

**NOTICE OF AMENDMENTS TO  
NATIONAL INSTRUMENT 52-109 *CERTIFICATION OF DISCLOSURE IN ISSUERS'  
ANNUAL AND INTERIM FILINGS* AND  
COMPANION POLICY 52-109CP *TO NATIONAL INSTRUMENT 52-109  
CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS***

**October 1, 2010**

**Introduction**

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

- National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109) and
- Companion Policy 52-109CP *to National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings* (52-109CP).

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

**Background**

NI 52-109 sets out disclosure and filing requirements for all reporting issuers, other than investment funds. The objective of these requirements is to improve the quality, reliability and transparency of annual filings, interim filings and other materials that issuers file or submit under securities legislation.

NI 52-109 refers to and relies on references to Canadian generally accepted accounting principles (Canadian GAAP), which are established by the Canadian Accounting Standards Board (AcSB). In February 2006, the AcSB published a strategic plan to transition, over a period of five years, Canadian GAAP for public enterprises to IFRS, as adopted by the International Accounting Standards Board (IASB). In March 2008, the timing of the transition was confirmed. IFRS will apply to most Canadian publicly accountable enterprises for financial years beginning on or after January 1, 2011.

The AcSB has incorporated IFRS into the Handbook of the Canadian Institute of Chartered Accountants (the Handbook) as Canadian GAAP for most publicly accountable enterprises. As a result, the Handbook contains two sets of standards for public companies:

- Part I of the Handbook – Canadian GAAP for publicly accountable enterprises that applies for financial years beginning on or after January 1, 2011, and

- Part V of the Handbook - Canadian GAAP for public enterprises that is the pre-changeover accounting standards (current Canadian GAAP).

Consistent with these changes, the CSA is repealing and replacing National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (to be renamed *Acceptable Accounting Principles and Auditing Standards*) (NI 52-107). The new version of NI 52-107 will require domestic issuers to comply with IFRS for financial years beginning on or after January 1, 2011 and will set out the accounting principles and auditing standards that apply to financial statements filed in a jurisdiction. The implementation of the new version of NI 52-107 is described in a separate notice (the NI 52-107 Notice).

The amendments do not reflect the impact of exposure drafts or discussion papers from the IASB prior to their adoption into IFRS. The CSA is implementing amendments to National Instrument 14-101 *Definitions* to include a definition of IFRS that incorporates amendments made to IFRS from time to time.

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

The primary purpose of the changes to NI 52-109 and 52-109CP is to accommodate the transition to IFRS and the new version of NI 52-107. The amendments replace current Canadian GAAP terms and phrases with IFRS terms and phrases. Appendix B sets out the amendments to NI 52-109 and 52-109CP.

### **Transition**

After the IFRS changeover date on January 1, 2011, non calendar year-end issuers will continue to prepare financial statements in accordance with current Canadian GAAP until the start of their new financial year. To accommodate for this, we have included transition provisions in the amendment instrument that provide that the amendments only apply to annual filings and interim filings for periods relating to financial years beginning on or after January 1, 2011. Thus, during the transition period,

- issuers filing financial statements prepared in accordance with current Canadian GAAP will be required to comply with the version of NI 52-109 that contains current Canadian GAAP terms and phrases, and
- issuers filing financial statements that comply with IFRS will be required to comply with the version of NI 52-109 that contains IFRS terms and phrases.

After the transition period all issuers will be required to comply with the version of NI 52-109 that contains IFRS terms and phrases.

To further assist issuers and their advisors and to increase transparency, during the transition period certain jurisdictions will post two different unofficial consolidations of NI 52-109 on their websites:

- the current version of NI 52-109 that contains current Canadian GAAP terms and phrases, which applies to reporting issuers in respect of annual filings and interim filings for periods relating to financial years beginning before January 1, 2011; and
- the new version of NI 52-109 that contains IFRS terms and phrases, which applies to reporting issuers in respect of annual filings and interim filings for periods relating to financial years beginning on or after January 1, 2011.

### ***52/53 week financial years***

Notwithstanding the above, the amendment instrument for NI 52-109 now includes a transition provision which provides that the amendments may be applied by an issuer to annual filings and interim filings for periods relating to a financial year that begins before January 1, 2011 if the immediately preceding financial year ends no earlier than December 21, 2010 and if the issuer is relying on the exemption in section 5.3 of the new version of NI 52-107. That exemption in NI 52-107 permits issuers that have financial year ends close to, but not on December 31, 2010, the option to transition to IFRS when their new financial year begins.

### ***Rate-regulated activities***

Furthermore, section 1.7 of 52-109CP provides that if a qualifying entity is relying on the exemption in paragraph 5.4(1)(a) of the new version of NI 52-107, then the qualifying entity may interpret any reference in NI 52-109 to a term or provision defined or used in Canadian GAAP applicable to publicly accountable enterprises as a reference to the corresponding term or provision in Part V of the Handbook.

