Management's Responsibility and Certification

Management is responsible for the integrity, consistency and reliability of the financial statements and other information presented in the annual report. The financial statements have been prepared by Management in accordance with International Financial Reporting Standards.

We certify that we have reviewed the financial statements and other information contained in the annual report, and, based on our knowledge, they do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the statements and the annual report.

Based on our knowledge, the financial statements together with other financial information included in the annual report fairly present in all material respects the financial condition, results of operations and cash flows of the Ontario Securities Commission (the "OSC") as of the dates and for the periods presented. The preparation of financial statements involves transactions affecting the current period which cannot be finalized with certainty until future periods. Estimates and assumptions are based on historical experience and current conditions, and are believed to be reasonable.

We are responsible for establishing and maintaining internal control over financial reporting for the OSC. We have designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

We evaluated, or caused to be evaluated under our supervision, the effectiveness of the OSC's internal control over financial reporting at the financial year end and the OSC has disclosed in its annual MD&A our conclusion about the effectiveness of internal control over financial reporting at the financial year end based on that evaluation.

We have also disclosed in the MD&A any change in our internal control over financial reporting that occurred during the year that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

The Board of Directors ensures that management fulfills its responsibility for financial reporting and internal control. The financial statements have been reviewed by the Audit and Finance Committee and approved by the Board of Directors. The Auditor General's Report, which follows, outlines the scope of the Auditor's examination and opinion on the financial statements.

Howard I. Wetston, Q.C.
Chair and Chief Executive Officer

Frank Panzetta, CGA
Controller

May 22, 2012

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Independent Auditor's Report

To the Ontario Securities Commission

I have audited the accompanying financial statements of the Ontario Securities Commission, which comprises the statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010, and the statements of comprehensive income, the statements of changes in surplus and the statements of cash flows for the years ended March 31, 2012 and March 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ontario Securities Commission as at March 31, 2012, March 31, 2011 and April 1, 2010, and its financial performance and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with International Financial Reporting Standards.

Toronto, Ontario
May 22, 2012

Jim McCarter, FCA
Auditor General
Licensed Public Accountant

STATEMENT OF FINANCIAL POSITION

In Canadian dollars

	Notes	March 31, 2012	March 31, 2011	April 01, 2010
ASSETS				
CURRENT				
Cash		**$ 23,061,703**	$ 26,503,743	$ 35,592,848
Trade and other receivables	5	**2,699,510**	2,151,928	1,046,029
Prepayments		**1,025,843**	765,481	505,472
TOTAL CURRENT		**$ 26,787,056**	$ 29,421,152	$ 37,144,349
NON-CURRENT				
Funds held pursuant to designated settlements and orders	6	**$ 47,194,738**	$ 43,603,984	$ 43,495,838
Funds held for CSA systems redevelopment	7	**80,521,903**	64,880,151	49,135,268
Reserve fund assets	8	**20,000,000**	20,000,000	20,000,000
Property, plant & equipment	9	**3,943,729**	3,910,758	5,318,889
TOTAL NON-CURRENT		**$ 151,660,370**	$ 132,394,893	$ 117,949,995
TOTAL ASSETS		**$ 178,447,426**	$ 161,816,045	$ 155,094,344
LIABILITIES				
CURRENT				
Trade and other payables	10	**$ 15,228,177**	$ 13,374,631	$ 11,686,270
Obligation under finance leases	11b	**1,631**	78,778	107,899
TOTAL CURRENT		**$ 15,229,808**	$ 13,453,409	$ 11,794,169
NON-CURRENT				
Obligation under finance leases	11b	**–**	1,631	88,522
Pension liabilities	12	**2,016,341**	2,005,194	1,782,872
Funds held pursuant to designated settlements and orders	6	**47,194,738**	43,603,984	43,495,838
Funds held for CSA systems redevelopment	7, 18	**80,521,903**	64,880,151	49,135,268
TOTAL NON-CURRENT		**$ 129,732,982**	$ 110,490,960	$ 94,502,500
TOTAL LIABILITIES		**$ 144,962,790**	$ 123,944,369	$ 106,296,669
SURPLUS				
OPERATING				
General	14	**$ 13,484,636**	$ 17,871,676	$ 28,797,675
Reserve	8, 13	**20,000,000**	20,000,000	20,000,000
		$ 33,484,636	$ 37,871,676	$ 48,797,675
TOTAL LIABILITIES AND SURPLUS		**$ 178,447,426**	$ 161,816,045	$ 155,094,344

The related notes are an integral part of these financial statements.

ON BEHALF OF THE BOARD OF THE COMMISSION

Howard I. Wetston, Q.C.
Chair

Margot C. Howard
Chair, Audit and Finance Committee

STATEMENT OF COMPREHENSIVE INCOME

In Canadian dollars

	Notes		**Year ended March 31, 2012**		Year ended March 31, 2011
REVENUES					
Fees	14	**$**	**85,182,382**	$	72,566,666
Interest income			**343,740**		298,018
Miscellaneous			**111,768**		90,128
		$	**85,637,890**	$	72,954,812
EXPENSES					
Salaries and benefits	15	**$**	**69,414,747**	$	66,044,367
Administrative	16		**6,818,005**		6,195,206
Occupancy			**6,544,194**		6,525,669
Professional Services			**5,919,595**		2,648,338
Depreciation	9		**1,843,700**		2,729,026
Other			**623,189**		441,086
		$	**91,163,430**	$	84,583,692
Recoveries of enforcement costs	17		**(1,138,500)**		(702,881)
		$	**90,024,930**	$	83,880,811
DEFICIENCY		**$**	**(4,387,040)**	$	(10,925,999)

