

CPAB proposed Rule amendments

Note: Underlined text is new wording and text struck through will be removed.

A blackline of the rules reflecting these proposed changes can be found [here](#).

A blackline of the Participation Agreement reflecting these proposed changes can be found [here](#).

Rule	Original Rule	Proposed Rule change	Background	Benchmarking
Disclosure changes				
413	A draft or final Inspection report is intended as a private communication from the Board to the participating audit firm. Accordingly, a participating audit firm may not provide to any third party a copy of the report or any portion thereof. However, following the issuance by the Board of its final inspection report to a participating audit firm, such firm may inform the audit committee of an audit client whether it has implemented, or intends to implement within the period established by the Board, all of the Board's recommendations, if any, included in the Board's final inspection report. Furthermore, the firm may provide to the audit committee of an audit client a copy of any recommendations that it does not intend to implement and its reasons for non-implementation.	<p><u>(a)</u> A draft or final Inspection report is intended as a private communication from the Board to the participating audit firm. Accordingly, a participating audit firm may not provide to any third party a copy of the report or any portion thereof. However, following the issuance by the Board of its final <u>Inspection</u> report to a participating audit firm, such firm may inform the audit committee of an audit client whether it has implemented, or intends to implement within the period established by the Board, all of the Board's recommendations, if any, included in the Board's final <u>Inspection</u> report. Furthermore, the firm may provide to the audit committee of an audit client a copy of any recommendations that it does not intend to implement and its reasons for non-implementation.</p> <p><u>In addition, a participating audit firm must comply with the Protocol for the Audit Firm Communication of CPAB Inspection Findings with Audit Committees, dated March 2014, or as amended thereafter.</u></p>	<p>This change implements mandatory reporting to audit committees of the CPAB annual Public Report and of significant inspection findings reports as outlined in the Protocol for the Audit Firm Communication of CPAB Inspection Findings with Audit Committees. The protocol can be found here.</p> <p>The proposed rule changes cannot be implemented in Ontario without amendments to the CPAB Act. Whether such amendments are made is subject to the discretion of the Ontario legislature. Legislative change activities are expected to take additional time to complete. Protocol language will also be amended to remove the word "voluntary" from section 8 of the Protocol following, or at the same time, as the Rule change to change the language to align with the French translation ("may" to "must"). CPAB is also amending the form Participation Agreement to enable this rule change (see Participation Agreement column below).</p>	The disclosure of significant findings reports to audit committees is a practice by other international regulators, including the Financial Reporting Council (FRC) in the UK, and the Australian Securities and Investments Commission (ASIC) in Australia.
413 (b)	<u>N/A</u>	<p>Add new Rule 413 (b)</p> <p><u>(b) The Board may publicly disclose information from a final Inspection report in a public Inspection report for each participating audit firm, in a form determined by the Board to</u></p>	This change will allow CPAB to disclose inspection reports for individual participating firms.	These changes bring CPAB in line with many international audit regulators. In a 2022 IFIAR survey, 7 members indicated that they disclose the names of individual audit firms and 1

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		<p><u>be appropriate. This determination will be made in accordance with the following:</u></p> <ol style="list-style-type: none"> 1. <u>The Board shall not directly identify reporting issuers and shall make best efforts not to indirectly identify a reporting issuer;</u> 2. <u>The Board will ensure adherence to the applicable law in the participating jurisdictions; and</u> 3. <u>The Board will include a response by the participating audit firm to its public inspection report if one is provided.</u> <p><u>A participating audit firm may not publish or extract portions of any of the Board's Inspection reports without the Board's consent.</u></p>	<p>CPAB will exercise discretion in publication, however, such discretion will be exercised in accordance with a set of listed principles.</p> <p>CPAB does not directly oversee audited entities, nor have direct authority over them. Its mandate is to ensure audit quality as performed by its participating audit firms. As such, disclosing the particulars of the names of audited entities is not required to advance the purpose of improving audit quality and is not required to make impactful disclosures with respect to audit quality. In addition, such a disclosure would be in violation of legislation, and could also inadvertently cause reputational harm to the reporting issuer.</p> <p>CPAB intends to keep the public inspection reports on its website consistent with its archiving practices applicable to the publication of significant enforcement actions (4 years from the date of initial publication).</p> <p>CPAB has published on its website additional information about its Engagement Findings Report (EFR) process and include more details regarding the procedural safeguards in place, such as the participating firms ability to provide written responses to the EFR panel.</p> <p>Language on CPAB's risk-based selection process will be added to each public inspection report.</p> <p>There is no privacy legislation relevant to this reporting, as it does not identify particular individuals.</p>	<p>member identified audit firm and audited entity.</p> <p>Other regulators, including the Public Company Audit Oversight Board (PCAOB) in the United States, regularly publish their inspection reports for all of their participants.</p>

