

STAFF PAPER

December 2012

IASB Meeting

Project	Rate-regulated Activities		
Paper topic	Unsolicited comment letter		
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This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

1. Agenda papers 6, 6A and 6B were posted to the IFRS public website on 6 December 2012. Subsequently we received an unsolicited comment letter from the Canadian Securities Administrators (CSA) Chief Accountants Committee, with a request that the IASB consider this when deciding whether or not to develop an interim Standard for Rate-regulated Activities (see Agenda Paper 6B).
2. A copy of the letter is attached as an appendix to this paper.

Appendix: Letter dated 10 December 2012 from the Canadian Securities Administrators (CSA) Chief Accountants Committee**Canadian Securities
Administrators****Autorités canadiennes
en valeurs mobilières**

December 10, 2012

International Accounting Standards Board
30 Cannon Street
London
EC4M 6XH
United Kingdom

Subject: Rate-Regulated Activities Project

Dear IASB Members:

The Canadian Securities Administrators (CSA) is an organization of Canada's provincial and territorial securities regulators whose objective is to improve, coordinate and harmonize regulation of the Canadian capital markets. The CSA Chief Accountants Committee is comprised of the Chief Accountants from the provinces of Ontario, Quebec, Alberta and British Columbia. We are submitting this letter to you in connection with the Rate-Regulated Activities project.

We are pleased that the IASB has recently decided to restart the standards level project for the Rate-Regulated Activities with the development of a discussion paper. As we previously indicated in a letter dated November 29, 2011 regarding the IASB's Agenda Consultation 2011, we strongly support initiatives taken by the IASB to address the accounting for rate-regulated activities.

Due to significant divergence between the accounting for the rate-regulated activities in accordance with IFRS and pre-changeover Canadian GAAP, most rate-regulated entities in Canada have not adopted IFRS and instead use either US GAAP or pre-changeover Canadian GAAP. SEC issuers are permitted by securities regulators to use US GAAP, however we have also permitted several non-SEC issuers with rate-regulated activities to use US GAAP for a limited time period (until years commencing on or after January 1, 2015) in the hopes that this issue can be resolved within IFRS in a reasonable period of time. We understand that a full IFRS standard would likely not be finalized any earlier than 2016 and therefore this remains a concern for us.

We understand that the IASB has been discussing the possibility of developing an interim IFRS standard to address accounting for rate-regulated activities. The development of an interim standard is an essential component of providing a solution within IFRS in the near term. Without commenting on the various alternatives, it is our view that an interim standard for rate-regulated activities that only imposes disclosure requirements and does not permit the recognition and measurement of regulatory assets and liabilities would not address the concerns of many Canadian entities with rate-regulated activities.

The transition to IFRS in Canada has been completed by most of our issuers. We strongly encourage the IASB to develop an interim standard which would allow our issuers with rate-regulated activities to also adopt IFRS.

If you have any questions on our letter, please do not hesitate to contact us.

Yours truly,

The CSA Chief Accountants Committee

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cc: Chair, Canadian Accounting Standards Board