

**CSA Staff Notice 52-327
CERTIFICATION COMPLIANCE UPDATE****October 15, 2010****Introduction**

The Canadian Securities Administrators (CSA) staff (staff or we) conducted a review of the 2009 annual Management's Discussion & Analysis (MD&A) and the annual certificates¹ for a sample of 195 reporting issuers, composed of 145 non-venture and 50 venture issuers², to assess compliance with the provisions of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (Certification Instrument or NI 52-109). In 2009, we conducted a review of the 2008 annual MD&A and certificates to assess compliance with the Certification Instrument. The results of last year's review are summarized in CSA Staff Notice 52-325 *Certification Compliance Review* (CSA Staff Notice 52-325), published on September 11, 2009. A follow-up review was conducted this year to evaluate the level of improvement in reporting issuers' compliance with the Certification Instrument with respect to their 2009 annual filings and to raise awareness and educate issuers on their certification disclosure obligations.

This year's review focused on the following aspects:

- Compliance of NI 52-109 related MD&A disclosure;
- Compliance of NI 52-109 certificates;
- Further review of issuers identified in last year's review that did not fully comply;
- Certificates and related MD&A disclosure of issuers that restated and re-filed 2009 interim or annual financial statements to correct accounting errors; and
- MD&A disclosure relating to the impact of International Financial Reporting Standards (IFRS) on internal control over financial reporting (ICFR) and disclosure controls and procedures (DC&P).

This notice summarizes the results of the review and provides issuers with further guidance.³

Overall, the results of this year's review indicate moderate improvement in the level of issuers' compliance with NI 52-109 as compared to the results of last year's review. In view of the high number of refilings resulting from this year's review, we think that issuers can further improve form compliance and related MD&A disclosure in future filings. We recommend that issuers and their certifying officers review the requirements outlined in the Certification Instrument and

¹ A "certificate" or "form" is any of the forms associated with NI 52-109.

² All but one of the venture issuers in our sample filed basic certificates.

³ Venture issuers that choose to file full certificates should consider all comments and guidance of this staff notice addressed to non-venture issuers.

review its Companion Policy NI 52-109CP (52-109CP). Issuers and their certifying officers should also refer to the guidance in this staff notice and in CSA Staff Notice 52-325.

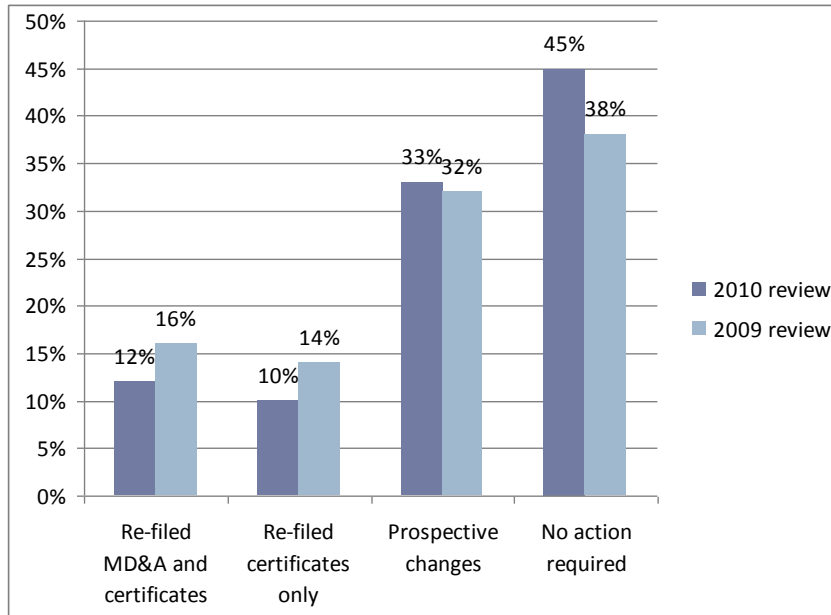
Investor Impact

As noted in section 1.1 of 52-109CP, the objective of the Certification Instrument is to improve the quality, reliability and transparency of reporting issuers' annual filings, interim filings and other materials that issuers file or submit under securities legislation. We think this improvement in turn helps maintain and enhance investors' confidence in the integrity of our capital markets. In order to provide investors with a better understanding of the non-venture issuers' ICFR and DC&P, non-venture issuers should fully and clearly disclose in their MD&A:

