



CANADIAN BANKERS ASSOCIATION

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APR 23 2003  
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April 23, 2003

Mr. Jonathan G. Katz  
Secretary  
U.S. Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549-0609

Dear Mr. Katz:

**Re: Section 404 of the Sarbanes-Oxley Act of 2002**

We are writing at this time to express an urgent concern with the Securities and Exchange Commission's (SEC) implementation date for Section 404 "Management assessment of internal controls" of the *Sarbanes-Oxley Act of 2002* (the "Act") that was anticipated at the time the SEC published its Proposed Rule document for Sections 404, 406 and 407 of the Act. The CBA commented on the SEC's proposed rule last year, and requested that the final rules be delayed until the Public Company Accounting Oversight Board (PCAOB) develops its rules relating to this issue in order to ensure consistency on these requirements. This approach is consistent with the SEC's Proposed Rule document. However, the document anticipated that the PCAOB would have sufficient time to adopt standards and permit a proposed implementation requirement on companies with a fiscal year end of September 15, 2003 or later.

The Canadian banking industry does have in place rigorous internal controls and procedures for financial reporting. However, it wishes to ensure that such controls are fully compliant with the requirements that will be adopted by the PCAOB and the SEC. Canada's major banks have a fiscal year end of October 31 and there is concern that there would not be sufficient time to ensure full compliance with the rules and standards this fiscal year, given that they have yet to be finalized. Accordingly, on behalf of the major Canadian banks with a fiscal year end of October 31, we would request that the proposed date for implementation be the later of fiscal years ending on or after December 31, 2003 or six months following the finalization of the SEC and PCAOB rules and standards. The Canadian banking industry fully supports the objective of building investor confidence in North American capital markets. We believe that our recommendation is consistent with this objective while ensuring that issuers of securities have sufficient time to implement the associated rules and standards.

As you may appreciate, our banks are striving to implement the infrastructure necessary to comply with the Section 404 requirements and therefore would appreciate an early indication in respect to this matter. Thank you for the opportunity to respond to these rules. Please do not hesitate to contact me if you require any further information or assistance on this issue.

Sincerely,

cc: Michael Hafeman, OSFI  
Terry Winsor, Department of Finance