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Mr. John Stevenson
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8

Proposed Repeal and Replacement of Multilateral Instrument 52-109, Form 52-109FI, 52-109FTI, 52-109F2 and 52-109FT2 and Companion Policy 52-109CP Certification of Disclosure in Issuers' Annual and Interim Filings

Dear Mr. Stevenson,

Ernst & Young LLP is pleased to comment on the Canadian Securities Administrators' (the "CSA") proposed repeal and replacement of Multilateral Instrument 52-109, Form 52-109FI, 52-109FTI, 52-109F2 and 52-109FT2 and Companion Policy 52-109CP certification of disclosure in issuers' annual and interim filings (collectively the "Proposed Materials") regarding management's certification on Disclosure Controls and Procedures ("DC&P") and Internal Controls over Financial Reporting ("ICFR").

We support the issuance of the Proposed Materials which will promote both quality and consistency of practice among companies and believe that it can assist companies of all sizes, and in particular smaller, less complex public companies, in conducting efficient and effective interim and annual certifications.

This letter provides our views on some of the specific questions on which the CSA has requested comment, as well as additional considerations related to certain topical areas within the Proposed Material where we believe issuers would benefit from further clarifications.

Responses to questions posed by the CSA

Do you agree with the definitions of "reportable deficiency" and the proposed related disclosures? If not, why not and how would you modify it?

No. We believe that the new definition of reportable deficiency has no existence in practice. This definition differs from the definition of significant weakness under Canadian GAAS and from the definitions of significant deficiency and material weakness currently available in the SEC guidance regarding management's evaluation of internal control over financial reporting ["SEC Guidance"], US Public Company Accounting Oversight Board ["PCAOB"] Auditing Standard

No.5 ["AS 5"]. This may cause confusion and inconsistency, and will allow the use of more judgment in evaluating the facts and circumstances related to control deficiencies.

We believe that using a definition consistent with either the existing definitions under Canadian GAAS or AS 5 along with an additional guidance on how to apply materiality to ICFR will provide management with practical definition in evaluating control deficiencies.

Do you agree that the ICFR design accommodation should be available to venture issuers? If not, please explain why you disagree.

We agree that the ICFR design accommodation should be available to venture issuers. This is a very practical approach for management of venture issues in providing them with the flexibility relative to their size in their design assessment. This is also consistent with the top-down risk-based approach in the Proposed Materials which will allow management to exercise judgment and flexibility from a risk perspective.

Do you agree that our proposal to provide a scope limitation in the design of DC&P and ICFR for an issuer's interest in a proportionately consolidated investment or variable interest entity is practical and appropriate? If not, please explain why you disagree.

We agree that providing a scope limitation in the design of DC&P and ICFR for an issuer's interest in a proportionately consolidated investment or variable interest entity is practical and appropriate considering issuer's are required to appropriately disclose in their MD&A the scope limitation and summary of financial information of the proportionately consolidated investment or the variable interest entity as recommended in the Proposed Materials. However, the disclosure of scope limitations may reflect negatively on issuers in the market place.

Do you agree that our proposal to allow certifying officers to limit the scope of their design of DC&P or ICFR within 90 days of the acquisition of a business is practical and appropriate? If not, please explain why you disagree.

In principle, we agree with providing a scope limitation for the design of DC&P or ICFR for a newly acquired business. However, we have a specific concern that the 90 day exemption period is neither sufficient nor practical time frame for issuers to integrate the acquired business, make the necessary changes to internal controls and then evaluate their design and operating effectiveness.

We believe that providing a one year exclusion for newly acquired business from the design of DC&P or ICFR of issuers is a more reasonable time frame and will be consistent with the SEC Guidance and the US PCAOB AS No.5 recommendations.

Do you agree that our proposal not to require certifying officers the design ICFR within 90 days after an issuer has become a reporting issuer or following the completion of certain reverse takeover is practical and appropriate? If not, please explain why you disagree.

We agree with providing a scope exemption for the design of DC&P or ICFR for an issuer that became a reporting issuer following its IPO. Companies preparing for public company status would assess the company's readiness from a finance, accounting, internal controls and risk perspective at least two to three years in advance of being a reporting issuer. However, they will need time to adjust for their new public reporting requirements; accordingly we believe that the 90 day exemption period would be appropriate for new issuers.

In principle, we agree with providing a scope exemption for the design of DC&P or ICFR for an issuer that became a reporting issuer following the completion of certain reverse takeover. However, we have a specific concern that the 90 day exemption period is neither sufficient nor practical time frame for issuers to integrate, make the necessary changes to internal controls and then evaluate their design and operating effectiveness. We believe that a more reasonable time frame might be required.

