

NOVA SCOTIA SECURITIES COMMISSION
RULE 52-108 (REPEAL AND REPLACEMENT)
AUDITOR OVERSIGHT

-AND-

CONSEQUENTIAL AMENDMENTS TO RULES 41-101, 51-102 and 71-102

-AND-

AMENDMENTS TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*, NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS* AND NATIONAL INSTRUMENT 71-102 *CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS*

-AND-

CHANGES TO COMPANION POLICY 51-102CP *CONTINUOUS DISCLOSURE OBLIGATIONS* AND COMPANION POLICY 71-102CP *CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS*

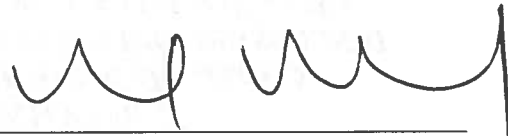
WHEREAS:

1. Pursuant to section 150 of the *Securities Act*, R.S.N.S. 1989, chapter 418, as amended (the Act), the Nova Scotia Securities Commission (the Commission) has power to make rules subject to compliance with the requirements of the Act;
2. Pursuant to section 19 of the Act, the Commission has power to issue and publish policy statements;
3. Amendments to NI 41-101, Amendments to NI 51-102 and Amendments to NI 71-102 (collectively, the Rule) and Changes to 51-102CP and Changes to 71-102CP (collectively, the Policy), copies of which are attached hereto, have been made a rule by one or more of the Canadian securities regulatory authorities; and
4. The Commission is of the opinion that the attainment of the purpose of the Act is advanced by this Instrument.

NOW THEREFORE the Commission hereby:

- (a) pursuant to the authority contained in section 150 of the Act and subject to compliance with the requirements of section 150A of the Act, approves the Rule and makes the same a rule of the Commission;
- (b) pursuant to the authority contained in section 19 of the Act and subject to publication on the Commission's website, issues the Policy as a policy statement of the Commission; and
- (c) declares that the Rule approved and made pursuant to clause (a) and the issuance of the Policy pursuant to clause (b) shall both take effect on **September 30, 2014**, unless the Minister disapproves the Rule or returns it to the Commission in accordance with subsection 150A(3) of the Act in which event the Rule and the Policy shall not be effective until the Rule is approved by the Minister.

IN WITNESS WHEREOF this Instrument has been signed by the Vice-Chair of the Commission, being the member of the Commission prescribed by the Chair pursuant to subsection 15(3) of the Act to attend the hearing of this matter and the quorum with respect to this matter, on the 17th day of July, 2014.



Paul Radford, Q.C., Vice-chair

Attachments

Amendments to NI 41-101

1. *National Instrument 41-101 General Prospectus Requirements is amended.*
2. *Form 41-101F1 is amended by adding the following after item 26.1:*

Auditor that was not a participating audit firm

26.1.1 (1) If the auditor referred to in section 26.1 was not a participating audit firm, as defined in NI 52-108, as at the date of the most recent auditor's report on financial statements included in the prospectus, include a statement in substantially the following form:

"[*Audit Firm A*] audited the financial statements of [*Entity B*] for the year ended [*state the period of the most recent financial statements included in the prospectus*] and issued an auditor's report dated [*state the date of the auditor's report for the relevant financial statements*]. As at [*state the date of the auditor's report for the relevant financial statements*], [*Audit Firm A*] was not required by securities legislation to enter, and had not entered, into a participation agreement with the Canadian Public Accountability Board. An audit firm that enters into a participation agreement is subject to the oversight program of the Canadian Public Accountability Board."

- (2) If an auditor of the financial statements required by Item 32 was not a participating audit firm, as defined in NI 52-108, as at the date of the most recent auditor's report issued by that auditor on financial statements included in the prospectus, include a statement in substantially the following form:

"[*Audit Firm C*] audited the financial statements of [*Entity D*] for the year ended [*state the period of the most recent financial statements, if any, included in the prospectus under Item 32*] and issued an auditor's report dated [*state the date of the auditor's report for the relevant financial statements*]. As at [*state the date of the auditor's report for the relevant financial statements*], [*Audit Firm C*] was not required by securities legislation to enter, and had not entered, into a participation agreement with the Canadian Public Accountability Board. An audit firm that enters into a participation agreement is subject to the oversight program of the Canadian Public Accountability Board."

