

IIROC NOTICE

Rules Notice Notice of Approval/Implementation

IIROC Rules

Please distribute internally to:

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Email: memberpolicymailbox@iiroc.ca

22-0125
August 11, 2022

Housekeeping amendments to Form 1, Part II – Report on compliance for insurance, segregation of securities and guarantee/guarantor relationships relied upon to reduce margin requirements during the year

Executive Summary

IIROC is amending the Form 1, Part II – Report on compliance for insurance, segregation of securities and guarantee/guarantor relationships relied upon to reduce margin requirements during the year (**Form 1, Part II Report on Compliance**) (the **Housekeeping Amendments**).

The Form 1 Part II Report on Compliance is amended to comply with the Canadian Standard on Related Services (CSRS) 4400 introduced by the Auditing and Assurance Standards Board.

The Housekeeping Amendments will be effective October 1, 2022.

1. Summary and nature of the Housekeeping Amendments



The Auditing and Assurance Standards Board approved CSRS 4400 which replaced the 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

This new standard will impact our Form 1, Part II Report on Compliance. It requires that the agreed-upon procedures (AUP) are described objectively, in clear terms, 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. CSRS 4400 is effective for agreed-upon procedures engagements for which the terms of engagement are agreed to on or after January 1, 2022.

The Proposed Housekeeping Amendments to the Form 1, Part II Report on Compliance include:

- Renaming the report to the ‘Agreed-upon Procedures Report on compliance for insurance, segregation of securities, and guarantee/guarantor relationships relied upon to reduce margin requirements during the year’
- 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

Clean copies of the Housekeeping Amendments are set out in **Appendix 1** and the blacklines of the changes are set out in **Appendix 2**.

2. Classification of the Housekeeping Amendments

We classified the Housekeeping Amendments as “housekeeping” because they:

- are reasonably necessary to conform the Form 1, Part II Report on Compliance with the CSRS 4400, and



- have no material impact on investors, issuers, Dealer Members or the capital markets in any province or territory of Canada.

3. Implementation

On June 22, 2022 IIROC's Board of Directors approved the Housekeeping Amendments. The Housekeeping Amendments are effective October 1, 2022.

IIROC followed its governance practices in approving the Housekeeping Amendments and considered the need for consequential amendments.

4. Appendices

[Appendix 1 - Clean copy of the Form 1, Part II Report on Compliance](#)

[Appendix 2 - Blackline comparison of the Housekeeping Amendments to the Form 1, Part II Report on Compliance](#)