

## Appendix A

### Summary of Changes in Proposed Materials

#### A. TERMINOLOGY CHANGES

##### Accounting Terms or Phrases

We replaced the following terms and phrases used in the rules with comparable IFRS/ISA terms or phrases.

<b>Original Term or Phrase</b>	<b>IFRS Term or Phrase</b>
Measurement Currency	Functional Currency
Reporting Currency	Presentation Currency
Does not contain a reservation	Does not contain a modification of opinion
Balance sheet	Statement of financial position
Canadian GAAP as applicable to public enterprises	Canadian GAAP applicable to publicly accountable enterprises (post transition to IFRS)
Canadian GAAP as applicable to public enterprises	Canadian GAAP – Part IV (pre transition to IFRS)
Net income	Profit or loss
Cash flow statement	Statement of cash flows
Interim financial statements	Interim financial report

##### Other Changes to Accounting References

<b>Term</b>	<b>Explanation of Change</b>
Public enterprise	Definition in Current NI 52-107 of “public enterprise” not included in Part 1 of the Proposed Instrument. “Publicly accountable enterprise” definition inserted in Part 3 of the Proposed Instrument.
Canadian auditor’s report	Removed “Canadian auditor’s report” from NI 14-101.
U.S. AICPA GAAS and U.S. PCAOB GAAS	U.S. GAAS differentiated between auditing standards of the American Institute of Certified Public Accountants (for non-SEC registrants) and U.S. PCAOB GAAS which are auditing standards of the Public Company Accounting Oversight Board (United States) for SEC registrants and added “as amended from time to time” to application of GAAS on a dynamic basis.
IFRS	Definition of IFRS inserted into NI 14-101 as follows:  “IFRS” means standards and interpretations adopted by the International Accounting Standards Board and amended from time to time, comprising International Financial Reporting Standards, International Accounting Standards and interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee;

<b>Term</b>	<b>Explanation of Change</b>
International Standards on Auditing	Definition of International Standards on Auditing inserted into NI 14-101 as follows:  “International Standards on Auditing” means auditing standards issued by the International Auditing and Assurance Standards Board, as amended from time to time;
Financial statements	“Financial statements” inserted into definitions in Part 1 of the Proposed Instrument and includes interim financial reports (IFRS reference) to be consistent with NI 51-102
Annual financial statements, interim financial reports, and <i>pro forma</i> financial statements	Proposed Instrument revised to be applicable to “all financial statements” – includes annual and interim but not <i>pro formas</i> . <i>Pro forma</i> financial statements are addressed separately.

## **B. OTHER CHANGES**

<b>Explanation of Change</b>
Identification of accounting principles – Requirement to identify accounting principles used to prepare financial statements removed. The following requirements created: <ul style="list-style-type: none"> <li>○ Issuers must make an explicit and unreserved statement of compliance with IFRS in the notes to the annual financial statements and disclose compliance with IAS 34 in its interim financial report</li> <li>○ Auditors’ reports must be in the form specified by Canadian GAAS for financial statements prepared in accordance with a fair presentation framework and refer to IFRS</li> </ul>
Same core subject matter – Foreign issuers currently are permitted to use accounting principles that cover substantially the “same core subject matter as Canadian GAAP”. Removed “same core subject matter” exemptions from Current NI 52-107.
Identification of auditing standards – Audit reports on financial statements audited in accordance with U.S. AICPA GAAS, U.S. PCAOB GAAS and International Standards on Auditing must identify the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements (explicitly required in the Proposed Instrument).
Applicability to registrants – The applicability of the Proposed Instrument extends to those financial statements and interim financial information delivered by registrants. Subsection 3.2(3) of the Proposed Instrument added so that financial statements filed pursuant to NI 31-103 must be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and must account for investments in subsidiaries, jointly controlled entities and associates on the basis specified for separate financial statements in the CICA Handbook. For financial statements, registrants must disclose compliance with IFRS with the exception as described above.

<b>Explanation of Change</b>
Presentation currency – Must be prominently displayed in the financial statements – previously was required to be disclosed on the face page of the financial statements or notes unless prepared in accordance with Canadian GAAP and the reporting currency is the Canadian dollar. IFRS requires disclosure.
Functional currency – Financial statements must disclose the functional currency if it is different than the presentation currency (previously note disclosure only). This is an IFRS required disclosure.
Predecessor auditor’s reports – If an issuer or registrant has changed its auditor and that comparative period(s) is audited by a predecessor auditor, must attach the predecessor auditor’s report on the comparative periods. Alternatively, except in the case of prospectus and take-over rules, reference to the predecessor auditor’s report on the comparative periods is sufficient.
Acceptable Accounting Principles for SEC Issuers – eliminated reconciliation from U.S. GAAP to Canadian GAAP for an SEC issuer reporting in accordance with U.S. GAAP who has previously filed financial statements prepared in accordance with Canadian GAAP.
<p>Acquisition statements:</p> <ul style="list-style-type: none"> <li>○ Permitted GAAPs are Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP, SEC accounting principles for foreign private issuers, and designated foreign issuer accounting principles</li> <li>○ Except in Ontario, also permit Canadian GAAP applicable to private enterprises if <ul style="list-style-type: none"> <li>- the acquisition statements consolidate any subsidiaries and account for significantly influenced investees and joint ventures using the equity method,</li> <li>- financial statements for the business were not previously prepared using the other accounting principles permitted for acquisition statements</li> <li>- the acquisition statements are accompanied by a notice identifying the accounting principles used, states that they differ from Canadian GAAP applicable to publicly accountable enterprise, and indicates that the <i>pro forma</i> financial statements include adjustments relating to the business and present <i>pro forma</i> information using accounting principles consistent with the accounting principles used by the issuer.</li> </ul> </li> <li>○ Removed accounting principles that cover substantially the “same core subject matter as Canadian GAAP” as a permitted GAAP</li> </ul>
Acceptable Accounting Principles for SEC Issuers – Proposed subsection 4.7(2) applies if an SEC issuer changes from Canadian GAAP to U.S. GAAP in 2010. Reconciliation for a one-year period required in this case. There is no requirement in this case to reconcile subsequently to IFRS.
Acceptable Accounting Principles for <i>Pro Forma</i> Financial Statements – revised requirement for <i>pro forma</i> financial statements from “must be prepared <i>in accordance</i>

<b>Explanation of Change</b>
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with the issuer's GAAP" to "must be prepared <i>using principles that are consistent with the issuer's GAAP</i> ".
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### **C. HOUSEKEEPING CHANGES**

<b>Explanation of Change</b>
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"Alternative credit support" inserted into the definitions related to credit support in NI 52-107. The credit support section does not currently refer both to the possibility that either the subsidiary entity or the parent can be a guarantor and the requirement that the appropriate entity submit financial statements. This section is revised to reflect current practices.
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"Accounting principles" definition revised from "mean a body of accounting principles that are generally accepted..." to "mean a body of principles relating to accounting that are generally accepted...". This is required to avoid the circularity of using "accounting principles" to define the same expression.
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"Acquisition statements" definition expanded to make reference to all the rules where they are required
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"inter-dealer bond broker" definition reference to "Investment Dealers Association" revised to "Investment Industry Regulatory Organization of Canada"
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"U.S. GAAP" definition revised to remove reference to eliminated Regulation S-B under the 1934 Act and added "as amended from time to time" to conform with dynamic application of Canadian GAAP
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