- Their certifying officers' conclusions about the effectiveness of the issuers' ICFR and DC&P;
- Any material weakness in ICFR and any weakness that is significant in DC&P; and
- Any material change in ICFR.

Summary of Findings

The table below summarizes the results of this year's review compared to the results of last year's review.



As illustrated above, the percentage of issuers that were requested to re-file their MD&A and certificates declined as we saw a decrease in the severity of the deficiencies. We also observed some improvement in the percentage of issuers for which no action was taken because the issuer fully or substantively complied with the Certification Instrument. A summary of our findings is set out below.

A – Compliance of NI 52-109 related MD&A disclosure

We reviewed the annual MD&A disclosure to assess whether it was consistent with the representations contained in the annual certificates. As a result of our review, 12% of issuers were asked to re-file their 2009 annual MD&A and certificates. In instances where issuers did not disclose the certifying officers' conclusions about the effectiveness of ICFR or DC&P or when the disclosure was unclear or incomplete, we asked issuers to re-file their 2009 annual MD&A and certificates.

B – Compliance of NI 52-109 certificates

We reviewed the annual certificates to determine if they were filed in the exact wording prescribed by the required form, if the certificates were filed on the proper date and to assess whether the representations included in the certificates were consistent with the disclosure in the related annual MD&A. As a result of our review, 10% of issuers were asked to re-file their 2009 annual certificates because of material amendments to the wording of the certificates and certificate content that was inconsistent with related MD&A disclosure.

C – Further review of issuers identified in last year's review that did not fully comply

Our review sample of 195 reporting issuers included 45 issuers (33 non-venture issuers and 12 venture issuers) identified in last year's review as not fully compliant. We asked two issuers to re-file their 2009 annual MD&A or certificates for the same reasons that they were asked to re-file in last year's review.

D – Certificates and related MD&A disclosure of issuers that restated and re-filed 2009 interim or annual financial statements to correct accounting errors

We selected a sample of eight non-venture issuers that restated and re-filed their 2009 interim or annual financial statements to correct accounting errors. Based on our discussion with the issuers, we concluded that issuers did not always consider if the misstatement in the financial statements related to a material weakness in the issuer's ICFR. As a result, we found deficiencies in the disclosure of material weaknesses, in the conclusions about the effectiveness of ICFR and DC&P and in the disclosure of material changes to ICFR that were made to remediate a material weakness.

E – MD&A disclosure relating to the impact of IFRS on ICFR and DC&P

We reviewed the MD&A disclosure relating to the ICFR and DC&P components of the IFRS transition plan of the non-venture issuers in our sample and noted the majority of these issuers provided generic disclosure or did not discuss the impact of the transition to IFRS on ICFR and DC&P. We reminded the issuers, in advance of their first IFRS financial statement filings, of the requirement to disclose any material change in ICFR that may occur due to the transition to IFRS and the ongoing preparation of financial statements in accordance with IFRS.

Findings

This section discusses the results of our review in detail. We included examples that meet disclosure requirements and examples that do not meet disclosure requirements to highlight the common deficiencies identified during our review. These examples are for illustrative purposes only. Accordingly, the examples that meet disclosure requirements may not be sufficient or appropriate for any particular issuer depending on its circumstances and the needs of its investors. Responsibility for making sufficient and appropriate disclosure and complying with applicable securities legislation remains with issuers.

A – Compliance of NI 52-109 related MD&A disclosure

We reviewed the annual MD&A disclosure to assess whether it was consistent with the representations contained in the annual certificates.

