

Headnote

Multilateral Instrument 11-102 *Passport System* and National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* – National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards (NI 52-107)*, s. 5.1 – the Filers request relief from the requirements under section 3.2 or NI 52-107 that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises to permit the Filers to prepare their financial statements in accordance with the U.S. GAAP.

Applicable Legislative Provisions

National Instrument 52-107 *Acceptable Principles and Auditing Standards*, s. 5.1

Date: January 26, 2018

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
NOVA SCOTIA AND ONTARIO
(the Jurisdictions)**

AND

**IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS**

AND

**IN THE MATTER OF
EMERA INCORPORATED AND
NOVA SCOTIA POWER INCORPORATED
(the Filers)**

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filers under the securities legislation (the **Legislation**) of the Jurisdictions seeking exemption (the **Exemption Sought**) from the requirements of section 3.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards (NI 52-107)* that financial statements (a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and (b) disclose an unreserved statement of compliance with IFRS in the case of annual financial statements and an unreserved statement of compliance with IAS 34 in the case of an interim financial report. The Exemption Sought is similar to the

exemption granted by the Decision Maker in each of the Jurisdictions to the Filers as of April 28, 2014, in *Re Emera Incorporated and Nova Scotia Power Incorporated* (the **Existing Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the Nova Scotia Securities Commission is the principal regulator for this application;
- (b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 - *Passport System (MI 11-102)* is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the **Passport Jurisdictions**); and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

In this decision:

- (a) unless otherwise defined herein, terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 52-107 have the same meaning; and
- (b) “activities subject to rate regulation” has the meaning ascribed in the Chartered Professional Accountants Canada Handbook (the “CPA Canada Handbook”) as at the date hereof.

Representations

This decision is based on the following facts represented by the Filers:

1. Emera Incorporated (**Emera**) and Nova Scotia Power Incorporated (**NSPI**) are incorporated under the *Companies Act* (Nova Scotia). The head office of each Filer is located at Barrington Tower, Scotia Square, 1223 Lower Water Street, Halifax, Nova Scotia, B3J 3S8.
2. Each Filer is a reporting issuer or equivalent in the Jurisdictions and each Passport Jurisdiction and is not in default of securities legislation in any such jurisdiction.
3. NSPI is a subsidiary of Emera and its financial statements are consolidated into the financial statements of Emera.
4. Each of the Filers currently prepares and files its financial statements for annual and interim periods in accordance with the U.S. GAAP, in reliance on the Existing Relief.
5. Each Filer has activities subject to rate regulation.

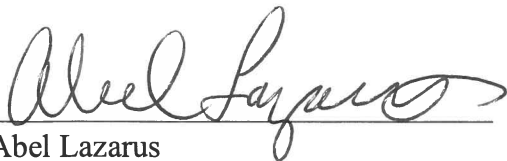
6. Neither of the Filers is an SEC issuer.
7. Were either of the Filers SEC issuers, they would be permitted by section 3.7 of NI 52-107 to file their financial statements prepared under the U.S. GAAP.
8. By an order dated April 28, 2014, the Filers have been granted relief substantially similar to the Exemption Sought.
9. The Existing Relief will expire no later than January 1, 2019.
10. The International Accounting Standards Board (**IASB**) continues to work on a project focusing on accounting specific to activities subject to rate regulation. It is not yet known when this project will be completed or whether IFRS will include a specific standard that is mandatory for entities with activities subject to rate regulation.

Decision

Each of the Decision Makers is satisfied that the decision satisfies the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Maker under the Legislation is that:

- (a) the Existing Relief is revoked;
- (b) the Exemption Sought is granted to each Filer in respect of the Filer's financial statements required to be filed on or after the date of this order, provided that the Filer prepares those financial statements in accordance with the U.S. GAAP; and
- (c) the Exemption Sought will terminate in respect of a Filer on the earliest of the following:
 - (i) January 1, 2024;
 - (ii) if that Filer ceases to have activities subject to rate regulation, the first day of the Filer's financial year that commences after the Filer ceases to have activities subject to rate regulation; and
 - (iii) the effective date prescribed by the IASB for the mandatory application of a standard within IFRS specific to entities with activities subject to rate regulation.



Abel Lazarus

Director, Corporate Finance

Nova Scotia Securities Commission