



December 24, 2009

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British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

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Dear Members of the Canadian Securities Administrators:

Re: Notice and Request for Comments – Proposed National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* and Companion Policy 52-107CP *Acceptable Accounting Principles and Auditing Standards* and Proposed Amendments to National Instrument 14-101 *Definitions*

TMX Group Inc. welcomes the opportunity to comment on behalf of both Toronto Stock Exchange (“**TSX**”) and TSX Venture Exchange (“**TSX Venture**”) (collectively, the “**Exchanges**”) on the proposed amendments to National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (“**NI 52-107**”), Companion Policy 52-107CP *Acceptable Accounting*

Principles and Auditing Standards (“**CP 52-107**”), and National Instrument 14-101 *Definitions* (“**NI 14-101**”), as published by the Canadian Securities Administrators (the “**CSA**”) on September 25, 2009 (the “**Request for Comments**”).

All capitalized terms have the same meanings as defined in the Request for Comments or NI 52-107, CP 52-107 and NI 14-101, unless otherwise defined in this letter.

To assist with developing these comments, the Exchanges consulted with members of their respective Listing Advisory Committees and considered views provided by listed issuers, service providers and investors.

The Exchanges support the CSA’s efforts to provide an efficient transition mechanism for the upcoming changeover to IFRS. The Exchanges’ comments are focused on the Requirements for Acquisition Statements and the related questions in the Request for Comments. Attached as Schedule A to this letter are specific responses to the questions set out in the Request for Comments.

The Exchanges are very concerned that the CSA members do not have a unified position with respect to the proposed requirements for Acquisition Statements. The introduction of two distinct reporting requirements is contrary to efforts to create a comprehensive national continuous disclosure regime and to harmonize and streamline securities law in Canada. A uniform set of rules is simpler to understand, more cost effective to apply, and is positive for the Canadian capital markets and their participants. We are also concerned that an inconsistent approach by CSA members may weaken Canada’s reputation internationally.

We note that all issuers listed on TSX and over 50% of issuers listed on TSX Venture are reporting issuers in Ontario and will therefore be subject to Ontario’s different requirements if they are maintained. We submit that this disparity may create a competitive disadvantage for TSX listed issuers and for TSX Venture listed issuers that complete offerings in Ontario and therefore have a negative impact on business in Ontario. We are also concerned about the impact of Ontario effectively imposing its regulatory approach on a national basis given the breadth of issuers that will be affected and the opposing view of the majority of CSA members.

While we appreciate Ontario’s support of information for investors, we believe that the standards supported by the CSA jurisdictions other than Ontario would result in investors receiving sufficiently comprehensive financial information for making investment decisions. We note that, under the proposal of jurisdictions other than Ontario, investors would have access to pro forma IFRS financial statements, incorporating the financial results of the target and listed issuer. We respectfully submit that this information is both useful and sufficient for investors to make informed investment decisions, and that Ontario’s proposal will not significantly increase or improve the quality of the financial information and disclosure provided to investors in the context of an acquisition.

Further, we do not believe that the additional cost and time burden required under Ontario’s proposal is sufficiently supported by potential benefits. The Request for Comments does not identify any deficiencies or shortcomings of the proposal of jurisdictions other than Ontario. It is our understanding that both the United Kingdom and South Africa have requirements similar to those supported by jurisdictions other than Ontario, only requiring pro forma financial statements to be prepared in accordance with IFRS.

It is therefore difficult to conclude that Ontario's proposal will have a positive impact given the time and significant cost of restating a target's financial statements to IFRS. In particular, we note that Acquisition Statements are required at the relatively low threshold of 20% (40% for TSX Venture issuers) under the relevant Required Significance Tests. We submit that this relatively low threshold does not justify such onerous requirements. In most cases, the Acquisition Statements become available after completion of the acquisition, making any potential benefits of less relevance considering the additional time and cost burden.

We therefore strongly urge the adoption of a common requirement for Acquisition Statements by the CSA members. We further submit that the proposal of jurisdictions other than Ontario provides the appropriate balance of interests for the Canadian capital markets and market participants.

Thank you for the opportunity to comment on the Request for Comments. Should you wish to discuss any of the comments with us in more detail, we would be pleased to respond.

Yours truly,



Ungad Chadda
Senior Vice President
Toronto Stock Exchange



John McCoach
President
TSX Venture Exchange

**SCHEDULE A
SPECIFIC RESPONSES TO QUESTIONS
IN THE REQUEST FOR COMMENT**

1. **Do you agree with the proposal of jurisdictions other than Ontario that acquisition statements should be permitted to be prepared in accordance with Canadian GAAP for private enterprises where the specified conditions are met in accordance with paragraph 3.11(1)(f)? Please give reasons for your response.**

Yes, we agree with the jurisdictions other than Ontario that the cost and time for issuers to convert acquired business financial statements would exceed the benefit to investors and that the audited historical financial statements together with the pro forma financial statements will provide sufficient information for investors.

2. **Do you agree with Ontario's proposal that acquisition statements should be permitted to be prepared only in accordance with a set of accounting principles specified in paragraphs 3.11(1)(a) to (e)? Please give reasons for your response.**

We are not persuaded that Ontario's proposal makes the most sense for the Canadian capital markets and their participants. To conclude that Ontario's proposal is appropriate would require a detailed cost/benefit analysis and impact assessment. A comparison to the experiences and requirements in other jurisdictions would also be useful. It is our understanding that the proposal of jurisdictions other than Ontario is consistent with the requirements in the United Kingdom and South Africa which have also switched to IFRS. In addition, we firmly believe that there should be one uniform requirement applying to Acquisition Statements across Canada.

3. **Do you think that any other options would better balance the cost and time for issuers to provide acquisition statements and the needs of investors to make investment decisions? For example, one option identified by Ontario would be to permit acquisition statements to be prepared in accordance with Canadian GAAP applicable to private enterprises where they are accompanied by an audited reconciliation quantifying and explaining material differences from Canadian GAAP applicable to private enterprises to IFRS and providing material IFRS disclosures. Please give reasons for your response.**

We agree with the proposal of jurisdictions other than Ontario and believe it balances the cost and time for issuers with the needs of investors.

We also submit that the presentation of the IFRS pro forma financial statements could be designed to assist with the understanding of the adjustments which relate to the acquisition and the adjustments which relate to accounting differences between IFRS and private enterprise GAAP, to help ensure investors receive sufficiently comprehensive financial information for making investment decisions. For example, there could be a column showing the adjustments made to the historical private enterprise GAAP statements for IFRS compliance and a second column showing the adjustments made to the historical private enterprise GAAP statements as a result of the acquisition. We submit that this presentation would provide useful and sufficient information to investors without requiring the full cost and time of restating the target's historical financial statements in IFRS.