation—Local Government

Effective date: This Section applies to local governments for fiscal years beginning on or after January 1, 2009. Earlier adoption is encouraged.

Published by: CICA's PSAB

Issued January 2007

Applicable to: Public sector

Summary:

This Section establishes standards for recognition, presentation and disclosure in government financial statements. The main features of the Section are as follows:

- Governments are required to present a statement of financial position, statement of operations, statement of changes in net debt and a statement of cash flows.
- Financial statements should present net debt and accumulated surplus / deficit on the statement of financial position, annual surplus / deficit, the change in net debt and changes in cash flows.
- Current year budget and actual figures are to be presented on both the statement of operations and the statement of changes in net debt.
- Funds and reserves are to be reported in the notes or schedules when the government chooses to report on them.

As a consequence, Section PS 1800, General Standards of Financial Statement Presentation — Local Governments and Sale-Leaseback Transactions (PSG-3) were withdrawn and the following standards were amended:

- PSG-2, Leased tangible Capital Assets
- PSG-6, Including Results of Organizations and Partnerships Applying Fair Value Measurement
- PSG-7, Tangible Capital Assets of Local Governments

Available resources and links

- CICA PS Handbook, Section PS 1200

Government Reporting Entity

Effective April 1, 2009

Standard: Revisions to PS 1300, Government Reporting Entity

Effective date: This Section applies to fiscal years beginning on or after April 1, 2005.

However, when a government organization that was not included as part of the government reporting entity in the financial statements of the previous fiscal year is newly included and the government organization has all of the characteristics set out in paragraph PS 1300.49, a government may choose to include the government organization in the financial statements on a modified equity basis, rather than fully consolidating, from the date of initial application until fiscal years beginning on or after April 1, 2009.

For fiscal years beginning on or after April 1, 2008, a government fully consolidates these government organizations, in accordance with paragraph PS 1300.27.

Published by: CICA's PSAB

Updated Updated February 2009

Applicable to: Public sector

Summary:

February 2009

This Section establishes the principles for the use of differential reporting by certain profit-oriented enterprises in the context of Financial Statements Concept, Section 1000. Under the differential reporting principles, qualifying enterprises may apply specified reporting options in financial statements prepared in accordance with generally accepted accounting principles.

In January 2009, the PSAB considered concerns being raised regarding the requirement to consolidate the financial position and results of operations for the broader public sector (i.e., schools, universities, colleges and hospitals) on a line-by-line basis. The Board considered various alternative financial statement presentations and the availability of the information within the sector for governments to implement full consolidation. In light of concerns raised by some jurisdictions,

PSAB agreed to extend the effective date in the transitional provisions permitting the use of modified equity accounting in Section PS 1300, from fiscal years beginning on or after April 1, 2008 to April 1, 2009. PSAB considered other related issues and did not approve any further changes.

Available resources and links

- CICA PS Handbook, Section PS 1300
- 20 Questions About the Government Reporting Entity

Tangible Capital Assets—Public Sector Revised

Effective January 1, 2009

Standard:	PS 3150 Tangible Capital Assets—Public Sector Revised
Effective date:	This Section applies to local governments for fiscal years beginning on or after January 1, 2009. Earlier adoption is encouraged.
Published by:	CICA's PSAB Updated September 2006
Applicable to:	Public sector

Summary:

Tangible Capital Assets, Section PS 3150 [JAN. 2009] revises and replaces Section PS 3150, Tangible Capital Assets.

The Section now applies to all levels of government, including local governments. The revisions include amended definitions and standards for senior levels of government, and reordering of existing material.

Available resources and links

- CICA PS Handbook, Section PS 3150
- [Guide to Accounting for and Reporting Tangible Capital Assets](#) (PSAB)

Introduction to Statements of Recommended Practice

Effective August 1, 2008

Standard:	The Public Sector Accounting Board (PSAB) revised the Introduction to Statements of Recommended Practice (SORPs).
Effective date:	August 1 2008
Published by:	PSAB
	Issued July 2008
Applicable to:	Public sector
Summary:	

July 2008

Final material issued

June 2008

PSAB approved revisions to the "Introduction to Statements of Recommended Practice". It reviewed several suggestions for changing the name of SORPs and concluded that the alternatives did not sufficiently reflect the nature of SORPs. Revisions to the Introduction make it abundantly clear that SORPs do not constitute GAAP and that they are intended to provide general guidance but are not mandatory or prescriptive.

Main features

In addition to clarifying the purpose of SORPs, the following changes are being proposed:

- SORPs would not form part of the CICA Public Sector Accounting Handbook
- Reports based on SORPs may be published as stand-alone documents
- There is flexibility as to when an entity chooses to apply SORPs.

Available resources and links

- CICA PS Handbook

Performance Reporting

Issued September 2006

Standard: SORP 2, Performance Reporting

Effective date: N/A

Published by: CICA's PSAB

Updated May 2007

Applicable to: Public sector

Summary:

This Statement of Recommended Practice (SORP) provides recommended practices for reporting performance information in a public performance report of a government or a government organization. For simplicity, the terms "entity" and "entities" are used throughout this SORP to refer to all governments and government organizations, unless otherwise specifically indicated.

This SORP offers general guidance. It is not prescriptive with respect to the structure of the report and is not intended as a template for a public performance report.

Performance is a broad, complex concept with both short- and long-term aspects. The main purpose of a public performance report is to explain in a clear and concise manner the extent to which intended goals and objectives were achieved and at what cost. Previously, entities focused their attention mainly on inputs and activities. The primary concern was what resources were being used and how they were being used. These matters continue to be important. However, there is now an increased focus on what is actually being achieved with the resources consumed, in relation to what was planned.

Available resources and links

- CICA PS Handbook, SORP 2
- Guide to Preparing Public Performance Reports

Assessment of Tangible Capital Assets

Standard: This SORP applies to all governments and government organizations that choose to prepare and present a report on the physical condition of their tangible capital assets.

Effective date: N/A

Published by: PSAB

Approved in September 2008

Applicable to: Public sector

Summary:

A major factor in determining a government's financial ability to maintain existing levels of services is access to financial and other information about the stock, use and condition of its infrastructure. This information is essential for understanding the financial demands infrastructure places on governments, including the costs associated with using it and those associated with the ongoing need for maintenance, renewal and replacement. This information is currently missing from financial reports.

Existing guidance on reporting financial and other information about tangible capital assets is limited. Statement of Recommended Practice SORP-1, *Financial Statement Discussions & Analysis*, recommends an analysis of tangible capital assets, which provides users with information relevant in understanding and assessing the management of a government's tangible capital asset base. Analysis of required maintenance, including future expenditure requirements for maintenance and replacement would allow users to make informed decisions regarding the ability of the capital assets to sustain and provide services in the future. Further more it recommends inclusion of a risk management analysis and discussion of impairment of assets or replacement of assets. There is no guidance on the analysis and the types of information that would be useful to users.

The main features of this SORP are as follows:

- A government can choose to report only on individual, specific categories or groups of tangible capital assets.
- Reporting on the physical condition of tangible capital assets is information that does not necessarily have to accompany the financial statements. It could be included in a standalone report or in other public reports such as a budget.
- Information should, at a minimum, include the overall average physical condition rating, average age and useful life and the nature and extent of tangible capital assets in each category.
- Narrative information would include discussion of trends in changes in the physical condition and identify the basis of measurement and measurement scale used to assess and report on the physical condition of tangible capital assets.

The SORP is expected to be released this fall.

Available resources and links

- Download Assessment of Tangible Capital Assets exposure draft

Not-for-Profit Organizations

Effective January 1, 2009

Standard:	Accounting standards that apply only to not-for-profit organizations
Effective date:	The amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. Earlier adoption is encouraged.
Published by:	CICA's AcSB September 2008
Applicable to:	Not for Profit Organizations

Summary:

Several amendments have been made to accounting sections for not-for-profit organizations. The main features of the amendments are as follows:

- Cash Flow Statements, Section 1540: amended to include not-for-profit organizations within its scope
- Interim Financial Statements, Section 1751: amended to include not-for-profit organizations within its scope
- Financial statement presentation by not-for-profit organizations, Section 4400:
    - Eliminate the requirement to treat net assets invested in capital assets as a separate Component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so;
    - clarify that revenues and expenses must be recognized and presented on a gross basis when a not-for profit organization is acting as a principal in transactions;
- Capital Assets Held By Not-for-Profit Organizations, Section 4430: amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities
- Disclosure of Related Party Transactions By Not-for-Profit Organizations, Section 4460: amended to make the language in Section 4460 consistent with Related Party Transactions, Section 3840.
- Disclosure of Allocated Expenses by Not-for-Profit Organizations, Section 4470:
    - A requirement for an entity that allocates its fundraising and general support expenses to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis on which such allocations have been made
    - A requirement for an entity to disclose the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.
- EIC—123 was amended September 1, 2008 to expand its scope to include not-for-profit organizations and add Examples 14-16, as a consequence of amendments made to Section 4400.

Available resources and links

- CICA Handbook, revision release #50

Asset-Backed Commercial Paper Crisis

Effective date: Alert

Published by: CICA's AcSB

Updated February 2009: new commentary available in the resources table

Applicable to: All entities

Summary:

In three previous commentaries, the AcSB staff has provided guidance on the measurement, presentation and disclosure of investments in non-bank-sponsored asset-backed commercial paper ("ABCP") in interim and annual financial statements. The guidance contained in those commentaries remains relevant for fiscal years ended December 31, 2008. Implementation of the restructuring plan prior to the completion of investors' financial statements for such fiscal years will constitute a subsequent event requiring financial statement disclosure.

This commentary addresses some of the accounting issues expected to arise from the successful implementation of the restructuring plan developed by the Pan-Canadian Investors Committee for Third-Party Structured Asset-Backed Commercial Paper. Accordingly, it deals with issues to consider in reporting on periods ending after the restructuring is completed. The commentary focuses on issues facing investors that receive notes issued by the new conduit trusts but it does not address issues associated with the margin funding facility in the MAV1 conduit trust. This commentary deals only with accounting issues for those entities that have adopted the new accounting framework for financial instruments. (see the January 2009 commentary –next page)

Previous activities

In two previous commentaries, the AcSB staff has provided guidance on the measurement, presentation and disclosure of investments in non-bank-sponsored asset-backed commercial paper (ABCP) in interim and annual financial statements. In 2008, considerable new information has become available and transactions and changes in circumstances have occurred that should be taken into account in estimating the fair value of the ABCP for financial statements, including:

- the Information Statement describing the proposed restructuring of the ABCP;
- the JPMorgan Report on Restructuring that accompanies the Information Statement; and
- various transactions that have recently occurred or been announced involving ABCP, such as the Canaccord Capital Inc. program discussed below.

It is useful to test results arrived at using various fair value methodologies for reasonableness and consistency of logic. When a valuation of the notes is based on an assessment of the future payouts of principal and interest adjusted to reflect a market evaluation of those cash flows (a top-down approach), it should not produce a dramatically different valuation from what would have resulted had the valuation been based on the underlying assets and CDS exposures (a bottom-up approach).

The definition of fair value does not contemplate a value established in a transaction that is not motivated by normal business considerations (a "distressed sale"). Persuasive evidence is required to establish that an observable transaction is a distressed sale.

Some observations

Current market conditions and the lack of an active market for ABCP make it difficult, but not impossible, to estimate fair value. All factors, both positive and negative, must be carefully evaluated using the perspective that market participants would be expected to take.

The possibility of the proposed restructuring succeeding is an important factor in any assessment of fair value as at any date prior to the final outcome of the restructuring initiative.

The market prices all risks and uncertainties in all possible scenarios, not just the most likely outcome. This includes those scenarios based on a successful restructuring and also those scenarios that assume the failure to restructure.

Asset-Backed Commercial Paper Crisis

Summary (continued):

A current valuation must take into account any price adjustment that market participants would make because of changes in market conditions affecting the value of the CDSs since the swaps were entered into, including the significant changes in interest rate spreads occurring between December 31, 2007 and March 31, 2008. The CDSs have two items that should be considered in the valuation. First, consideration should be given to the probability and amount of potential losses:

- from credit losses under the terms of a CDS, and
- in settling either the margin funding facility or CDS counterparty collateral delivery obligations.

Second, consideration should be given to the fact that fees or spreads earned by the ABCP trusts on the CDSs were negotiated at rates below current market levels of fees and spreads on similar CDS contracts, resulting in a lower return to the trusts than current market conditions would dictate for providing such credit protection to third parties.

When using the discounted cash flow methodology, the probability-weighted outcomes must take into account the possibility that CDS positions will be unwound, resulting in the forced liquidation of collateral and a substantial loss to ABCP holders, and also the possibility that the CDS positions will not need to be unwound. The alternative of using a single-point estimate of future cash flows and factoring the CDS exposure and other risk factors into the discount rate, while theoretically possible, is highly simplistic and unlikely to be appropriate in the circumstances.

Typical discount rates for AA-rated traditional securities such as corporate bonds do not adequately take into account all of the attendant risks and uncertainties in the circumstances, including those arising from CDS exposures. There is a growing body of market evidence that interest rates and spreads vary significantly within a single rating category depending on the nature of the underlying exposures, especially in current market conditions. In particular, typical market discount rates for AA-rated structured products are significantly above those for AA-rated traditional securities such as corporate bonds, apparently reflecting the market's perception of the risks and uncertainties associated with structured products, including those arising from CDS exposures.

Disclosure of the valuation method used and key assumptions, including when relevant the discount rates used and how those rates were determined, is essential. The terms, conditions and principal amount of each class of notes that would be received upon successful completion of the proposed restructuring is also essential information for users of the financial statements. The commentaries on ABCP issued previously by the AcSB staff provide more guidance on disclosure (for example, discount rates used and the sensitivity to changes in assumptions), and should be read in conjunction with this commentary.

Available resources and links

- Non-Bank-Sponsored Asset-Backed Commercial Paper February 2, 2009
- Non-Bank-Sponsored Asset-Backed Commercial Paper March 31, 2008
- Non-Bank-Sponsored Asset-Backed Commercial Paper December 31, 2007
- Non-Bank-Sponsored Asset-Backed Commercial Paper September 30, 2007
- A Risk Alert has been issued and highlights matters for auditors to consider when responding to higher risks of material misstatement of financial statements of entities that have invested in non-bank-sponsored asset-backed commercial paper and other financial instruments affected by the credit crunch. (February 2008)
- Canada's CAs Call for Clear Disclosure of ABCP Holdings:The CICA has issued a special Alert aimed at helping companies supplement financial statements by providing additional information pertaining to ABCP through MD&A. (January 2008)
- ABCP Liquidity Crunch – Questions Directors Should Ask (October 2007)
- Controller's Web site

Income Trusts - Adoption of Distributable Cash Guidance

Effective date: Alert

Published by: CICA's CPRB

August 2008

Applicable to: Income trusts

Summary:

In July 2007, the CICA's Canadian Performance Reporting Board (CPRB) issued Guidance on reporting Standardized Distributable Cash. The document sought to improve the consistency and comparability of distributable cash, a non-GAAP financial measure commonly reported by income trusts and other flow-through entities. The Guidance complements the Canadian Securities Administrators' 2007 National Policy Statement 41-201 Income Trusts and Other Indirect Offerings and the non-GAAP financial measures section of the CPRB's 2004 Management's Discussion and Analysis: Guidance on Preparation and Disclosure. In brief, the Guidance provides a framework for calculating a standardized distributable cash measure and encourages preparers to address the following:

- How much cash has been generated in the period, and where did it come from?
- Has the entity made sufficient investments to maintain operations?
- What is the impact of the entity's debt management strategy on distributions?
- Are there financial covenants that might restrict future distributions?
- Recognizing management's need to communicate issues unique to the business, the Guidance also supports the calculation of a supplementary entity-specific measure, which would include adjustments beyond those included in Standardized Distributable Cash.

In April 2008, a review of income trusts' MD&As assessed the extent of Guidance implementation during the first year. The survey demonstrates income trusts' commitment to improved financial reporting. This Alert summarizes the survey findings and discusses challenges encountered in applying the Guidance.

During the next few months, the chair of CPRB's Non-GAAP Financial Measures Task Force and staff will be contacting preparers to better understand the difficulties they have encountered in applying the Guidance and to determine whether any supplementary implementation material is needed. In addition, the CPRB contemplates conducting a further follow-up survey of 2008 annual reporting.

Available resources and links

- CPRB Alert (August 2008)
- MD&A Guidance on Preparation and Disclosure, Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities (CICA)
- National Policy 41-201 - Income Trusts and Other Indirect Offerings
- Bill C-52, Budget Implementation Act, 2007

MD&A Disclosures in Volatile and Uncertain Times

Effective date: Alert

Published by: CICA's CPRB

October 2008

Applicable to: Public companies

Summary:

The CICA has issued a CPR Alert, *MD&A Disclosures in Volatile and Uncertain Times*. The Alert will be particularly valuable for officers who must certify under NI52-109 about the fair presentation of annual and quarterly filings (including MD&A), for members of management with responsibility for writing or contributing to MD&A, and for Audit Committee members responsible for reviewing the MD&A. It emphasizes that current economic conditions may involve significant changes, requiring a degree of rewriting and rethinking that goes beyond normal requirements for quarterly updating. For example:

- an entity may have amended key aspects of its strategy and risk management practices;
- the discussion of liquidity may need to be comprehensively revisited, to set out changes in cash generating potential and/or utilization requirements;
- historical results for the earlier part of the year may no longer be as indicative of future performance;
- different aspects of the financial statements may become subject to material estimation and uncertainty;
- an entity may need to be pro-active in responding to factors that could make investors question its ability to continue as a going concern.

The CPR Alert discusses key considerations in how these and other matters are reflected in MD&A. Deloitte's partners, Peter Chant and John Hughes contributed to developing the Alert.

Available resources and links

- CPRB Alert (October 2008)

The Global Financial Meltdown – Questions for Directors to Ask

Effective date: Alert

Published by: CICA's CPRB

November 2008

Applicable to: Public companies

Summary:

The Alert highlights key topics for directors to consider to gain a better understanding of their companies' exposure and their own obligations.

The Alert is intended to be an overview of the capital market pressures facing Canadian companies and to ensure management is preparing for what lies ahead."

There are four categories of questions:

- Uncertainty, Risk and Business Strategy
- Financial Condition and Liquidity
- Reporting and Disclosure
- Leadership and Corporate Governance

Available resources and links

- CPRB Alert (October 2008)

Internal Control Certification

Effective January 1, 2008

Standard: Audit of Internal Control Over Financial Reporting That Is Integrated With an Audit of Financial Statements

Effective date: The effective date of this standard for audits of internal control over financial reporting that are integrated with audits of financial statements is for periods beginning on or after January 1, 2008.

Published by: CICA's AASB

Applicable to: All entities

Summary:

The AASB issued Section 9110, Agreed-Upon Procedures Regarding Internal Control Over Financial Reporting, effective for engagements entered into on or after May 1, 2007. Section 9110 was the first standard issued in response to the belief by the AASB that reporting issuers would seek assistance from their auditors in regards to certifications relating to an entity's internal control over financial reporting as part of their securities filings. At that time, the AASB indicated it may develop other standards and guidance relevant to engagements that auditors may perform in relation to an entity's internal control over financial reporting. This exposure draft is the AASB's next such proposed standard, intended to provide assistance to auditors engaged by reporting issuers, public sector entities, or other entities to perform services in relation to an entity's internal control over financial reporting.

The AASB was awaiting the issuance of the Public Company Accounting Oversight Board's (PCAOB) proposed revisions to Auditing Standard 2, An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements, before resuming its project to develop an equivalent Canadian standard. On May 24, 2007, the PCAOB issued Auditing Standard 5, An Audit of Internal Control Over Financial Reporting That is Integrated With an Audit of Financial Statements (AS5) to replace Auditing Standard 2. AS5 was approved by the US Securities and Exchange Commission on July 25, 2007.

The PCAOB issued AS5 with the primary objectives of focusing auditors on the most important matters in the audit of internal control over financial reporting and eliminating procedures that the PCAOB believes are unnecessary to an effective audit of internal control. AS5 was designed to both increase the likelihood that material weaknesses in companies' internal control will be found before they cause material misstatement of the financial statements and steer the auditor away from procedures that are not necessary to achieve the intended benefits. The PCAOB also sought to make the internal control audit more clearly scalable for smaller and less complex public companies and to make the text of the standard easier to understand.

The AASB has developed the proposed standard based on AS5. Consistent with AS5, this proposed standard requires:

an integrated audit where the auditor who performs the audit of internal control over financial reporting also audits the entity's financial statements;

- the auditor to obtain management's written assessment about the effectiveness of internal control over financial reporting; and
- the auditor to provide a direct report on the effectiveness of internal control over financial reporting "as at" the date on which management has made its assessment, in addition to the opinion on the financial statements.

Internal Control Certification

Effective January 1, 2008

Summary (continued):

While not specifically designed to apply to circumstances other than those set out above, auditors performing internal control reporting engagements in other circumstances might, nevertheless, find the guidance in the proposed standard useful. For example, this standard might be adapted for engagements to audit the design or operating effectiveness of a segment of an entity's internal control.

The proposed standard contains definitions of key terms used in audits of internal control over financial reporting and provides requirements and guidance on planning, performing and reporting for such engagements. It also describes the relationship of an audit of internal control over financial reporting that is integrated with an audit of financial statements.

The AASB has applied the clarity drafting conventions in developing the proposed standard. The new drafting convention is that used by the International Auditing and Assurance Standards Board in drafting International Standards on Auditing (ISAs) which the AASB will adopt as Canadian auditing standards relevant to the audit of historical financial information. The AASB is using this same format for any new standard for assurance or related services engagements that it develops. These new drafting conventions differ significantly from conventions currently used in the Handbook. Appendix A highlights these differences.

The clarity drafting conventions require that each standard contain an objective(s) to be achieved by the auditor in applying the standard. As part of its adoption of the ISAs, the AASB will adopt "Preface to the International Standards on Quality Control, Auditing, Review, and Other Assurance and Related Services" or develop a similar document that will set out the authority of auditing and assurance standards and other guidance. This material will set out obligations for auditors with respect to objectives set out in standards. An exposure draft of this material is expected to be issued later this year. Until such time as this material becomes effective, there are no obligations for the auditor to achieve the objective of this proposed Section.

Available resources and links

- CICA Handbook, Section 5925
- Internal Control: The Next Wave of Certification. Helping Smaller Public Companies with Certification and Disclosures about Design of Internal Control over Financial Reporting (PDF) (March 2007)
- Risk Alert, January 2007: This issue of Risk Alert deals with the auditors' association with public companies' MD&A disclosures of weaknesses in the design of internal control over financial reporting.

