

# IIROC NOTICE

**Rules Notice**  
**Notice of Approval/Implementation**  
Dealer Member Rules

*Please distribute internally to:*

Internal Audit  
Legal and Compliance  
Regulatory Accounting  
Senior Management  
Training

*Contact:*

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**18-0230**  
**December 13, 2018**

## **Housekeeping amendments to Form 1 to adopt new auditor reporting standards for the audits of regulatory financial statements**

On November 28, 2018, the Board of Directors (the Board) of the Investment Industry Regulatory Organization of Canada (IIROC) approved the housekeeping amendments to the sample independent auditor's reports in Form 1 (the **Housekeeping Amendments**) regarding the adoption of new auditor reporting standards, Canadian Auditing Standard 700 (CAS 700).

### **Summary of the nature and purpose of the amendments**

In April 2017, the Auditing and Assurance Standards Board (Canada) adopted the International Auditing Standards on auditor reporting for audits of all entities as Canadian Auditing Standards (**CAS**). They are effective for audits of financial statements for periods ending on or after December 15, 2018 and also apply to the Form 1 regulatory financial statements of our Dealer Members.



We have classified our amendments to the sample independent auditor's reports in Form 1 as "housekeeping" because:

- they do not represent a material change to the scope or quality of the opinion that the auditors will provide to IIROC
- there is no material impact on investors, issuers, Dealer Members or the capital markets in an province or territory of Canada
- they are necessary to ensure IIROC Rules comply with applicable securities legislation, statutory and legal requirements.

The Housekeeping Amendments result in the replacement of the two sample independent auditors' reports in Form 1 with new reports that comply with CAS. The first independent auditor's report will continue to provide an auditor's opinion on Statements A, E and F and the second report will continue to provide an auditor's opinion on Statements B, C and D.

### **Implementation**

The Housekeeping Amendments are effective immediately.

### **Appendices**

- Appendix A - Blackline comparison of the amendments to the current Independent Auditor's Report for Statements A, E and F
- Appendix B - Blackline comparison of the amendments to the current Independent Auditor's Report for Statements B, C and D
- Appendix C - Clean copy of the amendments to the Independent Auditor's Report for Statements A, E and F
- Appendix D - Clean copy of the amendments to the Independent Auditor's Report for Statements B, C and D.

**BLACKLINE COMPARISON OF THE PROPOSED AMENDMENTS TO THE CURRENT INDEPENDENT AUDITOR'S REPORT  
FOR STATEMENTS A, E AND F**

**FORM 1 — INDEPENDENT AUDITOR’S REPORT FOR STATEMENTS A, E AND F**

To: Investment Industry Regulatory Organization of Canada and Canadian Investor Protection Fund

**Opinion**

We have audited the ~~accompanying~~ \_\_\_\_\_, which comprise ~~of~~:  
 Statements of Form 1 of

\_\_\_\_\_  
 (Dealer Member)

Statement A - ~~Statement~~Statements of financial position  
 as at

\_\_\_\_\_ and \_\_\_\_\_  
 (date) (date)

Statement E - ~~Statement~~Statements of income and comprehensive income for the years ended

\_\_\_\_\_ and \_\_\_\_\_  
 (date) (date)

Statement F - ~~Statement~~Statements of changes in capital for  
 the year ended

~~and changes in retained earnings for the years ended~~

\_\_\_\_\_ (date) \_\_\_\_\_ (date)

and changes in retained earnings (or undivided profits) for the years ended  
 \_\_\_\_\_ and \_\_\_\_\_  
 (date) (date)

and notes to the Statements, including a summary of significant accounting policies ~~and other explanatory information. These Statements have been prepared by management based on the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada~~ (collectively referred to as the Statements).

