PSAB

Public Sector
Accounting Board

2026-2027 Annual Improvements to Public Sector Accounting Standards

Responses to Exposure Draft

October 2026

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Ministère des Finances
Québec
Contrôleur des finances

RÉPONSE DU QUÉBEC À L'EXPOSÉ-SONDAGE DU CCSP INTITULÉ « AMÉLIORATIONS ANNUELLES 2026-2027 DES NORMES COMPTABLES POUR LE SECTEUR PUBLIC »

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Ci-dessous la réponse de la province du Québec à l'exposé-sondage du CCSP intitulé « Améliorations annuelles 2026-2027 des Normes comptables pour le secteur public ».

1. **Appuyez-vous la proposition visant à remplacer, dans certains chapitres du Manuel du secteur public, le terme « gouvernement » par « entité du secteur public », « entité » ou un autre terme approprié? Si vous rejetez la proposition, veuillez expliquer clairement vos préoccupations et suggérer une ou des solutions possibles, avec motifs à l'appui.**

   Les modifications proposées nous conviennent généralement. Nous avons toutefois le commentaire suivant :

   - Dans le paragraphe SP 3450.067C, nous sommes d'avis que le premier « gouvernement » ne doit pas être remplacé par « entité du secteur public », tout comme le second. En effet, la phrase doit viser l'entité du secteur public par rapport à son propre périmètre comptable. En ne modifiant pas la référence au périmètre comptable du gouvernement, cet objectif n'est pas atteint et cela peut porter à confusion. Il serait donc préférable de laisser le terme « gouvernement » et d'en faire l'examen lors du chapitre SP 1300, Périmètre comptable du gouvernement. Nous sommes également d'avis que la note de bas de page 1 devrait être rattachée au titre « Rachats d'instruments d'emprunt ».

2. **Appuyez-vous la proposition visant à remplacer, dans le chapitre SP 2601 et le chapitre SP 3450, les termes « actif(s) financier(s) » et « passif(s) financier(s) » par « actif(s) d'instrument(s) financier(s) » et « passif(s) d'instrument(s) financier(s) », respectivement? Si vous rejetez la proposition, veuillez expliquer clairement vos préoccupations et suggérer une ou des solutions possibles, avec motifs à l'appui.**

   Nous appuyons la proposition.

3. **Appuyez-vous la proposition visant à ajouter des indications avec renvoi au sujet des instruments financiers libellés en devises dans le chapitre SP 2601? Si vous rejetez la proposition, veuillez expliquer clairement vos préoccupations et suggérer une ou des solutions possibles, avec motifs à l'appui.**

   Nous appuyons la proposition.

4. **Appuyez-vous la proposition visant à ajouter des indications avec renvoi au sujet des instruments financiers liés à des fonds d'amortissement dans le chapitre SP 3450? Si vous rejetez la proposition, veuillez expliquer clairement vos préoccupations et suggérer une ou des solutions possibles, avec motifs à l'appui.**

   Nous appuyons la proposition en précisant qu'une indication « le cas échéant » devrait être ajoutée. En effet, les fonds d'amortissement peuvent inclure des actifs ou des passifs d'instruments financiers qui ne sont pas traités par les chapitres cités dans le paragraphe. À titre d'exemple, les instruments **dérivés** ne sont pas traités par l'un de ces chapitres.

5. **Appuyez-vous la proposition visant à préciser la nature non exhaustive des exemples de dérivés incorporés dans le guide d'application du chapitre SP 3450? Si vous rejetez la proposition, veuillez expliquer clairement vos préoccupations et suggérer une ou des solutions possibles, avec motifs à l'appui.**

   Nous appuyons la proposition.

6. **Appuyez-vous la proposition visant à ajouter un arbre de décision à l'Annexe B du chapitre SP 3450 pour clarifier le processus d'identification des dérivés incorporés? Si vous rejetez la proposition, veuillez expliquer clairement vos préoccupations et suggérer une ou des solutions possibles, avec motifs à l'appui.**

   Nous appuyons la proposition.

7. **Appuyez-vous les modifications de forme proposées? Si vous rejetez la proposition, veuillez expliquer clairement vos préoccupations et suggérer une ou des solutions possibles, avec motifs à l'appui.**

   Nous appuyons la proposition.

Office of the Comptroller General
Treasury Board Secretariat

Ontario's response to PSAB's Exposure Draft 2026-2027 Annual Improvements to Public Sector Accounting Standards

Khalida Noor CPA, CA

Assistant Deputy Minister and Provincial Controller

Office of the Provincial Controller Division | Office of the Treasury Board | Treasury Board Secretariat

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The following is the Province of Ontario's response to PSAB's Exposure Draft on 2026-2027 Annual Improvements to Public Sector Accounting Standards

1. **Do you agree with the proposal to change wording from "government" to "public sector entity", "entity" or another appropriate term in certain Sections of the PSA Handbook? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

Ontario agrees with the proposed amendments.

2. **Do you agree with the proposal to update wording from "financial asset(s)" and "financial liability" to "financial instrument asset(s)" and "financial instrument liability" in Section PS 2601? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

Ontario agrees with the proposed amendments.

3. **Do you agree with the proposal to add reference guidance for foreign currency denominated financial instruments in Section PS 2601? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

Ontario agrees with the proposed amendments.

4. **Do you agree with the proposal to add reference guidance for financial instruments relating to sinking funds in Section PS 3450? If you disagree, please clearly explain**

your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

Ontario agrees with the proposed amendments.

5. **Do you agree with the proposal to clarify the non-exhaustive nature of the embedded derivative examples in the application guidance of Section PS 3450? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

While Ontario agrees with the proposed amendments, we continue to encourage PSAB to consider cost versus benefits and general applicability, when introducing new or amended requirements such as for embedded derivatives.

A significant amount of time and effort by the Province was required to ensure compliance with Financial Instruments Section PS 3450.014 in relation to the identification of embedded derivatives. To ensure and demonstrate completeness, all contracts were considered initially by Ministries. Those contracts above a threshold were then identified. Any derivatives in these contracts were then analyzed. Due to the significant number and types of contracts, cataloguing, identifying and reviewing threshold contracts took considerable time and effort. No embedded derivatives were identified. As a result, no change to the accounting and disclosure of financial instruments in Ontario's Public Accounts resulted from this requirement.

We strongly encourage PSAB to consider cost versus benefits of new or amended standards (and even specific requirements) when they are being developed. Requirements that provide no additional benefit to the public are a waste of public funds. Embedded derivatives requirements originated in the private sector. We encourage PSAB to consider whether requirements are appropriate for the public sector whose primary objective is to provide goods and services to the public, not to make a profit. As a minimum, we encourage PSAB to consider whether requirements are relevant for all types of public sector entities, including senior governments. Embedded derivative requirements may be relevant for financial institution type organizations, but not for senior governments that are not speculating.

Public funds are limited and should be used effectively and efficiently for the provision of goods and resources. PSAB needs to consider whether their reporting requirements are an effective use of public funds, especially when they are not resulting in benefits to the public. For embedded derivatives, we consider these requirements were not a wise use of public funds.

6. **Do you agree with the proposal to add a decision tree as Appendix B to Section PS 3450 to help clarify the process for identifying embedded derivatives? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

Ontario has the following comments regarding the decision tree being added as Appendix B:

1. The box "Are the economic characteristics and risks of the embedded derivative closely related to the economic characteristics and risks of the host contract? (See paragraph PS 3450.AG.19(a).)" directs users towards separately accounting for the embedded derivative if you answer "Yes". This is inconsistent with AG.19 which states:

   An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if, all of the following conditions are met:

   (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; …

   The box in the decision tree should be amended to indicate "Are the economic characteristics and risks of the embedded derivative not closely related to the economic characteristics …".

2. The three requirements when an embedded derivative must be separately accounted for from the host contract are confusing. It is unclear as to whether a user needs to apply all of the requirements and the order of application. Ontario recommends a separate flowchart be provided covering the following boxes, illustrating the order of application:
   - Account for the embedded derivative under Section PS 3450.
   - Is the host contract a financial instrument under the definition of Section PS 3450?
   - If the embedded derivative cannot be separately measured from its host contract either at acquisition or at a subsequent reporting date, treat the entire contract as a financial instrument carried at fair value. (See paragraph PS 3450.AG.23.)

7. Do you agree with the other proposed editorial updates? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

Ontario agrees with the proposed amendments. We do however question the need to change the following paragraph in Financial Instruments Section PS 3450, considering governments will be the only entities for which taxes will be compulsorily payable to.

.003 This Section does not apply to:

(a) receivables and payables compulsorily paid or payable to ~~governments~~ public sector entities and non-contractual in their origin, such as tax receivables and payables relating to taxes including payments-in-lieu of taxes;

Ontario appreciates the opportunity to respond to PSAB to assist in their deliberations on this matter. I would be pleased to elaborate on any of the above comments. Thank you for your consideration.

