



Contact: Laura Milliken
Director, Financial Compliance
Phone: 416-943-5843
E-mail: lmilliken@mfd.ca

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MFDA Bulletin

Membership Information

For Distribution to Relevant Parties within your Firm

Conversion to International Financial Reporting Standards (IFRS)

Canadian Accounting Standards Board (“AcSB”) has confirmed that International Financial Reporting Standards (“IFRS”) will replace current Canadian standards and interpretations as Canadian Generally Accepted Accounting Principles for publicly accountable enterprises (“PAEs”), effective for fiscal years beginning on or after January 1, 2011.

AcSB’s definition of PAE excludes profit-oriented entities that:

- Have not issued, or are not in the process of issuing debt or equity instruments in a public market; or
- Do not hold assets in a fiduciary capacity for a broad group of outsiders.

Staff of the Canadian Securities Administrators (“CSA”) issued Staff Notice 33-313 on September 12, 2008, reminding registrants of the changeover to IFRS in 2011. CSA staff’s position is that any registrant who is not a Member of a self-regulatory organization (“SRO”) that holds or has access to any client assets will be required to deliver financial statements prepared in accordance with IFRS. However, CSA staff is still considering whether non-SRO registrants who do not hold or have access to client assets should be required to adopt IFRS. The CSA expects the SROs to provide information to their membership on the requirement to file financial statements using IFRS.

The MFDA’s position is that Level 3 and 4 dealers will be required to file financial questionnaire and reports with comparative financial information in accordance with IFRS for financial years commencing on or after January 1, 2011. For Level 2 dealers, MFDA staff has not yet determined whether such firms meet the definition of PAE but is considering requiring all Members to report using IFRS to maintain a consistent standard of reporting for the entire membership.

As this conversion may apply to all MFDA Members, Members are advised to discuss with their auditors their conclusions about the implications of the change to IFRS as it may have a material impact on the financial position of the firm. In addition, Members may need to review their financial reporting and operational systems to ensure the information required to report in accordance with IFRS can be obtained.

Further information and guidance will be published by the MFDA on this topic.

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