

**NATIONAL POLICY STATEMENT NO. 14  
ACCEPTABILITY OF CURRENCIES IN  
MATERIAL FILED WITH SECURITIES REGULATORY AUTHORITIES**

**TABLE OF CONTENTS**

<b>1</b>	<b>PURPOSE</b>
<b>2</b>	<b>DEFINITIONS</b>
<b>3</b>	<b>APPLICATION</b>
3.1	Scope
3.2	Currency Disclosure
<b>4</b>	<b>OFFERING DOCUMENTS AND BID DOCUMENTS</b>
4.1	Disclosure
4.2	Supplementary Disclosure
4.3	Supplementary Disclosure of Hyperinflationary Effects
<b>5</b>	<b>OTHER DOCUMENTS</b>
5.1	Supplementary Disclosure
5.2	Supplementary Disclosure of Hyperinflationary Effects
<b>6</b>	<b>COMPLIANCE</b>
<b>7</b>	<b>EFFECTIVE DATE</b>
7.1	Effective Date
7.2	Policy Statement Rescinded

## **PART 1      PURPOSE**

This policy statement sets out the requirements of the securities regulatory authorities in each Canadian province or territory with respect to currencies used in the disclosure of financial information.

## **PART 2      DEFINITIONS**

For purposes of this policy statement:

"Bid Documents" means all documents filed under the take-over and issuer bid requirements of the Securities Legislation and Securities Requirements and documents distributed to shareholders in connection with transactions in which a corporate reorganization is to be effected;

"Exchange Rate" means the rate used to translate a currency other than the Canadian dollar into the Canadian dollar;

"Hyperinflationary Effects" means cumulative inflationary effects, determined by reference to a broad based index such as gross domestic product, which exceed a total of 100 percent over the most recent three financial years;

"Offering Documents" means prospectuses, preliminary prospectuses, offering memoranda and rights offering circulars;

"Other Documents" means documents filed pursuant to the continuous disclosure and proxy and proxy solicitation requirements of the Securities Legislation and Securities Requirements other than those documents distributed to shareholders in connection with transactions in which a corporate reorganization is to be effected;

"Securities Legislation" means the statutes concerning the regulation of securities markets and trading in securities, and the regulations in respect of these statutes; and

"Securities Requirements" means the blanket rulings and orders made under the Securities Legislation, and the policy statements and written interpretations issued by the securities regulatory authorities.

## **PART 3      APPLICATION**

### *3.1      Scope*

This policy statement applies to all financial information in Offering Documents, Bid Documents and Other Documents required to be filed or delivered under the Securities Legislation and Securities

Requirements.

### 3.2 *Currency Disclosure*

Issuers disclosing financial information in a currency that is not the unit of measure for the preparation of financial statements shall disclose the currency that is the unit of measure. Issuers may disclose financial information in any currency, however, the currency of display shall be reasonable in the circumstances (e.g. the currency of the jurisdiction in which the issuer is organized or incorporated, the currency of the issuer's primary economic environment). When financial information is disclosed in the U.S. dollar, issuers shall identify that disclosure is in the U.S. dollar.

## **PART 4 OFFERING DOCUMENTS AND BID DOCUMENTS**

### 4.1 *Disclosure*

In each Offering Document or Bid Document filed with or delivered to the securities regulatory authorities that discloses the offering price in a currency other than either the Canadian dollar or the U.S. dollar, the issuer must disclose in bold face type on the face page of the Offering Document or Bid Document the Exchange Rate at the latest practicable date.

### 4.2 *Supplementary Disclosure*

If an issuer discloses financial information in an Offering Document or a Bid Document in a currency other than either the Canadian dollar or the U.S. dollar, the issuer shall disclose the following in the Offering Document or Bid Document:

- (1) the currency in which financial information is disclosed in bold face type;
- (2) the Exchange Rate in effect at the latest practicable date and a five year Exchange Rate history including year-end and average annual Exchange Rates;
- (3) average Exchange Rates for the periods for which income statements and statements of changes in financial position are presented and the Exchange Rate for each date at which a balance sheet is presented; and
- (4) information regarding legislation as to withholding taxes and as to foreign exchange controls.

### 4.3 *Supplementary Disclosure of Hyperinflationary Effects*

In addition to the supplementary disclosure required in section 4.2, if the currency that is the unit of measure for the preparation of the issuer's financial statements is the currency of a country that has experienced Hyperinflationary Effects, the following shall be disclosed in the Offering Document or Bid Document:

- (a) the existence of Hyperinflationary Effects;
- (b) a five year history of the average annualized rate of inflation; and
- (c) a discussion of the impact of Hyperinflationary Effects on the issuer's business.

## **PART 5      OTHER DOCUMENTS**

### *5.1      Supplementary Disclosure*

- (1) If an issuer discloses financial information in Other Documents in a currency other than either the Canadian dollar or the U.S. dollar, the issuer shall disclose the following in its annual audited financial statements or in documents accompanying such statements:
  - (a) the currency in which financial information is disclosed;
  - (b) the Exchange Rate in effect as of the latest practicable date;
  - (c) average Exchange Rates for the periods for which income statements and statements of changes in financial position are presented and the Exchange Rate for each date at which a balance sheet is presented; and
  - (d) information regarding legislation as to withholding taxes and as to foreign exchange controls.
- (2) If a material fluctuation<sup>1</sup> occurs in the Exchange Rate subsequent to the filing of the issuer's annual audited financial statements, the supplementary disclosure required under subsection (1) shall be included in the issuer's interim financial statements or documents accompanying such statements required to be filed immediately following the occurrence of the material fluctuation.

### *5.2      Supplementary Disclosure of Hyperinflationary Effects*

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<sup>1</sup> In this context, "materiality" means the financial reporting notion of materiality contained in the Handbook of the Canadian Institute of Chartered Accountants which is broader than the definition of material change in the Securities Legislation.

In addition to the supplementary disclosure required in section 5. 1, if the currency that is the unit of measure for the preparation of the issuer's financial statements is the currency of a country that has experienced Hyperinflationary Effects, the following shall be disclosed in the issuer's annual audited financial statements or in documents accompanying such statements:

(1) the existence of Hyperinflationary Effects; and

(2) the average annualized rate of inflation for each period for which financial information is presented.

## **PART 6        COMPLIANCE**

Where it is impracticable for an issuer to comply with the requirements of this policy statement, prior approval of the securities regulatory authorities shall be obtained.

## **PART 7        EFFECTIVE DATE**

### *7.1    Effective Date*

This policy statement is effective for preliminary prospectuses, offering memoranda, rights offering circulars and Bid Documents filed or delivered after January 1, 1993 and financial years beginning on or after January 1, 1993.

### *7.2    Policy Statement Rescinded*

National Policy Statement No. 14 - Acceptability of Other Currencies in Material Filed with Provincial Securities Administrators - is rescinded and this policy statement is substituted.