

# Fee Notice

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## Reporting of Client and Fee Information in Respect of Annual Participation Fees

### 1. Basis of Reporting

Firms should report external auditor service fees by category as reflected in the reporting issuer's most recent annual public filings with the relevant Canadian securities commission(s) during the period from **October 1, 2019 to September 30, 2020**. The categories are set out in Form 52-110F1 "External Auditor Service Fees" (for Venture Issuers, Form 52-110F2) that are part of the Canadian Securities Administrators' Multilateral Instrument 52-110 *Audit Committees* (52-110).

In most cases, information relative to audit fees is included in either the Annual Information Form (AIF), the Management Information Circular (MIC) or the Management Discussion and Analysis (MD&A), depending on the status of the reporting issuer (TSX-listed or venture issuer).

Investment funds do not report fee information in accordance with 52-110. However, the audit fee information is often disclosed as a line item in the financial statements. Firms should report fee information from the fund's last publicly-filed audited financial statements or, alternatively, firms may report the audit fees actually billed in respect of the audit of an investment fund or fund family if the fee information is not reported publicly in the financial statements or elsewhere. Non-audit fees are not reported by investment fund clients and are not required to be reported by firms to CPAB.

For any other reporting issuer that does not have to disclose fees charged by its external auditors, firms will have to refer to their own billing files to assemble the auditor fee information required to be reported to CPAB, in the categories set out in 52-110.

### 2. Definitions

- i. "Audit Fees", "Audit-Related Fees", "Tax Fees" and "All Other Fees" have the meanings set out in Forms 52-110F1 and 52-110F2 that are part 52-110.

(Extracts of these forms are attached at the end of this Fee Notice.)

- ii. "Reporting Date"

Firms should report to CPAB, reporting issuer clients and fee information no later than **November 30, 2020**.

- iii. "As of Date"

All reporting issuers that were clients of the firm as of **September 30, 2020** should be included in the information submitted.

### 3. New Reporting Issuer Clients

For reporting issuer clients acquired by the firm prior to September 30, 2020 for which the firm has not issued an annual audit report as of the “as of date”, the fee charged by the predecessor auditor should be reported.

Firms should use their best efforts to adjust for clients gained between October 1, 2020 and November 30, 2020. Clients gained after November 30, 2020 need not be reported until the next annual reporting cycle.

Audit clients that have become reporting issuers for the first time prior to September 30, 2020 should be included in the firm’s list of reporting issuer clients. Fees should be reported as zero unless public disclosure of fees is required before September 30, 2020.

### 4. Lost Clients

Firms need not report fees charged to clients that are no longer clients at September 30, 2020. Those fees would be reported by the successor auditor as set out in 3) above.

If a client is lost between October 1, 2020 and November 30, 2020, firms may adjust the information for that loss. No adjustment should be made for client losses occurring after the “reporting date”.

### 5. Fee Adjustments

CPAB calculates its annual participation fee based on the fee information supplied by the firms. CPAB recognizes that firms may, through oversight or errors, include or exclude reporting issuers inappropriately when reporting fee data. Consequently, notifications of inadvertent inclusions or exclusions may be filed with CPAB in writing no later than June 30, 2021, and, following review by CPAB’s staff, may be addressed through an additional charge or credit reflected in the next annual participation fee billing.

### 6. Currency

Fees charged by the firm in currencies other than Canadian dollars should be translated to Canadian dollars at a rate that equates to the Canadian funds realized by the firm.

All fees charged by CPAB to participating audit firms are in **Canadian dollars** and must be paid in Canadian dollars.

## **EXTRACT FROM MULTILATERAL INSTRUMENT 52-110 (AUDIT COMMITTEES)**

### **FORM 52-110F1**

#### **External Auditor Service Fees (By Category)**

- a) Disclose, under the caption “Audit Fees”, the aggregate fees billed by the issuer’s external auditor in each of the last two fiscal years for audit services.
- b) Disclose, under the caption “Audit-Related Fees”, the aggregate fees billed in each of the last two fiscal years for assurance and related services by the issuer’s external auditor that are reasonably related to the performance of the audit or review of the issuer’s financial statements and are not reported under clause (a) above. Include a description of the nature of the services comprising the fees disclosed under this category.
- c) Disclose, under the caption “Tax Fees”, the aggregate fees billed in each of the last two fiscal years for professional services rendered by the issuer’s external auditor for tax compliance, tax advice, and tax planning. Include a description of the nature of the services comprising the fees disclosed under this category.
- d) Disclose, under the caption “All Other Fees”, the aggregate fees billed in each of the last two fiscal years for products and services provided by the issuer’s external auditor, other than the services reported under clauses (a), (b) and (c), above. Include a description of the nature of the services comprising the fees disclosed under this category.

#### **INSTRUCTION**

*The fees required to be disclosed by this paragraph relate only to services provided to the issuer or its subsidiary entities by the issuer’s external auditor.*

## **EXTRACT FROM MULTILATERAL INSTRUMENT 52-110 (AUDIT COMMITTEES)**

### **FORM 52-110F2**

#### **External Auditor Service Fees (By Category)**

- a) Disclose, under the caption “Audit Fees”, the aggregate fees billed by the issuer’s external auditor in each of the last two fiscal years for audit fees.
- b) Disclose, under the caption “Audit-Related Fees”, the aggregate fees billed in each of the last two fiscal years for assurance and related services by the issuer’s external auditor that are reasonably related to the performance of the audit or review of the issuer’s financial statements and are not reported under clause (a) above. Include a description of the nature of the services comprising the fees disclosed under this category.
- c) Disclose, under the caption “Tax Fees”, the aggregate fees billed in each of the last two fiscal years for professional services rendered by the issuer’s external auditor for tax compliance, tax advice, and tax planning. Include a description of the nature of the services comprising the fees disclosed under this category.
- d) Disclose, under the caption “All Other Fees”, the aggregate fees billed in each of the last two fiscal years for products and services provided by the issuer’s external auditor, other than the services reported under clauses (a), (b) and (c), above. Include a description of the nature of the services comprising the fees disclosed under this category. **INSTRUCTION** The fees required to be disclosed by this paragraph 7 relate only to services provided to the issuer or its subsidiary entities by the issuer’s external auditor.

#### **INSTRUCTION**

*The fees required to be disclosed by this paragraph relate only to services provided to the issuer or its subsidiary entities by the issuer’s external auditor.*