

Annex D3

Amendments to National Instrument 52-110 Audit Committees

- 1. *National Instrument 52-110 Audit Committees is amended by this Instrument.***
- 2. *Part 6 is amended by adding the following section:***

6.1.1. Composition of Audit Committee

- (1) An audit committee of a venture issuer must be composed of a minimum of three members.
- (2) Every member of an audit committee of a venture issuer must be a director of the issuer.
- (3) Subject to subsections (4), (5) and (6), a majority of the members of an audit committee of a venture issuer must not be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer.
- (4) If a circumstance arises that affects the business or operations of the venture issuer, and a reasonable person would conclude that the circumstance can be best addressed by a member of the audit committee becoming an executive officer or employee of the venture issuer, subsection (3) does not apply to the audit committee in respect of the member until the later of:
 - (a) the next annual meeting of the venture issuer;
 - (b) the date that is six months after the date on which the circumstance arose.
- (5) If an audit committee member becomes a control person of the venture issuer or of an affiliate of the venture issuer for reasons outside the member's reasonable control, subsection (3) does not apply to the audit committee in respect of that member until the later of:
 - (a) the next annual meeting of the venture issuer;
 - (b) the date that is six months after the event which caused the member to become a control person.
- (6) If a vacancy on the audit committee arises as a result of the death, incapacity or resignation of an audit committee member and the board of directors is required to fill the vacancy, subsection (3) does not apply to the audit committee, in respect of the member appointed to fill the vacancy, until the

later of:

- (a) the next annual meeting of the venture issuer;
- (b) the date that is six months from the day the vacancy was created.

(7) This section applies to a venture issuer in respect of a financial year beginning on or after January 1, 2016..

3. Section 5 of Form 52-110F2 is replaced with the following:

- 5. If, at any time since the commencement of the issuer's most recently completed financial year, the issuer has relied on
 - (a) the exemption in section 2.4 (*De Minimis Non-audit Services*),
 - (b) the exemption in subsection 6.1.1(4) (*Circumstances Affecting the Business or Operations of the Venture Issuer*),
 - (c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*),
 - (d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*), or
 - (e) an exemption from this Instrument, in whole or in part, granted under Part 8 (*Exemption*),

state that fact..

4. This Instrument comes into force on June 30, 2015.