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British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

c/o The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3A8

By email – comments@osc.gov.on.ca

Dear Sirs:

CSA Notice and Request for Comment –

- **Proposed Repeal and Replacement of National Instrument 52-108 *Auditor Oversight***
- **Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements***
- **Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Requirements***

Our comments relate to NI 52-108. Overall, we agree that reference to specified remedial actions of the Canadian Public Accountability Board (CPAB), rather than categories of remedial actions, will provide added clarity to NI 52-108. However, we have comments on wording of two specific sections.

First, proposed subsection 5(2) requires that the notice under subsection 5(1) must “include the descriptions CPAB provided” of the items listed in (a) to (c). It is possible that such descriptions could include privileged information or confidential business information of an audit client. Please note that CPAB’s Rules and certain legislation provide that CPAB may in appropriate circumstances communicate information arising from its inspection and investigation activity to Canadian Securities Administrators or the Superintendent of Financial Institutions Canada, but in doing so CPAB generally must exclude privileged information of a client of a participating audit firm, and specific information relating to the business, affairs or financial condition of a client of a participating audit firm (CPAB Rules 417, 516, CPAB Act (Ontario) s. 13). In order for subsection 5(2) to be consistent with these provisions, we believe it

should be modified so that a participating audit firm may in appropriate circumstances summarize written descriptions it receives from CPAB, in order to remove any such privileged or specific business information of an audit client.

Second, we propose that the words “in writing” should be added to proposed subsection 6(1), as follows:

“6(1) If CPAB required a participating audit firm to comply with any remedial action relating to a defect in the participating audit firm’s quality control systems, and CPAB notifies the participating audit firm *in writing* . . .”

This change will promote certainty, and make subsection 6(1) consistent with proposed subsections 5(1)(a) and (b), which in each case refer to communications received by the participating audit firm from CPAB in writing.

We appreciate the opportunity to provide our comments and would be pleased to discuss them further with staff. Any questions can be directed to Tom Kornya (Tom.J.Kornya@ca.ey.com) Eric Spiekman (Eric.Spiekman@ca.ey.com) or Donald Hanna (Donald.Hanna@ca.ey.com).

Yours truly,

Ernst & Young LLP