

September 25, 2003

Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Commission des valeurs mobilières du Québec
Nova Scotia Securities Commission
Securities Administration Branch, New Brunswick
Office of the Attorney General, Prince Edward Island
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8

c/o Denise Brosseau, Secretary
Commission des valeurs mobilières du Québec
Tour de la Bourse
800, square Victoria
C.O. 246, 22e étage
Montréal, Québec
H4Z 1G3

Ladies and Gentlemen:

Re: Proposed Multilateral Instrument 52-108 Auditor Oversight (Proposed 52-108)

We have read Proposed 52-108 and provide you with our comments herein. Capitalized terms in this letter have the same meaning as those in Proposed 52-108, except as otherwise indicated.

Part 2 – The Meaning of "Issuing" an Auditor's Report

Part 2 of the Instrument makes several references to circumstances that should exist when an auditor's report is "issued". We recommend that such references be to "the date of the auditor's report" rather than when the report is issued. Different views might exist as to when an auditor's report is issued. For example, some might consider the report to be issued when the results for the year are made public by press release. Others might consider the report to be issued when it is filed on SEDAR or when it is mailed to securityholders. We believe that more specific language is called for in Part 2 and that the most relevant date for this purpose is the date of the auditor's report.

Part 3 – Notice of Sanctions

We are unable to assess the notification requirements in this Part since, to the best of our knowledge, "sanction", "restriction" and failure "to address, to the satisfaction of the CPAB, the defects in its quality control systems" are neither defined nor understood. Notification of such issues to audit clients, prospective clients and regulators are very serious matters and we are understandably alarmed that such requirements be introduced into our national securities regulations without a much better understanding of the relationships between the CPAB and participating audit firms, as well as the means the CPAB will use to classify inspection findings, specify remedial actions and otherwise take action against auditors with which the CPAB has quality concerns. We recommend that the Canadian Securities Administrators and the CPAB consult with audit firms that are expected to become participating firms on these matters before this Instrument is finalized.

We note that the Request for Comments issued with this draft Instrument indicates in the Introduction that audit firms will be required to notify audit clients and securities regulators of sanctions and restrictions. However, we read the Instrument to say that clients should be notified of sanctions and regulators should be notified of restrictions. We trust that the language in the Instrument is what was intended, rather than the description in the Request for Comments.

Should you have any questions or comments on this letter, we would be pleased to hear from you.

Yours sincerely,



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