PROVINCIAL AUDITOR
of Saskatchewan

September 10, 2026

Michael Puskaric, MBA, CPA, CMA
Director, Public Sector Accounting Standards
Public Sector Accounting Board
145 King Street West, Suite 500
TORONTO, ON M5H 1J8

Dear M. Puskaric:

Re: 2026–27 Annual Improvements to Public Sector Accounting Standards

We support the proposed changes as outlined in the exposure draft 2026–27 Annual Improvements to Public Sector Accounting Standards. The attachment sets out our responses to the specific questions listed in the exposure draft.

Yours truly,

Tara Clemett, CPA, CA, CISA
Provincial Auditor

js/mc
Attachment

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	Question	Response
1	Do you agree with the proposal to change wording from “government” to “public sector entity”, “entity”, or another appropriate term in certain Sections of the PSA Handbook? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.	Yes, we agree with the proposal to change wording from “government” to “public sector entity”, “entity”, or another appropriate term in certain Sections of the PSA Handbook.
2	Do you agree with the proposal to update wording from “financial asset(s)” and “financial liability” to “financial instrument asset(s)” and “financial instrument liability” in Section PS 2601? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.	Yes, we agree with the proposal to update wording from “financial asset(s)” and “financial liability” to “financial instrument asset(s)” and “financial instrument liability” in Section PS 2601.
3	Do you agree with the proposal to add reference guidance for foreign currency denominated financial instruments in Section PS 2601? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.	Yes, we agree with the proposal to add reference guidance for foreign currency denominated financial instruments in Section PS 2601.
4	Do you agree with the proposal to add reference guidance for financial instruments relating to sinking funds in Section PS 3450? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.	Yes, we agree with the proposal to add reference guidance for financial instruments relating to sinking funds in Section PS 3450.
5	Do you agree with the proposal to clarify the non-exhaustive nature of the embedded derivative examples in the application guidance of Section PS 3450? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.	Yes, we agree with the proposal to clarify the non-exhaustive nature of the embedded derivative examples in the application guidance of Section PS 3450.
6	Do you agree with the proposal to add a decision tree as Appendix B to Section PS 3450 to help clarify the process for identifying embedded derivatives? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.	Yes, we agree with the proposal to add a decision tree as Appendix B to Section PS 3450.

	Question	Response
7	Do you agree with the other proposed editorial updates? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.	Yes, we agree with the other proposed editorial updates with the following exception: - In Section PS 3450, it is unclear why paragraph .067A was moved to .067C and was not left as .067A, as now there are paragraphs .067B and .067C, but no paragraph .067A.

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September 15, 2026

Re: PSAB Exposure Draft - 2026-2027 Annual Improvements to Public Sector Accounting Standards ("Exposure Draft")

Dear Mr. Puskaric,

We appreciate the opportunity to comment on the above mentioned Exposure Draft.

Overall, we support the proposed annual improvements and agree that the amendments are largely clarificatory in nature and are not expected to change accounting practice. However, we have included observations on certain proposals that we believe would further enhance clarity and application in practice.

We would be pleased to elaborate on our comments further if you require. If so, please contact Laina Verhoef at 905-321-5704 or via email at lverhoef@bdo.ca or myself at 416-369-6047 or via email at sruparelia@bdo.ca.

Yours sincerely,

Sona Ruparelia

Partner, Assurance

(through a Professional Corporation)

BDO Canada LLP

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

1. Do you agree with the proposal to change wording from "government" to "public sector entity", "entity" or another appropriate term in certain Sections of the PSA Handbook? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

We agree with the proposed terminology updates. The amendments improve consistency across the PSA Handbook and better reflect the applicability of the standards to the broad range of public sector entities that apply Public Sector Accounting Standards. We also support retaining references to "government" where necessary, pending future amendments to Section PS 1300.

More broadly, we encourage PSAB to continue its review of references to "government" throughout the PSA Handbook to clarify whether individual requirements are intended to apply specifically to governments or more broadly to all public sector entities. For example, paragraph PS 1202.029 contains a rebuttable presumption that a government is a going concern. In our view, extending this government-specific presumption to other public sector entities, including government organizations and government not-for-profit organizations, may not always be appropriate.

As this terminology review progresses, we encourage PSAB to consider each use of the term "government" in the context of the underlying requirement, as there are circumstances where the distinction between a government and other public sector entities is intentional and important. Doing so will help reduce interpretive uncertainty and support consistent application of the PSA Handbook.

2. Do you agree with the proposal to update wording from "financial asset(s)" and "financial liability" to "financial instrument asset(s)" and "financial instrument liability" in Section PS 2601? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

We agree with the proposed wording updates. The amendments improve consistency within the financial instruments suite of standards and provide greater clarity without changing accounting outcomes or current practice.

3. Do you agree with the proposal to add reference guidance for foreign currency denominated financial instruments in Section PS 2601? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

While we support the objective of the proposed amendment, we have concerns regarding the proposed wording and placement as currently drafted.

The Exposure Draft indicates that the purpose of the amendment is to clarify the accounting treatment of foreign currency denominated financial instruments. However, it is unclear how proposed paragraph PS 2601.014A achieves that objective. The proposed paragraph appears to be focused on foreign currency risk exposure and generally references several other Sections of the PSA Handbook without providing additional accounting guidance or clarifying how those Sections should be applied. As a result, we are uncertain what specific issue the amendment is intended to address, including whether the proposed guidance is intended to address recognition, measurement, presentation, disclosure, or another aspect of accounting for foreign currency denominated financial instruments.

In addition, Section PS 2601 already contains guidance relating to currency risk through paragraph PS 2601.21, which references the relevant disclosure requirements in Section PS 3450. It is

unclear whether the addition of a broad reference to Sections PS 3041, PS 3050, PS 3230 and PS 3450 provides meaningful incremental guidance beyond what currently exists.

If the intent is to address disclosure considerations, we believe the guidance would be more appropriately located within the disclosure section of the standard. For example, PSAB could consider relocating the proposed guidance to a new paragraph following paragraph PS 2601.21 (e.g., paragraph PS 2601.21A), which already addresses currency risk disclosure and references the applicable disclosure requirements in Section PS 3450.

Accordingly, we encourage PSAB to further clarify the specific issue the amendment is intended to address and reconsider whether the proposed wording and location within the standard effectively achieve that objective.

4. Do you agree with the proposal to add reference guidance for financial instruments relating to sinking funds in Section PS 3450? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

We agree with the proposal to add reference guidance for financial instruments relating to sinking funds in Section PS 3450. However, we are uncertain whether the proposed guidance provides meaningful incremental clarity in practice. The proposed paragraph broadly references Sections PS 3041, PS 3100 and PS 3230, but does not identify specific requirements or paragraphs that should be considered. As a result, it is not clear how much additional guidance is being provided beyond directing preparers to other potentially relevant standards.

If PSAB proceeds with the amendment, consideration could be given to including more targeted references to the specific requirements intended to be highlighted.

5. Do you agree with the proposal to clarify the non-exhaustive nature of the embedded derivative examples in the application guidance of Section PS 3450? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

We agree with the proposed amendment. Clarifying that the embedded derivative examples are not exhaustive reinforces the importance of applying the principles in Section PS 3450 and professional judgment when evaluating potential embedded derivatives. We expect this amendment will improve clarity without changing current practice.

6. Do you agree with the proposal to add a decision tree as Appendix B to Section PS 3450 to help clarify the process for identifying embedded derivatives? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

We agree with the proposal to add a decision tree as Appendix B. Decision trees can be an effective and practical way to communicate complex guidance and improve accessibility for preparers.

We found the decision tree generally intuitive to follow. However, after the conclusion that an **"Embedded derivative must be separately accounted for from the host contract,"** it became less clear how users are intended to navigate the subsequent guidance presented in the diagram as it branches into three separate concepts.

Specifically, the final portion of the decision tree appears to address the following:

1. Whether the entire hybrid contract may be irrevocably designated to fair value when one or more embedded derivatives exist;
2. Which sections of the PSA Handbook the host contract should be accounted for; and
3. Treatment of the embedded derivative that cannot be separately measured from the host contract at acquisition or at a subsequent reporting date.

While we understand the concepts that PSAB is attempting to convey, it may not be clear to users how to apply these items within the decision tree. The format of the final section is not consistent with the flow used throughout the remainder of the decision tree. Rather than following a traditional decision-tree structure with clear questions and outcomes, it transitions into multiple concepts, which may make the intended path less intuitive for users to follow.

We encourage PSAB to consider simplifying the final section of the decision tree. For example, the guidance relating to accounting for the host contract could potentially be incorporated into the box stating that the embedded derivative must be separately accounted for from the host contract. This would leave the remaining concepts focused on whether the embedded derivative can be separately measured and whether the hybrid contract may be designated to fair value, resulting in a clearer and more intuitive flow for users.

7. Do you agree with the other proposed editorial updates? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

We agree with the proposed editorial updates. The amendments improve consistency within the PSA Handbook and provide greater clarity without changing accounting requirements or expected accounting outcomes.