Insurance Contracts

Standard: Optional Accounting Policy Changes Arising From the Adoption of IFRS 4 “Insurance Contracts”

Effective date:

Published by: OSFI

October 2008

Applicable to: Insurance companies

Summary:

IFRS are being adopted as Canadian GAAP for publicly accountable enterprises for financial years commencing on or after January 1, 2011. As part of this, IFRS 4 “Insurance Contracts” will be adopted by Insurers in Canada in 2011. The IASB approved IFRS 4 as a stepping stone in an effort to make limited improvements to accounting for insurance contracts until the IASB completes the second phase of its project on insurance contracts (Phase II).

The IASB’s work plan currently projects the completion of a Phase II comprehensive replacement for IFRS 4 in 2011. Based on this projection, Phase II will not be available for adoption in 2011 and insurers will need to adopt IFRS 4 in 2011 as an interim step and will subsequently adopt Phase II post-2011 when it becomes part of IFRS.

This letter provides guidance on OSFI’s views on certain financial reporting implications of the interim adoption of IFRS 4 “Insurance Contracts” in 2011, and in particular, the accounting policies for insurance contracts, as defined in IFRS 4, during this interim period.

Due to its limited scope, IFRS 4 permits, with a few exceptions, Canadian insurers to maintain their existing accounting policies for insurance contracts and does not require accounting policy changes to eliminate “excessive prudence”. Generally speaking, existing Canadian GAAP and the supporting Canadian actuarial standards and guidance provide a more comprehensive framework for accounting for, and in particular for the measurement of, insurance contracts than IFRS 4. Further more, the OSFI understands that, where permitted by IFRS, insurers currently intend, until Phase II is implemented, to continue to account for insurance contracts using their existing accounting policies, including the applicable Canadian actuarial standards and guidance.

As such, OSFI expects, except for required IFRS changes and for the Permitted Accounting Options listed above, that unless OSFI agrees to a change in accounting policy for insurance contracts in advance, an insurer’s pre-IFRS 4 Canadian GAAP accounting policies for insurance contracts will continue to be used until Phase II is adopted. Consequently, to the extent pre-IFRS generally accepted actuarial practices in Canada are utilized by insurers to support those pre-IFRS accounting policies, we expect that such actuarial practices will continue to be applied in accounting for insurance contracts when an insurer prepares its pre-Phase II IFRS financial statements under the *Insurance Companies Act*.

Available resources and links

- Letter
- Discussion paper

Financial Instruments

Standard: Amended Accounting Disclosure Guidelines due to new Section 3862

Effective date:

Published by: OSFI

New February 2009

Applicable to: Insurance companies

Summary:

The new Canadian Accounting Standards, CICA Handbook section 3862, Financial Instruments – Disclosures introduces new and expanded accounting standards for financial instruments, including derivatives.

As a result of this new accounting standard, OSFI has made consequential amendments to its series of Annual Disclosures Guidelines (D-1, D-1A and D-1B) and to Guideline D-6 Derivatives Disclosure to ensure they are consistent with the disclosure requirements and terminology of the new standard.

OSFI will not be making further amendments to Guideline D-6 Derivatives Disclosure (beyond the consequential amendments outlined in the November 2008 draft version) at this time, as we are awaiting the completion of work at the international level regarding changes to derivative requirements. Once there has been international agreement on changes to derivative requirements, OSFI will amend Guideline D-6, if appropriate.

All the Guidelines mentioned in this letter have minor wording changes from the versions issued for comment in November 2008.

Available resources and links

- D-1 Annual Disclosure
- D-1A Annual Disclosure
- D-1B Annual Disclosures
- D-6 Derivatives Disclosure

Deterring and Detecting Money Laundering and Terrorist Financing

Effective immediately

Standard: Guideline B-8 – Deterring and Detecting Money Laundering and Terrorist Financing

Effective date: Immediately

Published by: OSFI

Published December 2008

Applicable to: Federally regulated financial institutions

Summary:

This revised guideline sets out OSFI's expectations for federally regulated financial institutions (FRFIs) (except for property and casualty insurance companies, cooperative credit associations and fraternal benefit associations) with respect to anti-money laundering and antiterrorist financing risk management and compliance controls.

This Guideline does not create any new regulatory requirements. It is intended to underpin regulatory requirements and therefore its provisions should be considered by FRFIs to be mandatory. OSFI's AML/ATF assessment program is based on the expectation that FRFIs will be in compliance with the PCMLTFA and PCMLTFR, and therefore the risk control outcomes set out in this Guideline. Where the OSFI observes weaknesses or gaps in controls, it will intervene and make recommendations where risk management controls designed to underpin regulatory requirements do not achieve these outcomes.

Available resources and links

- B-8 - Deterring and Detecting Money Laundering and Terrorist Financing
- Guideline Impact Analysis Statement

Securitization – Expected Practices

Effective immediately

Standard:	Securitization – Expected Practices
Effective date:	Effective immediately
Published by:	OSFI
	October 2008
Applicable to:	Federally regulated financial institutions

Summary:

On June 19, 2008, the OSFI issued the Draft Advisory-Securitization-Expected Practices to provide guidance to Canadian financial institutions regulated by OSFI, particularly in light of the turmoil in the asset-backed commercial paper (ABCP) markets. Following consultation and comments received on the draft, certain clarifications have been made to the document; there have, however, been no substantive changes to its content with the exception of the exclusion of securities issued pursuant to the Montreal Accord from the requirement to have two ratings as described in Principle 5 and a clarification of the definition of “re-securitization”.

This advisory is effective immediately. Three themes highlight how this guidance will contribute to the soundness of our financial institutions and the better functioning of our financial markets:

- First, capital charges for liquidity facilities and other securitization activities (including securitization sponsorship) need to accurately reflect FRE risks.
- Second, FREs need to carefully assess the risks arising from securitization structures and their assets and must exercise caution when relying on external credit ratings.
- Third, more capital is required to support complex securitization exposures such as resecuritizations.

Further more, there are seven key areas where existing guidance is being reinforced or changed:

- Additional information is provided concerning the OSFI’s expectations with respect to the establishment and review of exposure limits for securitizations and the need for stress testing and consideration of risk correlations;
- The zero percent credit conversion factor for general market disruption liquidity facilities is being eliminated, effective immediately, and such facilities will receive the same capital treatment as global style liquidity facilities;
- FREs are expected to ensure that short-term liquidity facilities (i.e., one year or less) are indeed short-term exposures and, if not, FREs should be establishing higher capital charges to support such facilities;
- Clarification of the sponsorship roles that FREs may play with respect to a securitization special purpose entity (SPE) and the impact of those roles on reputational risk, including the addition of ongoing disclosure with respect to SPE sponsorship;
- FREs are reminded that external credit assessments are only one indication of the quality of exposures and, effective October 31, 2008 (with certain exceptions for securities issued under the “Montreal Accord”), two external credit assessments will be required to apply ratings related risk weights to most securitization exposures;
- Additional guidance is being provided with respect to implicit support of SPEs and the potential consequences of such support, including when such support is provided by purchasing securities issued by a SPE in lieu of funding under a liquidity facility; and
- Additional risk assessment practices are encouraged for re-securitization exposures and the risk weights applicable to re-securitizations are being increased.

Securitization – Expected Practices (continued)

Summary:

This advisory may be updated, or further guidance in this area may be forthcoming, to address changes in international capital rules or market developments. In particular, it is expected that the Basel Committee on Banking Supervision may be issuing guidance in this area in 2009.

Available resources and links

- Letter
- Advisory guidance

Passport System

Effective on March 17, 2008

Standard: Multilateral Instrument 11-102, Passport System

Effective date: The new rule, Multilateral Instrument 11-102, Passport System, is scheduled to take effect in the passport jurisdictions on March 17, 2008

Published by: CSA

January 2008

Applicable to: Public entities

Summary:

On January 25, 2008, the Canadian Securities Administrators (CSA) published a notice to implement the next phase of the passport system – a regulatory framework designed to provide market participants with streamlined access to Canada's capital markets. The notice introduces a new rule and review policies that outline how the system will work in participating passport jurisdictions and how market participants will interface with Ontario.

The new rule, Multilateral Instrument 11-102, Passport System, is scheduled to take effect in the passport jurisdictions on March 17, 2008. The rule will allow someone to clear a prospectus or obtain a discretionary exemption from their home regulator, and have that clearance or exemption apply automatically in all other passport provinces and territories. It represents a major step toward meeting the commitments set out in the September 30, 2004 memorandum of understanding regarding securities regulation among the governments of all provinces and territories, except Ontario.

The new policies, National Policy 11-202, Process for Prospectus Review in Multiple Jurisdictions and National Policy 11-203, Process for Exemptive Relief Application Reviews in Multiple Jurisdictions, set out the processes for the filing and review of prospectuses and exemptive relief applications. These policies will replace and streamline the current mutual reliance review systems for prospectuses and exemptive relief applications. The policies also outline how market participants in passport jurisdictions will gain access to the Ontario market. They are scheduled to take effect in all provinces and territories on March 17, 2008.

The foundation for the passport system is a set of harmonized regulatory requirements consistently interpreted and applied throughout Canada. For that reason, the passport for prospectuses is coming into force at the same time as the CSA's National Instrument 41-101, General Prospectus Requirements. The CSA now plans to proceed with passport for registration as it finalizes the proposed new national rule for registration requirements (National Instrument 31-103).

Passport System for Prospectuses and Exemption Applications

Background

What is a passport?

A system that gives a market participant access to markets in all passport jurisdictions – every province and territory in Canada, except Ontario – by dealing only with its principal regulator and complying with one set of harmonized laws.

How does it work?

- Each market participant has a principal regulator.
- A market participant can clear a prospectus or obtain an exemption in all passport jurisdictions through its principal regulator.
- Market participants are subject to harmonized prospectus and continuous disclosure requirements in all jurisdictions.

Passport System

Effective on March 17, 2008

Summary (continued):

What does it mean for Ontario market participants?

- Ontario has not adopted the passport rule.
- Ontario market participants have direct access to the markets in other jurisdictions by dealing only with the Ontario Securities Commission (OSC).
- Other market participants gain access to the Ontario market through a streamlined interface.

Prospectuses

An issuer filing a prospectus in multiple jurisdictions will:

- need to comply with harmonized prospectus requirements
- have its prospectus reviewed by only its principal regulator
- need a receipt for the prospectus from only its principal regulator
- obtain a deemed receipt in passport jurisdictions

Issuers outside Ontario will also need to have their prospectuses reviewed and receipted by the OSC.

Discretionary exemptions

A market participant that needs a discretionary exemption in multiple jurisdictions will:

- file an application with its principal regulator
- have its application reviewed by only its principal regulator
- need a decision from only its principal regulator
- have an automatic exemption in passport jurisdictions

Market participants outside Ontario will also need to file an application with, and have it reviewed and approved by, the OSC.

Continuous disclosure

An issuer that is a reporting issuer in multiple jurisdictions will:

- need to comply with harmonized continuous disclosure requirements
- have any continuous disclosure exemption granted to it under the principal regulator system (MI 11-101) grandfathered

Registration

Passport for registration is expected to proceed once the national rule on registration requirements (NI 31-103) is finalized.

Available resources and links

- National Policy 11-202

Disclosure for Oil and Gas Activities

Effective on December 28, 2007

Standard: National Instrument 51-101, Disclosure for Oil and Gas Activities

Effective date: The amendments to the Instrument have been made, or are expected to be made, by each member of the CSA. Provided all necessary ministerial approvals are obtained, the amendments to the Instrument will come into force on December 28, 2007. The new version of CP 51-101 will come into effect at the same time as the amendments to the Instrument.

Published by: CSA

January 2008

Applicable to: Public entities

Summary:

The Canadian Securities Administrators (CSA) today announced that amendments to National Instrument 51-101 (NI 51-101) Standards of Disclosure for Oil and Gas Activities, its related forms and its companion policy have been enacted.

The amendments provide revised standards for the disclosure of resources. The amendments also modify, and in some instances, streamline annual filing requirements and other requirements of NI 51-101.

Available resources and links

- Amended NI 51-101
- CSA Staff Notice 51-324 Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities

Amendment to Continuous Disclosure Obligations

Effective on July 4, 2008

Standard: National Instrument 51-102, Continuous Disclosure Obligations

Effective date: Effective July 4, 2008

Published by: CSA

June 2008

Applicable to: Public entities

Summary:

The Canadian securities regulatory authorities are implementing the following amendments:

- Amendments to NI 51-102 Continuous Disclosure Obligations, Form 51-102F3 Material Change Report;
- Companion Policy 51-102CP Continuous Disclosure Obligations, NI 52-108 Auditor Oversight, Companion;
- Policy 52-110CP to NI 52-110 Audit Committees and NI 81-106 Investment Fund Continuous Disclosure.

These amendments will:

- add a new exemption from the information circular requirements in NI 51-102 for certain proxy solicitations made to the public by broadcast, speech or publication.
- provide guidance in CP 51-102 on what constitutes a solicitation to the public.
- revise the existing exemption in Section 9.5 of NI 51-102 so that it applies to a person or company that solicits proxies, not just reporting issuers.

The exemption from the information circular requirements for certain proxy solicitations made to the public by broadcast, speech or publication generally corresponds to the exemption in Subsection 150(1.2) of the *Canada Business Corporations Act (CBCA).*

The amendments to Section 9.5 of NI 51-102 extend the existing exemption to a person or company that solicits proxies and complies with substantially similar requirements of the laws under which the relevant reporting issuer is incorporated, organized or continued.

Available resources and links

- Download the amendments to NI 51-102
- Unofficial Consolidated National Instrument, Forms and Companion Policy

Continuous Disclosure Obligations

Effective on December 31, 2007

Standard: National Instrument 51-102, Continuous Disclosure Obligations

Effective date: Effective December 31, 2007

Published by: CSA

January 2008

Applicable to: Public entities

Summary:

The Canadian Securities Administrators (CSA), are implementing amendments to:

- NI 51-102;
- its related Form 51-102F2 Annual Information Form and Form 51-102F5 Information Circular (the Forms); and
- its companion policy (CP 51-102).

The text of these amendments is set out in Appendices C to F.

The CSA are also implementing consequential and other amendments to:

- National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency (NI 52-107);
- Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109);
- Multilateral Instrument 52-110 Audit Committees (MI 52-110),
- National Instrument 58-101 Disclosure of Corporate Governance Practices (NI 58-101); and
- National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (NI 71-102).

The text of these amendments is set out in Appendices G to K.

Provided all necessary ministerial approvals are obtained, the amendments will come into force on December 31, 2007. The amendments to CP 51-102 will come into effect at the same time as the amendments to NI 51-102.

Here is a summary of the main changes:

Form 51-102F1 Management's Discussion & Analysis

- The MD&A was revised to clarify its purpose. This was done as part of the review of the disclosure requirements in each of the AIF and MD&A to ensure the requirements are consistent with their stated purposes.
- The selected annual information disclosure that was in the AIF has been moved to the MD&A. This disclosure is primarily financial disclosure that shows investors' trends in the issuer's operations. As such, disclosure is more appropriate to the MD&A, not the AIF.
- Under the liquidity discussion, issuers must now also discuss lease payments, since this requirement has been removed from the AIF.
- In response to comments they received, the CSA have added a description of what must be discussed as off-balance sheet arrangements. The description is consistent with the SEC's description of off-balance sheet arrangements.

Continuous Disclosure Obligations

Effective on December 31, 2007

Summary (continued):

- The MD&A has been revised to provide additional guidance for resource issuers when they are discussing the results of their operations.
- The CSA have removed the option for issuers to disclose in the MD&A only if the auditor has not reviewed the interim financial statements. This disclosure is now provided in a notice accompanying the interim financial statements.

Form 51-102F2 Annual Information Form

- The AIF was revised to clarify its purpose. This was done as part of the review of the disclosure requirements in each of the AIF and MD&A so the requirements are consistent with their stated purposes.
- The CSA have clarified that issuers cannot satisfy the disclosure requirements by incorporating a previous AIF by reference. The form also now provides that the issuer must have filed the incorporated information under its SEDAR profile, otherwise the issuer must file the information with its AIF.
- The CSA have deleted certain disclosure requirements in the AIF that are more appropriately dealt with in the MD&A, or that overlap with the MD&A. In particular, the CSA have removed the requirements in the AIF to discuss, leases and mortgages, selected consolidated financial information, except dividend disclosure.
- The CSA have deleted certain disclosure requirements in the AIF that overlap with requirements in other forms, or that are duplicated within the AIF itself. For example, the CSA have removed the requirements in the AIF to provide a detailed description of significant acquisitions, as this information is already provided in the BAR.
- The CSA have revised the requirement to disclose social or environmental policies so it is limited to policies that are fundamental to the company's operations. The CSA have also given some examples of social and environmental policies. This was in response to comments that the disclosure as originally proposed would add clutter to the AIF.
- In response to comments, the CSA have added instructions to the disclosure of ratings to clarify some of the disclosure that must be provided under this item.
- The CSA have revised the disclosure relating to promoters to require three years of disclosure rather than two. This is consistent with the disclosure required of transactions with informed persons or promoters relating to mineral projects, and the disclosure of interests of management and others in material transactions.
- In the disclosure relating to the interest of management and others in material transactions, the CSA no longer refer to principal shareholders, since this term is not defined in the CD context. Instead, they now refer to 10% security holders, which is consistent with how principal shareholder is defined in the prospectus context.
- In response to comments, the CSA have added a reference to the Form 52-110F1 Audit Committee Information Required in an AIF in the AIF. This will remind issuers that, if applicable, they will have to include the disclosure contemplated in that form.
- In response to comments, the CSA have added guidance on when a contract has been entered into in the ordinary course of business. The CSA have also revised the requirement relating to disclosure of material contracts so
  - the contracts no longer have to be available for inspection, since they must be filed under Part 12 of the Rule
  - only contracts entered into within the last financial year, or contracts entered into before the last financial year but which are still in effect, must be disclosed; this is subject to a limit that contracts entered into before January 1, 2002 do not have to be disclosed.

Continuous Disclosure Obligations

Effective on December 31, 2007

Summary (continued):

Form 51-102F4 Business Acquisition Report

- The CSA now permit the BAR to incorporate by reference a news release or material change report filed in respect of the acquisition. If the relevant information has already been filed in another document, it is sufficient for that disclosure to be incorporated by reference, rather than repeated.
- Issuers will now be required to disclose, if applicable, if the auditors have not consented to the inclusion of their audit report in the BAR.

Form 51-102F5 Information Circular

- The requirement for issuers to provide copies of any document incorporated by reference into the information circular before the meeting has been removed. The requirement is now simply for the issuer to provide a copy promptly. As commenters pointed out, the requirement for copies to be delivered before the meeting could be unreasonable, if the request is received very close to the time of the meeting. The requirement for copies to be delivered promptly is sufficient.
- The CSA have clarified that, if a document is incorporated by reference into the information circular, the document must be filed with the information circular, if the document has not been previously filed.
- In the requirements relating to equity compensation plans, the CSA have clarified that issuers must disclose plan information for each class of securities separately.
- The CSA have increased the amount of routine indebtedness that does not have to disclosed from $25,000 to $50,000.
- In response to comments, the CSA have re-inserted the requirement for issuers to disclose how security holders may request copies of the financial statements and MD&A.

Form 51-102F6 Executive Compensation Form

- The CSA have replaced the references to restricted stock with shares or units that are subject to restrictions on resale. This avoids the use of technical terms from the Handbook that may not be understood generally.
- In response to comments, the CSA have revised the definition of NEO as follows:
- chief financial officers are now included, regardless of the amount of compensation they receive, as these officers serve a significant function for the company but, particularly for smaller issuers, may not receive compensation above the threshold
- the CSA reduced the number of other executive officers that disclosure must be provided for from four to three so that the total number of officers captured by the definition remains the same
- the CSA have increased the threshold for disclosure for other executive officers from $100,000 to $150,000 to reflect increases in executive salaries and inflation
- The CSA have clarified that disclosure in the summary compensation table should include disclosure of contributions to assist the NEO in purchasing shares, unless the contributions were available to employees generally. This was already contemplated in the instructions, but was unclear as formerly drafted.
- The CSA have clarified that the compensation committee members do not have to sign the compensation report in the executive compensation form. The members of the committee must be named, and, if a member disagrees with the content of the report, certain information must be provided.

Available resources and links

- Amended National Instrument 51-102, Continuous Disclosure Obligations

Statement of Executive Compensation

Effective on December 31, 2008

Standard: Form 51-102F6, Statement of Executive Compensation

Effective date: The proposed effective date for the 2008 Proposal is December 31, 2008.

Published by: CSA

September 2008

Applicable to: Public entities

Summary:

In September 2008, the CSA adopted Form 51-102F6 *Statement of Executive Compensation* as well as consequential amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and related forms.

These amendments will result in better communication of payments and awards made to certain executive officers or directors. Improved disclosure is intended to help investors understand how decisions about executive compensation are made and to provide insight into executive compensation as a key aspect of the overall stewardship and governance of a reporting issuer. The new Form will provide some additional challenges for issuers both in generating the required numerical information and in crafting the accompanying narrative.

The new Form substantially revises the previous requirements, similarly to the revisions made to U.S. requirements in 2006 by the SEC (although with some significant differences). New requirements include:

- A summary compensation table providing a dollar value for total compensation for the CEO, CFO and other three most highly compensated executive officers
- A compensation discussion and analysis describing and explaining the key objectives and decisions underlying the compensation program, including greater transparency about relevant performance goals and criteria
- More information about other key aspects of compensation, such as pension entitlements, and benefits potentially payable under termination and change of control provisions.

The CSA has revised the Form to reflect the significant feedback, particularly in the areas of equity awards and pensions, received after it first published the proposals in March 2007. The Form contains only limited exemptions for venture issuers. SEC issuers may satisfy the CSA requirements by providing the disclosure required under SEC rules.

Disclosure provided under the Form is not within the scope of the CEO and CFO's assertions about "fair presentation" in the certificates filed under NI52-109, but the disclosure controls and procedures (DC&P) that generate the information are within the scope of the CEO and CFO's assertions about the design and effectiveness of DC&P.

Available resources and links

- Download Form 51-102F6 *Statement of Executive Compensation*
- Related Information: Read the CSA Staff Notice 51-304 "Report on Staff's Review of Executive Compensation Disclosure"

Certification of Disclosure in Issuer's Annual and Interim Filings

Effective as of December 15, 2008

Standard: National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings

Effective date: Effective as of December 15, 2008 and will apply to issuers' financial years ending on or after that date.

