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For distribution to relevant parties within your firm

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By-laws and Regulations

Form 1 – Standard form Auditors’ reports

The Board of Directors has approved amendments to standard form auditors’ reports that appear in Parts I and II of Form 1. The amended reports reflect recent amendments to the standard form auditors’ reports mandated in CICA Handbook Section 5600. The previous Part 1 and II auditors’ reports were repealed and replaced with the new standard reports; copies of which are enclosed as Attachments #1 and #2. The amendments are effective June 1, 2007.

Kenneth A. Nason
Association Secretary

**FORM 1, PART I AUDITORS' REPORT
BOARD RESOLUTION**

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. The Standard Auditors' Report for Part I of Form 1 is repealed and replaced with the following:

**“JOINT REGULATORY FINANCIAL QUESTIONNAIRE AND REPORT
PART I – AUDITORS' REPORT**

TO: The _____ and the Canadian
(applicable regulatory body)
Investor Protection Fund

We have audited the following Part I financial statements of _____ :
(firm)

Statement A - Statements of assets and of liabilities and shareholder/partner capital as at _____ and _____ ;
(date) *(date)*

Statement B - Statements of net allowable assets and risk adjusted capital as at _____ and _____ ;
(date) *(date)*

Statement C - Statement of early warning excess and early warning reserve as at _____ ;
(date)

Statement D - Statement of free credit segregation amount as at _____ ;
(date)

Statement E - Summary statements of income for the years ended _____ and _____ ;
(date) *(date)*

Statement F - Statement of changes in capital and retained earnings (corporations) or undivided profits (partnerships) for the year ended _____ ; and
(date)

Statement G - Statement of changes in subordinated loans for the year ended _____ .
(date)

These financial statements have been prepared for the purpose of complying with the regulations, bylaws and policies of the _____ . These financial
(applicable regulatory body)

statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion,

- (a) The statements of assets and of liabilities and shareholders/partner capital and the summary statements of income present fairly, in all material respects, the financial position of the Company as at _____ and _____
(date) (date)
and the results of its operations for the years then ended in accordance with the basis of accounting disclosed in Note 2 to the financial statements.
- (b) The statements of net allowable assets and risk adjusted capital as at _____ and _____ and the statements of
(date) (date)
early warning excess and early warning reserve, free credit segregation amount, changes in capital and retained earnings (corporations) or undivided profits (partnerships), and changes in subordinated loans, either as at or for the year ended _____ are presented fairly, in all material respects, in accordance
(date)
with the applicable instructions of the _____.
(applicable regulatory body)

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Company, the _____
(applicable regulatory body)
and the Canadian Investor Protection Fund to comply with the regulations, by-laws and policies of _____. The financial statements are not intended
(applicable regulatory body)

to be and should not be used by anyone other than the specified users or for any other purpose.

(auditing firm name) (date)

(signature) (place of issue)

”

2. The Notes and Instructions to the Standard Auditors' Report for Part I of Form 1 are repealed and replaced with the following:

**“PART I - AUDITORS' REPORT
NOTES AND INSTRUCTIONS**

A measure of uniformity in the form of the auditors' report is desirable in order to facilitate identification of circumstances where the underlying conditions are different. Therefore, when auditors are able to express an unqualified opinion, their report should take the form of the auditors' report shown above.

Alternate forms of Auditors' Reports are available either online from within the web-based Securities Industry Regulatory Financial Filings system (SIRFF) or from the Joint Regulatory Body with primary audit jurisdiction.

Any limitations in the scope of the audit must be discussed in advance with the appropriate regulatory authority. Discretionary scope limitations will not be accepted.

Copies with original signatures must be provided to the Joint Regulatory Body with primary audit jurisdiction.”

PASSED AND ENACTED BY THE Board of Directors this 19th day of January 2005, to be effective on a date to be determined by Association staff.

**FORM 1, PART II AUDITORS' REPORT
BOARD RESOLUTION**

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

- 1. In the Part II Auditors Report of Form 1, the following text is repealed and is replaced with the text as outlined below:

~~“The additional information set out in Part II, Schedules 1 to 14 (and the answers contained in questions 2 through 8 on the Certificate of Partners or Directors) have been subjected to the procedures applied in the audit of the financial statements A to G in Part I, and in our opinion, present fairly the information contained therein, in all material respects, in relation to these financial statements taken as a whole.”~~

PASSED AND ENACTED BY THE Board of Directors this 18th day of January 2006, to be effective on a date to be determined by Association staff.

**FORM 1, PART II AUDITORS' REPORT
CLEAN COPY**

**JOINT REGULATORY FINANCIAL QUESTIONNAIRE AND REPORT
PART II - AUDITORS' REPORT**

TO: The _____ and the Canadian Investor
(applicable regulatory body)
Protection Fund

We have audited Part I of the Joint Regulatory Financial Questionnaire and Report (Part I – JRFQ) of _____ as at _____
(firm) *(date)*
and for the year then ended, and reported thereon as of _____.
(date)

The additional information set out in Part II of the Joint Regulatory Financial Questionnaire and Report – Schedules 1 to 14 (Part II – JRFQ) have been subjected to the procedures applied in the audit of Part I – JRFQ and in our opinion, presents fairly the information contained therein, in all material respects, in relation to Part I – JRFQ taken as a whole.

No procedures have been carried out in addition to those necessary to form an opinion on Part I – JRFQ.

The additional information set out in Part II – JRFQ, which has not been, and was not intended to be, prepared in accordance with Canadian generally accepted accounting principals, is solely for the information and use of the Member, the Investment Dealers Association and the Canadian Investor Protection Fund to comply with the regulations, bylaws and policies of the Investment Dealers Association. The additional information set out in Part II – JRFQ is not intended to be and should not be used by anyone other than these specified users or for any other purpose.

(auditing firm name)

(signature)

(date)

(place of issue)