Conclusions on the effectiveness of ICFR and DC&P

Paragraph 6 of Form 52-109F1 *Certification of Annual Filings - Full Certificate* (Form 52-109F1) includes representations that the issuer disclosed in its annual MD&A the certifying officers' conclusions about the effectiveness of ICFR and DC&P at the financial year end.

Additionally, certifying officers may not qualify their assessment by stating that the issuer's ICFR or DC&P is effective subject to certain qualifications or exceptions unless the qualification pertains to one of the permitted scope limitations available in section 3.3 of the Certification Instrument as discussed in sections 9.5 and 10.1 of 52-109CP.

- **26% of issuers reviewed that filed full certificates did not disclose or did not fully disclose the certifying officers' conclusions about the effectiveness of ICFR or DC&P in their annual MD&A or they qualified the conclusions.**

Example 1 - Extract of MD&A - No conclusion on the operation of DC&P:

Does not meet disclosure requirements

As at December 31, 2009, the CEO and the CFO evaluated the design of the Company's DC&P. Based on that evaluation, the CEO and the CFO concluded that the design of DC&P was effective as at December 31, 2009.

Meets disclosure requirements

As at December 31, 2009, the CEO and the CFO evaluated the design and *operation* of the Company's DC&P. Based on that evaluation, the CEO and CFO concluded that the Company's *DC&P was effective* as at December 31, 2009.

In Example 1, the issuer has disclosed the certifying officers' conclusion on the design of DC&P but not its operation. Since the issuer's DC&P may be designed effectively but may not operate as intended, it is important for issuers to disclose the certifying officers' conclusion about both the design and operation of ICFR and DC&P. To cover the entirety of ICFR and DC&P, certifying officers may simply conclude on the effectiveness of ICFR and DC&P without referring to the design and operation separately.

Example 2 - Extract of MD&A – Incomplete conclusion about the effectiveness of ICFR:

Does not meet disclosure requirements

Based on the evaluation of the design and operating effectiveness of the company's ICFR, the CEO and the CFO concluded that the company's ICFR was effective to provide reasonable assurance regarding the reliability of financial reporting as at December 31, 2009.

Meets disclosure requirements

Based on the evaluation of the design and operating effectiveness of the company's ICFR, the CEO and the CFO concluded that the company's ICFR was *effective* as at December 31, 2009.

In Example 2, the conclusion does not contain the exact definition of ICFR, as noted in the Certification Instrument. Issuers are not required to include the definition of ICFR or DC&P in their conclusion of the effectiveness. However, if issuers and their certifying officers choose to include the definition of ICFR and DC&P in their MD&A, the definitions should be replicated in their entirety and verbatim to avoid concluding on only a portion of ICFR or DC&P.

While the Certification Instrument does not specifically prescribe the language used to conclude on the effectiveness of the issuer's DC&P and ICFR, explicit disclosure as to whether the issuer's ICFR and DC&P are "effective" or "ineffective" at the financial year end improves transparency and avoids ambiguity.

Example 3 - Extract of MD&A - Qualification of the conclusion regarding the effectiveness of ICFR:

Does not meet disclosure requirements

The CEO and the CFO have determined that as at December 31, 2009, the Company's ICFR was effective except for a disclosable weakness with respect to segregation of duties.

Meets disclosure requirements – If the “disclosable weakness” is not a material weakness:

Based on an evaluation of the Company's ICFR as at December 31, 2009, the CEO and CFO concluded that the Company's ICFR was *effective*.

Meets disclosure requirements – If the “disclosable weakness” is a material weakness

Based on an evaluation of the Company's DC&P and ICFR as at December 31, 2009, the CEO and CFO concluded that the company's ICFR was *ineffective*.

In Example 3, the certifying officers qualified their assessment by stating that the issuer's ICFR was effective subject to a qualification. Furthermore, the disclosure is confusing since “disclosable weakness” is not a defined term under NI 52-109.

