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Manitoba Securities Commissions  
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

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Dear Secretary of the Ontario Securities Commission and M<sup>e</sup> Philippe Lebel,

**CSA Request for Comment – Proposed Amendments to National Instrument 51-102**

We are pleased to provide our comments to the Canadian Securities Administrators (CSA) on the Proposed Amendments to National Instrument 51-102 *Continuous Disclosure Obligations* and other amendments and changes relating to annual and interim filings and non-investment fund reporting issuers as well as the feedback request for semi-annual reporting of venture issuers on a voluntary basis.

Below we respond to question #7 with respect to our view on the impact to the auditor's responsibilities in connection with the refiling or amendment of the annual disclosure statement, in whole or in part.

#7. Considering that the annual disclosure statement will include annual financial statements, MD&A and, where applicable, AIF, do you think there will be an impact, including on auditing requirements, if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety?

The proposed amendments to combine the annual financial statements, MD&A and where applicable, AIF into an annual disclosure statement will result in the annual disclosure statement meeting the definition of an “annual report” under Canadian Auditing Standards (CAS) 720, *Other Information*. As such, the auditor’s responsibilities under CAS 720 will now extend to the AIF portion of the annual disclosure statement; whereas currently the AIF does not meet the definition of an “annual report” for purposes of CAS 720. The financial or non-financial information (other than financial statements and the auditor’s report thereon) included in a reporting issuer’s annual disclosure statement will be considered other information (“OI”) under CAS 720 and must be read by the auditor and considered to determine whether the OI is materially inconsistent with the financial statements or the auditor’s knowledge obtained in the audit or otherwise appears to be materially misstated.

We believe that the impact on auditing requirements if a reporting issuer amends or re-files only one of these documents, or re-files the annual disclosure statement in its entirety is not dependent upon whether the annual disclosure statement is amended in whole or in part, but rather it is dependent on whether or not there is an amendment to the reporting issuer’s financial statements. Accordingly, we have considered the two scenarios below:

**Scenario 1: Re-filing of the annual disclosure statement with no change/amendment to the previously issued financial statements (i.e. re-filing, in whole or in part, of either the MD&A and/or AIF portions of the annual disclosure statement)**

If a reporting issuer re-files the annual disclosure statement, either wholly or in part, and in doing so amends/re-files the MD&A or AIF portions of the annual disclosure statement and not the financial statements, there is no impact on the auditor’s report and the auditor would not be required to reissue the auditor’s report, including the Other Information section of the Auditor’s report, which will refer to the originally issued annual disclosure statement.

However, an amendment to the OI would require the auditor to read and consider the amended OI in the same manner that auditors are required to read and consider OI that is received after the auditor’s report date. Only in the event that reading the amended OI results in the discovery of a material inconsistency or material misstatement that is not appropriately resolved by the reporting issuer, would the auditor consider modifying the Other Information section of the auditor’s report and reissuing the auditor’s report accordingly in order to bring the material misstatement of the OI to the attention of users of the auditor’s report. We expect such circumstances to be rare.

Further, in reading and considering the amended OI, the auditor may identify matters that require amendments to be made to the previously issued financial statements (refer to Scenario 2, below).

**Scenario 2: Re-filing of restated financial statements upon which we have previously issued an auditor’s report**

If a reporting issuer re-files the annual disclosure statement, either wholly or in part, and in doing so amends the financial statements, the auditor would be required to reissue their auditor's report and in doing so would consider whether revisions to the Other Information section of the auditor's report are necessary. CAS 560, *Subsequent Events* provides the auditors requirements with respect to subsequent events in an audit of financial statements. There are two scenarios to consider:

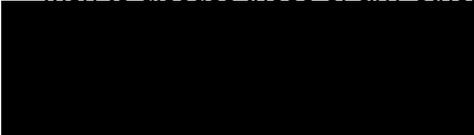
Scenario 2.1: Under CAS 560, the auditor restricts their audit procedures only to those subsequent events that caused the amendment ("Dual dating")

In cases where dual dating is permitted by the applicable financial reporting framework (e.g. US GAAP), or is otherwise determined to be appropriate, the auditor's responsibilities under this scenario would be limited to audit procedures on the specific amendment to the financial statements and determining whether the subsequent event that gave rise to the amendment requires an update to the OI that was originally identified in the previously issued auditor's report. If such OI is amended, the auditor would need to revise the OI section of the auditor's report (reissued in accordance with the requirements of CAS 560) to refer to the amended OI. However, auditors would not be required to report on any OI obtained after the date of the original auditor's report.

Scenario 2.2: Under CAS 560, the auditor **does not** restrict their audit procedures on subsequent events only to those subsequent events that caused the amendment

In this scenario, in addition to audit procedures on the specific amendment to the financial statements the auditor would need to perform audit procedures to obtain sufficient appropriate audit evidence that all events occurring between the date of the financial statements and the reissued auditors report that require adjustment of, or disclosure in, the amended financial statements have been identified. Further, the auditor would need to perform procedures in accordance with CAS 720 over all OI obtained as of the date of the reissued auditor's report and refer to such OI in the Other Information section of the reissued auditor's report. This would include any additional OI that was obtained between the original auditor's report date and the date of the reissued auditor's report, including any amendments to other parts of the annual disclosure statement. Furthermore, for audits of listed entities, auditor's would need to update the Other Information section of the auditor's report to include any OI that is expected to be obtained after the date of the reissued auditor's report.

We appreciate the opportunity to comment on the Proposed Amendments. Please contact Luke Baxter (Professional Practice Partner) or Laney Doyle (Professional Practice Director) if you wish to discuss these or any other matters.



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