
Email Submission

29 June 2001

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission
Office of the Administrator, New Brunswick
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland
Securities Registry, Government of Northwest Territories
Securities Registry, Government of Yukon Territory
Securities Registry, Government of Nunavut Territory

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario M5H 3S8

Re: Discussion Paper - *Financial Reporting in Canada's Capital Markets*, dated March 2001

Dear Commissioners:

The Accounting Subcommittee of the Canadian Advocacy Council (CAC) or ASCAC of the Association for Investment Management and Research (AIMR)¹ is pleased to respond to the request for comments, regarding the Canadian Securities Administrators' discussion paper – ***Financial Reporting in Canada's Capital Markets***, dated March 2001 (Discussion Paper). The ASCAC, as a subcommittee of the CAC, represents members of AIMR and its 11 Canadian Member Societies and Chapters, including analysts, portfolio managers, and other investment professionals. The CAC is comprised of members from across Canada who review regulatory, legislative, and standard setting developments affecting investors, investment professionals, and the capital markets in Canada.

¹ The Association for Investment Management and Research is a global, nonprofit organization of over 50,000 analysts, portfolio managers, and other investment professionals in 100 countries. Through its headquarters in Charlottesville, Virginia and more than 100 Member Societies and Chapters throughout the world, AIMR provides global leadership in investment education, professional standards, and advocacy programs. Over 6,400 AIMR members live and work in Canada.

General Comments

The ASCAC supports strongly the convergence and harmonization of accounting standards for financial reporting in Canada's capital markets. We prefer one set of high-quality accounting standards in preparing the financial results and condition of an enterprise, as well as promoting fair and full disclosure, consistent and comparable information for all capital market participants. Increasingly more enterprises are comprised of multinational operations and activities requiring capital funding within and outside these national financial markets, including Canada. As a result, more cross-border issues of financial instruments are now available in Canada's primary and secondary capital markets.

Canadian investors also benefit through the increased investment options provided by cross-border issues, enabling them to diversify their portfolios and achieve optimal return on capital invested. However, investors must be able to assess properly investment opportunities, whether domestic or foreign securities, to make well-informed investment decisions. Thus, it is paramount that the convergence and harmonization of accounting standards occur not only in Canada, but on a global basis as well.

Survey of AIMR Canadian Members

In order to represent fairly the views of financial statement users, including a broad perspective of the Canadian membership of AIMR, AIMR conducted a web-based survey. The survey was sent to a target group of AIMR members domiciled in Canada, who are designated as analysts or portfolio managers in the AIMR membership database. This group of members was selected because they use financial statements and disclosures on a regular basis in recommending and making investment decisions. In addition, selected members needed an active email address to initiate the survey. AIMR sent an email to each selected member, requesting response to the survey by clicking on a web site link to *NetReflectors Instantsurvey*, an independent third party. *NetReflectors* collected and compiled the data by survey question. A total of 228 members, or 14.6%, completed the survey out of the 1,561 members notified about the survey.

The survey consisted of 12 questions gathering background information about the survey respondent as well as views on certain key issues addressed in the discussion paper. The first three questions of the survey gathered data about the respondent's current job title and the financial statements of companies they currently follow and analyze. The survey respondents were sorted into the following job categories:

- Portfolio manager, institutional investor – **23%**
- Portfolio manager, individual investor – **21%**
- Equity analyst, sell-side – **14%**
- Equity analyst, buy-side – **11%**
- Credit analyst – **8%**

- Fixed income analyst, buy-side – 4%
- Other – 21% *

* Other consisted of individuals working in corporate finance and treasury, quantitative analyst, risk management, venture capital, and government regulators.

The respondents were asked to identify the domicile of the companies that they analyze currently and the set of accounting standards used by these companies to prepare financial statements.

Domicile of Companies Analyzed

Country of Domicile	Percentage of Total Respondents (n = 225)
Canada	94%
U.S.	69%
UK	17%
Germany	12%
Other European Countries	12%
Japan	10%
Australia	9%
Other Asian Countries	8%
Switzerland	6%
Other	2%

**Set of Accounting Standards
Used for Financial Reporting**

Set of Standards	Percentage of Total Respondents (n = 223)
Canadian GAAP	92%
U.S. GAAP	85%
International Accounting Standards	17%
UK GAAP	15%
Other	4%

The other nine questions focused on some of the key issues identified in the discussion paper that would have a direct effect on users of financial statements.