**Management’s responsibility for**

In our opinion, the accompanying Statements present fairly, in all material respects the financial position of the Dealer Member as at  
~~Management is responsible for the preparation and fair presentation of these Statements~~

\_\_\_\_\_ and \_\_\_\_\_

\_\_\_\_\_ (date)

\_\_\_\_\_ (date)

and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Statements section of our report. We are independent of the Dealer Member in accordance with the ethical requirements that are relevant to our audit of the Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter – Basis of Accounting**

We draw attention to Note \_\_\_\_\_ to the Statements which describes the basis of accounting.  
 \_\_\_\_\_ (note)

[See notes and instructions]

~~Jan-2013~~ Dec-2018

**FORM 1—INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, E AND F**

The Statements are prepared to assist the Dealer Member in complying with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada. As a result, the Statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**[Optional wording to either be removed or customized by respective audit firms] Material Uncertainty related to Going Concern**

We draw attention to Note \_\_\_\_\_ in the statements which indicates that [insert key events and conditions that resulted in the material uncertainty]. As stated in Note \_\_\_\_\_ in the Statements, these events and conditions, along with other matters as set forth in Note \_\_\_\_\_ in the Statements, indicate that a material uncertainty exists that may cast significant doubt on the Dealer Member's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other Matter – Unaudited Information**

We have not audited the information in Schedules 13 and 13A of Part II of Form 1 and accordingly, do not express an opinion on these schedules.

**Other Matter – Restriction on Use [Optional wording to either be removed or customized by audit firms]**

Our report is intended solely for the Dealer Member, the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund and should not be used by parties other than the Dealer Member, the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund.

**Responsibilities of Management and Those Charged with Governance for the Statements**

Management is responsible for the preparation and fair presentation of the Statements in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada, and for such internal control as management determines is necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Statements, management is responsible for assessing the Dealer Member's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Dealer Member or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Dealer Member's financial reporting process.

**Auditor's ~~responsibility~~ Responsibilities for the Audit of the Statements**

Our ~~responsibility is to express an opinion on these Statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit~~ objectives are to obtain reasonable assurance about whether the Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ~~An~~ Identify and assess the risks of material misstatement of the Statements, whether due to fraud or error, design and perform audit ~~involves performing~~ procedures ~~to obtain audit evidence about the amounts and disclosures in the Statements. The~~

*[See notes and instructions]*

*Jan-2013-Dec-2018*

**FORM 1—INDEPENDENT AUDITOR’S REPORT FOR STATEMENTS A, E AND F**

~~procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.~~

- Obtain an understanding of internal control relevant to the ~~Dealer Member’s preparation and fair presentation of the Statements~~ audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dealer Member’s internal control. ~~An audit also includes evaluating~~
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management, ~~as well as evaluating the overall presentation of the Statements.~~

~~We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.~~

**Opinion**

In our opinion, the Statements present fairly, in all material respects, the financial position of \_\_\_\_\_ (Dealer Member) as at \_\_\_\_\_ (date) and \_\_\_\_\_ (date) and the results of its operations for the years \_\_\_\_\_ then ended in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

**Basis of Accounting and Restriction on Use**

Without modifying our opinion, we draw attention to Note \_\_\_\_\_ (note) to the Statements which describes the basis of accounting. The Statements are prepared to assist \_\_\_\_\_ (Dealer Member) to meet the requirements of the Investment Industry Regulatory Organization of Canada. As a result, the Statements may not be suitable for another purpose. Our report is intended solely for \_\_\_\_\_ (Dealer Member), the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund and should not be used by parties other than \_\_\_\_\_ (Dealer Member), the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund.

**[Note: SIRFF to allow for auditor to include other potential Emphasis of Matter and Other Matter paragraphs should one be required under the CASS or determined appropriate by the auditor to be included in the auditor’s report. Such wording would be agreed upon with the Investment Industry Regulatory Organization of Canada prior to the filing of Form 1.]**

**Unaudited Information**

~~We have not audited the information in Schedules 13 and 13A of Part II of Form 1 and accordingly do not express an opinion on these schedules.~~

\_\_\_\_\_  
(Audit Firm)

\_\_\_\_\_  
(signature)

[See notes and instructions]

Jan-2013-[Dec-2018](#)

~~FORM 1~~—INDEPENDENT AUDITOR’S REPORT FOR STATEMENTS A, E AND F

<span style="color: red;">{date}</span>
<span style="color: red;">{address}</span>