September 14, 2026

556457

Michael Puskaric, MBA, CPA, CMA
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Dear Michael,

RE: 2026-2027 Annual Improvements to Public Sector Accounting Standards

Thank you for the opportunity to provide comments on the Exposure Draft titled "2026-2027 Annual Improvements to Public Sector Accounting Standards". The views expressed in this letter reflect the views of the Government of the Province of British Columbia, including central agencies, ministries and entities consolidated into the British Columbia Summary Financial Statements. The Summary Financial Statements of the Province are prepared in accordance with Canadian Public Sector Accounting Board (PSAB) standards.

We are pleased to provide the following responses to your questions:

1. Do you agree with the proposal to change wording from "government" to "public sector entity", "entity" or another appropriate term in certain Sections of the PSA Handbook? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

   We agree with the draft to replace "government" with "public sector entity" in Section PS 2601 (Foreign Currency Translation), Section PS 3041 (Portfolio Investments), and Section PS 3450 (Financial Instruments). We also agree with retaining the term where it specifically means a government, and using footnotes to clarify instances linked to the future update of Section PS 1300 (Government Reporting Entity).

2. Do you agree with the proposal to update wording from "financial asset(s)" and "financial liability" to "financial instrument asset(s)" and "financial instrument liability" in Section PS 2601? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

…/2

We agree with the draft proposal to update the terminology in Section PS 2601 (Foreign Currency Translation). This change accurately reflects that the affected paragraphs specifically concern financial instruments rather than all financial assets and liabilities.

3. Do you agree with the proposal to add reference guidance for foreign currency denominated financial instruments in Section PS 2601? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

   We agree with the draft proposal to add reference guidance for foreign currency-denominated financial instruments in Section PS 2601 (Foreign Currency Translation). This addition improves clarity by providing necessary cross-references to the specific standards that apply to different foreign currency assets and liabilities.

4. Do you agree with the proposal to add reference guidance for financial instruments relating to sinking funds in Section PS 3450? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

   We agree with the proposal in the draft to add reference guidance for financial instruments relating to sinking funds in Section PS 3450 (Financial Instruments). This update enhances clarity and cross-referencing to ensure proper application of the specific standards for sinking funds

5. Do you agree with the proposal to clarify the non-exhaustive nature of the embedded derivative examples in the application guidance of Section PS 3450? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

   We agree with the proposal in the draft to clarify the non-exhaustive nature of the embedded derivative examples in the application guidance of Section PS 3450 (Financial Instruments). This change properly reflects that other examples of embedded derivatives requiring separation from a host contract may exist beyond those listed.

6. Do you agree with the proposal to add a decision tree as Appendix B to Section PS 3450 to help clarify the process for identifying embedded derivatives? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

   We agree with the proposal in the draft to add a decision tree as Appendix B to Section PS 3450 (Financial Instruments). This visual aid will provide valuable clarity and help users navigate the process for identifying embedded derivatives.

7. Do you agree with the other proposed editorial updates? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.

   We agree with the proposed editorial updates.

Should PSAB have any comments or questions, please contact me at: 250-216-4760 or via e-mail: Nicole.Wright@gov.bc.ca, or Diane Lianga, Senior Executive Director and Chief Accountant, Financial Reporting and Advisory Services Branch, at 778-698-5428 or by e-mail: Diane.Lianga@gov.bc.ca.

On behalf of the Government of British Columbia,

Sincerely,

Nicole Wright, CPA, CMA
Comptroller General
Province of British Columbia

cc: Bridget Parrish, CPA, CA
Auditor General
Province of British Columbia

Diane Lianga, CPA, CGA
Chief Accountant and Senior Executive Director,
Financial Reporting and Advisory Services
Office of the Comptroller General

September 18, 2026

Mr. Michael Puskaric, MBA, CPA, CMA
Director, Public Sector Accounting Standards
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Subject: Formal Submission in Response to the Exposure Draft: "2026–2027 Annual Improvements to Public Sector Accounting Standards"

This formal submission is directed to the Public Sector Accounting Board (PSAB) in response to the Exposure Draft, "2026-2027 Annual Improvements to Public Sector Accounting Standards." Issued on July 14, 2026, with a mandated comment deadline of September 18, 2026, the Exposure Draft proposes a series of amendments to the financial instruments suite of standards, specifically targeting Section PS 2601 (*Foreign Currency Translation*), Section PS 3041 (*Portfolio Investments*), and Section PS 3450 (*Financial Instruments*). The stated intention of these annual improvements is to clarify existing pronouncements, rectify minor errors, and address stakeholder feedback gathered through the Financial Instruments Monitoring and Post-implementation Review Assessment projects, ostensibly without altering underlying accounting principles or disrupting established practices. However, an exhaustive analysis of the proposed text reveals profound, unintended, and highly detrimental consequences for Indigenous governments operating within the Canadian federation.

The analysis presented in this submission establishes three core policy positions that require immediate remediation prior to the finalization of the standards, which is expected in the summer of 2027.

First, the Exposure Draft's proposal to systematically replace the term "government" with "public sector entity," "entity," or another generalized term across the Public Sector Accounting (PSA) Handbook represents a critical conceptual regression. While designed to accommodate diverse organizational structures such as government not-for-profit organizations and crown agencies, this nomenclature shift threatens to legally and symbolically dilute the sovereign status of First Nations, Inuit, and Métis governments. Under Section 35 of the *Constitution Act, 1982*, Indigenous governments are recognized as a distinct, third order of government. Reclassifying these sovereign nations as mere "entities" directly contradicts the inclusive, sovereignty-affirming principles established in PSAB's

recently revised *Conceptual Framework for Financial Reporting in the Public Sector*. This submission formally requests that any terminology replacement explicitly affirms and preserves the sovereign status of Indigenous governments through designated scoping paragraphs or non-derogation clauses.

Second, the proposed addition of a decision tree as Appendix B to Section PS 3450—designed to clarify the identification and bifurcation of embedded derivatives—severely lacks practical utility for non-specialist finance teams. Indigenous governance structures frequently rely on highly complex, hybrid commercial contracts that defy standard corporate categorization. The Appendix B decision tree fails to accommodate the nuanced economic realities of Impact Benefit Agreements (IBAs), Power Purchase Agreements (PPAs), and joint-venture equity options. The mandated "closely related" test for bifurcating embedded derivatives (such as commodity-linked royalties or energy price floors) from non-commercial, socio-economic host contracts introduces extreme subjectivity and disproportionate administrative burdens.

Third, there is an urgent and critical demand for PSAB to publish plain-language application guidance and illustrative examples specifically tailored to Indigenous resource benefit-sharing contracts and trust structures. The existing reliance on advanced quantitative valuation models—such as Black-Scholes option pricing and Monte Carlo stochastic simulations—to measure the fair value of long-term embedded derivatives places an unsustainable financial and technical burden on Indigenous financial management teams. To ensure compliance without necessitating an over-reliance on prohibitively expensive external valuation consultants, targeted resources must be integrated into the final standard before its enactment.

This report provides a meticulous technical rationale for these positions, integrating constitutional jurisprudence, advanced accounting theory, and the practical realities of Indigenous financial administration. It concludes with specific drafting recommendations designed to empower, rather than encumber, the First Nations of Canada.

Part I: Regulatory Background and the 2026-2027 Annual Improvements

The Evolution of the Financial Instruments Suite

The financial instruments suite of standards—comprising Sections PS 2601, PS 3041, and PS 3450—represents one of the most significant paradigm shifts in the history of Canadian public sector financial reporting. Section PS 3450, *Financial Instruments*, introduces rigorous requirements for the recognition, measurement, presentation, and disclosure of

financial assets and liabilities, pivoting the public sector toward fair value measurement for specific categories of instruments, notably derivatives and portfolio investments quoted in an active market. Concurrently, Section PS 2601 mandates that exchange gains and losses arising prior to the settlement of foreign currency-denominated monetary items be recognized in a newly established financial statement: the Statement of Remeasurement Gains and Losses.

The adoption of these standards, alongside the new reporting model detailed in Section PS 1202 (*Financial Statement Presentation*), mandates that all public sector entities, including Indigenous governments applying the PSA Handbook, systematically overhaul their financial tracking and reporting mechanisms.

The Post-Implementation Review and the 2026-2027 Exposure Draft

Recognizing the unprecedented complexity of these standards, PSAB initiated the Financial Instruments Monitoring and Financial Instruments Post-implementation Review Assessment projects to evaluate the standards' efficacy and identify application challenges. Feedback from interested and affected parties highlighted systemic confusion regarding the treatment of foreign currency-denominated instruments, the accounting mechanisms for sinking funds, and the highly technical process of identifying and bifurcating embedded derivatives.

In response, PSAB approved the development of the 2026-2027 Annual Improvements Exposure Draft during its March 2026 meeting, subsequently issuing the document in July 2026. The Exposure Draft represents the first of three planned interventions to address the monitoring feedback, with future phases to include a comprehensive feedback statement and a narrow-scope amendment project.

The proposed amendments under the Exposure Draft include:

1. **Terminology Overhaul:** Replacing "government" with "public sector entity" or "entity" across various sections to align with broader Handbook applicability.