- *Do you believe that only one set of accounting standards should be used on a global basis to prepare financial statements for cross-border or cross-jurisdictions offerings of securities?*
- *Which one of the following set of accounting standards (Canadian GAAP, IAS, U.S. GAAP, or More than one set of standards should be allowed) should be used for financial reporting in Canada's capital markets?*
- *Should non-Canadian issuers be treated differently than Canadian issuers, regarding the accounting standards that are required for preparing financial statements?*
- *If different accounting standards are permitted, is a numerical reconciliation of material differences between the two sets of standards sufficient information for making a comparison between a Canadian issuer and a non-Canadian issuer?*
- *Would your ability to understand and analyze financial statements be impaired if different GAAP standards (U.S. GAAP or IAS) are adopted in lieu of Canadian GAAP for financial reporting in Canada's capital markets?*
- *Should reporting requirements be the same for both a prospectus filing and continuous periodic filing?*
- *Which of the following attributes are necessary for reliable and relevant financial statements?*
 - Complete and illustrative disclosures;
 - One accounting method for similar economic transactions, for example purchase accounting for all business combinations;
 - Fair value measurement and recognition of assets and liabilities in the primary financial statements;
 - Interpretation and guidance is done by the accounting standards setters rather than by individual jurisdictions or regulators; and
 - Enforcement and regulation is centralized, only one regulator rather than by individual provinces.

In addition to answering close-ended questions, respondents also provided written comments, elaborating their responses to certain survey questions.

Comments to Specific Questions

The ASCAC comments in regard to the specific questions posed in the Discussion Paper, reflect the views of the survey respondents, including specific remarks made by survey respondents to related issues.

***Question 1:** Should we relax the current requirements for reporting issuers participating in Canada's capital markets to provide financial information prepared in accordance with Canadian generally accepted accounting principles?*

We understand the question to be asking whether other sets of accounting standards (e.g., U.S. GAAP, IAS or multiple sets of accounting standards) should be permitted for financial reporting in Canada's capital markets. The AIMR survey asked several questions regarding which accounting standards should be used for financial reporting in Canada's capital markets and the level of disclosure needed when more than one set of accounting standards is used, such as a numerical reconciliation of material differences between the two different sets of accounting standards.

The following survey question was asked, "*Which one of the following set of accounting standards (Canadian GAAP, IAS, U.S. GAAP, or More than one set of standards should be allowed) should be used for financial reporting in Canada's capital markets?*" Survey respondents indicated the following preferences for the listed set of accounting standards:

<u>Accounting Standards</u>	<u>Respondents</u>
Canadian GAAP	38 or 17%
International Accounting Standards	58 or 26%
U.S. GAAP	105 or 47%
More than one set of standards	24 or 10%

One survey respondent, who selected more than one set of standards, provided the following written comment, "What is important is the standard setting process. A unified set of standards would be desirable, however, as long as financial analysts are aware of the differences, then the information can be converted as necessary." A majority of the buy-side analysts (18 of 34) and 47% (or 54 of 114) of portfolio managers (representing corporations, individuals and institutional investors) preferred U.S. GAAP.

The following cross-section is a comparison between (a) the preferred standards, as noted on page 5 (n = 225 respondents) and (b) the understanding and knowledge of the respondent in analyzing financial statements reported in accordance with the preferred set of accounting standards (n = 223 respondents).

(a) [---Preferred Standards---]	(b) Preferred Standards Based on [-----Standards Currently Analyzed-----]					
Accounting Standards (n=225)		Canadian GAAP (n=206)	IAS (n=38)	U.K. GAAP (n=34)	U.S. GAAP (n=190)	Other (n=8)
<i>Canadian GAAP</i>	17%	16%	18%	12%	13%	38%
<i>IAS</i>	26%	26%	37%	35%	26%	12%
<i>U.S. GAAP</i>	47%	48%	24%	38%	49%	
<i>Multiple Sets of Accounting Standards</i>	10%	9%	21%	15%	12%	25%
<i>No Selection</i>		1%				25%

The above chart shows that 48% (or 98 of 206) survey respondents, who currently analyze financial statements prepared in accordance with Canadian GAAP, prefer financial statements and disclosures prepared under U.S. GAAP requirements.

