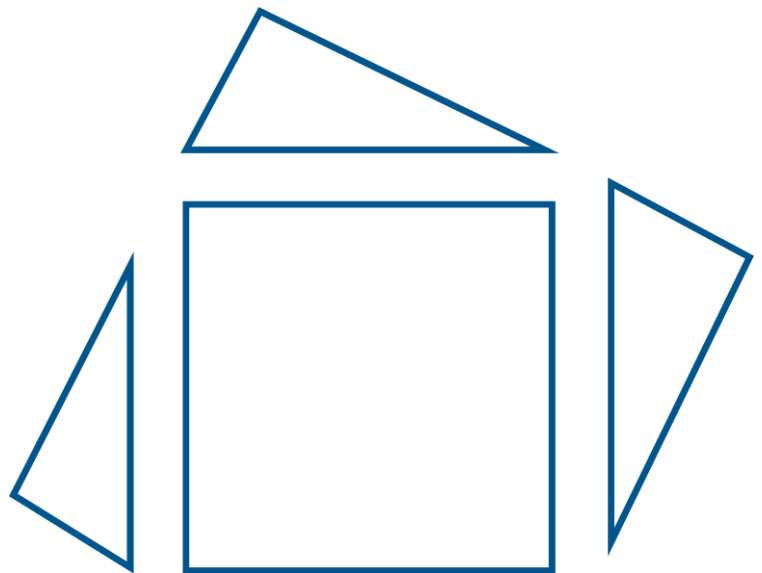


Annual Financial Statement Requirements for Mortgage Administrators and Mortgage Brokerages with Endorsement

CONSUMER CREDIT DIVISION





Subsection 45(2) of *The Mortgage Brokerages and Mortgage Administrators Regulations* (“Regulations”) establishes the annual reporting that must be provided to the Superintendent of Financial Institutions (“Superintendent”) by every mortgage administrator and every mortgage brokerage that held an endorsement during its preceding fiscal year.

Please note that these requirements are tied to the fiscal year and are separate from the annual return that is due by June 30 of each year. For reference, subsection 45(2) of the Regulations states:

45(2) The financial statement provided to the superintendent pursuant to section 50 of the Act must include:

- (a) a written certification as to the accuracy of the financial statement made by two directors of the mortgage brokerage or mortgage administrator;
- (b) a report prepared by an auditor that is satisfactory to the superintendent; and
- (c) a report prepared by an accountant, pursuant to an engagement letter between the accountant and the mortgage brokerage or mortgage administrator that is in a form and contains the information required by the superintendent.

The purpose of this communication is to set out what the Superintendent considers satisfactory per clauses (b) and (c) above, and to clarify the requirements of clause (a).

Clause 45(2)(a)

The requirement of clause 45(2)(a) of the Regulations is met when the audited financial statements are certified as accurate by two directors as evidenced by their signatures on the statement of financial position.

Clause 45(2)(b)

The requirement of clause 45(2)(b) of the Regulations is met by providing an audit report that expresses an opinion that the financial statements are presented fairly, in all material respects, in accordance with International Financial Reporting Standards (“IFRS”). This audit report must be prepared by an auditor in



accordance with the requirements of clause 52(1)(b) of *The Mortgage Brokerages and Mortgage Administrators Act* (“Act”).

Clause 45(2)(c)

The requirement of clause 45(2)(c) of the Regulations is met by providing an auditor’s report addressing compliance with the requirements of Part VI of the Act and Part VI of the Regulations. Your auditor will require a direct engagement for this purpose.

It is the expectation of the Superintendent that the auditor shall perform a reasonable assurance compliance reporting engagement to perform procedures to obtain evidence about the entity’s compliance with these requirements of the Act and Regulations.

The requirements for preparing a report that provides reasonable assurance in a direct engagement are provided in the Canadian Standards on Assurance Engagements (“CSAE”) sections 3001 and 3531, issued by the Chartered Professional Accountants of Canada and updated from time to time.