The related notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN SURPLUS

In Canadian dollars

	Notes		**March 31, 2012**		March 31, 2011
OPERATING SURPLUS, BEGINNING OF YEAR		**$**	**37,871,676**	$	48,797,675
DEFICIENCY			**(4,387,040)**		(10,925,999)
OPERATING SURPLUS, END OF YEAR		**$**	**33,484,636**	$	37,871,676
Represented by:					
General	14	**$**	**13,484,636**	$	17,871,676
Reserve	8, 13		**20,000,000**		20,000,000
		$	**33,484,636**	$	37,871,676

The related notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

In Canadian dollars

	Notes		**Year ended March 31, 2012**		Year ended March 31, 2011
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Deficiency of revenues over expenses		**$**	**(4,387,040)**	$	(10,925,999)
Adjusted for					
Interest received			**327,008**		257,904
Interest income			**(343,740)**		(298,018)
Pension liabilities			**11,147**		222,322
Loss on disposal of property, plant and equipment			**132**		–
Depreciation			**1,843,700**		2,729,026
		$	**(2,548,793)**	$	(8,014,765)
Changes in non-cash working capital:					
Trade and other receivables		**$**	**(530,850)**	$	(1,065,785)
Prepayments			**(260,362)**		(260,009)
Trade and other payables			**1,853,546**		1,688,361
		$	**1,062,334**	$	362,567
Net cash flows used in operating activities		**$**	**(1,486,459)**	$	(7,652,198)
Cash flows used in investing activities					
Purchase of property, plant and equipment	9	**$**	**(1,876,803)**	$	(1,320,895)
Net cash flows used in investing activities		**$**	**(1,876,803)**	$	(1,320,895)
Cash flows used in financing activities					
Repayment of obligation under finance leases		**$**	**(78,778)**	$	(116,012)
Net cash flows used in financing activities		**$**	**(78,778)**	$	(116,012)
NET DECREASE IN CASH		**$**	**(3,442,040)**	$	(9,089,105)
CASH POSITION, BEGINNING OF YEAR			**26,503,743**		35,592,848
CASH POSITION, END OF YEAR		**$**	**23,061,703**	$	26,503,743

The related notes are an integral part of these financial statements.

1. Reporting Entity

The Ontario Securities Commission (the "OSC") is a corporation domiciled in Canada. The address of the OSC's registered office is 20 Queen Street West, Toronto ON M5H 3S8. The OSC is a corporation without share capital and is the regulatory body responsible for regulating the province's capital markets. As a Crown corporation, the OSC is exempt from income taxes.

2. Basis of Presentation

a. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the OSC's first financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* (IFRS 1) has been applied. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the OSC is provided in Note 21. These financial statements for the year ended March 31, 2012 (including comparatives) were authorized for issue by the Board of Directors on May 22, 2012.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value and pension liabilities that are measured net of actuarial gain and losses, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

c. Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the OSC's functional currency, which have been rounded to the nearest dollar.

d. Use of judgments and estimates

The preparation of financial statements in accordance with IFRS requires that management make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues and expenditures for the period. Actual amounts can differ from these estimates to the extent future outcomes differ significantly from management's forecast expectations.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments

The following are the judgments in applying accounting policies apart from those involving estimates that have the most significant effect on the amounts recognized in the financial statements.

Consolidation of Investor Education Fund (IEF or the "Fund")

The IEF is a non-profit organization funded by settlements and fines from enforcement proceedings of the OSC. There are a number of areas where significant judgment is exercised to establish whether the Fund needs to be consolidated with the OSC. Key areas of judgment include: legal relationship, contractual terms, board and management representation, power to govern, benefits, and materiality. The exercise of judgment in these areas determines whether the fund is consolidated with the OSC. Details related to the IEF are set out in Note 20.

Estimates

The following are the key assumptions and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year.

Designated settlements and orders and recovery of enforcement costs

Designated settlements and orders and recovery of enforcement costs are recognized when it is virtually certain that the amount related to the sanction imposed on respondents is collectible. Significant judgment is exercised to determine the recognition of designated settlements and orders and recovery of enforcement costs. Key areas of judgment include: the ability of the respondent to pay the sanction amount, the residency of the respondent and whether the respondent owns any assets. A change in any of the above areas can have a material impact on the OSC's financial statements. Assets and liabilities related to designated settlements and orders will increase and expenses will decrease related to the recoveries of enforcement costs. Details of designated settlements and orders and recovery of enforcement costs are set out in Note 6 and 17 respectively.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at April 01, 2010 for the purposes of the transition to IFRS. The OSC has applied certain accounting policies and exemptions upon transition to IFRS. The exemptions applied by the OSC and the effects of the transition to IFRS are presented in Note 21.

a. Financial Instruments

Financial assets and financial liabilities are recognized when the OSC becomes a party to the contractual provisions of the instrument.

Financial instruments are classified into one of the following categories: financial assets at fair value through profit or loss, loans and receivables, and other liabilities.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

The OSC has adopted the following classifications for financial assets and financial liabilities:

Loans and receivables
Trade and other receivables and receivables from designated settlements and orders are classified as loans and receivables and are measured at amortized cost, less any impairment loss. Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of a market participant, or default or significant delay in payment) that the OSC will be unable to collect all of the amounts due under the terms of the amount receivable.

Financial assets at fair value through profit or loss
Cash, Funds held pursuant to designated settlements and orders, Funds held for the Canadian Securities Administrators (CSA) systems redevelopment and Reserve fund assets are classified as held-for-trading and recorded at fair value.

Other liabilities
Trade and other payables are classified as other liabilities and measured at amortized cost.

b. Property, Plant and Equipment

Items of property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation is recognized in profit and loss and calculated on a straight-line basis over the estimated useful lives of the assets less its residual value, as follows:

Office furniture and equipment	5 to 10 years
Computer hardware and related applications	3 years
Leasehold improvements	over term of the lease

The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimates accounted for on a prospective basis.

