

Note 16: Other Liabilities

(Canadian \$ in millions)	2008	2007
Acceptances	\$ 9,358	\$ 12,389
Securities sold but not yet purchased	18,792	25,039
Securities lent or sold under repurchase agreements	32,492	31,263
	\$ 60,642	\$ 68,691

Acceptances

Acceptances represent a form of negotiable short-term debt that is issued by our customers and which we guarantee for a fee. We have an offsetting claim, equal to the amount of the acceptances, against our customers. The amount due under acceptances is recorded as a liability and our corresponding claim is recorded as a loan in our Consolidated Balance Sheet.

Securities Sold but not yet Purchased

Securities sold but not yet purchased represent our obligation to deliver securities that we do not own at the time of sale. These obligations are recorded at their market value. Adjustments to the market value as at the balance sheet date and gains and losses on the settlement of these obligations are recorded in trading revenues (losses) in our Consolidated Statement of Income.

Securities Lent or Sold under Repurchase Agreements

Securities lent or sold under repurchase agreements represent short-term funding transactions where we sell securities that we already own and simultaneously commit to repurchase the same securities at a specified price on a specified date in the future. The obligation to repurchase these securities is recorded at the amount owing. The interest expense related to these liabilities is recorded on an accrual basis.

(Canadian \$ in millions)	2008	2007
Other		
Accounts payable, accrued expenses and other items	\$ 7,265	\$ 7,760
Accrued interest payable	1,656	1,893
Non-controlling interest in subsidiaries	1,400	1,329
Liabilities of subsidiaries, other than deposits	2,990	387
Pension liability (Note 24)	47	11
Other employee future benefits liability (Note 24)	713	675
Total	\$ 14,071	\$ 12,055

Included in non-controlling interest in subsidiaries as at October 31, 2008 were capital trust securities including accrued interest totalling \$1,060 million (\$1,060 million in 2007) (see Note 19) and 7.375% preferred shares of US\$250 million (US\$250 million in 2007) issued by Harris Preferred Capital Corporation, a U.S. subsidiary, that forms part of our Tier 1 regulatory capital.

Customer Loyalty Program

During the year ended October 31, 2008, we settled the liability associated with our customer loyalty rewards program in Personal and Commercial Banking Canada's MasterCard business. We are no longer required to estimate and accrue a liability associated with the redemption of rewards issued to our customers under the new agreement. The ongoing costs of our credit card customer loyalty program are recorded as a reduction in non-interest revenue, card fees in our Consolidated Statement of Income.

Previously, we recorded the liability associated with our credit card customer loyalty program rewards in the period in which our customers became entitled to redeem the rewards. We estimated the liability using the expected future redemption rate and applied the cost of expected redemptions. Our estimate of the expected redemption rate was based on statistical analysis of past customer behaviour. The costs of our credit card customer loyalty program were recorded as a reduction in non-interest revenue, card fees in our Consolidated Statement of Income. The liability was included in other liabilities in our Consolidated Balance Sheet.

Change in Accounting Estimate

During the year ended October 31, 2007, we increased the liability for future customer redemptions related to our loyalty rewards program in Personal and Commercial Banking Canada's MasterCard business. The impact of this change on our Consolidated Statement of Income for the year ended October 31, 2007 was a reduction in non-interest revenue, card fees of \$185 million, a decrease in the provision for income taxes of \$65 million and a decrease in net income of \$120 million.