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417	Any documents or other information prepared or received by or specifically for the Board or the staff of the Board in connection with an Inspection of a participating audit firm shall be confidential in the hands of the Board, provided however that the Board shall, if it considers it appropriate, disclose such information: (i) to any professional regulatory authority having jurisdiction over the participating audit firm or its designated professionals; and (ii) to securities regulators and the Superintendent of Financial Institutions Canada, provided only that disclosure shall not be made of any specific information relating to the business, affairs or financial condition of any client of the participating audit firm except to the extent such disclosure may be authorized by applicable law; and when making such disclosure the Board shall inform the recipient that the information is confidential.	Any documents or other information prepared or received by or specifically for the Board or the staff of the Board, in connection with an Inspection of a participating audit firm shall be confidential in the hands of the Board, provided however that the Board shall, if it considers it appropriate, disclose such information: (i) to any professional regulatory authority having jurisdiction over the participating audit firm or its designated professionals; and (ii) to securities regulators and the Superintendent of Financial Institutions Canada, provided only that disclosure shall not be made of any specific information relating to the business, affairs or financial condition of any client of the participating audit firm except to the extent such disclosure may be authorized by applicable law; and when making such disclosure the Board shall inform the recipient that the information is confidential; <u>and (iii) as contemplated in connection with the administration of Rule 413 (b).</u>	This change is recommended to implement the changes to Rule 413 as set out above.	Same as above.
419	The Board may, at any time, publish such summaries, compilations or general reports concerning the procedures, findings and results of its various Inspections as it deems appropriate. Such reports may include discussion of significant potential weaknesses in or recommendations for improvement of systems of quality control of any participating audit firm or firms that were the subject of an Inspection. In its reports, the Board will use its best efforts not to publish information that would enable the identification of the firm or firms with respect to which such weaknesses were found or recommendations relate, unless that information has previously been made public by lawful means.	The Board may, at any time, publish such summaries, compilations or general reports concerning the procedures, findings and results of its various Inspections as it deems appropriate. Such reports may include discussion of significant potential weaknesses <u>or deficiencies</u> in, or recommendations for, improvement of systems of quality control <u>management</u> of any participating audit firm or firms that were the subject of an Inspection. In its reports, <u>other than for disclosures specifically authorized by these Rules,</u> the Board will use its best efforts not to publish information that would enable the identification of the firm or firms with respect to which such weaknesses were found or recommendations relate, unless that information has previously been made public by lawful means.	This change is recommended to implement the changes to Rule 413 as set out above.	Same as above.

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Changes to the Participation Agreement				
Participation Agreement Section 7	<p>7. All information obtained by the Board and its officers, directors, members, employees, agents, solicitors and inspectors in performing Inspections and Investigations (the “Confidential Information”) shall be treated by the Board as confidential save and except as follows:</p> <p>[...]</p> <p>(f) notwithstanding the foregoing, the Board shall be entitled to disclose that the Participant participates in the Program (or has ceased to do so), that one or more Inspections or Investigations have been conducted with regard to the Participant, and whether there has been imposed on the Participant (i) any restrictions which the Board has notified the Participant have failed to be complied with to the satisfaction of the Board, or (ii) any sanctions, in each case including the details thereof but without naming any individual (other than as a result of the individual’s name forming part of the Participant’s name); and</p> <p>(g) none of the foregoing restrictions shall in any manner require the Board to maintain confidentiality in respect of any information that has become public other than as a result of disclosure by the Board in breach of this Section 7 or any information that is required to be disclosed by applicable law or court order.</p>	<p>7. All information obtained by the Board and its officers, directors, members, employees, agents, solicitors and inspectors in performing Inspections and Investigations (the “Confidential Information”) shall be treated by the Board as confidential save and except as follows:</p> <p>[...]</p> <p>(f) [...]; and</p> <p><u>(g) the Participant shall comply with the Protocol for the Audit Firm Communication of CPAB Inspection Findings with Audit Committees, dated March 2014, or as amended thereafter;</u></p> <p><u>(h) subject to the applicable law in the participating jurisdictions, the Board shall be entitled to disclose information as required in connection with the administration of the disclosures contemplated in Rule 413; and</u></p> <p>(i) (g) none of the foregoing restrictions shall in any manner require the Board to maintain confidentiality in respect of any information that has become public other than as a result of disclosure by the Board in breach of this Section 7 or any information that is required to be disclosed by applicable law or court order.</p>	<p>These changes are recommended to implement the changes to Rule 413 as set out above.</p> <p>Please see the current form of participation agreement here.</p>	Same as above.
Participation Agreement Section 8	<p>8. The Participant shall have the right to terminate its participation in the Program in accordance with the provisions of the Rules. The Board shall have the right to terminate the participation of the Participant in the Program in accordance with the provisions of the Rules. Unless the participation of the Participant in the Program has been previously terminated, this agreement and the Participant’s participation in the Program shall terminate on March 31, 2026.</p>	<p>8. The Participant shall have the right to terminate its participation in the Program in accordance with the provisions of the Rules. The Board shall have the right to terminate the participation of the Participant in the Program in accordance with the provisions of the Rules. <u>Despite the foregoing, the Board’s jurisdiction will continue in accordance with Rule 254.</u> Unless the participation of the Participant in the Program has been previously terminated, this agreement and the Participant’s participation in the Program shall terminate on March 31, 2026.</p>	<p>This amendment is recommended to implement the changes to Rule 254 as set out below.</p>	Same as below for the proposed change to Rule 254