Published by: CSA

Updated August 2008

Applicable to: Public entities

Summary:

The purpose of the new materials is to improve the quality and reliability of reporting issuers' annual and interim disclosure. The CSA believe that this, in turn, will help to maintain and enhance investor confidence in the integrity of our capital markets. The new materials require an issuer's chief executive officer (CEO) and chief financial officer (CFO), or persons performing similar functions to a CEO or CFO (certifying officers), to personally certify that, among other things:

- the issuer's annual filings and interim filings do not contain any misrepresentations;
- the financial statements and other financial information in the annual filings and interim filings fairly present the financial condition, results of operations and cash flows of the issuer;
- they have designed disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), or caused them to be designed under their supervision;
- they have caused the issuer to disclose in its MD&A any change in the issuer's ICFR that has materially affected the issuer's ICFR; and
- on an annual basis they have evaluated the effectiveness of the issuer's DC&P and ICFR and caused the issuer to disclose their conclusions about the effectiveness of DC&P and ICFR in the issuer's MD&A.

Under the New Instrument, venture issuers are not required to include representations in their certificates relating to DC&P and ICFR. Venture issuers are also not required to discuss in their annual or interim MD&A changes in ICFR or the certifying officers' conclusions about the effectiveness of DC&P or ICFR.

Available resources and links

- National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings
- Companion Policy, 52-109CP to NI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings
- Amendment Instrument for Form 51-102F1, Management's Discussion & Analysis of NI 51-102 Continuous Disclosure Obligations

Future-Oriented Financial Information

Effective on December 31, 2007

Standard: Revocation of National Policy 48, Future-Oriented Financial Information

Effective date: National Policy 48 Future-Oriented Financial Information is revoked, effective December 31, 2007

Published by: CSA

December 2007

Applicable to: Public entities

Summary:

On December 21, 2007, the CSA released the Revocation of NP 48 Future-Oriented Financial Information and Amendments to NI 51-102 Continuous Disclosure Obligations and Related Amendments.

This Notice accompanies the following:

- amendments to National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) and Form 51-102F1 Management's Discussion and Analysis (Form 51-102F1) in respect of forward-looking information, including future-oriented financial information (FOFI) and financial outlooks such as earnings guidance (the NI 51-102 Rule Amendments);
- related consequential amendments to the following instruments (the Consequential Rule Amendments):
  - Form 44-101F1 Short Form Prospectus (Form 44-101F1)
  - Form 45-101F Information Required in a Rights Offering Circular (Form 45-101F)
  - Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers (Form 45-106F2)
  - Form 45-106F3 Offering Memorandum for Qualifying Issuers (Form 45-106F3);
- related amendments to the following national policies (the Policy Amendments):
  - Companion Policy 51-102CP Continuous Disclosure Obligations (CP 51-102)
  - Companion Policy 44-101CP Short Form Prospectus Distributions (CP 44-101)
  - National Policy 41-201 Income Trusts and Other Indirect Offerings (NP 41-201)
  - National Policy 51-201 Disclosure Standards (NP 51-201); and
- the rescission of National Policy 48 Future-Oriented Financial Information (NP 48).

The NI 51-102 Amendments, the Consequential Rule Amendments and the Policy Amendments (collectively the Amendments) are an initiative of the securities regulatory authorities in each of the provinces and territories.

The NI 52-102 Amendments and the Consequential Rule Amendments (collectively the Rule Amendments) have been made, or are expected to be made, as:

- rules in each of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador, Ontario and Prince Edward Island;
- Commission regulations in Saskatchewan and a regulation in Quebec, Nunavut and Northwest Territories; and
- policies in the Yukon.

Future-Oriented Financial Information

Effective on December 31, 2007

Summary (continued):

If the required government approval is obtained in British Columbia, the British Columbia Securities Commission intends to make the Rule Amendments and adopt the Policy Amendments.

If the required government approval is obtained in British Columbia, the British Columbia Securities Commission intends to make the Rule Amendments and adopt the Policy Amendments.

In Ontario, the Rule Amendments were delivered to the Minister responsible for securities regulation on October 12, 2007, along with amendments to Form 41-501F1 Information Required in a Prospectus of OSC Rule 41-501 General Prospectus Requirements, and OSC Rule 45-501 Ontario Prospectus and Registration Exemptions (the Ontario Rule Amendments). The Minister may approve or reject the Rule Amendments and the Ontario Rule Amendments or return them for further consideration. If the Minister approves the Rule Amendments or does not take any further action by December 10, 2007, the Rule Amendments will come into force on December 31, 2007.

In Québec, the Instrument is a regulation made under Section 331.1 of the Securities Act (Quebec) and will have to be approved, with or without amendment, by the Minister of Finance. The Instrument will come into force on the date of its publication in the Gazette officielle du Québec or any later date specified in the regulation.

Available resources and links

- Revocation of NP 48 Future-Oriented Financial Information and Amendments to NI 51-102 Continuous Disclosure Obligations and Related Amendments

International Financial Reporting Standards and Registrants

Standard: CSA Staff Notice 33-313 - International Financial Reporting Standards and Registrants

Effective date: January 1, 2011

Published by: CSA

Released in September 2008

Applicable to: Registrants

Summary:

Purpose

This notice reminds registrants that the changeover to International Financial Reporting Standards (IFRS) announced by the Canadian Accounting Standards Board (AcSB) applies to certain registrants.

Background

The AcSB has confirmed January 1, 2011 as the date IFRSs will replace current Canadian standards and interpretations as Canadian generally accepted accounting principles (Canadian GAAP) for publicly accountable enterprises (PAEs).

Many registrants will have to adopt IFRS in 2011 based on the AcSB implementation schedule. We are considering whether all registrants should be required by securities rules to use IFRSs.

This notice focuses on those registrants (non-SRO registrants) that are regulated directly by the Canadian securities regulatory authorities, that is, those that are not members of a self-regulatory organization, such as the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada. The Mutual Fund Dealers Association of Canada and Investment Industry Regulatory Organization of Canada will provide guidance to their members on the use of IFRS separately.

Non-SRO registrants include investment counsel and portfolio managers, limited market dealers, exchange-contracts dealers, scholarship plan dealers, restricted dealers and, in Québec, mutual fund dealers. Proposed National Instrument 31-103 *Registration Requirements* contemplates new registration categories, including exempt market dealers and investment fund managers. This notice will also apply to these proposed new categories, if they are adopted.

Requirement to change to IFRS

The AcSB's definition of PAE excludes profit-oriented entities that:

have not issued (and are not in the process of issuing) debt or equity instruments in a public market; and

do not hold assets in a fiduciary capacity for a broad group of outsiders. Entities with fiduciary responsibility, such as banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks, stand ready to hold and manage financial resources entrusted to them by clients, customers or members not involved in the management of the entity.

It is staff's position that any non-SRO registrant that holds or has access to any client assets will be required to deliver financial statements prepared in accordance with IFRS to the Canadian securities regulatory authorities for financial years commencing on or after January 1, 2011.

International Financial Reporting Standards and Registrants

Summary (continued):

Staff are considering whether non-SRO registrants that do not hold or have access to any client assets should be required to use IFRS and, if so, the appropriate implementation date for that changeover.

Implications of the changeover to IFRS

Changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect a registrant's reported financial position and results of operations. Registrants will need to provide comparative information for their first reporting period under IFRS. For example, a registrant's financial statements for its year ended December 31, 2011 must include comparative information for the period ended December 31, 2010 prepared in accordance with IFRS. Registrants will need to maintain appropriate records to prepare this comparative information. In addition, registrants with financial years ending December 31 will be required to prepare their working capital calculations in accordance with IFRS beginning on January 1, 2011.

Changing from current Canadian GAAP to IFRS may also affect certain business functions. As a result, significant planning for the changeover, if not already started, should start as soon as practicable. Registrants that hold or have access to any client assets may want to discuss the changeover to IFRS with their auditors to ensure readiness for the changeover to IFRS by 2011. CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards* provides guidance to issuers on certain factors they should consider in developing their changeover plan. Registrants may want to consider similar factors when developing their changeover plans.

Available resources and links

• CSA Notice 33-313 - International Financial Reporting Standards and Registrants

Continuous Disclosure Considerations Related to Current Economic Conditions

January 2009

Standard:	CSA Staff Notice 51-328, Continuous Disclosure Considerations Related to Current Economic Conditions
Effective date:	Immediately
Published by:	CSA Released in January 2009
Applicable to:	Registrants

Summary:

Current economic conditions present more than normal challenges for many issuers in preparing their financial statements and Management's Discussion and Analysis (MD&A). Because of the unusual economic conditions, the Canadian Securities Administrators (CSA) are highlighting some specific areas for which disclosure will likely be important to help investors understand the risks and circumstances facing issuers.

A detailed discussion of the specific areas can be found in Appendix A of this Staff Notice which is in the form of an illustrative continuous disclosure letter to the issuer. As part of their continuous disclosure review program, the CSA examine disclosure and financial reporting and provide specific comment letters for individual issuers selected for review (refer to CSA Staff Notice 51-312, Harmonized Continuous Disclosure Review Program).

This notice addresses the following topics:

- MD&A, including:
  - general considerations
  - liquidity and capital resources
  - distributed cash
  - critical accounting estimates
  - forward-looking information
- going concern
- impairment of goodwill, intangible assets and long-lived assets
- financial instruments
- capital disclosures
- defined benefit pension plans
- non-GAAP financial measures
- additional considerations for junior resource companies

Although this notice discusses topics likely to affect many issuers, it does not provide an exhaustive list of all requirements. Each reporting issuer should consider the accounting and disclosure issues specific to its circumstances in the current economic environment.

Available resources and links

- CSA Staff Notice 51-328, Continuous Disclosure Considerations Related to Current Economic Conditions
- 2008 annual financial reporting document review, An all-in-one disclosure checklist (11 Mg-zip file)

Continuous Disclosure Review Program Activities for Fiscal 2008

Standard: Staff Notice 51-326, Continuous Disclosure Review Program Activities for Fiscal 2008

Effective date: N/A

Published by: CSA

August 2008

Applicable to: Public entities

Summary:

This notice summarizes the results of the Canadian Securities Administrators (CSA) Continuous Disclosure (CD) review program of reporting issuers other than investment funds for the fiscal year ended March 31, 2008 (fiscal 2008). It also provides an overview of how the CD review program works.

Common deficiencies

Common problems that the OSC found in MD&A included boilerplate disclosure and repeating information from the financial statements without providing sufficient analysis.

Some recurring deficiencies in MD&A included:

- inadequate disclosure of liquidity and capital resources
- lack of quantitative analysis in the results of operations discussion
- no or limited disclosure of the adoption of new accounting policies
- inadequate related party disclosure
- absent or insufficient discussion about the risks and uncertainties expected to affect the issuer's future performance

Areas and topics within the financial statements where the OSC has noted measurement issues and common deficiencies in the disclosure of accounting policies included:

- cash flow statements
- financial instruments
- revenue recognition
- stock-based compensation

Other deficiencies found in CD documents included:

- failing to file certificates in accordance with Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, improper certificates or insufficient discussion about disclosure controls and procedures in the MD&A
- failing to file or filing a significantly deficient technical report (oil and gas and mining industries)

Continuous Disclosure Review Program Activities for Fiscal 2008 (continued)

Summary (continued):

- failing to file or filing a deficient business acquisition report (BAR) (e.g., no reconciliation to Canadian GAAP, incorrect pro forma information)
- unsatisfactory executive compensation disclosure in Form 51-102F6

Issue-oriented reviews

In fiscal 2008, issue-oriented reviews were conducted by one or more jurisdictions on the following topics:

Asset-Backed Commercial Paper (ABCP)

The CSA conducted reviews of issuers that held a material amount of non-bank ABCP. The reviews focused on valuation, presentation and disclosure of the non-bank ABCP in financial statements and MD&A.

Issuers who did not take into account appropriate factors when determining fair value of non-bank ABCP holdings were asked to restate their financial statements. Many issuers were requested to provide further disclosure in future filings on:

- the methods and assumptions used to determine fair market value; and
- the impact of non-bank ABCP holdings on the issuer's ability to meet cash needs and planned growth objectives.

Business acquisition reports (BARs)

Some jurisdictions conducted reviews of filings to assess compliance with the BAR requirements of NI 51-102. Other jurisdictions reviewed BARs when they conducted full CD reviews.

While there was general compliance in this area, the OSC found common deficiencies among BARs of venture issuers. For instance, many BARs did not include the required periods of financial statements for the acquired business. In other instances, the audit report expressed a qualified opinion.

Environmental reporting

Staff of the Ontario Securities Commission completed a targeted review of environmental disclosure in 2006 annual filings. This review focused on compliance with existing requirements to disclose environmental matters. Please refer to OSC Staff Notice 51-716 *Environmental Reporting* for details about the results of these reviews.

Financial instruments

While financial instruments was an area of focus for all jurisdictions this year, some jurisdictions conducted specific reviews on the implementation of the financial instruments accounting standards effective for fiscal years beginning on or after October 1, 2006. These standards require that all financial assets and liabilities, including derivatives, be measured at fair value and include extensive disclosure requirements.

A number of issuers did not adopt the new standards and were required to restate their financial statements and MD&A. Certain issuers that adopted the financial instruments standards and were selected for review incorrectly recorded investments at cost and not fair value and had insufficient disclosure relating to fair value.

Continuous Disclosure Review Program Activities for Fiscal 2008 (continued)

Summary (continued):

Mining technical disclosure

Some jurisdictions conducted reviews on the filings of mining issuers to assess compliance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101). While there was general compliance among these issuers, several issuers were required to:

- name the qualified person in all documents containing scientific and technical information
- file amended or new technical reports
- file or amend certificates or consents for the qualified person, or
- remove corporate presentations or other content from their website that did not comply with NI 43-101.

Oil and gas technical disclosure

Staff from the Alberta Securities Commission conducted reviews on issuers engaged in oil and gas activities to assess compliance with requirements set out in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. Common issues identified include non-compliant reserve and resource classification and non-compliant use of oil and gas terminology.

Options backdating

In September 2006, the OSC issued Staff Notice 51-320 *Options Backdating*. The OSC continues to focus on this area. To date, the reviews of the timing of option grants have resulted in a number of referrals to an Enforcement branch.

Potential review areas for fiscal 2009

In any given year, reporting issuers are affected by new accounting standards and regulatory changes. Some of the topics that may receive greater attention by the CD review program for fiscal 2009 include:

- Inventories (see CICA Handbook (HB) 3031)
- Going Concern (see CICA HB 1400)
- Forward-Looking Information (see NI 51-102, Parts 4A and 4B)
- Financial Instruments and Capital Disclosures (see CICA HB, 3862, 3863 and 1535)
- Financial Instruments - Recognition and Measurement (see CICA HB, 3855)

Available resources and links

- Canadian securities regulators announce results of Continuous Disclosure Reviews for Fiscal 2008

Continuous Disclosure

Standard: OSC Staff Notice 51-706 - Corporate Finance Report

Effective date: N/A

Published by: OSC

Issued September 2008

Applicable to: Public entities

Summary:

This year, the OSC performed 452 CD reviews and 633 offering document reviews, along with processing 432 applications for exemptive relief.

Compared to prior years, the OSC completed a significantly higher number of targeted CD reviews. This increase was due to its decision to give special attention to issuer's compliance with the new financial instruments standards introduced by the Canadian Institute of Chartered Accountants (CICA), which impacted all reporting issuers.

The OSC also reviewed issues related to environmental reporting, stock option granting practices and asset-backed commercial paper (ABCP).

There are approximately 4,200 reporting issuers (other than investment funds) in Ontario. The OSC has primary responsibility as principal regulator for approximately 1,100 reporting issuers with head offices in Ontario. These issuers represent $696 billion, or 34%, of Canada's $2.05 trillion market capitalization.

The OSC completed 452 CD reviews this year, consisting of 123 full reviews,173 issue-oriented reviews and 256 targeted reviews.

This year, the OSC performed targeted reviews on:

- financial instruments disclosure to assess the implementation of the CICA's new accounting standards effective for fiscal years beginning on or after October 1, 2006
- environmental disclosure
- the presentation, disclosure and valuation of non-bank ABCP in financial statements and MD&A
- the timing of stock option grants

In 16% of its reviews this year, the OSC identified filings that were so deficient that the issuers were required to restate and refile materials, to make retroactive changes or to file material that had not previously been filed.

This year, the majority of refilings related to deficient MD&A, non-compliance with both Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and with the CICA's new financial instruments standards. The majority of fiscal 2007 refilings related to non-compliance with Multilateral Instrument 52-109.

Available resources and links

- OSC Staff Notice 51-706 - Corporate Finance Report (2008)

Environmental Reporting

Standard: OSC Staff Notice 51-716 Environmental Reporting

Effective date: N/A

Published by: OSC

Issued February 2008

Applicable to: Public entities

Summary:

National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) requires reporting issuers to disclose information about environmental matters in their continuous disclosure (CD) documents. This notice outlines the results of a targeted review of compliance with these requirements that the staff of the Ontario Securities Commission (OSC) recently conducted. This review was announced in OSC Staff Notice 51-706 Corporate Finance Branch Report 2007, dated November 1, 2007.

Environmental liabilities

Estimates reflected in financial statements

Under Handbook Section 3290—Contingencies of, a contingency is defined as an existing condition or situation involving uncertainty as to possible gain or loss to an issuer that will ultimately be resolved when one or more future events occur or fail to occur. For example, an issuer involved in litigation over environmental matters may include an estimated amount for a contingent environmental liability in its financial statements (including the related notes) at the date of its financial statements. The estimate may be selected from a range of possibilities. The estimate may change over time. Canadian generally accepted accounting principles (GAAP) allow the minimum estimate to be accrued if no estimate within the range is more probable than another. Prediction of the outcome of contingencies, including estimation of the financial effects, is a matter of judgment by those responsible for preparing financial statements, taking into account the particular circumstances.

Where the environmental liability involves a critical accounting estimate (as defined in Form 51-102F1), certain disclosure is required. Specifically, item 1.12 of Form 51-102F1 requires management of TSX-listed issuers to include an analysis of critical accounting estimates in their MD&A. This analysis should:

- identify and describe each critical accounting estimate, including:
- a description of the accounting estimate
- the methodology used in determining the critical accounting estimate
- the assumptions underlying the accounting estimate that relate to matters highly uncertain at the time the estimate was made
- any known trends, commitments, events or uncertainties that management reasonably believes will materially affect the methodology or assumptions described, and
- if applicable, why the estimate is reasonably likely to change from period to period and have a material impact on the financial presentation
- explain the significance of the estimate to the issuer's financial condition, changes in financial condition and results of operations and identify the financial statement line items affected by the accounting estimate

Environmental Reporting

Summary (continued):

- discuss changes made to critical accounting estimates during the past two financial years, including the reasons for the change and the quantitative effect on the issuer's overall financial performance and financial statement line items; and
- identify the segments of the issuer's business that the accounting estimate affects and discuss the accounting estimate on a segment basis, if the issuer operates in more than one segment.

Findings

The MD&A of some of the TSX-listed issuers reviewed by OSC staff included a detailed analysis of the issuer's environmental estimates. For example, in discussing reclamation costs, one issuer stated that its operations are subject to environmental laws in the various countries where it has closed mines and open mines. The issuer then stated that technical issues made the reclamation of closed mines uncertain, which, together with any future changes in environmental laws, made estimating reclamation costs difficult. Nevertheless, the issuer provided a breakdown of its estimated reclamation costs for its closed mines and its open mines, and provided the basis and methodology for making these estimates. The issuer concluded its analysis by noting that it recognized changes in its estimated reclamation costs immediately for closed mines and amortized any changes in its estimated reclamation costs over the life of its open mines.

In contrast, many of the other TSX-listed issuers reviewed by OSC staff included boilerplate discussion of environmental estimates in their MD&A with minimal or no analysis, or did not discuss the environmental estimates at all. For example, in its MD&A, one issuer simply stated that it is responsible for its share of environmental costs and maintains insurance for environmental risks, but that there is no guarantee that the insurance will cover all environmental claims brought against the issuer.

Available resources and links

- OSC Staff Notice 51-716 *Environmental Reporting*

Report on Staff's Continuous Disclosure Review of Investment Funds

Standard: OSC Staff Notice 81-709 Report on Staff's Continuous Disclosure Review of Investment Funds

Effective date: N/A

Published by: OSC

May 2008

Applicable to: Investment funds

Summary:

On May 30, 2008, the Ontario Securities Commission (OSC) published OSC Staff Notice 81-709 Report on Staff's Continuous Disclosure Review of Investment Funds (2008) following an issue-oriented review of general compliance with National Instrument 81-106 Investment Fund Continuous Disclosure.

The Notice summarizes the findings and comments arising from the continuous disclosure review program conducted by the Investment Funds Branch of the OSC. Staff reviewed a sample of investment fund managers who, in total, manage approximately 45% of the industry's assets under management.

Staff noted several areas for improvement in terms of the quality of management's discussion, overall presentation and ongoing regulatory compliance. In particular, staff want to emphasize that the management discussion of fund performance should provide a historical and prospective analysis of the operations of the fund so that, together with the financial information, investors have a complete picture of the fund's performance.

The aim of the Notice is to assist preparers of financial statements and management reports of fund performance in improving their continuous disclosure. While staff's review focused on conventional mutual funds, the Notice provides guidance that should be considered by closed-end and exchange-traded funds to ensure their continuous disclosure is in compliance with securities legislation.