There is no requirement to discuss a “weakness”, “design challenge” or “deficiency” in ICFR or DC&P if it is not significant enough to constitute a material weakness in ICFR or a weakness in DC&P that is significant. If an issuer elects to discuss such “weakness”, “design challenge” or “deficiency” in its annual MD&A, to improve transparency and avoid ambiguity, the disclosure should clearly indicate that these items do not constitute a material weakness or a weakness in DC&P that is significant. Guidance on assessing the significance of deficiencies in ICFR and DC&P can be found in Part 9 and Part 10 of 52-109CP, respectively.

In instances where issuers did not disclose the certifying officers' conclusions about the effectiveness of ICFR or DC&P or when the disclosure was unclear or incomplete, we asked issuers to re-file their 2009 annual MD&A and certificates.

Material weakness

As discussed in sections 9.5 and 10.1 of 52-109CP, the certifying officers cannot conclude that the issuer's ICFR or DC&P is effective if they identify a material weakness or a weakness in DC&P that is significant, as in Example 4 below. Additionally, section 10.3 of 52-109CP notes that the existence of a material weakness in the issuer's ICFR will almost always represent a

weakness that is significant in the issuer's DC&P given the substantial overlap between the definitions of DC&P and ICFR.

- **3% of issuers reviewed that filed full certificates disclosed that their certifying officers concluded that ICFR was “effective” despite the disclosure of a material weakness in the annual MD&A.**

Example 4 - Extract of MD&A - Conclusion that ICFR was effective when a material weakness exists:

Does not meet disclosure requirements

As at December 31, 2009, the CEO and the CFO evaluated and concluded that the Company's ICFR and DC&P were effective as at December 31, 2009.

During their evaluation of ICFR, the CEO and the CFO noted a material weakness. The Company's accounting staff has limited knowledge of Canadian GAAP. As such, there is a reasonable possibility that the issuer's ICFR will fail to prevent or detect a material misstatement in the financial statements on a timely basis. To improve the accounting staff's knowledge, the Company will seek external consultants to train accounting staff.

Meets disclosure requirements

As at December 31, 2009, the CEO and the CFO evaluated and concluded that the Company's ICFR and DC&P were *ineffective* as at December 31, 2009.

During their evaluation of ICFR, the CEO and the CFO noted a material weakness. The Company's accounting staff has limited knowledge of Canadian GAAP. As such, there is a reasonable possibility that the issuer's ICFR will fail to prevent or detect a material misstatement in the financial statements on a timely basis. To improve the accounting staff's knowledge, the Company will seek external consultants to train accounting staff.

In Example 4, despite the existence of a remediation plan, the certifying officers could not conclude that the issuer's ICFR and DC&P were effective because the material weakness existed at year end.

Voluntary disclosure about DC&P and ICFR by venture issuers

If a venture issuer files Form 52-109FV1 *Certification of Annual Filings – Venture Issuer Basic Certificates* (Form 52-109FV1) or Form 52-109FV2 *Certification of Interim Filings – Venture Issuer Basic Certificates* (Form 52-109FV2), it is not required to discuss in the MD&A the design or operating effectiveness of DC&P and ICFR. If an issuer chooses to discuss the design or operation of one or more components of its DC&P and ICFR, section 15.3 of 52-109CP recommends disclosure to accompany the issuer's discussion about DC&P or ICFR.

- **35% of venture issuers that filed basic certificates voluntarily discussed DC&P or ICFR in their annual MD&A but did not include cautionary language.**

The “Note to Reader” included in Form 52-109FV1 and Form 52-109FV2 states that the certifying officers have not made any representations relating to the establishment and maintenance of DC&P and ICFR. By including a discussion of DC&P and ICFR in the MD&A without the language noted in section 15.3 of 52-109CP, the “Note to Reader” conflicts with the disclosure included in the MD&A.

If the certifying officers of a venture issuer choose to establish and maintain the issuer’s DC&P and ICFR and evaluate their operating effectiveness, as required for non-venture issuers, and wish to provide disclosure to that effect in the MD&A, the venture issuer may consider filing full certificates in Form 52-109F1 and Form 52-109F2 *Certification of Interim Filings – Full Certificate*.

