

Nova Scotia Securities Commission

Rule 31-103(Amendment)

**Amendments to National Instrument 31-103
*Registration Requirements and Exemptions***

- and-

**Amendments to Companion Policy 31-103CP
*Registration Requirements and Exemptions***

- and-

**Consequential Amendments to National Instrument 33-109
*Registration Information***

WHEREAS:

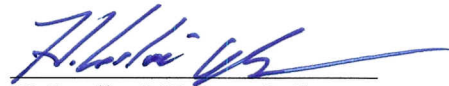
1. Pursuant to section 150 of the *Securities Act*, R.S.N.S. 1989, chapter 418, as amended (the Act), the Nova Scotia Securities Commission (the Commission) has power to make rules subject to compliance with the requirements of the Act;
2. Pursuant to section 19 of the Act, the Commission has power to issue and publish policy statements;
3. Amendments to National Instrument 31-103 *Registration Requirements and Exemptions* and Amendments to National Instrument 33-109 *Registration Information* (the Rules) and Amendments to Companion Policy 31-103CP *Registration Requirements and Exemptions* (the Companion Policy), copies of which are attached hereto, have been made a rule by one or more of the Canadian securities regulatory authorities; and
4. The Commission is of the opinion that the attainment of the purpose of the Act is advanced by this Instrument.

NOW THEREFORE the Commission hereby:

- (a) pursuant to the authority contained in section 150 of the Act and subject to compliance with the requirements of section 150A of the Act, approves the Rules and makes the same rules of the Commission;

- (b) pursuant to the authority contained in section 19 of the Act and subject to publication in the Royal Gazette or the Commission's website, issues the Companion Policy as a policy of the Commission; and
- (c) declares that the Rules approved and made pursuant to clause (a) and the Companion Policy issued pursuant to clause (b) shall take effect on **January 1, 2011**, unless the Minister disapproves the Rules or returns them to the Commission in accordance with subsection 150A(3) of the Act in which event the Rules and the Companion Policy shall not become effective until the Rules are approved by the Minister.

IN WITNESS WHEREOF this Instrument has been signed by the Chair of the Commission, being the member of the Commission prescribed by the Chair pursuant to subsection 15(3) of the Act to attend the hearing of this matter and the quorum with respect to this matter, on the 13th day of October, 2010.


H. Leslie O'Brien, Q.C.

Attachments

**Amendments to
National Instrument 31-103 Registration Requirements and Exemptions**

1. ***National Instrument 31-103 Registration Requirements and Exemptions is amended by this Instrument.***

2. ***Section 1.1 is amended by adding the following definition before the definition of “investment dealer”:***

“interim period” means a period commencing on the first day of the financial year and ending 9, 6 or 3 months before the end of the financial year;

3. ***Section 12.10 is amended by***

(a) repealing subsection (1) and substituting the following:

- (1) Annual financial statements delivered to the regulator under this Division for financial years beginning on or after January 1, 2011 must include the following:
 - (a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, each prepared for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;
 - (b) a statement of financial position, signed by at least one director of the registered firm, as at the end of the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any;
 - (c) notes to the financial statements., ***and***

(b) repealing subsection (3).

4. ***Section 12.11 is amended by repealing subsection (1) and substituting the following:***

- (1) Interim financial information delivered to the regulator under this Division for interim periods relating to financial years beginning on or after January 1, 2011 may be limited to the following:

- (a) a statement of comprehensive income for the 3-month period ending on the last day of the interim period and for the same period of the immediately preceding financial year, if any;
- (b) a statement of financial position, signed by at least one director of the registered firm, as at the end of the interim period and as at the end of the same interim period of the immediately preceding financial year, if any..

- 5. ***Section 12.12 is amended by striking out “quarter” wherever it occurs and substituting “interim period”.***
- 6. ***Section 12.14 is amended by striking out “quarter” wherever it occurs and substituting “interim period”.***
- 7. ***Part 12 is amended by adding the following after Section 12.14:***

12.15 Exemptions for financial years beginning in 2011

- (1) Despite subsections 12.10(1), 12.11(1), 12.12(1) and (2), 12.13 and 12.14(1) and (2), the annual financial statements, the interim financial information, and the completed Form 31-103F1 *Calculation of Excess Working Capital*, for a financial year beginning in 2011 or for interim periods relating to a financial year beginning in 2011 may exclude comparative information for the preceding financial period.
- (2) Despite subsection 12.12(2), the first interim financial information, and the first completed Form 31-103F1 *Calculation of Excess Working Capital*, required to be delivered in respect of an interim period beginning on or after January 1, 2011 must be delivered no later than the 45th day after the end of the interim period.
- (3) Despite subsection 12.14(2), the first interim financial information, the first completed Form 31-103F1 *Calculation of Excess Working Capital*, and the description of any net asset value adjustment, required to be delivered in respect of an interim period beginning on or after January 1, 2011 must be delivered no later than the 45th day after the end of the interim period..

