

July 4, 2017

Greetings,

The comments following are my own and do not purport to be the views of others, including those of my employer (due to a family health matter, I've not had sufficient time to run this through the process to have my employer directly respond to the Consultation Paper). I do not consent to the public release of my personal e.mail address (which is the one this e.mail originates from). I have been (and continue to be) deeply involved in external reporting for cross-border (US-Canada) reporting issuers, as a preparer, since 1995 (award-winning since 1999) and numerous examples of my handiwork (under the guise of my employer's name) have been included in multiple editions of *Financial Reporting in Canada*.

I would preface that all my references following to financial statements are references to financial statements prepared in accordance with the CPA Handbook - Accounting - Part I - International Financial Reporting Standards.

Consultation question #1 response

In my view, acting on the items identified in option 2.3(b) and option 2.4 could be immediate and should thus be prioritized as a "quick-win" (all "quick-wins" should be prioritized). There would be an almost immediate cost saving to reporting issuers with no meaningful impact on information made available to financial statement users.

Consultation question #21 response

I would suggest that, to a large extent, no one MD&A disclosure requirement is "overly burdensome" - it is "in combination" that the disclosures become burdensome. I would be supportive of removing the summary of quarterly results for the eight most recently completed quarters as that is information that already exists, albeit in multiple documents and reporting periods. I would think this would also result in the deletion of the accompanying trends qualitative disclosure - most often the "burden" of preparation does not come with the quantitative disclosure, rather it comes with the qualitative disclosure.

Consultation question #22 response

I would be supportive of a discussion of only significant risks being required. However, that is a topic for which significantly more prescriptive authoritative guidance would be required (so as to provide the necessary legal protections for a reporting issuer not disclosing items) and I would suspect drafting such guidance would be a challenging undertaking.

Consultation question #23 response

Particularly for Canada's largest reporting issuers, there is a need to compete for capital in the US marketplace and thus accessing the US marketplace is a significant benefit. As noted in the Consultation Paper, semi-annual reporting may be "the law" in the UK and Australia, but it is easy to find UK publicly listed companies that prepare quarterly reporting as they compete for capital in the US marketplace as well. Until such time, if ever, as the US changes its frequency for interim reporting, Canada should just monitor the situation.

Consultation question #27 response

I would strongly support the elimination of the requirements for financial instruments disclosures and changes in accounting policies disclosures from the MD&A. There is nothing in the required MD&A disclosures that is not already required to be in the financial statements - the duplication of disclosure costs issuers time and money. The discussion of critical accounting estimates in the MD&A, as I've written it, augments but does not duplicate financial statement disclosure. However, a refresh of the critical accounting estimate disclosure rules may be warranted as there are some required disclosures that a user could readily determine for themselves (e.g. quantitative significance of critical accounting estimates). I would be supportive of the removal of the disclosure requirement of contractual obligations as the bulk of that disclosure is already contained within the financial statements and thus the removal from the MD&A would not result in a loss of significant information to an investor.

Consultation question #28 response

Examples of other overlap would include:

- 51-102F1, Item 1.7(a), (c) - Capital Resources
- 51-102F1, Item 1.8 - Off-Balance Sheet Arrangements
- 51-102F1, Item 1.9 - Transactions Between Related Parties

Consultation question #29 response

Conceptually, the consolidation of the three documents seems a reasonable objective (I see the potential for a much more "flowing" document under this concept where the boundaries of MD&A and financial statements would possibly be obscured). There would, however, be a need to address practical issues such as how to delineate the coverage of the external auditor's financial statement opinion and how it would impact an issuer's legal liability for the various disclosures therein. If this item was to be pursued, coordination with integrated reporting initiatives should occur.

Consultation question #30 response

In addition to that mentioned above, there are a number of AIF requirements which result in overlap with financial statement disclosures.

- 51-102F2, Item 4.2 - Significant Acquisitions
- 51-102F2, Item 6 - Dividends and Distributions
- 51-102F2, Item 8.2 - Prior Sales
- 51-102F2, Item 12.1 - Legal Proceedings

Yours very truly,

/s/ TW Klein

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