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Housekeeping changes			
103 (e)	e. "Board" means the Canadian Public Accountability Board/Conseil canadien sur la reddition de comptes, a corporation without share capital incorporated under the Canada Corporations Act by Letters Patent dated April 15, 2003, and any of its successors. Reference to any action or determination by the Board refers to action or determination by the staff of the Board unless otherwise specifically provided.	e. "Board" means the Canadian Public Accountability Board/Conseil canadien sur la reddition de comptes, a corporation without share capital incorporated under the <i>Canada Corporations Act</i> by Letters Patent dated April 15, 2003 and <u>continued under the <i>Canada Not-for-profit Corporations Act</i> on June 6, 2014</u> , any of its successors. Reference to any action or determination by the Board refers to action or determination by the staff of the Board unless otherwise specifically provided.	Inclusion of " <i>Canada Not-for-profit Corporations Act on June 6, 2014</i> " to reflect the continuation required by CPAB under new legislation.
201	Any public accounting firm that is authorized to issue audit reports on financial statements is eligible to apply to become a participant in the oversight program, pursuant to the procedures contemplated in this Section 200. Public accounting firms with reporting issuer audit clients must have submitted a participation agreement and become a participant in the Board's oversight program prior to issuing an audit report on the financial statements of such clients on or after March 30, 2004 in the case of Canadian public accounting firms and on or after July 19, 2004 in the case of foreign public accounting firms.	Any public accounting firm that is authorized to issue audit reports on financial statements is eligible to apply to become a participant in the oversight program, pursuant to the procedures contemplated in this Section 200. Public accounting firms with reporting issuer audit clients must have submitted a participation agreement and become a participant in the Board's oversight program prior to issuing an audit report on the financial statements of such clients on or after March 30, 2004 in the case of Canadian public accounting firms <u>on or after July 19, 2004 in the case of foreign public accounting firms</u> .	Removal of dates for the participation agreements to be signed.
213(b)	[...] b. The Board may disclose the personal information referred to above (i) to any professional regulatory authorities having jurisdiction over such designated professional in connection with the exercise of their statutory duties, [...]	b. The Board may disclose the personal information referred to above (i) to any professional regulatory authorities <u>authority</u> having jurisdiction over such designated professional in connection with the exercise of their <u>its</u> statutory duties, [...]	Grammatical errors fixed: "authorities" to "authority" and "their" to "its".
301	If the audit report on the financial statements of a reporting issuer refers to auditing standards generally accepted in Canada, the participating audit firm and the designated professionals of such firm shall, in connection with such audit, comply with auditing standards generally accepted in Canada, as set out in the Assurance Handbook of the Canadian Institute of Chartered Accountants.	If the audit report on the financial statements of a reporting issuer refers to auditing standards generally accepted in Canada <u>Canadian Auditing Standards</u> , the participating audit firm and the designated professionals of such firm shall, in connection with such audit, comply with auditing standards generally accepted in Canada <u>Canadian Auditing Standards</u> , as set out in the <u>Chartered Professional Accountants (CPA) Handbook – Assurance</u> . Assurance Handbook of the Canadian Institute of Chartered Accountants .	Change proposed to update references to relevant standards.
303(b)	b) With respect to auditor independence, the relevant standard for all Canadian participating audit firms of Chartered Accountants and the designated professionals and other partners and employees of such firms shall be the requirements of the Provincial Institute(s)/Ordre of Chartered Accountants in the relevant province(s). In provinces other than Quebec, the requirements are set out in rule 204 of the Rules of Professional Conduct, and in Quebec, the requirements are set out in Division 2.1 of the Code of Ethics.	b) With respect to auditor independence, the relevant standard for all Canadian participating audit firms of Chartered Professional Accountants and the designated professionals and other partners and employees of such firms shall be the requirements of the Provincial Institute(s)/Ordre <u>Organization</u> of Chartered <u>Professional</u> Accountants in the relevant province(s). In provinces other than Quebec, the requirements are set out in rule 204 of the Rules of Professional Conduct, and in Quebec, the requirements are set out in Division 2.1 <u>of Chartered Professional Accountants</u> .	Changes made to include "Professional" in reference to Chartered Professional Accountants", and from Provincial Institute to "organization of Chartered Professionals", due to the change in terminology. For Quebec, remove "Division 2.1" and replace with "the Code of Ethics of Chartered Professional Accountants" due to upcoming amendments.

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303(c)	c) With respect to auditor independence, the relevant standard for all Canadian participating audit firms of Certified General Accountants and the designated professionals and other partners and employees of such firms shall be the requirements of the CGA Independence Standard, Version 1.2.	c) With respect to auditor independence, the relevant standard for all Canadian participating audit firms of Certified General Accountants and the designated professionals and other partners and employees of such firms shall be the requirements of the CGA Independence Standard, Version 1.2. [Deleted].	Remove this section due to the merger within the profession.
304	The Auditing and Assurance Standards Board (AASB) of the Canadian Institute of Chartered Accountants has issued General Standards of Quality Control for Firms Performing Assurance Engagements and Quality Control Procedures for Assurance Engagements. Participating audit firms are required to have a system of quality control that conforms with General Standards of Quality Control for Firms Performing Assurance Engagements no later than January 1, 2005, and to comply with Quality Control Procedures for Assurance Engagements with respect to their audits of reporting issuers' financial statements for periods beginning on or after January 1, 2005, notwithstanding the effective date of December 1, 2005 established by the AASB.	The Auditing and Assurance Standards Board (AASB) of the Canadian Institute of Chartered Accountants has issued General Standards of Quality Control for Firms Performing Assurance Engagements and Quality Control Procedures for Assurance Engagements <u>has issued Canadian Standards on Quality Management with respect to Quality Management for firms that perform audits or reviews of financial statements, or other assurance or related services engagements (CSQM 1) and Engagement Quality Reviews (CSQM 2).</u> Participating audit firms are required to have a system of quality control that conforms with General Standards of Quality Control for Firms Performing Assurance Engagements no later than January 1, 2005, and to comply with Quality Control Procedures for Assurance Engagements with respect to their audits of reporting issuers' financial statements for periods beginning on or after January 1, 2005, notwithstanding the effective date of December 1, 2005 established by the AASB <u>management that complies with the requirements of CSQM 1 and CSQM 2, and foreign participating audit firms are required to comply with the requirements of Canadian National Instrument 52-107.</u>	Updated to conform with the requirements under the new Canadian standard on quality management (CSQM1 and 2), revise the reference to Auditing and Assurance Standards and clarify the standards applicable to foreign participating audit firms.
409	The Board shall make a draft Inspection report available for review by the participating audit firm that is the subject of the Inspection. The report shall include note of any significant identified weaknesses in the firm's system of quality control, any significant deficiencies in any specific audit engagements reviewed and recommendations for improvement in the firm's system of quality control. Recommendations may include the need for additional professional education for some or all of the designated professionals of the firm, or the need to design, adopt or implement effectively policies and procedures to ensure compliance with the Rules or Professional Standards. The report shall state whether as a consequence of the findings of the Inspection, the Board intends to propose the imposition of any requirements, restrictions or sanctions on the firm, although any such statement of intention will not constitute notice under Rule 602. The firm shall, within 30 days after receipt of the draft Inspection report, or such shorter period as the Board may require, submit to the Board a response to each recommendation in the draft report, indicating whether it accepts the recommendation, or if not, why not. The response shall be in the form of a letter signed by the firm's Senior Partner, Chief Executive Officer or other most senior management person.	The Board shall make a draft Inspection report available for review by the participating audit firm that is the subject of the Inspection. The report shall include note of any significant identified <u>potential weaknesses or deficiencies</u> in the firm's system of quality control <u>management</u> , any significant deficiencies <u>findings</u> in any specific audit engagements reviewed and recommendations for improvement in the firm's system of quality control <u>management</u> . Recommendations may include the need for additional professional education for some or all of the designated professionals of the firm, or the need to design adopt or and implement <u>responses to significant weaknesses or deficiencies identified by the Board</u> effectively policies and procedures to ensure compliance with the Rules or Professional Standards. The report shall state whether as a consequence of the findings of the Inspection, the Board intends to propose the imposition of any requirements, restrictions or sanctions on the firm, although any such statement of intention will not constitute notice under Rule 602. The firm shall, within 30 days after receipt of the draft Inspection report, or such shorter period as the Board may require, submit to the Board a response to each recommendation in the draft report, indicating whether it accepts the recommendation, or if not, why not. The response shall be in the form of a letter signed by the firm's Senior Partner, Chief Executive Officer or other most senior management person.	The addition of "potential" in this rule is to ensure consistency with rule 414.

