



# Fee Notice

## Reporting of Client and Fee Information in Respect of Annual Participation Fees

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### 1) Basis of Reporting

Firms should report external auditor service fees by category as reflected in the reporting issuer's most recent annual public filings with the relevant Canadian securities commission(s) during the period from **October 1, 2009 to September 30, 2010**. The categories are set out in Form 52-110F1 "*External Auditor Service Fees*" (for Venture Issuers, Form 52-110F2) that are part of the Canadian Securities Administrators' Multilateral Instrument 52-110 *Audit Committees*.

In most cases, information relative to audit fees is included in either the Annual Information Form (AIF), the Management Information Circular or the Management Discussion and Analysis (MD&A), depending on the status of the reporting issuer (TSX-listed or venture issuer).

Investment funds do not report fee information in accordance with Multilateral Instrument 52-110 *Audit Committees*. However, the audit fee information is often disclosed as a line item in the financial statements. Participating audit firms should report fee information from the funds' last publicly-filed audited financial statements or, alternatively, firms may report the audit fees actually billed in respect of the audit of an investment fund or fund family if the fee information is not reported publicly in the financial statements or elsewhere. Non-audit fees are not reported by investment fund clients and are not required to be reported by participating audit firms to the Board.

For any other reporting issuer that does not have to disclose fees charged by external auditors, participating firms will have to refer to their own billing files to assemble the auditor fee information required to be reported to the Board, in the categories set out in 52-110.

In situations where participating audit firms have billed audit clients on behalf of other providers of audit services (for example, subsidiary auditors in a group audit), the participating audit firm may, at its discretion, report only audit fees billed and retained by it.

### 2) Definitions

- i) "**Audit fees**", "**Audit-Related fees**", "**Tax fees**" and "**All Other Fees**" have the meanings set out in Forms 52-110F1 and 52-110F2 that are part of Canadian Securities Administrators Multilateral Instrument 52-110 *Audit Committees*.

(Extracts of these forms are attached at the end of this Fee Notice for convenience.)

ii) **“Reporting Date”**

Participating audit firms should report to the Board, reporting issuer clients and fee information no later than **November 30, 2010**.

iii) **“As of Date”**

All reporting issuers that were clients of the firm as of **September 30, 2010** should be included in the information submitted to the Board.

**3) New Reporting Issuer Clients**

For reporting issuer clients acquired by the Firm prior to September 30, 2010 for which the Firm has not issued an annual audit report as of the “as of date”, the fee charged by the predecessor auditor should be reported.

There may be cases where a successor auditor believes that fee information previously reported by the client includes fees billed but not retained by the previous auditor. In such situations, the successor auditor may report its estimate of the fees it will bill and retain based on the audit proposal or budget for the current audit.

Firms should use their best efforts to adjust for clients gained between October 1, 2010 and November 30, 2010. Clients gained after November 30, 2010 need not be reported until the next annual reporting cycle.

Audit clients that have become reporting issuers for the first time prior to September 30, 2010 should be included in the Firm’s list of reporting issuer clients. Fees should be reported as zero unless, public disclosure of fee is required before September 30, 2010.

**4) Lost Clients**

Firms need not report fees charged to clients that are no longer clients as of September 30, 2010. Those fees would be reported by the successor auditor as set out in 3) above.

If a client is lost between October 1, 2010 and November 30, 2010, firms may adjust the information for that loss. No adjustment should be made for client losses occurring after the “reporting date”.

**5) Fee Adjustments**

The Board calculates its annual participation fee based on the fee information supplied by the firms. The Board recognizes that firms may, through oversight or errors, include or exclude reporting issuers inappropriately when reporting fee data. Consequently, notifications of inadvertent inclusions or exclusions may be filed with the Board in writing no later than September 30 of the following year, and, following review by the Board’s staff, may be addressed through an additional charge or credit reflected in the Board’s next annual participation fee billing.

**6) Currency**

When reporting fee information to the Board, fees charged by the firm in currencies other than Canadian dollars should be translated to Canadian dollars at a rate that equates to the Canadian funds realized by the firm.

All fees charged by the Board to participating audit firms are in **Canadian dollars** and must be paid in Canadian dollars.

## EXTRACT FROM MULTILATERAL INSTRUMENT 52-110 (AUDIT COMMITTEES)

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### FORM 52-110F1

#### External Auditor Service Fees (By Category)

- (a) Disclose, under the caption “Audit Fees”, the aggregate fees billed by the issuer’s external auditor in each of the last two fiscal years for audit services.
- (b) Disclose, under the caption “Audit-Related Fees”, the aggregate fees billed in each of the last two fiscal years for assurance and related services by the issuer’s external auditor that are reasonably related to the performance of the audit or review of the issuer’s financial statements and are not reported under clause (a) above. Include a description of the nature of the services comprising the fees disclosed under this category.
- (c) Disclose, under the caption “Tax Fees”, the aggregate fees billed in each of the last two fiscal years for professional services rendered by the issuer’s external auditor for tax compliance, tax advice, and tax planning. Include a description of the nature of the services comprising the fees disclosed under this category.
- (d) Disclose, under the caption “All Other Fees”, the aggregate fees billed in each of the last two fiscal years for products and services provided by the issuer’s external auditor, other than the services reported under clauses (a), (b) and (c), above. Include a description of the nature of the services comprising the fees disclosed under this category.

#### **INSTRUCTION**

*The fees required to be disclosed by this paragraph relate only to services provided to the issuer or its subsidiary entities by the issuer’s external auditor.*

## FORM 52-110F2

### External Auditor Service Fees (By Category)

- (a) Disclose, under the caption “Audit Fees”, the aggregate fees billed by the issuer’s external auditor in each of the last two fiscal years for audit fees.
- (b) Disclose, under the caption “Audit-Related Fees”, the aggregate fees billed in each of the last two fiscal years for assurance and related services by the issuer’s external auditor that are reasonably related to the performance of the audit or review of the issuer’s financial statements and are not reported under clause (a) above. Include a description of the nature of the services comprising the fees disclosed under this category.
- (c) Disclose, under the caption “Tax Fees”, the aggregate fees billed in each of the last two fiscal years for professional services rendered by the issuer’s external auditor for tax compliance, tax advice, and tax planning. Include a description of the nature of the services comprising the fees disclosed under this category.
- (d) Disclose, under the caption “All Other Fees”, the aggregate fees billed in each of the last two fiscal years for products and services provided by the issuer’s external auditor, other than the services reported under clauses (a), (b) and (c), above. Include a description of the nature of the services comprising the fees disclosed under this category.

### **INSTRUCTION**

*The fees required to be disclosed by this paragraph relate only to services provided to the issuer or its subsidiary entities by the issuer’s external auditor.*