

2005 BCSECCOM 681

October 18, 2005

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 52-107, s. 9.1 - *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* - An issuer wants relief from the requirement to audit acquisition statements in accordance with Canadian or U.S. GAAS - The issuer acquired a business whose historical financial statements have not been audited in accordance with Canadian or U.S. GAAS; the acquired business' financial statements have been audited in accordance with International Standards on Auditing; for various reasons, it would be practically impossible to re-audit the business' financial statements in accordance with Canadian or U.S. GAAS; the audit report will be accompanied by a statement by the auditor that describes any material differences in the form of report as compared to a Canadian GAAS audit report, and indicates that its report would not contain a reservation if it were prepared in accordance with Canadian GAAS

Applicable British Columbia Provisions

National Instrument 52-107, s. 6.3 and 9.1

Securities Rules, s. 2

In the Matter of
the Securities Legislation
of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New
Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of Aastra Technologies Limited
(the Filer)

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) granting relief from

2005 BCSECCOM 681

the requirement contained in the Legislation to have financial statements of the European Business (as defined below) audited in accordance with the prescribed form of auditing standards in the Legislation (the Requested Relief);

Under the Mutual Review System for Exemptive Relief Applications

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 Definitions have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. The head office of the Filer is located at 155 Snow Boulevard, Concord, Ontario, Canada L4K 4N9.
2. The Filer is a corporation subsisting under the *Canada Business Corporations Act*, is a reporting issuer or its equivalent in each of the Jurisdictions.
3. The Filer develops, markets, sells and supports a comprehensive portfolio of products, systems and applications for building and accessing communication networks.
4. The common shares of the Filer are listed and posted for trading on the Toronto Stock Exchange.
5. The Filer entered into a shares and assets sale and purchase agreement (the SAPA) with the vendors (the Vendors) of the EADS Enterprise Telephony Business (the EADS Business) on December 15, 2004.
6. As described in a material change report dated November 10, 2004 and press releases dated December 15, 2004 and February 28, 2005, the acquisition of the EADS Business was completed pursuant to the terms of the SAPA on February 28, 2005.
7. The EADS Business consists of two related businesses under common management, one primarily based in France with ancillary operations in other European countries (the European Business) and one based in the United States (the U.S. Business).

2005 BCSECCOM 681

8. Historically, the Vendors have prepared separate financial statements for the European Business and the U.S. Business, which have been prepared in accordance with International Financial Reporting Standards and International Standards on Auditing (ISA), and generally accepted accounting principles and generally accepted auditing standards (GAAS) of the United States, respectively.
9. Given the amount of restructuring implemented by the Vendors of the European Business, the Filer believes it would be practically impossible to re-perform the audit of the European Business in accordance with Canadian GAAS.
10. The acquisition of the EADS Business is a “significant acquisition” for the Filer within the meaning of section 8.3 of National Instrument 51-102 (NI 51-102), and as a result, the Filer is required to file a “business acquisition report” in accordance with section 8.2 of NI 51-102 for the acquisition, including “acquisition statements” (Acquisition Statements) for the European Business within the meaning of National Instrument 52-107 (NI 52-107).
11. Section 6.2 of NI 52-107 does not permit the Filer to file Acquisition Statements for the European Business audited in accordance with ISA.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that such Acquisition Statements are audited in accordance with ISA and the auditor’s report thereon is accompanied by a statement by the auditor that:

- (a) describes any material differences in the form and content of the auditor’s report as compared to an auditor’s report prepared in accordance with Canadian GAAS; and
- (b) indicates that an auditor’s report prepared in accordance with Canadian GAAS would not contain a reservation.

Cameron McInnis
Manager, Corporate Finance
Ontario Securities Commission