2. **Foreign Currency Clarifications:** Amending Section PS 2601 to clarify the treatment of foreign currency-denominated financial instruments.

3. **Sinking Funds:** Adding cross-references between Section PS 3041, Section PS 3100 (*Restricted Assets and Revenues*), and Section PS 3230 (*Long-Term Debt*) to clarify sinking fund accounting.

4. **Embedded Derivatives (Appendix B):** Introducing a decision tree to Section PS 3450 to guide preparers through the identification of embedded derivatives, while clarifying that existing examples in the application guidance are not exhaustive.

While the Board asserts that these annual improvements are largely editorial and not intended to alter fundamental principles or affect practice, the application of these modifications within the unique context of Indigenous governance yields severe constitutional and operational conflicts.

Part II: The Constitutional Imperative: Reconciling "Public Sector Entity" with Indigenous Sovereignty

The Legal Framework of Section 35 and the Third Order of Government

The proposal to systematically scrub the term "government" from the operational standards in favor of "public sector entity" or "entity" reflects a standard-setting philosophy aimed at universal applicability. For standard setters, an "entity" is a neutral, encompassing term that can apply equally to a provincial ministry, a municipal transit authority, a school board, or a crown corporation. However, applying this generic nomenclature to Indigenous governments ignores the fundamental constitutional architecture of Canada.

The enactment of the *Constitution Act, 1982* fundamentally altered the structural relationship between the Canadian state and Indigenous peoples. Section 35(1) explicitly states: "The existing aboriginal and treaty rights of the aboriginal peoples of Canada are hereby recognized and affirmed". Over the ensuing decades, extensive jurisprudence and negotiated modern treaties have solidified the interpretation that Section 35 does not merely protect localized cultural practices; it provides the constitutional bedrock for the inherent right to Indigenous self-government.

This constitutional entrenchment confirmed the status of Indigenous peoples as founding partners within the federation, actively recognizing Aboriginal governments as a distinct "third order of government" existing alongside the federal and provincial orders. These three orders share the sovereign powers of the nation. An Indigenous government exercising jurisdiction over its citizens, enacting laws, managing vast territorial resources, and negotiating nation-to-nation treaties cannot be accurately categorized or legally reduced to a mere "public sector entity."

The gravity of this sovereignty has been further amplified by the federal enactment of the *United Nations Declaration on the Rights of Indigenous Peoples Act* (UNDRIP Act) in 2021. The UNDRIP Act obligates the Government of Canada to ensure that all laws are consistent with the Declaration, which unequivocally affirms the rights of Indigenous peoples to self-

determination, autonomy, and self-government. Canadian accounting standard setters, while independent, must operate within this overarching legislative and constitutional reality.

Contradictions with the Revised Conceptual Framework

The terminology shift proposed in the 2026-2027 Annual Improvements stands in direct contradiction to the progressive, sovereignty-affirming milestones recently achieved by PSAB itself.

In December 2022, PSAB issued the revised *Conceptual Framework for Financial Reporting in the Public Sector*, replacing the legacy Sections PS 1000 and PS 1100, effective for fiscal years beginning on or after April 1, 2026. During the extensive multi-year consultation process for the framework, Indigenous governments articulated a profound concern: the legacy PSA Handbook contained no explicit reference to Indigenous governments, leading to ambiguity regarding whether the standards respected their unique accountability structures.

PSAB proactively rectified this deficiency in the revised Conceptual Framework. The Board established a path toward reconciliation by making specific, localized references to Indigenous governments, formally recognizing Indigenous community members as "the public" (the primary users of the financial statements), and acknowledging the UNDRIP Act within the framework's foundational concepts. The framework acknowledges that Indigenous governments possess unique accountability relationships not only with capital providers and other governments but fundamentally with their own citizens.

By advancing an Exposure Draft that subsequently eradicates the term "government" from the operational mechanics of Sections PS 2601, PS 3041, and PS 3450 in favor of the sterile term "entity," PSAB risks reversing this progress. The operational standards will become rhetorically divorced from the Conceptual Framework, creating a disjointed reporting environment where Indigenous bodies are acknowledged as governments in concept, but treated as subordinate administrative entities in practice.

The Structural Incoherence of Piecemeal Terminology Rollouts (PS 1300 Mismatch)

This terminology shift introduces an immediate operational contradiction within the PSA Handbook itself. In Footnote 1 to paragraph PS 3450.003(c) and related application guidance (AG.58), PSAB explicitly retains the word "government" when cross-referencing Section PS 1300 (Government Reporting Entity), noting that PS 1300 has not yet undergone a terminology refresh. This creates a disjointed reporting environment for First Nations. A

First Nation government evaluating its controlled entities, trusts, or economic development corporations (EDCs) under Section PS 1300 must continue applying legacy "government" definitions, while simultaneously being reclassified as a generic "public sector entity" when managing its financial instrument portfolios under Sections PS 2601, PS 3041, and PS 3450. Rather than clarifying the Handbook, this piecemeal approach creates internal incoherence, forcing Indigenous preparers to navigate two conflicting classification baselines within the same financial statement package.

The Downstream Risks of Semantic Relegation

The implications of this terminology shift extend far beyond semantic preference; they carry material, downstream consequences for financial administration, risk assessment, and capital access.

First Nations increasingly engage with complex capital markets to finance major infrastructure, housing, and economic development projects, often facilitated by institutions such as the First Nations Finance Authority (FNFA). When audited consolidated financial statements legally define a First Nation as a generic "public sector entity"—indistinguishable in terminology from a highly regulated, subordinate municipal agency—it warps the risk perception of external lenders, credit rating agencies, and joint-venture partners.

A sovereign government possesses structural advantages over a subordinate entity, including broader taxation powers, inherent jurisdictional authority over land management, and immunity from certain types of provincial regulatory interference. If financial reporting standards systematically obscure this sovereignty through homogenized terminology, the First Nation's capacity to govern its resources and manage its liabilities may be fundamentally misunderstood by the users of those financial statements.

To mitigate this risk, it is imperative that the 2026-2027 Annual Improvements include specific, protective drafting.

Proposed Terminology Shift	Structural Risk to Indigenous Governments	Recommended Policy Amendment
Universal replacement of "government" with "public sector entity" or "entity" across the PSA Handbook.	Erodes the legal and symbolic recognition of the "Third Order of Government" under Section 35 of the Constitution Act, 1982.	Insert a mandatory, global non-derogation footnote or scoping paragraph stating: *"The utilization of the terms 'public sector entity' or 'entity' within this Handbook encompasses, and in no way derogates from, the sovereign and inherent status of Indigenous governments as recognized under Section 35 of the Constitution Act, 1982."*
Alignment of terminology with International Public Sector Accounting Standards (IPSAS).	International standards frequently fail to capture the unique, constitutionally protected nation-to-nation dynamics specific to the Canadian legal environment.	Maintain Canadian-specific customizations (exemptions or explicit inclusions) whenever IPSAS alignment threatens domestic constitutional frameworks.

Part III: The Deficiencies of the Appendix B Embedded Derivative Decision Tree

The Mechanics of PS 3450 and the "Closely Related" Test

The core technical challenge presented in the 2026-2027 Exposure Draft involves the accounting treatment of embedded derivatives under Section PS 3450. The standard dictates that certain hybrid contracts must be rigorously reviewed to identify embedded derivative features that require separate accounting treatment.

An embedded derivative is defined as a provision within a host contract that causes some or all of the cash flows of that contract to fluctuate based on a specified underlying variable—such as an inflation index, a foreign exchange rate, an interest rate, or a commodity price. The standard states that an embedded derivative must be separated (bifurcated) from the

host contract and accounted for as a stand-alone derivative *unless* its economic characteristics and risks are deemed to be "closely related" to those of the host contract.

If the embedded derivative is not closely related, it must be measured at fair value on the Statement of Financial Position, with all subsequent unrealized fluctuations in that fair value recorded in the newly mandated Statement of Remeasurement Gains and Losses until the contract is settled.

To aid preparers in this highly subjective assessment, PSAB proposes adding a decision tree as Appendix B to Section PS 3450. While visual aids generally improve the interpretability of accounting standards, the proposed Appendix B operates on a linear, commercial logic that entirely fails to capture the multi-dimensional, hybrid nature of contracts negotiated by Indigenous governments. Specifically, the decision tree is structurally inadequate for evaluating Impact Benefit Agreements (IBAs), Power Purchase Agreements (PPAs), and joint-venture equity options.

The Failure of Appendix B in the Context of Impact Benefit Agreements (IBAs)

Impact Benefit Agreements (IBAs)—sometimes referred to as Collaboration Agreements or Participation Agreements—are the cornerstone of Indigenous economic participation in the resource sector. When mining, forestry, or energy extraction companies seek to operate within the traditional, unceded, or treaty territories of a First Nation, the execution of an IBA is practically and legally necessary to secure the community's free, prior, and informed consent (FPIC), mitigate environmental degradation, and structure economic benefit-sharing.

