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Via email

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Re: Comments on CSA Concept Paper 52-402

Dear CSA Members:

I appreciated reading CSA Concept Paper 52-402. I do have some concerns that I would like the CSA to seriously consider before making changes to Securities Legislation regarding the use of GAAP.

Answer 1. Yes. The CSA should allow a domestic issuer to adopt IFRS-IASB for a financial year beginning on or after January 1, 2009.

Answer 2. No. There are no additional factors, not discussed in this paper, to consider in deciding whether to allow a domestic issuer to adopt IFRS-IASB before 2011.

Answer 3. No. We do not agree that the CSA should not allow a SEC issuer to use US GAAP for financial years beginning on or after January 1, 2009, with the exception that a SEC issuer filing US GAAP financial statements in Canada for its most recent financial year ending on or before December 31, 2008, could continue doing so until 2013.

Reason 1. We disagree for sound business reasons. While Canada is choosing an honourable position to converge accounting standards internationally, Canadian companies continue to access significant capital in the United States. Companies currently choose to report in US GAAP for business reasons – mostly because investors in the United States prefer to invest in companies that report in US GAAP. Taking away the opportunity for Canadian companies to report only in US GAAP would only be increasing their costs by having to report in IFRS for Canadian purposes and US GAAP (chosen for appropriate access to capital markets).

Reason 2. We have found the SEC decision to accept IFRS for foreign issuers a great step towards the admirable goal of one GAAP acceptable worldwide. It is important to note that



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winds of change continue to blow through the United States, from internationalist to protectionist and back again. Considering the speed in which the SEC has moved towards acceptance of IFRS for foreign issuers, we are concerned that political events could cause the SEC to change its mind just as quickly on the acceptance of IFRS for foreign issuers. Because of this risk, Canadian companies must be able to choose to continue to report in US GAAP.

We would not propose to modify existing rules for reporting in US GAAP.

Question 4. There are no additional factors, other than the reasons noted above, to consider in deciding whether to allow a SEC issuer to use US GAAP?

Question 5. While we do not agree with US GAAP not being allowed for SEC issuers, should the CSA choose not to continue to allow it, the proposed transitional period of 5 years would be sufficient, so long as these issuers will be allowed to use IFRS 1 in preparing their first IFRS statements after 2011.

Question 6. Yes. We agree that we should require a domestic issuer to prepare its financial statements in accordance with IFRS-IASB and require an audit report on such annual financial statements to refer to IFRS-IASB.

Question 7. No. We do not see additional factors, not discussed in this paper, to consider in deciding whether securities rules should refer to IFRS-IASB rather than Canadian GAAP.

If you have any further questions on this subject, please feel free to contact me at your convenience.

Sincerely,

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