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Dealer Member’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Dealer Member to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the Statements, including the disclosures, and whether the Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

<a href="#">[Audit Firm]</a>
<a href="#">[Signature of the name of the audit firm]</a>
<a href="#">[Auditor address]</a>
<a href="#">[Date]</a>

[See notes and instructions]

~~Jan-2013~~ [Dec-2018](#)

**BLACKLINE COMPARISON OF THE PROPOSED AMENDMENTS TO THE CURRENT INDEPENDENT AUDITOR'S  
REPORT FOR STATEMENTS B, C AND D**



**FORM 1 — INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, C AND D**

To: Investment Industry Regulatory Organization of Canada and Canadian Investor Protection Fund

**Opinion**

We have audited the accompanying  
Statements of Form 1 ~~(the "Statements")~~  
of

\_\_\_\_\_, which comprise:

\_\_\_\_\_  
(Dealer Member)

which comprise of:

\_\_\_\_\_  
(Dealer Member)

Statement B - ~~Statement~~ Statements of net allowable assets and risk adjusted capital as at  
\_\_\_\_\_ and \_\_\_\_\_

(date)

(date)

Statement C - Statement of early warning excess and early warning reserve as at

\_\_\_\_\_  
(date)

Statement D - Statement of free credit segregation amount as at

\_\_\_\_\_ (collectively referred to as the Statements).

(date)

In our opinion, the accompanying Statement B as at \_\_\_\_\_ and \_\_\_\_\_  
(date) (date)

Statements C and D as at \_\_\_\_\_ are prepared, in all material respects, in accordance with the financial  
(date)

~~These Statements have been~~ reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry  
Regulatory Organization of Canada.

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statements section of our report. We are independent of the Dealer Member in accordance with the ethical requirements that are relevant to our audit of the Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter – Basis of Accounting**

We draw attention to Note \_\_\_\_\_ to the Statements which describes the basis of accounting.  
(note)

The Statements are prepared ~~by management based on~~ to assist the Dealer Member in complying with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada. As a result, the Statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**[Optional wording to either be removed or customized by respective audit firms] Material Uncertainty related to Going Concern**

We draw attention to Note \_\_\_\_\_ in the Statements which indicates that [insert key events and conditions that resulted in the  
(note)  
material uncertainty]. As stated in Note \_\_\_\_\_ in the Statements, these events and conditions, along with other matters as set  
(note)

[See notes and instructions]

~~Jan-2013~~ Dec-2018

**FORM 1—INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, C AND D**

forth in Note \_\_\_\_\_ in the Statements, indicate that a material uncertainty exists that may cast significant doubt on the Dealer Member's ability to continue as a going concern. Our opinion is not modified in respect of this matter.  
(note)

**Other Matter – Unaudited Information**

We have not audited the information in Schedules 13 and 13A of Part II of Form 1 and accordingly, do not express an opinion on these schedules.

**Other Matter – Restriction on Use [Optional wording to either be removed or customized by audit firms]**

Our report is intended solely for the Dealer Member, the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund and should not be used by parties other than the Dealer Member, the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund.

**Responsibilities of Management's Responsibility and Those Charged with Governance for the Statements**

Management is responsible for the preparation of the Statements ~~of Form 1~~ in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada, and for such internal control as management determines is necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Statements, management is responsible for assessing the Dealer Member's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Dealer Member or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Dealer Member's financial reporting process.