3. *This Instrument comes into force on September 30, 2014.*

Amendments to NI 51-102

1. *National Instrument 51-102 Continuous Disclosure Obligations is amended.*
2. *Subsection 4.11(5) is amended*
 - (a) *in paragraph (a) by replacing “10 days” with “3 days”,*
 - (b) *in clause (a)(ii)(C) by replacing “20 days” with “7 days”, and*
 - (c) *in paragraph (b) by replacing “30 days” with “14 days”.*
3. *Subsection 4.11(6) is amended*
 - (a) *in paragraph (a) by replacing “10 days” with “3 days”,*
 - (b) *in clause (a)(ii)(C) by replacing “20 days” with “7 days”,*
 - (c) *in subparagraph (a)(iii) by replacing “20 days” with “7 days”,*
 - (d) *in paragraph (b) by replacing “30 days” with “14 days”, and*
 - (e) *by deleting “either” in subparagraph (b)(iv).*
4. *Subsection 4.11(8) is replaced with the following:*
 - (8) **Predecessor Auditor’s Obligations to Report Non-Compliance** – If a reporting issuer does not file the reporting package required to be filed under subparagraph (5)(b)(ii) or the news release required to be filed under subparagraph (5)(b)(iv), the predecessor auditor must, within 3 days of the required filing date, advise the reporting issuer in writing of the failure and deliver a copy of the letter to the regulator or, in Quebec, the securities regulatory authority..
5. *Section 4.11 is amended by adding the following after subsection (8):*
 - (9) **Successor Auditor’s Obligations to Report Non-Compliance** – If a reporting issuer does not file the reporting package required to be filed under subparagraph (6)(b)(ii) or the news release required to be filed under subparagraph (6)(b)(iv), the successor auditor must, within 3 days of the required filing date, advise the reporting issuer in writing of the failure and deliver a copy of the letter to the regulator or, in Quebec, the securities regulatory authority.
6. *This Instrument comes into force on September 30, 2014.*

Amendments to NI 71-102

1. *National Instrument 71-102 Continuous Disclosure Obligation and Other Exemptions Relating to Foreign Issuers is amended.*
2. *Section 4.3 is amended by*
 - (a) *adding “required to be” after “annual financial statements” in paragraph (c),*
 - (b) *deleting “and” in paragraph (d),*
 - (c) *adding “and” to the end of paragraph (e), and*
 - (d) *adding the following after paragraph (e):*
 - (f) *complies with NI 52-108 Auditor Oversight.*
3. *Section 5.4 is amended by*
 - (a) *deleting “and” in paragraph (c),*
 - (b) *adding “and” to the end of paragraph (d), and*
 - (c) *adding the following after paragraph (d):*
 - (e) *complies with NI 52-108 Auditor Oversight.*
4. *This Instrument comes into force on September 30, 2014.*

Changes to 51-102CP

1. *The changes proposed to Companion Policy 51-102CP of National Instrument 51-102 Continuous Disclosure Obligations are set out in this schedule.*

2. *Part 4 is changed by adding the following after section 4.3:*

4.4 Predecessor and successor auditor reporting of non-compliance with change of auditor requirements – Subsections 4.11(8) and 4.11(9) of the Instrument require a predecessor and successor auditor to deliver to the regulator or, in Quebec, the securities regulatory authority, a copy of a letter sent to a reporting issuer advising a reporting issuer of its failure to comply with the change of auditor reporting requirements. “Regulator” and “securities regulatory authority” are defined in NI 14-101 – *Definitions*. The securities regulatory authorities will consider the notice requirement in each of these provisions of the Instrument to have been satisfied if the notice is sent to auditor.notice@acvm-csa.ca.

3. *These changes become effective on September 30, 2014.*

Changes to 71-102CP

1. *The changes proposed to Companion Policy 71-102CP of National Instrument 71-102 Continuous Disclosure Obligations and other Exemptions Relating to Foreign Issuers are set out in this schedule.*

2. *Section 6.4 is replaced by the following:*

6.4 Financial statements and auditor's report relief – Section 4.3 of the Instrument provides certain relief for an SEC foreign issuer relating to financial statements and auditors' reports on annual financial statements. Section 5.4 provides similar relief for a designated foreign issuer. The relief is available only if the particular foreign issuer meets all of the conditions listed in sections 4.3 and 5.4, respectively, including the requirement to comply with NI 52-107 and NI 52-108 *Auditor Oversight*. Sections 4.3 and 5.4 do not provide relief from

(a) the certification requirements in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual or Interim Filings*, or

(b) the audit committee requirements in National Instrument 52-110 *Audit Committees*.

SEC foreign issuers and designated foreign issuers must look to those instruments for any exemptions that may be available to them.

3. *These changes become effective on September 30, 2014.*