Given the results of the AIMR survey, and our understanding of this question, we recommend a tiered-approach for the adoption and application of accounting standards for financial reporting in Canada's capital markets.

TIER 1 – Short Term

For the near future (or during the next five to ten years), we recommend that domestic and foreign enterprises should be permitted to file U.S. GAAP financial statements if they currently, or prospectively, report U.S.GAAP financial statements or provide a reconciled format with the U.S. Securities and Exchange Commission. We believe that this permit would include a significant number of companies listed on the Toronto Stock Exchange (TSE), which also have listings on U.S. stock exchanges - New York Stock Exchange (NYSE) and NASDAQ² Stock Market. In the short run, the use of U.S. GAAP will eliminate barriers associated with financial reporting for Canadian-based companies and thus, allow these companies to compete more effectively in the U.S. capital markets and have access to capital at a lower cost. Additionally,

² National Association of Securities Dealers Automated Quotation system.

there should be minimal transition to none for these Canadian companies, as well as the accounting firms that audit their financial statements.

Although more survey respondents chose U.S. GAAP over the other listed alternatives, many expressed concerns with the quality of these standards in regards to accounting for business combinations (pooling vs. purchase accounting methods), recognition of stock-based compensation, and operating leases in excess of one year. We believe that a primary reason for this preference is the perception that U.S. GAAP is superior to other accounting standards because of the oversight and enforcement of the U.S. SEC. This view was expressed in several written comments from the survey respondents, as well as in that 70% (or 158 of 227 respondents) believe that enforcement and regulation should be centralized, i.e., oversight and enforcement by only one regulator rather than by individual provinces. One respondent wrote, *"We need to have a regulatory presence with the teeth to go after the companies which push the envelope of Canadian GAAP. I cannot count the number of times I hear Canada is an unsafe place to invest because the regulators are ineffective."*

Moreover, the U.S. SEC has augmented the accounting standards promulgated by the Financial Accounting Standards Board (FASB) and other subordinate standard setters, such as the AcSEC³ of the American Institute of Certified Public Accountants and Emerging Issues Task Force affiliated with the FASB. Consequently, transparency of an enterprise's business activities and financial position has improved because of additional disclosure requirements and U.S. SEC staff interpretation of U.S. accounting standards. Therefore, users and investors often view financial statements prepared in accordance with U.S. GAAP as being more reliable and credible. This fairer representation of an enterprise's results of operations and financial condition provides the financial statement user with information needed to forecast earnings and cash flows, as well as formulate valuations.

TIER 2 – Short Term

Canadian-based companies should continue to use Canadian GAAP if they do not file currently with the U.S. SEC and/or prepare U.S. GAAP audited financial statements. We believe that these companies would not have the in-house expertise to prepare U.S. GAAP financial statements, as well as most of the accounting firms that audit their financial statements. Foreign filers should continue to prepare a reconciliation of material differences between Canadian GAAP and the foreign GAAP used to prepare the financial statements filed with the Canadian provincial securities commissions.

TIER 3 – Long Term

For the long-term (ten years and beyond), we support having only one set of accounting standards used on a global basis to prepare financial statements for cross-border or cross-jurisdiction offerings of securities. This view is reflected in the survey results – 81% (or 184 of 226) respondents indicated *YES* there should be one set of standards, while 13% indicated *NO*, and the remaining 7% indicated that it depended on certain items. One respondent wrote, *"It would be beneficial to have uniformity in accounting standards globally to aid in cross-border*

³ Accounting Standards Executive Committee

comparative analysis. However, I think the move to uniformity should be made by the accounting standards boards and not the corporate/investment communities. Until such uniformity exists, companies should be required to report under the standards of their governing jurisdiction (and if necessary provide reconciling reports to other standards)."

Question 2: *Should any relaxation in current requirements address (a) foreign issuers; or (b) Canadian issuers; or (c) both foreign and Canadian issuers?*

See our comment to question #1, in particular, comments elaborating our tiered-approach to adopting accounting standards. In addition to these comments, we have a general belief that there should be no distinction made between foreign and Canadian issuers. All market participants should be required to abide by the same rules and regulations governing securities and exchange activities, including the accounting standards used for financial reporting. However, we realize that this is not practical under the current regulatory environment, but support strongly the transition to this state of equality.