IBAs are profoundly complex instruments that defy standard accounting categorization. A single IBA will typically blend socio-cultural protections (e.g., safeguarding traditional hunting grounds and burial sites), environmental co-management frameworks, preferential employment quotas, procurement mandates for Indigenous-owned businesses, and direct financial compensation mechanisms.

The financial compensation mechanisms frequently include upfront milestone payments and, crucially, variable ongoing payments structured as royalties. In the mining sector (e.g., the Ring of Fire or the Detour Lake developments in Northern Ontario), these royalties are often calculated as a Net Smelter Return (NSR) or a percentage of gross revenue linked directly to the global market price of the extracted commodity (e.g., gold, chromite, nickel).

Under the strict mechanics of PS 3450, a commodity-linked royalty payment embedded within a broader agreement constitutes an embedded derivative, because the cash flows vary based on an underlying variable (the commodity price). A First Nation finance director must therefore use the proposed Appendix B decision tree to determine if the global price of gold or nickel is "closely related" to the economic characteristics of the host IBA contract.

This is where the decision tree breaks down entirely. The foundational step of the bifurcation analysis requires identifying the "host contract". But what is the host contract of an IBA? It is not a standard corporate debt instrument, a commercial lease, or a straightforward joint venture. It is fundamentally a land-access, socio-economic, and political treaty designed to manage the impacts of resource extraction on an Indigenous population.

Because the host contract is non-financial and inherently socio-political, determining whether a financial variable like a commodity index is "closely related" to it involves immense subjectivity. If external auditors—relying on the overly simplistic logic of Appendix B—conclude that the commodity price is *not* closely related to the socio-economic host contract, the standard forces a catastrophic accounting outcome: bifurcation.

If bifurcated, the First Nation must isolate the embedded NSR royalty, calculate its fair value projected over the entire life of the mine (which could span 20 to 40 years), and recognize this massive, highly volatile asset on its Statement of Financial Position. Consequently, every reporting period, global fluctuations in the price of gold or nickel would flow directly into the First Nation's Statement of Remeasurement Gains and Losses.

This creates a severe distortion of financial reality. A First Nation could report tens of millions of dollars in unrealized remeasurement gains or losses based entirely on the volatility of global commodity markets, despite experiencing no actual change in immediate cash flow or operational liquidity. This artificial volatility undermines the primary objective of public sector financial reporting: providing transparent, understandable information to the public (the community members) regarding the government's ability to finance its activities and meet its liabilities. The Appendix B decision tree provides zero guidance on how to define the host contract or apply the "closely related" test within the context of these unique, nation-to-nation benefit agreements.

Complexities Surrounding Power Purchase Agreements (PPAs)

A similar structural failure occurs when applying the proposed guidance to the renewable energy sector. Indigenous governments are increasingly acting as primary equity partners

in Canada's transition to a green economy, developing utility-scale wind, solar, and hydroelectric projects. The financial viability of these projects is universally dependent upon the execution of long-term Power Purchase Agreements (PPAs) or Virtual Power Purchase Agreements (VPPAs).

A standard physical PPA involves the actual delivery of electricity. A VPPA, conversely, acts as a financial contract for differences (CfD), wherein a fixed strike price is negotiated, and the difference between that strike price and the fluctuating wholesale market price of electricity is exchanged between the Indigenous energy corporation and the corporate off-taker. To secure non-recourse project financing from commercial lenders, these agreements frequently feature complex pricing structures, including absolute price floors, inflation escalators, and tiered pricing nodes.

The assessment of PPAs under financial instrument standards (whether PS 3450 or IFRS 9) is notoriously difficult. The preparer must first determine if the contract meets the "own use" exemption—which exempts contracts entered into and held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale, or usage requirements. VPPAs, which are net-settled in cash and involve no physical delivery, fail the own-use exemption and must be accounted for as derivatives in their entirety.

For physical PPAs that contain price floors or inflation escalators, the preparer must use the Appendix B decision tree to determine if the embedded pricing feature is "closely related" to the host electricity delivery contract. This requires a highly technical analysis of the electricity market structure, the correlation between the specific regional pricing node and the inflation index, and the economic characteristics of the generation asset. The generic, linear logic of the proposed decision tree strips away this vital contextual nuance, leaving Indigenous finance teams without the specific parameters required to evaluate grid-scale energy derivatives.

The Misapplication to Joint-Venture Equity Options

First Nations frequently engage in regional economic development through the formation of joint ventures (JVs) with industry partners, particularly in the construction, logistics, and resource servicing sectors. To protect the First Nation's initial capital outlay, ensure long-term control, and enforce capacity-building mandates, these JV agreements often embed equity options. These may include put options (granting the First Nation the right to sell its equity stake back to the partner at a predetermined minimum price) or call options

(granting the right to purchase the partner's remaining equity once specific operational milestones are achieved).

Under PS 3450, embedded put and call options must be evaluated for bifurcation. The "closely related" assessment typically hinges on whether the option's exercise price represents the instrument's fair value at the date of exercise, or if it guarantees a fixed return that resembles debt.

However, in the context of Indigenous-industry partnerships, equity options are rarely tied solely to standard financial performance. They are frequently contingent upon the achievement of specific socio-economic milestones, such as meeting Indigenous employment quotas, completing skills training programs, or securing subsequent environmental permits on traditional lands. The proposed Appendix B decision tree is entirely ill-equipped to guide a preparer through the analysis of an equity option where the underlying variable triggering the exercise is a non-financial, socio-economic metric.

Part IV: The Financial Capacity Crisis and Valuation Modeling Burdens

The Reality of Indigenous Financial Administration

The theoretical rigor embedded within PSAB standards must be carefully balanced against the practical, operational realities of the public sector entities mandated to implement them. Indigenous governments face systemic and historically entrenched challenges regarding financial administration capacity.

While institutions such as the First Nations Financial Management Board (FMB) and AFOA Canada have achieved monumental success in supporting First Nations to enact robust Financial Administration Laws (FALs) and attain financial management certification, the operational reality remains stark. Many First Nations—particularly those in remote or northern regions—operate with severely constrained finance departments. High staff turnover, chronic shortages of designated accounting professionals, and the sheer volume of reporting required by federal, provincial, and private-sector funding agreements create an environment of constant administrative strain.

The transition to the new financial instruments suite (PS 2601, PS 3041, PS 3450) and the accompanying reporting model (PS 1202) exacerbates this strain exponentially. The mandate to execute fair value measurements, calculate amortized cost utilizing the effective interest method, manage complex foreign currency translations, and compile a Statement of

Remeasurement Gains and Losses requires specialized, advanced technical expertise that is simply not maintained in-house by the vast majority of First Nations.

The Unsustainable Burden of Quantitative Valuation Models

The lack of practical utility in the Appendix B decision tree is not merely an academic concern; it directly triggers catastrophic financial burdens. If a First Nation is compelled by the ambiguity of the standard—or forced by the conservative interpretation of an external audit firm—to conclude that an embedded derivative in an IBA or PPA is *not* closely related to the host contract, the derivative must be bifurcated and measured at fair value.

Measuring the fair value of a long-term embedded derivative—such as a 30-year commodity-linked NSR royalty in an IBA, or a 20-year energy price floor in a VPPA—is an exercise in extreme quantitative complexity. These instruments are not traded on active markets, meaning Level 1 fair value inputs (quoted market prices) are unavailable. Preparers must instead rely on Level 3 inputs and advanced financial modeling techniques.

Specifically, measuring these derivatives requires the use of stochastic calculus, typically deploying Monte Carlo simulations or Black-Scholes-Merton option pricing models.

- **Monte Carlo Simulations:** This technique requires the generation of tens of thousands of potential future price paths for the underlying variable (e.g., the global price of gold or electricity) over the life of the contract. It requires the modeler to input highly technical assumptions regarding price volatility, risk-free discount curves, mean reversion rates, and correlation coefficients between multiple variables.

- **Black-Scholes Modeling:** Similarly, utilizing Black-Scholes to value an embedded equity option or a price floor requires complex inputs regarding the underlying asset's current price, the strike price, time to expiration, implied volatility, and the risk-free rate.

Indigenous finance teams, whose primary mandate is managing community programs, housing infrastructure, and federal reporting requirements, do not possess in-house quantitative analysts capable of running stochastic differential equations. Consequently, First Nations are forced to outsource this work to highly specialized, prohibitively expensive corporate valuation consultants and actuarial firms merely to achieve an unqualified audit opinion.

Conflict with the Objectives of the New Fiscal Relationship (NFR)

This forced diversion of capital—redirecting critical community funds away from housing, education, or healthcare and into the pockets of external accounting consultants—represents a profound policy failure. It directly undermines the core objectives of the Government of Canada's New Fiscal Relationship (NFR) Grant.

The NFR Grant was explicitly designed to empower First Nations by providing predictable, flexible, long-term funding while significantly reducing the administrative and reporting compliance burdens that have historically stifled Indigenous self-determination. By advancing an accounting standard that inadvertently requires First Nations to procure Wall Street-level quantitative valuation services to account for standard benefit-sharing agreements, PSAB is effectively neutralizing the administrative relief promised by the NFR framework.