Available resources and links

- Download the report

Proposed standards

		Comment period ends
AcSB		
	Adopting IFRS in Canada	July 31, 2008
	Conceptual Framework	October 31, 2008
New	Consolidated Financial Statements	April 20, 2009
	Earnings Per Share	December 5, 2008
	Financial Instruments — Embedded Prepayment Options	February 29, 2008
	Financial Instruments — Improving Disclosures	January 12, 2009
	Financial Instruments — Effective Interest	February 15, 2009
	Joint Arrangements	January 31, 2008
EIC		
	D78, Accounting by Mining Enterprises for Exploration Costs When an Impairment Test Is Required	March 16, 2009
PSAB		
	Financial Instruments	December 3, 2007
	Government Transfers	October 1, 2007
	Tax Revenue	April 15, 2008
	Indicators of Financial Condition	October 24, 2008
	Introduction to Public Sector Accounting Standards	April 16, 2008
	PSAB Project Priority Survey	February 9, 2009
New	Application of International Financial Reporting Standards by some government organizations	April 17, 2009
	Financial Reporting by Not-for-Profit Organizations	June 30, 2009
CSA		
	National Policy 11-204 Process for Registration in Multiple Jurisdictions	September 17, 2008
	CSA Concept Paper 52-402, Possible Changes to Securities Rules Relating to International Financial Reporting Standards	April 13, 2008
	Proposed Framework 81-406: Point of Sale Disclosure for Mutual Funds and Segregated Funds	December 23, 2008
	National Policy 58-201, *Corporate Governance Principles* and National Instrument 58-101, *Disclosure of Corporate Governance Practices* (Proposed amendments)	April 20, 2009
OSFI		
	Draft Guideline E-6 – Materiality Criteria for Related Party Transactions	October 15, 2008
	Proposed Consequential Amendments to OSFI Accounting Disclosure Guidelines due to new Canadian Accounting Standards	Not indicated
Other		
	Bill S-214, An Act to regulate securities and to provide for a single securities commission for Canada	Not indicated

Adopting IFRS in Canada

Comment period ended on July 31, 2008

Proposed standard: Adopting IFRS in Canada

Proposed effective date: The AcSB proposes that all Canadian publicly accountable enterprises be required to apply IFRSs after January 1, 2011

Published by: CICA's AcSB

Updated in November 2008

Applicable to: Publicly accountable enterprises

Summary:

The Accounting Standards Board (AcSB) proposes, subject to comments received following exposure, to incorporate the International Financial Reporting Standards (IFRSs) set out in this omnibus Exposure Draft into the CICA Handbook – Accounting (Handbook). The Handbook will be updated as necessary thereafter so that, at any point in time, it includes the full body of IFRSs then in effect. Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, IFRSs will replace current Canadian GAAP for most publicly accountable enterprises.

At the same time, the AcSB proposes to amend Section 1506, Accounting Changes, to accommodate the adoption of IFRSs in Canada by providing relief in respect of the requirement to disclose information about new primary sources of GAAP that have been issued but are not yet effective.

This Exposure Draft is an important part of the AcSB's plan for incorporating IFRSs into the Handbook so that they are available in Canada, when needed. It follows AcSB's due process by exposing all accounting standards proposed for inclusion in the Handbook, and makes possible the early adoption of IFRSs by Canadian entities. It also allows entities to become familiar with IFRSs and begin the selection of their post-changeover accounting policies.

Scope (updated in September 2008)

In September 2008, the AcSB redeliberated the definition of a publicly accountable enterprise (PAE) proposed in its omnibus Exposure Draft.

- A PAE should be described as a profit-oriented entity that has issued (or is in the process of issuing) debt or equity securities that are (or will be) outstanding and traded in a public market, or holds assets in a fiduciary capacity for a broad group of outsiders. An entity is not considered to have a fiduciary responsibility when it holds and manages financial resources entrusted to it by outsiders for reasons that are incidental to its primary business.
- "A public market" should be described as in Section 1300, *Differential Reporting*.
- As proposed in the omnibus ED, only pension plans should continue to apply Section 4100, *Pension Plans*, after the adoption of IFRSs by PAEs. The AcSB observed that pension fund financial statements prepared solely for regulatory purposes (or, for example, for inclusion in the consolidated financial statements of its parent) are not general purpose financial statements and, therefore, are unaffected by the AcSB's IFRS strategy unless a pension fund decides otherwise.
- Decisions on the applicability of IFRSs to public sector entities fall within the mandate of the Public Sector Accounting Board. Therefore, the definition should be silent on this issue and refer such entities to the Public Sector Accounting Handbook.
- NFPOs do not fall within the definition, even if such an organization happens to meet one or more of the criteria for a profit-oriented enterprise to be considered a PAE. The AcSB will reserve judgment on the applicability of IFRSs to NFPOs pending the completion of its deliberations on the appropriate financial reporting model for this sector.

Adopting IFRSs in Canada

Comment period ended on July 31, 2008

Summary (continued):

Incorporation of IFRSs into Canadian GAAP

The IFRSs included in this Exposure Draft are all those found in the International Accounting Standards Board's 2007 Bound Volume of International Financial Reporting Standards, that is, all IFRSs in effect as at January 1, 2007. These standards are being provided for exposure purposes in both English and French. To view the standards, click here (2,522-page zip file).

The AcSB proposes, subject to comments received on this Exposure Draft, to incorporate these IFRSs into the Handbook. They will serve as a benchmark reference of the standards and interpretations to be adopted at the changeover date. The IASB may change IFRSs both before the changeover date and afterwards, in which case the AcSB will issue corresponding exposure drafts to incorporate the changes into Canadian GAAP.5 This will ensure that, at any point in time, the most current version of IFRSs is available for use by Canadian entities.

The AcSB intends to bring the IFRSs into the Handbook in full and without amendments. This rationale is reflected in the US Securities and Exchange Commission's (SEC) November 2007 announcement of the elimination of the requirement for foreign private issuers to reconcile their IFRS financial statements to US GAAP. The SEC has specified that the reconciliation requirement is being waived only for financial statements prepared using IFRSs as issued by the IASB so as "to encourage the development of IFRS as a uniform global standard, not a divergent set of standards applied differently in every nation." Further more, International Financial Reporting Standard IFRS 1, "First-time Adoption of International Financial Reporting Standards," which provides transitional guidance and relief for entities adopting IFRSs for the first time, applies only when an entity is in a position to make an explicit and unreserved statement of compliance with IFRSs. For this reason, the AcSB believes it is important that Canadian GAAP for publicly accountable enterprises be the same as IFRSs.

Early adoption of IFRSs

Some Canadian publicly accountable enterprises, such as those with parent companies already reporting in accordance with IFRSs, may wish to adopt IFRSs in advance of the mandatory changeover date. The desire to adopt early is also likely to be affected by the aforementioned elimination of the SEC requirement to reconcile financial statements prepared in accordance with IFRSs to US GAAP.

The AcSB's process for incorporating IFRSs into Canadian GAAP allows for the possibility of their early adoption. Entities subject to the requirements of regulators such as the Canadian Securities Administrators (CSA) and the Office of the Superintendent of Financial Institutions will need to abide by the decisions of these regulators concerning early adoption. Entities choosing to adopt the standards early would be required to adopt the full set of IFRSs rather than individual standards or interpretations.

Replacement of current Canadian GAAP for publicly accountable enterprises

Canadian GAAP and IFRSs include interpretations developed by the Emerging Issues Committee and the IASB's International Financial Reporting Interpretations Committee, as well as its predecessor body, the Standing Interpretations Committee, respectively. The AcSB has decided that it will generally not issue application or interpretative guidance on IASB standards. Further more, all current EIC Abstracts will cease to apply to publicly accountable enterprises at the changeover date.

Disclosures about IFRSs not yet effective in Canada (updated in October 2008)

In October 2008, the AcSB decided to continue with its plans to amend Section 1506, *Accounting Changes*, to clarify that the disclosures required by paragraph 1506.30 apply only to a change in individual accounting standards, not to

Adopting IFRS in Canada

Summary (continued):

Plans for finalizing the proposals

The AcSB expects to incorporate the IFRSs in this Exposure Draft into the Handbook early in 2009, and to expose by then any changes made by the IASB affecting the body of IFRSs to be in effect as at January 1, 2009.

Transition to IFRS

At its April 2008 meeting, the IFRS Advisory Committee discussed potential approaches for enterprises transitioning to IFRSs in Canada for the following items:

- related party transactions;
- disclosures for the first interim reports prepared in accordance with IFRSs; and
- the depreciation of components.

Available resources and links

- Download the Adopting IFRS Exposure Draft
- Changeover Date to IFRSs notice
- Pre-2011 Communications About IFRS Conversion (CICA)
- Comparison of IFRSs and Canadian GAAP
- iGAAP 2008: IFRS for Canada (Deloitte's book)
- www.DeloitteIFRS.ca

Conceptual Framework

Comment period ended October 31, 2008

Proposed standard: The AcSB has issued an Exposure Draft proposing to incorporate proposed changes to the existing IASB Framework into Canadian GAAP for publicly accountable enterprises, private enterprises and not-for-profit organizations.

Proposed effective date: N/A

Published by: CICA's AcSB

Issued July 2008

Applicable to: All entities

Summary:

The AcSB proposes, subject to comments received following exposure, to improve the conceptual framework for financial reporting by adopting the IASB's proposals contained in the IASB's Exposure Draft, "An improved Conceptual Framework for Financial Reporting: Chapter 1: The Objective of Financial Reporting, and Chapter 2: Qualitative Characteristics and Constraints of Decision-useful Financial Reporting Information (ED Chapters 1 and 2)." The AcSB proposes to achieve this for:

- publicly accountable enterprises, by replacing the corresponding portions of the IASB's existing "Framework for the Preparation and Presentation of Financial Statements" (the Framework), which is to be incorporated into the CICA Handbook – Accounting (the Handbook); and
- private enterprises and not-for-profit organizations (NFPOs), by replacing the corresponding portions of Section 1000, *Financial Statement Concepts*.

The AcSB notes that these proposals also result in convergence with US GAAP.

Differences

The following comprise the principal differences between the proposals in ED Chapters 1 and 2 and Section 1000:

Chapter 1: The Objective of Financial Reporting

- The ED extends the scope of the objective to apply to general purpose financial reporting, including financial statements. Section 1000 focuses only on financial statements.
- The ED identifies the primary user group of general purpose financial reporting as present and potential capital providers who include equity investors, lenders and other creditors. Section 1000 identifies users as investors, members, contributors, creditors and other users. The AcSB proposes to retain the material on members and contributors as users in Section 1000.
- The ED defines the objective broad enough to encompass all the decisions that primary users make in their capacity as capital providers, including resource allocation decisions as well as decisions to protect and enhance their investments. Section 1000 defines the objective as encompassing resource allocation decisions and/or assessing management stewardship.

Chapter 2: Qualitative Characteristics and Constraints of Decision-Useful Financial Reporting Information

- The ED identifies relevance and faithful representation as two fundamental characteristics and comparability, verifiability, timeliness and understandability as enhancing characteristics. Enhancing qualitative characteristics should maximize, to the extent possible, information that is relevant and faithfully represented. Section 1000 does not distinguish between fundamental and enhancing characteristics. Instead, Section 1000 requires that trade-offs be made between qualitative characteristics.

Conceptual Framework

Comment period ended October 31, 2008.

Summary (continued):

- The ED does not include conservatism as an aspect of faithful representation because it conflicts with the quality of neutrality and would lead to a bias in financial reporting. Section 1000 includes both neutrality and conservatism as aspects of reliability.
- The ED classifies timeliness and verifiability as enhancing characteristics, whereas timeliness and verifiability are included as aspects of relevance and reliability, respectively, in Section 1000.
- The ED identifies materiality and cost as two pervasive constraints. The cost constraint involves assessing whether the benefits of providing information justify the related costs. That is described as the benefit versus cost constraint in Section 1000.

In developing an improved conceptual framework for financial reporting, the IASB has decided to focus initially on concepts applicable to business entities in the private sector. Once concepts for those entities are developed, the IASB will consider the applicability of those concepts to financial reporting by other entities, such as NPFOs in the private sector and, in some jurisdictions, business entities in the public (governmental) sector. Until the IASB considers the applicability of the concepts to NFPOs and other entities, the AcSB proposes to retain the existing NFPO material in Section 1000 as outlined in paragraph A2 in the Appendix to this Exposure Draft.

The AcSB proposes that Chapters 1 and 2 would become effective in Canada at the same time as required in IFRS. When the IASB publishes the new Chapters 1 and 2 in final form, the AcSB would similarly incorporate them into Canadian GAAP with that mandatory effective date and permit early adoption.

Available resources and links

- Exposure Draft
- Conceptual Framework project
- Report on the Application to Not-for-profit Entities in the Private and Public Sectors

Consolidated Financial Statements

Comment period ends April 20, 2009

Proposed standard: The AcSB has issued an Exposure Draft proposing to replace the existing IFRS consolidation guidance with a new standard recently proposed by the IASB. The new consolidation standard will apply to publicly accountable enterprises at changeover to IFRS.

Proposed effective date: January 1, 2011

Published by: CICA's AcSB

New Issued February 2009

Applicable to: All publicly accountable enterprises

Summary:

The Accounting Standards Board (AcSB) proposes, subject to comments received following exposure, that the new consolidation standard recently proposed by the International Accounting Standards Board (IASB) be incorporated into Canadian GAAP as part of the IFRSs to be adopted by publicly accountable enterprises at the changeover date in 2011. The proposed new standard is to replace the consolidation requirements in IAS 27, *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation — Special Purpose Entities*.

The IASB has recently issued for comment its Exposure Draft ED 10, *Consolidated Financial Statements*. Consistent with its strategy, the AcSB intends to replace the consolidation requirements in IFRSs that were previously exposed in the AcSB's April 2008 omnibus Exposure Draft, "Adopting IFRS in Canada."

Comparison of ED10 to Canadian GAAP

The proposed new standard is intended to improve financial reporting by:

- simplifying the accounting guidance, by providing a single definition of control for assessing whether a reporting entity controls another entity; and
- enhancing disclosures about consolidated and unconsolidated entities.
- As a consequence, the IASB expects that entities will be consolidated on a more consistent basis, making the financial statements of groups more comparable and understandable.
- The proposals are in response to calls by preparers to simplify the consolidation guidance and by users of financial statements to improve disclosures about off-balance sheet entities. Given the recent global financial turmoil and the recommendations of the Financial Stability Forum, the IASB decided to accelerate the consolidation project and proceed directly to publication of ED 10. The following comprise the principal differences between the improvements proposed in ED 10 and existing Canadian GAAP:

Scope

The proposals in the Exposure Draft apply to all entities, except a parent that meets several conditions (see paragraph 2(a) of ED 10). The proposed IFRS does not require an entity to consolidate a post-employment benefit plans or other long-term employee benefit plans to which IAS 19, *Employee Benefits*, applies. Investment companies and their parents are not exempted from the requirement to consolidate subsidiaries.

Control of an entity

Control of an entity is defined as "the power of a reporting entity to direct the activities of another entity to generate returns for the reporting entity." Compared to existing Canadian GAAP, this widens the concept by defining control based on power to direct the activities of another entity, whether based on the power to govern the financial and operating policies of the other entity or through other ways.

Consolidated Financial Statements

Comment period ends April 20, 2009

Summary (continued):

Assessing control

- A single approach is used to assess whether the reporting entity controls another entity by considering power and returns together, and how the reporting entity can use its power to affect the returns.
- Control is assessed continuously based on whether the reporting entity has the power and returns, and not whether the reporting entity has a continuing ability to have that power.
- A structured entity is defined in ED 10 as "an entity whose activities are restricted to the extent that those activities are not directed as described in paragraphs 23-29." Paragraphs 23-29 outline how a reporting entity can control another entity by having the power to direct activities with a majority of voting rights or having the power to direct activities without a majority of voting rights. Concepts of a variable interest entity or special purpose entity are not used.
- When assessing control of a structured entity, it is necessary to identify how returns from the entity's activities are shared and how decisions, if any, are made about the activities that affect those returns. A reporting entity should consider all relevant facts and circumstances, including the purpose and design of a structured entity.

Disclosures

The reporting entity discloses information that enables users of its financial statement to evaluate:

Control assessment

The basis of control on an aggregate basis, including significant judgments or assumptions made.

Accounting consequences of the control assessment, such as total assets, liabilities, revenue and net income of those entities about which significant judgments or assumptions were made.

Involvement with structured entities

Defined involvement with a structured entity as including "both contractual and non-contractual involvement that exposes the reporting entity to variability of returns of the structured entity. Involvement includes holding of equity or debt instruments, as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement, guarantees, and asset management services."

Nature and extent of the reporting entity's involvement with structured entities that it does not control (see paragraphs B40-B42 of ED 10).

Nature and extent of, and changes in, the market risk, credit risk and liquidity risk that arise from the reporting entity's involvement with structured entities (see paragraphs B43-B45 of ED 10).

Other information relevant to assessing the risk exposure of the reporting entity (see paragraph B46 of ED 10).

If during the reporting period, the reporting entity, without having an obligation to do so, provided support to unconsolidated structured entities, explain the extent of and why the support was provided.

If providing the disclosures is impracticable, the reporting entity is to disclose why it is unable to obtain the information and how it manages its risk exposure.

The consolidation procedures from IAS 27 have not been reconsidered by the IASB but are included in ED 10. With the issuance of Section 1602, *Non-Controlling Interest*, Canadian GAAP is converged with how to account for non-controlling interests and loss of control of a subsidiary. Refer to the "Comparison of IFRSs and Canadian GAAP, " to review the remaining differences between consolidation procedures in IFRSs and existing Canadian GAAP.

Consolidated Financial Statements

Comment period ends April 20, 2009

Summary (continued):

Derecognition

In addition to the proposals in ED 10, the IASB is also reviewing, in a separate project, its requirements for the derecognition of financial instruments. The derecognition of financial instruments sometimes involves the use of structured entities. Therefore, the projects on consolidation and derecognition of financial instruments are closely related in those circumstances. The IASB expects to publish an exposure draft on the derecognition of financial instruments in the first half of 2009.

Accounting for associates and the equity method

In responses to ED 9, *Joint Arrangements*, and during deliberations in the consolidation project, issues with, and possible conflicts between, the concept of significant influence in IAS 28, *Investments in Associates*, and the proposals in ED 10, have been raised. The IASB notes that consideration of the requirements in IAS 28, together with the ED 10 proposals and the concurrent development of a replacement for IAS 31, *Interests in Joint Ventures*, would permit the development of a cohesive set of requirements for all types of investments in entities. In the Invitation to Comment in ED 10, the IASB asks whether the definition of significant influence and the use of the equity method in IAS 28 should be considered in a separate project to address these concerns.

Timing of adoption in Canada

In order to help enterprises focus their efforts on adopting IFRSs, the AcSB generally intends not to require adoption of new standards in Canada prior to the full adoption of IFRSs in 2011. Therefore, the AcSB intends that the proposed new consolidation standard will become mandatorily effective for publicly accountable enterprises upon changeover to IFRSs. The mandatory effective date in Canada may differ from that required by the IASB in order to avoid two changes in accounting in quick succession that would distract Canadians from the full adoption of IFRSs. However, early adoption of IFRSs, including the proposed new consolidation standard, will be permitted.

The IASB plans to issue its final standard in the second half of 2009 and the AcSB intends to incorporate the new standard into Canadian GAAP, as part of the IFRSs to be adopted by publicly accountable enterprises, at the same time.

Available resources and links

- Exposure Draft

Financial Instruments — Embedded Prepayment Options

Comment period ended February 29, 2008

Proposed standard: Amendment to Section 3855, Financial Instruments — Recognition and Measurement: basis for determining when a prepayment option embedded in a host debt instrument is closely related to the host instrument.

Proposed effective date: To be effective in fiscal years beginning on or after October 1, 2008. Early adoption is permitted.

Published by: CICA's AcSB

Updated March 2008

Applicable to: All entities

Summary:

The Accounting Standards Board (AcSB) proposes, subject to comments received following exposure, to amend Section 3855, Financial Instruments — Recognition and Measurement, to change the basis for determining when a prepayment option embedded in a host debt instrument is closely related to the host instrument.

Section 3855 requires that an option that provides the ability for either the issuer or the holder of a debt instrument to cause prepayment of the instrument be treated as a separate derivative if the amount required to satisfy the obligation on exercise of the option is not approximately equal to the amortized cost of the instrument on each possible prepayment date. Many prepayable debt instruments can be settled early only if the amount paid provides the investor or lender with a return equal to the current market yield for a similar instrument with the same remaining term to maturity.

The International Accounting Standards Board (IASB) noted that the requirement for embedded prepayment options is inconsistent with the requirements for other embedded derivatives that provide a return to the investor based on a leveraged or otherwise altered interest rate or interest rate index. The IASB has proposed, in the Exposure Draft resulting from its first Annual Improvements project, to amend IAS 39, Financial Instruments: Recognition and Measurement, such that prepayment options that compensate the lender for lost interest by reducing the economic loss from reinvestment risk will be considered closely related to their debt host.

Section 3855 is harmonized with IAS 39 on the provisions for embedded derivatives. The AcSB has concluded that making the same change to Section 3855 as that proposed for IAS 39 will be helpful to both issuers and holders of prepayable debt. This proposal will also reduce differences between Canadian GAAP and US GAAP in some circumstances.

Available resources and links

- Download Embedded prepayment options exposure draft

Financial Instruments — Improving Disclosures

Comment period ended January 12, 2009

Proposed standard: Amendments to Section 3862, *Financial Instruments - Disclosures*, to adopt the amendments recently proposed by the International Accounting Standards Board (IASB) to IFRS 7, *Financial Instruments: Disclosures*.

Proposed effective date: To be effective for interim and annual financial statements relating to fiscal years beginning on or after July 1, 2009

Published by: CICA's AcSB

January 2009 (Comments received)

Applicable to: Publicly accountable enterprises, and private enterprises, co-operative business enterprises, rate-regulated enterprises and NFPOs that choose to apply Section 3862

Summary:

The Accounting Standards Board (AcSB) proposes, subject to comments received following exposure, to amend Section 3862, *Financial Instruments - Disclosures*, to adopt the amendments recently proposed by the International Accounting Standards Board (IASB) to IFRS 7, *Financial Instruments: Disclosures*. These amendments will be applicable to publicly accountable enterprises and those private enterprises, co-operative business enterprises, rate-regulated enterprises, and not-for-profit organizations (NFPOs) that choose to apply Section 3862.

Summary of amendments proposed to IFRS 7

The amendments proposed to IFRS 7 are to enhance disclosures about fair value measurements, including the relative reliability of the inputs used in those measurements, and about the liquidity risk of financial instruments. The proposals are in response to calls by users of financial statements and others for enhanced disclosures, especially in light of the current market conditions, and concerns that the nature and extent of liquidity risk disclosure requirements were unclear and difficult to apply. The IASB's Exposure Draft proposes the following amendments to disclosures about financial instruments.

Fair value measurements

- Classify fair value measurements based on a three-level fair value hierarchy that is similar to that used in the FAS 157, Fair Value Measurements:
  - Level 1 — quoted prices in active markets for the same instrument;
  - Level 2 — quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
  - Level 3 — valuation techniques for which any significant input is not based on observable market data.
- Disclose the level of the fair value hierarchy into which fair value measurements are categorized in their entirety. This applies to both fair values included in the balance sheet and other fair values that are disclosed but not included in the balance sheet.
- Reconcile the beginning balances to the ending balances for Level 3 measurements — those fair value measurements that result from the use of significant unobservable inputs in valuation techniques.
- Identify movements between levels of the fair value hierarchy and the reasons for those movements.
- Provide the above disclosures in a tabular format.

