

# Fee Notice

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

Pursuant to Rule 215(e) and Section 800 of the Canadian Public Accountability Board (CPAB) Rules, participating audit firms are required to pay annual participation fees in accordance with this Fee Notice. Each participating audit firm is required to file an Annual Submission to CPAB including audit fee information billed to its audit reporting issuer clients. Annual participation fees are calculated based on total audit fees billed to reporting issuer clients reported in the Annual Submission in accordance with the [CPAB Funding Model](#).

### 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, 2022 to September 30, 2023**. 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 of 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, 2023**.

iii. **“As of Date”**

All reporting issuers that were clients of the firm as of **September 30, 2023** should be included in the information submitted. Firms should use their best efforts to adjust for clients gained and lost between October 1, 2023 and November 30, 2023.

### **3. New Reporting Issuers and New Reporting Issuer Clients**

Audit clients that have become reporting issuers since the previous annual reporting cycle and prior to the “reporting date” 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, 2023**.

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

New reporting issuers and reporting issuer clients gained after November 30, 2023 need not be reported until the next annual reporting cycle.

### **4. Lost Clients**

Firms need not report fees charged to clients that are no longer clients on September 30, 2023. Those fees would be reported by the successor auditor as set out in 3) above.

If a client is lost between October 1, 2023 and November 30, 2023, 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, 2024, 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

**All fees must be reported in Canadian dollars.** 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 relate only to services provided to the issuer or its subsidiary entities by the issuer’s external auditor.*

## Appendix A: Frequently asked questions

### 1. Is there a timeline and deadline to complete the Annual Submission?

**Answer:** Annual Submission begins on October 2, 2023. Firms have until November 30, 2023 to update their reporting issuer clients and fee information.

### 2. I have newly registered with CPAB. Do I have to go through the process of Annual Submission?

**Answer:** Yes, all participating audit firms must complete an Annual Submission, including updates to its reporting issuer clients and fee information.

### 3. My firm's reporting issuer no longer trades on a stock exchange. Does it have to be reported to CPAB?

**Answer:** A reporting issuer is a term that is defined under the relevant securities legislation in the province or territory that is the principal regulator of the registered company. We require that you submit information for all your reporting issuer clients. A company that has been de-listed from a stock exchange has not necessarily ceased to be a reporting issuer. It is advisable to check on the website of the relevant securities commission to confirm if your clients continue to be reporting issuers.

### 4. If a reporting issuer has initiated delisting procedures prior to our reporting date (but may not have completed them as of our reporting date), should we exclude that reporting issuer from our Annual Submission?

**Answer:** If your reporting issuer client is in the process of delisting from a stock exchange but continues to be a reporting issuer as of the reporting date, it will be subject to CPAB reporting requirements and should be included in your Annual Submission. Should the reporting issuer decide that they no longer wish to be registered as a reporting issuer in Canada, it should contact the relevant securities commission and commence the process to cease reporting.

### 5. My firm's reporting issuer client has ceased reporting. Does it have to be reported to CPAB?

**Answer:** If your client has ceased to be a reporting issuer as of the reporting date, then it no longer needs to be submitted to CPAB.

### 6. My firm has a new reporting issuer client and has not completed the audit. What should I put for the fees?

**Answer:** Firms that have not completed the audit for reporting issuer clients gained prior to the reporting date should report the fees charged by the reporting issuer's previous auditor.

Audit clients that have become reporting issuers since the previous annual reporting cycle and prior to the reporting date 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, 2023.

Firms should use their best efforts to adjust for new reporting issuers and reporting issuer clients gained between October 1, 2023 and November 30, 2023. New reporting issuers and reporting issuer clients gained after November 30, 2023 need not be reported until the next annual reporting cycle.

**7. My firm lost a reporting issuer client prior to our reporting date. Do I have to report the fees?**

**Answer:** Firms need not report fees charged to clients that are no longer clients on September 30, 2023. Those fees are required to be reported by the successor auditor. If a client is lost between October 1, 2023 and November 30, 2023, firms may adjust the information for that loss. No adjustment should be made for client losses occurring after the reporting date.

**8. In what currency should the fees be reported?**

**Answer:** All fees must be reported in Canadian dollars, in whole numbers (not in thousands). 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 through its billings to reporting issuer clients.