Part V: The Demand for Plain-Language Guidance and Illustrative Examples

To mitigate the unintended consequences of the proposed Appendix B and the broader financial instruments suite, it is entirely insufficient for PSAB to merely include a brief caveat explaining that the listing of embedded derivative examples provided in the application guidance is "not exhaustive". Such minimal editorial updates fail to address the systemic capacity crisis.

PSAB has a responsibility to bridge the gap between complex theoretical standard-setting and practical, real-world application. This submission formally demands that PSAB develop and publish comprehensive, plain-language application guidance and specific illustrative examples tailored to Indigenous resource benefit-sharing contracts, energy structures, and trust funds, prior to finalizing the 2026-2027 Annual Improvements.

Precedent for Indigenous-Specific Guidance

There is direct precedent within PSAB's own procedures for this targeted approach. During the development of the revised *Conceptual Framework* and the new reporting model (Section PS 1202), PSAB recognized the unique reporting needs of Indigenous governments. In its Statement of Principles, the Board proactively included an illustrative financial statement package specifically designed for an Indigenous government, ensuring that the theoretical concepts were grounded in practical application. This precedent must be extended to the financial instruments suite.

Required Illustrative Scenarios

The demanded application guidance must explicitly address and resolve the accounting treatment for the following specific scenarios:

Scenario 1: Impact Benefit Agreements and Royalty Bifurcation

The guidance must present an illustrative example of an Indigenous government entering into an IBA with a mining corporation. The example must define the parameters of the "host contract" within a multi-faceted socio-economic treaty. Crucially, the guidance must establish definitive, practical criteria for determining when a commodity-linked Net Smelter Return (NSR) royalty passes or fails the "closely related" test. If PSAB determines that such royalties are generally *not* closely related and must be bifurcated, the guidance must outline allowable practical expedients for fair value measurement that do not require First Nations to commission annual Monte Carlo simulations.

Scenario 2: Renewable Energy Virtual Power Purchase Agreements (VPPAs)

The guidance must provide an illustrative example of an Indigenous-owned renewable energy corporation executing a VPPA (a contract for differences) with a corporate off-taker. Given that VPPAs generally fail the "own use" exemption and must be accounted for as derivatives, the guidance must clearly outline the presentation of these instruments on the Statement of Financial Position and the flow of the associated market volatility through the Statement of Remeasurement Gains and Losses. The example must include plain-language methodologies for discounting future cash flows based on forward electricity pricing curves.

Scenario 3: Indigenous Trust Funds and Foreign Currency Translation

First Nations frequently manage substantial wealth through heritage trust funds, often established following the successful settlement of specific land claims with the Crown. These trusts often invest in globally diversified portfolios containing foreign currency-denominated equities and bonds. The guidance must provide a detailed example demonstrating the intersection of Section PS 3041 (*Portfolio Investments*) and Section PS 2601 (*Foreign Currency Translation*) for an Indigenous trust. The example must step through the mechanics of translating US-denominated monetary and non-monetary assets, and explicitly detail how the resulting unrealized foreign exchange gains and losses are isolated and presented within the Statement of Remeasurement Gains and Losses prior to settlement.

By embedding these specific, highly relevant examples into the authoritative application guidance, PSAB will constrain the ability of external audit firms to impose overly conservative, academically theoretical, and punitively expensive interpretations of PS 3450 upon First Nations.

Part VI: Precise Technical Rationale and Specific Policy Recommendations

To operationalize the positions articulated throughout this report, the following specific, technical amendments to the Exposure Draft "2026-2027 Annual Improvements to Public Sector Accounting Standards" are formally recommended for immediate adoption by the Board.

Table 1: Proposed Drafting Amendments to the Exposure Draft

Affected Standard & Paragraph	Current Exposure Draft Proposal	Recommended Policy Amendment	Technical Rationale
Global Update ***(PS 2601, PS 3041, PS 3450)***	Replace "government" with "public sector entity," "entity," or another appropriate term.	Mandate the inclusion of a global definitions footnote across all three Sections: *"The utilization of the terms 'public sector entity' or 'entity' within this Handbook encompasses, and in no way derogates from, the sovereign status of Indigenous governments as recognized under Section 35 of the Constitution Act, 1982."*	Prevents the semantic erosion of Indigenous self-government rights, eliminates friction with the 2022 Conceptual Framework, and resolves the terminology mismatch with Section PS 1300 (*Government Reporting Entity*).
Section PS 3450.Appendix B ***(Decision Tree)***	Add a decision tree as Appendix B to clarify embedded derivative identification.	Add a secondary, specialized decision matrix to Appendix B tailored for hybrid socio-economic treaties (e.g., IBAs), clearly establishing that non-commercial host contracts do not trigger automatic bifurcation of commodity royalties.	Acknowledges that Indigenous benefit-sharing agreements do not possess standard commercial host contracts, rendering linear commercial decision trees conceptually inadequate and overly subjective.

Section PS 3450.AG.25 ***(Application Guidance)***	Add clarification explaining that the listing of embedded derivative examples is non-exhaustive.	Mandate the addition of three illustrative examples in AG.25: 1. Commodity-linked royalties in an IBA; 2. Price floors in an energy PPA; and 3. Joint-venture equity options with socio-economic performance conditions.	Bridges the severe technical capacity gap for non-specialist finance teams and constrains external auditors from forcing prohibitively expensive Level 3 fair-value models (e.g., Black-Scholes/Monte Carlo) onto community benefit agreements.
Section PS 3450.099 & Section PS 2601.025 ***(Transitional Provisions)***	Implicit expectation of full retrospective or prospective compliance for all existing derivatives upon adoption.	Insert an explicit practical expedient (PS 3450.099(c)) granting grandfathered carrying-value treatment for embedded features within non-financial host contracts executed prior to April 1, 2026.	Forcing retroactive or prospective Monte Carlo valuations on 10- to 20-year-old legacy IBAs signed long before PS 3450 was enacted imposes an unreasonable financial and administrative hardship.

Part VI - Recommended Transitional Drafting Text: Section PS 3450.099

To operationalize the transitional relief outlined in Table 1, PSAB should insert paragraph PS 3450.099(c) into the final standard: "PS 3450.099(c) — Grandfathering Relief for Non-Financial Host Contracts: Notwithstanding paragraph PS 3450.099(b), a public sector entity is granted a practical expedient allowing grandfathered carrying-value treatment for embedded features contained within non-financial host contracts (including Impact Benefit Agreements, Land Access Agreements, and Power Purchase Agreements) executed prior to April 1, 2026. Entities electing this practical expedient shall not be required to separate or measure at fair value embedded derivatives within such legacy contracts at transition or in subsequent reporting periods. Disclosure shall be included in the notes to the financial statements indicating the use of this election.

Strategic Implementation Recommendations for PSAB

In addition to the textual amendments proposed above, this submission recommends that PSAB undertake the following strategic actions prior to finalizing the 2026-2027 Annual Improvements:

1. **Facilitate a "Stress Test" with the Indigenous Advisory Group:** PSAB must formally task its established Indigenous Advisory Group with critically reviewing the proposed Appendix B decision tree. The Group should be facilitated and resourced to conduct a rigorous "stress test" of the decision tree using sanitized, real-world examples of Impact Benefit Agreements and Power Purchase Agreements provided by First Nations. The empirical results of this stress test must inform the final architectural logic of Appendix B.

2. **Collaborative Capacity Building:** PSAB should initiate a direct collaboration with the First Nations Financial Management Board (FMB) and AFOA Canada to co-author and distribute a plain-language companion guide to Section PS 3450. While standard setters traditionally rely on major audit firms to interpret and disseminate standards, the unique fiduciary, constitutional, and capacity dynamics present in Indigenous communities require the standard setter to take a vastly more proactive role in educational outreach.

3. **Guidance on Financial Communication (FSD&A):** PSAB must provide explicit guidance on how Indigenous governments should communicate massive, unrealized volatility in the Statement of Remeasurement Gains and Losses to their community members. When the bifurcation of an embedded derivative in an IBA causes a First Nation's net financial assets to artificially swing by millions of dollars simply due to macro-fluctuations in global commodity prices, community trust in political leadership and financial administration can be fractured. The guidance should demonstrate how to properly contextualize and explain these non-cash, remeasurement figures within the Financial Statement Discussion & Analysis (FSD&A), thereby preserving transparency and trust.

Conclusion

The Public Sector Accounting Board's dedication to continuously refining and improving the PSA Handbook through its annual improvements process is undeniably essential for maintaining the rigor, relevance, and global standing of Canadian public sector financial reporting. However, the act of standard-setting does not occur in a sterile, academic

vacuum; it occurs within a deeply complex political, legal, and socio-economic ecosystem.