Financial Instruments — Improving Disclosures (continued)

Summary:

Liquidity risk

- Clarify that liquidity risk relates to financial liabilities that are settled by delivering cash or another financial asset. By definition, financial liabilities that will be settled in the entity's own equity instruments or with non-financial assets would be excluded.
- Provide a maturity analysis for derivative financial liabilities based on how an entity manages its liquidity risk.
- Disclose the remaining expected maturities of non-derivative financial liabilities if an entity manages liquidity risk on the basis of expected maturities.
- Strengthen the relationship between qualitative and quantitative disclosures about liquidity risk.

Timing of adoption in Canada

In order to help enterprises focus their efforts on adopting IFRSs, the AcSB generally intends not to require adoption of new standards in Canada prior to the full adoption of IFRSs in 2011. However, in light of the present market concerns and to provide users with additional information and insight into those areas of concern, the AcSB intends that the improved disclosure requirements for financial instruments will become effective in Canada at the same time as required by the IASB. These improvements will result in convergence with IFRSs.

The proposed amendments to Section 3862 would be effective for interim and annual financial statements relating to fiscal years beginning on or after July 1, 2009 for publicly accountable enterprises, and also those private enterprises, co-operative business enterprises, rate-regulated enterprises and NFPOs that choose to apply Section 3862. It is expected that the IASB will issue its final amendments to IFRS 7 early in 2009.

Available resources and links

- AcSB's Exposure Draft (Comments received)
- IASB's Exposure Draft
- FAS 157

Financial Instruments — Effective Interest

Comment period ends February 15, 2009

Proposed standard: Amendments to Section 3855, *Financial Instruments — Recognition and Measurement*, to clarify the calculation of interest on a financial asset after recognition of an impairment loss.

Proposed effective date: The AcSB expects to issue the proposed amendment in the second quarter of 2009, to be effective on issuance. Retrospective application would be permitted.

Published by: CICA's AcSB

January 2009

Applicable to: Publicly accountable enterprises, and private enterprises, co-operative business enterprises, rate-regulated enterprises and NFPOs that choose to apply Section 3862

Summary:

The Accounting Standards Board (AcSB) proposes, subject to comments received following exposure, to amend Section 3855, *Financial Instruments - Recognition and Measurement* to clarify the calculation of interest on an interest-bearing asset after recognition of an impairment loss.

Background

Section 3855 is currently silent on whether the effective interest rate on an interest-bearing asset should be changed after recognition of an impairment loss but specifically requires the rate to be reset in other, limited circumstances. For a financial asset other than a loan or receivable, an impairment loss is calculated as the difference between the asset's carrying amount and its fair value. The fair value of the asset is the present value of its expected future cash flows discounted using a current market rate of interest. When interest rates have increased between initial recognition of the asset and the date of a subsequent impairment write-down, interest income will be understated and any gain on maturity overstated if the effective rate is not reset.

The proposed amendment clarifies that the rate used to determine fair value should also be used to recognize interest income in subsequent periods. The AcSB believes that this amendment to Section 3855 is necessary to limit divergence in practice.

The proposed amendment will make the application of the effective interest method under Section 3855 consistent with the corresponding provision of IAS 39, *Financial Instruments: Recognition and Measurement*.

Plans for finalizing the proposals

The AcSB expects to issue the proposed amendment in the second quarter of 2009, to be effective on issuance. Retrospective application would be permitted.

Available resources and links

- AcSB's Exposure Draft

Earnings Per Share

Comment period ended December 5, 2008

Proposed changes: The AcSB's Exposure Draft proposes changes to Section 3500 that incorporates the IASB proposals

Proposed effective date:

Published by: CICA's AcSB

September 2008

Applicable to: All entities

Activities to date:

The Accounting Standards Board (AcSB) proposes, subject to comments received the following exposure, to replace Section 3500, *Earnings Per Share*, with a new standard that would conform to IAS 33, *Earnings Per Share*, including amendments recently proposed by the IASB. The proposed Canadian standard would include the Application Guidance in Appendix A to IAS 33, which is an integral part of the standard.

The proposal is intended to conform Canadian GAAP to a globally accepted standard and, in the process, clarify and simplify the calculation of earnings per share (EPS).

Background

The AcSB's strategy is to adopt IFRSs as Canadian GAAP for publicly accountable enterprises for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011. The IASB has recently issued for comment its Exposure Draft, "Simplifying Earnings per Share, Proposed amendments to IAS 33." Consistent with its strategy, the AcSB intends to adopt the final IASB standard. The AcSB expects to incorporate the new IFRS into Canadian GAAP prior to the complete changeover to IFRSs.

The AcSB notes that these proposals would also result in convergence with both IFRSs and US GAAP in the calculation of the denominator of EPS. However, other GAAP differences may result in different earnings under current Canadian GAAP, IFRSs and US GAAP and, consequently, in different EPS amounts.

Comparison of IASB Exposure Draft (ED) to Section 3500

The following comprise the principal differences between the proposals in the ED and existing Section 3500:

- The ED establishes a principle to determine which instruments are included in the calculation of basic EPS. According to this principle, the weighted average number of ordinary shares includes only those instruments that give (or are deemed to give) their holder the right to share currently in the profit or loss of the period. Consequently, if ordinary shares issuable for little or no cash or other consideration or mandatorily convertible instruments do not meet this condition, they will no longer affect basic EPS.
- The ED clarifies the treatment of contracts that involve the entity receiving its own ordinary shares for cash or other financial assets. Such contracts include gross physically settled written put options and forward purchase contracts. The ED treats those contracts as if the entity had already repurchased the shares. Therefore, the entity excludes those shares from the denominator of the EPS calculation. Mandatorily redeemable ordinary shares would be treated in the same manner.
- The ED amends the calculation of diluted EPS for participating instruments and two-class ordinary shares. A test is introduced to determine whether a convertible financial instrument would have a more dilutive effect if conversion is assumed.
- The ED notes that, if an instrument is measured at fair value through profit or loss, changes in its fair value reflect the economic effect of the instrument on current equity holders for the period. In other words, the changes in fair value reflect the benefits received. Therefore, the ED proposes that an entity should not adjust the numerator or denominator of the diluted EPS calculation.

Earnings Per Share

Activities to date (continued):

- The ED indicates that, when an entity calculates diluted EPS for options, warrants and their equivalents that are not measured at fair value through profit or loss, the entity assumes the exercise of those instruments, if dilutive. To simplify the calculation of diluted EPS, the ED proposes that the ordinary shares should be regarded as issued at the end-of-period market price, rather than at their average market price during the period. For year-to-date diluted earnings per share, the ED proposes that the number of incremental shares to be included in the denominator would be calculated independently for each period presented, rather than as a year-to-date weighted average of the number of incremental shares included in each interim diluted earnings per share computation.
- The ED proposes to clarify that, for the calculation of diluted EPS, an entity assumes that ordinary shares relating to forward contracts to sell an entity's own shares are sold and the effect is dilutive, unless they are measured at fair value through profit or loss.
- The ED proposes that contracts to repurchase an entity's own shares and contracts that may be settled in ordinary shares or cash would either be measured at fair value through profit or loss or the liability for the present value of the redemption amount would meet the definition of a participating instrument. For those instruments, no adjustments would be required in calculating diluted EPS or the application guidance on participating instruments and two-class common shares would apply. Therefore, the ED proposes to delete the calculation requirements for contracts to repurchase an entity's own shares in paragraph 3500.44 and for contracts that may be settled in ordinary shares or cash in paragraphs 3500.46-.48.
- The ED contains no references to extraordinary items, as, unlike Canadian GAAP (Section 3480, Extraordinary Items), IFRSs do not permit the presentation and disclosure of such items. Therefore, the AcSB intends to require an additional disclosure to those in the ED — when an entity reports an extraordinary item, it shall also disclose the basic and diluted amounts per share for the extraordinary item.

Timing of adoption in Canada

In order to help companies focus their efforts on adopting IFRSs, the AcSB generally does not intend to require adoption of new standards in Canada prior to full adoption of IFRSs in 2011. However, adoption of the proposed new standard on EPS will not require any changes to accounting processes or systems and, consequently, will not unduly divert the efforts of companies in adopting IFRSs. This new standard will result in convergence between IFRSs and US GAAP, and not to adopt it would result in Canadian GAAP being different from both of these. Therefore, the AcSB intends that the proposed new standard on EPS will become effective in Canada at the same time as required by the IASB. It is expected that the IASB will issue a final standard in 2009.

Available resources and links

- AcSB's Exposure Draft
- IASB's Exposure Draft

Joint Arrangements

Comment period ended January 31, 2008

Proposed standard:

In September 2006, the AcSB added a project to its agenda to converge Section 3055, Interests in Joint Ventures, with the amended version of IAS 31, Interests in Joint Ventures.

Proposed effective date:

The AcSB proposes, subject to the views expressed by respondents, that the standard proposed in ED 9 would become mandatory in Canada as part of the changeover to IFRSs expected in 2011. However, earlier adoption would be permitted once the IASB issues its standard.

Published by:

CICA's AcSB

Updated December 2007

Applicable to:

All entities

Summary:

The Accounting Standards Board (AcSB) proposes, subject to comments received following exposure, to issue a new standard, Section 3056, Joint Arrangements, that conforms to a corresponding International Financial Reporting Standard (IFRS) recently proposed by the International Accounting Standards Board (IASB).

The proposals replace the proportionate consolidation method of accounting for jointly controlled entities with the equity method and require additional disclosures about such arrangements. The AcSB notes that these proposals result in convergence between IFRSs and US GAAP.

Background

The AcSB's strategy is to adopt IFRSs as Canadian GAAP for publicly accountable enterprises for years beginning on or after January 1, 2011. The IASB has recently issued for comment its Exposure Draft ED 9, "Joint Arrangements." Consistent with its strategy, the AcSB intends to adopt the final IASB standard. The AcSB proposes to permit, but not require, the adoption of the new IFRS prior to the complete changeover to IFRSs. Accordingly, the AcSB is exposing ED 9 for comment at the same time as the IASB.

As part of the adoption of the proposed IFRS in Canada prior to the complete changeover to IFRSs, the AcSB proposes to retain the guidance for joint venture transactions in paragraphs 3055.26-.40 by adding it to paragraph 27 of ED 9, since similar guidance is not contained within ED 9.

The AcSB has decided not to make other conforming changes to existing Canadian GAAP and, therefore, recognizes that Canadian GAAP and IFRSs will differ in a minor way in respect of joint arrangements until the complete changeover to IFRSs. For example, ED 9 includes additional requirements that align with International Financial Reporting Standard IAS 28, "Investments in Associates," that current Canadian GAAP and, in particular, Section 3051, Investments, does not have. The AcSB has decided not to adopt these additional requirements prior to the changeover to IFRSs.

Joint Arrangements

Comment period ended January 31, 2008

Summary (continued):

Comparison of ED 9 to Section 3055

The following comprise the principal differences between the proposals in ED 9 and Section 3055:

- ED 9 uses the term “joint arrangement” to describe all arrangements in which the parties have shared decision-making. The term “joint venture” is used for one type of joint arrangement – one that involves a jointly controlled entity such that the venturers do not have rights to individual assets or obligations for liabilities of the venture. Rather, each venturer is entitled to a share of the outcome (for example, profit or loss) of the activities of the joint venture. Section 3055 uses the term “joint venture” for all contractual arrangements in which two or more parties have joint control.
- ED 9 requires equity accounting for those joint arrangements meeting the new definition of a joint venture. For other types of joint arrangements (joint operations and joint assets), an entity accounts for its interest in the individual assets, liabilities, revenues and expenses or financing of the joint arrangement. This produces a similar result to proportionate consolidation, although the underlying principle is different. Section 3055 requires proportionate consolidation for all types of joint ventures (jointly controlled operations, jointly controlled assets and jointly controlled enterprises).
- ED 9 has more extensive disclosure requirements than Section 3055.

Available resources and links

- Download Joint Arrangements exposure draft
- Project on Joint Arrangements

Exploration Costs

Comment period ends March 16, 2009

Proposed standard:

Draft of proposed changes to EIC-126, *Accounting by Mining Enterprises for Exploration Costs*, to provide additional guidance on impairment testing for mining exploration enterprises.

Proposed effective date:

The Committee reached a consensus that the accounting treatment in this Abstract should be applied to financial statements issued after the date of issuance of this Abstract.

Published by:

CICA's EIC

New February 2009

Applicable to:

Mining enterprises

Summary:

The Committee noted that in the last few months there has been a substantial decline in commodity prices and in share prices as well as the deterioration in the economy that amongst other effects has severely restricted the availability of financing. The Committee agreed that there is a significant need for additional guidance for mining exploration enterprises on when an impairment test is required.

This Draft Abstract proposes changes to EIC-126, *Accounting by Mining Enterprises for Exploration Costs*, to provide additional guidance for mining exploration enterprises on when an impairment test is required. The proposed changes are underlined. Comments are only requested on the proposed changes. It is expected that if the proposed changes are approved, EIC-126 would be withdrawn and replaced by a new Abstract.

Available resources and links

- Download Draft abstract D78

Financial Instruments

Comment period ended December 3, 2007

Proposed standard: The Public Sector Accounting Board (PSAB) proposes to expose Financial Instruments, as new Handbook material. The Section(s) would apply to all governments.

Proposed effective date: Under discussion

Published by: PSAB

Updated April 2008

Applicable to: Public sector

Summary:

Main features

The main features of this Statement of Principles are as follows:

- Fair value measurement is proposed for derivatives and portfolio investments quoted in an active market.
- Hedge accounting treatment is permitted for certain documented hedging relationships where they are demonstrated to be highly effective.
- Flexibility to designate non-derivative financial assets and non-derivative financial liabilities to be reported at fair value is permitted in cases where more relevant information will result, as it:
- eliminates or significantly reduces a measurement or recognition inconsistency; or
- is the basis on which a group of financial assets, financial liabilities or both are managed and performance is evaluated, in accordance with a documented risk management or investment strategy.

Two measurement categories are proposed for financial instruments:

- cost or amortized cost; and
- fair value (with gains and losses recognized in the statement of operations).

Specific disclosure and presentation requirements for financial instruments are suggested.

Each principle is stated, together with supporting commentary, to assist readers in understanding how each issue was evaluated. The document is organized into three sections.

- Section A: Financial instruments – recognition and measurement
- Section B: Hedge accounting
- Section C: Disclosure and presentation

Equivalent CICA Handbook – Accounting standards

For the most part, the scope of the proposed principles is equivalent to CICA Handbook – Accounting standards. PSAB examined these standards, evaluating key questions in relation to its definitions of assets and liabilities and the objectives of government financial reporting. Unlike the private sector standards, PSAB is recommending only two classifications and reporting bases. In many cases, items may be reclassified after initial recognition, making the fair value option more responsive as an alternative to hedge accounting. The scope and application of hedge accounting is in common with the CICA Handbook – Accounting, except that self-sustaining foreign operations are not encountered in public sector reporting.

Available resources and links

- Download Financial instruments exposure draft
- Related presentations

Government Transfers

Comment period ended October 1, 2007

Proposed standard: The Public Sector Accounting Board (PSAB) proposes to issue revised Government Transfers, Section PS 3410. The Section would apply to all levels of government.

Proposed effective date: Under discussion

Published by: PSAB

November 2008

Applicable to: Public sector

Summary:

November 2008

The PSAB discussed comments received on the April 2007 Re-Exposure Draft and the proposals set forth by the task force based on those comments. PSAB discussed various alternatives related to the authorization point and revenue recognition by the recipient, and directed the task force to present a draft re-exposure draft at a future meeting.

Main features

- Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government for which the government making the transfer does not:
  - receive any goods or services directly in return, as would occur in a purchase/sale or other exchange transaction;
  - expect to be repaid in the future, as would be expected in a loan; or
  - expect a direct financial return, as would be expected in an investment.
- Government transfers should be recognized as revenue or expenses when the transfer has been authorized and any eligibility criteria have been met.
- A determination that a transfer is authorized requires evidence at the financial statement date of:
  - the authority to enter into a transaction, which is conveyed through approved legislation, regulations or by-laws; and
  - the exercise of authority under legislation, regulations or by-laws in place at the financial statement date.

Available resources and links

- Download Government transfers exposure draft

Tax Revenue

Comment period ended April 15, 2008.

Proposed standard: The Public Sector Accounting Board (PSAB) proposes, subject to comments received following exposure, to issue Tax Revenue, Section PS 3510, as a new Handbook section. The Section would apply to governments.

Proposed effective date: Under discussion

Published by: PSAB

Updated March 2008

Applicable to: Public Sector

Summary:

This proposed standard provides principles for the recognition, measurement and disclosure of tax revenue in government financial statements.

The main features of this Exposure Draft are as follows:

- Taxes are defined as economic resources compulsorily paid or payable to governments, in accordance with laws and or regulations normally established to provide revenue for public purposes to the government. Tax transactions are classified as non-exchange transactions. Taxes are defined to exclude fees.
- Tax revenue would only arise for the government that imposes the tax (a defined concept).
- Taxes should be recognized as an asset and revenue when they are authorized (a defined concept) and the taxable event occurs, except when and to the extent that tax stipulations create a liability for the taxing government in accordance with Liabilities, Section PS 3200.
- A liability should be reduced and revenue recognized as tax stipulations are met.
- An asset acquired through a tax transaction should be measured initially at its fair value as at the date of acquisition.
- Tax receivables should be evaluated for collectibility on a regular basis. Valuation allowances should be used to reflect tax receivables at their net recoverable amount. Changes in valuation allowances related to tax receivables should be recognized as expenses in the accounting period.
- Tax revenue should not be reduced by transfers made through a tax system.
- Tax revenue should not be grossed up for the amount of tax expenditures.

Available resources and links

- Download Tax Revenue exposure draft

Indicators of Financial Condition

Comment period ended October 24, 2008

Proposed standard: The PSAB proposes, subject to comments received, to issue *Indicators of Financial Condition*, as a new Statement of Recommended Practice (SORP).

Proposed effective date: Under discussion

Published by: PSAB

Updated September 2008

Applicable to: All governments and their organizations that choose to prepare and present a report on financial condition.

Summary:

September 2008

The Public Sector Accounting Board (PSAB) proposes, subject to comments received, to issue *Indicators of Financial Condition*, as a new Statement of Recommended Practice (SORP). The SORP would apply to all governments and their organizations that choose to prepare and present a report on financial condition.

Main features

The Draft SORP:

- defines the elements of sustainability, flexibility and vulnerability that are used to determine specific indicators;
- identifies government-specific and government-related indicators for each of the items;
- provides a number of factors to consider when assessing the applicability of other indicators to a particular government's unique situation; and
- encourages the provision of narrative information that would include analysis of indicators, trend information and comparative information.

This Draft SORP takes into consideration the comments received from respondents to the Statement of Principles (SOP) of the same name issued in October 2007.

Available resources and links

- Download Indicators of Financial Condition exposure draft

Introduction to Public Sector Accounting Standards

Comment period ended April 16, 2008

Proposed standard: The proposals state that when preparing financial statements for their own purposes, government business enterprises and government business-type organizations should follow the CICA Handbook – Accounting for publicly accountable enterprises.

Proposed effective date: Under discussion

Published by: PSAB

Updated September 2008

Applicable to: Public sector

Summary:

The Accounting Standards Board has determined that financial reporting standards for publicly accountable enterprises in Canada will conform to IFRSs issued by the International IASB by a changeover date expected to be for fiscal periods beginning on or after January 1, 2011. At that date, the accounting standards in the CICA Handbook – Accounting are expected to be identical to IFRSs.

Government business enterprises and government business-type organizations have asked whether they should be considered to be publicly accountable enterprises for purposes of determining whether the changeover to IFRSs would apply to them. PSAB agreed that clarification is needed. In PSAB's view, the direction given in the CICA Public Sector Accounting Handbook on which standards should be followed by government business enterprises and government business-type organizations has not changed. Both government business enterprises and government business-type organizations are excluded from the definition of non-publicly accountable enterprises (see Differential Reporting, paragraph 1300.02(a)) and therefore should be considered to be publicly accountable enterprises.

Government business enterprises and government business-type organizations should refer to the transition and implementation plan for the move to adoption of IFRSs and determine how the move will affect their financial reporting.

PSAB intends to consider the implications of the AcSB strategies on government organizations in two phases. This exposure draft represents the first phase addressing government business enterprises and government business-type organizations.

In response to letters received from stakeholders, PSAB agreed, in September 2008, to seek additional information relating to the application of the current definitions of and the source of GAAP used by government organizations.

The second phase will examine government not-for-profit organizations and other government organizations that may currently apply the CICA Handbook – Accounting. For those organizations, an examination of the varied nature of organizations that may be using the CICA Handbook – Accounting will be undertaken to determine the most appropriate approach.

In conjunction with the Accounting Standards Board's efforts, PSAB agreed, in September 2008, to work toward the issuance of a collaborative Invitation to Comment that will seek views on the sources of GAAP that could be applied by various types of not-for-profit organizations in both the private and public sectors.

Available resources and links

- Download Introduction to Public Sector Accounting Standards exposure draft

PSAB Project Priority Survey

Comment period ends February 9, 2009

Proposed standard: The purpose of the Survey is to determine the relative importance of various topics for PSAB's technical agenda.

Proposed effective date: Not applicable

Published by: PSAB

Issued in January 2009

Applicable to: Public sector

Summary:

PSAB is seeking your response to its 2009 Project Priority Survey (Survey). The purpose of the Survey is to determine the relative importance of various topics for PSAB's technical agenda. PSAB has the capacity to begin some new projects in the coming year. The project list is based on input from PSAB members, staff and stakeholders through the web solicitation of new topics in October 2008.

PSAB will consider responses to the Survey both individually and in the context of overall feedback in its Work Plan for April 1, 2009 to March 31, 2010. The topics chosen will form a significant and important part of PSAB's future work plans. PSAB reserves the right to select the most appropriate projects given resource limitations, the nature of the project, the time commitments each project may require, and other priorities related to PSAB's standard setting activities. Topics chosen will be fully scoped at the project proposal stage to determine the extent of issues to be addressed. Projects that are currently underway by PSAB include:

- Liability for Remediation and Mitigation of Contaminated Sites (formerly Environmental Liabilities);
- Financial Instruments;
- Foreign Currency Translation (deferred project is expected to re-activate with the finalization of Financial Instruments);
- Government Transfers;
- Introduction to Public Sector Accounting Standards – Government Not-for-Profit Organizations;
- Introduction to Public Sector Accounting Standards – Government Organizations (excluding Government Not-for-Profit Organizations);
- Tax Revenue; and
- Issues with Entity-level Financial Statements.

