



Canadian Securities
Administrators

Autorités canadiennes
en valeurs mobilières

January 28, 2011

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

Subject: **Request for Views on Effective Dates and Transition Methods**

Dear IASB Members:

The Canadian Securities Administrators Chief Accountants' Committee appreciates the opportunity to comment on the *Request for Views on Effective Dates and Transition Methods* (the Request for Views). 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.

General Comments

The approach taken to implement these new IFRSs will have a significant impact on both the cost and quality of financial reporting over the next three to five years. Since many of the projects in the Request for Views are not complete, the IASB's continued focus should be the development of these projects into quality standards rather than focusing on the achievement a particular implementation date. The development of appropriate standards, and the choosing of appropriate implementation dates for these standards, will be critical in ensuring a quality implementation. Our key recommendations are as follows:

- The IASB implement a two-step sequential approach beginning on or after January 1, 2013, with a focus on grouping the new IFRSs based on their complexity and the time needed to address systems changes.
- The IASB give entities the option of adopting the new IFRSs before their mandatory effective date.

These recommendations are described more fully below in our answers to the specific questions 4 through 8 asked in the Request for Views. Please note that our answers below assume that the projects noted in the introduction to the Request for Views are completed by June 2011, and their content will be substantively similar to the current exposure drafts. We understand there is some uncertainty on whether final outcomes will align with these assumptions.

Question 4 – Proposed transition method for each project

We agree that retrospective application should be the default transition method, with exceptions being made in limited circumstances. A primary consideration should be users' strong preference for the comparability that the retrospective transition method achieves unless the costs of preparation clearly outweigh the benefits to be received from the information presented.

We note that the fair value measurement project is the only one listed in paragraph 18 of the Request for Views with a proposed prospective transition method. We agree that prospective application for this project is acceptable since the purpose of the project is to establish a single source of guidance for all fair value measurements required or permitted by IFRSs.

Question 5 – Grouping and sequencing the implementation of IFRSs

We prefer a two-step sequential approach for implementing the new standards, with the first group of standards required for annual periods beginning on or after January 1, 2013. We suggest that the first group of standards under a two-step sequential approach include projects that are less complex and require minimal systems change. In determining how to group the various standards we suggest the Board consider whether there are any linkages between standards that support the need for identical effective dates, even if both standards do not have similar levels of complexity.

A two-step sequential approach would allow standards that are less complex and require minimal systems change to be effective sooner, rather than being delayed solely because another standard is more complex to implement. This approach would also allow preparers the opportunity to focus more time on implementing the more complex standards, which should improve the quality of financial reporting.

Question 6 – Early adoption

We prefer the IASB give all entities the option of adopting the new IFRSs before their mandatory effective date. We expect that the new standards will improve financial reporting, and think the benefits of improved financial reporting outweigh the cost of reduced comparability that will occur during the transition period.

If the IASB permits early adoption, then we also suggest the IASB consider whether there are any linkages between standards that indicate the need for two or more standards to be implemented simultaneously if an entity opts for early adoption.

Question 7 – IASB and FASB effective dates

Consistent effective dates and transition methods for comparable standards issued by the IASB and the FASB is preferred. However, we recommend that the IASB not delay the implementation of an improved standard if it is possible to implement it substantially earlier than the FASB.

Question 8 – Considerations for first-time adopters of IFRSs

Since Canada is adopting IFRS in 2011, and we do not anticipate that any of the new standards referred to in the Request for Views will be in effect prior to January 1, 2013, Canada will have a relatively stable platform for two years following its initial transition. Therefore, we do not have significant concerns along the lines expressed in paragraph 27 of the Request for Views.

As described in our response to question #6, we prefer that the IASB gives all entities the option of adopting the new IFRSs before their mandatory effective date, and do not recommend limiting early adoption to first-time adopters of IFRS.

If the IASB permits different adoption dates or early adoption requirements for “first-time adopters” of IFRSs, then we suggest that the IASB clarify whether the term “first-time adopter” has the meaning set out in IFRS 1 Appendix A.

We appreciate the opportunity to provide comments on the Request for Views. 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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