### **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 to NI 52-109 and 52-109CP for comment on September 25, 2009 (the September 2009 Materials). We only received submissions on the September 2009 Materials from commenters who submitted comment letters on the proposed changes to NI 52-107. 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 to NI 52-109 and 52-109CP for comment on March 12, 2010. No comments were received.

We thank the commenters for their comments.

### **Summary of Changes to the September 2009 Materials**

See Appendix A for a detailed summary of the changes made to the September 2009 Materials.

### **Implementation**

In some jurisdictions, Ministerial approval is required for these changes. Provided all necessary approvals are obtained, the amendments will come into force on January 1, 2011. Where applicable, Appendix C provides information about each jurisdiction's approval process.

## **Local Notices**

In conjunction with the implementation of the amendments, certain securities regulatory authorities will publish other information required by local securities legislation in Appendix C to this notice.

## **Questions**

Please refer your questions to any of:

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**Appendix A**  
**Summary of Changes to the September 2009 Materials**

We made the following changes:

**52-109CP**

<b>Section</b>	<b>Matter</b>	<b>Explanation of Change</b>
1.5, 1.6	Changed references to “Canadian GAAP” to “Canadian GAAP applicable to publicly accountable enterprises”.	The new wording provides greater clarity.
13.1	Amended subparagraph (e) to also identify that the investment was not accounted for by the proportionate consolidation method.	The inclusion of “proportionate consolidation” in subparagraph (e) further clarifies that the investment is not accounted for by a method identified earlier in subparagraphs (a) to (d).

**Transition, Drafting and Housekeeping Changes**

We also made certain drafting and housekeeping changes to various provisions.

We decided not to proceed with the proposal to add a transition provision as section 9.3 of NI 52-109. We decided that this transition provision was not necessary since section 19 of the amendment instrument for NI 52-109 provides that the amendments only apply to annual filings and interim filings for periods relating to financial years beginning on or after January 1, 2011.

***52/53 week financial years***

The amendment instrument for NI 52-109 now includes a transition provision which provides that the amendments may be applied by an issuer to annual filings and interim filings for periods relating to a financial year that begins before January 1, 2011 if the immediately preceding financial year ends no earlier than December 21, 2010 and if the issuer is relying on the exemption in section 5.3 of the new version of NI 52-107. That exemption in NI 52-107 permits issuers that have financial year ends close to, but not on December 31, 2010, the option to transition to IFRS when their new financial year begins.

***Rate-regulated activities***

Section 1.7 of 52-109CP provides that if a qualifying entity is relying on the exemption in paragraph 5.4(1)(a) of the new version of NI 52-107, then the qualifying entity may interpret any reference in NI 52-109 to a term or provision defined or used in Canadian GAAP applicable to

publicly accountable enterprises as a reference to the corresponding term or provision in Part V of the Handbook.

## Appendix B

### Amendments to National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and Companion Policy

#### Schedule B-1

#### Amendment Instrument for National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*

*Although this amendment instrument amends section headers in National Instrument 52-109, section headers do not form part of the instrument and are inserted for ease of reference only*

1. ***National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings is amended by this Instrument.***
2. ***Section 1.1 is amended***
  - (a) ***after the definition of “financial period”, by adding the following definition:***

“financial statements” has the meaning ascribed to it in section 1.1 of NI 51-102,;
  - (b) ***in the definition of “internal control over financial reporting”, in paragraph (c), by replacing “interim financial statements” with “interim financial reports”,***
  - (c) ***in the definition of “interim filings”, by replacing “interim financial statements” with “interim financial report”,***
  - (d) ***by deleting the definition of “interim financial statements” and adding the following definition:***

“interim financial report” means the interim financial report required to be filed under NI 51-102,;
  - (e) ***in the definition of “material weakness”, by replacing “annual or interim financial statements” with “annual financial statements or interim financial report”,***
  - (f) ***in the definition of “NI 52-107”, by replacing “Acceptable Accounting Principles, Auditing Standards and Reporting Currency” with “Acceptable Accounting Principles and Auditing Standards”,***
  - (g) ***in the definition of “proportionately consolidated entity”, by replacing “revenues” with “revenue”,***



- (h) *after the definition of “Sarbanes-Oxley Act”, by adding the following definition:*

“special purpose entity” has, in respect of an issuer, the meaning ascribed to that term in the issuer’s GAAP;
- (i) *in the definition of “U.S. marketplace”, by adding “and” after “NI 51-102;”, and*
- (j) *by deleting the definition of “variable interest entity”.*
- 3. *Section 3.3 is amended by replacing “variable interest entity” wherever it occurs with “special purpose entity”.*
- 4. *Section 5.6 is amended by replacing “interim financial statements” wherever it occurs with “interim financial reports”.*
- 5. *Section 6.2 is amended*