- 8. ***Form 31-103F1 Calculation of Excess Working Capital is amended***

(a) in the first line following “Notes”, by striking out “unconsolidated basis” and substituting “non-consolidated basis; registrants must account for investments in subsidiaries, jointly controlled entities and associates as specified

for separate financial statements in International Accounting Standard 27
Consolidated and Separate Financial Statements.”, **and**

(b) in Line 11, by striking out “balance sheet” and substituting “statement of financial position”.

- 9. This Instrument only applies to annual financial statements and interim financial information in respect of periods relating to financial years beginning on or after January 1, 2011.**
- 10. This Instrument comes into force on January 1, 2011.**

Amendments to National Instrument 33-109 *Registration Information*

1. ***National Instrument 33-109 Registration Information is amended by this Instrument.***
2. ***Section 5.13 of Form 33-109F6 Firm Registration is amended by striking out “balance sheet” and substituting “statement of financial position”.***
3. ***This Instrument only applies to filings of Form 33-109F6 Firm Registration that include annual financial statements or interim financial information for periods relating to financial years beginning on or after January 1, 2011.***
4. ***This Instrument comes into force on January 1, 2011.***

Amendments to Companion Policy 31-103CP
Registration Requirements and Exemptions

1. ***Companion Policy 31-103CP Registration Requirements and Exemptions is amended by this Instrument.***
2. ***The following is added after section 12.6:***

12.10 Annual financial statements and interim financial information

Accounting Principles

Registrants are required to deliver annual financial statements and interim financial information that comply with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107). Depending on the financial year, a registrant will look to different parts of NI 52-107 to determine which accounting principles and auditing standards apply:

- Part 3 of NI 52-107 applies for financial years beginning on or after January 1, 2011
- Part 4 of NI 52-107 applies to financial years beginning before January 1, 2011.

Part 3 of NI 52-107 refers to Canadian GAAP applicable to publicly accountable enterprises, which is IFRS as incorporated into the Handbook. Under Part 3 of NI 52-107, annual financial statements and interim financial information delivered by a registrant must be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises except that any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in International Accounting Standard 27 *Consolidated and Separate Financial Statements*. Separate financial statements are sometimes referred to as non-consolidated financial statements. Section 3.2(3) of NI 52-107 requires annual financial statements to include a statement and description about this required financial reporting framework. Section 2.7 of Companion Policy 52-107CP *Acceptable Accounting Principles and Auditing Standards* (CP 52-107) provides guidance on section 3.2(3). We remind registrants to refer to these provisions in NI 52-107 and CP 52-107 in preparing their annual financial statements and interim financial information.

Part 4 of NI 52-107 refers to Canadian GAAP for public enterprises, which is Canadian GAAP as it existed before the mandatory effective date for the adoption of IFRS, included in the Handbook as Part V. Under Part 4 of NI 52-107, annual financial statements and interim financial information delivered by a registrant must be prepared in accordance with Canadian GAAP for public enterprises

except that the financial statements and interim financial information must be prepared on a non-consolidated basis.

Changeover to International Financial Reporting Standards

When preparing annual financial statements, interim financial information or Form 31-103F1 for a financial year beginning in 2011 or for interim periods relating to a financial year beginning in 2011, registrants may rely on the exemption in subsection 12.15(1) and exclude comparative information for the preceding financial year. Section 3.2(4) of NI 52-107 provides a corresponding exemption for the accounting principles used by registrants. If a registrant relies on these exemptions, its date of transition to IFRS will be the first day of its financial year beginning in 2011. Section 2.7 of CP 52-107 provides further guidance on this topic. We remind registrants to refer to the provisions in NI 52-107 and CP 52-107 in preparing their financial statements and interim financial information for a financial period beginning in 2011..

3. *Section 13.4 is amended by replacing “special purpose vehicle” with “special purpose entity”.*
4. *These amendments only apply to annual financial statements and interim financial information in respect of periods relating to financial years beginning on or after January 1, 2011.*
5. *These amendments become effective on January 1, 2011.*