



NEW BRUNSWICK  
SECURITIES COMMISSION

COMMISSION DES  
VALEURS MOBILIÈRES  
DU NOUVEAU-BRUNSWICK



**Autorité des marchés financiers and New Brunswick Securities Commission Staff  
Notice on Proposed Changes to:**

*National Instrument 31-103 Registration Requirements and Exemptions*

*Companion Policy 31-103 CP Registration Requirements and Exemptions*

*National Instrument 33-109 Registration Information*

**Introduction**

The Autorité des marchés financiers (AMF) and the New Brunswick Securities Commission (NBSC) are publishing for a 90-day comment period a notice that sets out the proposed substantive changes reflected in proposed amendments published by the Canadian Securities Administrators (CSA), except the AMF and the NBSC. The other CSA jurisdictions are publishing these proposed amendments today for a 90-day comment period. They are related to the following regulatory instruments and policies:

- National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103),
- Companion Policy 31-103CP *Registration Requirements and Exemptions* (31-103CP), and
- National Instrument 33-109 *Registration Information* (NI 33-109).

The proposed amendments relate primarily to the upcoming changeover to IFRS in Canada and need to be in place before January 1, 2011.

The AMF and the NBSC support the proposed amendments. However, because of the legal obligation to publish amending instruments simultaneously in French and English in Québec and New Brunswick, and because the French IFRS terminology is still in a state of flux, publication for comment of amending instruments in these provinces is presently not feasible. It is expected that the AMF and the NBSC will publish for comment corresponding amending instruments, in French and in English, during the first quarter of 2010. Market participants in Québec and New Brunswick are encouraged to comment on the proposed substantive changes presented in this notice, and on the amendments

published by the other CSA jurisdictions, that have been posted on the websites of certain securities regulatory authorities.

This notice uses the term “proposed amendments” to refer both to the proposed amendments to NI 31-103, 31-103CP and NI 33-109 collectively, as they are being published for comment today in the other CSA jurisdictions, and to the proposed corresponding amending instruments, as they are expected to be published for comment during the first quarter of 2010 in Québec and New Brunswick.

## **Background**

NI 31-103 provides a harmonized registration regime across Canada. NI 31-103 sets out when a person must be registered and the obligations a person must meet once registered, including financial reporting requirements. All registered firms must deliver audited annual financial statements. In addition, all investment fund managers and registered dealers, other than exempt market dealers, must deliver unaudited interim financial information. All financial statements and interim financial information delivered under NI 31-103 must comply with National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107).

NI 52-107 requires domestic registrants to prepare financial statements in accordance with Canadian generally accepted accounting principles (Canadian GAAP) applicable to public enterprises. The Canadian Accounting Standards Board (AcSB) establishes Canadian GAAP and publishes it in the Canadian Institute of Chartered Accountants Handbook (the Handbook). Following a period of public consultation, the AcSB adopted a strategic plan to move financial reporting for Canadian publicly accountable enterprises to IFRS as issued by the International Accounting Standards Board (IASB). For financial years beginning on or after January 1, 2011, Canadian GAAP for publicly accountable enterprises will be IFRS incorporated into the CICA Handbook.

The CSA proposes to replace NI 52-107 with a new National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (Proposed NI 52-107) that addresses Canada’s changeover to IFRS. We published Proposed NI 52-107 for public comment on September 25, 2009.

## **Substance and Purpose of the Proposed Amendments**

The primary purpose of these changes is to accommodate the transition to IFRS. The AMF, the NBSC and the other CSA jurisdictions (or “we”) are proposing to update the accounting terms and references in NI 31-103, 31-103CP and NI 33-109 to reflect the fact that, for financial years beginning on or after January 1, 2011, Canadian GAAP for publicly accountable enterprises will be IFRS incorporated into the CICA Handbook.

Registrants will transition to IFRS (Canadian GAAP for publicly accountable enterprises in the Handbook) for financial years beginning on or after January 1, 2011.

However, not all registrants have calendar year ends. Accordingly, we are proposing that the proposed amendments only apply to periods relating to financial years beginning on or after January 1, 2011. Registrants delivering financial statements and other financial information relating to financial years beginning before January 1, 2011 will be required to comply with the current versions of NI 31-103 and NI 33-109, which contain the existing Canadian GAAP terms and phrases.

### **Summary of the Proposed Amendments**

NI 52-107 sets out the accounting principles and auditing standards that apply to financial statements delivered to a securities regulatory authority or regulator in a jurisdiction. Under Proposed NI 52-107, domestic issuers and registrants will be required to use IFRS (Canadian GAAP for publicly accountable enterprises in the Handbook) for financial years beginning on or after January 1, 2011.

The proposed amendments to NI 31-103, 31-103CP and NI 33-109 will replace existing Canadian GAAP terms and phrases with IFRS terms and phrases.

The proposed amendments to NI 31-103 will also:

- Provide a 15-day extension to the deadline for registered dealers and investment fund managers to deliver their first interim financial information and completed Form 31-103F1 *Calculation of Excess Working Capital* (Form 31-103F1) required to be filed in the year of adopting IFRS in respect of an interim period beginning on or after January 1, 2011.
- Provide an exemption from the requirement to provide comparative information in financial statements and financial information for financial years beginning in 2011. This means that for registrants relying on this exemption, their date of transition to IFRS will be the first day of their financial year beginning in 2011.

### ***Accounting Terms and Phrases***

The proposed amendments include new terms and phrases that are consistent with those used in IFRS and replace terms and phrases used in existing Canadian GAAP.

The proposed amendments do not reflect the impact of exposure drafts or discussion papers from the IASB prior to their adoption into IFRS. The proposed definition of IFRS in National Instrument 14-101 *Definitions* would take into account amendments made from time to time.

The proposed amendments are not intended to substantively alter securities law requirements. For example, we are proposing to replace the existing Canadian GAAP term

“balance sheet” with the corresponding IFRS term “statement of financial position”. This is intended to be a change in terminology only.

### ***Changes to Financial Statement Requirements in NI 31-103***

#### ***1. Transition Provisions - Extension for delivery of first IFRS Interim Financial Information***

Subsection 12.15(2) provides an extension for filing the first interim financial information and completed Form 31-103F1 required to be delivered by a registered dealer during the year of adopting IFRS. Subsection 12.15 (3) provides a similar exemption for investment fund managers.

We think this extension should be provided as the first IFRS interim financial information will be due soon after the filing of the Canadian GAAP annual financial statements for the preceding year. We recognize that registered dealers and investment fund managers will require additional time to review and approve the first IFRS interim financial information. Other jurisdictions that transitioned to IFRS also granted filing extensions for the first IFRS filing.

#### ***2. Transition Provisions – Comparative information not required for financial years in 2011***

Registrants are required to provide comparative information for previous periods when preparing annual financial statements, interim financial information and Form 31-103F1. Section 12.15(1) provides an exemption from this requirement for a registrant’s financial year beginning in 2011 and for interim periods relating to that financial year.

### **Comments**

We request your comments on the proposed amendments outlined above. Please provide your comments in writing by January 21, 2010. If you are not sending your comments by email, an electronic file containing the submissions should also be provided (Windows format, Word).

Deliver your comments **only** to the following address. Your comments will be distributed to the other participating CSA member jurisdictions.

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Please note that comments received will be made publicly available and posted at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) and the websites of certain other securities regulatory authorities. We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

## **Questions**

Please refer your questions to any of:

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