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414	With respect to any final Inspection report that identifies significant potential weaknesses in the system of quality control or significant deficiencies in specific engagements or makes recommendations for improvement in the system of quality control of the participating audit firm under Inspection, the firm must submit evidence or otherwise demonstrate to the Board that it has remedied such weaknesses and deficiencies and implemented such recommendations no later than 180 days after the issuance of such final Inspection report, or by such earlier date as the Board may require. After reviewing any such evidence, the Board shall notify the firm whether, in the opinion of the Board, the firm has satisfactorily addressed the weaknesses, deficiencies and recommendations identified in the final Inspection report and, if not, why not.	With respect to any final Inspection report that identifies significant potential weaknesses <u>or deficiencies</u> in the system of quality control management or significant deficiencies <u>findings</u> in specific engagements or makes recommendations for improvement in the system of quality control management of the participating audit firm under Inspection, the firm must submit evidence or otherwise demonstrate to the Board that it has remedied <u>remediated</u> such weaknesses and deficiencies and implemented such recommendations no later than 180 days after the issuance of such final Inspection report, or by such earlier date as the Board may require. After reviewing any such evidence, the Board shall notify the firm whether, in the opinion of the Board, the firm has satisfactorily addressed the weaknesses, deficiencies and recommendations identified in the final Inspection report and, if not, why not.	This is being updated to align with the appropriate language from the new CSQM1 standard, and for consistency throughout the document regarding the use of the terms “weaknesses”, “deficiencies”, “remediated” and “findings”.
501	The Board may issue an order for an Investigation if the Board considers that a Violation Event may have occurred. In an Investigation order, members of the Board’s staff may be designated to issue Board demands and Board requests to, and otherwise request the cooperation of, any person to the extent that the information sought is relevant to the matters described in the Investigation order. The Board shall provide to the participating audit firm a copy of the Board’s Investigation order, subject to receiving from the firm signed consent to such limits on dissemination as the Board may require.	The Board may issue an order for an Investigation if the Board considers that a Violation Event may have occurred. In an Investigation order, members of the Board’s staff <u>or its designate</u> may be designated <u>assigned</u> to issue Board demands and Board requests to, and otherwise request the cooperation of, any person to the extent that the information sought is relevant to the matters described in the Investigation order. The Board shall provide to the participating audit firm a copy of the Board’s Investigation order, subject to receiving from the firm signed consent to such limits on dissemination as the Board may require.	This rule is being amended to allow this authority to be delegated by CPAB staff to a designate <u>within</u> CPAB and potentially external legal counsel.
602	If the Board proposes that any requirement, restriction or sanction be imposed on a participating audit firm, the Secretary shall send a notice of such proposal to the firm and to any individual specifically identified in such proposed requirement, restriction or sanction: a. By regular mail; b. By electronic transmission; c. By telephone transmission of a facsimile; or d. By personal service or delivery; to the most recent address on file with the Board. If the notice is sent by regular mail, it shall be deemed to have been received on the third business day after it is mailed. If a copy is sent by electronic transmission, telephone transmission of a facsimile, or by personal service or delivery, it shall be deemed to have been received on the day after it was sent, unless that day is not a business day, in which case the copy shall be deemed to have been received on the next day that is a business day. Notice by electronic transmission shall be confirmed by regular mail or courier delivery.	If the Board proposes that any requirement, restriction or sanction be imposed on a participating audit firm, the Secretary shall send a notice of such proposal to the firm and to any individual specifically identified in such proposed requirement, restriction or sanction: a. By regular mail; b. By electronic transmission; or c. By telephone transmission of a facsimile; or d. <u>b.</u> By personal service or delivery; to the most recent address on file with the Board. If the notice is sent by regular mail, it shall be deemed to have been received on the third business day after it is mailed. If a copy is sent by electronic transmission, telephone transmission of a facsimile, or by personal service or delivery, it shall be deemed to have been received on the day after it was sent, unless that day is not a business day, in which case the copy shall be deemed to have been received on the next day that is a business day. Notice by electronic transmission shall be confirmed by regular mail or courier delivery.	Remove reference to Facsimile throughout. Remove requirement to confirm electronic mail service by regular mail or courier.