B – Compliance of NI 52-109 certificates

We reviewed the issuers’ annual certificates to determine if they were filed in the exact wording prescribed by the required form, if the certificates were filed on the proper date and to assess whether the representations included in the certificates were consistent with the disclosure in the related annual MD&A.

Amendments to the form

Subsections 4.1(1) and 5.1(1) of NI 52-109 require issuers to file annual and interim certificates in the wording prescribed by the required form.

➤ 23% of issuers reviewed amended the wording prescribed by the form.

Some issuers omitted or modified the sequence of paragraphs and removed or added text. For example, some issuers inappropriately deleted paragraphs 5.2 and 5.3 and subparagraph 6(b)(ii) of Form 52-109F1 or did not insert “N/A” when they were not applicable. Those paragraphs relate to material weaknesses and scope limitations. If they do not apply to the issuer, the paragraph number must be included in the certificates to maintain the sequence of the paragraphs and certifying officers must insert “N/A” after the paragraph number.

In instances where issuers deleted paragraphs 5.2 and 5.3 and subparagraph 6(b)(ii) of Form 52-109F1, did not insert “N/A” when they were not applicable or made major amendments to the certificates, we asked issuers to re-file their 2009 annual certificates.

Other deficiencies identified

The following is a non-exhaustive list of other deficiencies identified in our review of certificates:

- The certifying officers did not date the certificates the same date the certificates were filed; (Section 7.1 of NI 52-109);
- Certificates were not filed concurrently with the filing of an AIF, when the AIF was filed after the financial statements and MD&A; (Subsection 4.1(2) of NI 52-109); and

- The date in paragraph 7 of the Form 52-109F1 certificate was not the date immediately following the end of the period covered by the issuer's most recent interim filing. An issuer with a December 31, 2009 year end should have indicated October 1, 2009 in paragraph 7 because this was the date immediately following the end of its September 30, 2009 interim period filing.

C – Further review of issuers identified in last year's review that did not fully comply

We conducted a further review of a sample of 45 reporting issuers (33 non-venture issuers and 12 venture issuers) that were identified in last year's review as not fully compliant with NI 52-109 requirements. The purpose of this review was to determine whether these issuers appropriately addressed the deficiencies that we raised in last year's review in respect of this year's filings. As a result of our review, we asked two of the issuers in our sample to re-file their 2009 annual MD&A or certificates for the same reasons they were asked to re-file in last year's review. Many of the issues identified in this part of our review resulted from new deficiencies and were not a continuation of deficiencies identified in last year's review.

At the end of every reporting period, we encourage issuers to review the Certification Instrument and any past correspondence with CSA staff to ensure that their filings fully comply with the current requirements. Issuers should anticipate staff requests for re-filing of certificates or related MD&A in the future if an issuer has not met its certification obligations. As well, staff may consider other regulatory action as circumstances warrant.

D – Certificates and related MD&A disclosure of issuers that restated and re-filed 2009 interim or annual financial statements to correct accounting errors

We selected a sample of eight non-venture issuers that restated and re-filed their 2009 interim or annual financial statements to correct accounting errors. Section 9.4 of 52-109CP mentions that the restatement of previously issued financial statements to reflect the correction of a material misstatement may suggest the existence of a material weakness in ICFR. Based on our discussions with the issuers, we concluded that issuers did not always consider if the misstatement in the financial statements was related to a material weakness in the issuer's ICFR. As a result, we found deficiencies in the disclosure of material weaknesses, in the conclusions of the effectiveness of ICFR and DC&P and in the disclosure of material changes to ICFR when a material weakness was remediated.

MD&A disclosure of material weakness

Timely disclosure of any material weakness, whether it is related to design or operation, allows investors to understand and assess the potential impact on the financial statements. We remind issuers that if the certifying officers become aware of a material weakness, the MD&A for the applicable period must include the disclosure required under paragraph 3.2 of NI 52-109 (the Material Weakness Disclosure).