For more information about these projects, please click here.

In addition, PSAB is currently considering the transitional provisions of Section PS 1300, Government Reporting Entity.

PSAB is also tracking the progress on the following IPSASB projects:

- Service Concessions (public-private partnerships);
- Public Sector Conceptual Framework;
- Agriculture;
- Long-term Fiscal Sustainability;
- Heritage Assets;
- Social Benefits; and
- Intangible Assets.

Available resources and links

- Download the survey

Application of International Financial Reporting Standards by some government organizations

Comment period ends April 17, 2009

Proposed standard: The PSAB has issued an Invitation to Comment on the application of International Financial Reporting Standards by some government organizations.

Proposed effective date:

Published by: PSAB

New Issued in February 2009

Applicable to: Government Business Enterprises (GBEs) and Government Business-Type Organizations (GTBOs)

Summary:

On February 24, 2009, the Public Sector Accounting Board (PSAB) issued an Invitation to Comment on the breadth of application of IFRSs to Government Business Enterprises (GBEs) and Government Business-Type Organizations (GTBOs).

PSAB is currently directing that both GBEs and GBTOs should adopt IFRSs at the same time as publicly accountable enterprises. However, because a number of stakeholders have raised concerns about this, PSAB is providing a further opportunity to provide input (Review the Invitation to Comment).

In summary, the PSAB has set out four possible alternatives (other than the status quo as noted above). Some of the alternatives would distinguish between GBEs and GTBOs depending whether they are publicly accountable.

PSAB has also presented the following key decisions in the Invitation to Comment:

- The definition of a Government Business Enterprise and Government Business-Type Organization remains unchanged from the current definitions;
- The Accounting Standards Board's proposed Private Enterprise Standards are not an acceptable alternative for GBE's or GBTO's due to the proposed simplified accounting treatments and streamlined disclosures; and
- The alternatives do not include a size test to distinguish between large and smaller government organizations as such tests are considered arbitrary and would lead to a potential lack of comparability between government organizations carrying out similar activities.

Application of International Financial Reporting Standards by some government organizations

Summary:

The table below provides a very high level summary of the proposals. “Self-selection” indicates a choice between following the Public Sector Accounting Handbook or applying IFRSs.

<table>
<tr><th></th><th>Alternative 1</th><th>Alternative 2</th><th>Alternative 3</th><th>Alternative 4</th></tr>
<tr><td rowspan="2">GBEs</td><td>If publicly accountable then: adopt IFRSs</td><td rowspan="2">Adopt IFRSs</td><td rowspan="2">Adopt IFRSs</td><td rowspan="2">Adopt IFRSs</td></tr>
<tr><td>Otherwise: Self-Selection</td></tr>
<tr><td rowspan="2">GBTOs</td><td>If publicly accountable then: adopt IFRSs</td><td rowspan="2">Self-Selection</td><td>If “self-sustai-ning” (IPSASB[1] definition) then: adopt IFRSs</td><td>If competing with similar entities outside of the public sector: then: adopt IFRSs</td></tr>
<tr><td>Otherwise: Self-Selection</td><td>Otherwise: Self-Selection</td><td>Otherwise: Self-Selection</td></tr>
</table>

The comment period ends on April 17, 2009. We encourage all interested parties to respond.

International Public Sector Accounting Standards Board (IPSASB) has established a definition of a “Government Business Enterprise” which includes as part of that definition a self-sustaining concept where the enterprise“ is not reliant on continuing government funding to be a going concern (other than purchases of outputs at arm’s length)” (See the Invitation for Comment for more details)

Available resources and links

- Download the invitation to comment

Financial Reporting by Not-for-Profit Organizations

Comment period ends on June 30, 2009

Proposed standard:	The ITC asks crucial questions about the future of financial reporting by not-for-profit organizations. In particular, it raises issues affecting how accounting standards will deal with the special needs of such organizations.
Proposed effective date:	Under discussion
Published by:	AcSB and PSAB January 2009
Applicable to:	Not-for-profit organizations

Summary:

This Invitation to Comment (ITC) is issued jointly by the Accounting Standards Board (AcSB) and the Public Sector Accounting Board (PSAB).

The ITC asks crucial questions about the future of financial reporting by not-for-profit organizations. In particular, it raises issues affecting how accounting standards will deal with the special needs of such organizations. The ITC is accompanied by Position Papers, prepared by each Board, that describe those issues in more detail. Readers should consider the issues identified, answer the questions raised below and explain the reasoning supporting their responses.

Canadian not-for-profit organizations are diverse in their origins, structures and objectives. An overwhelming majority of not-for-profit organizations operate independently, while others, such as some schools, hospitals, colleges and universities, are controlled by governments and consolidated in government public accounts. As well, Canada has not-for-profit organizations with operations that are international in scope. For organizations within the public sector, differences between present standards and public sector reporting standards add complexity to discussions of financial performance. Not-for-profit organizations outside the public sector generally have modest revenues and many seek standards that users are familiar with and that align with financial reporting practices of businesses.

Responsibilities for financial reporting standards

The AcSB is responsible for the standards for private sector not-for-profit organizations contained in the CICA Handbook – Accounting. The PSAB has authority for standards for not-for-profit organizations controlled by a government. The PSAB currently directs government not-for-profit organizations to adhere to standards in the CICA Handbook – Accounting. This supports comparisons between similar entities and among all not-for-profit organizations.

Change brought about by the AcSB Strategic Plan necessitates consideration of reporting by not-for-profit organizations in the future. Several paths beckon, among them: International Financial Reporting Standards (IFRSs), private enterprise standards being developed by the AcSB and public sector standards. User needs must be considered, including reporting on the discharge of stewardship responsibility. Not-for-profit organizations are expected to report clearly and comprehensively on their financial position and performance.

Approaches for consideration

One set of standards for all not-for-profits or a choice?

In developing the ITC, both Boards recognized a need to present a range of alternatives. However, a key overarching issue is whether all not-for-profit organizations should apply the same primary source of GAAP. Some users value the comparability gained from financial reports based on one primary source of GAAP. On the other hand, some have expressed the view that not-for-profit organizations should have the flexibility to choose from an acceptable set of alternative primary sources of GAAP, based on their circumstances.

Financial Reporting by Not-for-Profit Organizations

Summary (Cont'd):

Options for a primary source of GAAP

In the case of public sector not-for-profit organizations, the PSAB has tentatively concluded that public sector standards alone, or public sector standards supplemented by the 4400 series of Sections in the CICA Handbook – Accounting (4400 series), are the alternatives.

In the case of not-for-profit organizations that are not part of the public sector, the AcSB has tentatively determined that the alternatives are either IFRSs, or the private enterprise standards currently under development supplemented by the 4400 series. An option of supplementing IFRSs with the 4400 series is not available, as explained below.

Other options

The Boards considered the option of developing a new set of stand-alone standards for not-for-profit organizations.

In considering the development of a separate set of standards solely for not-for-profit organizations, the Boards reflected on the implications of:

- user needs and comprehension;
- the requirements to teach and learn another set of GAAP standards;
- costs of developing and maintaining a stand-alone approach; and
- the likelihood that such standards, if developed, might not be much different from current standards.

The Boards have tentatively rejected developing a set of stand-alone standards.

Available resources and links

- Download the invitation to comment

Process for Registration in Multiple Jurisdictions

Comment period ended September 17, 2008

Proposed standard: Notice and Request for Comment - Proposed National Policy 11-204 Process for Registration in Multiple Jurisdictions - Proposed Amendments to Multilateral Instrument 11-102 Passport System, Companion Policy 11-102CP Passport System, National Policy 11-202 Process for Prospectus Reviews in Multiple Jurisdictions, and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions and Other Related Amendments

Proposed effective date: First half of 2009

Published by: CSA

July 2008

Applicable to: Public entities

Summary:

Passport for registration

Phase I of passport for registration consisted of NRS and the mobility exemption in MI 11-101. NRS provides a registered firm or individual with an exemption from the fit and proper requirements that would otherwise apply when the firm or individual seeks registration in a non-principal jurisdiction, an exemption from fit and proper filing and notice requirements, and a mutual reliance process for obtaining registration in a non-principal jurisdiction by dealing only with the principal regulator.

CSA published a revised mobility exemption on February 29, 2008 as part of the second publication for comment of proposed NI 31-103 and proposed repealing MI 11-101 (because it only contains the current mobility exemption, which will be replaced with the new exemption in NI 31-103).

CSA does not propose to keep the NRS exemption from the fit and proper requirements that would otherwise apply when a firm or individual seeks registration in a non-principal jurisdiction. This exemption is no longer necessary because the requirements will be harmonized under NI 31-103. Furthermore, CSA proposes to replace the NRS exemption from the notice and filing requirements with a permission in the companion policy to NI 31-103 for a firm to submit fit and proper notices and filings to its principal regulator only.

In addition, the passport regulators propose to simplify obtaining registration and complying with requirements in multiple jurisdictions as follows.

(i) Automatic registration and other regulatory action

CSA staff proposes to replace NRS with a new system under Part 6 of MI 11-102. Under Sections 6.3 and 6.4 of MI 11-102, a firm or individual that is registered in its principal jurisdiction can obtain registration in a non-principal passport jurisdiction through a submission that, for a firm, can be made only with its principal regulator. A submission for an individual will continue to be made on the National Registration Database (NRD).

ii) Automatic transition to terms and conditions of principal regulator

Section 6.9 of MI 11-102 delays the automatic application of the terms and conditions of the principal regulator in a non-principal passport jurisdiction until 30 days after the effective date of Part 6 of MI 11-102. This is to give a firm or individual time to apply to the regulator in the non-principal jurisdiction for an exemption from Section 6.5 of MI 11-102. This means that, if a firm or individual does not apply for the exemption, the firm or individual will generally be subject to a single set of terms and conditions, i.e., those of the principal regulator.

Process for Registration in Multiple Jurisdictions

Summary (continued):

(iii) Transition -- Notice of Principal Regulator for Foreign Firm

Under Section 6.10(1) of MI 11-102, if a foreign firm was registered in a category in multiple jurisdictions of Canada before the effective date of Part 6, the firm must submit information about its principal regulator in proposed Form 33-109F6, which will be revised to make this possible. The purpose of this submission is for a foreign firm to identify its principal regulator in accordance with Section 6.1 of MI 11-102 and notify the securities regulatory authorities or regulators. Section 6.10(2) permits the foreign firm to make its submission by giving it to the principal regulator instead of the regulator in the non-principal passport jurisdiction.

(iv) Applicable requirements

We propose to harmonize most regulatory requirements for registrants through proposed NI 31-103, which CSA published for a second comment period on February 29, 2008. Proposed NI 31-103 contains some requirements and carve-outs for specific jurisdictions, which are apparent on the face of the instrument. In addition, some jurisdictions may have unique registration requirements in their statute or local rules or regulations.

Passport for discretionary exemption applications

Consequent to the proposed amendments for passport for registration and the expected concurrent adoption of proposed NI 31-103, passport regulators also propose to amend:

- MI 11-102 to ensure the principal regulator for registration deals with the usual applications for exemption made in connection with an application for registration; and
- Appendix D of MI 11-102 to add the relevant provisions of proposed NI 31-103 and other equivalent registration provisions to the list of equivalent provisions from which a registrant may obtain a discretionary exemption and have it apply automatically in non-principal passport jurisdictions under Part 4 of MI 11-102.

NP 11-204

CSA proposes to implement new processes for making national registration decisions through NP 11-204, which all jurisdictions would adopt. NP 11-204 would work in tandem with MI 11-102. The processes will provide the interface:

- for registrants from passport jurisdictions to register in Ontario; and
- for Ontario registrants to register in one or more passport jurisdictions.

The interface for passport jurisdiction registrants would be similar to NRS. They would ensure that a passport jurisdiction registrant generally deals only with its principal regulator to gain access to Ontario.

The interface for Ontario market participants would provide them with direct access to passport jurisdictions under MI 11-102. An Ontario market participant would therefore be able to deal with the OSC as its principal regulator to register automatically in passport jurisdictions.

A foreign registrant would be able to gain access to the Canadian capital markets through a principal regulator on the same basis as a market participant in that regulator's jurisdiction.

Available resources and links

- Download the proposed material

Point of Sale Disclosure for Mutual Funds and Segregated Funds

Comment period ended December 23, 2008

Proposed standard: Proposed Framework 81-406: Point of Sale Disclosure for Mutual Funds and Segregated Funds

Proposed effective date: N/A

Published by: CSA

Issued in October 2008

Applicable to: Mutual funds and segregated funds

Summary:

The Joint Forum of Financial Market Regulators (Joint Forum) unveiled today a proposed new disclosure regime that will ensure investors have meaningful information about a mutual fund or segregated fund before they make their decision to invest.

The Joint Forum has released “Framework 81-406: Point of sale disclosure for mutual funds and segregated funds.” A key element of the framework is a two-page document called “Fund Facts”, which highlights critical information, including performance, risk and cost. Under the existing disclosure regime, many investors have trouble finding and understanding the information they need because it is buried in long and complex documents, and information may not be provided until after investment decisions have been made.

The framework incorporates changes resulting from consultations on the June 15, 2007 proposed framework, and outlines the next steps for implementation. All comments were carefully considered and a number of changes were made to the framework to address issues raised and changes suggested in the comments by both investors and industry.

The framework reflects the Joint Forum’s vision for a more meaningful and effective disclosure regime. It does not outline specific requirements for the new regime. Instead, it sets out concepts and principles agreed upon by members of the Canadian Council of Insurance Regulators (CCIR) and the Canadian Securities Administrators (CSA).

This paper marks the conclusion of the Joint Forum Point of Sale Project. The Joint Forum has turned the framework over to the CCIR and the CSA to begin the processes for making the necessary changes to insurance guidelines and legislation (for segregated funds) and to securities rules and legislation (for mutual funds). Each organization will follow its usual procedures to seek public input from, and consult with, all stakeholders to implement the framework and its principles in a way that balances investor protection and market efficiency. The Joint Forum will monitor their progress, particularly to ensure harmonization between the sectors.

Available resources and links

- Download the proposed framework
- See illustrative fund facts
- Review a backgrounder

Corporate Governance and Audit Committee Regimes

Comment period ends April 20, 2009

Proposed standard: Proposed Revised National Policy 58-201, *Corporate Governance Principles* and National Instrument 58-101, *Disclosure of Corporate Governance Practices*

Proposed effective date: Not disclosed

Published by: CSA

Issued in December 2008

Applicable to: All public entities

Summary:

The Canadian Securities Administrators (CSA) announced that they are seeking comment on proposed amendments to the CSA's corporate governance and audit committee regimes.

The CSA is requesting comments on the following documents:

- Proposed NP 58-201, *Corporate Governance Principles* and NI 58-101, *Disclosure of Corporate Governance Practices*.
- Proposed NI 52-110, *Audit Committees* and its related companion policy 52-110CP and,
- Consequential amendments to other rules and policies.

The Proposed Materials are intended to enhance the standard of governance and confidence in the Canadian capital markets.

They introduce changes in three main areas of their current corporate governance regime.

		Current regime	Proposed regime
1.	Governance Policy	A list of specific corporate governance guidelines	Nine broad corporate governance principles and commentary explaining those principles with examples of corporate governance practices that can be used to achieve the objectives of the principles.
2.	Disclosure requirements	Based on a model of "comply-or-explain"	Disclosure of practices used to achieve the objectives of each principle set out in the Proposed Governance Policy. Disclosure of certain factual information, such as the board's composition and information about any
		Alternative disclosure regime for venture issuers.	Apply to both venture and non-venture issuers.
3.	Independence	Prescriptive approach to independence with bright-line tests.	Principles-based definition of independence with guidance regarding the types of relationships that could affect a director's independence.

Corporate Governance and Audit Committee Regimes (Con’d)

Comment period ends April 20, 2009

Summary:

The purpose of the Proposed Materials is consistent with that of the Current Materials:

Material	Purpose
Proposed Governance Policy	Providing guidance on corporate governance practices
Proposed Governance Instrument	Providing greater transparency for the marketplace regarding issuers’ corporate governance practices
Proposed Audit Committee Instrument	providing a framework for establishing and maintaining strong, effective and independent audit committees
Proposed Audit Committee Policy	Providing interpretative guidance for the application of the Proposed Audit Committee Instrument.

The Proposed Governance Policy establishes nine core corporate governance principles that apply to all issuers. Each principle is accompanied by commentary that provides relevant background and explanation, along with examples of practices that could achieve its objectives. These examples do not create obligatory practices or minimum requirements.

The nine core corporate governance principles are:

Principle 1 - Create a framework for oversight and accountability
An issuer should establish the respective roles and responsibilities of the board and executive officers.

Principle 2 - Structure the board to add value
The board should be comprised of directors that will contribute to its effectiveness.

Principle 3 - Attract and retain effective directors
A board should have processes to examine its membership to ensure that directors, individually and collectively, have the necessary competencies and other attributes.

Principle 4 - Continuously strive to improve the board’s performance
A board should have processes to improve its performance and that of its committees, if any, and individual directors.

Principle 5 - Promote integrity
An issuer should actively promote ethical and responsible behaviour and decision-making.

Principle 6 - Recognize and manage conflicts of interest
An issuer should establish a sound system of oversight and management of actual and potential conflicts of interest.

Principle 7 - Recognize and manage risk
An issuer should establish a sound framework of risk oversight and management.

Principle 8 - Compensate appropriately
An issuer should ensure that compensation policies align with the best interests of the issuer.

Principle 9 - Engage effectively with shareholders
The board should endeavour to stay informed of shareholders’ views through the shareholder meeting process as well as through ongoing dialogue.

Corporate Governance and Audit Committee Regimes (Con'd)

Comment period ends April 20, 2009

Summary:

Filing of code of business conduct and ethics

The CSA no longer require an issuer to file a copy of its code of business conduct and ethics or an amendment to the code through SEDAR. However, an issuer must provide a summary of any standards of ethical and responsible behaviour and decision-making or code adopted by the issuer and describe how to obtain a copy of its code, if any.

Proposed approach to independence

The CSA propose to define independence to mean independence from the issuer and its management as a board of directors has an obligation to supervise the management of the business and affairs of an issuer. Under this definition, employees and executive officers of the issuer can never be considered independent.

While a control person or significant shareholder is not disqualified from being independent, when making independence assessments, boards should consider the control person's or significant shareholder's involvement with the management of the issuer and, depending on the nature and degree of involvement, this relationship may be reasonably perceived to interfere with the exercise of independent judgment.

In addition, the proposed definition captures relationships that are reasonably perceived to interfere with the exercise of independent judgment. In contrast, the current definition captures relationships that are reasonably expected to interfere with the exercise of independent judgment. The CSA think the concept of perception is broader than that of expectation and is appropriate to include in the definition of independence since they are removing the "bright line" tests.

The CSA have clarified that the issuer or any of its subsidiary entities must not obtain a non-audit service from its external auditor unless the service has been approved by the issuer's audit committee. They have also clarified that the issuer must not publicly disclose information contained in or derived from its financial statements, MD&A or annual or interim earnings news releases, unless the document has been reviewed by its audit committee. Previously, these responsibilities rested with the audit committee.

Available resources and links

- Download the full request for comment

Possible Changes to Securities Rules Relating to IFRS

Comment period ended April 13, 2008

Proposed standard: CSA Concept Paper 52-402, Possible Changes to Securities Rules Relating to International Financial Reporting Standards

Proposed effective date: N/A

Published by: CSA

Updated June 2008

Applicable to: Public entities

Summary:

CSA Staff Notice 52-321 (June 2008)

This notice updates the market on CSA staff's views on the issues addressed in CSA Concept Paper 52-402 Possible Changes to Securities Rules Relating to International Financial Reporting Standards (the concept paper).

- Staff is 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.
- Staff proposes retaining the existing option in NI 52-107 for a domestic issuer that is also an SEC issuer to use US GAAP.
- Staff has concluded that it is preferable for securities rules 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.

CSA Staff Notice 52-320

This notice provides guidance to an issuer on disclosure of expected changes in accounting policies relating to an issuer's changeover to International Financial Reporting Standards (IFRS) as the basis for preparing its financial statements. This guidance applies to disclosure relating to each financial reporting period in the three years before the first year for which an issuer prepares its financial statements in accordance with IFRS.

CSA Concept Paper 52-402

The Canadian Securities Administrators (CSA) is inviting public comment on its newly released CSA Concept Paper 52-402, discussing issues relating to proposed amendments to securities rules on acceptable accounting principles for financial reporting in light of Canada's adoption of International Financial Reporting Standards (IFRS).

The Accounting Standards Board (AcSB) proposes to move financial reporting for all Canadian publicly accountable enterprises to IFRS by January 1, 2011. As CSA rules refer to Canadian generally accepted accounting principles established by the AcSB, the CSA is considering the need for amendments to National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency.

The CSA is seeking feedback on three main issues:

- Use of IFRS by domestic issuers before January 1, 2011;
- Use of US GAAP by domestic issuers; and
- Reference to IFRS instead of Canadian GAAP in CSA securities rules.

Possible Changes to Securities Rules Relating to IFRS

Summary (continued):

Available resources and links

- Download the concept release
- CSA Staff Notice 52-320 - Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards
- CSA Staff Notice 52-321 - Early Adoption of International Financial Reporting Standards, use of US GAAP and reference to IFRS-IASB

Financial Instruments : amendments to D1, D1A, D1B, D6

Proposed standard: As a result of the new financial instrument accounting standard, OSFI is considering making consequential amendments to certain guidelines to ensure they are consistent with the disclosure requirements and terminology of the new standard.

Proposed effective date: Not disclosed

Published by: OSFI

Published November 2008

Applicable to: All entities regulated by OSFI

Summary:

As a result of the new financial instrument accounting standard, OSFI is considering making consequential amendments to certain guidelines to ensure they are consistent with the disclosure requirements and terminology of the new standard. OSFI is not adding any major new requirements to the guidelines listed below.

- D-1 Annual Disclosures (Banks, Foreign Bank Branches, Federally Regulated Trust and Loan Companies, and Cooperative Credit Associations)
- D-1A Annual Disclosures (Life Insurance Companies)
- D-1B Annual Disclosures (Property and Casualty Insurance Enterprises)
- D-6 Derivatives Disclosure

OSFI is considering making the following additions to Guideline D-6:

Notional Amounts (page 3):

- Paragraph 3 – requiring that the interest rate cross currency swaps be bifurcated into a foreign exchange swap and interest rate swap.
- Paragraph 5 – requiring a description of the purposes, in addition to trading, for which derivatives are entered into (e.g., to hedge other exposures; to take propriety positions; to facilitate prime brokerage or other hedge fund business).

