

May 8, 2007

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The Committee of European Securities Regulators
11 – 13 avenue de Friedland
75008 Paris
FRANCE

Dear Sirs:

Re: CESR/07-212 — Consultation Paper on CESR’s technical advice on a mechanism for determining the equivalence of the generally accepted accounting principles of third countries

This letter constitutes the response of the staff of the Canadian Accounting Standards Board (AcSB) to the Consultation Paper. We have limited our response to the issue raised by Question 1 in the Consultation Paper, as the remaining questions deal with matters of public policy that fall beyond the AcSB’s mandate and, accordingly, we have no basis for commenting on them.

We do not believe that the suggested method for handling applications for equivalence determinations, as described in paragraphs 11-12 of the Consultation Paper, is appropriate. The AcSB does not intend to take on the responsibilities proposed in the Consultation Paper, for the following reasons:

1. It is not the role of an accounting standard setter to make applications of the kind proposed in paragraph 11 of the Consultation Paper. We also find surprising the suggestion in the last sentence of paragraph 12 that a country would seek equivalence. The assumption seems to be that the issue of using “third country” GAAP in EU capital markets would be settled directly between the EU and other countries. Since the equivalence issue is of interest primarily to individual enterprises seeking entry into EU capital markets, we would have assumed that such enterprises would make the necessary

application for relief from the EU's general requirement for IFRS reporting. Such an approach is the one we are accustomed to in North American capital markets, in which regulators provide relief in response to an application from an individual enterprise when there is no general policy covering the circumstances. Standard setters play no role in the process.

2. We also do not believe that it is appropriate for a standard setter to make an assessment of the equivalence of its own national GAAP with IFRS for the purposes of a regulator, as described in paragraph 12 of the Consultation Paper. While we have some knowledge of Canadian standards and IFRS, we have no experience with their application in practice except indirectly in respect of issues arising in our standard-setting projects. Furthermore, Canadian GAAP is more than just a set of published standards; it includes a body of accepted practices on a variety of issues about which we would have no knowledge without undertaking significant research. Accordingly, we do not have a proper basis for making judgments about whether Canadian GAAP and IFRS are "materially the same" or what the significant differences might be on individual topics.

Although we disagree with the proposal in the Consultation Paper, we stand ready to respond as best we can to questions CESR may wish to raise with us about Canadian GAAP, as we have done in the past.

If you should have any questions about our response to the Consultation Paper, or wish further information, please do not hesitate to contact me.

Yours very truly,



Peter J. Martin, CA
Director
Accounting Standards