  - (a) *in the title, by replacing “interim financial statements” with “interim financial report”, and*
  - (b) *by replacing “interim financial statements” wherever it occurs with “interim financial report”.*
- 6. *Subsection 8.2(3) is amended by replacing “interim financial statements” wherever it occurs with “interim financial report”.*
- 7. *Section 3 of Form 52-109F1 Certification of annual filings – full certificate is amended by replacing “results of operations” with “financial performance”.*
- 8. *Section 5.3 of Form 52-109F1 Certification of annual filings – full certificate is amended by replacing “variable interest entity” wherever it occurs with “special purpose entity”.*
- 9. *Section 3 of Form 52-109FV1 Certification of annual filings – venture issuer basic certificate is amended by replacing “results of operations” with “financial performance”.*
- 10. *Section 3 of Form 52-109F1 – IPO/RTO Certification of annual filings following an initial public offering, reverse takeover or becoming a non-venture issuer is amended by replacing “results of operations” with “financial performance”.*
- 11. *Section 1 of Form 52-109F2 Certification of interim filings – full certificate is amended by replacing “interim financial statements” with “interim financial report”.*
- 12. *Section 3 of Form 52-109F2 Certification of interim filings – full certificate is amended*

- (a) *by replacing “interim financial statements” with “interim financial report”, and*
  - (b) *by replacing “results of operations” with “financial performance”.*
- 13. *Section 5.3 of Form 52-109F2 Certification of interim filings – full certificate is amended by replacing “variable interest entity” wherever it occurs with “special purpose entity”.*
- 14. *Section 1 of Form 52-109FV2 Certification of interim filings – venture issuer basic certificate is amended by replacing “interim financial statements” with “interim financial report”.*
- 15. *Section 3 of Form 52-109FV2 Certification of interim filings – venture issuer basic certificate is amended*
  - (a) *by replacing “interim financial statements” with “interim financial report”, and*
  - (b) *by replacing “results of operations” with “financial performance”.*
- 16. *Section 1 of Form 52-109F2 – IPO/RTO Certification of interim filings following an initial public offering, reverse takeover or becoming a non-venture issuer is amended by replacing “interim financial statements” with “interim financial report”.*
- 17. *Section 3 Form 52-109F2 – IPO/RTO Certification of interim filings following an initial public offering, reverse takeover or becoming a non-venture issuer is amended*
  - (a) *by replacing “interim financial statements” with “interim financial report”, and*
  - (b) *by replacing “results of operations” with “financial performance”.*
- 18. *Section 1 of Form 52-109F2R Certification of refiled interim filings is amended by replacing “interim financial statements” with “interim financial report”.*
- 19. *This Instrument only applies to annual filings and interim filings for periods relating to financial years beginning on or after January 1, 2011.*
- 20. *Despite section 19, an issuer may apply the amendments set out in this Instrument to annual filings and interim filings for periods relating to a financial year that begins before January 1, 2011 if the immediately preceding financial year ends no earlier than December 21, 2010 and if the issuer is relying on the exemption in section 5.3 of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.*
- 21. *This Instrument comes into force on January 1, 2011.*

## Appendix B-2

### Amendments to Companion Policy 52-109CP to National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings

1. *Companion Policy 52-109CP to National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings is amended.*
2. *Part 1 is amended by adding the following after section 1.4:*
  - 1.5 **Accounting terms** – The Instrument uses accounting terms that are defined or used in Canadian GAAP applicable to publicly accountable enterprises. In certain cases, some of those terms are defined differently in securities legislation. In deciding which meaning applies, you should consider that National Instrument 14-101 *Definitions* provides that a term used in the Instrument and defined in the securities statute of a local jurisdiction has the meaning given to it in the statute unless: (a) the definition in that statute is restricted to a specific portion of the statute that does not govern continuous disclosure; or (b) the context otherwise requires.
  - 1.6 **Acceptable accounting principles other than Canadian GAAP applicable to publicly accountable enterprises** – If an issuer is permitted under NI 52-107 to file financial statements in accordance with acceptable accounting principles other than Canadian GAAP applicable to publicly accountable enterprises, then the issuer may interpret any reference in the Instrument to a term or provision defined or used in Canadian GAAP applicable to publicly accountable enterprises as a reference to the corresponding term or provision in the other acceptable accounting principles.
  - 1.7 **Rate-regulated activities** - If a qualifying entity is relying on the exemption in paragraph 5.4(1)(a) of NI 52-107, then the qualifying entity may interpret any reference in the Instrument to a term or provision defined or used in Canadian GAAP applicable to publicly accountable enterprises as a reference to the corresponding term or provision in Part V of the Handbook..
3. *Section 4.1 is amended*
  - (a) *in the title, by replacing “results of operations” with “financial performance”, and*
  - (b) *by replacing “results of operations” wherever it occurs with “financial performance”.*
4. *Section 4.2 is amended by replacing “balance sheet” with “statement of financial position”.*

