

APPENDIX C
Summary of Changes in Final Materials

A. TERMINOLOGY CHANGES

Accounting Terms or Phrases

We replaced the following terms and phrases used in the rules with comparable terms or phrases used in IFRS or International Standards on Auditing.

Original Term or Phrase	IFRS Term or Phrase
Measurement Currency	Functional Currency
Reporting Currency	Presentation Currency
Does not contain a reservation	Expresses an unmodified opinion
Balance sheet	Statement of financial position
Canadian GAAP as applicable to public enterprises	Canadian GAAP applicable to publicly accountable enterprises (post changeover to IFRS)
Canadian GAAP as applicable to public enterprises	Canadian GAAP – Part V (pre-changeover accounting standards)
Net income	Profit or loss
Cash flow statement	Statement of cash flows
Interim financial statements	Interim financial report
Operating results	Financial performance
Former auditor	Predecessor auditor

Other Changes to Accounting and Auditing References

Term	Explanation of Change
Public enterprise	Definition in Current NI 52-107 of “public enterprise” included in Part 4 of the Instrument.
Publicly accountable enterprise	“Publicly accountable enterprise” definition inserted in Part 3 of the Instrument.
Private enterprise	“Private enterprise” definition inserted in Part 3 of the 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. The words “as amended from time to time” added to ensure the definitions apply on a dynamic basis.

Term	Explanation of Change
IFRS	Definition of IFRS inserted into NI 14-101 as follows: “IFRS” means the standards and interpretations adopted by the International Accounting Standards Board, as amended from time to time;
International Standards on Auditing	Definition of International Standards on Auditing inserted into NI 14-101 as follows: “International Standards on Auditing” means auditing standards set 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 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	Instrument revised to be applicable to all financial statements (includes annual and interims) and <i>pro forma</i> financial statements.

B. OTHER CHANGES

Explanation of Change
Identification of accounting principles – Removed the requirement to identify accounting principles used to prepare financial statements. The following requirements created: <ul style="list-style-type: none"> ○ Issuers must make an unreserved statement of compliance with IFRS in the notes to the annual financial statements and an unreserved statement of compliance with IAS 34 in its interim financial report. ○ 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.
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.
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.

Explanation of Change
<p>Applicability to registrants – Subsection 3.2(3) and (4) of the Instrument added so that financial statements filed pursuant to NI 31-103 must be prepared in accordance Canadian GAAP applicable to publicly accountable enterprises except that any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in IAS 27. For financial statements, registrants must include a statement disclosing the framework and a description of the framework.</p>
<p>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.</p>
<p>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 provide the predecessor auditor’s report on the comparative periods. Alternatively, except in the case of a prospectus or take-over bid circular, the new auditor’s report may refer to the predecessor auditor’s report on the comparative periods.</p>
<p>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>
<p>Acquisition statements:</p> <ul style="list-style-type: none"> ○ Permitted GAAPs are Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP, SEC accounting principles for foreign private issuers, Canadian GAAP applicable to private enterprises (which is accounting standards for private enterprises in Part II of the Handbook) with specified conditions, and designated foreign issuer accounting principles. ○ Canadian GAAP applicable to private enterprises is permitted if <ul style="list-style-type: none"> - the acquisition statements consolidate any subsidiaries and account for significantly influenced investees and joint ventures using the equity method, - financial statements for the business were not previously prepared using the other accounting principles permitted for acquisition statements, - the acquisition statements are accompanied by a notice <ul style="list-style-type: none"> - identifying the accounting principles used, - stating that Canadian GAAP applicable to private enterprises differ from Canadian GAAP applicable to publicly accountable enterprise, - indicating that the <i>pro forma</i> financial statements include adjustments relating to the business and present <i>pro forma</i> information prepared using accounting policies that are consistent with the issuer’s GAAP, and - in the case of an issuer that is not a venture issuer and is not an IPO venture issuer, accompanied by a reconciliation to the issuer’s GAAP and a description of material differences between the issuer’s GAAP and the

Explanation of Change
<p>accounting principles used, as well as material inputs or assumptions.</p> <ul style="list-style-type: none"> ○ Added requirements related to the financial reporting frameworks for acquisition statements that are an operating statement for an oil and gas property that is an acquired business or a business to be acquired, and for carve-out financial statements. ○ Removed the option to prepare acquisition statements using accounting principles that cover substantially the “same core subject matter as Canadian GAAP”.
<p>Acceptable Accounting Principles for SEC Issuers –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.</p>
<p><i>Pro forma</i> financial statements – Clarified that generally the accounting policies used to prepare <i>pro forma</i> financial statements must be consistent with the issuer’s GAAP. If the accounting principles used to prepare an issuer’s most recent annual financial statements differ from the accounting principles used to prepare the issuer’s most recent interim financial report, the <i>pro forma</i> financial statements may be prepared using the accounting policies that are consistent with those used to prepare the interim financial report.</p>
<p>Option for early transition to IFRS – Issuers and registrants provided option to transition to IFRS for a financial year that begins before January 1, 2011 if the immediately preceding financial year ends no earlier than December 21, 2010.</p>
<p>Option to delay transition to IFRS for qualifying entities – Where permitted by Canadian GAAP to apply Part V of the Handbook, those entities which have activities subject to rate regulation (as defined in Part V of the Handbook) provided with the option of delaying their transition to IFRS for up to one year.</p>

C. HOUSEKEEPING CHANGES

Explanation of Change
<p>“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.</p>
<p>“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.</p>
<p>“Acquisition statements” definition expanded to make reference to all the rules where they are required.</p>
<p>“Inter-dealer bond broker” definition reference to “Investment Dealers Association”</p>

revised to “Investment Industry Regulatory Organization of Canada”.
“U.S. GAAP” definition revised to remove reference to repealed Regulation S-B under the 1934 Act and added “as amended from time to time” to apply the definition on a dynamic basis.
References to “owned, directly or indirect” replace by references to “beneficially owned” in light of existing statutory measures piercing the corporate veil and the ambiguity as to the meaning of “indirect”.
In subparagraph 3.9(1)(c)(ii) and 4.9(c)(ii) of the Instrument, the words “of the issuer” have been added for greater clarity. They were missing from subparagraph 5.1(c)(ii) of Current NI 52-107.
In accordance with new CSA drafting guidelines, full names of referenced rules are used in the Instrument rather than defined acronyms.