

**NOTICE OF AMENDMENTS TO  
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS AND  
EXEMPTIONS* AND COMPANION POLICY 31-103CP *REGISTRATION  
REQUIREMENTS AND EXEMPTIONS***

**AND**

**AMENDMENTS TO NATIONAL INSTRUMENT 33-109 *REGISTRATION  
INFORMATION***

**October 1, 2010**

**Introduction**

We, the Canadian Securities Administrators (the CSA or we), are implementing amendments to:

- National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103),
- Companion Policy 31-103CP *Registration Requirements and Exemptions* (31-103CP),  
and
- National Instrument 33-109 *Registration Information* (NI 33-109).

This notice forms part of a series of notices that address changes to securities legislation arising from the upcoming changeover to International Financial Reporting Standards (IFRS).

In some jurisdictions, Ministerial approval is required for these changes. Provided all necessary approvals are obtained, the amendments to NI 31-103, 31-103CP and NI 33-109 (collectively, the Amendments) will come into force on January 1, 2011. Appendix A sets out the amendments to NI 31-103 and 31-103CP. Appendix B sets out the amendments to NI 33-109.

Additional information about the adoption processes for some jurisdictions is described in Appendix C published in that jurisdiction.

**Background**

NI 31-103 provides a harmonized registration regime across Canada. NI 31-103 sets out when a person must be registered and the obligations a person must meet once registered, including financial reporting requirements. All registered firms must deliver audited annual financial statements. In addition, all investment fund managers and registered dealers, other than exempt market dealers, must deliver unaudited interim financial information. All financial statements and interim financial information delivered under NI 31-103 must comply with National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (NI 52-107).

NI 52-107 requires domestic registrants to prepare financial statements in accordance with Canadian generally accepted accounting principles (Canadian GAAP) applicable to public enterprises. The Canadian Accounting Standards Board (AcSB) establishes Canadian GAAP and publishes it in the Canadian Institute of Chartered Accountants Handbook (the Handbook). Following a period of public consultation, the AcSB adopted a strategic plan in 2006 to move financial reporting for Canadian publicly accountable enterprises to IFRS as issued by the International Accounting Standards Board (IASB). For financial years beginning on or after January 1, 2011, Canadian GAAP for publicly accountable enterprises will be IFRS incorporated into the Handbook.

The CSA is replacing NI 52-107 with a new National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (new NI 52-107) that reflects Canada's changeover to IFRS. The implementation of new NI 52-107 is described in a separate notice (the NI 52-107 Notice).

### **Substance and Purpose of the Amendments**

The primary purpose of the Amendments is to reflect the transition to IFRS. We have updated the accounting terms and references in NI 31-103, 31-103CP and NI 33-109 to reflect the fact that, for financial years beginning on or after January 1, 2011, Canadian GAAP for publicly accountable enterprises will be IFRS as incorporated into the Handbook.

Registrants will transition to IFRS for financial years beginning on or after January 1, 2011. Accordingly, the amendments only apply to periods relating to financial years beginning on or after January 1, 2011. Registrants delivering financial statements and interim financial information relating to financial years beginning before January 1, 2011 will be required to comply with the current versions of NI 31-103 and NI 33-109, which contain the existing Canadian GAAP terms and phrases.

### **Summary of Written Comments Received by the CSA**

The CSA, except the Autorité des marchés financiers and the New Brunswick Securities Commission, published the Amendments for comment on October 23, 2009. The comment period ended on January 21, 2010. We did not receive any comments on the Amendments. However, we did receive comments with respect to provisions in new NI 52-107 that apply to financial statements and interim financial information delivered by registrants. The names of those commenters and a summary of their comments, together with our responses, are in Appendices A and B to the NI 52-107 Notice.

The Autorité des marchés financiers and the New Brunswick Securities Commission published the Amendments for comment on March 12, 2010. No comments were received.

We thank the commenters for their comments.

