

NI 52-107 (Proposed) Comments - Private Company GAAP

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to:

jstevenson

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John,

Our only comment pertaining to the above proposed National Instrument stems around the requirement for certain Exempt Market Dealer registrants under National Instrument 31-103 to comply with **IFRS** standards.

The proposal requires under subsection 3.2(3) that all annual financial statements delivered by registrants to the securities regulatory authority or regulator under National Instrument 31-103 be in compliance with **IFRS**. This would therefore require, as an example, an Exempt Market Dealer that is privately held and that does not hold or have access to trust funds of investors to file annual financials subject to **IFRS** standards for fiscal years commencing in calendar 2011.

Our company will be an entity that will register under National Instrument 31-103 as an Exempt Market Dealer, but will **not** be an entity that meets the definition of **publicly accountable enterprise** as currently proposed by the Canadian Accounting Standards Board. Consequently, ignoring NI 52-107, our company would have had a choice in adopting either the generally accepted accounting principles for private enterprises (**Private Company GAAP**) or the International Financial Reporting Standards (**IFRS**) starting in the fiscal year than begins in calendar 2011.

The proposed NI 52-107 does not make available to those registered under National Instrument 31-103 that are not publicly accountable enterprises a choice to comply with **Private Company GAAP**. As our company is a closely held private company, that does not issue its own debt or equity instruments in a public market, and that does not hold assets in a fiduciary capacity for a broad group of investors, we do not have any shareholder nor public benefit in complying with **IFRS** standards. The maintenance of generally accepted accounting principles is best suited for the needs of the private shareholders and stakeholders. In addition, **IFRS** does not currently cater to private companies, with the International Accounting Standards Board (IASB) only recently publishing an exposure draft intended to address this deficiency. While it remains a possibility that **Private Company GAAP** will move towards harmonization with **IFRS** for private companies in the future, this harmonization is not close at hand.

Therefore, we would recommend that NI 52-107 consider an option for **Private Company GAAP** interim and annual financial statements for fiscal year ends becoming in calendar 2011, where the registrant is an Exempt Market Dealer that does not hold or have access to trust funds.

Ciao

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