

REPORT ON ACCOUNTANTS' PROCEDURES & FINDINGS FOR MINIMUM BOOKS AND RECORDS FOR NEW DEALER MEMBER APPLICANTS WITH RECOGNIZED EDP SERVICE PROVIDERS (TYPE 1 & 2 INTRODUCERS) (*This includes ISM, ADP and Dataphile*)

To: The Canadian Investment Regulatory Organization ("CIRO")

We performed the following procedures as requested by CIRO as at _____ in connection with the requirement for <Dealer Member> ("Dealer member Applicant") to maintain the minimum books and records as outlined in the Investment Dealer and Partially Consolidated (IDPC) Rules of CIRO. Compliance with CIRO IDPC 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 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.

3. 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 CIRO IDPC Rules.
 - 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.

4. We performed the following additional procedures:

- a) We read the Introducing/Carrying Broker agreement and compared it to the Uniform Introducing/Carrying Broker agreement prescribed by CIRO.
- 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 CIRO.

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 IDPC Rules of CIRO.

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 CIRO in their assessment of the Dealer Member Applicant's compliance with the requirement to maintain minimum books and records as outlined in the IDPC Rules of CIRO 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.

Audit Firm Name

City, Province

Signature

Date