Computer hardware and related applications held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, when shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

Items of property, plant and equipment are reviewed for impairment at each reporting date to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

c. Revenue Recognition

Fees are recognized when services are rendered, which is normally upon receipt.

Participation fees

Participation fees are recognized when received because these fees cannot be measured reliably as market capitalization of issuers or the specified Ontario revenue of registrants, on which their participation fees are based, is not determinable prior to receipt. These fees represent the payment for the right to participate in the Ontario capital markets and are deemed to be earned upon receipt.

Activity fees

Activity fees represent the direct cost of OSC staff resources expended in undertaking certain activities requested of staff by market participants. Because the activities undertaken are normally completed in a relatively short period of time, activity fees are recognized when received.

Late filing fees

Late filing fees in respect of insider trading reports are recognized on the 15th and at the end of each month and include fees related to all insider trading reports filed late in the preceding 15-day period.

Recoveries of enforcement costs

Recoveries of enforcement costs are recorded as offsets to total expenses on the date a settlement is approved or an order issued by the OSC, unless management determines there is significant doubt as to ultimate collection, in which case recovery is recognized when cash is received.

d. Funds Held Pursuant to Designated Settlements and Orders

Funds held pursuant to designated settlements and orders are recorded when settlements are approved or orders made by the Commission, unless management determines there is significant doubt as to ultimate collection, in which case they are recognized when cash is received.

e. Employee Benefits

Ontario's Public Service Pension Plan

The OSC provides pension benefits to its full-time employees through participation in Ontario's Public Service Pension Plan, which is a multi-employer defined benefit pension plan. This plan is accounted for as a defined contribution plan, as sufficient information is not available to apply defined benefit plan accounting to this pension plan. The Province of Ontario is the sole sponsor of the Public Service Pension Plan. As the sponsor is responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the OSC. Payments made to the above plan are recognized as an expense when employees have rendered service entitling them to the contributions.

Supplemental Pension Plan

The OSC also maintains unfunded supplemental pension plans for certain full-time Commission members as described in Note 12b. The liability recognised in the statement of financial position for the supplemental pension plans is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognised actuarial gains or losses and past service costs. The actuarial liability and the current service cost are determined by independent actuaries using the projected benefit method prorated on services and management's best estimate assumptions.

The OSC recognizes all actuarial gains and loses arising from the supplemental pension plans in profit and loss using the corridor method.

Other post-employment obligations

The costs of non-pension benefits for eligible pensioners are paid by the Government of Ontario and are not included in the Statement of Comprehensive Income as described in Note 19(c).

Termination benefits

Termination benefits are generally payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The OSC recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without a realistic possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Short-term benefits

Short term employee benefits, such as salaries, pension contributions, paid annual leaves and bonuses, are measured on an undiscounted basis and are expensed as the related service is provided.

f. Leases

Leases of property, plant and equipment are classified as finance leases when the OSC obtains substantially all the risks and rewards of ownership of the underlying assets. At the inception of the lease, the OSC records an asset together with a corresponding long-term liability at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Any initial direct costs are added to the amount recognized as an asset. Thereafter, the asset is amortized over the shorter of its useful life and the lease term. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

All other leases are classified as operating leases. Lease payments are expensed on a straight-line basis over the term of the lease.

In the event that lease incentives are received to enter into operating leases, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

g. Provisions

Legal

A provision is recognized when a present legal or constructive obligation results from past events, it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

4. Financial Instruments Risks

The OSC is exposed to various risks in relation to financial instruments. The OSC's objective is to maintain a minimal risk. The OSC's financial assets and liabilities by category are summarised in Note 3. The main types of risks related to the OSC's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. This note presents information about the OSC's exposure to these risks and the OSC's objectives, policies and processes for measuring and managing these risks.

Currency Risk

The OSC's exposure to currency risk is minimal as only a small number of transactions are in currencies other than Canadian dollars.

Interest Rate Risk

The OSC's financial assets and liabilities are not exposed to significant interest rate risk due to their short-term nature. The OSC's Cash, Funds held pursuant to designated settlements and orders, Funds held for CSA systems redevelopment and Reserve fund assets are held by a Schedule 1 bank. The bank balances earn interest at a rate of 1.75% (2011 – 1.75%) below the prime rate, the average for the year was 1.25% (2011 – 1.01%). The Reserve fund earned interest at an average rate of 1.34% (2011- 0.80%).

A 25 basis points change in the interest rate would impact the OSC's operating surplus as follows:

	Impact on operating surplus	
	25 basis point increase in rates	25 basis point decrease in rates
Reserve fund assets	$ 34,445	$ (34,445)
Cash balance	40,685	(40,685)
	$ 75,130	$ (75,130)

Credit Risk

The OSC is exposed to minimal credit risk related to Cash, Funds held pursuant to designated settlements and orders, Funds held for CSA systems redevelopment, Reserve fund assets and trade and other receivables.

The Schedule 1 bank holds approximately 99% of the OSC's financial assets; however, given the nature of this counterparty, it is management's opinion that exposure to concentration of credit risk is minimal.

The OSC's trade and other receivables balance consists of a large number of debtors with individually immaterial outstanding balances, and amounts receivable from the Government of Canada for the recovery of the Harmonized Sales Tax (HST) paid during the year and from the Canadian Securities Transition Office (CSTO) for staff seconded to that office. Therefore, the OSC's exposure to concentration of credit risk is minimal. The OSC maintains an allowance for doubtful accounts. Therefore, the carrying amount of trade and other receivables generally represents the maximum credit exposure. Based on historical information about debtors default rates management considers the credit quality of trade receivables that are not past due or impaired to be good. Collection efforts continue for trade and other receivables balances, including those that are captured in the allowance for doubtful accounts.

