



April 26, 2004

Mr. John Carchrae
Chief Accountant
Ontario Securities Commission
20 Queen Street West
Suite 1900
Toronto, ON M5H 3S8

Dear John:

The Committee on Corporate Reporting (CCR) of Financial Executives International (Canada) is writing to present its views on the OSC's position with respect to the use of US GAAP by Canadian companies when a particular Canadian standard is harmonized with US GAAP. The following remarks are made on behalf of the Committee and do not necessarily represent the views of FEI Canada or its members.

CCR discussed this matter with you at our meeting in Toronto on April 2, 2004. At that time, you indicated that the view of the OSC is that, if a Canadian standard is harmonized with US GAAP, that a Canadian preparer should consider all related US literature in applying that standard in its Canadian GAAP financial statements. The Committee agrees with this position in the case of large, inter-listed companies, since they are knowledgeable about US GAAP. However, we believe this view places a very onerous burden on the "Canadian-only" group of public companies and their auditors, which have historically not had a requirement to know or research issues in US GAAP. These companies represent the vast majority of public companies in Canada. The Committee does not share your view that US GAAP information is readily available to such companies. Many of them have relatively small accounting departments with limited financial reporting resources. Further, we think that many of these companies are audited by smaller audit firms that do not have US affiliations or US GAAP experience.

CCR believes that the OSC should reconsider its position on this particular issue given the nature of the Canadian marketplace that is dominated, in number, by companies that are not inter-listed. CCR also believes that the OSC, once it has reviewed this matter, should issue its position formally so that issuers are aware of the rules they are expected to follow. If the OSC retains its current view, it should publish a listing of the Handbook sections that the OSC believes are harmonized, along with the related U.S. GAAP literature that should be considered by Canadian preparers. This list should be updated as required.

CCR would be pleased to discuss this matter further with you. I also would like to take this opportunity to thank you for taking the time to attend our meeting. It was a lively discussion and the members thoroughly enjoyed it.

Yours truly,

A handwritten signature in cursive script that reads "Karyn A. Brooks".

Karyn A. Brooks, CA
Chair