Other Derivatives Disclosure (page 4):

- Paragraph 2 – requiring disclosure of the type of derivatives counterparty (e.g., bank, broker dealer, insurance company, corporate, hedge, pension or mutual fund, government, etc.)
- At the end of the sentence that requires: “Banks, authorized foreign banks in respect of their business in Canada should disclose … by class of derivative instrument”, requiring equity derivatives, credit risk transfer derivatives, and other derivatives by class of derivative instrument each being considered, at a minimum, as a separate class.
- In the next sentence, rather than encouraging disclosure by class of derivative, requiring such disclosure.

Available resources and links

- D-1 DRAFT - Annual Disclosures
- D-1A DRAFT - Annual Disclosures
- D-1B DRAFT - Annual Disclosures
- D-6 DRAFT - Derivatives Disclosure

Materiality Criteria for Related Party Transactions

Comment period ended October 15, 2008

Proposed standard: Draft Guideline E-6 – Materiality Criteria for Related Party Transactions

Proposed effective date: Not disclosed

Published by: OSFI

Published August 2008

Applicable to: Federally regulated financial institutions

Summary:

Draft Guideline E-6 – Materiality Criteria for Related Party Transactions establishes criteria for determining whether a transaction with a related party is nominal or immaterial for the purposes of the legislation governing federally regulated financial institutions (FRFIs).

The revisions to the Guideline are intended to achieve three objectives:

- provide additional clarity where necessary.
- reflect legislative changes to the self-dealing regime that have occurred since the original guidelines were issued. For example, the removal of categories that apply to legislatively permitted transactions. Under the current regime, materiality criteria are only needed to allow for some prohibited transactions to be conducted when they are immaterial to the FRFI. Therefore, some categories listed in the original E-6 guidelines are no longer necessary.
- consolidate and harmonize the three separate FRFI sector guidelines into one in support of OSFI's commitment to providing a level playing field for all sectors.

Reference should be made to the Guideline Impact Analysis Statement for a more detailed discussion of these objectives.

In addition to the implementation of this Guideline, the OSFI intends to propose a regulation that will prescribe as permitted transactions the following two transaction categories:

- Where the related party transaction consists of:
  - the acquisition of Actively Traded Securities of a related party and the transaction:
    i. forms a part of the financial services or products offered by the FRFI or its subsidiary, or
    ii. is for the purpose of managing or mitigating the FRFI's or the FRFI's subsidiary's risks; or
  - the acquisition of Actively Traded Securities of a third party from a related party or the disposal of Actively Traded Securities to a related party, and the transaction:
    i. is effected in the ordinary course of business of the FRFI or its subsidiaries, on the secondary market, through an intermediary,
    ii. forms a part of the financial services or products offered by the FRFI or its subsidiary, or
    iii. is for the purpose of managing or mitigating the FRFI's or the FRFI's subsidiary's risks.

Materiality Criteria for Related Party Transactions (continued)

Summary (continued):

- Taking a security interest in Actively Traded Securities of a Related Party provided that, in the event of default, the FRFI's recourse is not limited to the Securities.

The regulation would provide more formal clarity and transparency regarding transactions that would be exempt from the self-dealing regime. The more formal legal drafting used in the regulations to describe the permitted transactions will likely differ from the Guideline, but the substance will not change and there will be no practical impact on institutions subject to the Guideline. The OSFI will consult with the industry on the proposed draft regulation.

The OSFI expects the materiality criteria in the revised Guideline to be implemented within one year of the effective date of the proposed regulation. Companies that choose to establish their own materiality criteria instead of adopting the criteria in the Guideline are expected to seek the Superintendent's written approval of their criteria prior to the effective date of the Guideline. In reviewing these requests, OSFI will require supporting information as described in the OSFI document entitled, Transaction instruction of applications subject to deemed approval process found on OSFI's web site at http://www.osfi-bsif.gc.ca/eng/documents/guidance/docs/trans20.pdf.

Available resources and links

- DRAFT - E-6 Materiality Criteria for Related Party Transactions
- Guideline Impact Analysis Statement
- Accompanying letter

A single regulatory regime for securities in Canada

Proposed standard: Bill S-214, An Act to regulate securities and to provide for a single securities commission for Canada

Proposed effective date: Not disclosed

Published by: Federal government

Published January 2009

Applicable to: All reporting issuers

Summary:

On January 27, 2009, the Honourable Senator Grafstein introduced Bill S-214. This enactment would provide for a single regulatory regime for securities in Canada to replace the provincial regulatory regimes and would establish the Canadian Securities Commission to administer that regulatory regime.

Available resources and links

- Read Bill S-214

Projects

		Last updated
AcSB		
	Accounting Standards in Canada: New Directions	
	Publicly Accountable Enterprises	December 2008
Updated	Non-Publicly Accountable Enterprises	February 2009
	Not-For-Profit Organizations	January 2009
	Discontinued Operations	Abandoned (January 2009)
	Disclosure Framework — Concepts	January 2005
	Extractive Activities — Concepts	November 2006
	Income Taxes	January 2009
	Insurance Contracts	October 2008
	Measurement Objectives — Concepts	December 2007
PSAB		
Updated	Liability for Remediation and Mitigation of Contaminated Sites (formerly Environmental Liabilities)	February 2009
	Foreign Currency Translation	April 2007
	Identifying and Reporting Performance Indicators	September 2007
	Application of IFRS to government business enterprises and government business-type organizations	December 2008

Accounting Standards in Canada: Publicly accountable enterprises

Proposed changes: The AcSB will pursue separate strategies for each of the major categories of reporting entities — publicly accountable enterprises, non-publicly accountable enterprises and not-for-profit organizations.

Published by: CICA's AcSB

Updated: Updated February 2009

Applicable to: All entities

Activities to date:

February 2009

The AcSB continued to consider a draft Introduction for the Handbook, which will address the application of Canadian GAAP by various categories of entities following implementation of the AcSB's Strategic Plan. The AcSB tentatively agreed that a publicly accountable enterprise choosing to adopt IFRSs before the mandatory changeover date should adopt IFRSs in its first annual financial statements, unless the enterprise is required or elects to present an interim financial statement in accordance with IFRSs. The AcSB expects to issue the draft Introduction for public comment in the first quarter of 2009, as part of its second omnibus exposure draft of IFRSs.

The AcSB reconfirmed its previous decision not to amend current Canadian GAAP standards to maintain convergence with certain changes recently made or proposed by the IASB and FASB. Corresponding changes will come into effect in Canada as part of the changeover to IFRSs. The AcSB recognized that delays in adopting globally accepted requirements would not be sustainable beyond 2011, but were necessary in the short term to facilitate the transition.

December 2008

The AcSB considered recent events relevant to the adoption of IFRSs for Canadian publicly accountable enterprises, including the issue by the US Securities and Exchange Commission of its Roadmap for adoption of IFRSs in the US and the current financial market uncertainty. The AcSB reconfirmed its decision to adopt IFRSs for publicly accountable enterprises in 2011.

September 2008

In the vast majority of cases, IFRSs will not change between now and 2011, or the changes will be available in sufficient time to plan for the changeover. In these cases, entities should be able to make solid plans for accounting policy selection and information gathering.

In a few cases, IFRSs will be changing close to the changeover date. The IASB is sensitive to the needs of entities adopting IFRSs and is likely to avoid imposing new requirements in 2010 that would be required to be applied in 2011. However, some choices are likely to be available as to whether to adopt some new standards early, so as to avoid a second change in accounting policies. Entities should monitor these projects carefully, and their adoption plans might need to be more flexible in these cases.

One IASB project is presently difficult to evaluate as to its timing and effects. This is the project on Derecognition of Financial Assets. The AcSB is closely following this project and will discuss with the IASB, as necessary, any need to avoid undue difficulty for Canadian adoption of IFRSs in 2011. Among other recent developments, the AcSB redeliberated the definition of a publicly accountable enterprise (PAE) proposed in its April 2008 omnibus Exposure Draft. In brief, the AcSB decided the following:

- A PAE should be described as a profit-oriented entity that has issued (or is in the process of issuing) debt or equity securities that are (or will be) outstanding and traded in a public market, or holds assets in a fiduciary capacity for a broad group of outsiders.
- The definition should be followed by an explanation of what is meant by "fiduciary capacity," and examples of entities considered to hold assets in such a capacity. This explanation will clarify that, for purposes of the definition of a PAE, an entity is not considered to have a fiduciary responsibility when it holds and manages financial resources entrusted to it by outsiders for reasons that are incidental to its primary business.
- The definition should be silent on this issue and refer such entities to the Public Sector Accounting Handbook.
- NFPOs do not fall within the definition, even if such an organization happens to meet one or more of the criteria for a profit-oriented enterprise to be considered a PAE.

Accounting Standards in Canada: Publicly accountable enterprises

Activities to date (continued):

The IASB has also issued an Exposure Draft "Additional Exemptions for First-time Adopters." The proposed amendments to IFRS 1 include relief on transition to IFRSs for those currently using full cost accounting for oil and gas and for operations subject to rate regulation. The comment deadline is January 23. Finally, AcSB staff has published a paper explaining which IFRSs are expected to apply on changeover to IFRSs in 2011.

April 2008

The AcSB published an omnibus Exposure Draft into the CICA Handbook – .

The Handbook will be updated as necessary thereafter so that, at any point in time, it includes the full body of IFRSs then in effect. Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, IFRSs will replace current Canadian GAAP for most publicly accountable enterprises. For more detail, please refer to Adopting IFRS in Canada.

March 2008

In February 2008, the Canadian Securities Administrators issued for comment, Concept Paper 52-402, which includes a proposal that Canadian-listed companies could adopt IFRSs for financial years beginning in 2009. The decision is pending and, if approved, could make early adoption possible. Within two months, the AcSB will post an Omnibus Exposure Draft, Adopting IFRSs in Canada, that contains all IFRSs as at January 1, 2007. The highlights to the Omnibus will address the Canadian situation and will include a proposed formal definition of publicly accountable enterprises.

February 2008

Progress Review — Final Report

The AcSB's decision regarding the date of adoption of IFRSs for Canadian publicly-accountable enterprises will be made after consultation with the AcSOC, no later than March 31, 2008. This report is current as of January 23, 2008. The AcSB continues to monitor developments for anything that might cast significant doubt on the continued feasibility of the planned changeover date.
The AcSB implementation plan for adoption of IFRSs for Canadian publicly accountable enterprises stated that the plan would include a progress review to identify and assess any new information or new issues that would affect the AcSB's implementation of IFRSs for such enterprises. Also, the AcSB announced that it would confirm (or vary), no later than March 31, 2008, the expected IFRS changeover date of January 1, 2011.
In October 2007, a preliminary report on the AcSB's progress review was discussed with AcSOC. This document comprises the final report. It builds on the preliminary report, taking into account additional information gathered since that time. At its February meeting, the AcSOC will be asked to provide advice on any additional matters that the AcSB should take into account before finalizing the changeover date.
As with the preliminary report, this report evaluates three main considerations:

- Is sufficient progress being made in Canada in establishing the infrastructure for IFRS implementation?
- Were there any significant difficulties encountered in the initial adoption or ongoing application of IFRSs in the European Union , Australia and other countries that the AcSB should consider in determining the timing for implementing the strategy for publicly accountable enterprises?
- Does the IASB continue to develop high-quality standards that are accepted as contributing to the improved functioning of global capital markets?

The overall message heard by the AcSB is that, although constituents believe that the changeover will be challenging, the AcSB should set the changeover date now. Constituents are ready to get on with implementation, provided the changeover date is certain. Indeed, more people seem interested in the possibility of a voluntary early adoption than in deferring the mandatory changeover date. The common view is that it is time to "get on with it."

As of the date of this report, the AcSB thinks that the changeover date should be confirmed for years beginning on or after January 1, 2011.

Available resources and links

- Strategic Planning — Publicly Accountable Enterprises
- See also "Conceptual Framework" in the proposed standard section
- Which IFRSs are expected to apply for Canadian changeover in 2011?

Accounting Standards in Canada: Non-publicly accountable enterprises

Proposed changes: The AcSB will pursue separate strategies for each of the major categories of reporting entities — publicly accountable enterprises, non-publicly accountable enterprises and not-for-profit organizations. The AcSB recognizes that "one size does not necessarily fit all"; it may not be possible to address the divergent needs of different categories of reporting entities properly within a single strategy. Each category deserves a strategy that specifically addresses the particular needs of the users of financial statements of entities in that category, even though the outcomes of some of the strategies may be the same or similar for all categories.

Next step: Financial reporting standards for private enterprises under development

Published by: CICA's AcSB

Updated Updated February 2009

Applicable to: All entities

Activities to date:

February 2009

The AcSB substantially completed its discussions of the technical aspects of the proposed GAAP standards for private enterprises, including the new financial instruments standard, subject to any final issues arising on review of the draft text. The AcSB expects to issue its exposure draft of the entire set of proposed standards for private enterprises by March 31, 2009.

Financial instruments

The AcSB agreed on the substance of a new standard on financial instruments for private enterprises, after a discussion that focused on impairment of financial assets. The proposed standard would require an entity to review its financial assets at each reporting date for indicators of impairment. Significant assets would be assessed individually, but assets that are individually insignificant could be assessed in groups on the basis of similar credit risk characteristics. An impairment loss would be recognized when the carrying amount of the asset at the assessment date exceeds the highest of:

- the present value of the future cash flows expected from holding the asset;
- the net amount that could be realized from selling the asset; and
- the net amount that could be realized from exercising any rights to collateral.

When there has been an improvement in the factors that previously indicated impairment of an asset, the entity would reverse a previously recognized loss. The carrying amount of the asset would be increased to an amount no greater than the amount at which it would have been measured if there had been no impairment.

Transition

The AcSB discussed transition issues related to the proposed standards for private enterprises. The AcSB concluded that a standard corresponding to IFRS 1, *First-time Adoption of International Financial Reporting Standards*, should be developed, providing for retrospective application of the new standards to comparative figures for prior periods with limited exceptions.

Accounting Standards in Canada: Non-publicly accountable enterprises

Activities to date (continued):

November 2008

Employee Future Benefits

The AcSB had previously decided to adopt a simplified approach for accounting for a defined benefit plan whose sole beneficiary is the controlling owner. Many, but not all, individual pension plans would qualify for this simplified approach. The proposed approach would use the actuarial valuation report prepared for funding purposes to measure the obligation and recognize all actuarial gains and losses and past service costs in the income statement when they occur.

As a result of feedback from a number of roundtable sessions, the Advisory Committee recommended, and the AcSB agreed, to expand the scope of this simplification to include defined benefit plans for the controlling owner, his or her spouse or common law partner, or both.

Stock-Based Compensation

The AcSB had previously decided to retain the recognition and measurement aspects of Section 3870, *Stock-Based Compensation and Other Stock-Based Payments*. The AcSB had considered whether the minimum value method should be retained or whether guidance should be provided on how private enterprises might estimate volatility, and referred this issue back to its Advisory Committee.

The AcSB agreed with the recommendation of the Advisory Committee that the minimum value method should be discarded and that guidance should be included in the new standards for estimating the effect of volatility when measuring stock-based compensation expense.

Internally Generated Intangible Assets (including Research and Development)

The AcSB had previously decided to allow enterprises a choice to expense all development costs or follow the capitalization model set out in Section 3064, *Goodwill and Intangible Assets*. The Advisory Committee was asked to consider whether this choice should be applied consistently to all development costs or on a project-by-project basis.

The AcSB agreed with the recommendation of the Advisory Committee that an enterprise should apply its chosen accounting policy to all projects on a consistent basis.

Business Combinations

The AcSB decided that the initial GAAP for private enterprises should include the new business combinations standards, with a delayed effective date.

Enterprises in the Development Stage

The AcSB agreed with the Advisory Committee recommendation that Accounting Guideline AcG-11 should not be included in the new set of standards for private enterprises, as it provides no necessary guidance beyond that in other standards.

Accounting Standards in Canada: Non-publicly accountable enterprises

Activities to date (continued):

September 2008

Application of Financial Instruments Standards to Private Enterprises

The AcSB decided that a private enterprise will not be required to apply the current financial instruments standards, including Sections:

- 1530, *Comprehensive Income*
- 1651, *Foreign Currency Translation*
- 3051, *Investments*
- 3251, *Equity*
- 3855, *Financial Instruments — Recognition and Measurement*
- 3862, *Financial Instruments — Disclosures*
- 3863, *Financial Instruments — Presentation*
- 3865, *Hedges*

Private enterprises may choose to apply the requirements of the XFI version of the Handbook. The AcSB agreed to waive exposure of the Handbook changes giving effect to this decision. New financial instruments standards will be included in the proposed set of GAAP standards for private enterprises expected to be exposed early in 2009.

Separate GAAP for private enterprises

The AcSB considered the Private Enterprises Advisory Committee's recommendations in respect of a number of key issues in developing a separate GAAP for private enterprises. The following tentative decisions were made for purposes of developing an exposure draft of the standards for private enterprises. Specific disclosure requirements of the standards were not discussed.

Financial Instruments

A new financial instruments standard will be developed for exposure incorporating the following features:

- Existing differential options will be required rather than being optional.
- There will be fewer measurement categories of financial instruments than in Section 3855 and no measurement choices for individual instruments. Investments in equity securities with readily determinable fair values and free-standing derivatives outside a hedging relationship will be measured at fair value. All other financial instruments will be measured at cost or amortized cost, with no option to measure them at fair value.
- Impairment of financial assets will be recognized and measured in accordance with the requirements of various standards currently in the XFI version of the Handbook.
- A simplified hedge accounting model will be available. Derivative instruments in a qualifying hedging relationship may be accounted for on an accrual basis or when settled on sale or maturity.
- All contracts to buy or sell non-financial items, and derivatives embedded therein, will be scoped out of the standard.
- A simplified model for dealing with equity derivatives embedded in liabilities, such as convertible debt, will also be explored.

Leases

The distinction between capital and operating leases will be retained, as well as the recognition and measurement aspects of Section 3065, *Leases*.

Goodwill and Other Intangible Assets

Consistent with the current differential option, goodwill and other indefinite intangibles will indefinite lives be tested for impairment when events or circumstances indicate, rather than annually. A goodwill impairment loss will be recognized when the carrying value of a reporting unit exceeds its fair value. This eliminates the requirement to allocate values to the net identifiable assets.

Future Income Taxes

In addition to the future income taxes method in Section 3465, *Income Taxes*, the taxes payable method will be an alternative available to private enterprises.

Accounting Standards in Canada: Non-publicly accountable enterprises

Activities to date (continued):

Asset Retirement Obligations

The measurement aspects of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, will be adopted in place of the measurement requirements in Section 3110, *Asset Retirement Obligations*. The AcSB was advised that, while these approaches are generally similar, the IAS 37 methodology may be easier to apply.

Consolidations

The existing differential options in Sections 1590, *Subsidiaries*, 3051, *Investments*, and 3055, *Interests in Joint Ventures*, will continue to be available. The AcSB recognized that AcG-15, *Consolidation of Variable Interest Entities*, is often difficult for private entities to apply, but also noted that both the IASB and FASB are expected to issue new consolidation proposals in the near future. These proposals might be appropriate for private enterprises and the AcSB did not wish to subject these enterprises to two changes. Since consolidation will be optional, the AcSB decided to retain AcG-15 pending further work by the IASB and FASB.

Extraordinary Items

Section 3480, *Extraordinary Items*, will not be retained. Extraordinary items are rare in this sector, users do not find significant benefit from the application of this Section, and IFRSs do not permit separate presentation for extraordinary items.

Approach to Disclosures

The AcSB expects that disclosure requirements for private enterprises will be significantly reduced from those in the existing Handbook. The AcSB agreed with the Advisory Committee's intention to focus disclosure requirements on those matters most important to users in this sector. These are disclosures about accounting policies, risks and uncertainties and unusual events, rather than detailed breakdowns of numbers in the financial statements and reconciliations. The AcSB will review the specific requirements for individual standards after the Advisory Committee has completed its deliberations on disclosure.

August release

The second, third and fourth round of working drafts of standards for private enterprises has been posted. The current expectation is that the working drafts will be completed by the end of 2008, and an Exposure Draft of proposed standards for this sector will be published in the first quarter of 2009. The Advisory Committee does not expect the final standards to be available in time to be applied in the preparation of an enterprise's 2008 financial statements. The AcSB noted that the system being developed could be a long-term solution but is expected to have a lifespan of at least 5 years, during which its success can be evaluated.

July release

The first round of working drafts of standards for private enterprises has been posted for review and comment. These working drafts are based on existing standards in the CICA Handbook – Accounting; their purpose is to illustrate the proposed approach to developing standards for this sector.

Accounting Standards in Canada: Non-publicly accountable enterprises

Activities to date (continued):

Initial release

Private Enterprises Strategy

In May 2007, the AcSB published an Invitation to Comment (ITC) and accompanying Discussion Paper to solicit stakeholders' views as to the best approach for developing standards for private enterprises.

The ITC and Discussion Paper include, among other things:

- the results of the comprehensive review of user needs;
- tentative conclusions of the AcSB on a number of fundamental issues; and
- three possible approaches to developing private enterprise GAAP:
  - a top-down approach based on public enterprise GAAP (i.e., IFRSs) but providing for differences on a number of topics;
  - adoption of the proposed IFRS for Small and Medium-sized Entities (IFRS SME) standard when finalized, possibly with some modification; and
  - an independently developed set of standards.

At its December 2007 and February 2008 meetings, the AcSB commenced discussion of responses to the ITC, where it concluded that:

- there should be no size test that excludes any private enterprise from applying the private enterprise standards;
- the conceptual framework should apply equally to publicly and non-publicly accountable enterprises; and
- it will not develop non-GAAP guidance.

As working drafts of individual standards are developed, they will be made available here, and linked to the relative Section/ Guideline listed below. These drafts have not been reviewed by the AcSB.