The aging of trade and other receivables is as follows:

		March 31, 2012		March 31, 2011
Current	$	1,702,917	$	1,260,248
Past due 31 to 60 days		707,645		726,266
Past due 61 to 90 days		38,913		76,178
Past due greater than 90 days		1,208,869		954,746
	$	3,658,344	$	3,017,438

Reconciliation of allowance for doubtful accounts:

	Note		March 31, 2012		March 31, 2011
Opening balance		$	865,510	$	796,080
Current year provision			117,629		86,265
Written-off during the year			(24,305)		(16,835)
Closing balance	5	$	958,834	$	865,510

Liquidity Risk

The OSC's exposure to liquidity risk is minimal as the OSC has a sufficient cash balance and reserve funds to settle all current liabilities. As at March 31, 2012, the OSC had a cash balance of $23,061,703 to settle current liabilities of $15,229,808.

The OSC has put in place a $7,500,000 credit facility to address any short-term cash deficiencies. As at March 31, 2012, there is no amount outstanding on the credit facility.

The overall exposure to the above noted risk remains unchanged from 2011.

5. Trade and Other Receivables

	Note		March 31, 2012		March 31, 2011
Trade receivables		$	1,498,637	$	1,351,241
Allowance for doubtful accounts	4		(958,834)		(865,510)
		$	539,803	$	485,731
Other receivables			1,177,589		972,398
Interest receivable			42,723		95,599
Due from IEF	20		235,617		160,928
HST recoverable			703,778		437,272
		$	2,699,510	$	2,151,928

6. Funds Held Pursuant To Designated Settlements And Orders

The OSC has a number of settlement agreements and orders arising from enforcement proceedings where monies from these settlements and orders are to be set aside and allocated to such third parties as the OSC may determine. The accumulated funds are held in a segregated bank account and earn interest at the monthly average bank prime rate less 1.75%. A fair and appropriate use for these funds will be determined in accordance with applicable laws, court orders and in the public interest.

As at March 31, 2012, the accumulated balance is determined as follows:

	Note	March 31, 2012	March 31, 2011
Opening balance		**$ 43,603,984**	$ 43,495,838
Settlements and orders		**7,484,906**	4,527,223
Interest		**530,848**	449,785
Payments:			
IEF	20	**(4,420,000)**	(2,968,862)
Ministry of Finance – Financial Literacy		**–**	(1,900,000)
Others		**(5,000)**	–
Closing balance		**$ 47,194,738**	$ 43,603,984
Represented by:			
Cash		**$ 41,786,979**	$ 42,860,235
Receivable		**5,407,759**	743,749
		$ 47,194,738	$ 43,603,984

The opening balance at March 31, 2011 included a settlement for $1,900,000, the allocation of which was subject to the approval of the responsible Minister as required under the provision of the *Securities Act* in effect at the time the settlement was approved. During 2011, the Minister approved an allocation of $1,900,000 to the Ministry of Finance for financial literacy.

The $7,484,906 (2011 – $4,527,223) identified as settlements and orders reflects the portion of $39,986,471 (2011 – $81,407,662) in settlements and orders that were assessed during the year for which payment was either received or has been deemed collectible. As at March 31, 2012, $5,407,759 (2011 – $743,749) is considered receivable because staff has assessed the likelihood of collecting these amounts as virtually certain.

The ending balance at March 31, 2012 includes $27,625,000 received in fiscal 2010 from respondents for settlement orders related to the Asset Backed Commercial Paper (ABCP) investigation. The Commission has announced that it will distribute these funds to eligible investors who purchased third-party ABCP from the respondents. The Commission has appointed a third party to administer the distribution of these funds, which is scheduled to take place in September 2012, after the allocation has been determined.

7. Funds Held for CSA Systems Redevelopment

The OSC is in receipt of payments from the operator of the System for Electronic Data Analysis and Retrieval (SEDAR), the National Registration Database (NRD), and the System for Electronic Disclosure by Insiders (SEDI) representing the accumulated surplus from the operations of SEDAR, NRD, and SEDI. During the year, the OSC received payments totaling $16,596,429 (2011 – $15,737,452), earned interest of $879,526 (2011 – $563,280) and made payments totaling $1,834,263 (2011- $555,825). The total accumulated funds as at March 31, 2012 are calculated as follows:

	March 31, 2012	March 31, 2011
Total payment received to date	**$ 79,241,047**	$ 62,644,618
Interest earned to date	**3,753,068**	2,873,542
Less: Payments made to date	**(2,472,212)**	(638,009)
Total accumulated funds	**$ 80,521,903**	$ 64,880,151

These funds are held in trust by the OSC in accordance with agreements amongst the OSC, the Alberta Securities Commission, the British Columbia Securities Commission, and L'Autorité des marchés financiers. In the case of NRD, the Investment Industry Regulatory Organization of Canada is also a party to the applicable agreement. These funds shall be used to offset any shortfall in revenues from the systems, to develop or enhance the systems and to reduce fees charged to users of the systems. These funds are held in segregated bank accounts and earn interest at the monthly average bank prime rate less 1.75%.

The CSA plan to redevelop these systems in a multi-year phased approach. Funding for this redevelopment program will come from the accumulated surplus amounts. As at March 31, 2012, accumulated payments totaling $2,472,212 (2011 – $638,009) related to the development or enhancement of the systems were made for the following purposes:

		March 31, 2012
To provide procurement and information technology law advice	$	**782,306**
To provide information technology and business process outsourcing advice		**567,637**
To design an Enterprise Architecture for the CSA National Systems		**555,825**
To provide data architecture services and support		**302,022**
Staff support for the CSA National Systems development		**165,138**
To provide a vision for the Enterprise Architecture		**82,184**
To design web user interface		**17,100**
Total	$	**2,472,212**

8. Reserve Fund Assets

As part of the approval of its self-funded status, the OSC was allowed to establish a $20,000,000 reserve to be used as an operating contingency against revenue shortfalls or unanticipated expenditures.

