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Fred Snell  
Chief Accountant, Alberta Securities Commission

John Carchrae  
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Marion Kirsh, Associate Chief Accountant  
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Re: CSA Concept Paper 52-402 - Possible Changes to securities rules relating to  
International Financial Reporting Standards ("IFRS")

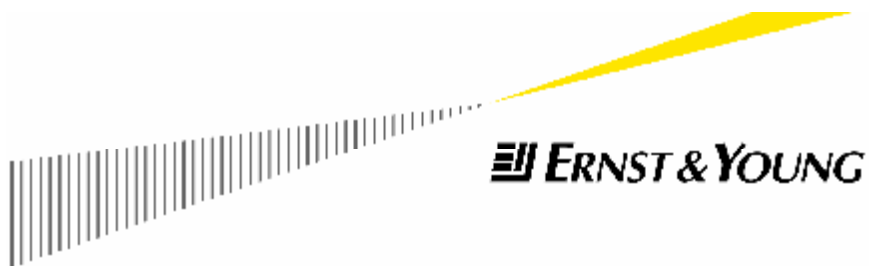
Ladies and Gentlemen:

We thank you for the opportunity to provide comments with respect to the important issues identified in the above-noted Concept Paper. We have the following observations.

Use of IFRS before January 1, 2011

We agree with the conclusion expressed in the Paper that, on balance, Canadian reporting issuers should be permitted to adopt IFRS for financial years beginning on or after January 1, 2009. However, this permission should be conditioned upon a final conclusion from the Accounting Standards Board ("AcSB") of the Canadian Institute of Chartered Accountants to replace existing Canadian accounting standards with IFRS, pursuant to the March 2008 Exposure Draft, "Adopting IFRSs in Canada". While we do not anticipate significant uncertainty regarding the timing or the outcome of the Exposure Draft process, the CSA's mandating the use of IFRS prior to completion of AcSB's due process could create unforeseen complications.

We are in favour of your selection of January 1, 2009, as the proposed date for early adoption of IFRS. If an issuer is permitted to adopt IFRS as of January 1, 2009, then the transition date for 2008 comparative amounts would be January 1, 2008. We believe that additional complications arise when a date that has already passed is selected as the transition date. For example, if a reporting issuer chose an IFRS transition date of January 1, 2008, it could be challenging for that reporting issuer to remeasure assets and liabilities under IFRS without the influence of hindsight, as required by IFRS 1. Further, IFRS hedging strategies would not be available to such a reporting issuer unless it had IFRS-compliant hedge documentation in place on January 1, 2008. There is no



doubt that the initial conversion to IFRS is simplified when the transition date is a future date rather than a date which has already passed. However, in our view, the complications arising under IFRS 1 from the proposed January 1, 2009 date are not so great as to suggest that a later date be chosen.

#### Use of U.S. Generally Accepted Accounting Standards ("U.S. GAAP") by Domestic Issuers

We do not agree with the proposal to eliminate the possibility of U.S. GAAP financial reporting by a Canadian reporting issuer after January 1, 2009 (for those who have not previously applied U.S. GAAP) or after 2013 (for those who currently apply U.S. GAAP). Although the U.S. GAAP reporting option is available only to SEC-registered Canadian reporting issuers, those companies who elect the option generally believe that their investors are more accepting of U.S. GAAP financial statements and that this basis of reporting affords better comparability with U.S.-based industry peers. Canadian companies that prepare U.S. GAAP financial statements are likely to continue to perceive significant advantages with U.S. GAAP reporting until the use of IFRS becomes much more common among U.S. companies.

Since there are relatively few Canadian companies affected by this U.S. GAAP option and since there is rapidly growing interest in the U.S. for the use of IFRS by U.S.-based SEC registrants, we believe that it would be most desirable for the CSA to permit reporting issuers to decide between U.S. GAAP and IFRS by continuing to leave the U.S. GAAP option available under Canadian securities regulations. We expect that the CSA would want to revisit this issue in the next few years once further information is available with respect to the bases of accounting that are available for use by U.S.-based SEC registrants and the degree to which those companies adopt IFRS.

#### Reference to "IFRS-IASB" Instead of "Canadian GAAP"

We do not foresee any difficulties arising from referring only to IFRS-IASB in revised National Instrument 52-107 provided that such revisions are effective only after the AcSB has completed its due process and replaced Canadian accounting standards with IFRS for Canadian reporting issuers. Even if the term "Canadian generally accepted accounting principles" continues to be used, we would expect that auditors' reports and financial statements of Canadian reporting issuers would refer to both IFRS-IASB and Canadian GAAP and indicate that the two bodies of accounting standards are equivalent.

We believe that it may be necessary to continue to make reference to Canadian generally accepted accounting principles after 2011, at least until such time as all relevant Canadian federal and provincial laws and any private contracts that refer to the reporting issuer's basis of accounting can be conformed to the new terminology. This process of conforming laws and contracts could be complicated by the possible continued use of Canadian generally accepted accounting principles by non-publicly accountable entities and not-for-profit organizations in 2011 and beyond.



If you have any questions with respect to our comments, we would be pleased to hear from you.

Yours sincerely,

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