

**REPORT ON ACCOUNTANTS' PROCEDURES & FINDINGS FOR MINIMUM BOOKS AND RECORDS FOR NEW DEALER MEMBER APPLICANTS WITH RECOGNIZED EDP SERVICE PROVIDERS (FULL SERVICE AND TYPE 3&4 INTRODUCERS)**

*(This includes ISM, ADP and Dataphile)*

To: The Investment Industry Regulatory Organization of Canada ("IIROC"):

We performed the following procedures as requested by the IIROC as at \_\_\_\_\_ in connection with the requirement for <Dealer Member> ("Dealer Member Applicant") to maintain the minimum books and records as outlined in the Rules of the IIROC. Compliance with the IIROC Rules with respect to the minimum books and records are the responsibility of the management of the Dealer Member Applicant. Our responsibility is to perform the procedures requested by you.

1. We obtained written representation from senior officers of the Dealer Member Applicant that the Dealer Member Applicant's books and records are capable of managing current business activities as of \_\_\_\_\_.

***Findings:***

List exceptions noted.

2. We compared the Dealer Member Applicant's books and records to the minimum items of information required for books and records, as prescribed by IIROC Rule 3800 as at \_\_\_\_\_.

***Findings:***

List exceptions noted.

3. We obtained the Dealer Member Applicant's accounting records as at \_\_\_\_\_ to determine whether such books and records provide for a double entry general ledger system, which reflects the assets, liabilities, income, expense and shareholders' equity accounts.

***Findings:***

List exceptions noted.

4. We obtained a list as of \_\_\_\_\_ from management of the Dealer Member Applicant of the EDP subsystems or EDP interfaces that are used by the Dealer Member Applicant.

We attach a list of the EDP systems used.

5. We read the Dealer Member Applicant's written internal control policies and procedures with respect to reconciliations between the general ledger, brokerage accounting system and other ancillary records and sub-systems to determine whether written procedures are documented therein to require the performance of such reconciliations.

***Findings:***

List exceptions noted.

6. We performed the following procedures with respect to risk adjusted capital:
  - a) We read the Dealer Member Applicant's written internal control procedures for performing the calculation of the risk adjusted capital.
  - b) We enquired of management of the Dealer Member Applicant whether such procedures would allow the Dealer Member Applicant to perform, at a minimum, weekly capital calculation in accordance with the Rules of the IIROC.
  - c) We agreed the Dealer Member Applicant's calculation of unaudited risk adjusted capital as at \_\_\_\_\_ to supporting documentation contained in the Dealer Member Applicant's books and records.

***Findings:***

List exceptions noted.

7. We performed the following additional procedures for the Introducing Broker Member Applicant Firm:
  - a) We read the Introducing/Carrying Broker agreement and compared it to the Uniform Introducing/Carrying Broker agreement prescribed by the IIROC.
  - b) We compared the reports, which the Dealer Member Applicant will receive from its Carrying Broker as contained in Schedule B to the Uniform Introducing/Carrying Broker agreement prescribed by the IIROC.

***Findings:***

List exceptions noted.

These procedures referred to above do not constitute an audit and therefore we express no audit opinion on the Dealer Member Applicant's responsibility to maintain and comply with the minimum books and records requirement as outlined in the Rules of the IIROC.

We make no representation as to the sufficiency or appropriateness or adequacy of these procedures to your needs. These procedures will not necessarily disclose all significant matters or reveal errors or irregularities. Had we performed other procedures, we might have found other results. We have no responsibility to update our report for events or circumstances occurring after date of our report.

This letter is confidential and intended solely for use by management, the Board of Directors and the IIROC in their assessment of the Dealer Member Applicant's compliance with the requirement to maintain minimum books and records as outlined in the Rules of the IIROC and is not to be used, circulated, quoted from or otherwise referred to for any other purpose without our prior written permission. We accept no liability for any third party use of or reliance on this report.

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Audit Firm Name

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City, Province

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Signature

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Date