The prime investment consideration for the reserve is the protection of principal and the appropriate liquidity to meet cash flow needs. Interest earned on investments is credited to the operations of the OSC. The accumulated funds, at March 31, 2012, are held in a segregated bank account and earn interest at the monthly average bank prime rate less 1.75%.

9. Property, Plant and Equipment

	Office furniture	Office equipment	Computer hardware and related applications	Computer hardware and related applications held under finance leases	Leasehold improvements	Total
Gross carrying amount						
Balance as at April 1, 2011	$ 4,123,859	$ 581,182	$ 15,664,187	$ 421,593	$ 9,957,151	$ 30,747,972
Additions	54,359	–	1,751,516	–	70,928	1,876,803
Disposals	(14,466)	–	(517,860)	(25,765)	–	(558,091)
Balance at March 31, 2012	$ 4,163,752	$ 581,182	$ 16,897,843	$ 395,828	$ 10,028,079	$ 32,066,684
Depreciation						
Balance as at April 1, 2011	$ (3,658,696)	$ (423,309)	$ (14,074,112)	$ (250,091)	$ (8,431,006)	$ (26,837,214)
Depreciation for the year	(170,280)	(7,357)	(748,160)	(42)	(917,861)	(1,843,700)
Disposals	14,466	–	517,728	25,765	–	557,959
Balance at March 31, 2012	$ (3,814,510)	$ (430,666)	$ (14,304,544)	$ (224,368)	$ (9,348,867)	$ (28,122,955)
Carrying amount at March 31, 2012	$ 349,242	$ 150,516	$ 2,593,299	$ 171,460	$ 679,212	$ 3,943,729
Gross carrying amount						
Balance as at April 1, 2010	$ 4,084,489	$ 581,182	$ 14,640,137	$ 592,465	$ 9,809,765	$ 29,708,038
Additions	40,136	–	1,133,373	–	147,386	1,320,895
Disposals	(766)	–	(109,323)	(170,872)	–	(280,961)
Balance at March 31, 2011	$ 4,123,859	$ 581,182	$ 15,664,187	$ 421,593	$ 9,957,151	$ 30,747,972
Depreciation						
Balance as at April 1, 2010	$ (3,472,989)	$ (403,264)	$ (12,694,435)	$ (374,463)	$ (7,443,998)	$ (24,389,149)
Depreciation for the year	(186,473)	(20,045)	(1,489,000)	(46,500)	(987,008)	(2,729,026)
Disposals	766	–	109,323	170,872	–	280,961
Balance at March 31, 2011	$ (3,658,696)	$ (423,309)	$ (14,074,112)	$ (250,091)	$ (8,431,006)	$ (26,837,214)
Carrying amount at March 31, 2011	$ 465,163	$ 157,873	$ 1,590,075	$ 171,502	$ 1,526,145	$ 3,910,758

Effective April 01, 2011, the OSC changed its estimates of the useful lives of the computer hardware and related applications. The useful lives of these assets were previously estimated to be two years, and now been changed to three years. The OSC made these changes to better reflect the estimated periods during which such assets will remain in service. The effect of these changes on depreciation expense in the current and future years is as follows:

	2012	2013	2014
(Decrease) increase in depreciation expense	**$ (515,965)**	$ 65,436	$ 395,942

10. Trade and Other Payables

	March 31, 2012	March 31, 2011
Trade payables	**$ 1,971,359**	$ 749,476
Payroll accruals	**12,221,197**	11,402,052
Other accrued expenses	**1,035,621**	1,223,103
	$ 15,228,177	$ 13,374,631

11. Lease Commitments

a) Operating leases

The OSC has entered into operating lease agreements for equipment and office space and is committed to operating lease payments as follows:

	March 31, 2012	March 31, 2011
Less than one year	**$ 6,977,370**	$ 6,085,247
Between one and five years	**25,199,130**	2,541,941
More than five years	**–**	–
	$ 32,176,500	$ 8,627,188

Lease expense recognised during the period amounted to $6,296,593 (2011 – $6,232,178). This amount consists of minimum lease payments. A small portion of the OSC'S office space is sublet to the IEF which is recorded as miscellaneous revenue. Sublease payments of $42,730 are expected to be received during the next year.

The lease on OSC premises was renewed for an additional five years beginning August 30, 2012 and expiring on August 31, 2017. The OSC has two consecutive options to extend the term beyond August 31, 2017, each for a period of five years. The OSC operating lease agreements do not contain any contingent rent clauses.

b) Finance leases

The OSC has entered into finance lease agreements for computer hardware and related applications. The total interest expense recorded on the lease obligation for the year ended March 31, 2012 is $2,110 (2011 – $7,053). The following is a schedule of future minimum lease payments for the finance leases, which expire on or before April 30, 2012:

	Minimum lease payments		Present value of minimum lease payments	
	March 31, 2012	March 31, 2011	**March 31, 2012**	March 31, 2011
Less than one year	**$ 1,631**	$ 80,577	**$ 1,631**	$ 79,011
Between one and five years	**–**	1,638	–	1,590
More than five years	**–**	–	**–**	–
	$ 1,631	$ 82,215	**$ 1,631**	$ 80,601
Less: future finance charges	**–**	1,806	**–**	1,787
Total	**$ 1,631**	$ 80,409	**$ 1,631**	$ 78,814

The total obligation under finance leases of $1,631 consists of a current portion of $1,631 (2011 – $78,778) and a non-current portion of $0 (2011 – $1,631).

