

**AMENDMENTS TO  
NATIONAL INSTRUMENT 52-108 AUDITOR OVERSIGHT**

- 1. National Instrument 52-108 Auditor Oversight is amended by this Instrument.*
- 2. The following is added after Part 3:*

**PART 3.1  
SIGNIFICANT COMPONENT AUDITOR'S WORKING PAPERS**

**Definitions**

**7.1** In this Part,

“component” has the same meaning ascribed to it in Canadian GAAS;

“component auditor” has the same meaning ascribed to it in Canadian GAAS;

“CPAB access agreement” means a written agreement between CPAB and a significant component auditor governing access by CPAB to the significant component auditor’s records related to audit work the significant component auditor has performed in relation to a component of a reporting issuer;

“CPAB access-limitation notice” means a written notice issued by CPAB that a significant component auditor has failed to provide CPAB with access to the significant component auditor’s records related to audit work the significant component auditor has performed in relation to a component of a reporting issuer;

“CPAB no-access notice” means a written notice issued by CPAB that a significant component auditor has failed to enter into a CPAB access agreement;

“significant component auditor” means, with respect to a financial period of a reporting issuer, a component auditor that performs audit work involving financial information related to a component of the reporting issuer if the reporting issuer has the power to direct the component on its own or jointly with another person or company and if any of the following apply:

- (a) the number of hours spent by the component auditor performing audit work in respect of the financial period is 20% or more of the total hours spent on the audit of the reporting issuer’s financial statements relating to that period;
- (b) the amount of fees paid to the component auditor for audit work in respect of the financial period is 20% or more of the total fees paid for

the audit of the reporting issuer's financial statements relating to that period;

- (c) both of the following apply:
  - (i) the assets or revenues of the component are 20% or more of the reporting issuer's consolidated assets at the end of the financial period or the reporting issuer's consolidated revenues for that period;
  - (ii) the number of hours spent by the component auditor performing audit work in respect of the financial period exceeds 50% of the total hours spent on audit work relating to the component in connection with the audit of the reporting issuer's financial statements relating to that period.

### **Reporting Issuer to Permit Provision of Access**

- 7.2** (1) If an audit of a reporting issuer's financial statements for a financial period involves audit work performed by a significant component auditor for the financial period, the reporting issuer must give notice in writing to the significant component auditor that the reporting issuer permits the significant component auditor to provide CPAB with access to the significant component auditor's records relating to that audit work if that access is requested by CPAB.
- (2) The notice referred to in subsection (1) must be given on or before the date of the auditor's report on the reporting issuer's financial statements referred to in subsection (1).

### **Failure to Voluntarily Provide CPAB with Access to a Significant Component Auditor's Records**

- 7.3** (1) If a participating audit firm receives a CPAB access-limitation notice, the participating audit firm must, not more than 5 business days after receipt of the notice, deliver a copy of the notice to all of the following:
- (a) the reporting issuer identified in the notice;
  - (b) the audit committee of that reporting issuer;
  - (c) the regulator or securities regulatory authority for that reporting issuer.
- (2) If a reporting issuer receives a copy of a CPAB access-limitation notice with respect to a significant component auditor, the reporting issuer must, not more than 5 business days following the receipt of the copy of the notice, give notice in writing to the significant component auditor that the reporting issuer permits the significant component auditor to enter into a CPAB access agreement.

## **Failure of a Significant Component Auditor to Enter into a CPAB Access Agreement if Requested to Do So**

- 7.4** (1) If a participating audit firm receives a CPAB no-access notice, the participating audit firm must, not more than 15 business days after receipt of the notice, deliver a copy of the notice to all of the following:
- (a) each reporting issuer audited by the participating audit firm if the public accounting firm identified in the notice was a significant component auditor for the reporting issuer's most recently completed financial period for which an auditor's report has been issued;
  - (b) the audit committee of each reporting issuer referred to in paragraph (a);
  - (c) the regulator or securities regulatory authority for each reporting issuer referred to in paragraph (a).
- (2) If a participating audit firm receives a CPAB no-access notice, the participating audit firm must not,
- (a) subject to subsection (3), use the public accounting firm referred to in the notice as a significant component auditor in respect of an audit of any reporting issuer's financial statements for a financial period ending more than 180 days after the date of the notice, or
  - (b) in respect of an audit of a reporting issuer's financial statements for a period ending more than 180 days after the date of the notice, use any other public accounting firm as a significant component auditor in respect of a component of the reporting issuer, if audit work in the current or preceding year was done by the public accounting firm referred to in the notice, unless the other public accounting firm satisfies one or both of the following and delivers a notice stating that fact to the participating audit firm and CPAB at least 90 days before the participating audit firm issues its auditor's report in respect of the audit:
    - (i) the other public accounting firm gives an undertaking to CPAB in writing to provide CPAB with prompt access to its records relating to audit work performed on financial information related to the component of the reporting issuer;
    - (ii) the other public accounting firm has entered into a CPAB access agreement in respect of the reporting issuer.
- (3) Paragraph (2)(a) does not apply to a participating audit firm in respect of a financial period of a reporting issuer ending more than 180 days after the date of the notice if

- (a) CPAB has notified the participating audit firm that the significant component auditor has entered into a CPAB access agreement in respect of the reporting issuer before the participating audit firm issues its auditor's report in respect of the financial period, and
- (b) CPAB has not, before the participating audit firm issues its auditor's report in respect of the financial period, notified the participating audit firm that the significant component auditor has withdrawn from the CPAB access agreement referred to in paragraph (a).

### **Application in Québec**

**7.5** In Québec, the requirements in section 7.2 and subsection 7.3(2) apply to a reporting issuer, provided that an agreement referred to in section 9 of the Chartered Professional Accountants Act (chapter C-48.1) is entered into.

- 3. *Subsection 8(3) is amended by replacing “Except in Ontario” with “Except in Alberta and Ontario”.*
- 4. This Instrument comes into force on March 30, 2022.
- 5. In Saskatchewan, despite section 4. above, if this Instrument is filed with the Registrar of Regulations after March 30, 2022, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.