

## **REQUEST FOR COMMENTS**

**Notice and Request for Comment** – Publishing for comment proposed New Brunswick Securities Commission Blanket Order 52-502.

### **Introduction**

On 19 October 2009, the New Brunswick Securities Commission (the Commission) approved the publication for comment of proposed Commission Blanket Order 52-502 *In the Matter of an Exemption from the Requirement to use Canadian GAAP for Publicly Accountable Enterprises in Certain Offering Memoranda* (BO 52-502).

The text of proposed BO 52-502 can be viewed following the Notice.

### **Substance and Purpose of Proposed BO 52-502**

On 25 September 2009, the Canadian Securities Administrators (CSA) published for comment National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107), its Companion Policy and related amendments which aim to ensure a smooth transition to International Financial Reporting Standards (IFRS). The proposed NI 52-107 would replace the current version of National Instrument 52-107 that is currently in effect.

NI 52-107 sets out the acceptable accounting principles and auditing standards for issuers and registrants to use when filing or delivering financial statements to securities regulatory authorities or securities regulators. The revised version of NI 52-107 is intended to provide an efficient transition mechanism for issuers and registrants to reflect the change to IFRS, and produce high quality financial reporting for investors.

Notwithstanding that the proposed amendments to NI 52-107 require domestic issuers to prepare financial statements in accordance with Canadian GAAP applicable to publicly accountable enterprises, the Commission is publishing for comment a blanket order which would exempt certain New Brunswick based issuers from this requirement. New Brunswick based, non-qualifying issuers would have the option of using Canadian GAAP applicable to private enterprises in their financial statements when using the offering memorandum exemption to sell securities to New Brunswick residents.

### **Request for Comment**

While there is no legal requirement to publish for comment blanket orders, the Commission welcomes comments on the proposed BO 52-502.

## **How to Provide your Comments**

Comments are to be provided, in writing, by no later than 22 December 2009 to:

Secretary  
New Brunswick Securities Commission  
85 Charlotte Street, Suite 300  
Saint John, N.B. E2L 2J2  
Telephone: 506-658-3060  
Toll Free: 866-933-2222 (within NB only)  
Fax: 506-658-3059  
E-mail: [information@nbsc-cvmnb.ca](mailto:information@nbsc-cvmnb.ca)

We cannot keep submissions confidential. A summary of the written comments received during the comment period be published.

## **Questions**

If you have any questions, please refer them to:

Kevin Hoyt  
Director, Regulatory Affairs & Chief Financial Officer  
New Brunswick Securities Commission  
Tel: 506-643-7691  
Email: [kevin.hoyt@nbsc-cvmnb.ca](mailto:kevin.hoyt@nbsc-cvmnb.ca)

IN THE MATTER OF  
THE *SECURITIES ACT*, S.N.B. 2004, c.S-5.5 (*ACT*)  
AND  
IN THE MATTER OF  
AN EXEMPTION FROM THE REQUIREMENT TO USE  
CANADIAN GAAP FOR PUBLICLY ACCOUNTABLE ENTERPRISES  
IN CERTAIN OFFERING MEMORANDA

Blanket Order 52-502

NI 52-107, s. 208 of the *Act*

**WHEREAS:**

1. In this Instrument:

“Commission” means the New Brunswick Securities Commission. (*Commission*)

“IFRS” means International Financial Reporting Standards. (*IFRS*)

“NI 45-106” means National Instrument 45-106 *Prospectus and Registration Exemptions* (NC 45-106).

“NI 52-107” means National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*. (NC 52-107)

“non-qualifying issuer” means an issuer who is not a qualifying issuer as defined in NI 45-106. (*émetteur non admissible*)

2. The Commission and other Canadian Securities Regulators have made amendments to NI 52-107 and other instruments arising from the changeover to IFRS.

3. For financial years beginning on or after 1 January 2011, NI 52-107 requires domestic issuers to prepare financial statements in accordance with Canadian GAAP applicable to publicly accountable enterprises and report compliance with IFRS.
4. Subparagraph 2.1(2)(c)(iii) of NI 52-107 requires that financial statements included in an offering memorandum required under NI 45-106 to be prepared in accordance with NI 52-107.
5. The Commission is of the opinion that, for non-qualifying issuers whose head office is in New Brunswick, Canadian GAAP applicable to private enterprises is appropriate in financial statements used in offering memoranda required under NI 45-106, when trades are made to purchasers resident in New Brunswick.

**IT IS ORDERED THAT** pursuant to section 208 of the *Act* that a non-qualifying issuer, whose head office is in New Brunswick, is exempt from subparagraph 2.1(2)(c)(iii) of NI 52-107 for trades made to a purchaser resident in New Brunswick if the financial statements accompanying the offering memorandum:

- A. are prepared in accordance with Canadian GAAP applicable to private enterprises;
- B. consolidate any subsidiaries and account for significantly influenced investees and joint ventures using the equity method; and
- C. are accompanied by a notice stating:

“These [*insert* “financial statements” or “operating statements” as *applicable*] are prepared in accordance with Canadian GAAP applicable to private enterprises. The recognition, measurement and disclosure requirements of Canadian GAAP applicable to private enterprises differ from those of Canadian GAAP applicable to publicly accountable enterprises, which are International Financial Reporting Standards incorporated into the CICA Handbook.”

***Dated at Saint John, New Brunswick, this 23<sup>rd</sup> day of October 2009.***