For the Indigenous governments of Canada, financial reporting is not merely an exercise in administrative compliance; it is intrinsically linked to the assertion of self-determination, the sustainable management of ancestral resources, and the building of independent, resilient economic capacity. The proposed 2026-2027 Annual Improvements, while well-intentioned in their pursuit of clarity and international alignment, intersect dangerously with these fundamental objectives.

The seemingly benign reduction of the term "government" to "entity" threatens to subtly undermine the hard-won constitutional recognition achieved under Section 35 of the *Constitution Act, 1982*, reversing the inclusive progress of the 2022 Conceptual Framework. Simultaneously, the imposition of the Appendix B decision tree—without the necessary Indigenous-specific contextual scaffolding—threatens to drown First Nations finance teams in the esoteric depths of derivative accounting. It forces reliance on prohibitively expensive, external quantitative valuation models for hybrid socio-economic agreements that fundamentally defy traditional commercial categorization.

This submission formally demands that PSAB seize this critical opportunity to demonstrate its tangible commitment to economic reconciliation and highly inclusive standard-setting. By implementing the recommended constitutional safeguards in its terminology, fundamentally revising the scope of its embedded derivative guidance to account for the unique mechanics of IBAs and PPAs, and committing resources to the publication of Indigenous-specific illustrative examples, PSAB can ensure that the financial instruments suite serves to empower, rather than encumber, the First Nations of Canada. It is imperative that these structural issues are exhaustively addressed and integrated into the final pronouncement before its expected issuance in the summer of 2027.

Jason Rasevych

President

Anishnawbe Business Professional Association

Québec, le 18 septembre 2026

Monsieur Michael Puskaric, MBA, CPA, CMA
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Objet: Exposé-sondage – Améliorations annuelles 2026-2027 des Normes comptables pour le secteur public

Monsieur le Directeur,

Nous vous remercions de nous donner l'opportunité de commenter l'exposé-sondage mentionné ci-haut. Notre commentaire porte sur l'arbre de décision ajouté à l'Annexe B du chapitre SP 3450, *Instruments financiers*, et qui vise à clarifier le processus d'identification d'un dérivé incorporé :

- La question suivante « *Les caractéristiques économiques et les risques que présente le dérivé incorporé sont-ils étroitement liés aux caractéristiques économiques et aux risques que présente le contrat hôte? (Voir l'alinéa SP 3450.AG.19 a).)* » est présentée dans l'arbre de décision.
- Toutefois, selon le texte du paragraphe SP 3450.AG.19a), il est plutôt mentionné que « *les caractéristiques économiques et les risques que présente le dérivé incorporé* <u>*ne sont pas*</u> *étroitement liés aux caractéristiques économiques et aux risques que présente le contrat hôte;* ».

Nous croyons donc que le texte dans l'arbre de décision devrait être ajusté ainsi : « Les caractéristiques économiques et les risques que présente le dérivé incorporé <u>ne sont pas</u> étroitement liés aux caractéristiques économiques et aux risques que présente le contrat hôte? (Voir l'alinéa SP 3450.AG.19 a).) ».

Veuillez agréer, Monsieur le Directeur, l'expression de nos sentiments les meilleurs.

France Alain

France Alain, FCPA auditrice

Directrice générale des services-conseils
et de la méthodologie en audit financier

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September 18, 2026

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Public Sector Accounting Board
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Subject: Exposure Draft – 2026-2027 Annual Improvements to Public Sector Accounting Standards

Doane Grant Thornton LLP (hereafter "we") would like to thank you for the opportunity to provide comments on the Accounting standards Board's (hereafter the "AcSB" or the "Board") Exposure Draft entitled *2026-2027 Annual Improvements to Public Sector Accounting Standards* (hereafter "the ED").

Please see the Appendix for our responses to the specific questions contained in the ED.

If you wish to discuss our comments or concerns, please contact Melanie Joseph (melanie.joseph@doane.gt.ca, 416 607-2736).

Yours sincerely,

Doane Grant Thornton LLP

Melanie Joseph, CPA, CA

APPENDIX

1. **Do you agree with the proposal to change wording from "government" to "public sector entity", "entity" or another appropriate term in certain Sections of the PSA Handbook? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

   Yes, we agree.

2. **Do you agree with the proposal to update wording from "financial asset(s)" and "financial liability" to "financial instrument asset(s)" and "financial instrument liability" in Section PS 2601? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

   Yes, we agree.

3. **Do you agree with the proposal to add reference guidance for foreign currency denominated financial instruments in Section PS 2601? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

   Yes, while we do agree with the intent, we question the references to Sections PS 3041, 3050 and 3230 since there is no risk guidance in any of those standards.

4. **Do you agree with the proposal to add reference guidance for financial instruments relating to sinking funds in Section PS 3450? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

   Yes, we agree.

5. **Do you agree with the proposal to clarify the non-exhaustive nature of the embedded derivative examples in the application guidance of Section PS 3450? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

   Yes, we agree.

6. **Do you agree with the proposal to add a decision tree as Appendix B to Section PS 3450 to help clarify the process for identifying embedded derivatives? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

We are in total agreement that you should include a decision tree as we find the one provided a bit confusing to follow and think the ordering of the questions could change. We would be happy to provide a sample of one we created internally to demonstrate how our Firm attempted to simplify the guidance for our own practitioners.

7. **Do you agree with the other proposed editorial updates? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

   Yes, we agree.

Alberta Treasury Board and Finance

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340 Terrace Building
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September 17, 2026

Michael Puskaric, MBA, CPA, CMA
Director, Public Sector Accounting Standards
Public Sector Accounting Board
145 King Street West, Suite 500
Toronto ON M5H 1J8

PSAB Exposure Draft: 2026-2027 Annual Improvements to Public Sector Accounting Standards

Thank you for the opportunity to comment. Annual improvements are important to promote consistency and clarity within the Public Sector Accounting Handbook.

Our comments to the specific questions are reflected in the attached Appendix.

Sincerely,

Dan Stadlwieser

Dan Stadlwieser
Controller

Attachment

2026-2027 Annual Improvements to Public Sector Accounting Standards

1. ***Do you agree with the following proposal to change wording from "government" to "public sector entity", "entity" or another appropriate term in certain Sections of the PSA Handbook?***

   Agreed.

   Changing the terminology makes it more comprehensive. This is relevant given the definition of a public sector entity includes governments, government components, government organizations, and partnerships.

   However, it would promote consistency to update other references in the PSA Handbook to change "government" or "government organizations" to "public sector entities". For example, changing references to "a government or government organization" in PS3450.099, .99A or .100 to read "public sector entity".

2. ***Do you agree with the proposal to update wording from "financial asset(s)" and "financial liability" to "financial instrument asset(s)" and "financial instrument liability" in Section PS 2601? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.***

   Agreed.

   The revised wording distinguishes "financial instrument asset(s)" and "financial instrument liability" from the broader terms "financial assets" and "financial liabilities". The updated wording provides consistency with terminology already used in the section and aligns with the terminology used in Financial Instruments PS 3450, which was previously amended with the approval of Financial Statement Presentation PS1202.

3. ***Do you agree with the proposal to add reference guidance for foreign currency denominated financial instruments in Section PS 2601? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.***

   Agreed.

   Reference guidance will ensure the appropriate standards are being applied. However, we suggest the wording be changed from "foreign-denominated

financial instrument asset or financial instrument liability" to "financial instrument asset or financial instrument liability denominated in a foreign currency" for consistency with the rest of the section.

4. ***Do you agree with the proposal to add reference guidance for financial instruments relating to sinking funds in Section PS 3450? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.***

   Agreed.

   Guidance relevant to sinking funds is useful to determine the appropriate treatment.

   We also note that the comma after "in accordance with" in paragraph PS 3450.067B should be removed. Additionally, we suggest revisiting the proposed renumbering, as paragraph PS 3450.067A has been changed to PS 3450.067C which leaves a gap in the sequencing.

5. ***Do you agree with the proposal to clarify the non-exhaustive nature of the embedded derivative examples in the application guidance of Section PS 3450? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.***

   Agreed.

   It is important to illustrate the list is not an exhaustive list and other embedded derivatives may fall under PS 3450.

   For consistency, the same clarification in paragraph AG.26 should be made so that the examples of embedded derivatives that are closely related to the host contract are not interpreted as an exhaustive list. Without a similar clarification in AG.26, the added clarification in AG.25 may lead readers to infer the list in AG.26 is exhaustive.

6. ***Do you agree with the proposal to add a decision tree as Appendix B to Section PS 3450 to help clarify the process for identifying embedded derivatives? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.***

   Agreed.

   The decision tree is a helpful tool that should support consistent application of the standards.

However, the question in box referencing PS 3450.AG.19(a) is currently framed in the opposite direction resulting in the “Yes/No” response leading to the incorrect decision. We suggest revising the decision points so that “Yes” moves left to single financial instrument, and “No” moves down to the next question. Further, the question related to PS3450.AG.19(c) appears to be a double-negative, which may cause confusion among readers. We suggest revising the question to read “Is the hybrid (combined) instrument measured at fair value (i.e., derivatives embedded in financial instruments in the fair value category are not separated)?” and subsequently revise the decision points so that “Yes” moves left to a single financial instrument, and “No” moves down to “Embedded derivative must be separately accounted for from the host contract.”.

