

September 16, 2009

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

Subject: **Exposure Draft 10 *Consolidated Financial Statements* and Investment Funds**

Dear IASB Members:

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 Ontario, Quebec, Alberta and British Columbia. We are submitting this letter to you in connection with concerns that have been raised on Exposure Draft 10 *Consolidated Financial Statements* (ED 10) and its proposed application to investment funds.

We understand that various commenters with interests in the investment fund industry in Canada, the United States and Europe have expressed concerns regarding the proposed requirement under ED 10 for a reporting entity to present financial statements that consolidate its assets, liabilities, equity, income, expenses and cash flows with those of the entities that it controls. In particular, concerns have been expressed that consolidation of investments in entities that are managed, and for which performance is evaluated, on a fair value basis would not provide the most relevant information to investors. Given that such investments are held for purposes of capital appreciation or receipt of current income in accordance with a documented investment strategy, views have been expressed that accounting for such investments on a fair value basis provides the most relevant information for investors regardless of whether the ED 10 definition of control is met.

We understand that a working group organized by the Investment Funds Institute of Canada (IFIC) and bcIMC has submitted a proposal on the above mentioned issue and that the International Accounting Standards Board (the Board) will be deliberating this specific aspect of ED 10 in October 2009. We support the Board's focused attention on this issue and encourage the Board to consider proposals that are being submitted to address this issue, such as the IFIC / bcIMC submission. We support a solution that results in fair value information being provided to users of investment fund financial information.

This issue is of particular concern and urgency in Canada as Canadian publicly accountable enterprises are required to adopt IFRSs beginning January 1, 2011. We are currently working on proposals to amend our securities act and rules in order to accommodate this transition from Canadian generally accepted accounting principles to

IFRS in 2011. We intend to publish our proposals for comment in October 2009, and plan to specifically ask stakeholders to comment on the consequences of consolidation requirements for investment funds.

We understand that a number of jurisdictions worldwide either do not require IFRS for investment funds, do not require consolidation, or require non-consolidated financial statements in addition to consolidated financial statements. Differing financial reporting regimes for investment funds across global capital markets is not consistent with the objective of establishing a single set of high quality financial reporting standards, and results in inefficiencies for investors. A solution that would provide the most relevant financial information to users of investment fund financial statements would be likely to lead to increased acceptance and adoption of IFRS by this very large segment of the global capital markets.

Because of the significance and urgency of this issue, we encourage the Board to further deliberate and consider a proposed solution that results in relevant, meaningful, and comparable information across global capital markets.

If you have any questions on our letter, please do not hesitate to contact us.

Yours truly,

The CSA Chief Accountants' Committee

Carla-Marie Hait
Chief Accountant
British Columbia Securities Commission
(604) 899-6726
chait@bcsc.bc.ca

Lara Gaede
Chief Accountant
Alberta Securities Commission
(403) 297-4223
lara.gaede@asc.ca

Cameron McInnis
Chief Accountant
Ontario Securities Commission
(416) 593-3675
cmcinnis@osc.gov.on.ca

Sylvie Anctil-Bavas
Chef comptable
Autorité des marchés financiers
(514) 395-0337 ext. 4291
sylvie.anctil-bavas@lautorite.qc.ca

cc: Tricia O'Malley, FCA
Chair, Canadian Accounting Standards Board