Under the Proposed Materials, one of the criteria an issuer must meet in order to be able to file a certification on either Form 52-109F1 – IPO/RTO or Form 52-109F2 – IPO/RTO and, therefore, exclude all certifications relating to ICFR, is that the reverse takeover acquirer (which is the legal subsidiary in the RTO) cannot have been an issuer immediately prior to the RTO. This means that if both parties to the RTO are issuers, then the certifying officers of the new combined entity have to be in a position to immediately provide all certifications relating to ICFR of the combined entity. We believe the fact that the certifying officers of each separate company were in a position to make certifications regarding the ICFR of their respective companies prior to the RTO does not mean that certifying officers of the combined company will be in a position to make the same certifications regarding the ICFR of the combined company. Accordingly, we have a concern that the certifying officers of the combined entity are not being provided a sufficient and practical amount of time to perform the necessary due diligence to be in a position to provide the required certifications. We suggest that the ability to file a certification on either Form 52-109F1 – IPO/RTO or Form 52-109F2 – IPO/RTO be extended to those situations where the reverse takeover acquirer is an issuer immediately prior to the RTO.

The ability to limit the scope of the design of DC&P and ICFR to exclude businesses acquired within the last 90 days is limited to "a business that the **issuer** acquired..." This raises some question as to if, and how, this scope limitation is applied to transactions in the form of an RTO. If the term "acquired" is based on an accounting definition, the combined company would not get any accommodation because the legal issuer is the reverse takeover acquiree and did not acquire a business. If the term "acquired" is based on a legal definition, then the combined company may technically be able to include a scope limitation on the design of DC&P and ICFR to exclude the legal subsidiary, but this would be an odd outcome given that the legal subsidiary is actually the controlling company. Based on the assumption that our above suggestion relating to the use of Form 52-109F1 – IPO/RTO and Form 52-109F2 – IPO/RTO is accepted, we believe that no further accommodation is required for RTO transactions and, therefore, we suggest clarifying that the term "acquired" is based on an accounting definition.

Do you agree that the nature and extent of guidance provided in the Proposed Policy, particularly in Parts 6, 7 and 8, is practical and appropriate? If not, please explain why and how it should be modified.

We have no comments on this question.

Are their any specific topics that we have not addressed in the Proposed Policy on which you believe guidance is required?

We have no comments on this question.

Other matters

We have the following comments on other matters:

Multiple Location Considerations

The Proposed Material does not include any factors to consider in determining locations to include within the scope of the issuer's DC&P and ICFR. Although we agree that management's assessment for a multi-location entity should be based on a top-down risk-based approach, the Proposed Material does not seem to fully acknowledge the practical reality that management's assessment of financial reporting risks—and therefore the controls that will need to be addressed in the assessment—often will focus on those locations that are quantitatively significant or otherwise significant based upon qualitative factors such as location-specific risks that contribute to consolidated financial reporting risks. Additionally, as we believe issuers may have difficulty in determining whether and how to test controls at locations that are neither quantitatively significant nor otherwise pose location-specific risks, we believe the Proposed Material could benefit by the inclusion of factors for management to consider when making risk-based multi-location judgments.

Control Framework

Under the Proposed Material, management has the flexibility not to use a control framework. This may cause confusion and lack of comparability between issuers. Using a framework provides an understandable basis for management's certification on DC&P and ICFR. The Proposed Materials addresses many of the components of a framework such as; control environment, DC&P and ICFR control activities, top-down risk based approach and risk assessments. Therefore the Proposed Material almost forces issuers to use a framework.

We believe that using a framework will provide management with an objective basis upon which to conduct its evaluation and certification on DC&P and ICFR. As well as it

will assist audit committees and board of directors in understanding how management has designed and evaluated ICFR.

Reporting Fraud

Under the Proposed Materials, Form 52-109F1 includes a certification that based on the most recent evaluation of ICFR, any fraud that involves management or other employees who have a significant role in the issuer's ICFR has been reported to the auditors and board of directors or audit committee. This certification is not included in Form 52-109F2, presumably because an issuer is only required to evaluate ICFR on an annual basis. However, we believe it is possible that an issuer will become aware of fraud that involves management or other employees who have a significant role in the issuer's ICFR between annual evaluations of ICFR through other means. Accordingly, we suggest removing the words "based on our most recent evaluation of ICFR" from Form 52-109F1 and including the same certification in Form 52-109F2.

We appreciate the opportunity to comment on the Proposed Materials. Should you have any questions on our responses, or wish to discuss our comments further, please contact Massimo Marinelli at 416-943-3922.

Yours sincerely,

Ernst & Young LLP

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Licensed Public Accountants