This general view is affirmed in the survey responses to the following question, "*Should non-Canadian issuers be treated differently than Canadian issuers, regarding the accounting standards that are required for preparing financial statements?*" 82% of survey respondents indicated *NO*; 10% of survey respondents indicated *YES*; and the remaining 8% were not sure.

Question 3: *How should the CSA implement any relaxation in the requirement for a reconciliation from foreign GAAP to Canadian GAAP?*

We recommend strongly that *no* relaxation in the requirement for a reconciliation between foreign GAAP to Canadian GAAP should be implemented if more than one set of accounting standards are permitted by the CSA. An itemized numerical reconciliation of material differences should be a minimum requirement. Additionally, a narrative explanation of each difference should be provided, consisting of two to three sentences explaining the reasons for the difference, e.g., the accounting treatment and the accounting standard(s) applied.

This view is supported strongly by the survey respondents. Approximately 78% of the survey respondents (or 173 of 222) indicated that a numerical reconciliation of material differences was necessary and sufficient information for making a comparison between a Canadian issuer and non-Canadian issuer when more than one set of accounting standards are permitted. The other 22% indicated that a numerical reconciliation was not sufficient that additional narrative explanations were also needed because, as stated by one respondent, "*Financial items in different countries do not always equate perfectly by reconciliation.*" In addition, several respondents indicated that it is important to understand the implication of the material differences and the reason for the difference, such as the variance in accounting treatment.

Question 4: *If you believe Canadian companies should no longer be required to prepare financial statements in accordance with Canadian GAAP, what alternatives do you believe should be available and why are they an appropriate basis for a Canadian company to participate in Canadian capital markets?*

See our response to question #1 regarding the tiered-approach to using alternative accounting standards in preparing financial statements used within Canada's capital markets.

Question 5: *On the basis of your own knowledge and experience, what is your assessment of the ability of Canadian issuers, auditors and users to prepare, audit and make use of financial statements prepared on bases other than Canadian GAAP?*

As mentioned in our response to question #1, we believe that a significant number of companies, which are listed on the TSE, are familiar with U.S. GAAP. These companies use U.S. GAAP to prepare financial statements and accompanying notes for shareholder annual reports and filings with the U.S. SEC. Consequently, the accounting firms, which audit these companies, are also familiar with U.S. GAAP and have the expertise for attesting to the fairness of the financial statements in accordance with these principles.

With regard to IAS, 17% (or 38 of 223) respondents indicated that the companies they analyze use IAS for preparing financial statements. Given this level of familiarity, we believe, as well as recommend, that the adoption of IAS in Canadian capital markets should be deferred several years until preparers, auditors, and regulators are more familiar with IAS. Additionally, the delay will allow more convergence of U.S. GAAP and IAS to occur. This convergence is more probable under the present environment. The recent restructuring of the International Accounting Standards Committee into an independent standard setting body comprised of full time members (known as the IASB), along with the Financial Accounting Standards Board's public statements to work with the IASB, should facilitate the convergence of IAS and U.S. GAAP. Moreover, the U.S. SEC has expressed support for the FASB and IASB alliance in establishing a global set of standards, which will meet the Commission's expectations of high-quality accounting standards.

Question 6: *If you believe alternatives to Canadian GAAP should be permitted, what specific steps should the CSA, the accounting profession or others take to facilitate implementation in a way that overcomes the issues identified in section 5 of the paper and ensures Canadians are provided with high quality, relevant, reliable and understandable financial information?*

See our responses to questions #1 and #5 regarding the tiered-approach for permitting alternatives to Canadian GAAP. Additionally, we are aware that the Accounting Standards Board (AcSB) of the Canadian Institute Chartered Accountants has strategic initiatives that include working with the IASB in developing international accounting standards and converging Canadian GAAP with U.S. GAAP. We support strongly the efforts of the AcSB and its continued involvement in these initiatives.

Question 7: *If you believe the accounting standards of certain foreign countries, e.g., US GAAP, should be acceptable for use by Canadian companies while other foreign GAAP should not, what is your basis for this distinction?*

See our response to question #1 and 5# regarding the use of U.S. GAAP and other set accounting standards used by foreign issuers.