**Auditor's ~~responsibility~~ Responsibilities for the Audit of the Statements**

Our ~~responsibility is to express an opinion on the Statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit~~objectives are to obtain reasonable assurance about whether the Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Statements.  
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ~~An~~ Identify and assess the risks of material misstatement of the Statements, whether due to fraud or error, design and perform audit ~~involves performing~~ procedures to obtain audit evidence about the amounts and disclosures in the Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statements, whether due to fraud or error. In making those risk assessments, the auditor considers ~~responsive to those risks,~~ and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the ~~Dealer Member's preparation of the Statements~~audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dealer Member's internal control. ~~An audit also includes evaluating~~
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management, ~~as well as evaluating the overall presentation of the Statements.~~

[See notes and instructions]

*Jan-2013-Dec-2018*

**FORM 1 — INDEPENDENT AUDITOR’S REPORT FOR STATEMENTS B, C AND D**

- ~~We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis of our audit opinion.~~

**Opinion**

In our opinion, the financial information in Statement B as at \_\_\_\_\_ and \_\_\_\_\_  
 \_\_\_\_\_  
 (date) (date)  
 Statements C and D as at \_\_\_\_\_  
 \_\_\_\_\_  
 (date)

~~is prepared, in all material respects, in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.~~

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Dealer Member’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Dealer Member to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

<u>[Audit Firm]</u>
<u>[Signature of the name of the audit firm]</u>
<u>[Auditor address]</u>
<u>[Date]</u>

**Basis of Accounting and Restriction on Use**

Without modifying our opinion, we draw attention to Note \_\_\_\_\_ to the Statements which describes the basis of  
 \_\_\_\_\_  
 (note)  
 accounting. The Statements are prepared to assist \_\_\_\_\_ to meet the requirements of the  
 \_\_\_\_\_  
 (Dealer Member)  
 Investment Industry Regulatory Organization of Canada. As a result, the Statements may not be suitable for another  
 purpose. Our report is intended solely for \_\_\_\_\_, the Investment Industry Regulatory  
 \_\_\_\_\_  
 (Dealer Member)  
 Organization of Canada and the Canadian Investor Protection Fund and should not be used by parties other than  
 \_\_\_\_\_, the Investment Industry Regulatory Organization of Canada and the

[See notes and instructions]

Jan-2013-Dec-2018

**FORM 1 — INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, C AND D**

(Dealer Member)

Canadian Investor Protection Fund:

(Audit Firm)

(signature)

(date)

(address)

*[See notes and instructions]*

*Jan-2013*

**CLEAN COPY OF THE PROPOSED AMENDMENTS TO THE INDEPENDENT AUDITOR'S REPORT FOR  
STATEMENTS A, E AND F**

## INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, E AND F

To: Investment Industry Regulatory Organization of Canada and Canadian Investor Protection Fund

**Opinion**

We have audited the Statements of Form 1 of \_\_\_\_\_, which comprise:  
(Dealer Member)

Statement A - Statements of financial position as at  
\_\_\_\_\_ and \_\_\_\_\_  
(date) (date)

Statement E - Statements of income and comprehensive income for the years ended  
\_\_\_\_\_ and \_\_\_\_\_  
(date) (date)

Statement F - Statements of changes in capital for the year ended \_\_\_\_\_  
(date)  
and changes in retained earnings (or undivided profits) for the years ended  
\_\_\_\_\_ and \_\_\_\_\_  
(date) (date)

and notes to the Statements, including a summary of significant accounting policies (collectively referred to as the Statements). In our opinion, the accompanying Statements present fairly, in all material respects the financial position of the Dealer Member as at \_\_\_\_\_ and \_\_\_\_\_,  
(date) (date)

and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statements* section of our report. We are independent of the Dealer Member in accordance with the ethical requirements that are relevant to our audit of the Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter – Basis of Accounting**

We draw attention to Note \_\_\_\_\_ to the Statements which describes the basis of accounting.  
(note)

The Statements are prepared to assist the Dealer Member in complying with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada. As a result, the Statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**[Optional wording to either be removed or customized by respective audit firms] Material Uncertainty related to Going Concern**

We draw attention to Note \_\_\_\_\_ in the statements which indicates that [insert key events and conditions that resulted in the material uncertainty]. As stated in Note \_\_\_\_\_ in the Statements, these events and conditions, along with other matters as set forth in Note \_\_\_\_\_ in the Statements, indicate that a material uncertainty exists that may cast significant doubt on the Dealer Member's ability to continue as a going concern. Our opinion is not modified in respect of this matter.  
(note) (note) (note)

[See notes and instructions]

Dec-2018

## INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, E AND F

### Other Matter – Unaudited Information

We have not audited the information in Schedules 13 and 13A of Part II of Form 1 and accordingly, do not express an opinion on these schedules.

