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Contact:

Member Regulation Policy

Email: memberpolicymailbox@iiroc.ca

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Rule Connection: MFD Rules

Division: Mutual Fund Dealer

Housekeeping amendments to Mutual Fund Dealer Form 1, Audit Reports and Part II – Report on compliance for insurance and segregation of cash and securities

Executive Summary

The Canadian Investment Regulatory Organization (CIRO) is amending Part II – Report on compliance for insurance and segregation of cash and securities (**Part II Report on Compliance**) and other audit reports in the Mutual Fund Dealer Form 1 (the **Housekeeping Amendments**).

The objectives of the Housekeeping Amendments are to ensure the Part II Report on Compliance complies with current auditing standards and to update the relevant Mutual Fund Dealer Form 1 reports with the current name of the self-regulatory organization and the investor protection fund.

No amendments are required to the Investment Dealer Form 1 since it was updated in 2022 for the new auditing standards and it allows flexibility for changes in the name of the self-regulatory organization and the investor protection fund.

On October 17, 2023, the Housekeeping Amendments were deemed approved/non objected to by the Recognizing Regulators and are effectively immediately.

1. The Amendments

The Housekeeping Amendments to the Mutual Fund Dealer Form 1 include:

- replacing ‘Corporation’ and ‘Investor Protection Fund’ with ‘Canadian Investment Regulatory Organization’ and ‘Canadian Investor Protection Fund’ respectively, in the Certificate of Partners or Directors, Independent Auditor’s Report for Statements A, D and E and the Independent Auditor’s Report for Statements B, C and F, and
- amending the Part II Report on Compliance to comply with Canadian Standard on Related Services (CSRS) 4400.

In the French version only, we have also made some changes of an editorial nature throughout those reports to align with the new French accounting standards and for plain language purposes.

1.1 Housekeeping Amendments to Part II Report on Compliance

The Auditing and Assurance Standards Board approved CSRS 4400 which replaced the following previous standards:

- Section 9100, Reports on the Results of Applying Specified Auditing Procedures to Financial Information other than Financial Statements
- Section 9110, Agreed-Upon Procedures Regarding Internal Control Over Financial Reporting

CSRS 4400 is effective for agreed-upon procedures engagements for which the terms of engagement are agreed to on or after January 1, 2022. CSRS 4400 impacts the Part II Report on Compliance. CSRS 4400 requires that the agreed-upon procedures (AUP) are described objectively, in terms that are clear, and not subject to interpretation. The AUP report must identify and explain the various parties involved in the engagement, clarify the practitioner’s responsibilities, include an independence statement and state that the engagement was performed in accordance with CSRS 4400.

The Housekeeping Amendments to the Part II Report on Compliance include:

- renaming the report to the ‘Agreed-upon Procedures Report on compliance for insurance and segregation of cash and securities,’
- adding the following sections in the preamble to the report:
 - Purpose of this Agreed-upon Procedures Report
 - Responsibilities of the engaging party
 - Practitioner’s responsibilities
 - Professional ethics
- revising the wording and formatting of the procedures and findings section to comply with CSRS 4400
- adding an optional free form text box to include a “Restriction on Use” statement
- adding an optional free form text box at end of report for additional comments

The text of the Housekeeping Amendments is set out in [Appendix A](#) and a blackline of the changes is set out in [Appendix B](#).

2. Classification of the Housekeeping Amendments

We have classified the Housekeeping Amendments as housekeeping because they are necessary to conform to applicable securities legislation, statutory or legal requirements, accounting or auditing standards, or to other CIRO Rules. Specifically, the Housekeeping Amendments are required to conform to CSRS 4400 auditing standards and to conform the audit reports with the current legal names of the self-regulatory organization and investor protection fund.

3. Approval and Implementation

On September 27, 2023, CIRO's Board of Directors approved the Housekeeping Amendments.

On October 17, 2023, the Housekeeping Amendments were deemed approved/non objected to by the Recognizing Regulators and are effectively immediately.

4. Appendices

[Appendix A](#) – Clean copy of Mutual Fund Dealer Form 1

[Appendix B](#) – Blackline copy of Housekeeping Amendments to Mutual Fund Dealer Form 1