

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA
AMENDMENTS TO FORM 1 TO ADOPT CAS FOR THE AUDITS OF REGULATORY FINANCIAL STATEMENTS
BLACK-LINE COPY OF PROPOSED AMENDMENTS TO CGAAP-BASED FORM 1

~~PART I—AUDITORS' REPORT~~ FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, E
AND F

TO: The _____ and the Canadian Investor Protection Fund.
(applicable regulatory body)

We have audited the following Part I financial statements of _____:

Statement A— Statements of assets and of liabilities and shareholder/partner capital as at _____ and _____;
(date) (date)

Statement B— Statements of assets and of liabilities and shareholder/partner 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 _____;
(date)

Statement E- Summary statements of income for the years ended _____ and _____;
(date) (date)

Statement F— Statement of changes in capital and retained earnings (corporations) or undivided profits (partnerships) for the year ended _____, and
(date)

Statement G- _____
(date)

~~These financial statements have been prepared for the purpose of complying with the regulations, bylaws and policies of~~

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

We have audited the accompanying Statements of _____, which comprise of:
(Dealer Member)

Statement A - Statement of assets and of liabilities and shareholder/partner capital as at

and

(date) (date)

Statement E - Summary statement of income for the years ended

and

(date) _____
(date)

Statement F - Statement of changes in capital and retained earnings (corporations)
or undivided profits (partnerships) for the year ended

(date)

and 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.

Management's responsibility for the Statements

Management is responsible for the preparation and fair presentation of these Statements in accordance with the financial reporting provisions of the Notes and Instructions to Form 1 prescribed by the Investment Industry Regulatory Organization

JOINT REGULATORY FINANCIAL QUESTIONNAIRE AND REPORT
PART I—AUDITORS' REPORT FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, E AND F

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.

Auditor's responsibility

the _____ . These financial statements are the responsibility of the
(applicable regulatory body)

Company's management.

Our responsibility is to express an opinion on ~~these financial statements~~ these Statements based on our ~~audits~~ audit. We conducted our ~~audits~~ audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform ~~an~~ the audit to obtain reasonable assurance about whether the ~~financial statements~~ Statements are free ~~off~~ from material misstatement.

An audit ~~includes examining, on a test basis,~~ involves performing procedures to obtain audit evidence ~~supporting about~~ the amounts and disclosures in the ~~financial statements~~. ~~An audit also includes assessing the accounting principles used and significant~~ 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 internal control relevant to the Dealer Member's preparation and fair presentation of the Statements 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 the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall ~~financial statement presentation~~ presentation of the Statements.

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

Opinion

~~In our opinion,~~

(a) ~~The statements of assets and of liabilities and shareholders/partner capital and the summary statements of income present fairly, in all material respects, the financial position of the Company as at~~
_____ (date)
and _____ and the results of its operations for the years then ended in accordance with
(date)
the basis of accounting disclosed in Note 2 to the financial statements.

(b) ~~The statements of net allowable assets and risk adjusted capital as at~~ _____ and
(date)
_____ and the statements of early warning excess and early warning reserve, free credit
(date)
segregation amount, changes in capital and retained earnings (corporations) or undivided profits (partnerships), and changes in subordinated loans, either as at or for the year ended _____ are presented
(date)
fairly, in all material respects, in accordance with the applicable instructions of the

(applicable regulatory body)

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Company, the

_____ and the Canadian Investor Protection Fund to comply with
(applicable regulatory body)

the rules of the _____ . The financial statements are not intended
(applicable regulatory body)

to be and should not be used by anyone other than the specified users or for any other purpose.

JOINT REGULATORY FINANCIAL QUESTIONNAIRE AND REPORT
PART I—AUDITORS' REPORT FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, E AND F

(auditing firm name)

(date)

(signature)

(place of issue)

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.

Going Concern

[Note: SIRFF to allow for auditor to include emphasis of matter paragraph for Going concern – this is an option for auditors but not part of the standard report]

Without modifying our opinion, we draw attention to Note _____ (note) in the Statements which indicates that _____ (Dealer Member) incurred a net loss of _____ (\$ amount) during the year ended _____ (date) and, as of that date, _____ (Dealer Member's) current liabilities exceeded its total assets by _____ (\$ amount). These conditions, along with other matters as set forth in Note _____ (note), indicate the existence of a material uncertainty that may cast significant doubt about _____ (Dealer Member's) ability to continue as a going concern.