### Other Matter – Restriction on Use [Optional wording to either be removed or customized by audit firms]

Our report is intended solely for the Dealer Member, the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund and should not be used by parties other than the Dealer Member, the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund.

### Responsibilities of Management and Those Charged with Governance for the Statements

Management is responsible for the preparation and fair presentation of the Statements in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada, and for such internal control as management determines is necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Statements, management is responsible for assessing the Dealer Member's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Dealer Member or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Dealer Member's financial reporting process.

### Auditor's Responsibilities for the Audit of the Statements

Our objectives are to obtain reasonable assurance about whether the Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dealer Member's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Dealer Member's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Dealer Member to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the Statements, including the disclosures, and whether the Statements represent the underlying transactions and events in a manner that achieves fair presentation.

*[See notes and instructions]*

*Dec-2018*

**INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, E AND F**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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[Audit Firm]

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[Signature of the name of the audit firm]

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[Auditor address]

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[Date]

*[See notes and instructions]*

*Dec-2018*



**CLEAN COPY OF THE PROPOSED AMENDMENTS TO THE INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, C AND D**

## INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, C AND D

To: Investment Industry Regulatory Organization of Canada and Canadian Investor Protection Fund

**Opinion**

We have audited the Statements of Form 1 of \_\_\_\_\_, which comprise:

(Dealer Member)

Statement B - Statements of net allowable assets and risk adjusted capital as at

and \_\_\_\_\_

(date)

(date)

Statement C - Statement of early warning excess and early warning reserve as at

\_\_\_\_\_ (date)

Statement D - Statement of free credit segregation amount as at

\_\_\_\_\_ (collectively referred to as the Statements).

(date)

In our opinion, the accompanying Statement B as at \_\_\_\_\_ and \_\_\_\_\_,

(date)

(date)

Statements C and D as at \_\_\_\_\_ are prepared, in all material respects, in accordance with the financial

(date)

reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada.

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statements* section of our report. We are independent of the Dealer Member in accordance with the ethical requirements that are relevant to our audit of the Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter – Basis of Accounting**

We draw attention to Note \_\_\_\_\_ to the Statements which describes the basis of accounting.

(note)

The Statements are prepared to assist the Dealer Member in complying with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada. As a result, the Statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**[Optional wording to either be removed or customized by respective audit firms] Material Uncertainty related to Going Concern**

We draw attention to Note \_\_\_\_\_ in the Statements which indicates that [insert key events and conditions that resulted in the

(note)

material uncertainty]. As stated in Note \_\_\_\_\_ in the Statements, these events and conditions, along with other matters as set

(note)

forth in Note \_\_\_\_\_ in the Statements, indicate that a material uncertainty exists that may cast significant doubt on the Dealer

(note)

Member's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

[See notes and instructions]

Dec-2018

## INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, C AND D

### Other Matter – Unaudited Information

We have not audited the information in Schedules 13 and 13A of Part II of Form 1 and accordingly, do not express an opinion on these schedules.

### Other Matter – Restriction on Use [Optional wording to either be removed or customized by audit firms]

Our report is intended solely for the Dealer Member, the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund and should not be used by parties other than the Dealer Member, the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund.

### Responsibilities of Management and Those Charged with Governance for the Statements

Management is responsible for the preparation of the Statements in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization of Canada, and for such internal control as management determines is necessary to enable the preparation of Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Statements, management is responsible for assessing the Dealer Member's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Dealer Member or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Dealer Member's financial reporting process.

### Auditor's Responsibilities for the Audit of the Statements

Our objectives are to obtain reasonable assurance about whether the Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dealer Member's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Dealer Member's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Dealer Member to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*[See notes and instructions]*

*Dec-2018*

INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS B, C AND D

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[Audit Firm]

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[Signature of the name of the audit firm]

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[Auditor address]

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[Date]

*[See notes and instructions]*

*Dec-2018*