12. Pension Plans

a) Ontario Public Service Pension Plan

All eligible OSC employees must, and members may, participate in the Ontario Public Service Pension Plan. The OSC's contribution to the Public Service Pension Plan for the year ended March 31, 2012 was $4,164,416 (2011 – $3,881,224), which is included under salaries and benefits in the Statement of Comprehensive Income.

b) Supplemental pension plans

The OSC also has unfunded supplemental defined benefit pension plans for the OSC's current and former Chairs and Vice-Chairs. These supplemental pension plans have no plan assets.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	March 31, 2012	March 31, 2011
Discount rate(s)	**3.8%**	5.0%
Inflation	**2.5%**	2.5%
Expected rate(s) of salary increase	**0%**	2.1%
CPP YMPE increase	**3.0%**	3.0%
Increase in CRA limit	**$ 2,646.67**	$ 2,552.22

Amount recognized in profit or loss as follows:

	March 31, 2012	March 31, 2011
Service cost with interest	**$ 83,329**	$ 147,064
Interest cost on defined obligation	**101,563**	98,431
Amortization of past service cost	**–**	94,158
Amortization of net actuarial losses/(gains)	**(25,978)**	–
Recovery from the CSTO	**(41,936)**	(32,546)
	$ 116,978	$ 307,107

The expense for the year is included in the salaries and benefits expense in the statement of comprehensive income.

The amount included in the statement of financial position arising from the OSC's obligation in respect to its supplemental benefits plans is as follows:

	March 31, 2012	March 31, 2011
Defined benefit obligation	**$ 2,377,608**	$ 2,021,767
Fair value of the assets	**–**	–
Funded status	**(2,377,608)**	(2,021,767)
Unamortized net actuarial loss	**361,267**	16,573
Recognized pension liabilities	**$ (2,016,341)**	$ (2,005,194)

Movements in the present value of the defined benefit obligations in the current year were as follows:

	March 31, 2012	March 31, 2011
Opening defined benefit obligations	**$ 2,021,767**	$ 1,782,872
Current service cost	**83,329**	147,064
Interest cost	**101,563**	98,431
Benefit payment	**(147,767)**	(117,331)
Plan amendment	**–**	94,158
Actuarial losses	**318,716**	16,573
Closing defined benefit obligation	**$ 2,377,608**	$ 2,021,767

The development of the OSC's supplemental plans may be summarized as follows (amount before the date of transition are not shown as the OSC applies the exemption in IFRS 1):

	March 31, 2012	March 31, 2011
Present value of the defined benefit obligation	**$ 2,377,608**	$ 2,021,767
Fair value of plan assets	**–**	–
Deficit in the plan	**$ (2,377,608)**	$ (2,021,767)
Experience adjustments:		
Plan liabilities	**$ 24,268**	$ 48,585

The OSC expects to incur $145,500 in benefit payments from the supplemental pension plan during next fiscal year.

13. Capital Management

The OSC has established a $20,000,000 reserve fund as described in Note 8(a), which it considers as capital. The primary objective of maintaining this capital is to fund the OSC's operations in the event of revenue shortfalls or unanticipated expenditures. The OSC's overall strategy remains unchanged from 2011.

The OSC maintains an investment policy whereby reserve funds are restricted to direct and guaranteed obligations of the Government of Canada and its provinces and to instruments issued by Canadian Schedule 1 banks to protect the principal.

The OSC has put in place a $7,500,000 credit facility to address any short-term cash deficiencies.

The OSC is not subject to any externally imposed capital requirements.

14. Fees

The OSC's fee structure is designed to generate fees that recover the OSC's cost of providing services to market participants. The fee structure is based on the concept of "participation fees" and "activity fees". Participation fees are based on the cost of a broad range of regulatory services that cannot be practically or easily attributed to individual activities or entities and are intended to serve as a proxy for the market participant's use of the Ontario capital markets. Activity fees represent the direct cost of OSC staff resources expended in undertaking certain activities requested of staff by market participants. Any general operating surpluses generated are normally returned to market participants by way of fees that are lower than otherwise required to recover costs, or direct refunds. The Commission revised its participation fees and activity fees effective April 05, 2010, with participation fees being subsequently adjusted at the beginning of fiscal years 2012 and 2013. The forecasted General Operating Surplus at March 31, 2010 was used to establish the revised participation fees rates.

Details of fees received for the year ended March 31, 2012 are as follows:

	March 31, 2012	March 31, 2011
Participation fees	**$ 71,694,825**	$ 58,403,578
Activity fees	**10,727,761**	11,777,063
Late filing fees	**2,759,796**	2,386,025
	$ 85,182,382	$ 72,566,666

15. Salaries and Benefits

	March 31, 2012	March 31, 2011
Salaries	**$ 58,052,798**	$ 54,895,869
Benefits	**5,938,444**	5,472,362
Pension expense	**4,281,394**	4,188,331
Severance/termination payments	**1,142,111**	1,487,805
	$ 69,414,747	$ 66,044,367

16. Administrative

	March 31, 2012	March 31, 2011
Commission expense	**$ 1,622,531**	$ 1,534,326
Communications & publications	**1,319,783**	1,298,902
Maintenance & support	**1,442,961**	1,296,242
Supplies	**899,023**	869,946
Other expenses	**682,305**	619,795
Training	**851,402**	575,995
	$ 6,818,005	$ 6,195,206

17. Recoveries of Enforcement Costs

	March 31, 2012	March 31, 2011
Total recoveries of enforcement cost	**$ 1,138,500**	$ 702,881
Consist of:		
External resources	**$ 715,500**	$ 405,000
Internal resources	**423,000**	297,881

18. Contingent Liabilities and Contractual Commitments

a) The OSC has committed to paying its share of annual shortfalls resulting from the operations of the following, should they occur and accumulated surpluses are unavailable, as follows:

	March 31, 2012
SEDAR	**45.10%**
NRD	**36.07%**
SEDI	**25.00%**

The systems are operated by an external agency on behalf of the CSA under agreements dated as of August 01, 2004 for SEDAR, October 26, 2001 for SEDI and June 13, 2003 for NRD. The Alberta Securities Commission, the British Columbia Securities Commission, L'Autorité des marchés financiers, and the Investment Industry Regulatory Organization of Canada (in the case of NRD only) have also committed to paying specified percentages of any annual deficit in the systems.