Question 8: *If you believe US GAAP should be permitted as an alternative basis for preparation of a Canadian company's financial statements, should that alternative be available to all Canadian companies or to only a limited group such as those that are SEC registrants and are therefore required to provide either US GAAP financial statements or a reconciliation to US GAAP? Similarly, if you believe Canadian companies should be permitted to use other bases of accounting such as IAS or UK GAAP, should those alternatives be available to all or to a limited group only?*

See our comments to questions #1 and #5 regarding the use of alternative accounting standards in lieu of Canadian GAAP and disclosure of an itemized reconciliation of material differences, respectively. In addition to these referenced comments, we provide the following survey responses to the following question - *Would your ability to understand and analyze financial statements be impaired if different GAAP standards (U.S. GAAP or IAS) are adopted in lieu of Canadian GAAP for financial reporting in Canada's capital markets?* (The following chart reflects the responses from 226 individuals.)

Accounting Standards	Greatly Impaired	Somewhat Impaired	Not Impaired	Not Sure
<i>U.S. GAAP</i>	1%	18%	75%	6%
<i>International Accounting Standards (IAS)</i>	9%	36%	29%	26%
<i>Multiple Sets of Accounting Standards are Adopted</i>	31%	47%	14%	8%

The above responses reflect the survey respondents' familiarity with U.S. GAAP and IAS: 85% of survey respondents analyze financial statements prepared in accordance with U.S. GAAP and only 17% analyze financial statements prepared in accordance with IAS (as noted on page 3 of this letter).

Question 9: *Regardless of which bases of accounting you consider acceptable as alternatives to Canadian GAAP, should a Canadian company using one of those alternatives be required to present a reconciliation to Canadian GAAP in some or all cases?*

As noted in our response to question #8, 78% of the survey respondents believe that their ability to understand and analyze financial statements would be impaired, either greatly or somewhat, if multiple sets of accounting standards are permitted. We believe that this is a strong indication that additional disclosure is needed to analyze the major differences between accounting standards if multiple sets of accounting standards are permitted for financial reporting in Canada's capital markets. Additionally, in our response to question #3, we noted that 78% of survey respondents viewed a reconciliation as sufficient disclosure for understanding the material differences between two sets of accounting standards.

Question 10: *If the CSA permits alternatives to Canadian GAAP, what transitional issues would need to be addressed to facilitate implementation of the change?*

At a minimum, we believe that there should be a reconciliation of the material differences, along with narrative descriptions that elaborate the reasons for these differences, for the first year of the transition (including interim and annual reports). Furthermore, the current and prior periods reported should be presented on a consistent and comparable basis.

In addition to disclosure issues, some analysis should be done to determine if there any tax implications since Canadian tax assessments are based mostly on Canadian GAAP financial statement data. Also, there should be an assessment of the consequences related to contractual covenants and terms that may be connected or linked to the performance and/or financial condition based on Canadian GAAP.

Assessment of the IASC Standards

Question 11: *Do the core standards provide a sufficiently comprehensive accounting framework to provide a basis to address the fundamental accounting issues encountered in a broad range of industries and a variety of transactions without the need to look to other accounting regimes?*

Although the ASCAC has not reviewed IAS, the Global Financial Reporting Advocacy Committee (GFRAC)⁴, which is a standing committee of AIMR, has responded to several IASC

⁴ The GFRAC is charged with representing the views of investors to, and maintaining liaison with, bodies that set financial accounting and reporting standards in a global context, particularly the International Accounting Standards Board.

and G4+1 proposals and has issued a comment letter⁵ to the U.S. SEC about the quality of the core IAS. The GFRAC describe an effective financial reporting and disclosure system as one that is comprised of the following five elements:

- 1) Well-specified and understandable financial reporting and disclosure standards;
- 2) Ethical, trained preparers;
- 3) Ethical, trained and independent auditors;
- 4) Effective regulatory oversight and enforcement, including the threat of litigation, economic and criminal penalties for fraud and non-compliance; and
- 5) Shareholder and investor responsibility and involvement in corporate governance.

Only a comprehensive and integrated financial reporting system, including high-quality accounting standards, can produce financial statements that are comprehensive, neutral, timely, and most importantly, relevant and reliable. Furthermore, the system should ensure that all market participants apply these accounting standards properly and consistently.

