

PARTICIPATION AGREEMENT

- The member firm is resident in Canada
- The member firm is not resident in Canada

In consideration of the participation by _____ (the “**Participant**”) in the program of the Canadian Public Accountability Board/Conseil canadien sur la reddition de comptes (the “**Board**”) relating to a system of practice inspection and the establishment of practice requirements for public accounting firms that audit reporting issuers in Canada (the “**Program**”), the Participant and the Board agree as follows:

1. The Participant shall comply with all of the Board’s published requirements applicable to public accounting firms participating in the Program, including the Board’s rules pertaining to such participation and any additions or amendments which may be made thereto from time to time (the “**Rules**”), which Rules contain requirements in addition to those contained in this agreement.
2. Without limiting the generality of Section 1 hereof, the Participant shall on a timely basis:
 - (a) adhere to the professional standards established by the Board in the Rules whether through reference to standards set by third party standard-setting bodies or standards set by the Board;
 - (b) provide all reports and information required in accordance with the Rules;
 - (c) submit to and co-operate in all respects with each regular inspection and each special inspection contemplated by the Rules (each an “**Inspection**”) of the practice and procedures of the Participant relating to the auditing of financial statements of reporting issuers and of any of its partners, officers, employees and independent contractors involved therewith in a professional capacity (“**Designated Professionals**”) regardless of whether or not such Inspections are co-ordinated with or form a part of inspections by entities (other than securities regulatory authorities) having Canadian statutory inspection, investigatory or disciplinary responsibility for the Participant, a

practice office of the Participant or its Designated Professionals (“**Professional Regulatory Authorities**”);

- (d) submit to, co-operate in all respects with and, if required by the Board, pay for each investigation (an “**Investigation**”) of the Participant, determined by the Board to be appropriate;
 - (e) pay fees as established by the Board; and
 - (f) comply with any requirement, restriction or sanction that may be imposed in accordance with the Rules.
3. Prior to implementing any new Rules or amending any portion of the Rules, the Board shall give notice of its intention in such regard to the Participant in accordance with the requirements of the Board’s by-law and the Rules.
4. The Participant consents to the disclosure to the Board to the extent reasonably necessary in connection with the purpose of the Board as stated in the Rules (the “**Purpose**”) of (i) all information relevant to the professional activities of the Participant and its Designated Professionals obtained by Professional Regulatory Authorities in the course of supervising, regulating or reviewing the conduct of the Participant and its Designated Professionals and (ii) all reports, evaluations and similar materials prepared by or for Professional Regulatory Authorities with regard to the professional activities of the Participant and its Designated Professionals, in each case subject to compliance with applicable law. The Participant shall take (or cause to be taken) all reasonable steps, including without limitation the execution of all further documents and consents, as requested by any of the Professional Regulatory Authorities in order to permit any such disclosures and, if requested, shall deliver to the Board complete copies of any reports, evaluations and similar materials provided to the Participant by any Professional Regulatory Authority, subject to such deletions as may be required in order to comply with restrictions at law or pursuant to professional conduct rules.

5. The Participant shall obtain and retain on behalf of the Board written consents and agreements from each of its Designated Professionals and written agreements and releases from each of its partners and officers, each of such documents to be in such form and to contain such terms as provided for from time to time in the Rules. The Participant shall certify to the Board, within three months after the date hereof and thereafter during the continuance of the Participant's participation in the Program annually (or more frequently as may be required by the Board), that the Participant has obtained such consents and agreements from its Designated Professionals and such agreements and releases from its partners and officers.
6. The Participant shall indemnify and hold harmless the Board and each of its officers, directors, members, employees, agents, hearing officers, solicitors and inspectors and their respective dependants, heirs, personal representatives, successors and assigns (the "**Indemnified Parties**"), from and against any and all losses, expenses, claims, actions, damages and liabilities of any kind, including without limitation the reasonable fees and expenses of legal counsel, that may be suffered or incurred as a result of or in connection with any action, claim, counterclaim, crossclaim, third party claim or any other kind of court or other proceeding (a "**Claim**") that may be taken or continued by any partner, officer or Designated Professional of the Participant as a result of anything done, or omitted, in good faith in the performance, or intended performance, of the Purpose, subject to the following:
 - (a) The maximum liability of the Participant under this Section 6 shall not, in respect of any Claim, exceed the greater of (i) \$50,000 and (ii) 50% of the annual participation fees as required pursuant to the Rules to be paid by the Participant during the calendar year in which the Claim commenced.
 - (b) If the Board becomes aware of a Claim for which an indemnity as provided in this Section 6 may be sought, the Board shall promptly give written notice of the Claim to the Participant and shall specify with reasonable particularity (to the extent known) the factual basis for the Claim and the amount thereof, provided that any delay in giving such notice shall not reduce the liability of the Participant pursuant to this Section 6 except to the extent that any such delay prejudices the defence of the Claim or results in any material increase in the liability of the Participant pursuant to this Section 6.