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701	[...] Review proceedings shall be held in camera.	[...] Review proceedings shall be held in camera- z <u>whether, in writing, in person or electronically.</u>	Electronic and written hearings should be explicitly referred to for the sake of clarity.
716	<p>A review panel may:</p> <p>a. In the case of a review proceeding pursuant to Rule 209, determine whether an applicant firm should be allowed to become a participating audit firm;</p> <p>b. In the case of a review proceeding pursuant to Rule 416, determine whether a participating audit firm has satisfactorily addressed weaknesses, deficiencies or recommendations in an inspection report; and</p> <p>c. In the case of a review proceeding pursuant to Rule 603, determine whether an alleged Violation Event has occurred and whether to accept, reject or vary a proposed requirement, restriction or sanction.</p> <p>A review panel shall deliver its initial decision to the Secretary within 30 days of the conclusion of the hearing including receipt of any post-hearing briefs or other submissions that are required by the panel. The Secretary shall send each party who participated in the proceeding, and the parties' counsel, a copy of the review panel's initial decision with reasons in writing:</p> <p>a. By regular mail;</p> <p>b. By electronic transmission;</p> <p>c. By telephone transmission of a facsimile; or</p> <p>d. By personal service or delivery;</p> <p>to the most recent address on file with the Board. If a copy is sent by regular mail, it shall be deemed to have been received on the third business day after it is mailed. If a copy is sent by electronic transmission, telephone transmission of a facsimile, or by personal service or delivery, it shall be deemed to have been received on the day after it was sent, unless that day is a not a business day, in which case the copy shall be deemed to have been received on the next day that is a business day. Notice by electronic transmission shall be confirmed by regular mail or courier delivery.</p>	<p>A review panel may:</p> <p>a. In the case of a review proceeding pursuant to Rule 209, determine whether an applicant firm should be allowed to become a participating audit firm;</p> <p>b. In the case of a review proceeding pursuant to Rule 416, determine whether a participating audit firm has satisfactorily addressed weaknesses, deficiencies or recommendations in an inspection report; and</p> <p>c. In the case of a review proceeding pursuant to Rule 603, determine whether an alleged Violation Event has occurred and whether to accept, reject or vary a proposed requirement, restriction or sanction.</p> <p>A review panel shall deliver its initial decision to the Secretary within 30 days of the conclusion of the hearing including receipt of any post-hearing briefs or other submissions that are required by the panel. The Secretary shall send each party who participated in the proceeding, and the parties' counsel, a copy of the review panel's initial decision with reasons in writing:</p> <p>a. By regular mail; b. By electronic transmission; c. By telephone transmission of a facsimile; or</p> <p>d. By personal service or delivery;</p> <p>to the most recent address on file with the Board. If a copy is sent by regular mail, it shall be deemed to have been received on the third business day after it is mailed. If a copy is sent by electronic transmission, telephone transmission of a facsimile, or by personal service or delivery, it shall be deemed to have been received on the day after it was sent, unless that day is a not a business day, in which case the copy shall be deemed to have been received on the next day that is a business day. Notice by electronic transmission shall be confirmed by regular mail or courier delivery.</p>	<p>Remove reference to Facsimile throughout.</p> <p>Remove requirement to confirm electronic mail service by regular mail or courier.</p>
802	Public accounting firms, including foreign public accounting firms, that are applying to become a participant in the oversight program shall pay to the Board, at the time of filing with the Board the Intent to Participate form and the Quality Control Report, an Intent to Participate fee in accordance with the following schedule:	<p>Public accounting firms, including foreign public accounting firms, that are applying to become a participant in the oversight program shall pay to the Board, at the time of filing with the Board the Intent to Participate form and the Quality Control Report, an Intent to Participate fee in accordance with the following schedule:</p> <p>a. Each of Deloitte Canada, Ernst & Young Canada, KPMG Canada and PricewaterhouseCoopers Canada – \$500,000;</p>	This section was applicable on CPAB's origination with firms registering with large reporting issuer portfolios. This proposal is to simplify the section by removing the highest category and firm specific names given their existing registration status.

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	<p>a. Each of Deloitte Canada, Ernst & Young Canada, KPMG Canada and PricewaterhouseCoopers Canada - \$500,000;</p> <p>b. Each of BDO Dunwoody Canada and Grant Thornton Canada - \$100,000;</p> <p>c. Other public accounting firms with more than 50 reporting issuer audit clients - \$25,000;</p> <p>d. Public accounting firms with between 11 and 50 reporting issuer audit clients - \$5,000;</p> <p>e. Public accounting firms with between 3 and 10 reporting issuer audit clients - \$2,000;</p> <p>and</p> <p>f. Public accounting firms with 2 or fewer reporting issuer audit clients - \$1,000. [...]</p>	<p>b. Each of BDO Dunwoody Canada and Grant Thornton Canada - \$100,000;</p> <p>a. Public accounting firms with more than 100 reporting issuer clients - \$100,000</p> <p>e. Other p b. Public accounting firms with more than between 50 and 99 reporting issuer audit clients - \$25,000;</p> <p>dc. Public accounting firms with between 11 and 50 reporting issuer audit clients - \$5,000;</p> <p>ed. Public accounting firms with between 3 and 10 reporting issuer audit clients - \$2,000; and</p> <p>fe. Public accounting firms with 2 or fewer reporting issuer audit clients - \$1,000.[...]</p>	

