

September 17, 2015

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Accounting Standards Board  
277 Wellington street West  
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Canada

**Subject: Accounting Standards Board Draft Strategic Plan 2016–2021**

Dear Accounting Standards Board (AcSB) 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 Alberta, British Columbia, Ontario and Quebec. We are submitting this letter to you in response to the invitation to comment on the Accounting Standards Board Draft Strategic Plan 2016–2021.

We appreciate the opportunity to comment on the Draft Plan and offer the following comments on aspects of it relating primarily to standards for publicly accountable enterprises:

### **Vision and Strategy**

We agree with the AcSB’s vision to continue to maintain high-quality accounting standards for Canadian reporting entities, contribute to global standard setting, and be accountable to stakeholders. We also agree with the core strategy for publicly accountable enterprises of supporting the application in Canada of International Financial Reporting Standards (IFRSs), as issued by the IASB.

### **Consider the term “Publicly Accountable Enterprise” (PAE)**

We urge the AcSB to consider how the term PAE relates to issuers that prepare financial statements in conjunction with a securities offering under a prospectus exemption. We are aware that stakeholders currently do not share a common understanding of how this term relates to issuers that prepare financial statements in conjunction a prospectus exemption like an offering memorandum exemption or an equity crowd-funding exemption. Also, some stakeholders have suggested that more entities should be permitted to use the accounting standards in Part II of the Handbook (accounting standards for private enterprises). We suggest that the AcSB solicit input from stakeholders on these topics and stakeholders’ experience in determining eligibility to use Part II of the Handbook.

This topic relates to the discussion on page 25 of the Draft Plan about increased use of accounting standards for private enterprises by equity investors, whose information needs

and ability to obtain additional information may be less than creditors. We note that securities regulation permits the filing of acquisition financial statements prepared in accordance with accounting standards for private enterprises (with modification) in certain circumstances. In response to question 6, this is an example of the use of accounting standards for private enterprises in financial statements for non-creditor (equity) investors who are not able to obtain additional information from the reporting entity. For this reason, we support the AcSB's strategy of considering IFRS developments when identifying potential changes to accounting standards for private enterprises, as discussed in paragraph 51 (page 28). Although we are not currently aware of specific challenges experienced by users of acquisition statements prepared in accordance with accounting standards for private enterprises (with modification), the proposed agenda consultation that is contemplated on page 27 could help provide insights on issues noted in paragraph 48 (i.e. to assist the AcSB in determining whether differences from IFRSs cause difficulties for stakeholders).

### **IFRS Discussion Group (IDG)**

Page 20 of the Draft Plan identifies strategies for addressing challenges in adopting new or amended IFRSs, including encouraging the early identification and discussion of implementation issues among Canadian stakeholders, and working with regulators. We think that the IDG has been a very effective way to implement these strategies and strongly recommend continuation of the IDG. We support the two roles of the IDG – to increase awareness in Canada of issues arising from the application of IFRSs and, when appropriate, recommend that the AcSB bring particular issues forward to the IASB or IFRS Interpretations Committee. We think that awareness of IDG activities is growing among accounting firms of all sizes and preparers. We recommend that the AcSB continue to promote awareness of the IDG and the summaries of its discussions. Further, we endorse the AcSB's plan to support the IASB's role as the issuer of authoritative guidance on IFRSs.

### **Research**

We note that the AcSB has identified research as an area for improvement. A formal approach to research could result in an important input to the international standard setting process and could also assist the AcSB with decisions regarding the approach to domestic adoption (e.g. effective dates). We believe that standard setting decisions with respect to financial reporting should be evidence-based and responsive to the needs of users. A more robust research program could aid in achieving this objective.

### **AcSB liaison activities**

Page 8 of the Draft Plan describes three liaison activities in relation to standards for PAEs. We recommend ranking these activities in the following priority order:

- Continue to participate in and influence the development of IFRSs
- Work with the IASB, regulators and standard setters in other jurisdictions to minimize the challenges faced by Canadians in being among the first to adopt new or amended standards
- Encourage the IASB and the FASB to narrow differences between their standards and liaise with the FASB on matters of mutual interest

### **Potential changes to securities regulations if late date adoption**

Page 19 of the Draft Plan describes various ways the AcSB may respond to stakeholder concerns about the challenges, risks and costs associated with Canada being among the first to adopt, and interpret, a significant and complex new or amended standard. Alternatives identified include (i) adopting a standard for the same annual period as other major jurisdictions (i.e., the European Union); or (ii) applying the standard in the same time frame (i.e., prohibit early adoption or require entities with non-calendar year ends to early adopt by one year). The Draft Plan notes that changes to securities regulations could be required to achieve either of these desired effects, given the securities legislation requirement for public companies to make an unreserved statement of compliance with “IFRSs as issued by the IASB”. We acknowledge this as a potential issue and note that sufficient time would be required for securities regulators to assess and respond to any proposed change to securities regulations. We strongly recommend that the AcSB exhaust all other options discussed in paragraph 13 prior to pursuing an option that would result in Canadian reporting issuers no longer being able to state compliance with IFRS as issued by the IASB.

If you have any questions about this letter, please do not hesitate to contact us.

Yours truly,

### **The CSA Chief Accountants Committee**

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