- (c) The Indemnified Parties shall have the right, at the Participant's expense subject to the limitation in Section 6(a) hereof, to control the negotiation, settlement and defence of the Claim and to retain counsel to act on their behalf in respect thereof, provided that, if the Board proposes to make any claim against the Participant under this Section 6, the Board shall use reasonable efforts to keep the Participant informed as to material developments in proceedings involving the Claim.
 - (d) If any Claim is of a nature such that (i) an Indemnified Party is required by applicable laws or the order of any court, tribunal or regulatory body having jurisdiction, or (ii) it is necessary in the reasonable view of the Board acting in good faith, to make a payment to any person (a "**Third Party**") on the Claim before completion of settlement negotiations or related legal proceedings, as the case may be, the Board may make such payment and the Participant shall, promptly after demand by the Board, reimburse the Board for such payment to the extent contemplated in Section 6(a) hereof. If the amount of any liability of the Indemnified Parties under the Claim for which a payment is made, as finally determined, is less than the amount paid by the Participant to the Board, the Board shall, promptly after receipt by the Indemnified Parties of the difference from the Third Party, pay the amount of such difference to the Participant. If the payment results in settlement of the Claim and precludes a final determination of the Claim and the Board and the Participant are unable to agree whether payment was reasonable in the circumstances having regard to the amount and merits of the Claim, the dispute shall be resolved in accordance with Section 9 of this agreement.
 - (e) It is the intention of the Participant and the Board to constitute the Board as the trustee for each of the other Indemnified Parties in respect of the covenants of the Participant under this Section 6 and in Section 9 hereof and also in respect of the covenants of the partners and officers of the Participant under the agreements and releases referred to in Section 5 hereof, and the Board agrees to accept such trust.
- 7.** All information obtained by the Board and its officers, directors, members, employees, agents, solicitors and inspectors in performing Inspections and Investigations (the "**Confidential Information**") shall be treated by the Board as confidential save and except as follows:

- (a) the Board shall be entitled to disclose all information contained in (i) documents filed by the Participant as part of its notice of intent to participate and its initial registration with the Board and (ii) any annual information filing by the Participant with the Board, excluding in all cases any information to be excluded from such disclosure as specifically provided in the Rules;
- (b) the Board shall be entitled to disclose Confidential Information to Professional Regulatory Authorities having jurisdiction over the Participant or its Designated Professionals;
- (c) the Board shall be entitled to disclose Confidential Information to securities regulatory authorities having jurisdiction in any province or territory of Canada and to the Office of the Superintendent of Financial Institutions Canada, provided that the Board shall not disclose any specific information relating to the business, affairs or financial condition of any audit client of the Participant except to the extent such disclosure may be explicitly authorized by applicable law;
- (d) the Board shall, in accordance with any written consent provided by the Participant to the Board from time to time, be entitled to disclose Confidential Information to any body in any jurisdiction outside Canada that performs an oversight role similar to that performed by the Board;
- (e) the Board shall be entitled to prepare summaries, compilations and general reports on its activities and the results of the Program and Inspections and Investigations and to disclose such documents publicly, subject to such provisions relating to confidentiality and permitted disclosures as provided in the Rules;
- (f) notwithstanding the foregoing, the Board shall be entitled to disclose that the Participant participates in the Program (or has ceased to do so), that one or more Inspections or Investigations have been conducted with regard to the Participant, and whether there has been imposed on the Participant (i) any restrictions which the Board has notified the Participant have failed to be complied with to the satisfaction of the Board, or (ii) any sanctions, in each case including the details thereof but without naming any individual (other than as a result of the individual's name forming part of the Participant's name);

- (g) the Participant shall comply with the Protocol for Audit Firm Communication of CPAB Inspection Findings with Audit Committees, dated March 2014, or as amended thereafter;
 - (h) subject to the applicable law in the participating jurisdictions, the Board shall be entitled to disclose information as required in connection with the administration of the disclosures contemplated in Rule 413; and
 - (i) none of the foregoing restrictions shall in any manner require the Board to maintain confidentiality in respect of any information that has become public other than as a result of disclosure by the Board in breach of this Section 7 or any information that is required to be disclosed by applicable law or court order.
8. The Participant shall have the right to terminate its participation in the Program in accordance with the provisions of the Rules. The Board shall have the right to terminate the participation of the Participant in the Program in accordance with the provisions of the Rules. Despite the foregoing, the Board's jurisdiction will continue in accordance with Rule 254. Unless the participation of the Participant in the Program has been previously terminated, this agreement and the Participant's participation in the Program shall terminate on **March 31, 2029**.
9. All disputes, disagreements and claims made in connection with or relating to this agreement, the Rules or any determination, directive, order, ruling, recommendation or advice made, requirement, restriction or sanction imposed, or action taken by the Board (whether by its operating personnel, a review panel or its board of directors) (each a "**Dispute**") shall be determined in accordance with the procedures specified under the Rules, which procedures shall be the sole and exclusive procedures for the resolution of any Dispute. The Participant, on behalf of itself and its partners in their capacity as partners of the Participant, hereby:
- (a) agrees that its and their sole remedy in respect of any Dispute shall be as determined in accordance with such Rules (including without limitation any arbitration as provided therein); and