Rule	Original Rule	Proposed Rule Change	Background	Benchmarking
Participation and withdrawal changes				
254	The status of a participating audit firm as a participant (a) shall terminate upon the expiry of its Participation Agreement in accordance with its terms without a replacement Participation Agreement having been entered into and (b) may be terminated in accordance with the provisions of the Rules.	<p>The status of a participating audit firm as a participant (a) shall terminate upon the expiry of its Participation Agreement in accordance with its terms without a replacement Participation Agreement having been entered into and (b) may be terminated in accordance with the provisions of the Rules.</p> <p><u>Despite the foregoing, the Board will retain jurisdiction over a participating audit firm:</u></p> <ul style="list-style-type: none"> (i) <u>if the Board is in the process of inspecting or investigating the participating audit firm at the time of the termination; or</u> (ii) <u>with respect to an inspection or investigation involving conduct which occurred while the firm was registered as a participating audit firm.</u> <p><u>Such jurisdiction will continue until the conclusion of any inspection or investigation, including the process of imposing enforcement actions under Section 600 of the Rules or any resulting review proceeding.</u></p>	<p>This amendment ensures that a firm does not terminate its participation status as a means to avoid a finding of misconduct and/or imposition of an enforcement action. This will ensure a record of misconduct, and the resulting enforcement actions is created by CPAB, that can be relied upon by CPAB or other regulators should the participant attempt to re-register.</p> <p>This change will also allow CPAB to retain jurisdiction over firms generally for misconduct that arises while they are a registered participating audit firm.</p>	The Canadian Investment Regulatory Organization (formerly IIROC) retains jurisdiction over their members following the date of termination. Ex. Rule 8107 of the <i>Corporation Investment Dealer and Partially Consolidated Rules</i> specifically allows them to commence a proceeding against a former regulated person for a period of six years.
701	Upon receipt of a petition for a review proceeding (i) from a public accounting firm that is an applicant to become a participating audit firm pursuant to Rule 209 or (ii) from a participating audit firm pursuant to Rule 416 or (iii) from a participating audit firm or an individual pursuant to Rule 603, the Board shall issue an order for a review proceeding. The order shall include a short and plain statement of the issues to be considered and determined with respect to the firm that is the subject of such review proceeding. The Board shall have the right to identify the issues to be considered in the review proceeding and the petitioning party or parties shall have the right to raise in the proceeding such issues and arguments as they consider appropriate in responding to the issues included in the notice for a review proceeding. In any review proceeding, the parties shall be the Board, any public accounting firm or participating audit firm that is the subject of the review proceeding and, in the case of a review proceeding that is	<p>Upon receipt of a petition for a review proceeding (i) from a public accounting firm that is an applicant to become a participating audit firm pursuant to Rule 209 or (ii) from a participating audit firm pursuant to Rule 416 or (iii) from a participating audit firm or an individual pursuant to Rule 603 <u>or (iv) from a participating audit firm pursuant to Rule 217, the Board Chair of the roster of hearing officers, or their designate,</u> shall issue an order for a review proceeding. The order shall include a short and plain statement of the issues to be considered and determined with respect to the firm that is the subject of such review proceeding.</p> <p>The Board shall have the right to identify the issues to be considered in the review proceeding and the petitioning party or and <u>Once the Order has been issued the parties shall</u> have the right to raise in the proceeding such issues and arguments as they consider appropriate in responding to the issues included in the notice for a review proceeding <u>or any</u></p>	<p>This rule is being updated to allow participating audit firms to have access to a review proceeding in relation to new actions the Board may take under the new Rule 217.</p> <p>The Order of a review proceeding will be issued by the Chair of the roster of hearing officers and not CPAB, to improve due process under this provision.</p> <p>For background regarding the basis for the changes to the conduct of the review proceeding, see the discussion of Rule 701 in the Review Proceeding section below.</p>	In these circumstances procedural fairness requires that participating audit firms are able to challenge these actions.

Rule	Original Rule	Proposed Rule Change	Background	Benchmarking
	<p>the result of a petition under Rule 603, any individuals who are specifically identified in a proposed requirement, restriction or sanction. Review proceedings shall be held in camera.</p>	<p><u>additional issues determined by the review hearing panel to be appropriate.</u> In any review proceeding, the parties shall be the Board, any public accounting firm or participating audit firm that is the subject of the review proceeding and, in the case of a review proceeding that is the result of a petition under Rule 603, any individuals who are specifically identified in a proposed requirement, restriction or sanction. Review proceedings shall be held in camera, <u>whether, in writing, in person or electronically.</u></p> <p><u>The resulting decision of the review panel shall be made public unless the review panel determines that publication would unduly prejudice or cause significant harm to a third party, such as a reporting issuer.</u></p> <p><u>The final decision may be subject to such redactions as the review panel considers appropriate or necessary to prevent undue prejudice, significant harm to a third party or to a participating audit firm, or to comply with applicable law.</u></p>		
217 (NEW)	[deleted]	<p>Add new Rule 217</p> <p><u>The Board may impose any requirement restriction or sanction available under Rule 601, for material noncompliance with initial or annual registration or participation requirements (as outlined in rules 201 -255), or for providing incomplete or inaccurate information to the Board.</u></p>	<p>CPAB is adding the ability to impose enforcement actions on a participating audit firm for material noncompliance with the requirements outlined in the registration and participation process. These circumstances would include where a participating audit firm failed to complete their annual submission, or provided false or misleading information. The use of the word “material” is meant to incorporate a higher bar for the use of enforcement actions, which excludes cases where there are administrative errors or omissions in a firm’s submissions.</p> <p>A firm would have the ability to challenge any enforcement actions imposed pursuant to the revisions made to Rule 701.</p>	<p>The PCAOB has analogous rules that allow for disciplinary proceedings and enforcement actions where rules related to registration or annual compliance requirements are breached, including inaccuracies or omissions in the registration process. (Rule 2106 and 5200).</p>

