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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
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon
Superintendent of Securities, Nunavut

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
comments@osc.gov.on.ca

M^e Philippe Lebel
Corporate Secretary and Executive Director, Legal
Affairs
Autorité des marchés financiers
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Dear Sirs/Mesdames:

Proposed Amendments to National Instrument 52-108 Auditor Oversight

This letter is provided to you in response to the Notice and Request for Comment on the Proposed Amendments to NI 52-108. Defined terms used in the Notice and Request for Comment will be similarly used in this letter.

We support CPAB's efforts to enhance audit quality, however, we do not believe that the Proposed Amendments are the way to proceed to provide CPAB with the information that they need to assess whether sufficient audit evidence has been obtained. We believe that responsibility for ensuring the standards under which component auditors are involved in an audit of reporting issuers rests with the group auditor.

CAS 600 addresses the special considerations that apply to group audits, in particular those which involve component auditors. The group engagement team/partner are responsible for:

- the direction, supervision and performance of the group audit engagement in compliance with professional standards and applicable legal and regulatory requirements, and whether the auditor's report that is issued is appropriate in the circumstances;
- evaluating whether sufficient appropriate audit evidence has been obtained which includes an assessment of the audit work performed by the component auditors on the financial information of the components, on which to base the group audit opinion; and
- satisfying themselves that the component auditors have the appropriate competence and capabilities.

We believe that the Proposed Amendments would create challenges, not only with finding Significant Component Auditors and the potential for higher audit fees charged to reporting issuers, but also for the following reasons:

- the possibility that the capital market in Canada will become less competitive;
- the group audit could lose valuable knowledge as local firms have expertise in the foreign jurisdiction in areas such as tax, cultural, governmental, business practices, etc.;
- the number of Canadian reporting issuers that involve foreign components where a Significant Component Auditor was involved in the audit is a small piece of the market. As outlined in Annex C to the Notice, CPAB has requested and been denied access in China, Mexico and Tunisia which represents 43 of the reporting issuers identified in the Notice; and;
- there will likely still be restrictions in place in certain higher-risk countries (China etc.) which does not resolve CPABs concerns.

Further, CPAB selects a sample of files each year, which represents a small number of Canadian reporting issuers. Consistency and timeliness of any new requirements needs to be considered. To require a PAF to replace a Significant Component Auditor on its files in those specific circumstances would be unfair and lack consistency across all Canadian reporting issuers. As well, CPAB file reviews often take place several months after the issuers have released their financial statements. Requiring the replacement of Significant Component Auditors in situations where CPAB has been prevented from inspecting the work as described above would not be timely.

MNP LLP (MNP) is one of Canada's largest chartered accountancy and business advisory firms. Our clients include small to mid-size owner-managed businesses in agriculture, agribusiness, retail and manufacturing as well as credit unions, co-operatives, First Nations, medical and legal professionals, not-for-profit organizations and municipalities. In addition, our client base includes a sizable contingent of publicly traded companies.

Yours truly,

MNP LLP



Michelle Balmer, CPA, CA
Vice President, Assurance