A majority of the GFRAC members believe that the IAS core standards meet the requirements for element 1). However, one member of the committee dissented because he believes strongly that the present core standards of IAS are not high-quality standards for the following reasons:

- 1) More than one accounting alternative is permitted;
- 2) Inadequate disclosure requirements;
- 3) Standards are perfunctory, e.g., accounting for leases;
- 4) Several IAS have not been applied, therefore, the evaluation would be premature.

The GFRAC is developing a position paper on the quality of International Accounting Standards and their acceptability as a reporting regime for financial analysis and valuation of cross-border securities listings. The position paper will be exposed to AIMR memberships for comments before the paper is release as a final document. We will provide a copy of this AIMR position paper to the CSA once it is available for public comment.

Question 12: *For specialized industry issues that are not yet addressed in IAS, should we require companies to follow relevant Canadian standards in the financial statements provided to Canadian investors? Alternatively, should we permit use of home country standards with reconciliation to relevant Canadian standards or should we not impose any special requirements? Which approach would produce the most meaningful financial statements for Canadian investors? Is the approach of having the host country specify treatment for topics not addressed by the core standards a workable approach? Is there a better approach?*

When industry specific accounting standards are not yet addressed in IAS, we believe that companies should follow the relevant Canadian standards in preparing financial statements disseminated to Canadian investors. For the other questions posed, please refer to our responses to questions #1 - #5.

⁵ Comment letter addressed to Mr. Jonathan G. Katz, Secretary, U.S. Securities and Exchange Commission, regarding *Concept Release: International Accounting Standards*, dated 5 June 2000.

Question 13: *Are IAS of sufficiently high quality to be used without reconciliation to Canadian GAAP in cross-border filings in Canada? Why or why not?*

Currently, we believe the adoption of IAS should be deferred until the understanding and knowledge of these standards has improved among preparers, auditors, and users of financial statements with Canada's capital markets. Refer to our responses to questions #1 through #5.

Question 14: *What do you view as the important differences between Canadian GAAP and IAS?*

We have not completed an in-depth analysis comparing Canadian GAAP and IAS. As mentioned previously, the GFRAC is currently drafting a position paper, which will have an analysis that compares IAS with U.S. GAAP. We are aware of another analysis published by the International Federation of Accountants titled *A Survey of National Accounting Rule in 53 Countries - 31 December 2000*, provides an analysis of the differences between IAS and Canadian GAAP.

Question 15: *Based on your experience, are there specific aspects of any IAS that you believe result in better or poorer financial reporting (recognition, measurement or disclosure) than financial reporting prepared using Canadian GAAP?*

See our response to question #14. Additionally, given that only 17% of the survey respondents use financial statements prepared under IAS, we are unable to provide a meaningful response to the question.

Question 16: *How does the level of guidance provided in IAS compare with Canadian standards and is it sufficient to result in consistent application? Does IAS provide sufficient guidance to promote consistent, comparable and transparent reporting of similar transactions by different enterprises? Why or why not?*

Based on an initial and cursory review of IAS guidance, we do not believe that there is sufficient guidance and interpretation to ensure consistent application of the standards. Often guidance is very general and less prescriptive, resulting in disparity of application and thus, less comparable financial statements. This view is supported by the results of a survey conducted David Cairns - *The Financial Times International Accounting Standards Survey 2000*.

Question 17: *Are there mechanisms or structures in place within public accounting firms and the business community that will promote consistent interpretations of IAS where those standards do not provide explicit implementation guidance?*

Although we are not directly involved in public accounting firms, we question whether there currently is consistent application and interpretation among accounting firms. At present, there are no international auditing practice standards or oversight body to enforce compliance of these audit standards. We are aware that the International Federation of Accountants is developing auditing practice standards for international application and support strongly the convergence of international audit practices.

Closing Remarks

We believe that accounting standards are only one piece of an integrated financial reporting system. These standards can only be effective when combined with consistent interpretation and enforcement by high quality, independent audits, and regulatory enforcement with consequences for lack of compliance.

We appreciate the opportunity to comment on the CSA's discussion paper regarding financial reporting in Canada's capital markets. If you have any questions or seek elaboration of our views, please do not hesitate to contact Georgene Palacky at 1.804.951.5334 or gpb@aimr.org.

Sincerely,

*/s/ Derek Wood
Palacky*

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