Rule	Original Rule	Proposed Rule Change	Background	Benchmarking
Review proceedings				
Addition of Rule 609-614	N/A	<p>Add new Rules 609-614</p> <p><u>609. For the purposes of determining whether interim relief should be granted under Rule 610, an expedited hearing shall be held on application by the Board before a single hearing officer designated by the Chair of the roster of hearing officers as soon as possible but no later than 10 days after the filing of the application. The Chair of the roster of hearing officers may appoint themselves as hearing officer. The application must set out the basis on which the Board is requesting the expedited hearing and the content of the order being sought.</u></p> <p><u>610. At an expedited hearing pursuant to Rule 609, the hearing officer may impose on an interim basis, any of the requirements, restrictions or sanctions prescribed by Rule 601 upon a participating audit firm and/or designated professional, notwithstanding that a petition for a review proceeding has been filed in accordance with Rule 603, in any of the following circumstances:</u></p> <p>(1)</p> <p>a) <u>a participating audit firm and/or a designated professional makes a general assignment for the benefit of its creditors, makes an authorized assignment or proposal to its creditors, is declared bankrupt, or a winding up order is made in respect of a participating audit firm and/or designated professional or a receiver or other officer with similar powers is appointed in respect of all or part of the undertaking and property of the participating audit firm and/or designated professional;</u></p> <p>b) <u>a participating audit firm and/or designated professional has been disciplined, or otherwise sanctioned, by a professional regulatory authority charged with supervision of public accounting firms;</u></p>	<p>Currently Rule 604 sets out that a requirement, restriction or sanction imposed by the Board does not come into effect until after a review proceeding has concluded.</p> <p>The proposed Rules 609-614 set out specific circumstances in which the Board could request that a review hearing officer impose an enforcement action on a firm on an interim basis (before the conclusion of a hearing). These new rules are necessary to prevent the misuse of the review hearing process as a means to avoid the imposition of enforcement actions taking effect in a timely manner, and to protect the public before the issuance of a final decision of the hearing panel when there is a heightened risk to the investing public. These interim powers would only be available in narrow circumstances where the risk of harm is elevated and where the review hearing officer determines it is appropriate.</p> <p>The requirement to meet both Rule 610(1) and 610(2) create a high threshold that CPAB must meet in all circumstances in order to be granted an interim order. Rule 610(2) in particular requires CPAB to prove to the hearing officer(s) that exceptional circumstances exist to support that the interim order is necessary to protect the integrity of financial reporting.</p> <p>Rule 611 further limits the impacts of an interim order on a firm by requiring the hearing officer to resolve the matter in a way that would minimize the impact on a firm.</p>	<p>The Investment Industry Regulatory Organization of Canada (IIROC) Rule 8211 provides similar powers to impose a temporary order when it is in the public interest to do so.</p> <p>The PCAOB has provisions for expedited hearings in specified circumstances.</p> <p>The Financial Reporting Council (FRC-UK- Part 5) has similar interim powers available to them.</p> <p>Canadian Securities Commissions as well as the CPA bodies have similar powers.</p>

Rule	Original Rule	Proposed Rule Change	Background	Benchmarking
		<p>c) <u>a participating audit firm and/or a designated professional has been disciplined, or otherwise sanctioned by a securities regulatory authority;</u></p> <p>d) <u>a participating audit firm and/or designated professional has been charged with or convicted of a criminal offence relating to theft, fraud, misappropriation of funds and securities, forgery, money-laundering, market manipulation, insider trading, misrepresentation or unauthorized trading, or any similar criminal charge that likely threatens public confidence in the integrity of financial reporting; or</u></p> <p>e) <u>the CPAB Board of directors has determined that a participating audit firm and/or designated professional has committed a violation event as defined in Rule 103 and that the imposition of one or more enforcement actions under Rule 601 (d), (f), (g) or (j) is required to maintain public confidence in the integrity of financial reporting;</u></p> <p><u>and</u></p> <p><u>(2) in exceptional circumstances where the facts support that the interim order is necessary to maintain public confidence in the integrity of financial reporting.</u></p> <p><u>611. In determining the content and effective dates of the interim order, the hearing officer shall, take into account any undue prejudice to the participating audit firm and any impact on the public confidence in the integrity of financial reporting, and impose the requirement(s) restriction(s) or sanction(s) that impair the rights of a participating audit firm as minimally as possible.</u></p> <p><u>612. When a hearing officer makes an order at the conclusion of an expedited hearing, the Board shall forthwith serve a copy of the order and reasons of the hearing officer on the participating audit firm and/or designated professional affected by the order.</u></p>	<p>Additional information on the review hearing process and the hearing officers can be found on our webpage.</p>	