In the current year, there were no deficits. As described in Note 7, the OSC is holding funds in trust that may be used to offset shortfalls in revenue in SEDAR, SEDI, and NRD.

	March 31, 2012	March 31, 2011
Total accumulated funds	**$ 80,521,903**	$ 64,880,151
Available for:		
SEDAR	**$ 28,190,836**	$ 25,825,385
NRD	**37,011,477**	28,118,685
SEDI	**15,319,590**	10,936,081
	$ 80,521,903	$ 64,880,151

b) The OSC is involved in various legal actions arising from the ordinary course and conduct of business. The outcome and ultimate disposition of these actions cannot be measured with sufficient reliability at this time; however, management does not expect the outcome of any of these proceedings, individually or in aggregate, to have a material impact on the OSC's financial position. Settlements, if any, concerning these contingencies will be accounted for in the period in which the settlement occurs.

19. Related Party Transactions

Transactions with the Province of Ontario

In the course of normal operations, the OSC entered into transactions with the Province of Ontario as follows:

a. The *Securities Act* states that when ordered to do so by the responsible Minister, the OSC shall remit to the Province of Ontario such surplus funds as determined by the Minister. In light of the fee model as described in Note 14 and the OSC's practice of setting fees periodically, the OSC is not required to make remittances of its surplus to the Consolidated Revenue Fund. Surpluses retained by the OSC are subject to appropriate terms and conditions to be agreed with the Ministry.

b. The OSC has a tri-party agreement with the Ontario Financing Authority to facilitate banking arrangements with a Schedule 1 bank.

c. Costs of non-pension benefits for eligible pensioners are paid by the Government of Ontario and are not included in the statement of comprehensive income.

Compensation to Key Management Personnel

Key management of the OSC are members of the board of directors, Chair, Vice chairs and Executive Director. Key management personnel remuneration includes the following expenses:

	March 31, 2012	March 31, 2011
Short-term employee benefits	**$ 3,097,318**	$ 2,474,831
Post-employment benefits	**235,722**	258,911
Termination benefits	**–**	473,379
Total compensation	**$ 3,333,040**	$ 3,207,121

20. Investor Education Fund

a) The IEF was incorporated by letters patent of Ontario dated August 03, 2000 as a non-profit corporation without share capital. The Fund is managed by a separate Board of Directors and its purpose is to increase knowledge and awareness among investors and potential investors and to support research and develop programs and partnerships which promote investor and financial education in schools and among adult learners.

The OSC is the sole voting member of the Fund. However, the OSC has determined, based on an evaluation of the terms and conditions of the arrangement, that investors in the capital market, rather than the OSC, obtain the benefit or rewards from the IEF. As such the OSC does not control the Fund, and the Fund has not been consolidated in the OSC's financial statements as discussed in Note 2(d). The Fund is exempt from income taxes.

Financial statements of the Fund are available on request. The information below is not required by IFRS. Financial summaries of this unconsolidated entity as at March 31, 2012 and 2011 and for the two years ended March 31, 2012 are as follows:

	March 31, 2012	March 31, 2011
Financial Position		
Total assets	**$ 2,592,668**	$ 2,408,961
Less: Total liabilities	**836,193**	482,465
Total net assets	**$ 1,756,475**	$ 1,926,496
Less: Invested in premises and equipment	**583,909**	142,905
Available for Fund purposes	**$ 1,172,566**	$ 1,783,591
Results of Operations		
Total contributions and interest income	**$ 4,444,792**	$ 2,988,996
Total expense	**4,614,813**	3,028,780
Deficiency of revenue over expenses	**$ (170,021)**	$ (39,784)
Cash Flows		
Cash flows from operating activities		
Cash receipts from the OSC	**$ 4,420,000**	$ 2,968,862
Cash receipts from third party	**237,671**	178,106
Interest income received	**24,831**	19,133
Cash paid for initiatives and expenses	**(4,725,342)**	(3,339,727)
Cash paid for premises and equipment	**(528,480)**	(23,134)
Net decrease in cash position	**$ (571,320)**	$ (196,760)
Cash position, beginning of period	**2,031,813**	2,228,573
Cash position, end of period	**$ 1,460,493**	$ 2,031,813

b) During the year, the OSC entered into transactions with the Fund as follows:

i) The OSC paid $4,420,000 to the Fund (2011 – $2,968,862). These payments were from Funds held pursuant to designated settlements and orders as described in Note 6.

ii) The OSC has a Management Services agreement with the Fund for the provision of administrative and management services, at cost. For the period ended March 31, 2012, the OSC incurred costs totalling $905,438 (2011 – $764,092) for services related to the Fund. The total cost of these services has been charged to the Fund and, of this amount, $235,617 is owing to the OSC as of March 31, 2012 (2011 – $160,928).

iii) Subsequent to year end, the Commission approved funding totalling $3,900,000 for the IEF for the 2013 fiscal year.

21. Transition to IFRS

As stated in Note 2, these financial statements for the year ending March 31, 2012 are the OSC's first financial statements prepared in accordance with IFRS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2012, the comparative information presented in these financial statements for the year ended March 31, 2011 and in the preparation of an opening IFRS statement of financial position at April 01, 2010 (the OSC's date of transition).

In preparing its opening IFRS statement of financial position, the OSC has adjusted amounts reported previously in financial statements prepared in accordance with pre-changeover Canadian GAAP. The overall impact of the transition from pre-changeover GAAP to IFRS is not material to the OSC's financial position, financial performance and cash flows. Below is the explanation of how the transition from pre-changeover Canadian GAAP to IFRS has affected the OSC.