Until the issuer remediates the material weakness, it will continue to exist. Therefore, the issuer must provide the Material Weakness Disclosure in the reporting period in which it is discovered and in all subsequent reporting periods until the material weakness is remediated.

➤ **50% of issuers did not disclose a material weakness in their interim or annual MD&A.**

In our review, we noted that some issuers did not disclose the material weakness relating to the design or operation of ICFR. In Example 5 below, the issuer had a material weakness existing as at September 30, 2009 that was not remediated until June 2010.

MD&A disclosure of remediation plan

The representation of paragraph 7 in Form 52-109F1 and paragraph 6 of Form 52-109F2 requires issuers to disclose in their MD&A any change in ICFR that occurred during the period that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

➤ **50% of issuers did not disclose the change in their ICFR that was made to address the material weakness.**

As discussed in section 11.1 of 52-109CP, a change in an issuer's ICFR that was made to remediate a material weakness would generally be considered a material change in an issuer's ICFR. Although some issuers in our sample represented that they had remediated the material weakness, these issuers did not always disclose the change in their ICFR that was made to address the material weakness. It is critical for issuers to disclose such changes in a timely manner so that investors can better understand how the issuer has addressed its financial reporting risks that the deficient ICFR component previously failed to address.

Annual conclusions on effectiveness if a material weakness in ICFR or a weakness in DC&P that is significant exists as at the financial year end

As noted in sections 9.5 and 10.1 of 52-109CP, the certifying officers could not conclude that the issuer's ICFR and DC&P are "effective" if the certifying officers identify a material weakness relating to the design or operation of ICFR or a weakness relating to the design or operation of DC&P that is significant. In addition, as noted in section 10.3 of 52-109CP, the existence of a material weakness in the issuer's ICFR will almost always represent a weakness that is significant in the issuer's DC&P given the substantial overlap between the definitions of DC&P and ICFR.

➤ **37% of issuers did not remediate the material weakness by the end of the year but concluded that their DC&P and ICFR were "effective" in their annual MD&A.**

In Example 5 below, the issuer re-filed its September 30, 2009 interim financial statements on April 15, 2010. Given that the material weakness that related to the restatement of the previously filed financial statements was identified subsequent to the financial year end, this suggests that the issuer's ICFR had a material weakness existing at the December 31, 2009 year end. As such, the non-venture issuer in Example 5 amended and re-filed its 2009 annual MD&A to disclose that the certifying officers concluded that the issuer's ICFR was "ineffective" at the financial year end. The amended MD&A also provides the Material Weakness Disclosure as defined above.

Example 5 - Non-venture issuer re-files 2009 interim financial statements to correct a material misstatement:

<p>Facts – December 31 year end:</p> <ul style="list-style-type: none"> - Filed September 30, 2009 interim financial statements and MD&A on November 14, 2009. - Filed December 31, 2009 annual financial statement and MD&A on March 15, 2010. - Amended and restated the September 30, 2009 interim financial statements and MD&A on April 15, 2010. - The material weakness related to the re-filing was remediated on June 30, 2010. - Filed June 30, 2010 interim financial statements and MD&A on August 14, 2010. 	<p>Certification Requirements:</p> <ul style="list-style-type: none"> - <i>On November 14, 2009, the issuer filed interim certificates (Form 52-109F2).</i> - <i>On March 15, 2010, the issuer filed annual certificates (Form 52-109F1).</i> - <i>On April 15, 2010 the issuer:</i> <ol style="list-style-type: none"> 1) <i>Disclosed a material weakness relating to design in the September 30, 2009 amended and re-filed interim MD&A.</i> 2) <i>Filed Form 52-109F2R Certification of re-filed interim filings (Form 52-109F2R) in conjunction with the re-filing of the September 30, 2009 financial statements and corresponding MD&A.</i> 3) <i>Amended and re-filed the 2009 annual MD&A to disclose as at December 31, 2009:</i> <ul style="list-style-type: none"> - <i>the material weakness relating to design and operation of ICFR [and likely a weakness that is significant in DC&P]; and</i> - <i>Conclusions that ICFR [and likely DC&P] is “ineffective”.</i> 4) <i>Filed Form 52-109F1R Certification of re-filed annual filings (Form 52-109F1R) in conjunction with the re-filed annual MD&A.</i> - <i>On August 14, 2010 the issuer:</i> <ol style="list-style-type: none"> 1) <i>Filed interim certificates (Form 52-109F2)</i> 2) <i>Disclosed in the June 30, 2010 MD&A the changes made to ICFR during the period.</i>
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Other considerations