5. *Section 6.10 is amended*

- (a) *in subsection (2), by*
  - (i) *replacing* “net sales” *with* “net revenue”,
  - (ii) *deleting* “on the income statement”,
  - (iii) *replacing* “gross sales” *wherever it occurs with* “gross revenue”, *and*
  - (iv) *replacing* “sales returns” *with* “returns”,
- (b) *in subparagraph (3)(f), by adding* “conditions that will give rise to” *after* “the likelihood (or possibility) of”, *and*
- (c) *in subsection (4), by replacing* “revenues” *with* “revenue”.

6. *Subsection 7.9(2) is amended by replacing* “controls for recording sales transactions” *with* “controls for recording revenue”.

7. *Section 13.1 is amended*

- (a) *in paragraph (b), by*
  - (i) *replacing* “variable interest entity” *with* “special purpose entity”, *and*
  - (ii) *replacing* “VIE” *with* “SPE”,
- (b) *in paragraph (e), by replacing* “entity that is accounted for using the cost method in the issuer’s financial statements (a portfolio investment)” *with* “entity that is not accounted for by consolidation, proportionate consolidation or the equity method (a portfolio investment)”, *and*
- (c) *in the last paragraph, by*
  - (i) *replacing* “VIE” *with* “SPE”, *and*
  - (ii) *replacing* “The terms “consolidated”, “subsidiary”, “VIE”, “proportionately consolidated”, “equity method” and “cost method” have the meaning ascribed to such terms under the issuer’s GAAP.” *with* “The terms “consolidated”, “subsidiary”, “SPE”, “proportionately consolidated”, and “equity method” have the meaning ascribed to such terms under the issuer’s GAAP.”.

8. *Section 13.3 is amended*

- (a) *in subsection (1), by replacing “VIE” wherever it occurs with “SPE”,*
- (b) *in subparagraph (2)(b), by*
  - (i) *replacing “interim financial statements” with “interim financial reports”, and*
  - (ii) *replacing “GAAP” with “accounting principles”,*
- (c) *in subsection (4), by*
  - (i) *replacing “VIE” wherever it occurs with “SPE”,*
  - (ii) *replacing “sales or revenues” with “revenue”,*
  - (iii) *replacing “income or loss before discontinued operations and extraordinary items” with “profit or loss before discontinued operations”,*
  - (iv) *replacing “net income or loss for the period” with “profit or loss for the period”,*
  - (v) *replacing “balance sheet” with “statement of financial position”, and*
  - (vi) *replacing “contingencies” with “contingent liabilities”,*
- (d) *in subsection (5),*
  - (i) *in paragraph (c), by replacing “any required impairment charge related to the investment” with “any impairment loss in the investment”, and*
  - (ii) *in paragraph (d), by replacing “income/loss” with “profit or loss”, and*
- (e) *in subsection (6), by replacing “VIE” with “SPE”.*

9. *Section 14.2 is amended*

- (a) *by replacing “sales or revenues” with “revenue”,*
- (b) *by replacing “income or loss before discontinued operations and extraordinary items” with “profit or loss before discontinued operations”,*
- (c) *by replacing “net income or loss for the period” with “profit or loss for the period”,*

- (d) *by replacing* “balance sheet” *with* “statement of financial position”, *and*
  - (e) *by replacing* “contingencies” *with* “contingent liabilities”.
10. *Section 17.1 is amended by replacing* “acceptable form of GAAP” *with* “acceptable form of accounting principles”.
  11. *Part 19 is amended by adding the following after section 19.1:*
    - 19.2 **Application of Amendments** – The amendments to the Instrument and this Policy which came into effect on January 1, 2011 only apply to annual filings and interim filings for periods relating to financial years beginning on or after January 1, 2011..
  12. *These amendments only apply to annual filings and interim filings for periods relating to financial years beginning on or after January 1, 2011.*
  13. *Despite section 12, an issuer may apply these amendments to annual filings and interim filings for periods relating to a financial year that begins before January 1, 2011 if the immediately preceding financial year ends no earlier than December 21, 2010 and if the issuer is relying on the exemption in section 5.3 of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.*
  14. *These amendments become effective on January 1, 2011.*

## **Appendix C**

### **Ministerial Approval**

In Alberta, the amendments to National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings described in this CSA Notice are subject to the approval of the Minister of Finance and Enterprise. Provided the necessary approval is obtained, these amendments are expected to come into force on January 1, 2011.