



Canadian Securities
Administrators

Autorités canadiennes
en valeurs mobilières

November 29, 2011

International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH
United Kingdom

Subject: The IASB's Agenda Consultation 2011

Dear IASB Members:

The Canadian Securities Administrators Chief Accountants Committee appreciates the opportunity to comment on the IASB's Agenda Consultation 2011. The Canadian Securities Administrators (CSA) is an organization of Canada's provincial and territorial securities regulators whose objective is to improve, coordinate and harmonize regulation of the Canadian capital markets. The CSA Chief Accountants Committee is comprised of the Chief Accountants from the provinces of British Columbia, Alberta, Ontario and Quebec.

We recommend that the IASB's near-term agenda focus primarily on responding to challenges in implementing IFRS. This will involve providing implementation guidance and may also involve completing portions of the conceptual framework project as well as limited-scope standards development.

We encourage the IFRS Interpretation Committee to address more issues than it has in recent years. While we support the goal of IFRS remaining a principles-based set of standards, and we understand the challenges inherent in providing interpretation, we think that if the IASB or the IFRS Interpretations Committee does not provide guidance, other sources such as industry associations and international auditing firms will provide guidance. This would lead to inappropriate divergent application of IFRS.

We recommend that the IASB rank the other strategic areas identified in the Agenda Consultation as secondary to the primary strategy of addressing implementation challenges.

Our responses to the questions asked in the Agenda Consultation are as follows:

Question 1(a) Do you agree with the two categories identified and the five strategic areas within in them?

We think the Agenda Consultation appropriately identifies five strategic areas. We note that the Agenda Consultation does not address how efforts to converge IFRS and U.S. GAAP relate to the five strategic areas; please see our response to question 1(b) on this issue.

Question 1(b) How would you balance the two categories and five strategic areas? If you have identified other areas for the IASB's agenda, please include these in your answer.

We think that the IASB's top priority in the near term should be responding to implementation needs. As indicated in the Agenda Consultation, this will involve work by the IFRS Interpretations Committee and may also involve the IASB making targeted narrow-scope improvements to IFRSs. Narrow-scope improvements may include limited-scope standards development, and limited-scope amendments to existing standards. In addition, completing portions of the conceptual framework project may be the best way to respond to some implementation challenges. We note that a key purpose of the conceptual framework is to assist preparers of financial statements in applying IFRSs and in dealing with topics that have yet to form the subject of an IFRS.

As part of the Conceptual Framework strategy, **we recommend completion of the Reporting Entity phase.** In particular, securities legislation requirements in Canada presume that a reporting entity does not have to be a legal entity and that combined financial statements are appropriate in some circumstances; we would like these issues confirmed in IFRS in the near term.

Another phase of the Conceptual Framework strategy is development of principles for presentation and disclosure. **We recommend that the IASB allocate resources to developing principles for disclosure in the medium term;** work on principles for presentation may occur later. We agree with the comment in the Agenda Consultation that disclosure requirements in IFRSs are voluminous and not always focused on the right disclosures. We think that developing principles for disclosure may help address some implementation challenges and reduce current inconsistencies in disclosure practices. We recommend doing this work before developing any new major standards.

Our response to question 1(a) refers to the convergence of IFRS and U.S. GAAP. **We encourage the IASB to continue pursuing convergence of IFRS and U.S. GAAP** as a path towards the IASB's goal of having one set of international standards. Stakeholders in Canada are particularly concerned about convergence given the connections between the capital markets in Canada and the U.S., including the existence of many cross-border issuers and cross-border industry peer groups. For example, the value of convergence is a theme we have heard in recent discussions about IFRS requirements for entities with rate-regulated activities and entities in the insurance industry.

For the strategy of Post-implementation Reviews, while we recommend ranking this and other strategies as secondary to the goal of responding to implementation needs in the near term, we recommend one modification to the description of the Post-implementation Reviews strategy. The Agenda Consultation proposes that post-implementation reviews will focus on issues identified as contentious during development of a standard. **We recommend a broader focus for post-implementation reviews;** such reviews should assess whether key goals of the standard have been achieved and assess the existence of divergent practices.

Question 2(a) Considering the various constraints, to which projects should the IASB give priority and why? Where possible, explain whether you think that a comprehensive project is needed or whether a narrow, targeted improvement would suffice.

Given the significant projects that the IASB currently has underway, and our recommendation that the IASB focus on addressing implementation challenges (see our response to question 1b), **we recommend that the IASB take on very few additional standards development projects in the near term.** From the list of twenty-three potential projects identified in the Agenda Consultation, we suggest that the IASB address only two in the near term.

We recommend that the IASB address in the very near term, the key concerns of entities with rate regulated activities. In Canada, we have allowed entities with rate-regulated activities to defer adoption of IFRS until 2015. We encourage the IASB to consider both near-term and long-term ways to address accounting for rate-regulated activities through implementation guidance, a grandfathering standard similar to IFRS 6, completing some elements of the Conceptual Framework project, and/or a new standard.

In Canada, many reporting entities enter into common control transactions and we have observed divergence in accounting for these transactions under IFRS. We are concerned about the resulting lack of comparability of financial statements. We note that in the July 2011 IFRIC Update, the IFRS Interpretations Committee explained that the issues relating to common control transactions are widespread and divergence in practice exists; however, the Committee concluded that the topic is too broad to address through an interpretation. **We recommend that the IASB address accounting for common control transactions.**

Question 2(b) Which of the projects previously added to the IASB's agenda but deferred would you remove from the agenda in order to make room for new projects and why? Which should be reactivated and why?

Please see our response to question 2(a).

Thank you for the opportunity to comment on the IASB's Agenda Consultation 2011. If you have questions about our letter, please do not hesitate to contact us.

Yours truly,

The CSA Chief Accountants Committee

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