### **Summary of Changes since Publication for Comment**

The Amendments published for comment included a revision to the note in Form 31-103F1 *Calculation of Excess Working Capital* relating to the requirement for registrants to prepare financial statements and interim financial information on a non-consolidated basis. We changed

the wording of that note to conform with the wording in the corresponding requirement in new NI 52-107. We made similar changes to section 12.10 of 31-103CP.

Also in Form 31-103F1, we replaced the term “balance sheet” used in Line 11 with “statement of financial position”, the comparable term used in IFRS.

We also added cross-references in 31-103CP to the requirements in new NI 52-107 and related guidance in Companion Policy 52-107CP *Acceptable Accounting Principles and Auditing Standards* that address the financial reporting framework required for financial statements and interim financial information delivered by a registrant.

In section 13.4 of 31-103CP, we replaced the term “special purpose vehicle” with “special purpose entity”, the comparable term used in IFRS.

### **Questions**

Please refer your questions to any of:

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## Appendix A

### Amendments to National Instrument 31-103 *Registration Requirements and Exemptions and Companion Policy*

#### Schedule A-1

### Amendments to National Instrument 31-103 *Registration Requirements and Exemptions*

1. *National Instrument 31-103 Registration Requirements and Exemptions is amended by this Instrument.*

2. *Section 1.1 is amended by adding the following definition before the definition of “investment dealer”:*

“interim period” means a period commencing on the first day of the financial year and ending 9, 6 or 3 months before the end of the financial year;

3. *Section 12.10 is amended by*

(a) *repealing subsection (1) and substituting the following:*

(1) Annual financial statements delivered to the regulator under this Division for financial years beginning on or after January 1, 2011 must include the following:

(a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, each prepared for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;

(b) a statement of financial position, signed by at least one director of the registered firm, as at the end of the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;

(c) notes to the financial statements., *and*

(b) *repealing subsection (3).*

4. ***Section 12.11 is amended by repealing subsection (1) and substituting the following:***

- (1) Interim financial information delivered to the regulator under this Division for interim periods relating to financial years beginning on or after January 1, 2011 may be limited to the following:
  - (a) a statement of comprehensive income for the 3-month period ending on the last day of the interim period and for the same period of the immediately preceding financial year, if any;
  - (b) a statement of financial position, signed by at least one director of the registered firm, as at the end of the interim period and as at the end of the same interim period of the immediately preceding financial year, if any..

5. ***Section 12.12 is amended by striking out “quarter” wherever it occurs and substituting “interim period”.***

6. ***Section 12.14 is amended by striking out “quarter” wherever it occurs and substituting “interim period”.***

7. ***Part 12 is amended by adding the following after Section 12.14:***

**12.15 Exemptions for financial years beginning in 2011**

- (1) Despite subsections 12.10(1), 12.11(1), 12.12(1) and (2), 12.13 and 12.14(1) and (2), the annual financial statements, the interim financial information, and the completed Form 31-103F1 *Calculation of Excess Working Capital*, for a financial year beginning in 2011 or for interim periods relating to a financial year beginning in 2011 may exclude comparative information for the preceding financial period.
- (2) Despite subsection 12.12(2), the first interim financial information, and the first completed Form 31-103F1 *Calculation of Excess Working Capital*, required to be delivered in respect of an interim period beginning on or after January 1, 2011 must be delivered no later than the 45<sup>th</sup> day after the end of the interim period.
- (3) Despite subsection 12.14(2), the first interim financial information, the first completed Form 31-103F1 *Calculation of Excess Working Capital*, and the description of any net asset value adjustment, required to be delivered in respect of an interim period beginning on or after January 1, 2011 must be delivered no later than the 45<sup>th</sup> day after the end of the interim period..

