

November 2014

SECURITIES ALERT

Changes to Auditor Oversight and Disclosure

New Rules for Reporting Issuers

The Ontario Securities Commission (the “OSC”), in conjunction with all other Canadian jurisdictions, recently enacted changes to its auditor oversight rules, with consequent changes to reporting issuer’s continuous disclosure obligations and prospectus disclosure requirements. The changes are set out in National Instrument 52-108 *Auditor Oversight* (“NI 52-108”) and in amendments to National Instrument 41-101 *General Prospectus Requirements* (“NI 41-101”) and to National Instrument 51-102 *Continuous Disclosure Obligations* (“NI 51-102”).

NI 52-108 requires a public accounting firm preparing an auditor’s report with respect to the financial statements of a reporting issuer to be, generally speaking, a member in good standing of the Canadian Public Accountability Board (“CPAB”). Public accounting firms not in compliance with NI 52-108 must notify both the appropriate securities regulatory authorities and any reporting issuer for which it is engaged to prepare an auditor’s report of its non-compliance, the remedial action required by the CPAB and the remedial action being taken by the public accounting firm. Where a public accounting firm is seeking an appointment to prepare an auditor’s report with respect to the financial statements of a reporting issuer, it must disclose certain defects (if noted by the CPAB) to the reporting issuer. These various notice and disclosure requirements are all subject to time lines set out in NI 52-108.

NI 41-101 has been amended to require that appropriate disclosure be made in any prospectus of the compliance (or non-compliance) with NI 52-108 of the public accounting firm engaged to audit the financial statement(s) included in the prospectus.

NI 51-102 has been amended to substantially shorten the reporting periods in which reporting issuers must submit reports to regulators in respect of a change in auditors and/or appointment of new auditors.

Reporting issuers should take note. These changes, particularly the shortened reporting periods in the amended NI 51-102, can easily put them offside their continuous disclosure obligations.

For more than 40 years, Perley-Robertson, Hill and McDougall has provided financing solutions to a wide variety of clients, including privately held companies, public companies, reporting issuers and companies listed on NASDAQ, the Toronto Stock Exchange, the TSX Venture Exchange and various OTC and private markets. In addition to providing advice on securities registration and compliance, we have completed venture capital funding transactions, debt and/or equity private placements, initial public offerings, prospectus offerings, capital pool company listings and qualifying transactions, reverse takeovers and limited partnership fundings. Whatever your financing requirements, we are confident we can find a cost efficient solution tailored to your needs. Contact any of the individuals listed on the reverse.



PERLEY-ROBERTSON,
HILL & McDOUGALL LLP/s.r.l.

Contact us today and speak with a member of our securities law team.

Mike Gerrior Head, Securities Law Group mgerrior@perlaw.ca +1.613.566.2813	Rob Kinghan Partner rkinghan@perlaw.ca +1.613.566.2848
Lorraine Mastersmith Partner lmastersmith@perlaw.ca +1.613.566.2810	Dirk Bouwer Partner dbouwer@perlaw.ca +1.613.566.2850
Dave Lowdon Lawyer djlowdon@perlaw.ca +1.613.566.2809	Phil Aubry Lawyer paubry@perlaw.ca +1.613.566.2746
Sue Kavanagh Manager, Corporate Services skavanagh@perlaw.ca +1.613.566.2824	