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 Corporation prior to the filing of Form 1.]

Unaudited Information

We have not audited the information in Schedules 13 and 15 of Part II of Form 1 and accordingly do not express an opinion on these schedules.

(Audit Firm)

[See notes and instructions]

~~Jun-2007~~ Feb-2011

~~JOINT REGULATORY FINANCIAL QUESTIONNAIRE AND REPORT~~
~~PART I—AUDITORS' REPORT~~ FORM 1 – INDEPENDENT AUDITOR'S REPORT FOR STATEMENTS A, E
AND F

(signature)

(date)

(address)

FORM 1 – INDEPENDENT AUDITOR’S REPORT FOR STATEMENTS B, C, D AND G

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

We have audited the accompanying Statements of Form 1 (the “Statements”) of _____
(Dealer Member)

which comprise of:

Statement B - Statement 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 _____
(date)

Statement G - Statement of changes in subordinated loans for the year ended _____
(date)

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.

Management’s Responsibility 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.

Auditor’s responsibility

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 to obtain reasonable assurance about whether the Statements are free from material misstatement.

An 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 internal control relevant to the Dealer Member’s preparation of the Statements 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 the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statements.

We believe that the audit evidence we have obtained 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 _____ and in Statement G for the year ended _____
(date) (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.

FORM 1 – INDEPENDENT AUDITOR’S REPORT FOR STATEMENTS B, C, D AND G

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
(Dealer Member)
Canadian Investor Protection Fund.

(Audit Firm)

(signature)

(date)

(address)

~~PART I~~ FORM 1 – INDEPENDENT AUDITOR'S REPORT ~~REPORTS~~
NOTES AND INSTRUCTIONS

A measure of uniformity in the form of the auditor's ~~report~~ reports is desirable in order to facilitate identification of circumstances where the underlying conditions are different. Therefore, when auditors are able to express an unqualified opinion, their ~~report~~ reports should take the form of the auditor's ~~report~~ reports shown above.

Alternate forms of Auditor's ~~Report~~ Reports are available ~~either~~ online from within the web-based Securities Industry Regulatory Financial Filings system (SIRFF) ~~or from the Joint Regulatory Body with primary audit jurisdiction.~~

Any limitations in the scope of the audit must be discussed in advance with the ~~appropriate regulatory authority.~~ Corporation. Discretionary scope limitations will not be accepted. Any other potential emphasis of matter and other matter paragraphs in the auditor's reports must be discussed in advance with the Corporation.

Copies

One copy of the auditor's reports with original signatures must be provided to the ~~Joint Regulatory Body with primary audit jurisdiction.~~ Corporation and another copy with original signatures must be provided to CIPE.

JOINT REGULATORY FINANCIAL QUESTIONNAIRE AND REPORT
PART II — AUDITORS' REPORT

TO: _____ and the Canadian Investor Protection Fund.
(applicable regulatory body)

We have audited Part I of the Joint Regulatory Financial Questionnaire and Report (Part I — JRFQR) of

_____ as at _____
(firm) *(date)*
and for the year then ended, and reported thereon as of _____.
(date)

The additional information set out in Part II of the Joint Regulatory Financial Questionnaire and Report — Schedules 1 to 14 (Part II — JRFQR) have been subjected to the procedures applied in the audit of Part I — JRFQR and in our opinion, presents fairly the information contained therein, in all material respects, in relation to Part I — JRFQR taken as a whole.

No procedures have been carried out in addition to those necessary to form an opinion on Part I — JRFQR.

The additional information set out in Part II — JRFQR, which has not been, and was not intended to be, prepared in accordance with Canadian generally accepted accounting principles, is solely for the information and use of the Member, the Investment Dealers Association and the Canadian Investor Protection Fund to comply with the regulations, bylaws and policies of the Investment Dealers Association. The additional information set out in Part II — JRFQR is not intended to be and should not be used by anyone other than these specified users or for any other purpose.

(auditing firm name)

(date)

(signature)

(place of issue)

NOTES:

A measure of uniformity in the form of the auditors' report is desirable in order to facilitate identification of circumstances where the underlying conditions are different. Therefore, when auditors are able to express an unqualified opinion, their report should take the above form.

Any limitations in the scope of the audit must be discussed in advance with the appropriate regulatory authority. Discretionary scope limitations will not be accepted.

Copies with original signatures must be provided to the Joint Regulatory Body with primary audit jurisdiction.