7. ***Do you agree with the other proposed editorial updates? If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.***

   Agreed.

   Updating the alphabetical paragraph references to “AG” is consistent with the references adopted through the 2022-2023 annual improvements. Also, the revision to paragraph PS 3450.AG.01 appropriately reflects that public sector entities may issue equity instruments in rare circumstances.

   We suggest revising Footnote 2 in Section PS 3041 to “Reference to government apply as well to other public sector entities” for consistency with the revised Footnote 1 in Section PS 3450.

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September 16, 2026

Mr. Michael Puskaric, MBA, CPA, CMA
Director, Public Sector Accounting
Public Sector Accounting Board
277 Wellington Street West
Toronto, ON M5V 3H2

Dear Mr. Puskaric:

Re: Exposure Draft — 2026–2027 Annual Improvements — July 2026

Thank you for the opportunity to comment on the exposure draft. We appreciate PSAB's continued efforts to clarify the requirements in the Public Sector Accounting Handbook.

Based on our review, we support the annual improvements as proposed. We have not identified any matters that need to be addressed before the annual improvements are finalized.

Kind regards,

Shelley Spence
Auditor General

Ministry of Finance
Provincial Comptroller's Office
8th Floor, 2350 Albert St
Regina, Canada S4P 4A6

September 18, 2026

Michael Puskaric, MBA, CPA, CMA
Director, Public Sector Accounting Standards
Public Sector Accounting Board
145 King Street West, Suite 500
Toronto ON M5H 1J8

Dear Michael Puskaric:

Thank you for allowing us to review the Public Sector Accounting Board's Exposure Draft (ED) on 2026-27 Annual Improvements to Public Sector Accounting Standards.

Here are our answers to the questions listed within as well as some general comments.

Questions

1. **Do you agree with the proposal to change wording from "government" to "public sector entity", "entity" or another appropriate term in certain Sections of the PSA Handbook?**

   Yes, we have no issues with these amendments.

2. **Do you agree with the proposal to update wording from "financial asset(s)" and "financial liability" to "financial instrument asset(s)" and "financial instrument liability" in Section PS 2601?**

   Yes, we have no issues with these amendments.

3. **Do you agree with the proposal to add reference guidance for foreign currency denominated financial instruments in Section PS 2601?**

   No. While we agree that additional guidance is helpful, PS 3041 Portfolio Investments and PS 3230 Long-term debt do not address how foreign currency risk should be reflected within a public sector entity's financial statements. Further clarification should be provided to ensure the reader understands which sections contain guidance on how foreign-denominated financial instrument asset or financial instrument liability risk should be reflected.

. . . 2

4. **Do you agree with the proposal to add reference guidance for financial instruments relating to sinking funds in Section PS 3450?**

   Yes, we have no issues with these amendments.

   Additionally, we note that the handbook does not contain any guidance on sinking funds related to GBE specific debt. Further guidance on this topic would be helpful.

5. **Do you agree with the proposal to clarify the non-exhaustive nature of the embedded derivative examples in the application guidance of Section PS 3450?**

   Yes, we have no issues with these amendments.

6. **Do you agree with the proposal to add a decision tree as Appendix B to Section PS 3450 to help clarify the process for identifying embedded derivatives?**

   Yes, we have no issues with these amendments.

7. **Do you agree with the other proposed editorial updates?**

   Yes, we have no issues with these amendments.

Please contact Amanda Glowa with any questions at amanda.glowa@gov.sk.ca, 306-787-6834.

Sincerely,

Brent Hebert
Provincial Comptroller

cc: Donica Smart, Assistant Provincial Comptroller, Provincial Comptroller's Office, Ministry of Finance
Gabriel Plosker, Director, Provincial Comptroller's Office, Ministry of Finance
Amanda Glowa, Senior Analyst, Provincial Comptroller's Office, Ministry of Finance

Respondent No:	1	**Responded At:**	Sep 02, 2026 11:09:42 am
Login:	Anonymous	**Last Seen:**	Sep 02, 2026 11:09:42 am
Email:	n/a	**IP Address:**	n/a

Q1.	**Name**	Adrien Dejong
Q2.	**Role**	Senior Accountant
Q3.	**Organization**	City of Edmonton
Q4.	**Canadian jurisdiction**	Alberta
Q5.	**Email**	adrien.dejong@edmonton.ca
Q6.	**Would you like your response to remain confidential?**	No
Q7.	**Do you agree with the proposal to change wording from “government” to “public sector entity”, “entity”, or another appropriate term in certain Sections of the PSA Handbook?**	Yes

Q8. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q9.	**Do you agree with the proposal to update wording from “financial asset(s)” and “financial liability” to “financial instrument asset(s)” and “financial instrument liability” in Section PS 2601?**	Yes

Q10. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q11.	**Do you agree with the proposal to add reference guidance for foreign currency denominated financial instruments in Section PS 2601?**	Yes

Q12. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q13.	**Do you agree with the proposal to add reference guidance for financial instruments relating to sinking funds in Section PS 3450?**	Yes

Q14. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q15. **Do you agree with the proposal to clarify the non-exhaustive nature of the embedded derivative examples in the application guidance of Section PS 3450?** Yes

Q16. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q17. **Do you agree with the proposal to add a decision tree as Appendix B to Section PS 3450 to help clarify the process for identifying embedded derivatives?** Yes

Q18. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q19. **Do you agree with the other proposed editorial updates?** Yes

Q20. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Respondent No:	4	**Responded At:**	Sep 14, 2026 11:36:02 am
Login:	Anonymous	**Last Seen:**	Sep 14, 2026 11:36:02 am
Email:	n/a	**IP Address:**	n/a

Q1.	**Name**	Marina Ter Sargsyan
Q2.	**Role**	Managing Partner
Q3.	**Organization**	Crystal Books Consulting
Q4.	**Canadian jurisdiction**	None. United States based adviser responding on cross-framework experience in multi-currency public sector and nonprofit financial reporting.
Q5.	**Email**	info@crystalbooksconsulting.com
Q6.	**Would you like your response to remain confidential?**	No
Q7.	**Do you agree with the proposal to change wording from “government” to “public sector entity”, “entity”, or another appropriate term in certain Sections of the PSA Handbook?**	Yes

Q8. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q9.	**Do you agree with the proposal to update wording from “financial asset(s)” and “financial liability” to “financial instrument asset(s)” and “financial instrument liability” in Section PS 2601?**	Yes

Q10. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q11.	**Do you agree with the proposal to add reference guidance for foreign currency denominated financial instruments in Section PS 2601?**	Yes

Q12. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q13. **Do you agree with the proposal to add reference guidance for financial instruments relating to sinking funds in Section PS 3450?** Yes

Q14. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q15. **Do you agree with the proposal to clarify the non-exhaustive nature of the embedded derivative examples in the application guidance of Section PS 3450?** Yes

Q16. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q17. **Do you agree with the proposal to add a decision tree as Appendix B to Section PS 3450 to help clarify the process for identifying embedded derivatives?** Yes

Q18. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q19. **Do you agree with the other proposed editorial updates?** Yes

Q20. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Respondent No:	5	**Responded At:**	Sep 20, 2026 15:51:01 pm
Login:	Anonymous	**Last Seen:**	Sep 20, 2026 15:51:01 pm
Email:	n/a	**IP Address:**	n/a

Q1.	**Name**	Rob Bourgeois
Q2.	**Role**	Controller
Q3.	**Organization**	NS Dept of Finance and Treasury Board
Q4.	**Canadian jurisdiction**	Province of Nova Scotia
Q5.	**Email**	robert.bourgeois@novascotia.ca
Q6.	**Would you like your response to remain confidential?**	No
Q7.	**Do you agree with the proposal to change wording from “government” to “public sector entity”, “entity”, or another appropriate term in certain Sections of the PSA Handbook?**	Yes
Q8.	**If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**	not answered
Q9.	**Do you agree with the proposal to update wording from “financial asset(s)” and “financial liability” to “financial instrument asset(s)” and “financial instrument liability” in Section PS 2601?**	Yes
Q10.	**If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**	not answered
Q11.	**Do you agree with the proposal to add reference guidance for foreign currency denominated financial instruments in Section PS 2601?**	Yes
Q12.	**If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**	not answered
Q13.	**Do you agree with the proposal to add reference guidance for financial instruments relating to sinking funds in Section PS 3450?**	Yes

Q14. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q15. **Do you agree with the proposal to clarify the non-exhaustive nature of the embedded derivative examples in the application guidance of Section PS 3450?** Yes

Q16. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q17. **Do you agree with the proposal to add a decision tree as Appendix B to Section PS 3450 to help clarify the process for identifying embedded derivatives?** Yes

Q18. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered

Q19. **Do you agree with the other proposed editorial updates?** Yes

Q20. **If you disagree, please clearly explain your concern(s) and provide a suggested alternative(s), supported by your specific reasoning.**

not answered