

October 19, 2021

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Subject: Accounting Standards Board Draft Strategic Plan for 2022 through 2027

The Canadian Securities Administrators Chief Accountants Committee appreciates the opportunity to comment on the Accounting Standards Board's (**AcSB**) Draft Strategic Plan for 2022 through 2027 (the **Plan**). 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 (**CAC**) is comprised of the Chief Accountants from the provinces of British Columbia, Alberta, Ontario and Québec.

The CAC appreciates the ongoing opportunity to work collaboratively with the AcSB on many of the topics addressed in this Plan. In Canada, securities legislation specifies the accounting framework to be applied by many entities (including "public" and "private" entities).¹ Therefore, the CSA is keenly interested in how the Plan will continue to support the existing approach in securities legislation of referring to the standards in the CPA Canada Handbook – Accounting, particularly for entities in public markets.

Question 1 – Do you agree with the proposed vision and mission statements?

We agree the AcSB should work collaboratively with other standard setters within Canada and internationally, as well as the CSA, to enhance the relevance of information to meet the evolving needs of stakeholders. In particular, we agree with the proposed strategy to consider the interconnection between financial and non-financial reporting. However, we think the AcSB's primary focus should continue to be accounting standards and related guidance, and the vision and mission statements should reflect that focus.

The reference to "non-financial information" in the proposed vision statement is very broad and encompasses many areas that are outside the AcSB's current scope of expertise.

We suggest modifying the proposed vision statement to appropriately put the focus on financial information, while recognizing the importance of how it relates to other information. We suggest a revised statement along the lines of the following:

"To be a global leader in enhancing the relevance of financial information and interconnection of financial information with non-financial information reported to stakeholders".

¹ For example, National Instrument 52-107 (Revised) *Acceptable Accounting Principles and Auditing Standards*

Question 2 – Do you agree with proposed strategy to reconsider the Preface?

We support the Plan to revisit the Preface to the CPA Canada Handbook – Accounting (Preface) to assess whether the applicability of each accounting framework is meeting stakeholder needs.

We agree that it is appropriate for the AcSB to revisit the Preface that was drafted in connection with the introduction of IFRS Standards as the basis of standards for publicly accountable enterprises (**PAEs**). It is appropriate to consider whether the approach set out in the Preface is working as intended.

We note that this strategy is consistent with our request in 2015, in relation to the preceding AcSB strategic plan, for 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. At that time, we noted that stakeholders do not share a common understanding of how this term relates to issuers that prepare financial statements in conjunction with a prospectus exemption like an offering memorandum exemption or an equity crowd-funding exemption. We confirm that this continues to be a challenge.

Question 3 – Do you agree with the proposed strategy to explore scaling the standards to better meet the needs of different categories of reporting entities?

The Plan refers to questions about the application of IFRS Standards or Accounting Standards for Private Enterprises (**ASPE**) to crowd funding and offering memorandums. We support the AcSB’s intention to examine this topic further and look forward to directly discussing this topic with the AcSB as it develops material for public consultation.

The Plan notes “scaling the standards may include allowing additional accounting policy choices and/or looking at the extent of disclosure requirements for certain frameworks.” While we do not oppose this possibility for entities *not* subject to securities legislation, we generally do not support additional frameworks or “versions of frameworks” for entities subject to securities legislation because, among other things, it is challenging for users to understand the differences between various frameworks and may lead to unintended consequences.

We acknowledge the growing divergence between ASPE and IFRS Standards. Securities legislation in Canada permits ASPE in limited circumstances (e.g., the filing of acquisition financial statements prepared in accordance with ASPE, with modification). When securities legislation was changed to permit ASPE for limited circumstances, ASPE was more aligned with IFRS Standards than is currently the case. The growing divergence has made it more challenging for users to compare information prepared in accordance with ASPE to information prepared in accordance with IFRS Standards.

The Plan also refers to the possibility of more flexibility to allow for an easier transition from ASPE to IFRS Standards. To ease financial reporting challenges for private enterprises planning to go public in the future, we support research into this area.

Question 4 – Can the AcSB improve its proposed strategy on supporting the application of IFRS Standards in Canada?

With respect to the adoption of new or amended IFRS Standards, we strongly agree with the AcSB’s proposal to continue to impress upon the IASB and standard setters in other jurisdictions the benefits of a single date for the global adoption of standards.

We strongly support including in the Handbook, or within the CPA Canada Standards and Guidance Collection, documents issued by the IASB including some Basis for Conclusion documents, some illustrative examples, and IFRIC Agenda Decisions. We think this will promote use of these documents and thereby foster greater consistency of application of IFRS Standards.

Question 7 - Do you agree with the AcSB's proposed strategy to demonstrate leadership in the advancement of standards and guidance that improve the relevance of information reported outside of the financial statements?

As explained in our response to question 1, we agree that the AcSB should consider the interconnection between financial and non-financial reporting in order to help the AcSB ensure the relevance of standards relating to financial information. In particular, we recommend that the AcSB research how financial information presented outside the financial statements differ from that presented in financial statements and consider whether the differences indicate a need to change specific accounting standards. We think that the AcSB's primary focus should continue to be accounting standards and related guidance, with a secondary focus on financial information presented outside of the financial statements.

Question 8 – Do you agree with the AcSB's proposed strategies to raise the AcSB's international influence?

We agree with the proposed international activities relating to standards for PAEs and private enterprises. Given that many Canadian public companies are active in the U.S. securities markets, we strongly agree that the AcSB should do whatever it can to promote convergence between IFRS Standards and U. S. GAAP.

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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