Reconciliation of Pre-Changeover Canadian GAAP to IFRS

Reconciliation of Operating Surplus

		March 31, 2011	April 1, 2010
OPERATING SURPLUS UNDER PRE-CHANGEOVER CANADIAN GAAP		**$ 37,675,597**	$ 48,767,478
Differences increasing (decreasing) reported Operating Surplus:			
Employee Benefits	a	**(121,748)**	(35,682)
Property, Plant & Equipment	b	**219,583**	(32,365)
Other	c	**98,244**	98,244
OPERATING SURPLUS UNDER IFRS		**$ 37,871,676**	$ 48,797,675

Reconciliation of Deficiency in Statement of Comprehensive Income

		March 31, 2011
DEFICIENCY UNDER PRE-CHANGEOVER CANADIAN GAAP		**$ (11,091,881)**
Differences increasing (decreasing) reported Deficiency:		
Employee Benefits	a	**(86,066)**
Property, Plant & Equipment	b	**251,948**
DEFICIENCY UNDER IFRS		**$ (10,925,999)**

Reconciliation of the Statement of Cash Flows

There were no material changes to the statement of cash flows on adoption of IFRS.

Explanatory Notes

a. *Employee Benefits*

In accordance with IAS 19, *Employee Benefits*, an entity may elect to use a "corridor" approach that requires, as a minimum, only a specified portion of actuarial gains and losses to be recognized in a given year. Retrospective application of this approach requires an entity to split the cumulative actuarial gains and losses from the inception of the plan until the date of transition to IFRS into a recognized portion and an unrecognized portion. However, IFRS 1 permits a first-time adopter to elect to recognize all cumulative actuarial gains and losses at the date of transition to IFRS even if it uses the corridor approach for later actuarial gains and losses. If a first-time adopter uses this election, it will apply it to all plans.

The OSC elected to charge all cumulative actuarial gains and losses from the inception of the supplemental pension plans to the date of transition to IFRS to the opening operating surplus. At the date of transition, the opening operating surplus is decreased by $35,682, offset by a corresponding increase in the pension liability. At March 31, 2011, the operating surplus is decreased by $86,066, offset by a corresponding increase in the pension liability.

IFRS 1 also provides an optional exemption with respect to IAS 19 disclosures. Among the prescribed disclosures of IAS 19, an entity is required to disclose for the current and previous four annual periods related to the present value of the defined benefit obligation, the surplus or deficit in the plan, and experience adjustments arising on the plan liabilities. The IFRS 1 exemption allows a first-time adopter to disclose these amounts prospectively from the date of transition to IFRS. The OSC has elected this exemption and provides disclosure prospectively from the date of transition.

b. *Property, Plant & Equipment*

IAS 16 requires the depreciation of an asset to begin when it is available for use. The OSC previous accounting policy was to commence the depreciation of an asset in the beginning of the fiscal year following the acquisition. To reflect this change in accounting policy, at the date of transition to IFRS, the opening operating surplus is decreased by $32,365, offset by a corresponding decrease in PP&E. At March 31, 2011, the operating surplus is increased by $251,948, offset by a corresponding increase in PP&E.

c. *Other*

The OSC's statement of financial position includes a balance of $98,244 in contributed surplus. This amount represents the value of the assets transferred to the OSC by the Government of Ontario when the OSC became a self-funded organization. IFRS does not specifically address contributed surplus. IAS 8 requires that management use its judgment and ensure that the accounting policy applied is consistent with the IFRS Framework. As a result, the OSC has opted to transfer the amount in contributed surplus to the general operating surplus, creating an increase in opening operating surplus of $98,244 as at April 01, 2010.

22. Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2012, and have not been applied in preparing these financial statements. None of these is expected to have a material impact on the financial statements of the OSC.

IFRS 9, *Financial instruments*

In October 2010, the IASB released IFRS 9, *Financial instruments*, which is the first part of a three-part project to replace IAS 39, *Financial instruments: Recognition and Measurement*. This first part only covers classification and measurement of financial assets and financial liabilities, with impairment of financial assets and hedge accounting being addressed in the other two parts.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. However, requirements for measuring a financial liability at fair value have changed, as the portion of the changes in fair value related to the entity's own credit risk must be presented in OCI rather than in the statement of income. IFRS 9 will be effective for fiscal years beginning on January 01, 2015, with earlier application permitted. The OSC has not yet assessed the impact of the adoption of this standard on its financial statements.

IFRS 10, *Consolidated Financial Statements*

In May 2011, the IASB issued IFRS 10 *Consolidated Financial Statements* to replace IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation – Special Purpose Entities*. The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 10 must be applied starting January 01, 2013 with early adoption permitted. The OSC does not expect IFRS 10 to have a material impact on the financial statements.

IFRS 12, *Disclosure of Interests in Other Entities*

In May 2011, the IASB released IFRS 12, *Disclosure of Interests in Other Entities*. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The standard requires an entity to disclose information regarding the nature and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 will be effective for fiscal years beginning on or after January 01, 2013, with earlier application permitted. The OSC does not expect IFRS 10 to have a material impact on the financial statements.

IFRS 13, *Fair value measurement*

In May 2011, the IASB released IFRS 13, *Fair value measurement*. IFRS 13 will improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The standard will be effective for fiscal years beginning on January 01, 2013, with earlier application permitted. The OSC does not expect IFRS 10 to have a material impact on the financial statements.

IAS 19, *Employee Benefits*

In June 2011, the IASB amended IAS 19, *Employee Benefits* ("IAS 19"). This amendment eliminated the use of the 'corridor' approach and mandates that all remeasurement impacts be recognized in OCI. It also enhances the disclosure requirements, providing better information about the characteristics of defined benefit plans and the risk that entities are exposed to through participation in those plans. This amendment clarifies when a company should recognize a liability and an expense for termination benefits. The amendment to IAS 19 will be effective for fiscal years beginning on January 01, 2013, with earlier application permitted. The OSC does not expect IAS 19 to have a material impact on the financial statements.