

## 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 Filer requests relief from the requirements under section 3.2 of NI 52-107 that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises to permit the Filer to prepare financial statements in accordance with U.S. GAAP.

## Applicable Legislative Provisions

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

**Citation: Re Nova Gas Transmission Ltd., 2018 ABASC 166**

**Date: 20181025**

In the Matter of  
the Securities Legislation of  
Alberta and Ontario (the **Jurisdictions**)

and

In the Matter of  
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of  
Nova Gas Transmission Ltd. (the **Filer**)

Decision

## Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application from the Filer for a decision under the securities legislation (the **Legislation**) of the Jurisdictions exempting the Filer (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 *Interim Financial Reporting* in the case of an interim financial report.

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

- (a) the Alberta Securities Commission is the principal regulator for this application;

- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, the Northwest Territories and Nunavut (the **Passport Jurisdictions**); and
- (c) this 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 Handbook.

### **Representations**

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

1. The Filer was incorporated under the *NOVA Corporation Act of Alberta* on April 8, 1954 and was continued under the *Business Corporations Act* (Alberta) on September 1, 1987. The head office of the Filer is in Calgary, Alberta.
2. The Filer is an indirect wholly-owned subsidiary of TransCanada Corporation (**TransCanada**) by virtue of TransCanada's 100% ownership interest in TransCanada PipeLines Limited (**TCPL**). TCPL owns a direct 100% interest in the Filer.
3. The Filer is a reporting issuer in the Jurisdictions and each of the Passport Jurisdictions and is not in default of securities legislation in any jurisdiction in Canada.
4. The Filer has activities subject to rate regulation.
5. The Filer is not an SEC issuer.
6. TransCanada and TCPL file financial statements prepared in accordance with U.S. GAAP, as permitted by section 3.7 of NI 52-107. The financial statements of the Filer are consolidated into the financial statements of TransCanada and TCPL.
7. Were the Filer an SEC issuer, it would be permitted by section 3.7 of NI 52-107 to file financial statements prepared in accordance with U.S. GAAP.
8. By an order cited as *Nova Gas Transmission Ltd., Re*, 2014 ABASC 62, the Filer was granted relief substantially similar to the Exemption Sought by the Decision Maker on February 19, 2014 (the **Existing Relief**).

9. The Existing Relief will expire not 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 meets the test set out in the Legislation for the Decision Maker to make the decision.

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

- (a) the Existing Relief is revoked;
- (b) the Exemption Sought is granted to the 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 U.S. GAAP; and
- (c) the Exemption Sought will terminate on the earliest of the following:
  - (i) January 1, 2024;
  - (ii) if the 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.

**For the Commission:**

*“original signed by”*  
\_\_\_\_\_  
Tom Cotter  
Vice-Chair

*“original signed by”*  
\_\_\_\_\_  
Kari Horn  
Vice-Chair