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**Re: CSA Concept Paper 52-402: Possible changes to securities rules relating to International Financial Reporting Standards**

The Certified General Accountants Association of Canada (CGA-Canada) welcomes the opportunity to comment on the Canadian Securities Administrators (CSA) Concept Paper 52-402: Possible changes to securities rules relating to International Financial Reporting Standards. CGA-Canada is a leading accounting organization with 68,000 members and students in Canada and internationally. Any proposals leading to development of new or amendments of existing standards/rules are of considerable interest to members.

We preface our discussion with an overall general comment, provide direct comments to seven specific questions (*bold italics*) identified by the CSA, and lastly, present our conclusions.

**Overall General Comment**

The Certified General Accountants Association has been a long-time advocate of the domestic adoption of international financial reporting standards. After careful consideration of the issues articulated in the CSA Concept Paper, CGA-Canada is likewise supportive of the CSA in its goal to address three issues requiring immediate attention and to effect consequential amendments to NI 52-107. Given the current provisions of NI 52-107 and the evolving global landscape, we contend that the CSA is acting dutifully; both in facilitating the deliberate move to IFRS and in granting the advanced optional IFRS-IASB adoption to those having the specified dealings extending beyond domestic borders.

**Questions and our Comments**

***Question 1: Do you agree we should allow a domestic issuer to adopt IFRS-IASB for a financial year beginning on or after January 1, 2009? If not, why?***

Yes, CGA-Canada does agree with the tentative conclusion that a domestic issuer should be permitted, at its discretion, to adopt IFRS-IASB for a financial year beginning on or after January 1, 2009. While it does serve to accelerate the changeover, we expect that some issuers may receive this as a meaningful opportunity to align their financial reporting regime(s). Moreover, it clearly communicates that there is a partiality to international financial reporting standards.

***Question 2: Are there additional factors, not discussed in this paper, to consider in deciding whether to allow a domestic issuer to adopt IFRS-IASB before 2011?***

This part of the concept paper has succinctly discussed most factors and we therefore have little additional comment. One potential area of desired refinement may however be in relation to the tentative inclusion of Canadian entities considering doing an IPO in both Canada and the US prior to the mandatory changeover. While not necessarily more questionable than other issuers envisioned by the concept paper, there may be additional subtleties requiring consideration.

***Question 3: Do you agree we 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? If not, why do you disagree, and how, if at all, would you modify existing rules?***

CGA-Canada concurs that a SEC issuer should have the option to early-adopt but would be somewhat hesitant to endorse the wholesale disallowance to use US GAAP on or after January 1, 2009. Consistent with domestic issuers, such a rule might be better received if reflective of the 2011 date. And while mindful that an exception for current issuers is under consideration which serves to mitigate the above (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) some reservation is tabled respecting the 2013 date.

On principle, we can expect that issuers may take issue with either or both of these provisions and are concerned that the 2013 date unintentionally contributes to apprehension while the 2009 date may be seen as relatively harsh.

***Question 4: Are there additional factors, not discussed in this paper, to consider in deciding whether to allow a SEC issuer to use US GAAP?***

Taken together, the concept paper is successful in providing necessary background and relates well to the CSA's considerations.

***Question 5: Is the proposed transitional period of five years from 2009 to 2013 appropriate?***

Please see response to Question 3 above. CGA-Canada does have reservation in this regard but trusts that supporting research has or will be conducted to sustain or otherwise amend the CSA's direction.

***Question 6: Do you 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? If not, why?***

Yes, CGA-Canada agrees that a domestic issuer should be required to prepare its financial statements in accordance with IFRS-IASB and require an audit report on such annual financial statements to refer to, and comply with, IFRS-IASB.

***Question 7: Are there additional factors, not discussed in this paper, to consider in deciding whether securities rules should refer to IFRS-IASB rather than Canadian GAAP?***

The concept paper tables important elements to this discussion. CGA-Canada has every confidence that the CSA possesses implicit knowledge of the standards-setting process and the requirement of participants to act in the public interest.

CGA-Canada appreciates also that reference to Canadian GAAP in federal, provincial and territorial laws and regulatory rules is extensive. We would likewise insist however that the existence of these provisions and references should not be a compelling defense against adoption of, or reference to "IFRS-IASB". Rather, such finding should remind us that it is perhaps time to review the constructs and motivations of these guiding instruments.

## **Conclusions**

CGA-Canada fully supports the goal of achieving a single set of high-quality accounting standards that are accepted and applied globally and domestically, namely **IFRS as issued by the IASB**. We concur with the CSA that providing an option for domestic issuers to file financial statements prepared in accordance with US GAAP could undermine this goal. As such, transitional measures as those envisioned by the CSA concept paper are both germane and timely.

We support the CSA's efforts to effect possible changes to securities rules in Canada relating to early adoption of IFRS, eventual removal of the US GAAP option for domestic issuers and the inclusion of reference to IFRS as issued by the IASB are appropriate in light of that goal.

The concept paper acknowledges that the "AcSB's strategic plan proposes to import IFRS into Canadian GAAP and to continue using the term "Canadian GAAP." The strategic plan indicates that this approach to terminology is necessary because many federal, provincial, and territorial laws, regulatory rules and other such requirements specifically refer to Canadian GAAP." **CGA-Canada applauds the CSA in exploring the possibilities to effect changes to securities rules to refer to IFRS as issued by IASB rather than Canadian GAAP, even without all other laws and requirements in Canada having been changed.**

The concept paper states that under such an approach, “an issuer could disclose that its financial statements comply with both IFRS-IASB and Canadian GAAP, but we propose that NI 52-107 refer to IFRS-IASB only.” We would discourage the acceptance of reference to Canadian GAAP because it will introduce confusion rather than clarify. As such, we reiterate that the position that domestic issuers be required to prepare financial statements in accordance with IFRS as issued by the IASB only.

In closing, we congratulate the CSA in its initiative to explore various options and look forward to the results of the comments on the possible changes. CGA-Canada also welcomes future exchanges and encourages the CSA to correspond with Amar Goomar at [agoomar@cga-canada.org](mailto:agoomar@cga-canada.org) or myself ([rlefevre@cga-canada.org](mailto:rlefevre@cga-canada.org)) should further elaboration be desired.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Lefebvre', written in a cursive style.

Rock Lefebvre, P.Adm, MBA, CFE, FCIS, FCGA  
Vice-President, Research and Standards