8. ***Form 31-103F1 Calculation of Excess Working Capital is amended***

*(a) in the first line following “Notes”, by striking out “unconsolidated basis” and substituting “non-consolidated basis; registrants must account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in International Accounting Standard 27 Consolidated and Separate Financial Statements.”, and*

*(b) in Line 11, by striking out “balance sheet” and substituting “statement of financial position”.*

- 9. This Instrument only applies to annual financial statements and interim financial information in respect of periods relating to financial years beginning on or after January 1, 2011.*
- 10. This Instrument comes into force on January 1, 2011.*

## Schedule A-2

### Amendments to Companion Policy 31-103CP *Registration Requirements and Exemptions*

1. *Companion Policy 31-103CP Registration Requirements and Exemptions is amended by this Instrument.*
2. *The following is added after section 12.6:*

#### **12.10 Annual financial statements and interim financial information**

##### **Accounting Principles**

Registrants are required to deliver annual financial statements and interim financial information that comply with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107). Depending on the financial year, a registrant will look to different parts of NI 52-107 to determine which accounting principles and auditing standards apply:

- Part 3 of NI 52-107 applies for financial years beginning on or after January 1, 2011
- Part 4 of NI 52-107 applies to financial years beginning before January 1, 2011.

Part 3 of NI 52-107 refers to Canadian GAAP applicable to publicly accountable enterprises, which is IFRS as incorporated into the Handbook. Under Part 3 of NI 52-107, annual financial statements and interim financial information delivered by a registrant must be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises except that any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in International Accounting Standard 27 *Consolidated and Separate Financial Statements*. Separate financial statements are sometimes referred to as non-consolidated financial statements. Section 3.2(3) of NI 52-107 requires annual financial statements to include a statement and description about this required financial reporting framework. Section 2.7 of Companion Policy 52-107CP *Acceptable Accounting Principles and Auditing Standards* (CP 52-107) provides guidance on section 3.2(3). We remind registrants to refer to these provisions in NI 52-107 and CP 52-107 in preparing their annual financial statements and interim financial information.

Part 4 of NI 52-107 refers to Canadian GAAP for public enterprises, which is Canadian GAAP as it existed before the mandatory effective date for the adoption of IFRS, included in the Handbook as Part V. Under Part 4 of NI 52-107, annual financial statements and interim financial information delivered by a registrant must be prepared in accordance with Canadian GAAP for public enterprises except that the financial statements and interim financial information must be prepared on a non-consolidated basis.

### **Changeover to International Financial Reporting Standards**

When preparing annual financial statements, interim financial information or Form 31-103F1 for a financial year beginning in 2011 or for interim periods relating to a financial year beginning in 2011, registrants may rely on the exemption in subsection 12.15(1) and exclude comparative information for the preceding financial year. Section 3.2(4) of NI 52-107 provides a corresponding exemption for the accounting principles used by registrants. If a registrant relies on these exemptions, its date of transition to IFRS will be the first day of its financial year beginning in 2011. Section 2.7 of CP 52-107 provides further guidance on this topic. We remind registrants to refer to the provisions in NI 52-107 and CP 52-107 in preparing their financial statements and interim financial information for a financial period beginning in 2011..

3. ***Section 13.4 is amended by replacing “special purpose vehicle” with “special purpose entity”.***
4. ***These amendments only apply to annual financial statements and interim financial information in respect of periods relating to financial years beginning on or after January 1, 2011.***
5. ***These amendments become effective on January 1, 2011.***

## **Appendix B**

### **Amendments to National Instrument 33-109 Registration Information**

- 1. *National Instrument 33-109 Registration Information is amended by this Instrument.***
- 2. *Section 5.13 of Form 33-109F6 Firm Registration is amended by striking out “balance sheet” and substituting “statement of financial position”.***
- 3. *This Instrument only applies to filings of Form 33-109F6 Firm Registration that include annual financial statements or interim financial information for periods relating to financial years beginning on or after January 1, 2011.***
- 4. *This Instrument comes into force on January 1, 2011.***