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CSA publish second FAQ regarding new registration regime



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On February 5, 2010, staff of the Canadian Securities Administrators (CSA) published a staff notice (the February FAQ) addressing frequently asked questions regarding compliance with the financial reporting requirements under National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103). NI 31-103 came into effect on September 28, 2009 and was the subject of an earlier FAQ published on December 18, 2009. The questions in the February FAQ were compiled from informal public enquiries received by CSA members and the responses are based on views of CSA staff.

The February FAQ focuses on addressing the challenge faced during the first year of implementation of NI 31-103 by those registrants that were previously required by the securities legislation of certain provinces to deliver audited *consolidated* financial statements, to comply with the requirements under section 12.11 of NI 31-103 to (i) deliver annual financial statements and interim financial information on a *non-consolidated* basis and (ii) to provide comparative figures.

The February FAQ provides that for financial years and interim periods ended on or between September 30, 2009 and August 31, 2010, staff will accept annual financial statements and interim financial information prepared under one of the following two options:

1. non-consolidated financial statements and interim financial information with no comparative figures; or
2. non-consolidated financial statements and interim financial information with non-consolidated comparative figures.

Unless otherwise exempt under National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107), the annual financial statements must be prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP), except on a non-consolidated basis and, if the first option is chosen, excluding comparative information. Since the annual financial statements will be prepared on a basis of accounting other than Canadian GAAP, the February FAQ provides that the financial statements must include a note describing this basis of accounting and the auditor's report that must accompany the financial statements is to be prepared in accordance with CICA Handbook Section 5600 *Auditor's Report on Financial Statements Prepared Using a Basis of Accounting other than Generally Accepted Auditing Principles*.

As a reminder - pursuant to currently proposed amendments to NI 52-107, all domestic registrants will be required to prepare financial statements in accordance with International Financial Reporting Standards (IFRS) and report compliance with IFRS for financial years beginning on or after January 1, 2011.

This newsletter was prepared by members of the Securities Group at Stikeman Elliott.

For further information, please contact your Stikeman Elliott representative or any member of our Corporate Finance and Securities Group listed at www.stikeman.com