In this regard, please note the following:

- The Handbook as at June 2008 has been used to develop the working drafts.
- Sections and Guidelines that are deemed relevant only to publicly accountable enterprises are noted under the "Exclude" column. These Sections and Guidelines will be excluded from the standards for private enterprises.
- From a recognition and measurement perspective, there are a limited number of contentious issues for private enterprises. These issues will be redeliberated based on cost/benefit considerations. Sections and Guidelines containing contentious issues are noted in the "Deliberate" column.
- The remaining Sections and Guidelines, those noted in the "Retain" column, are relevant to this sector and will be retained with few, if any, modifications.
- Disclosure requirements have been removed from the working drafts pending a complete review of the disclosure requirements appropriate for this sector.
- The AcSB is considering whether Not-for-Profit Organizations should also be permitted to use these standards. For this reason, these Sections have been noted in the "Retain" column.

The purpose of these working drafts is to:

- illustrate the proposed approach to developing the standards;
- indicate the proposed content of individual standards; and
- solicit reactions from stakeholders

Stakeholders are encouraged to review the working drafts and provide comments.

Accounting Standards in Canada: Non-publicly accountable enterprises

Activities to date (continued):

The AcSB will request advice from its Differential Reporting Advisory Committee as to the need for any additional differential reporting options in Section 1535 and Section 3862. The AcSB noted that, whatever strategy it adopts for non-publicly accountable enterprises, it is unlikely to result in standards based on principles that differ significantly from the basic principles underlying these standards (see paragraphs 3855.02 and 3865.05). These same principles underlie both IFRSs dealing with financial instruments and the proposed standards in the IASB's Exposure Draft of its IFRS for Small and Medium-sized Entities. The AcSB asked its staff to consider developing implementation guidance suggesting how non-publicly accountable enterprises might adopt these standards in the most straightforward manner possible, while minimizing the risk of further change on adoption of a new approach to financial reporting by private enterprises.

Available resources and links

- Private Enterprises Standards Working Drafts
- Strategic Planning — Private Enterprises
- Financial Reporting by Private Enterprises exposure draft
- FOME Discussion Paper
- See also "Conceptual Framework" in the proposed standard section

Accounting Standards in Canada: Not-for-profit organizations

Proposed changes:

The AcSB will pursue separate strategies for each of the major categories of reporting entities — publicly accountable enterprises, non-publicly accountable enterprises and not-for-profit organizations. The AcSB recognizes that “one size does not necessarily fit all”; it may not be possible to address the divergent needs of different categories of reporting entities properly within a single strategy. Each category deserves a strategy that specifically addresses the particular needs of the users of financial statements of entities in that category, even though the outcomes of some of the strategies may be the same or similar for all categories.

Published by:

CICA's AcSB

Updated January 2009

Applicable to:

All entities

Activities to date:

January 2009

The AcSB has agreed that a not-for-profit organization can apply IFRSs if that approach meets the needs of the users of its financial statements. In agreeing to this approach, the AcSB notes that IFRSs do not, and it is expected will not, contain any 4400 series equivalent ‘add on’ for not-for-profit organizations. The AcSB has also agreed to consider permitting not-for-profit organizations to apply the standards for private enterprises, together with additional standards addressing their unique transactions and circumstances. Accordingly, the needs of not-for-profit organizations will be considered in the development of the private enterprise standards.

It will remain the responsibility of the Not-for-Profit Organizations Advisory Committee (AdCom) to make any recommendations to the AcSB on the suitability of the standards for not-for-profit organizations. The AdCom is currently assisting the AcSB with the development of its strategy for not-for-profit organizations.

In December 2008, the AcSB and the Public Sector Accounting Board issued a joint Invitation to Comment (PDF) (**June 30, 2009**), “Financial Reporting by Not-for-Profit Organizations,” to solicit the views of not-for-profit organizations’ stakeholders with respect to the strategy. Until the strategy has been determined and implemented, not-for-profit organizations will continue to apply current accounting standards. Once the strategy for not-for-profit organizations has been determined, the AdCom will consider whether amendments should be made to the 4400 series of Handbook Sections to either make them consistent with the standards with which they may be associated in the future or to further improve financial reporting by not-for-profit organizations.

August 2008

A report, issued by the National Standard Setters, on the application to not-for-profit entities in the private and public sectors of the IASB/FASB Exposure Draft on the Objective and Qualitative Characteristics and Constraints, and Preliminary Views on the Reporting Entity, has been posted.

July 2008

The Accounting Standards Board (AcSB) is seeking input from interested stakeholders on the approach it is currently pursuing to develop a separate set of GAAP standards for private enterprises. The AcSB expects that those standards could also be applicable to not-for-profit organizations. Input during the current development phase of the proposed standards may be provided in the form of written comments on material posted to the AcSB website or oral comments in roundtable meetings.

Accounting Standards in Canada: Not-for-profit organizations

Activities to date (continued):

May 2008

The AcSB has approved proposed amendments to several of the standards in the 4400 series of Handbook Sections, subject to written ballot. However, the AcSB decided not to proceed with proposed amendments to Section 4450, Reporting Controlled and Related Entities by Not-For-Profit Organizations, pending the outcome of its deliberations on the future basis for setting standards for the not-for-profit sector.

Available resources and links

- Financial Reporting by Not-for-Profit Organizations (January 2009)
- A Report on the Application to Not-For-Profit Entities in the Private and Public Sectors
- Not-For-Profit Organizations
- Private Enterprises Standards Working Drafts
- Strategic Planning — Private Enterprises

Discontinued Operations

Proposed changes: Modify the definition of a discontinued operation to converge to IFRS.

Next steps: Project abandoned.

Published by: CICA's AcSB

Abandoned (January 2009)

Applicable to: All entities

Activities to date:

In November 2008, the AcSB agreed not to propose amendments to Section 3475, *Disposal of Long-lived Assets and Discontinued Operations*, to converge with amendments proposed by the IASB to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. Changes to IFRS 5 adopted by the IASB will become effective upon the incorporation of IFRSs into Canadian GAAP.

Available resources and links

- Discontinued operations project

Disclosure Framework — Concepts

Proposed changes: Section 1000 provides only limited guidance on presentation and note disclosure. This objective is to provide enhanced information and produce a framework that would also provide guidance to entities in deciding on information to be disclosed in their financial statements

Next steps: Research commenced

Published by: CICA's AcSB

Issued January 2005

Applicable to: All entities

Activities to date:

Section 1000, Financial Statement Concepts, contains the conceptual framework on which Canadian accounting standards are based. (This conceptual framework is generally consistent with that of the US Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB)) Section 1000 provides only limited guidance on presentation and note disclosure.

The AcSB decided that this topic is important because of general concern about existing disclosures in financial statements. There is a general demand from users for better disclosure (both in quality and quantity), while at the same time users also express concern that the growth in disclosures, together with poor presentation, often makes it hard to understand the disclosures currently provided. Preparers complain about disclosure overload and question whether a number of existing disclosure requirements are useful to financial statement users. Developing a framework that provides a more thorough conceptual underpinning for use in developing presentation and disclosure requirements for new accounting standards would help address these concerns. Such a framework would also provide guidance to entities in deciding on information to be disclosed in their financial statements.

The AcSB developed a preliminary paper that was presented to the joint meeting of the AcSB, the FASB and the IASB in Toronto in October 2003. In April 2004, the FASB and IASB agreed with the objective of moving toward a single conceptual framework and that the Disclosure Framework Project would be part of this overall concepts development activity. The AcSB will be an active participant in work on the Disclosure Framework, and has commenced research. Research is initially focusing on the needs of financial statement users and the scope of information that should be disclosed in financial statements (rather than elsewhere). Future research will address the application of qualitative characteristics (relevance, reliability understandability and comparability) to fin

Available resources and links

- Disclosure Framework project

Extractive Activities — Concepts

Proposed changes:

Extractive industry issues are not addressed comprehensively by Canadian or US standards, or International Financial Reporting Standards. The International Accounting Standards Board (IASB) has asked a group of national standard setters to undertake a comprehensive research project that will form the first step toward the development of an acceptable approach to resolving accounting issues that are unique to upstream extractive activities. The AcSB is participating in this activity together with standard setters from Australia, Norway and South Africa.

Next steps:

At the conclusion of the research project, a discussion paper incorporating the IASB's preliminary views on the financial reporting of reserves and resources will be published for comment. The discussion paper is not expected to be issued before 2008.

Published by:

CICA's AcSB

Updated November 2006

Applicable to:

All entities

Activities to date:

The primary focus of the research project is on the financial reporting issues associated with reserves and resources — in particular whether and how to define, recognize, measure and disclose them. Specifically, this will include determining the following:

The definition of reserves and resources to be used in financial reporting, which may involve:

- using existing definitions (some of the industry definitions being considered include those from the Combined Reserves International Reporting Standards Committee (for minerals); the Australasian Code for Reporting Mineral Resources and Ore Reserves ("the JORC Code") and its international equivalents; the Petroleum Reserve Definitions of the Society of Petroleum Engineers (SPE)/World Petroleum Congress (WPC) and the Petroleum Resources Classification System and Definitions of the SPE/WPC/American Association of Petroleum Geologists; and the United Nations Framework Classification for Energy and Mineral Resources, as well as those set by regulatory bodies such as the US Securities and Exchange Commission); or
- developing an overarching definition(s) that identifies the principal features of reserves and resources for use in their recognition and disclosure;
- the reserves and resources that meet the criteria for recognition as an asset in the financial statements;
- how reserves and resources that are recognized in the financial statements should be measured on initial recognition – alternatives include:
- the historical cost of acquisition and/or discovery (this might be historical cost determined using a successful efforts, area of interest, full cost or other method);
- the fair value of the reserves and resources; or
- some other basis;
- how reserves and resources that are recognized in the financial statements should be measured in periods subsequent to initial recognition, including issues such as remeasurement, impairment and amortization;
- whether costs incurred prior to the recognition of a reserve or resource in the financial statements should all be expensed or if some should be capitalized; and
- the information on reserves and resources that should be disclosed in financial statements.

Available resources and links

- Extractive Activities Project

Income Taxes

Proposed changes: The AcSB has approved a project to amend Section 3465, Income Taxes, to converge with revisions to IAS 12 (same title).

Next steps: It is expected that the IASB will issue an exposure draft of a proposed new IFRS on income taxes in the first quarter of 2009. The AcSB intends to publish the proposals as a Canadian exposure draft shortly afterwards.

Published by: CICA's AcSB

Updated January 2009

Applicable to: All entities

Activities to date:

January 2009

Staff is currently performing a detailed comparison of the IASB's proposals (see changes proposed in the IASB project) to current Canadian GAAP, including EIC Abstracts. Upon completion of that review, the AcSB will determine whether there are any issues that should be referred to the IASB. The AcSB intends that the new IFRS on income taxes will not be required to be adopted in Canada prior to the adoption of IFRSs in 2011. It is expected that the IASB will issue an exposure draft of a proposed new IFRS on income taxes in the first quarter of 2009. The AcSB intends to publish the proposals as a Canadian exposure draft shortly afterwards.

Initial release

Convergence FASB/IASB Short-Term Project on Income Taxes

The AcSB decided to amend Section 3465 to converge the standard with FAS 109, Accounting for Income Taxes, and International Financial Reporting Standard IAS 12, Income Taxes, by removing the exemptions pertaining to the recognition of:

- future income taxes created on intercompany transfers of inventory or other non-monetary assets remaining within the group;
- future taxes for taxable temporary differences on investments in domestic subsidiaries and investments in domestic joint ventures arising between the carrying amount of the investment and the tax basis of the investment when that difference will not reverse itself in the foreseeable future; and
- future income tax balances when foreign non-monetary assets are remeasured from local currency into the functional currency using historical exchange rates.

The AcSB also agreed to adopt those provisions of FAS 109 for intraperiod allocations, when the original transaction giving rise to a tax asset or liability occurs in a period other than the current period that the IASB has agreed to adopt. The AcSB discussed whether Section 3465 should maintain the recognition of refundable taxes (i.e., distributed rate), based on when the investment income triggering the refundables is realized, or if it should only be recognized when the dividend that will give rise to the refund is declared. No decisions were made. The AcSB directed staff to investigate the effect of changing the timing of the recording of refundable income taxes.

Uncertain Tax Positions

In addition to the joint IASB/FASB short-term convergence project, the IASB and FASB have considered the accounting for uncertain tax positions. In 2006, the FASB issued FIN 48, Accounting for Uncertainty in Income Taxes. The IASB has indicated that it will include guidance on the treatment of uncertain tax positions that differs in some respects from FIN 48 in their exposure draft resulting from the FASB/IASB short-term joint convergence project. The AcSB plans to review the IASB proposals and to issue similar proposals in 2007.

Available resources and links

- Income Tax Project

Insurance Contracts

Proposed changes: To develop a Canadian standard that corresponds to the standard being developed by the IASB. The objective of the IASB's project is to develop a comprehensive, globally accepted, high-quality standard to replace the wide variety of standards and practices currently applied in different countries. The AcSB is undertaking its project in support of that objective and its partnership with the IASB and other national standard setters.

Next steps: The AcSB is considering an approach for dealing with its standards on insurance relatived to IFRS 4.

Published by: CICA's AcSB

Updated October 2008

Applicable to: All insurance enterprises

Activities to date:

A task force of insurance industry accountants and auditors is currently considering material being discussed by the IASB and its Insurance Working Group. This task force will assist the AcSB in developing Canadian proposals derived from the IASB standard. The AcSB's project will involve superseding several current Handbook pronouncements and ensuring that the new standard will fit with other Canadian GAAP standards. This project and some others currently underway (for example, Revenue Recognition and Reporting Financial Performance) will have a substantial effect on Canadian insurance company accounting.

The AcSB is currently considering its approach for dealing with its standards on insurance relatived to IFRS 4, Insurance Contracts, assuming that the IASB's current project on insurance contracts will not be complete when Canada adopts IFRSs in 2011.

In September 2008, the AcSB decided not to retain its standards on insurance-related topics as guidance for applying IFRS 4 after the adoption of IFRSs. Consistent with its general policy of adopting IFRSs without modification, the AcSB decided not to carry forward.

- Section 4211, Life Insurance Enterprises — Specific Items,
- AcG-3, Financial Reporting by Property and Casualty Insurance Companies,
- AcG-8, Actuarial Liabilities of Life Insurance Enterprises — Disclosures, and
- AcG-9, Financial Reporting by Life Insurance Enterprises.

Available resources and links

- Insurance Contract Project

Measurement Objectives — Concepts

Proposed changes:

This project is being undertaken because existing measurement standards and practices are inconsistent and a number of major measurement issues remain unsettled. Some existing standards reflect more or less arbitrary mixed measurement compromises, pending the resolution of conflicting views on appropriate measurement bases.

Next steps:

The AcSB staff intends to consider the implications of the Discussion Paper for accounting standard setting in light of comments received, in order to provide input to the joint Conceptual Framework Project and other relevant projects.

Published by:

CICA's AcSB

Updated December 2007

Applicable to:

All entities

Activities to date:

The purpose of this preliminary investigation is to identify which measurement basis (or set of bases) is most appropriate for measuring assets and liabilities when accounting standards require initial recognition or remeasurement. This project is designed to provide the IASB and its partner standard setters with a basis for initiating active projects to:

- revise and expand the measurement aspects of their conceptual frameworks; and
- improve the measurement requirements of their accounting standards by grounding those requirements in a coherent conceptual basis.

Key issues

The project encompasses both:

- measurement on initial recognition (initial measurement); and
- subsequent measurement that may occur through revaluation, recognition of impairment loss (and reversal of impairment loss) or remeasurement at each accounting period under a mark-to-market (fair value) approach.

This project will consider the following issues that affect how assets and liabilities are measured on initial recognition and on subsequent measurement, namely:

- use of market versus entity specific objectives;
- how value affecting properties are defined and perceived within entry value, exit value and market value contexts; and
- use of a variety of measurement bases, including historical cost, replacement cost, reproduction cost, net realizable value, value in use, fair value and deprival value.

Measurement on initial recognition

In May 2005, the IASB approved for publication a Discussion Paper, "Measurement Bases for Financial Reporting: Measurement on Initial Recognition," prepared by AcSB staff, and published it in November 2005. The Discussion Paper concludes that fair value is more relevant than the other identified measurement bases on initial recognition and should be used provided it can be reliably measured. It acknowledges that significant uncertainty in measuring fair value exists in some common situations and considers which measurement bases are acceptable substitutes for fair value when fair value cannot be measured reliably on initial recognition. It also proposes a four-level measurement hierarchy for assets and liabilities when they are initially recognized.

Measurement Objectives — Concepts

Activities to date (continued):

The proposed measurement hierarchy for assets and liabilities on initial recognition differs in some respects from the fair value hierarchy in the FASB's current Fair Value Measurement Project, the implications of which will be considered by the IASB and AcSB in the next few months.

Drafts of portions of the Discussion Paper have been discussed by the AcSB and subsequently by the IASB and its partner standard setters on several occasions in 2003, 2004 and 2005. At the time of its publication, the Discussion Paper has not been debated by the IASB or the AcSB and does not necessarily reflect their views. The conclusions reached are subject to change in light of comments received, and will be reassessed when their potential implications for remeasurement are considered in subsequent papers.

Subsequent Measurement

The AcSB staff, with input from IASB and its partner standard setters, developed proposals on addressing measurement of impaired assets, and shared them with the IASB and FASB. The AcSB does not expect to issue a discussion paper for comment on this topic.

Available resources and links

- Measurement Objectives Project

Liability for Remediation and Mitigation of Contaminated Sites (formerly Environmental Liabilities)

Proposed changes: Statement of principals to be issued on environmental liabilities

Next steps: September 2008: Statement of Principles to be Approved

Published by: PSAB

Updated Updated February 2009

Applicable to: Public Sector

Activities to date:

Recent activities

In January 2009, PSAB approved a Statement of Principles for comment. The SOP addresses recognition of a liability by a government including when a government is responsible for contamination, and provides guidance on measurement and disclosure requirements. The SOP is expected to be released in March 2009.

Summary

Environmental obligations of a government can arise from a number of different perspectives. They can be the result of:

- legislation of another government;
- agreements or contracts in place with third parties;
- legislation of the reporting government; or
- voluntary obligations resulting from, among other things, health and safety needs.

Environmental obligations can arise from:

- requirements to improve existing operations, such as reducing air pollution;
- normal operations, such as the disposal of nuclear waste;
- asset retirements, including decommissioning of existing facilities; and
- remediation or mitigation of contaminated sites, such as brown fields.

This project will focus on providing guidance for the recognition, measurement and disclosure of those environmental obligations that result in liabilities.

Environmental liabilities can represent a significant cost to all levels of government. They have some unique characteristics that challenge financial statement preparers and auditors, i.e.:

- there are increasing obligations under laws and regulations and a growing concern over environmental issues;
- there may be multi-year activities and various courses of action necessary to address this concern;
- identifying when a government has, and is responsible for, an environmental liability is uncertain;
- measuring the environmental liability can be difficult as the full costs may not be known until well into the future; and
- the timing of the settlement is not always clear.

Without accounting standards specific to environmental liabilities, diverse accounting practices may evolve regarding recognition and measurement.

Available resources and links

- Environmental Liabilities Project

Foreign Currency Translation

Proposed changes: Revision to Section PS 2600, Foreign Currency Translation

Next steps: Project differed

Published by: PSAB

Updated April 2007

Applicable to: Public Sector

Activities to date:

The objective of this project is to review the current provisions in Section PS 2600, Foreign Currency Translation, to eliminate the deferral and amortization provisions and apply immediate recognition for foreign denominated monetary items.

Available resources and links

- Foreign Currency Translation Project

Identifying and Reporting Performance Indicators

Proposed changes: To enhance and support the Statement of Recommended Practice SORP-2, Public Performance Reporting.

Next steps: Project differed

Published by: PSAB

Updated September 2007

Applicable to: Public Sector

Activities to date:

The objective of this project is to provide guidance on the factors to consider for identifying and reporting performance indicators. It will not identify specific indicators for governments, but will enhance and support the Statement of Recommended Practice SORP-2, Public Performance Reporting.

Both the type and level of performance indicators varies from government to government as there is no generally accepted guidance to assist selecting particular performance indicators. Performance indicators prepared using a consistent approach across governments will increase credibility and confidence in those reported leading to increased understanding and acceptance of them as a useful tool for assessing accountability.

PSAB's Performance Reporting Initiative comprises a multi-staged approach: identifying principles to be used when preparing performance reports; identifying and reporting indicators of financial condition; and reporting performance indicators.

The rationale supporting the choice of performance indicators and the relationship between the indicators and the outcomes is not always clear. Performance indicators can be difficult to develop because of the nature of the work performed by government, data availability and insufficient understanding of how resources contribute to outputs and outcomes. There are a number of governments who are currently reporting performance indicators but differences exist in their approaches.

This guidance will provide support to governments wanting to create and publicly report indicators for their programs and services and to assist in reviewing their existing performance indicators.

Available resources and links

- Identifying and Reporting Performance Indicators Project

Application of IFRS to government business enterprises and government business-type organizations

Proposed changes: To revalue the practice of preparing their statements in accordance with GAAP for profit-oriented enterprises.

Next steps: Invitation to Comment under development

Published by: PSAB

December 2008

Applicable to: Government business enterprises and government business-type organizations

Activities to date:

In December 2008, the Chair of the PSAB provided an update to interested parties on the application of International Financial Reporting Standards to government business enterprises and government business-type organizations.

The PSAB establishes GAAP for governments and government organizations, including government business enterprises and government business-type organizations. These organizations have traditionally followed GAAP for profit-oriented enterprises. Other government organizations self-select their source of GAAP. Government not-for-profit organizations are being addressed separately.

Following extensive and widespread consultation with stakeholders, including government organizations, the Accounting Standard Board decided that Canadian GAAP for publicly accountable enterprises would adopt International Financial Reporting Standards with effect in 2011.

The PSAB was asked to clarify whether the traditional requirement, confirmed in the Introduction to the Public Sector Accounting Handbook, that those government organizations that tend to follow commercial practices should prepare their financial statements in accordance with GAAP for profit-oriented enterprises would continue.

The PSAB proposed maintaining status quo, whereby government business enterprises and government business-type organizations should continue their practice of preparing their statements in accordance with GAAP for profit-oriented enterprises. The proposals were released for public comment and were supported by most commentators. Accordingly, the PSAB confirmed that government business enterprises and government business-type organizations would continue to follow profit-oriented GAAP which, for publicly accountable enterprises, would be International Financial Reporting Standards for financial statements relating to years beginning on or after January 1, 2011.

The PSAB has subsequently heard concerns expressed about continuing this practice and stakeholders have asked that the previous decision be re-evaluated. At the PSAB's meeting on November 17-18, 2008, they agreed to do so, and have directed staff to develop an Invitation to Comment for approval at a special meeting in January 2009 seeking additional input from all of its stakeholders on this issue.

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