Venture issuers that re-file financial statements to correct an accounting error should be cautious if they voluntarily discuss the design or operation of DC&P or ICFR in their re-filed MD&A. We would expect these issuers to disclose that DC&P or ICFR are ineffective for the same reasons as noted above.

E – MD&A disclosure relating to the impact of IFRS on ICFR and DC&P

The transition to IFRS from Canadian GAAP may have a material impact on issuers' ICFR and DC&P due to changes in both accounting policies and in financial reporting disclosure requirements. In this year's review, staff assessed the quality of issuers' IFRS transition disclosure relating to ICFR and DC&P. As specified in CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards* (CSA Staff Notice 52-320), investors need meaningful information about the transition to IFRS.

CSA Staff Notice 52-320 provides guidance on the requirement in Form 51-102F1 *Management's Discussion & Analysis* for an issuer's disclosure of expected changes in accounting policies related to the IFRS transition for the three years before the changeover to IFRS. CSA Staff Notice 52-320 indicates that an issuer's IFRS changeover plan may address the impact of IFRS on ICFR and DC&P if it is a key element of the IFRS transition plan. Key elements should be discussed in the issuer's MD&A.

We reviewed MD&A disclosure relating to the IFRS transition of all non-venture issuers in our sample. A total of 79% of non-venture issuers reviewed identified in their MD&A accounting policy differences, including choices among policies permitted under IFRS. For those issuers we noted the following:

- 46% did not discuss the impact of the IFRS transition on their DC&P and ICFR in their MD&A;
- 37% provided generic disclosure of the impact of the IFRS transition on their DC&P and ICFR; and
- 17% provided entity-specific disclosure of the impact of the IFRS transition on their DC&P and ICFR.

Considerations for assessing ICFR and DC&P

Part 6 of 52-109CP directs issuers to identify the risks that could reasonably result in a material misstatement in the financial information. To address these risks appropriately, an issuer may need to establish specific ICFR and DC&P or modify existing ICFR and DC&P in order to prepare its financial statements in accordance with IFRS. We suggest issuers assess whether they have appropriate controls over the transition process and the preparation of IFRS compliant financial information.

We encourage issuers to review the adequacy of their ICFR to ensure the information on how the transition from Canadian GAAP to IFRS affected their reported financial position, financial performance and cash flows is reliable.

Disclosure requirements

NI 52-109 requires non-venture issuers to establish and maintain ICFR and DC&P. Paragraph 7 of Form 52-109F1 and paragraph 6 of Form 52-109F2 require certifying officers to certify that the issuer disclosed in its MD&A any change in the issuer's ICFR that occurred during the period that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR. Therefore, any change in the issuer's ICFR relating to IFRS that will materially affect, or is reasonably likely to materially affect, the issuer's ICFR must be disclosed in the period in which the change first impacts the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

Future Action

While we found moderate levels of improvement in compliance with NI 52-109 since last year's review, further focus on the Certification Instrument by issuers and their certifying officers will help compliance. Compliance with NI 52-109 will enhance investors' confidence in the quality, reliability and transparency of the annual filings, interim filings and other materials that issuers file or submit under securities legislation.

We will continue to review issuers' compliance with the Certification Instrument as part of our overall continuous disclosure review program and we will take action when deficiencies are identified.

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