Accounting
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October 21, 2011

International Accounting Standards Board
30 Cannon Street, 1st Floor
London EC4M 6XH
United Kingdom

Dear Sirs:

Re: Mandatory Effective Date of IFRS 9 (ED/2011/3)

This letter is the response of the Canadian Accounting Standards Board (AcSB) to the Exposure Draft, *Mandatory Effective Date of IFRS 9,* issued August 4, 2011.

The views expressed in this letter take into account comments from AcSB members and staff but do not necessarily represent a common view of the AcSB. Views of the AcSB are developed only through due process.

We agree with changing the mandatory effective date of IFRS 9 to fiscal years beginning on or after January 1, 2015. However, this agreement is conditional on full due process having been followed in developing each of the components of IFRS 9 and on all of the components having been published before December 31, 2012. We think that adequate time must be allowed for public comment on the new draft requirements for impairment of financial assets and hedge accounting if they differ significantly from proposals previously published. Failure to provide sufficient exposure will likely increase the need for detailed implementation and interpretive guidance and, possibly, post-implementation amendments. If there is any possibility that you might re-expose any component of IFRS 9 as a result of comments received on a staff draft, we urge you to proceed directly to re-exposure without going to a staff review draft. If completion of IFRS 9 is delayed, the effective date should be further postponed.

We are very concerned that IFRS 9 and US GAAP be fully converged. We think that investors and other financial statement users have difficulty comparing the financial position and results of operations of entities using different accounting standards. Many Canadian public entities compete internationally or raise funds in US markets and are challenged to communicate with investors in a manner that is consistent with their peers. In our view, requiring entities to provide sufficient information to permit investors to reconcile two different standards inappropriately shifts the cost of the boards' inability to reach common conclusions to companies and investors. Consequently, we think that the IASB and the FASB should take the time necessary to achieve full convergence, and then set an appropriate effective date.

We think that reporting entities will need at least two complete calendar years from the date IFRS 9 is published in its entirety to:

- modify their systems to support the new classification requirements;
- map financial assets measured at amortized cost to whatever system will be required to identify impaired assets;
- identify natural hedges and accounting mismatches that cannot be resolved through use of fair value options;
- designate and document new hedging relationships; and
- develop, test and implement the system changes necessary to calculate impairment allowances and revised measurements and presentation of components of hedging relationships.

We agree that the relief from restating comparative information should not be extended. We think that IFRS 9 is sufficiently different from IAS 39 that restatement will be necessary for most entities to provide meaningful information to financial statement users. However, the transition period needs to be at least two years from publication of the final standard to provide preparers with adequate time to make the system changes necessary to run in parallel for the comparative period. That is, a two year transition period really only provides entities with one year to accomplish all of the tasks set out in the preceding paragraph. This lead time is critical to entities that intend to apply the new hedge accounting guidance because of the inability to designate hedging relationships in retrospect.

We would be pleased to elaborate on our comments in more detail if you require. If so, please contact me, Peter Martin, Director, Accounting Standards (+1 416 204-3276 or email peter.martin@cica.ca) or Kate Ward, Principal, Accounting Standards (+1 416 204-3437 or email kate.ward@cica.ca).

On behalf of the Board

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