- (b) without limiting the Participant's rights as against the Board as provided for in the Rules, agrees not to commence, direct the commencement by any person, partnership, trust or other entity of, or continue, as against the Board (or its officers, directors, members, hearing officers, employees, agents, solicitors and inspectors, and their respective dependants, heirs, personal representatives, successors and assigns), and releases those persons in respect of, any action, claim, counterclaim, crossclaim, third party claim or any other kind of court or other proceeding, including without limitation arbitration, on account of any and all actions, causes of action, suits, proceedings, claims, debts, dues, accounts, covenants, bonds, contracts, duties, damages, sums and sums of money, promises, grievances, executions, judgments, orders, liabilities and demands of any kind whatsoever, including without limitation those for damages, defamation, legal fees, loss, injury, interest or costs, however arising, which have existed or may in the future exist by reason of any cause, matter or thing whatsoever as a result of anything done, or omitted, in good faith in the performance, or intended performance, of the Purpose.
- 10.** Except as otherwise specifically provided in the Rules, any notice, demand or other communication (in this Section, a "**notice**") required or permitted to be given or made in connection with this agreement or the Program shall be in writing and shall be sufficiently given or made if:
- (a) delivered in person during normal business hours on a Business Day and left with a receptionist or other responsible employee of the relevant party at the applicable address set forth below;
 - (b) sent by prepaid first-class mail; or
 - (c) sent by any electronic means of sending messages, including facsimile transmission and email, ("**Electronic Transmission**") during normal business hours on a Business Day;

in the case of a notice to the Participant, addressed to it at:

Name of Participant : _____

Attention : _____

Address : _____

Email : _____

and in the case of a notice to the Board, addressed to it at:

Canadian Public Accountability Board
Suite 900
150 York Street
Toronto, Ontario
M5H 3S5

Attention : Chief Executive Officer

Email : registration@cpab-ccrc.ca

Each notice sent in accordance with this Section shall be deemed to have been received:

- (i) on the day it was delivered;
- (ii) on the third Business Day after it was mailed (excluding each Business Day during which there existed any general interruption of postal services due to strike, lockout or other cause); or
- (iii) on the same day that it was sent by Electronic Transmission, or on the first Business Day thereafter if the day on which it was sent by Electronic Transmission was not a Business Day.

Either party may change its address for notice by giving notice to the other party as provided in this Section.

11. If any action is required to be taken pursuant to this agreement on or by a specified date which is not a Business Day, then such action shall be valid if taken on or by the next succeeding Business Day. For the purposes of this agreement, “**Business Day**” means any day except Saturday, Sunday or a day that is a statutory holiday in Canada or a province or territory in Canada.
12. This agreement shall be governed by, and interpreted and enforced in accordance with, the laws in force in the Province of Ontario (excluding any conflict of laws rule or principle that might refer such construction to the laws of another jurisdiction) and shall be treated in all respects as an Ontario contract.
13. This agreement, together with the Rules, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, negotiations, discussions and understandings, written or oral, between the parties.
14. This agreement may be executed in two or more counterparts, each executed by one or more signatories on behalf of the parties hereto. All such executed counterparts taken together shall constitute one and the same agreement.
15. Each party shall take (or cause to be taken) all reasonable steps, including without limitation the execution of all further documents, as the other party may in writing from time to time reasonably request be done in connection with the Program or as otherwise may be necessary or desirable to give effect to this agreement.
16. Without limiting the right of the Board to implement new Rules or to amend the Rules as contemplated by Section 3 hereof, this agreement may otherwise be amended or supplemented only by a written agreement signed by both the Participant and the Board.

17. Any waiver of, or consent to depart from, the requirements of any provision of this agreement shall be effective only if it is in writing and signed by the party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of either party to exercise, and no delay in exercising, any right under this agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.
18. The provisions of Sections 4, 6, 7 and 9 hereof shall remain in effect after the termination of this agreement. No termination of this agreement by any party shall affect the rights and obligations of either party that have accrued as of the date of such termination.
19. The Participant declares that it has read this agreement and fully understands its terms and that it has had a satisfactory opportunity to receive legal advice from its solicitors with respect to this agreement.
20. The parties hereto have expressly required that this agreement and all documents and notices relating hereto be drafted in English. Les parties aux présentes ont expressément exigé que la présente convention et tous les documents et avis qui y sont afférents soient rédigés en anglais.



Canadian Public
Accountability Board
Conseil canadien sur
la reddition de comptes

IN WITNESS THEREOF,

Canadian Public Accountability Board

has signed this Participation Agreement

This _____ day of _____, 20____.

By:

Printed Name

Signature

Chief Executive Officer
(Canadian Public Accountability Board)

IN WITNESS THEREOF,

(Participating Audit Firm)

has signed this Participation Agreement

This _____ day of _____, 20____.

By:

Printed Name

Signature

Title
(Participating Audit Firm)