Rule	Original Rule	Proposed Rule Change	Background	Benchmarking
		<p><u>613. An interim order made pursuant to an expedited hearing may be varied by application to the panel member who issued the initial interim order or by a panel of hearing officers appointed under Rule 706.</u></p> <p><u>614. Any hearing under Rule 609 shall be held <i>in camera</i>.</u></p>		
706	<p>A review panel shall have the authority to do all things necessary and appropriate to discharge its duties. All decisions of a review panel shall be made by majority vote. The powers of a review panel include the following: [...]</p> <p>d. Determining motions on procedural issues brought before or during hearings, including the making of directions on the process to be followed on motions; and</p> <p>e. Receiving statements of facts agreed upon by the parties, in place of all or some of the evidence.</p>	<p>A review panel shall have the authority to do all things necessary and appropriate to discharge its duties. All decisions of a review panel shall be made by majority vote. The powers of a review panel include the following: [...]</p> <p>d. Determining motions on procedural issues brought before or during hearings, including the making of directions on the process to be followed on motions; and</p> <p>e. Receiving statements of facts agreed upon by the parties, in place of all or some of the evidence; <u>and</u></p> <p><u>f. Imposing, affirming, quashing or varying an interim order including those made pursuant to Rule 609.</u></p>	<p>This is to give the authority to the review panel to address an existing interim order or to impose one during the conduct of a review proceeding, as per new Rules 609, 610.</p>	<p>Same as above.</p>
701	<p>Upon receipt of a petition for a review proceeding (i) from a public accounting firm that is an applicant to become a participating audit firm pursuant to Rule 209 or (ii) from a participating audit firm pursuant to Rule 416 or (iii) from a participating audit firm or an individual pursuant to Rule 603, the Board shall issue an order for a review proceeding. The order shall include a short and plain statement of the issues to be considered and determined with respect to the firm that is the subject of such review proceeding. The Board shall have the right to identify the issues to be considered in the review proceeding and the petitioning party or parties shall have the right to raise in the proceeding such issues and arguments as they consider appropriate in responding to the issues included in the notice for a review proceeding. In any review proceeding, the parties shall be the Board, any public accounting firm or participating audit firm that is the subject of the review proceeding and, in the case of a review proceeding that is the result of a petition under Rule 603, any individuals who</p>	<p>Upon receipt of a petition for a review proceeding (i) from a public accounting firm that is an applicant to become a participating audit firm pursuant to Rule 209 or (ii) from a participating audit firm pursuant to Rule 416 or (iii) from a participating audit firm or an individual pursuant to Rule 603 <u>or (iv) from a participating audit firm pursuant to Rule 217,</u> the Board <u>Chair of the roster of hearing officers, or their designate,</u> shall issue an order for a review proceeding. The order shall include a short and plain statement of the issues to be considered and determined with respect to the firm that is the subject of such review proceeding.</p> <p>The Board shall have the right to identify the issues to be considered in the review proceeding and the petitioning party or and <u>Once the Order has been issued the parties shall have the right to raise in the proceeding such issues and arguments as they consider appropriate in responding to the issues included in the notice for a review proceeding or any additional issues determined by the review hearing panel to</u></p>	<p>The Order initiating a review proceeding will be issued by the Chair of the roster of hearing officers and not CPAB. Both parties will have the opportunity to raise additional issues to be considered by the panel. These changes are being made to improve due process under this provision.</p> <p>While review proceedings are held <i>in camera</i>, the decisions of the review panel should be made public. This is not currently articulated in Rule 701 and should be specifically set out.</p> <p>The benefit of making these decisions public is to provide instructive precedents, to guide future decision making by both CPAB and participating audit firms, to align with the practice of audit regulators</p>	<p>Decisions of the PCAOB Board are always published as are those from the majority of audit regulators internationally, including the FRC and Australian Securities & Investments Commission (ASIC) and Financial Markets Authority (FMA) New Zealand.</p>

Rule	Original Rule	Proposed Rule Change	Background	Benchmarking
	<p>are specifically identified in a proposed requirement, restriction or sanction. Review proceedings shall be held in camera.</p>	<p><u>be appropriate.</u> In any review proceeding, the parties shall be the Board, any public accounting firm or participating audit firm that is the subject of the review proceeding and, in the case of a review proceeding that is the result of a petition under Rule 603, any individuals who are specifically identified in a proposed requirement, restriction or sanction. Review proceedings shall be held in camera-, <u>whether, in writing, in person or electronically.</u></p> <p><u>The resulting decision of the review panel shall be made public unless, the review panel determines that publication would unduly prejudice or cause significant harm to a third party, such as a reporting issuer.</u></p> <p><u>The final decision may be subject to such to redactions as the review panel considers appropriate or necessary to prevent undue prejudice, significant harm to a third party or to a participating audit firm, or to comply with applicable law.</u></p>	<p>internationally, and to support the transparency of the review hearing process.</p>	
<p>717</p>	<p>A party to a review proceeding may, within 15 days from its receipt of the review panel’s initial decision, provide to the review panel its comments on the initial decision. If (i) the review panel receives no comments from any party during the time allowed for comment, or (ii) the review panel receives comments from one or more parties during the time allowed for comment but does not amend its initial decision during the time allowed for amendment, the initial decision shall become the panel’s final decision. If the review panel receives comments from one or more parties to the proceeding, the review panel may, within 15 days of receiving such comments, amend its initial decision, whereupon the amended decision shall become the panel’s final decision. The review panel shall either inform the Secretary that its initial decision has become its final decision or deliver a copy of its final decision to the Secretary.</p>	<p>A party to a review proceeding may, within 15 days from its receipt of the review panel’s initial decision, provide to the review panel its comments on the initial decision <u>in relation to concerns over the risk of identifying a reporting issuer or factual inaccuracies.</u> If (i) the review panel receives no comments from any party during the time allowed for comment, or (ii) the review panel receives comments from one or more parties during the time allowed for comment but does not amend its initial decision during the time allowed for amendment, the initial decision shall become the panel’s final decision. If the review panel receives comments from one or more parties to the proceeding, the review panel may, within 15 days of receiving such comments, amend its initial decision, whereupon the amended decision shall become the panel’s final decision. The review panel shall either inform the Secretary that its initial decision has become its final decision or deliver a copy of its final decision to the Secretary.</p>	<p>This rule allows for the parties to provide comments on a draft decision of the panel. This could provide an unnecessary opportunity for parties to challenge the decision of the panel and prolong the hearing process. This portion of the rule should be amended to restrict the types of comments allowed on the draft decision to concerns over identifying a reporting issuer or factual inaccuracies.</p> <p>This is an unusual provision that complicates the review hearing process and accordingly we are proposing to limit the available review to very specific types of circumstances. The overall procedural fairness to the parties is not impacted by this change.</p>	<p>The draft decisions of other regulators are rarely, if ever, provided to the parties for comment prior to becoming final.</p>